

Training Manual



GUIDE TO CHARITABLE GAMING IN THE COMMONWEALTH OF KENTUCKY

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This handbook was prepared by the Department of Charitable Gaming to assist organizations in complying with the charitable gaming laws. It is intended as a guide only, and in no way supersedes statutory provisions, administrative regulations or case law.



All forms, applications, worksheets, and financial reports are available on the website at dca.ky.gov.

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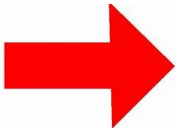


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DISCLAIMER: This material is prepared for informational purposes only. The contents of this training manual shall not be construed as legal advice and are not intended to create an attorney-client relationship.

I. GENERAL PROVISIONS

A. Charitable Gaming

- Bingo, charity game tickets, raffles, and approved games of chance at charity fundraising events conducted for fundraising purposes by charitable organizations. KRS 238.505(2), (8).
- Charitable gaming shall not include slot machines, electronic video gaming devices, wagering on live sporting events, or simulcast broadcasts of horse races. KRS 238.505(2).
- A charitable organization is a nonprofit entity organized for charitable, religious, educational, literary, civic, fraternal, or patriotic purposes. KRS 238.505(3).
- Any charitable organization conducting charitable gaming in Kentucky is required to be licensed by the Department. KRS 238.535(1).

B. Location of Gaming

- Charitable gaming must be conducted by a licensed charitable organization at the location, date, and time which must be stated on the license. KRS 238.540(1).

C. License Displayed

- The license to conduct charitable gaming must be prominently displayed at the location where charitable gaming is conducted and must be visible and readily accessible to gaming patrons, employees of the Department, law enforcement officials, and other interested officials. KRS 238.540(3).

D. Chairperson

- A chairperson is any officer, member, or employee of a licensed charitable organization who will be involved in the management and supervision of charitable gaming as designated in the organization's charitable gaming license application. KRS 238.505(24) and KRS 238.540(4).

- The Chief Executive Officer (“CEO”) or director of the applicant organization is automatically a chairperson. KRS 238.505(24) and KRS 238.535(9)(g).
- An organization must have at least two (2) chairpersons other than the CEO or director. KRS 238.535(9)(g).
- An organization may have as many chairpersons as it wishes. KRS 238.535(9)(g).
- You can only be a chairperson for one (1) organization at a time. KRS 238.540(4).
- At least one (1) chairperson must be at each gaming activity and be responsible for the administration and conduct of the activity. KRS 238.540(4).
- The chairperson must:
 - Be in charge of the licensed gaming occasion;
 - Supervise and direct all volunteers; and
 - Be responsible for assuring the proper receipt and recording of gaming funds. 820 KAR 1:055 Section 3 (2).
- The chairperson must be readily identifiable as the chairperson and must be present on the premises continuously during the gaming activity. KRS 238.540(4).
- An applicant for any license must be subjected to a state criminal history background check and, potentially, a national criminal history background check. This applies to all CEO’s, chief financial officers (“CFO”), or directors of any applicant, and anyone designated as a chairperson. KRS 238.525(3)

E. Volunteers

- Anyone can volunteer for an organization. You do not have to be a member. KRS 238.540(4).
- All volunteers have to be readily identifiable as a volunteer. KRS 238.540(4).
- All volunteers involved in the conduct of a charity fundraising event or a special limited charity fundraising event, the sale of pulltabs, and in the conduct of a bingo session must be trained in the proper conduct of the game and the control of funds. 820 KAR 1:032 Section 20 (1), 820 KAR 1:042 Section 13 (1), 820 KAR 1:055 Section 3 (1).
- A volunteer at a special limited charity fundraising event, at which pulltabs are sold cannot purchase or play pulltabs at that occasion. At a charity fundraising event, a volunteer may purchase or play pulltabs

on a day the volunteer did not work, and from a deal, the volunteer did not sell. 820 KAR 1:036 Section 1 (5).

- A volunteer at a charitable gaming occasion at which bingo cards or faces are sold shall not purchase or play bingo cards or faces at that occasion unless the volunteer's duties are complete for the occasion. Once a volunteer starts playing bingo, that person shall not volunteer for the remainder of that gaming occasion. 820 KAR 1:046 Section 1 (7).

F. Compensation

- Volunteers cannot receive any compensation for services related to the gaming activities, including tipping. KRS 238.540(4).
- No net receipts derived from gaming can inure to the private benefit or financial gain of any individual. KRS 238.540(4).
- Any effort or attempt to disguise any other type of compensation or private inurement is considered an unauthorized diversion of funds and shall be actionable under the criminal penalty section. KRS 238.540 (4).
- An organization must do one (1) or more of the following to inform the public that its volunteers are unable to accept tips or other forms of gratuitous conduct:
 - Post signs in a conspicuous location stating volunteers are not permitted to accept tips;
 - State prominently on the charitable gaming session program that volunteers are not permitted to accept tips; or
 - Announce during the charitable gaming session program that volunteers are not permitted to accept tips; 820 KAR 1:060 Section 1 (1).
- An organization can do the following for its volunteers:
 - Provide up to \$15 worth of food and drink per day to be consumed on the premises where charitable gaming occurs;
 - Provide any identifying article of clothing that is worn by the volunteer while volunteering for the organization; or
 - In a raffle, award any non-cash item whose fair market value is not more than \$50 to volunteers upon achievement of predetermined goals in the conduct of a raffle (whoever sells the winning ticket, whoever sells the most tickets, etc). 820 KAR 1:060 Section 1 (1) (3) (c).

- All allowable expenditures made by charitable organizations for volunteers shall be reported on the charitable organization's financial reports. 820 KAR 1:060 Section 1 (4).
- There is a rebuttable presumption of compensation if a person volunteers at more than four (4) charitable gaming sessions a week excluding charity fundraising events as defined in 820 KAR 1:055, 820 KAR 1:060 Section 2 (1).
- There is a rebuttable presumption of compensation if a person volunteers at more than four (4) special limited charity fundraising events per year. 820 KAR 1:060 Section 2 (2).

G. No Consultants

- You cannot use a management company, service company, or consultant to manage or conduct any aspect of charitable gaming. KRS 238.540(5).

H. Must Use Licensed Distributor

- You must obtain your charitable gaming supplies and equipment from a distributor that is licensed by the Kentucky Department of Charitable Gaming. KRS 238.540(6).

I. Cannot Get Prizes Donated from Facility, Distributor or Manufacturer

- Merchandise prizes cannot be donated by a licensed manufacturer, distributor, charitable gaming facility, or any of their owners, officers, employees, contractees, affiliates, or members of their immediate families. KRS 238.540(7).

J. Advertisement

- All advertisements regarding charitable gaming must contain the name and license number of the charitable organization. KRS 238.540(8).
- You cannot advertise a bingo prize in excess of \$5,000 per 24 hour period. KRS 238.540(8).
- Your manufacturer or distributor cannot provide advertising materials for your organization. KRS 238.530(10)(h).

K. Charitable Gaming Session

- A "Charitable Gaming Session" means a single gathering, event, or occurrence, at a specific location, during a specific time period, at which games of chance as defined by KRS Chapter 238 are conducted by a charitable organization. 820 KAR 1:001 Section 1 (5).

L. House Rules

- If the organization has house rules concerning its gaming session, the house rules must:
 - Be posted in at least two (2) conspicuous locations at the gaming session and announced prior to the commencement of the gaming session, or be listed on the program;
 - Not conflict with the statute or administrative regulations;
 - Be followed; and
 - Include the organization's name and license number.
 820 KAR 1:032 Section 20 (6) and 820 KAR 1:042 Section 13 (7).

LI. Gaming Inspections

- A compliance officer, investigator, auditor, or any other employee authorized by the Department may, to ensure compliance with all statutes and administrative regulations relating to charitable gaming, inspect the conduct of gaming by the following: (1) Exempt organizations; (2) Licensed charitable organizations; (3) Licensed charitable gaming facilities; (4) Licensed manufacturers; and (5) Licensed distributors. KRS 238.560 and 820 KAR 1:125 Section 1.
- KRS 238.515 authorizes the Department of Charitable Gaming to establish and enforce reasonable standards for the conduct of charitable gaming. KRS 238.560 authorizes the department to inspect and examine charitable gaming operations. This administrative regulation established how the department will investigate the conduct of charitable gaming through inspections. KRS 238.515, KRS 238.560 and 820 KAR 1:125 Section 1.

