

CONDENSED LICENSING RULES
ALTERNATIVE DRAWING FORMATS FOR RAFFLES

WAC 230-02-500 DRAWING DEFINED. A drawing is defined as an approved random selection process for determining winners in a raffle. To be random, each ticket in the drawing must have an equal chance of selection.

WAC 230-08-070 RAFFLE RECORDS. A detailed record shall be prepared for each raffle conducted. Unless otherwise noted in this section, organizations licensed to conduct raffles at Class "D" or below and organizations conducting unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 are authorized to use reduced recordkeeping requirements as set out in WAC 230-08-015. Organizations licensed to conduct raffles at or above Class "E" or conducting raffles under any class of license by utilizing alternative drawing formats, as authorized by WAC 230-20-325, shall comply with the following recordkeeping procedures:

(1) All data required shall be recorded in a standard format prescribed by the commission;

(2) At least the following data shall be recorded:

(a) Beginning and ending ticket numbers;

(b) The total number of unsold tickets with ticket numbers that are below the highest ticket number sold;

(c) Total gross gambling receipts;

(d) A description of each prize including the cost, or if contributed to the organization, the fair market value;

(e) The name, address, and telephone number of each winner of a prize with a cost or fair market value in excess of twenty dollars;

(f) Except as authorized by WAC 230-20-335, details of disbursement to and return of tickets from sellers. Minimum details shall include:

(i) The name of the person receiving the tickets;

(ii) The number of tickets disbursed;

(iii) The number of tickets returned; and

(iv) All funds returned;

(3) In addition to the prescribed format, the following records shall be maintained:

(a) Validated deposit receipts for each deposit of raffle proceeds;

(b) All winning tickets;

(c) All ticket stubs for raffles that participants are not required to be present at the drawing;

(d) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars;

(e) Invoices and other documentation recording the purchase or receipt of prizes; and

(f) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle;

(4) Except as authorized by WAC 230-20-335, these records shall be maintained for a period of not less than three years from the end of the licensee's fiscal year in which the raffle was completed;

(5) Records for each individual raffle shall be completed and available for review by commission staff and local law enforcement or taxing authorities no later than thirty days following the drawing: Provided, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations

that do not have an administrative or business office located within Washington state structured to include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff: Provided, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

WAC 230-20-325 MANNER OF CONDUCTING A RAFFLE. Only licensed charitable and nonprofit organizations may operate raffles under the following conditions: Raffle tickets must be sold for twenty-five dollars or less. No person shall be required to purchase more than one raffle ticket. Every ticket for a particular raffle must be sold for the same price. However, tickets may be offered at a discount under the following conditions:

Bundling and selling tickets at a discount.

(1) Organizations may put tickets together in a bundle and sell them at a discount if the organization:

(a) Has a current raffle license;

(b) Sets the discount before selling any raffle tickets and does not change the discount plan during the raffle;

(c) Keeps records that meet all commission requirements;

(d) Makes single nondiscounted tickets available to all participants; and

(e) Uses only one discount plan for each raffle.

(2) Booklets of bundled discounted tickets must contain the number of tickets set forth in the discount plan. For example, a single ticket is sold for five dollars each and three tickets bundled together are sold for ten dollars.

(3) Bundled tickets cannot be removed from a booklet and sold individually. Each booklet of bundled tickets must have the following information printed on the cover:

(a) A description of the discount plan;

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- (b) The number of tickets in the booklet;
- (c) The total cost of the booklet; and
- (d) A consecutive number.

Ticket accounting.

(4) Organizations must establish accounting procedures and provide controls necessary to allow for an audit of gross gambling receipts from ticket sales. To provide an adequate audit trail, all raffle tickets must:

- (a) Be consecutively numbered; or
- (b) Be imprinted with letters or symbols which are not repeated within the population of all tickets sold for a particular raffle.

No free tickets.

(5) Organizations must not give raffle tickets away for free and no one can be given an opportunity to participate in a raffle drawing without purchasing a ticket.

Selling tickets.

(6) Organizations must not sell raffle tickets via the internet.

(7) Tickets must be sold by members of the organization or volunteers under the supervision of a member under the requirements set forth in WAC 230-20-070(1).

Incentives for selling tickets.

