

# SMALL GAME OF CHANCE

PRUBO TRAINING

August 2015

# SMALL GAME OF CHANCE

- Changes to the law in 2013
- Specific games of chances allowed:

Punchboards, Pull tabs, **Raffles, Daily Drawings, Weekly Drawings, 50/50 Drawings, Race Night Games and Pools** (excluding sports)

- Silent Auction activities are not impacted by the law
- Record Keeping Procedures
- Operating of a game includes :

Selling chances, paying winners, recording of information and selecting winners

# How to obtain a license

- Allegheny County is allowing each Booster Group to obtain their own license and multiply licenses per address

Call John K. Weinstein

Allegheny County Treasurer

412-350-4120

They will provide the Booster group with an application and documents required for submittal

# Small Game of Chance Games

- Daily Drawings
- Weekly Drawings
- Raffles
- Race Night Games
- Pools
- 50/50 Drawings

# Daily Drawings

## Requirements:

- Chances may only be purchased by bona fide members.
- May only be sold on the licensed premises.
- No more than \$1 per chance.
- No more than one chance per member.
- Generally the drawing must occur during the same operating day in which chances were sold, however Immediately following a drawing, chances may be sold for the next day's drawing.
  - No requirement that person be present.
- May not reduce prize if winner is not present.

# Daily Drawing

- May be operated in the same week as “Weekly Drawings”
- No restriction on the number of daily drawings permitted in an operating day.

- BONA FIDE MEMBER

- Any individual who holds a membership in the eligible organization as defined by that organization's constitution, charter, articles of incorporation or bylaws.

- Social members may or may not be “bona fide members.”
- Ensure by-laws permit social members.

# Daily Drawing

## Daily Drawing prize limits

–Generally subject to \$2,000/chance limit and prizes are added when calculating \$35,000/week prize limit.

### –EXCEPTIONS:

- Prize may exceed the \$2,000 per chance limit if a portion of the prize is a “carryover” of a drawing with no winner.
- Not applicable if no drawing is held.

# Daily Drawing

## PRIZE LIMIT EXCEPTIONS (continued)

- Prizes in daily drawings may cause an organization’s prize total to exceed the \$35,000 weekly limit if the drawing is set up to pay out 100% of the gross revenues.
- In this case, the prizes are not added to the weekly total.
- Such prizes may not, however, exceed the \$2,000 per chance limit unless it is paid pursuant to a “carryover” drawing.
  - The rules of the game must be prominently displayed.

# Weekly Drawing

- WEEKLY DRAWINGS
- Requirements:
  - –Chances may only be purchased by bona fide members.
  - –May only be sold on the licensed premises.
  - –No more than \$1 per chance.
  - –One drawing per operating week.
  - •Drawing MUST be conducted during same operating week in which chances were sold.

# Weekly Drawing

- WEEKLY DRAWINGS
- •Requirements (Continued):
  - –More than one chance per member permitted.
  - •The eligible organization’s rules dictate how many and in what manner.
  - –No requirement that person be present.
  - •May not reduce prize if winner is not present.
  - –May be operated in same operating week as “Daily Drawings.”

# Weekly Drawing

- Weekly Drawing prize limits:

- Prize may exceed \$2,000 per chance limit.

- Generally prizes in a weekly drawing are added when calculating aggregate (weekly) prized totals. (\$35,000 per week limit.)

- EXCEPTION

- A weekly drawing may also exceed the \$35,000 prize limit if it is set up to pay out 100% of the revenues generated.

- In this case, the prizes are not added when calculating the organization's weekly prize total.

# Claiming of Daily/Weekly Drawing Prizes

- The name of a daily/weekly drawing prize winner or the fact that a winner was not selected must be prominently displayed on the licensed premises for at least 7 days after the drawing date.
- If a winner does not claim a prize within 7 days of the drawing, the eligible organization shall notify the winner of the prize and the requirements for claiming the prize.
- A daily/weekly drawing winner shall claim the prize in person and sign for receipt of the prize.
- A prize shall be claimed within 30 days from the date of the drawing.

# Claiming of Daily/Weekly Drawing Prizes

- If prizes are unclaimed within 30 days, the prize amount shall be added to proceeds.

