

## Diocese of Covington

### Policies & Procedures Manual

Section: Compliance – Laws and Regulations

Policy: Raffle Games – Policies and Requirements

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**NOTE:** All of the following legal and Diocesan requirements assume that the organization conducting the raffle holds a valid gaming license issued by the Kentucky Department of Charitable Gaming.

**RAFFLE DEFINITION:** A raffle is a game of chance where the participant purchases a ticket for a chance to win a prize and the winner is selected by a drawing at random.

A DIOCESAN ORGANIZATION HOLDING A RAFFLE MUST ADHERE TO ALL OF THE FOLLOWING REQUIREMENTS:

- **Ticket Requirements**

- All tickets must be sold for the same price. For example, tickets cannot be sold for \$5.00 each and six for \$25.00.
- All tickets must have a detachable section
  - The detachable stub section of the ticket must contain all of the following items:
    - A number corresponding to a number on the ticket section
    - A space for the purchaser's name
    - A space for the purchaser's address
    - A space for the purchaser's phone number
  - The ticket section must contain all of the following items:
    - The date, time and place of the drawing
    - The name and charitable gaming license number of the organization conducting the raffle
    - The cost of the ticket
    - Each prize to be awarded where the prize has a fair market value of \$500 or more
    - If the raffle is a split-the-pot type raffle, the formula for calculating the prize to be awarded. For example, first prize is 25% of the total ticket sales; second prize is 20% of the total ticket sales; and third prize is 5% of the ticket sales.

The above ticket requirements do not apply if tickets are sold for \$1.00 or less **and** tickets are sold only at the charitable event during which the winner is drawn. In those circumstances, the only requirements regarding the tickets are that they must have a detachable section and are consecutively numbered, so dual role movie strip tickets can be used.

- **Requirements on How to Hold the Drawing**

- The organization must notify the Department of Charitable Gaming of the date, time and place of the drawing.
- Anyone purchasing a ticket must be permitted to witness the drawing.
- The winner cannot be required to be present to win unless the raffle tickets are sold for \$1.00 or less and tickets are only sold at the charitable event during which the winner is drawn.
- All ticket stubs must be placed in and drawn from a receptacle designed so that each ticket has an equal chance to be drawn.

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- If the winner is not present, the organization must notify the winner by certified mail within seven (7) days of the drawing that he/she has 30 days to claim the prize.
  - If the winner does not either claim the prize or donate the prize to the organization within 30 days of being notified, the organization must notify the Department of Charitable Gaming and draw another ticket in the presence of personnel from the Department of Charitable Gaming.
- **How and By Whom Tickets May Be Sold**
    - Volunteers selling raffle tickets can only be incentivized to sell by offering a non-cash item whose fair market value is not more than \$25.00.
    - A person under the age of 18 can both buy and sell tickets.
    - An organization may not mail whole raffle tickets in the mail (see NOTE below). However, an organization may make solicitations through the mail provided that, once an order is filled, the organization mails only the ticket section of the ticket to the purchaser and retains the stub section of the ticket (which contains the purchaser's information).

**NOTE:** Organizations oftentimes note on the bottom of the ticket that participants need not purchase a ticket to play. This is not accurate. The U.S. Postal Regulations prohibit the mailing of gaming materials. In order to circumvent this U.S. Postal Regulation, it became common practice to indicate on the face of raffle tickets that the participant need not purchase a ticket to win, as the U.S. Post Office concluded that if participants are not required to pay for a ticket to play, those who did pay were making a donation and therefore mailed tickets containing such a notation fell outside of the definition of gaming material. While this may work in some states, it does not in Kentucky because Kentucky Charitable Gaming Regulations require everyone participating in a raffle to pay the same amount for the raffle tickets. **As such, in Kentucky, whole raffle tickets (i.e. that include both the stub and ticket section) may not be sent through the mail.**

- **Record Keeping Requirements**
  - Tickets costing more than \$1.00 and less than \$50.00
    - The raffle records must contain all of the following:
      - The number of tickets printed
      - The sale price for each ticket
      - The date the sales began
      - The date the drawing was held
      - A copy of a ticket
      - The total sums collected
      - The total number of stubs collected
      - The total sums that should have been collected based on the number of ticket stubs collected
      - The total cash shortfall or cash overage based on the ticket stubs collected
      - A list of prizes
      - If merchandise is awarded, a description and cost of that merchandise
      - The total cash awarded

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- The total amount of all checks issued as prizes
- The check number for each prize issued in the form of a check
- Each winning stub
- A list of expenses, including copies of invoices evidencing each expense
- Tickets costing \$50.00 or more and less than \$100.00
  - In addition to the record keeping requirements shown above, if tickets were given to volunteers to sell, the records must contain a list of each volunteer's name, the total number of tickets given to each volunteer and the actual ticket numbers given to each volunteer.
- Tickets costing \$100.00 or more
  - In addition to all record keeping requirements shown above, all unsold tickets must be returned to the organization.
- Tickets costing \$1.00 or less
  - The raffle records must contain all of the following:
    - The beginning and ending ticket number for each role of tickets sold or printed
    - The number of tickets sold
    - The sales price for each ticket
    - The date the drawing was held
    - The total sums collected
    - The total sums that should have been collected based on the number of ticket stubs collected
    - The total cash shortfall or cash overage based on the number of ticket stubs collected
    - A list of prizes
    - If merchandise is awarded, a description and cost of that merchandise
    - The total cash awarded
    - The total amount of all checks issued as prizes
    - The check number for each prize issued in the form of a check
    - Each winning ticket stub
    - A list of expenses, including copies of invoices evidencing each expense