LII. Age Limit for Playing and Volunteering

- Bingo
 - A person under eighteen (18) years of age cannot play unless accompanied by a parent or legal guardian and only for non-cash prizes the value of which cannot be more than ten (\$10) dollars. KRS 238.545(1)(a).

- A person under eighteen (18) years of age can volunteer at bingo unless otherwise prohibited by law.
- Pulltabs
 - A person under eighteen (18) years of age cannot play pulltabs or open a pulltab in any manner. KRS 238.545(2).
 - A person under eighteen (18) years of age can sell pulltabs unless otherwise prohibited by law.
- Raffles
 - A person under eighteen (18) years of age can buy and sell raffle tickets. KRS 238.545(3).
- Charity fundraising event games
 - A person under eighteen (18) years of age can play approved games of chance at a charity fundraising event (CFE) with certain exceptions listed below:
 - No person under the age of eighteen (18) is permitted to play bingo at a CFE unless accompanied by a parent or legal guardian.
 - No person under eighteen (18) is permitted to play or conduct any special limited charitable games. KRS 238.545(4).

O. Delivery of Gaming Supplies

- A distributor may deliver gaming supplies to an agreed secure location or to an identified person. 820 KAR 1:032 Section 12 (2); 820 KAR 1:042 Section 6 (2).
- If they deliver to a person, the person must sign the invoice. 820 KAR 1:032 Section 12 (1)(k) and 820 KAR 1:042 Section 6 (1)(n).
- If they deliver to a place, it must be secure. For instance, a distributor can put your gaming supplies into your storage locker but cannot leave them outside the locker. 820 KAR Section 12 (2).
- An invoice from a distributor shall be deemed accurate unless challenged within seven (7) days of delivery. 820 KAR 1:032 Section 12 (2) and 820 KAR 1:042 Section 6 (2).
- Any challenge to an invoice must be made in writing to the distributor and a copy must be sent to the Department. 820 KAR 1:032 Section 12 (2) and 820 KAR 1:042 Section 6 (2).

P. Storage of Gaming Supplies

- You must maintain your gaming supplies in a location separate from another organization's gaming supplies. This location must be locked and access must be controlled. 820 KAR 1:032 Section 20 (4) and 820 KAR 1:042 Section 13 (6).
- The Department does not consider an area to be "controlled" if someone can get in the storage area with little effort.
- A distributor representative may have a key to an organization's locked storage area if that is the organization's "agreed place" for delivery as stated in 820 KAR 1:032 Section 12 (2) and 820 KAR 1:042 Section 6 (2).
- An extra set of bingo balls shall not be stored at the caller's stand but shall be stored with the other charitable gaming supplies. 820 KAR 1:042 Section 13 (6).

R. Gaming at Same Time

- More than one (1) charitable organization shall not conduct gaming at the same time and location as another charitable organization except for a licensed charity fundraising event. 820 KAR 1:042 Section 13 (4).

S. Defects and Recalls

- If a defect in the packaging or construction of a paper pulltab is discovered by an organization, the defect shall be reported to the distributor within fifteen (15) days. 820 KAR 1:032 Section 13 (1).
- The distributor shall correct the defect or replace the defective items within a reasonable time, or, if the product cannot be replaced or the defect corrected, the distributor shall provide a refund to the organization. 820 KAR 1:032 Section 13 (1).
- If they do not, you should contact the Department.

II. LICENSING RULES

A. Exempt Organizations

- An organization seeking exemption from charitable gaming licensing requirements shall submit a complete and accurate Form CG-Exempt, Organization Grossing Under \$25,000 Application for Exemption, at least thirty (30) days prior to the expected date of gaming. The Form CG-Exempt shall be submitted with a non-refundable fee of twenty-five (25) dollars. KRS 238.535(2) and 820 KAR 1:005 Section 6 (1).
- If the charitable organization has submitted a complete application and meets the requirements for exemption established in KRS Chapter 238, the department shall issue a Notification of Exemption within thirty (30) days of the completed submission. 820 KAR 1:005 Section 6 (2).
- The department shall review the application and shall notify the applicant within thirty (30) days of receipt of the initial application of the nature of any deficiencies. If identified deficiencies are not cured within thirty (30) days of the notice, the application shall be deemed withdrawn, and no exemption will be granted in response to the application. 820 KAR 1:005 Section 6 (3).
- The charitable organization shall not be required to file an additional exemption application with the department if the gaming activities of the charitable organization remain within the qualifications for exempt status. 820 KAR 1:005 Section 6 (4).
- The charitable organization shall notify the department of any changes in the exempt status of the charitable organization within thirty (30) days of the occurrence of such changes. 820 KAR 1:005 Section 6 (5).
- A charitable organization possessing a Notice of Exemption shall file an annual report with the department before January 31 of each year. This report shall be filed on Form CGEFR, Annual Financial Report For Exempt Organization. The report may be filed electronically. 820 KAR 1:005 Section 6 (6).
- A charitable organization that has had its exemption revoked for any reason shall pay a nonrefundable reinstatement fee of twenty-five dollars (25) with any application or request for reinstatement. KRS 238.550(5), KRS 238.535(2), and 820 KAR 1:005 Section 6 (7).
- The failure to file the report constitutes grounds for revocation of the exemption. KRS 238.550(5).

- If an organization exceeds the limit of \$25,000 in gross gaming receipts per the calendar year it must: 1) report the amount to the Department, and 2) apply for a retroactive charitable gaming license. KRS 238.535(3).

B. Annual License

1. Licensing Qualifications

- In order to qualify for a license an organization must:
 - Have a 501 (c)(3), (4), (8), (10), or (19) status from the IRS; or be a common school, an institution of higher education, or a state college or university as defined by statute;
 - Be established and continuously operating from an office in Kentucky for charitable purposes as shown by its conduct of charitable activities, other than the conduct of gaming, for a period of three (3) years prior to the application for license;
 - Have been actively engaged in charitable activities during the three (3) years immediately prior to application, and be able to demonstrate, to the satisfaction of the Department, reasonable progress in accomplishing its charitable purposes during this period; and
 - Have maintained an office or place of business, other than for the conduct of charitable gaming, for one (1) year in the county in which charitable gaming is to be conducted, with the exception of raffles and charity fundraising events. KRS 238.535(8).
- Exception to the rule that the office must be in Kentucky for three (3) years:
 - An organization that operates for charitable purposes in more than 10 states, and whose principal place of business is physically located in a state other than Kentucky, may satisfy the requirements if it can document that it has:
 - Been actively engaged in charitable activities and has made reasonable progress in accomplishing its charitable purpose in the conduct of charitable activities or expenditure of funds within Kentucky for three (3) years; and
 - Has had an office in the county in Kentucky where it proposes to conduct gaming, and where it has operated for charitable purposes, for one (1) year.

KRS 238.535(8)(b).

2. Reasonable Progress

- “Reasonable progress” means the regular and uninterrupted conduct of activities within Kentucky or the expenditure of funds within Kentucky to accomplish relief of poverty; advancement of education; protection of health; relief from disease; relief from suffering or distress; protection of the environment; conservation of wildlife; advancement of civic, governmental, or municipal purposes; or advancement of charitable, religious, educational, literary, civic, fraternal, or patriotic purposes. KRS 238.535(8)(c) and KRS 238.505(3).
- In order to demonstrate reasonable progress in accomplishing its charitable purposes when applying to renew an existing license, a licensed charitable organization must provide to the Department a detailed accounting regarding its expenditure of charitable gaming net receipts for the purposes described above. KRS 238.535(8)(c).
- A licensed organization must expend net receipts from gaming exclusively for purposes consistent with the charitable, religious, educational, literary, civic, fraternal, patriotic functions or objectives for which the licensed charitable organization received and maintains federal tax-exempt status, or consistent with its status as a common school, an institution of higher education, or a state college or university. KRS 238.550(4).