# RAFFLE BASKETS

- Rules:
  - No one under the age of 18 are allowed to sell tickets or win baskets ( gambling)
  - Record Keeping of all purchasers ( template)
  - Advertise winners
  - Baskets must be awarded
  - Total amount raised thru raffle baskets must be kept sub-category from other fundraising efforts

# Raffles

Two types:

–“Regular” Raffle

- May be conducted by any licensed eligible organization.

–Special Permit Raffle

- Permit is obtained through the issuing authority.

- A permit is valid for only one raffle.

# Raffles

- “Regular” Raffles
- Subject to \$2,000 per chance prize limit.
- Prizes counted towards \$35,000 weekly limit.
- Limited to \$15,000 per calendar month in total prizes.
- Monthly licensees must sell all chances and award prizes during their licensing period.

# Special Raffle

## Special Raffle Permit

- General prize limits do not apply.
  - No \$2,000 per chance prize limit.
  - No \$15,000 per month prize limit.
  - Prizes not added when calculating weekly prize totals.
- May award a total of \$150,000 in prizes per calendar year in special permit raffles.
- Licensed organizations may apply for 10 per license year.
- Permit must be applied for prior to the raffle

# Raffles

- Both types of raffles must comply with the following:
- Ticket printing requirements:
  - Must be sequentially numbered and have a detachable stub with the same number.
  - Stub must contain the purchaser's name address and phone number.
  - Must be accounted for by the use of a logbook showing to whom they were given to be sold.

# Raffles

Minimum information required on ticket:

- The date, time and location of the drawing.
- The name of the licensee.
- SGOC license number.
- Special raffle permit number, if applicable.
- The cost of the ticket.
- A description of the available prizes.

# Raffles

## **There must be a winner in a raffle.**

–The eligible organization may NOT be a ticket holder and is not eligible to win.

- Drawing must be conducted in plain view of players present.

- **Use of state lottery number is permissible.**

  - Only when tickets sales equal the total possible numbers.*

  - e.g. 1000 tickets must be sold to utilize the daily number.*

- Winners need not be present.

- Tickets do not have to be purchased from licensed distributors.

  - must provide the printer with a copy of your S.G.O.C. license and Special Raffle Permit, if applicable.

# Raffles

The term “Raffle” includes “Raffle Auctions”, defined as:

- A game of chance in which a participant buys a ticket for a chance to win a prize as follows:
  - Tickets are placed in a location assigned to a particular prize.
  - The winner of each prize is determined by a random drawing of a ticket that corresponds to the ticket held by the participant.

(“Raffle Auctions” are also referred to as  
Basket Raffles & Chinese Auctions)

# Raffles

- How do we implement these rules

- Event Raffle Tickets** ( Sporting Events, Arts Event)

- Pre-print tickets and sequential numbering

- Basket Raffles -2 options**

- Pre-Printed Tickets

- Roll Tickets

# Sample of Event Raffle Ticket

**HOWARD VOLUNTEER FIRE DEPARTMENT**  
**2004 HARLEY DAVIDSON RAFFLE - No. 0021**  
PLHT ELECTRA GLIDE STANDARD  
Tickets \$35.00 each  
12/15/04-1/15/05



Drawing: 8:00pm  
September 8, 2004  
Howard Fire Station  
6704 Hwy 95, Newark, CO  
Drawings open to all  
at home, school, etc.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_  
Zip \_\_\_\_\_

No. 0021

# Raffle Baskets

- Tickets – Pre-Printed or Roll of Tickets
  - Option 1 : **Pre-Printed Tickets** – attached Samples
    - Ideal if you are only having one or two baskets
    - Ticket stubs of information on purchasers must be kept
    - Template for tickets can be purchased at office supplies store and printed from your personal computer