(8) Members or volunteers of the organization must not be paid for selling tickets, managing, or operating a raffle. Organizations may provide members or volunteers with noncash incentive awards for selling tickets if:

- (a) The awards are based on the number of chances sold;
- (b) The fair market value of the total amount awarded for an individual raffle does not exceed five percent of the gross gambling receipts of the raffle; and
- (c) A record of the name, address, and telephone number is maintained for all persons receiving incentive awards.

Rules must be provided to participants.

(9) Organizations must inform all participants at the time a ticket is purchased of all rules by which prizes may be won in a raffle. This information must be provided by either imprinting such on the participant's portion of the ticket or otherwise providing such to each participant in writing. Organizations must give each participant the following information:

- (a) The cost of each chance;
- (b) All prizes available, whether cash or merchandise;
- (c) Date and time of drawing;
- (d) Location of drawing;
- (e) Whether an entrant is required to be present at a raffle drawing in order to be eligible to win a prize; and
- (f) Name of organization conducting the raffle.

Posting the raffle license.

(10) The raffle license or a copy of the license must be posted in a readily visible location at the site of the drawing.

Ticket stub information.

(11) If organizations sell raffle tickets to the general public or for raffles that do not require the winner to be present at the drawing, the organization must include a stub or other detachable section bearing a duplicate number, letter, or symbol corresponding to the number, letter, or symbol on the ticket or object representing the player's chance. The portion kept by the organization must include the participant's name, complete address, telephone number, and/or other information necessary to notify the winner.

Ticket stubs to be placed in receptacle for drawing.

(12) Each person that sells a raffle ticket must give the organization all ticket stubs or other detachable section of all tickets sold. The organization must place each stub or other detachable section of each ticket sold into a receptacle from which the winning tickets will be drawn.

Prizes.

(13) Organizations must own the prizes before drawing the winning tickets. Raffle prizes must:

- (a) Not be firearms, unless awarded as prizes under the provisions set forth in WAC 230-12-040;
- (b) Not be liquor;
- (c) Meet the requirements to the amount of money spent on prizes set forth in WAC 230-20-015; and
- (d) Be controlled as set forth in WAC 230-20-300.

Drawing winning tickets.

(14) Organizations must design the ticket collection receptacle so that each ticket has an equal opportunity to be drawn unless the organization is using an authorized alternative drawing format.

Using alternative drawing formats.

(15) Organizations may use an alternative drawing format that randomly determines winners when the organization:

- (a) Has a current raffle license;
- (b) Maintains records sufficient to meet all requirements of WAC 230-08-070 regardless of license class;
- (c) Meets the definition of a drawing as defined by WAC 230-02-500 with the alternate drawing format;
- (d) Fully discloses to each player the random selection process used in the alternative format before selling tickets;
- (e) Maintains a copy of the disclosure with the permanent raffle records;
- (f) Ensures all participants have an equal chance of winning; and
- (g) Uses raffle tickets that are prenumbered and sequential.

(16) Alternative formats involving an element of skill are prohibited.

(17) Internal controls and accounting procedures must:

- (a) Provide the ability to audit gross gambling receipts from ticket sales;

- (b) Have sufficient controls to prevent manipulation of the random selection process; and
- (c) Document the random selection process.

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Alternative drawing formats.

(18) Organizations can only conduct alternative drawings for raffles that meet the criteria outlined in subsections (15), (16) and (17) of this section. The following are examples of alternative drawing formats that meet this criteria.

Mock raffle races.

(a) Sequentially numbered and issued tickets/adoption papers are numbered to identify a specific corresponding numbered mock animal(s), ball(s), or other similar objects that can be raced using natural elements to move the objects (water, gravity, wind). Objects must be released simultaneously at a start line. The winner will be the numbered object to first cross the finish line. All objects must be identical in weight, size, and shape, to have an equal opportunity to win.

Poker runs.

(b) Sequentially numbered and issued tickets/poker tally sheets are sold to participants. Participants will travel a predetermined course with predetermined drawing stations (typically five drawing stations). At each drawing station, the participant will draw one playing card for each ticket purchased. Station attendants will verify the card drawn and will record the card value on the poker ticket tally sheet. After all participants have completed the course, the best recorded poker hand will be declared the winner.

Ball drops.

(c) Sequentially numbered and issued tickets are numbered to identify a specific corresponding numbered ball. All purchased numbered balls will be suspended in air and simultaneously released over a target zone. The ball, closest or first, to hit the predetermined target will be declared the winner. All balls must be equal in size, weight, and shape, to have an equal opportunity to win.