3. County Requirement

- Once the license is granted, the organization must conduct all charitable gaming events in the county in which its license was issued except it may hold a raffle, a charity fundraising event (CFE), or a special limited charity fundraising event (SLCFE) in a different county, so long as the county where the raffle, CFE, SLCFE is being held is noted on the license. KRS 238.535(8)(d).

4. Criminal History

- Applicants for organization licenses are subject to a state criminal history background check and may if deemed reasonably necessary, be subjected to a national criminal history background check with the assistance of the Kentucky State Police (“KSP”) and the FBI. KRS 238.525(3).

- The criminal history background check applies to the: CEO, CFO, or director of an applicant; any employee or member of an applicant who has been designated as chairperson; any individual with a 10% or more financial interest in the applicant; and the applicant itself. KRS 238.525(3).
- Fingerprints are required for the national background check. KRS 238.525(3).
 - For an organization, the following persons are required to submit a fingerprint card if they reside out of state:
 - The CEO;
 - The CFO; and
 - Each chairperson.

820 KAR 1:015 Section 1 (6).
 - For manufacturers, distributors, and facilities, the Department requires the fingerprinting of all applicants.
- The Department may charge a reasonable fee not to exceed the actual cost of fingerprinting and records searching. KRS 238.525(3).
- Under the charitable gaming laws, an organization cannot be licensed or maintain a license if an individual associated with the organization, or the organization itself, has been convicted within the last ten (10) years of:
 - A felony;
 - Two misdemeanors; or
 - Whether a felony or misdemeanors, a conviction involving:
 - A gambling offense;
 - Criminal fraud;
 - Forgery;
 - Theft;
 - Falsifying business records; or
 - Making a false entry in the business records of a charitable organization; altering, erasing, obliterating, deleting, removing, or destroying a true entry in the business records of a charitable organization; failing to make a true entry in the business records of a charitable organization in violation of a duty to do so that he knows to be imposed upon him by law or by the nature of his position; or preventing the making of a true entry or causing the omission thereof in the business records of a charitable organization. KRS 238.525(4) and KRS 238.995(7).

5. Charitable Organization License Application

- At least sixty (60) days prior to the expiration of its existing license or its first expected date of gaming, facility operation, or business operations in Kentucky during the license period, an applicant shall submit the appropriate complete, accurate, and documented application: (a) A charitable organization shall submit Form CG-1; (b) An organization authorized to hold special event raffles pursuant to KRS 238.535(14)(b) shall submit Form CG-SER; (c) A distributor shall submit Form CG-2; (d) A manufacturer shall submit Form CG-3; and (e) A charitable gaming facility shall submit Form CG-4.[;]
(2) The department shall review the application and notify the applicant in writing of any deficiencies in the application as soon as practicable. 820 KAR 1:005 Section 1 (1).
- An application shall not be considered complete until all deficiencies are resolved. 820 KAR 1:005 Section 1 (2).
- If the applicant does not file a written response to a deficiency request, provide requested information and documents, or otherwise cure the identified deficiency within thirty (30) days of the written notice, the application shall be deemed withdrawn. 820 KAR 1:005 Section 1 (3).
- If the applicant files a written response to a deficiency request within thirty (30) days of the written notice, but the response does not cure the identified deficiency, the department shall issue a subsequent deficiency notice. If the deficiency is incapable of being cured, the department shall deny the license. 820 KAR 1:005 Section 1 (4).
- Once the department has received a complete application, it shall grant or deny the license within sixty (60) days of receipt. 820 KAR 1:005 Section 1 (5).

6. Helpful Hints for Completing the Application

- You must send the \$25 processing fee with the application.
- You will be invoiced for the remaining fee and the fingerprint and criminal history charge after the application is processed.
- If a question does not apply to your organization, please mark the answer “N/A.”
- Make sure all officers of the organization, as shown in the by-laws for your organization, are listed on the license application.

- When listing a chairperson, please mark whether they are a member, officer, or employee of the organization.
- The Department evaluates the structure of your organization based on your by-laws or the structure as stated in your application.
- One of the main causes of a deficiency letter is that an organization does not clearly describe how it has generated money or how it has spent the money to further its charitable purpose.

The following is a guideline of what a license reviewer is expecting when reviewing how an organization generated and spent money towards its charitable purpose.

- For example, last year your organization generated \$1,500 in dues, \$10,000 in grants, \$2,000 in donations, \$3,000 from an event, and \$750 in bake sales. The organization’s answer to (10)(a) on the license application should look like this:

Type of Revenue	Amount 1 Year Prior Year _____
Dues	\$1,500
Grants	\$10,000
Donations	\$2,000
Activities/Events	\$3,000
Sale of Items	\$750

- For example, last year your organization spent \$20,000 in scholarships, \$12,250 in assistance to the needy, \$5,800 in office equipment and supplies, \$3,400 in utilities, and donated \$1,600 to another organization that was consistent with their charitable purpose. Your answer to (10)(b) on the license application should look like this:

Type of Expenditure	Amount 1 year prior Year _____
Scholarships	\$20,000

Assistance to the Needy	\$12,250
Office Equipment/Supplies	\$5,800
Utilities	\$3,400
Donations	\$1,600

7. **Licensing Inspections**

- An applicant for a license or an exemption shall be able to demonstrate the existence of their establishment by (a) Contracts or leases; (b) Utility bills; (c) Records maintained by the parent organization; (d) Bank records; or (e) Similar documents. 820 KAR 1:005 Section 7 (1) (a)(b)(c)(d)(e).
- Any such records shall be accessible to the department for inspection. 820 KAR 1:07 Section 7 (2).
- This information may include contracts or leases, utility bills, records maintained by the parent organization, bank records, and any other records that are deemed appropriate. 820 KAR 1:005 Section 7 (1).
- The inspection will be completed by appropriate Department personnel who shall file a report stating the results of the inspection performed. 820 KAR 1:07 Section 7 (6).

8. **License Issuance**

(Exempt Organizations)-

- An organization seeking exemption from charitable gaming licensing requirements shall submit a complete and accurate Form CG-Exempt, Organization Grossing Under \$25,000 Application for Exemption, at least thirty (30) days prior to the expected date of gaming. The Form CG-Exempt shall be submitted with a non-refundable fee of twenty-five (25) dollars. 820 KAR 1:07 Section 6 (1).
- If the charitable organization has submitted a complete application and meets the requirements for exemption established in KRS Chapter 238, the department shall issue a Notification of Exemption within (30) days of the completed submission. 820 KAR 1:07 Section 6 (2).
- The department shall review the application and shall notify the applicant within thirty (30) days of receipt of the initial application of the nature of any deficiencies. If identified deficiencies are not cured within thirty (30) days of the notice, the application shall be

deemed withdrawn, and no exception will be granted in response to the application. 820 KAR 1:07 Section 6 (3).

- The charitable organization shall not be required to file an additional exemption application with the department if the gaming activities of the charitable organization remain within the qualifications for exempt status. 820 KAR 1:07 Section 6 (4).
- The charitable organization shall notify the department of any changes in the exempt status of the charitable organization within thirty (30) days of the occurrence of such changes. 820 KAR 1:07 Section 6 (5).
- A charitable organization possessing a Notice of Exemption shall file an annual report with the department before January 31 of each year. The report shall be filed on Form CG-EFR, Annual Financial Report for Exempt Organization. The report may be filed electronically. 820 KAR 1:07 Section 6 (6).
- A charitable organization that has had its exemption revoked for any reason shall pay a nonrefundable reinstatement fee of twenty-five dollars (25) with any application or request of reinstatement. 820 KAR 1:07 Section 6 (7).

(Temporary License)-

- The department may issue a temporary license to an applicant for a charitable gaming license if the applicant has submitted a complete and accurate license application form, and has complied with all other licensing requirements for an annual license. 820 KAR 1:07 Section 3 (1).
- For each temporary license issued, the licensee shall pay a twenty-five (25) dollar fee. 820 KAR 1:07 Section 3 (2).