# Sample of Raffle Basket Ticket

<b>SAMPLE YOUTH CENTER BASKET RAFFLE</b>  Name _____ Address _____ Phone# _____  0001	<b><i>SAMPLE YOUTH CENTER BASKET RAFFLE</i></b>		0001
	DATE: <i>July 26<sup>th</sup>, 2013</i> TIME: <i>8:00 PM</i> LOCATION: <i>Sample Youth Center, Any Town, Pa.</i>		0001
	Winner determined by random drawing. You do not need to be present to win. - PRIZES LISTED ON REVERSE -		0001
	<b>\$1.00</b> (five chances to win!)		0001
	SGOCLIC. #: 1234		0001
	<u>PRIZE DESCRIPTION</u>	<u>APPROX. VALUE</u>	
	1. Steeler's Basket	\$50.00	
	2. Eagle's Basket	\$75.00	
	3. Fisherman's Basket	\$40.00	
	4. Gourmet Food Basket	\$35.00	
	5. Pirate's Basket	\$40.00	
	6. Philly's Basket	\$50.00	
	7. Spa Basket	\$25.00	
	8. Cheese Basket	\$35.00	
	9. Digital Camera Basket	\$500.00	
	10. Tablet Computer Basket	\$750.00	

# Sample for Raffle Tickets

PRHSBL HEADstrong Event  
April 26, 2014

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Phone: \_\_\_\_\_

SGOC # 16436 Ticket # 300



PRHSBL HEADstrong Event  
*in honor of Kyle Pomerleau*

April 26, 2014 | PRHS Stadium  
Winner Determined by Random Drawings  
You need not be present to win.

Raffle Baskets on Display  
10 tickets for \$10 and 25 tickets for \$20  
SGOC # 16436 Ticket # 300

300	300	300
300	300	300
300	300	300
300	300	300
300	300	300
300	300	300
300	300	300
300	300	300
	300	

# Raffle Baskets

- **Option 2 – Roll of Tickets**
  - Ideal for Parent/Friend Fundraiser
  - Master listing of Purchasers
  - Unique number is placed on back of tickets
  - Master listing must be kept with records
  - Description Sheets should be kept with the winning ticket stapled to the sheet

# Raffle Baskets –Record Keeping

- Record of all tickets must be kept
  - Option 1 – Physical tickets placed in a storage bag and description sheets kept with winning ticket stapled to the sheets
  - Option 2 – Master spreadsheet plus the description sheets with winning ticket stapled to the sheets (Template attached)

# Race Night Games

- “Race Night Game.” – A game of chance in which multiple participants entry fees or wagers on a prerecorded horse race displayed on a single screen to multiple participants simultaneously during a gaming session.
- •May not exceed eight consecutive hours.
- •May not be conducted more frequently than once a month.
- •Term does not include an instant racing machine, historical racing machine or other similar pari-mutuel device.
- •Must be purchased from a licensed distributor.
- •Must be operated by bona fide members of the eligible organization.

# Pools

“Pool.”– An activity in which a person pays an entry fee for each chance to win cash or merchandise based on the outcome of an event or series of events wherein the participants in the event or series of events are natural persons or animals, and to which all of the following apply:

- The maximum number of individuals that may participate in a pool is 100 people.
- The maximum entry fee for each individual entry in a pool is \$20.
- Other than the entry fee, no other money or thing of value is paid or given for participation in a pool.

# Pools

- There is at least one guaranteed winner from the participants.
- •All entry fees collected for entry into the pool are paid as prizes to one or more participants in the pool.
- •No entry fees or portions thereof are retained by the person or eligible organization operating the pool.

# Pools

- Pools are limited by the Professional and Amateur Sports Protection Act (28 U.S.C 3701, et seq).
- •Consequently, pools involving professional or amateur athletes are not authorized by the Act.



# 50/50 Drawings

A game in which:

- A participant buys a ticket for a chance to win a prize where the winner is determined by a random drawing of corresponding tickets sold for that drawing.
- The prize paid to the winner is comprised of one-half of the money collected from tickets from the drawing and the remaining money retained by the eligible organization for distribution in accordance with this act.

# 50/50 Drawing

## Proposed Guidelines for Operation

- Tickets:
  - Two part Individually numbered.
  - Ticket and stub have same number.
- Operation:
  - Tickets sold individually.
    - No “arms length”, etc.
- Simplifies recordkeeping.
- Reduces opportunities for theft and fraud.

# 50/50 Drawing

- Drawing:
  - Conducted in plain view of players.
- Prizes:
  - Half of money collected must be paid to winner.
  - All prize limits apply.
- \$2,000 per chance prize limit.
- Prizes are added when calculating weekly prize total.

# ADVERTISING

## GENERALLY:

–It is unlawful to advertise prizes or their dollar value.

