

Non-Profits Guide to Gambling Fundraisers



Gambling Investigation Bureau

“What started as a few complaints, led to us discovering that some non-profits were operating their fundraisers outside the laws and rules of MT. In no case did this appear to be intentional, so a letter was sent out bringing awareness to the issues and to offer our (Gambling Control’s) assistance in educating and helping non-profits become knowledgeable about our state’s laws and rules so they can bring their future events into compliance.”

Dave Jeseritz, Investigations Bureau Chief

**STATE OF MONTANA
DEPARTMENT OF JUSTICE
GAMBLING CONTROL DIVISION**

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Dear Montana Non-Profit Organization:

The Gambling Control Division has recently been made aware of various fundraising activities offered by certain non-profit organizations in the state that are in violation of Montana’s gambling laws and rules. These activities appear to be occurring at annual dinners, fundraising events, and business meetings.

The issues we see & the recommendations we offer

1. Selling dinner tables or memberships packages at various dollar levels and including raffle entries exclusive to those packages.

Do not include raffle tickets with the sale of dinner tables or memberships and you will avoid a gift enterprise issue and possible credit gambling issue. Sell raffle tickets to everyone separately.

2. Selling calendars that include entries into raffle drawings.

This becomes a Gift enterprise issue. Instead, consider selling raffle tickets for cash, check, or debit w/pin # and give away a free calendar.

The issues we see & the recommendations we offer

3. The uses of credit cards to pay for dinner tables or membership packages where raffle tickets are included in the purchase or the dinner tickets are the raffle tickets.

This is similar to Q1. This can be a credit gambling issue due to the raffle being included. Once again, disassociate the raffle from the packages.

4. Calcutta's conducted without a permit

All Calcutta's need to be pre-approved and permitted through Gambling Control.

5. Selling reverse raffle tickets with a Calcutta auction on the final 12 raffle participants.

A raffle is not an approved underlying event. Golf, bowling, rodeos, etc. are approved as they are sporting events with two or more competitors.

The issues we see & the recommendations we offer

6. Selling chances on a public sports pool board that exceeds the legal cost per chance or prize value limits.

Public sports pool boards cannot exceed \$25 per space/\$2,500 in total prize value.

7. Sports pool boards that are not authorized by law or approved as a variation by the Gambling Control Division.

There are a number of approved sports pool boards. Please check with us to see which ones they are.

8. Offering or participating in illegal gambling activities such as roulette, blackjack, dice games, craps, pull-tabs or punchboards at fundraising events.

All these games are illegal in MT and only authorized games are allowed.

The issues we see & the recommendations we offer

9. Playing poker for money in public without a licensed table or licensed card dealer, or without a Casino night permit.

Poker, Bingo, and Keno all require a license to play in public for money and poker must also be played on a permitted table with a licensed dealer. However, casino night permits allow non-profits to fundraise through the use of imitation money in authorized card games, live bingo and keno, and raffles. (No table permit or licensed dealer is required for Casino night play.)

10. Failing to maintain records for **one year** past the date of the raffle drawing, or failing to retain sports pool boards for 90 days after the date of the sports event.

Records must be kept for the minimum number of days listed.

The issues we see & the recommendations we offer

11. Allowing participants in a raffle to pay for raffle tickets with a credit card.

Only cash, checks, or debit cards with pin #'s can be accepted as payment for raffle tickets.

12. Holding a fundraiser where participants can use their bidder number to bid on live or silent auction items as well as purchase raffle chances.

*(Silent and live auctions are not considered gambling events and the limitations regarding credit cards, the use of the internet, etc. do not apply.)
However, by including raffles into the mix, it violates the credit gambling law two ways: 1. credit is extended at the time of purchase because a bid number instead of cash, check, or debit card with a pin # defers the payment; and 2. creates the opportunity at the end of the event for the buyer to pay for all auction and raffle purchases with a credit card. Raffles should be operated separately from live and silent auctions.*

How Montana views gambling

■ Mont. Code Ann.
§ 23-5-151



■ Except as specifically authorized by statute, all forms of public gambling, lotteries and gift enterprises are prohibited.

Montana Constitution

- Mont. Code Ann.
§ 23-5-111
- Per the Montana Constitution, gambling laws must be strictly construed by the department and the courts to allow only those types of gambling and gambling activities that are specifically and clearly allowed.