(Charitable Gaming Organizational License)-

- The department shall issue a license if the applicant has: (a) Met the statutory requirements established: 1. For a charitable organization, by KRS 238.535; 2. For special event raffle organizations, by KRS 238.535; 3. For distributors and manufacturers, by KRS 238.530, or 4. For charitable gaming facilities, by KRS 238.555; (b) Paid all fees and fines; (c) Filed all required reports (d) Filed an acceptable financial plan, if required; (e) Complied with all terms and conditions of any applicable settlement agreement or probationary terms; and (f) Submitted fingerprints cards as required by KRS 238.525. 820 KAR 1:005 Section 2 (1).

- Fees for licenses issued shall be paid according to the following schedule: (a) A nonrefundable application fee of twenty-five (25) dollars shall accompany each application for licensure and shall be credited against the amount of the annual license fee if the requested license is granted. (b) For charitable organizations and organizations licensed pursuant to KRS 238.525(14)(b): 1. \$100 for: (i) A charitable organization upon initial application; or i(ii) A charitable organization with gross receipts not in excess of \$100,000; 2. \$200 for a charitable organization with gross receipts over \$100,000 but not in excess of \$250,000; or 3. \$300 for a charitable organization with gross receipts over \$250,000. (c) For manufacturers or distributors: \$1,000. (d) For charitable gaming facilities: 1. \$1,250 for a facility conducting eight (8) or fewer sessions per week; or 2. \$2,500 for a facility conducting between nine (9) and eighteen (18) sessions per week. 820 KAR 1:005 Section 2 (2).
- A license shall not be issued until the license fee and any other fees or fines due are paid in full. 820 KAR 1:005 Section 2 (3).
- The license term shall be for one (1) year from the effective date of the license. 820 KAR 1:005 Section 2 (4).

9. Changes

- A licensed charitable organization, distributor, manufacturer, or charitable gaming facility may submit a written change request to change any information contained in the license application or printed on the license. All change requests shall be accompanied by a twenty-five (25) dollar change fee and be signed by an officer. The department shall process change requests and issue or deny an amended license within ten (10) days of receipt, and the licensee shall not engage in gaming until a license reflecting the change request has been issued. (a) Except as provided in KRS 238.535(12)(b)(2), a licensed charitable organization may change the date, time, or location of a charitable gaming session if the licensed charitable organization submits a written request to the department at least ten (10) days prior to the date of the requested change. Any change request pursuant to this subsection must be accompanied by a lease, if required, for the new gaming location. (b) If a charitable organization wishes to cancel a charitable gaming session, the organization shall notify the department, in writing, at least twenty-four (24) hours prior to the scheduled start of the charitable gaming session, except in the event of an emergency beyond the organization's control, in which case the

organization shall notify the department of the change as soon as practicable. Cancellation shall not require a change fee. 820 KAR 1:005 Section 2 (5).

10. Fees

- A nonrefundable application fee of twenty-five (25) dollars shall accompany each application for licensure and shall be credited against the amount of the annual license fee if the requested license is granted. 820 KAR 1:005 Section 2 (2).
- A license shall not be issued until the license fee and any other fees or fines due are paid in full. KRS 238.560(3)(c), 820 KAR 1:005 Section 2 (3).
- The annual license fee for an organization is:
 - \$100 for an organization upon initial application and for a renewing organization with gross receipts not in excess of \$100,000;
 - \$200 for a renewing organization with gross receipts over \$100,000, but not in excess of \$250,000; or
 - \$300 for a renewing organization with gross receipts over \$250,000.
 820 KAR 1:005 Section 2 (2).
- The Department charges a renewal fee which does not exceed \$300. KRS 238.525(1) and KRS 238.535(12).

New License Fee	\$100 (includes \$25 non-refundable processing fee)
Renewal Fee	\$100, \$200 or \$300 - based on gross receipts from last year (includes \$25 non-refundable processing fee)
Criminal History	\$20
Fingerprint	\$13.25
Form CG-Schedule A (charity fundraising event license)	\$25
Day, Time, or Location Change	\$25
Raffle Drawing Change	\$25

Officer/Chairperson/Other Information Change	Subject to KSP background and FBI fingerprint fee, if applicable.
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11. Facility Leases

a. Statutory requirements for the lease

- KRS 238.555(4) sets forth the requirements for a facility lease.
- The statute requires that the facility provide the following services to the organization:
 - Gaming space;
 - Utilities;
 - Insurance for the premises;
 - Parking;
 - Tables and chairs, and other non-gaming equipment necessary for the conduct of charitable gaming;
 - Adequate storage space;
 - Security; and
 - Janitorial services.
- These costs must be itemized in the lease.
- The organization can choose to provide these services for itself. If the organization is providing these services it must be clearly noted in the lease.
- If the organization opts out of any of the services the facility is legally obligated to provide, the facility must reduce the rent accordingly.
- The rent charged to the organization, including the cost of goods and services provided, must be reasonable and based on the prevailing market values for the area where the facility is located.
- The facility is not allowed to charge your organization rent based on a percentage of the gross income or net receipts your organization derives from gaming, or based upon the number of people that might attend a particular session.
- You must obtain a lease even from a facility that is not a licensed charitable gaming facility. For example, a person with a large building agrees to allow your organization to game there. Your organization will be the only one using the building for gaming. The owner of the building does not have to obtain a facility license from the Department of Charitable Gaming, as only one (1) organization will be gaming there, but you must still execute a lease with the

building owner and they must agree to provide the same services as a licensed facility.
KRS 238.555(4).

b. Suggestions before signing a facility lease

- Take your time when considering whether to sign a lease.
- Review the lease terms away from the facility owner. Do not be pressured into signing a lease.
- Know exactly what each term means in a lease before you obligate your organization by signing it.
- If you have any questions, you should consult your attorney.
- Understand the provisions in regards to changing the lease and/or terminating the lease if you want to make changes to your gaming after the lease is signed.
- A signed lease is a valid and enforceable document. Again, you may wish to consult your attorney.

12. Use of Distributors

- You can use any distributor licensed by the Kentucky Department of Charitable Gaming for all gaming supplies, including card-minding devices. KRS 238.540(6).
- You may use multiple distributors.

III. BINGO

A. Weekly Bingo Session Limitations

- You can have one (1) bingo session per day for a period not to exceed five (5) hours. You can have two (2) bingo sessions per week for a period not to exceed five (5) hours in any day and ten (10) hours per week. KRS 238.545(1)(a).
- You cannot conduct bingo at more than one (1) location during the same twenty-four (24) hour period. KRS 238.545(1)(a).
- You cannot award prizes for bingo that exceed \$5,000 in fair market value per twenty-four (24) hour period including the value of door prizes. KRS 238.545(1)(a).
- You cannot advertise a bingo prize in excess of the limitation of \$5,000. KRS 238.540(8)
- No person under the age of eighteen (18) can purchase bingo supplies. No person under the age of eighteen (18) can play bingo unless the organization permits them to play. If the organization allows them to play, they can only play if they are accompanied by a parent or legal guardian, and can only play for noncash prizes the value of which is not more than \$10. KRS 238.545(1).

B. Charitable Gaming Session Program

- “Charitable Gaming Session Program,” means a written list of all games to be played and prize amounts to be paid for each game during a charitable gaming session, including, if the prizes are based on attendance, the amount of the prize and the attendance required. 820 KAR 1:001 Section 1 (6).
- The bingo program must contain:
 - The charitable organization’s name and license number. 820 KAR 1:057 Section 7 (10)(a).
 - A specific description of all bingo products for sale and the price of each product. 820 KAR 1:057 Section 7 (10)(b).
 - All bingo games played and the payout and alternate payout, if any, for each game; and 820 KAR 1:057 Section 7 (c).
 - Form CG-Vol. 820 KAR 1:057 Section 7 (11)
 - If a charitable organization games in back-to-back sessions, it may pre-sell paper for the second session if a different set of paper is used with a different color or border and a different serial number. The money from the preselling of paper shall be

deposited with the second session receipts and the sales recorded on the second session charitable gaming session records. If the price for the presold paper is discounted, the charitable organization shall list this discount on the charitable gaming session program and use a third set of paper with a different serial number. 820 KAR 1:046 Section 13 (20).