Animal plops.

(d) Sequentially numbered and issued tickets are numbered to identify a specific corresponding square on a numbered grid. The animal of choice will be released into the grid area until the animal has completed its plop. The numbered square containing the plop will determine the winner.

Multiple stage drawings.

(e) Tickets or objects are sequentially numbered and issued. Winners will be determined using multiple drawing phases to eliminate participants until the remaining ticket holder(s) are declared the winner. Second element chance plans are allowed as long as they meet the criteria set out in this rule.

Bucket raffles.

(f) Tickets are sequentially numbered and issued. Participants are allowed to place their tickets into any number of separate drawings for separate prizes. The multiple drawings are considered one single raffle unless the organization uses different numbered tickets for each drawing.

Calendar raffle.

(g) Calendars are sequentially numbered and issued. All sold calendar numbers are entered into the drawing receptacle. On predetermined dates, identified on the calendar, drawings will be conducted. All winning tickets must be replaced into the drawing receptacle for future drawings.

Using a second element of chance.

(19) Organizations may use second elements of chance to:

(a) Determine the final prize winner (for example: Ten finalists are drawn and each finalist will choose a key. The finalist with the key that unlocks the safe wins);

(b) Determine which prize is awarded among a group of prizes (for example: The winner selects one of three keys and wins the vehicle the key starts);

(c) Increase the prize (for example: The winning ticket matches a predetermined sequence of numbers and wins an additional prize).

(20) All aspects of the alternate drawing format must be closely controlled by the licensee.

Joint raffles.

(21) Organizations holding a raffle license may join together with another raffle licensee to conduct a raffle when the provisions set forth in WAC 230-20-350 are followed.

Members-only raffles.

(22) Organizations may conduct members-only raffles under simplified procedures set forth in WAC 230-20-335.

WAC 230-20-350 LICENSEES MAY JOIN TOGETHER TO CONDUCT A RAFFLE. Persons holding a license to conduct a raffle or raffles, may join together with any other person or persons holding such a license to jointly conduct a raffle only if the following conditions are met:

(1) Approval to do so is received by each licensee from the commission for that particular raffle prior to the sale of any tickets in connection therewith;

(2) The method by which the income, expenditures for prizes, and all other expenses, received and expended in connection with the raffle will be apportioned among the licensees conducting the raffle is disclosed in writing to the commission, together with the application for the commission's approval of the joint raffle;

(3) A separate bank account is established by one of the participating licensees, all of the proceeds from the raffle are deposited therein, and all of the expenses in connection with the raffle, including but not limited to, all payments for prizes, is made therefrom;

(4) Records are kept by each of the participating licensees which clearly disclose the amount of money received and expended by that licensee and by each other participating licensee in connection with the raffle. Records of expenses shall disclose for what purpose the money was spent.

(5) All gross receipts received by each individual participating organization shall count toward their individual license gross receipts limit.

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RCW 9.46.0261 "MEMBER," "BONA FIDE MEMBER." "Member" and "bona fide member," as used in this chapter, mean a person accepted for membership in an organization eligible to be licensed by the commission under this chapter upon application, with such action being recorded in the official minutes of a regular meeting or who has held full and regular membership status in the organization for a period of not less than twelve consecutive months prior to participating in the management or operation of any gambling activity. Such membership must in no way be dependent upon, or in any way related to, the payment of consideration to participate in any gambling activity.

Member or bona fide member shall include only members of an organization's specific chapter or unit licensed by the commission or otherwise actively conducting the gambling activity: Provided, That:

(1) Members of chapters or local units of a state, regional or national organization may be considered members of the parent organization for the purpose of a

gambling activity conducted by the parent organization, if the rules of the parent organization so permit;

(2) Members of a bona fide auxiliary to a principal organization may be considered members of the principal organization for the purpose of a gambling activity conducted by the principal organization. Members of the principal organization may also be considered members of its auxiliary for the purpose of a gambling activity conducted by the auxiliary; and

(3) Members of any chapter or local unit within the jurisdiction of the next higher level of the parent organization, and members of a bona fide auxiliary to that chapter or unit, may assist any other chapter or local unit of that same organization licensed by the commission in the conduct of gambling activities.

No person shall be a member of any organization if that person's primary purpose for membership is to become, or continue to be, a participant in, or an operator or manager of, any gambling activity or activities.