Credit Gambling is Prohibited

Credit gambling is offering or accepting as part of the price of participation in a gambling activity or as payment of a debt incurred in a gambling activity:

1. A check, credit card, or debit card held pending the outcome of a gambling activity.
2. A loan of any kind at any time from or on behalf of a licensee.
3. Any form of deferred payment, including a note, IOU, post-dated check, hold check, or other evidence of indebtedness
4. A check issued or delivered that is accepted by the licensee with the knowledge that it will not be paid by the depository

A few definitions to help understand

- “**Gambling or Gambling Activity**” means the risking of money or anything of value (consideration) for a gain (reward) that is contingent in whole or in part upon chance, or the operation of a gambling device or enterprise.



A few definitions to help understand

- “Gift enterprise” means a gambling activity in which persons have qualified to obtain property to be awarded by purchasing or agreeing to purchase goods or services.

Example of a violation:
XYZ Car sales company sets up a promotion that for every vehicle they sell in March, the buyer will qualify to receive one entry for their drawing to win an ATV. (the purchase of a vehicle is required to receive a raffle ticket)

A few definitions to help understand

- “**Illegal gambling enterprise**” means a gambling enterprise that violates or is not specifically authorized by a statute or rule of the department, including...**credit gambling** and **internet gambling**.

“Gambling on a cash basis”

In every gambling activity, except raffles* and card games scored with points, the consideration paid for the chance to play must be made in cash.

*(*Raffles can accept cash, checks, or debit cards with pin #'s)*

A few definitions to help understand

- “Raffle” means a form of lottery in which each participant pays valuable consideration for a ticket to become eligible to win a prize. A winner must be determined, and that determination must be through a random selection process approved by department rule.



A few definitions to help understand

- **“Nonprofit Organization”** means a nonprofit corporation or nonprofit charitable, religious, scholastic, educational, veterans, fraternal, beneficial, civic, senior citizen, or service organization established for purposes other than to conduct gambling.

Rules for Raffle prizes

RULES FOR ALL RAFFLES

1. The sale of raffle tickets is restricted to events and participants within the geographic confines of the state at the time of purchase.
2. The sale of raffle tickets may not be conducted over the internet. All raffle announcements or advertisements conducted over the internet must include this sale restriction, the name of the organization offering the raffle, and all raffle terms.

NON-PROFITS, COLLEGES, UNIVERSITIES, PUBLIC SCHOOL DIST., OR NON-PUBLIC SCHOOL

1. Do not have to own prizes to be awarded as part of the raffle before the sale of any tickets. (50-50 tickets are permissible here because the prize is not owned in advance of ticket sales)
2. The value of a prize awarded for an individual ticket for a raffle may exceed \$5,000. Prizes may be combined in any manner to increase the ultimate value of the prize awarded for each ticket.
3. The proceeds from the sale of tickets for a raffle may be used only for charitable purposes or to pay for prizes and may not be used for the administrative costs of conducting the raffle.
4. Raffle must be publicly identified as a charitable raffle.

FOR-PROFIT BUSINESSES OR INDIVIDUALS OPERATING A RAFFLE

1. Shall own all prizes to be awarded as part of the raffle before the sale of any tickets.
2. The value of a prize awarded for an individual ticket for a raffle may not exceed \$5,000. Prizes may not be combined in any manner to increase the ultimate value of the prize awarded for each ticket.

Who can sell raffle tickets?

A person may not purposely or knowingly allow a person under 18 years of age to participate in a gambling activity.

A person under 18 years of age may sell or buy tickets for or receive prizes from a raffle conducted in compliance with 23-5-413 if proceeds from the raffle are used to support charitable activities, scholarships or educational grants, or community service projects.

Random Selection Process

- The following random selection processes are authorized for use in determining a winner of a raffle.
 1. A drawing from a drum or other receptacle containing raffle ticket stubs or other suitable indicators of the ticket purchaser's identity that have been thoroughly mixed before the drawing; and
 2. Selection by any other process if:
 - (i) the process is reasonably assured of being random and is not connected to an event that has its own intrinsic significance (e.g., a sports event, game of chance, contest); and
 - (ii) the indicator of the raffle ticket purchaser's identity reasonably assures the random selection of a winner.

Record Keeping Requirements

- For each raffle conducted, the entity conducting the raffle shall maintain for a period of 12 months from the date of the raffle drawing, and provide to the department upon request:
 - (a) a record of the total proceeds collected;
 - (b) a detailed description of the prize(s) awarded;
 - (c) a description of the selection process used to determine the winner(s);
 - (d) a record reflecting the source of the prize(s), including any money paid to purchase prizes;
 - (e) a record of any administrative costs paid with raffle proceeds;
 - (f) a description of how the raffle was publically identified as a charitable raffle, where applicable;
 - (g) the name and address of the person(s) awarded raffle prize(s); and
 - (h) a detailed record of the distribution of the charitable raffle proceeds, where applicable.
- (4) All raffle terms, including the date of the raffle drawing, must be available to the public prior to the sale of any raffle tickets.