C. Blower and Flashboard (Selection and Display Devices)

- "Bingo ball"
 - A ball imprinted with numbers and letters that is used in the selection process of a bingo game. 820 KAR 1:042 Section 1 (1). This includes bingo balls generated by random generator.
 - It is recommended that you have an extra set of bingo balls.
 - An extra set of balls shall not be stored at on the caller's stand, but shall be stored with the other charitable gaming supplies. 820 KAR 1:042 Section 13(6).
- All bingo balls used in the machine or other device must:
 - Be of the same size, shape, weight, and balance;
 - Have all other characteristics that control their selection the same; and
 - Be clean and free of defects. 820 KAR 1:042 Section 7 (3).
- "Selection device" means a device that:
 - May be operated manually or automatically; and
 - It is used to randomly select bingo numbers. 820 KAR 1:042 Section 1 (22).
- "Bingo machine" means a type of selection device with a receptacle for unselected bingo balls, a blower for selecting, and a ball tray that contains seventy-five (75) holes in which to place the ball once it is called; or a generator that randomly selects the balls and displays them on the face of the device. 820 KAR 1:042 Section 1 (2).
- "Selection pool" means the bingo numbers in a selection device that have not been selected. 820 KAR 1:042 Section 1 (23). For example: the balls remaining in the blower or the balls that have not been selected by the random generator.
- "Flashboard" or "display board" means a board that displays the bingo numbers called. 820 KAR 1:042 Section 1 (14).
- Equipment shall be designed to produce randomness and be free of any defects when used in a bingo game. 820 KAR 1:042 Section 7 (2).

- Bingo ball machines and other selection devices, flashboards and other display devices, and other bingo equipment used in the selection and display of game numbers shall be made available for inspection or testing by the department at any reasonable time. 820 KAR 1:042 Section 7 (1).
- An organization shall not use a selection or display device with a defect that was apparent at the beginning of the session. 820 KAR 1:042 Section 7 (3).
- Charitable gaming supplies, including a bingo machine, can only be purchased from a distributor licensed by the Department. KRS 238.540(6).

D. Bingo Paper

1. General Information

- A licensed distributor of charitable gaming supplies and equipment shall only distribute, in Kentucky, bingo paper conforming to the requirements of this administrative regulation. 820 KAR 1:042 Section 2 (1).
- "Face" means a paper or an electronic representation containing:
 - Five (5) rows of five (5) squares with numbers or symbols;
 - A free center space;
 - The letters "B", "I", "N", "G", "O" printed in order over the five (5) columns; and
 - A unique perm number identifying each face.
820 KAR 1:042 Section 1 (12)(d).
- "Perm number" means the number located on a bingo face that identifies the unique pattern of numbers appearing on that face. 820 KAR 1:042 Section 1 (17).
- "Disposable paper bingo face" means a nonreusable bingo face assembled in a single sheet, multiple face sheet, pad, or pack form. 820 KAR 1:042 Section 1 (12).
- "Hard card" means a reusable card bearing a bingo face or faces. 820 KAR 1:042 Section 1 (16).
- Reusable bingo hard cards can only be used at charity fundraising events. 820 KAR 1:042 Section 2(3).
- "Verification System" means a book of bingo faces compiled by the manufacturer or an electronic device created by the manufacturer that:
 - (a) Lists the unique patterns of numbers on each face by perm

- number; and (b) is used to verify the authenticity of a winning face. 820 KAR 1:042 Section 1 (26).
- A serial number cannot be repeated by the same manufacturer within one (1) year. 820 KAR 1:042 Section 2 (4).
 - "Series number" means the number of unique faces contained in a series. 820 KAR 1:001 Section 1 (69).
 - A charitable organization must not separate faces on one (1) paper sheet or any paper sheets in a pack prior to play. 820 KAR 1:042 Section 13 (12).
 - The price for each type of bingo sheet, pack, or package must be listed on the bingo program. 820 KAR 1:042 Section 13 (13).
 - Bingo paper must be used during the bingo session for which it was purchased. A charitable organization shall not allow a player to carry over purchased, but unused, bingo paper sheets, bingo paper sheet packs, or bingo paper packages to a subsequent bingo session 820 KAR 1:042 Section 13 (14).
 - An organization cannot allow a player to play bingo paper that was not purchased at that session, except for Braille cards. 820 KAR 1:042 Section 13 (15).
 - Except for braille cards intended for use by blind players, bingo paper or card minding devices shall not be reserved by the charitable organization for any player. Legally-blind players may use their own cards if the charitable organization does not make braille cards available. In accordance with KRS 238.505(15), braille cards shall not be considered gaming supplies and equipment and may be purchased from ordinary sources of supply. 820 KAR 1:042 Section 13 (3).
 - The organization shall not duplicate or otherwise make copies of bingo paper. 820 KAR 1:042 Section 13 (16).
 - If a charitable organization sells the same paper packs or paper sheets for different prices, the packs or sheets shall be distinguishable by serial number. 820 KAR 1:042 Section 13 (17).
 - A charitable organization shall not sell bingo paper in a bundle. 820 KAR 1:042 Section 13 (18).
 - If a charitable organization sells bingo paper as a package, the package shall become a unique item with a certain price and the items in the package shall not be sold individually unless a separate serial number is used. 820 KAR 1:042 Section 13 (19).

- If a charitable organization games in back-to-back sessions, it may pre-sell paper for the second session if a different set of paper is used with a different color or border and a different serial number. The money from the preselling of paper shall be deposited with the second session receipts and the sales recorded on the second session charitable gaming session records. If the price for the presold paper is discounted, the charitable organization shall list this discount on the charitable gaming session program and use a third set of paper with a different serial number. 820 KAR 1:042 Section 13 (20).

2. Sheet

- "Bingo paper sheet" means a single piece of paper on which one (1) or multiple bingo faces are printed. 820 KAR 1:042 Section 1 (5).
- Individual bingo paper sheets in a pack shall not be sold as individual bingo paper sheets. 820 KAR Section 13 (10).
- A charitable organization shall not separate faces on one (1) paper sheet or any paper sheets in a pack prior to play. 820 KAR Section 13 (12).
- The price for each type of bingo sheet, pack, or package shall be listed on the bingo program. 820 KAR Section 13 (13).

3. Pack

- "Bingo paper pack" means a group of bingo paper sheets that are manufactured, collated, and sold by the manufacturer as a unit. 820 KAR 1:042 Section 1 (4).
- Individual bingo paper sheets in a pack shall not be sold as individual bingo paper sheets. 820 KAR Section 13 (10).
- A charitable organization shall not separate faces on one (1) paper sheet or any paper sheets in a pack prior to play. 820 KAR Section 13 (12).
- The price for each type of bingo sheet, pack, or package shall be listed on the bingo program. 820 KAR Section 13 (13).

4. Package

- "Bingo paper package" means a group of bingo paper sheets or packs that are assembled together by an organization for sale at a charitable gaming session that becomes a unique item for sale with a specific price. 820 KAR 1:042 Section 1 (4).

- If a charitable organization sells bingo paper as a package, the package shall become a unique item with a certain price and the items in the package shall not be sold individually unless a separate serial number is used. 820 KAR 1:042 Section 13 (19).

5. Bundle

- "Bundle" means to price a certain amount of bingo paper faces for a certain price with the patron choosing the type of packs that make up the total faces. 820 KAR 1:042 Section 1 (7).
- A charitable organization shall not sell bingo paper in a bundle. 820 KAR 1:042 Section 13 (18).

6. Sets

- "Set" means a case or cases of paper that contains one (1) of each face in a series. 820 KAR 1:042 Section 1 (26).
- The charitable organization shall buy a complete set of paper and use that paper before starting another set. 820 KAR 1:042 Section 13 (11).