- Applies to a games of chance

- EXCEPTION:

- Prizes and their value may be displayed on a raffle ticket.

- Prizes and their values may be advertised in a publication limited in circulation to members.

Advertising prohibition does not apply to

Major League Sports Drawings

# Operation of Games

- **No person under the age of 18 may operate or participate in S.G.O.C.**
- An officer or employee of a club licensee who operates a game of chance shall not participate in the game.
  - This does not apply to a raffle.
- Intent of Subsection To prohibit persons with inside knowledge, influence or control of a game from participating in that game in an effort to prevent any fraudulent or criminal activities.

# Operating of SGOC

- When determining whether an individual's involvement in a specific game of chance constitutes "OPERATING", the following activities should be considered:
  - selling of chances
  - paying winners
  - note-taking or recording of information (winners, payouts, etc. of the individual game)
  - involvement in the process of selecting a winner

# Small Game of Chance Records

- GENERAL REQUIREMENTS
- –Generally SGOC records must be maintained for a period of two years.
- •From last day of month in which game ended.
- –Club licensees must retain records for five years.
- –Records must include separate totals for each operating week.

# SGOC Records

–Proceeds, itemized by week and type of game, detailing the following:

- Verification and itemization of amounts distributed for public interest.

–Dates, recipients and amounts.

# SGOC Records

## RAFFLES

- Record for each raffle should include:
  - Gross proceeds received.
  - Expenses.
  - List of merchandise, prizes and their receipts.
  - Names and address for all winners over \$599
    - IRS W9 Form Completed
    - Booster Group responsible for IRS 1099 Forms
  - Cash value of all prizes.

# SGOC Records

## **DAILY AND WEEKLY DRAWINGS**

Eligible organization's records must include:

- Type of drawing (daily and/or weekly).
- Operating day or week in which chances are sold and the date/time of drawing.
- List of entrants and each entrant's assigned number.
- Gross proceeds and payout percentage.
- Winner's name. (and address if > \$600)
  - IRS Form W-9 for Winner
  - Booster Group IRS Form 1099
- Winner's signed acknowledgment of receipt of prize.
- Notation if the drawing is a "carryover" and the amount carried over.

# SGOC Records

## 50/50 DRAWINGS/ RACE NIGHTS/POOLS

.Records should include:

- Date ticket sales commenced.
  - Date ticket sales ended.
  - Total number of chances sold.
  - Cost per chance.
  - Expenses directly related to the operation of the game.
  - For 50/50's the cost of tickets used in the specific drawing, not the entire roll unless used in its entirety.
  - Amount of prize paid.
  - If a prize is awarded in excess of \$600:
    - The full name and address of the winner, IRS W-9 Form completed
- Booster Groups will need to issue IRS Form 1099 for winners over \$600

# SGOC Records

- Additionally, separate annual records must be kept for:
  - The number and amount of all prizes awarded in excess of \$600.
  - The total amount of all prizes awarded in each 7-day period.
  - The amount of raffle prizes awarded each month.

# Member Booster Group Reporting Requirements

- CLUB LICENSEES with proceeds from games of chance exceeding \$20,000, are required to electronically file annual reports with the Department of Revenue.

- Effective February 1, 2015, those club licensees required to submit an annual report shall include a copy of their most recent report filed with their application.

-More Information –[www.revenue.pa.gov/general tax information/Small-Games of Chance](http://www.revenue.pa.gov/general-tax-information/Small-Games-of-Chance).

- \*Club licensees that file an annual report that retain games of chance proceeds for a substantial purchase or project are required to give notice of the retention to the department.

# Member Booster Groups

## Reporting Requirements

- Club licensees will have to report the following:
  - Number of W-2G forms issued.
  - Total gross winnings reported on W-2G forms.
  - Gross revenue, expenses, prizes, and net proceeds itemized by week and type of game.
  - Distribution of proceeds (from 60%) for public interest purposes, including details regarding the date(s) distributed, name of recipient(s) and the amount(s) distributed;
  - Distribution of Proceeds for club expenses or amount set aside for future public interest purchase or project (from 40%)\*
  - Expenditures of amount set aside (from a prior reporting period) for Public Interest purchase or project including date and description of the purchase or project.