What else can a Nonprofit do?

- Casino Nights

- Calcutta Pools

Casino Nights

- A fund raising event conducted by a nonprofit during which wagers may be made in authorized gambling activities with imitation money.
 - ◆ Live Card Games
 - ◆ Live Bingo & Keno
 - ◆ Raffles
- Application
 - ◆ \$25
 - ◆ Verification of Nonprofit status
 - ◆ **One permit per year**
- Reporting
 - ◆ Within 30 days
 - ◆ Totals: receipts, admin costs, prizes, and earnings

Casino Night Requirements

- May not last more than 12 hours (or two-6 hr. sessions)
- Must be managed/operated only by volunteer members of nonprofit (cannot hire a company to run it)
- Prizes must be merchandise or cash
- Proceeds after admin expenses must be donated to a cause. Admin expenses may not exceed 50% of the proceeds
- Permit must be posted at event
- Rules must identify the amount of the entry, value of the imitation money, amount of imitation money distributed to each player and method for awarding prizes
- Must be present to win
- Must be 18 (except for raffles) to participate

Calcutta Pool

- Bid on competitors in an underlying event (ie: golf tourney, bull riding, NCAA B-ball, etc.)
- A person's wager is equal to his/her bid
- Proceeds from the pool less admin expenses are contributed to a charity or nonprofit
- Rules must be publicly posted at event
- No more than one wager for each competitor
- At least 50% of the total pool is paid out in prizes
- May not be conducted on elementary or high school sporting events
- Event has to have more than two entrants
- Events may not be fictitious

Calcutta Pool

■ Application

- ◆ \$25 fee/per application
- ◆ Application must be completely filled out
- ◆ Should be received by the Department at least 10 working days before the start
- ◆ No limit on how many Calcutta's per year

Gambling Control Division Website

- <https://dojmt.gov/gaming/>



Home / Gambling Control Division – GCD

Welcome to Montana Gambling Control Division

Through the Gambling Control Division, the Department of Justice regulates all forms of gambling in Montana, except for the Montana Lottery and horse racing. The legislature has charged the Division with maintaining a uniform regulatory climate that is fair and free of corrupt influences. The division is also responsible for collecting gambling revenue for state and local governments. Under Montana law, businesses must have a liquor license before they can conduct certain gambling activities, i.e., live card games, sports tab games, and video gambling machines. The Division also serves as a point of contact for many liquor licensees and applicants.

Montana law mandates strict regulation. Division staff seek to balance this requirement with providing responsive service to the businesses and citizens we regulate.



Find Gambling Laws



Licenses & Permits

Gambling Info

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GAC

Contact



Gambling Laws

Gambling Regulations

Proposed Rules

Gambling Laws

The Montana Legislature has authorized limited legal gambling in Montana. Poker, keno, bingo, and video line gambling machines are legal with a maximum \$2 bet and \$800 payout. Legal live games include: raffles, bingo, keno, panguingue, poker and shake-a-day. Sports pools, fantasy sports leagues and sports tab games are also legal. These are non-banking games in which players bet against and settle with each other rather than betting against and settling with the house.

The legal age for gambling in Montana is 18, with the exception of raffles conducted by churches, schools, charitable and nonprofit organizations. Children under 18 years old may participate in these.

[Gambling Statutes and Rules Electronic Document](#) (as of November 23, 2015)

- [Gambling Section of Montana Constitution](#)
- [Public Policy on Gambling](#)
- [Gambling Statutes](#)

Find Gambling Rules



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Home / Gambling Control Division – GCD / Gambling Laws & Administrative Rules

Gambling Laws

Gambling Regulations

Proposed Rules

Gambling Regulations

The Gambling Control Division has adopted administrative rules to carry out the Montana statutes governing the legal gambling activities it oversees. The rules are enacted under the [Administrative Rules of Montana Title 23, Chapter 16](#), available online through the Secretary of State's Office.

Division Opinions-What are they?

- Division opinions are not legally binding documents, however, they are used to help clarify the laws and rules.
- Opinions help keep consistency among the day to day and year to year operations.
- Opinions are not found in a public database, but are available upon request.

What's the bottom line?

Please don't rely on past practice or word of mouth that something is legal. Please contact any of our Gambling Control Offices or call our main number to find out.

406-444-1971

Questions?

Contact Information:

HELENA-Main 444-1971
BILLINGS-East 896-4300
MISSOULA-West 329-1484

Thank you!!