7. Pre-selling Paper in Back to Back Sessions

- If a charitable organization games in back-to-back sessions, it may pre-sell paper for the second session if a different set of paper is used with a different color or border and a different serial number. The money from the preselling of paper shall be deposited with the second session receipts and the sales recorded on the second session charitable gaming session records. If the price for the presold paper is discounted, the charitable organization shall list this discount on the charitable gaming session program and use a third set of paper with a different serial number. 820 KAR 1:042 Section 13 (20).

8. Braille Cards

- Except for braille cards intended for use by blind players, bingo paper or card minding devices shall not be reserved by the charitable organization for any player. Legally-blind players may use their own cards if the charitable organization does not make braille cards available. In accordance with KRS 238.505(15), braille cards shall not be considered gaming supplies and equipment and may be purchased from ordinary sources of supply. 820 KAR 1:042 Section 13 (3).

E. Rules of Play

1. Bingo Ball Verification

- The caller shall turn off all personal electronic devices and shall not use any personal electronic devices while engaged in the calling of a bingo game. 820 KAR 1:042 Section 14 (3).
- Every ball in the bingo machine or another selection device shall be displayed for verification at the commencement and at the completion of each bingo. 820 KAR 1:042 Section 13 (9).

2. Players Present

- All players must be physically present at the location where the bingo game is held in order to play the game or claim a prize. 820 KAR 1:042 Section 14 (1).

3. Session Starts

- The bingo session shall start when the balls are verified. The balls shall be verified before the pickle jar, bonanza ball, or hot ball is selected and called. If a licensed charitable organization is authorized to sell paper or electronic pulltabs during its bingo session, the licensed charitable organization may commence selling paper or electronic pulltabs prior to the start of the bingo session with prior approval of the department. All paper or electronic pulltabs sold in this manner shall be reported on the licensed charitable organization's bingo session records. 820 KAR 1:042 Section 14 (2).
- The caller shall turn off all personal electronic devices and shall not use any personal electronic devices while engaged in the calling of a bingo game. 820 KAR 1:042 Section 14 (3).
- Before selecting or calling the first number in a game, the bingo caller shall call out the amount of the game prize to be awarded. 820 KAR 1:042 Section 14 (4)
- Before selecting and calling the first number in a game, this bingo caller shall announce the pattern or arrangement of squares to be covered to win the game, which shall also be listed in the bingo program. 820 KAR 1:042 Section 14 (5)
- After selecting each number, the bingo caller shall: (a) Clearly announce the number; (b) With the exception of a speed game, display the ball or other device used in a manner allowing the players to see

the number; (c) Cause the ball or other device to be placed in a ball tray or other device so as to prevent it from being placed back into the selection pool; and (d) Enter each letter and number called on a flashboard or similar device for player viewing. 820 KAR 1:042 Section 14 (6).

4. Canceling a Bingo Session

- If a bingo session is canceled once it is commenced, a charitable organization may refund a portion of the purchase price of the bingo paper or card-minding device. A charitable organization shall not continue the session or award the prizes at a later date. 820 KAR 1:042 Section 14 (5).

5. Pickle Jar, Bonanza Ball, or Hot Ball

- "Pickle jar, bonanza ball, or hot ball" means games played in conjunction with other bingo games in which:
 - A bingo ball is selected by the selection device prior to the start of certain bingo games or all bingo games; and
 - A patron is awarded the amount of money associated with the pickle jar, bonanza ball, or hot ball if the selected bingo ball is called, and because of that selected ball being called, a patron wins the bingo game being played.
820 KAR 1:042 Section 1 (18).
- When an additional prize is to be awarded if a patron wins on a certain number, the rules of play, the maximum payout, and cost to enter shall be listed on the bingo program. These numbers may be selected and posted before the first game is called. 820 KAR 1:046 Section 15.

6. Break Open Bingo (commonly known as “Bonanza”)

- "Break open bingo" means a bingo game in which the numbers on the face are hidden until after purchase. 820 KAR 1:001 Section 1 (8).
- A break open bingo game shall begin when, in the presence of players attending the bingo session, the charitable organization calls and posts, either manually or by use of a flashboard, a predetermined quantity of randomly selected bingo numbers from a selection device or a separate bingo number container. If a flashboard is used, these numbers shall be posted on a board separate from the regular bingo board unless the regular board is capable of keeping track of these numbers separately. The balls shall then be placed back into the

- selection pool until the game is played on the program. 820 KAR 1:042 Section 16 (1).
- Sealed bingo paper sheets for a break-open game may be sold throughout the bingo session. Additional bingo paper sheets for a break-open game shall not be sold after the charitable organization resumes calling letters and numbers when the game is played on the program. 820 KAR 1:042 Section 16 (2).
 - A charitable organization allows players to trade break-open bingo faces for new faces. 820 KAR 1:042 Section 16 (3).
 - If the charitable organization allows players to trade break open bingo faces for new faces, two (2) sets of the game faces must be maintained. One (1) set will be known as the “original set” and must be of a different serial number than the second set, known as the “trade-in” set. 820 KAR 1:046 Section 16 (4).
 - A charitable organization shall list on the bingo program the price of the original set and the trade-in set. 820 KAR 1:046 Section 16 (5).

7. Player Pick

- "Player pick bingo" means the patron picks the numbers that constitute a bingo on his face or faces, and a machine prints those numbers on the bingo face before the game is played. 820 KAR 1:042 Section 1 (19).
- The player selects numbers between 1 and 75. A player shall not select more than five (5) numbers in each column. The player may allow the machine to select the numbers. 820 KAR 1:042 Section 17 (2).
- Duplicate numbers shall not be played on a purchased face. If duplicate numbers appear on a face, the card shall be void. 820 KAR 1:042 Section 17 (3).
- Once selected, the machine shall print a face with the selected numbers. 820 KAR 1:042 Section 17 (4).
- The faces shall conform to the construction and randomization standards established in this administrative regulation. 820 KAR 1:042 Section 17 (5).
- The price of each face and the amount of numbers that will be chosen shall be listed on the bingo program. 820 KAR 1:042 Section 17 (6).
- The numbers shall be daubed as the balls are called when the game is played as listed on the bingo program. 820 KAR 1:042 Section 17 (7).

- A player shall win if he or she is the first person to cover the numbers. 820 KAR 1:042 Section 17 (8).
- It is recommended that the machine's "end of the night report" be printed and kept with the session records.

8. Continuation Game

- "Continuation game" means a multipart bingo game in which more than one (1) game with more than one (1) pattern may be played on one (1) bingo paper sheet. 820 KAR 1:042 Section 1 (9).
- Multiple patterns may be played on one (1) bingo face. Each portion of the continuation game shall be considered a single bingo game even though the bingo balls are not returned to the selection pool after a winner is determined and verified. 820 KAR 1:042 Section 18 (1).
- Each winning pattern is verified independently. 820 KAR 1:046 Section 18 (2).

9. Progressive Bingo

- "Progressive bingo" means a bingo game in which the value of the prize is carried forward to the next bingo session if no player wins at that session. 820 KAR 1:042 Section 1 (20).
- Progressive games or prizes connected to a bingo game or conditioned on winning a bingo game shall be permitted only if prizes awarded on progressive games are included in the prize limit established in KRS 238.545(1), regardless of the method by which a player is eligible to participate. 820 KAR 1:042 Section 19 (1)(a).
- The charitable organization shall be responsible for ensuring that the value of any progressive bingo game prize, when added to the values of the other prizes of the same date or session, does not exceed the statutory prize limit. 820 KAR 1:042 Section 19 (1)(b).
- All receipts on progressive bingo games shall be reported to the department as gross receipts for the date collected pursuant to KRS 238.550. 820 KAR 1:042 Section 19 (1)(c).
- Once a progressive bingo game has been started, the game shall be played in the same manner at every session until the prize is awarded. The jackpot prize shall be offered at each successive bingo session for that charitable organization until the jackpot prize has been won. 820 KAR 1:042 Section 19 (2).

10. Calling Game

- "Selected" means a bingo number that has been obtained by the selection device and is ready to be called next by the bingo caller. 820 KAR 1:042 Section 1 (21).
- "Called" means that a number located on a bingo ball has been:
 - Selected by the selection device;
 - Verbally announced by the caller;
 - Displayed on the flashboard or another display device; and
 - Placed in a ball tray or otherwise continuously displayed until completion of the bingo game.
 820 KAR 1:042 Section 1 (8).
- Before selecting or calling the first number in a game, the bingo caller shall call out the amount of the game prize to be awarded. 820 KAR 1:042 Section 14 (4).
- Before selecting and calling the first number in a game, the bingo caller shall announce the pattern or arrangement of squares to be covered to win the game, which shall also be listed in the bingo program. 820 KAR 1:042 Section 14 (5).
- After selecting each number, the bingo caller shall:
 - Clearly announce the number;
 - With the exception of a speed game, display the ball or other device used in a manner allowing the players to see the number;
 - Cause the ball or another device to be placed in a ball tray or other device so as to prevent it from being placed back into the selection pool; and
 - Enter each letter and number called on a flashboard or similar device for player viewing.
 820 KAR 1:042 Section 14 (6).

11. Winning and Verifying Bingo

- "Covered" means daubed or smeared with indelible ink if using a disposable paper bingo face, or marked electronically if using a card-minding device. 820 KAR 1:042 Section 1 (10).
- A winner shall be determined when the preannounced pattern of squares is covered by a player on a card. 820 KAR 1:042 Section 14 (5).
- Therefore, the card must be marked before it can be verified.
- It shall be the player's responsibility to notify a volunteer including the chairperson or caller that the player has a winning bingo combination. 820 KAR 1:042 Section 14 (5).

- A manufacturer of bingo paper shall make available for purchase a verification book or other verification system for all paper manufactured. 820 KAR 1:042 Section 21 (1).
- "Verification system" means a book of bingo faces compiled by the manufacturer or an electronic device created by the manufacturer that:
 - (a) Lists the unique patterns of numbers on each face by perm number and
 - (b) Is used to verify the authenticity of a winning face.
 820 KAR 1:042 Section 1 (26).
- The charitable organization conducting a bingo game shall use a reliable verification system that corresponds with the set of paper in play. 820 KAR 1:042 Section 21 (2).
- When a player declares a winning bingo, the steps established in this subsection shall be followed for winner verification:
 - The game shall be stopped before the next number is called. If the next number has been selected, it shall be secured to ensure that if the declared "bingo" is invalid, the game will continue;
 - If an electronic verifier or verifier book is used, a volunteer for the charitable organization shall:
 1. Show the winning face to a neutral player, who shall be a player other than the winner; and
 2. Call back the perm number while in front of the neutral player.
 - If any other verification system is used, a volunteer for the organization shall ask at least twice if there are any other winners before the close of that part of the game.
 1. Show the winning face to a neutral player, who shall be a player other than the winner.
 2. Call back the winning combination while in front of the neutral player. 820 KAR 1:042 Section 21 (3)(a)(b)(c).
- The caller shall ask at least twice if there are any other winners before announcing the close of the game. If playing a continuation game, the caller shall ask at least twice if there are any other winners before the close of that part of the game. 820 KAR 1:042 Section 21 (4).
- If playing a continuation game, the caller shall ask at least twice if there are any other winners before closing that part of the game. 820 KAR 1:042 Section 21 (4).
- If more than one (1) winner is declared in a bingo game, prizes shall be awarded as established in this subsection:

- Cash prizes shall be divided equally among the verified winners.
 - If a prize is something other than cash and cannot be divided among the winners, prizes of equal proportionate value must be awarded. 820 KAR 1:042 Section 21 (4).
- Each bingo winner shall be determined and every prize shall be awarded and delivered on the same day on which the bingo was conducted. 820 KAR 1:042 Section 22 (11).

IV. CARD-MINDING DEVICES (“CMD”)

A. General

- A card-minding device (“CMD”) or associated site system can be used to play bingo games. KRS 238.545(1)(b) and KRS 238.505(26).
- The device must be capable of being used with bingo cards or paper sheets at all times. KRS 238.545(1)(b).
- The department may examine and inspect any card-minding device and site system. The department shall be granted reasonable access to the card-minding devices and unlimited inspection of all parts of the site system. 820 KAR 1:042 Section 12 (6)

B. Tested and Approved

- A card-minding device and associated site system shall not be sold, leased, or otherwise furnished to any person for use in the conduct of bingo until it has first been tested and certified by an independent testing facility approved by the department, demonstrated to the department by the manufacturer if requested, and approved by the department. 820 KAR 1:042 Section 8 (3).
- If a licensee has knowledge of any defect, malfunction, or problem with a card-minding device system, card-minding device or software that affects the security or the integrity of the bingo game or the card-minding device or system, the licensee shall immediately notify the department. The charitable organization shall also immediately notify the distributor of the defect, malfunction, or problem. The distributor shall immediately notify the manufacturer of the defect, malfunction, or problem. 820 KAR 1:042 Section 8 (9)(a).
- If the department has knowledge of any problem with a card-minding device system, card-minding device, or software that affects the security or the integrity of the bingo game or the card-minding device or system, the department shall direct the manufacturer, distributor, and charitable organization to immediately cease the sale, lease, or use of the affected card-minding device system, card-minding device, or software until the problem can be assessed by the department in consultation with the manufacturer or distributor. 820 KAR 1:042 Section 8 (9)(b).
- If the department determines that a defect actually exists, and the defect affects game security or otherwise threatens public confidence in the game, the department shall require the manufacturer to issue a

total recall of all affected card-minding device systems, card-minding devices, or software, as necessary. 820 KAR 1:042 Section 8 (9)(c).

- In choosing and directing a particular recall in accordance with paragraph (c) of this subsection, the department shall be guided in each circumstance by any combination of the following factors:
 1. The nature of the defect;
 2. Whether the defect affected game security;
 3. Whether the defect affected game playability;
 4. Whether the defect was limited to a specific number of bingo faces;
 5. Whether the defect was easily detectable by a charitable organization;
 6. Whether the defect was easily detectable by members of the general public;
 7. Whether the defect threatens public confidence in the game;
 8. Whether the defect is capable of being used to adversely affect the fair play of the game. 820 KAR 1:042 Section 8 (9)(d).
- The manufacturer or distributor may correct the defect, if possible, without the issuance of a total recall if the affected card-minding devices and software are not offered for sale, lease, or use until the department allows. The manufacturer or distributor shall make all corrections within a reasonable time, not to exceed thirty (30) days, and the manufacturer or distributor shall demonstrate the correction to the department. If the department believes the defect has been corrected and that the defect no longer affects game security or otherwise threatens public confidence in the game, the department may issue a written notification that the affected card-minding device system, devices, or software may again be offered for sale, lease, or use. 820 KAR 1:042 Section 8 (9)(e).
- If a recall is necessary, the department shall determine a specific date for the recall of any affected card-minding device system, card-minding device, or software to be completed. 820 KAR 1:042 Section 8 (9)(f).
- The department shall also determine whether the manufacturer is required to reimburse the charitable organization or distributor. 820 KAR 1:042 Section 8 (9)(g).
- A distributor or charitable organization shall not add or remove any software programs to an approved card-minding device system

without the permission of the manufacturer and the department.
820 KAR 1:042 Section 8 (10)(a).

- If the department detects or discovers a card-minding device system at a playing location that is using components or software that were required to have been approved by the manufacturer and the department but have not been approved, the card-minding device system shall be determined to have an unauthorized modification and the use of the system shall cease immediately. 820 KAR 1:042 Section 8 (10)(b).

C. Player Tracking

- A card-minding device system may include player tracking software. Player tracking records shall at all times be the property of the charitable organization and neither the manufacturer nor the distributor shall utilize or make available to any person, other than the department or as otherwise authorized by law, the information contained within the player tracking software without the express permission of the charitable organization. 820 KAR 1:042 Section 9(6).

CI. Caller Station Verifier

- A manufacturer of a card-minding device system shall manufacture each associated site system to include a caller station verifier that is able to verify winning cards and to print the cards for posting. The caller station verifier shall be capable of posting all balls called for verification purposes and printing an ordered list of the called balls. 820 KAR 1:042 Section 9 (7).
- Before the complete removal of any card-minding device system, the distributor shall supply a copy of the data files to each charitable organization that used the cardminding device system and to the department. 820 KAR 1:042 Section 11 (3).

CII. Responsibilities of Organizations

- Before initial use of a card-minding device system, the charitable organization shall ascertain that the particular device and associated software version have been approved by the department for use in Kentucky. 820 KAR 1:042 Section 12 (1).
- A charitable organization shall not display, use, or otherwise furnish a card-minding device that has in any manner been marked, defaced,

- tampered with, or that otherwise may deceive the public or affect a player's chances of winning. 820 KAR 1:042 Section 12 (2).
- If a player's card-minding device malfunctions during a bingo game, it may be repaired or the faces transferred to another card-minding device if it will not interrupt the game. 820 KAR 1:042 Section 12 (3).
 - Each card-minding device shall be limited to offering for play a maximum of seventy-two (72) card faces during any one (1) game of a session. 820 KAR 1:042 Section 12 (4).
 - The charitable organization shall ensure that the card-minding device system does not allow a card-minding device to be used to obtain a bingo prize for any bingo game other than for a game within the bingo session for which the card-minding device was sold. 820 KAR 1:042 Section 12 (5).

F. Requirements for Use

1. Receipts

- The charitable organization shall provide the player with a receipt printed on a receipt printer for each sale detailing the transaction. The receipt shall contain, at a minimum, the following information:
 - A unique transaction number that is printed in continuous, consecutive order and that cannot be reset or altered;
 - The serial number of the card-minding device issued;
 - The date and time the receipt was issued;
 - The name of the charitable organization and license number;
 - A description, quantity, purchase price, and total dollar amount of each item purchased. The organization must make sure that the CMD system does not allow a CMD to be used to obtain a bingo prize for any bingo game other than for a game at the bingo occasion where the CMD was sold. 820 KAR 1:042 Section 12 (7).
- If the receipt printer malfunctions or printed receipts are not legible, manual receipts shall be issued that contains the same information required by subsection (7) of this section. 820 KAR 1:042 Section 12 (11).

2. Voids

- The charitable organization shall void the original transaction and issue a new receipt if a player requests a partial or full refund.

Additional purchases shall not require voiding of the original transaction. 820 KAR 1:042 Section 12 (8).

- If a voided transaction involves a card-minding device, the card-minding device shall be connected to the site system to ensure all electronic bingo cards are erased or deactivated. 820 KAR 1:042 Section 12 (9).

3. Pre-Loads

- If the charitable organization loads the card-minding devices prior to selling them, all unsold card-minding devices shall be voided by the start of the second game. 820 KAR 1:042 Section 12 (10).

4. Printing Winning Card Face

- If the department or any player requests verification of a winning card face played on a card-minding device, the session chairperson shall print the winning card face and post it in a conspicuous location where it may be viewed in detail. Winning card faces requested for posting shall remain posted for at least thirty (30) minutes after the completion of the last bingo game at that particular charitable gaming session. 820 KAR 1:042 Section 12 (12).
- It is always a good idea to print the winning card face after each game. If you do not have the perm number you cannot print the face later if someone requests verification.

5. Internet Connection

- The charitable organization shall reasonably ensure that the internet connection to the site system is operational at all times. 820 KAR 1:042 Section 12 (13).

6. Discounts and Door Prizes

- If the charitable organization sells card-minding devices for a discounted price, or gives them away as a promotion, the site system shall be programmed to account for the discounted item and shall be priced separately from those sold at the regular price. A generic discount key shall not be allowed. 820 KAR 1:042 Section 12 (14).
- If a card-minding device or electronic pulltab device is awarded as a door prize or a bingo game prize, the patron shall be given a voucher.
- The voucher shall be completed with:

- 1. The name, address, and phone number of the patron redeeming the voucher;
- The date on which it was awarded;
- The date on which it was redeemed; and
- The number of card-minding devices and the number of faces loaded on each device, or the number of electronic pulltab devices and credits loaded on each device, if any, given in exchange for the voucher.
- Once the voucher is completed, it shall be redeemed for the card-minding device or electronic pulltab device. No more than one (1) card-minding device or one (1) electronic pulltab device may be redeemed per player per session.
- The charitable organization shall retain the voucher with its session records.
- There shall be a specific button on the point of sale programmed for each type of voucher and package involving a card-minding device or electronic pulltab device. 820 KAR 1:042 Section 22 (6).
- If a card-minding device is awarded as a promotional item, the description of the promotional package shall be listed on the program with "free" or "promotional" listed as the price. The point of sale shall have a specifically described discount button for this promotion. 820 KAR 1:042 Section 22 (7).
- If a charitable organization offers coupons for bingo paper or a card-minding device, a voucher shall be completed when the coupon is redeemed, and the coupon and the voucher shall be retained with the charitable gaming session records. 820 KAR 1:042 Section 22 (8).
- If the charitable organization sells gift certificates for bingo paper or a card-minding device, the receipts for the sale shall be counted as gaming receipts on the day they are received. When the gift certificate is redeemed, a voucher shall be completed and the gift certificate and the voucher shall be retained with the charitable gaming session records. 820 KAR 1:042 Section 22 (9).
- A voucher shall be redeemed on the same day as awarded. 820 KAR 1:042 Section 22 (12).

7. Total Sales Activity Report

- The charitable organization shall print a Total Sales Activity Report reflecting activity from the time of the initial sale to the end of each

bingo session. These records shall be maintained with the charitable gaming session records. 820 KAR 1:042 Section 12 (15).

8. Manufacturer's or Distributor's Representative

- A manufacturer's representative or distributor's representative may be present during a bingo session only to consult, demonstrate, or train charitable organizations on the operation of the card-minding device system. 820 KAR 1:042 Section 12 (16).

V. PULLTABS

A. General Provisions

1. Definitions

- “Charity game ticket” or “pulltab:”
 - Game of chance using a folded or banded paper ticket, or a paper card with perforated break-open tabs;
 - The face of the ticket is covered or otherwise hidden from view to conceal a number, letter, symbol, or set of numbers, letters, or symbols; and
 - Some of these symbols have been designated in advance as prize winners.
 - Includes charity game tickets that utilize a seal card. KRS 238.505(5).
- "Deal"
 - Means each separate game or series of pulltabs that have the same serial number and that may be composed of multiple packages. 820 KAR 1:032 Section 1 (3).
- "Form number"
 - Means a manufacturer’s alphanumeric number that identifies a pulltab payout structure.820 KAR 1:032 Section 1 (8).
- "Flare"
 - Means the paper included with a deal of paper pulltabs, or the electronic representation of a paper flare included with a game set of electronic pulltabs, that identifies the game, the rules of the game, the payout structure, and other information required by these regulations. 820 KAR 1:032 Section 1 (7).
- “Jar ticket”
 - Means a type of pulltab game ticket that is folded, glued, or stapled. 820 KAR 1:032 Section 1 (13).
- “Multi-packaged pulltab deal”
 - Means a pulltab game consisting of a single deal or game set of not more than 25,000 tickets that are packed or electronically grouped in subsets and in which each subset contributes to a prize pool with or without a prize board “Progressive pulltab game” or “carryover pulltab game.” 820 KAR 1:032 Section 1 (15).

- “Jackpot prize in a progressive pulltab game” or “progressive jackpot prize”
 - Means a prize in addition to the instant or seal card prizes that is carried over from deal to deal, or game set to game set, until it is won. 820 KAR 1:032 Section 1 (12).
- “Cumulative pulltab game”
 - Means a pulltab game consisting of multiple pulltab deals or game sets that are designed by the manufacturer so that a portion of each deal's predetermined payout is designated to a prize pool board. 820 KAR 1:032 Section 1 (2).
- "Event game"
 - Means a type of pulltab game, with or without a seal card, that is designed by the manufacturer so that certain prizes are determined by:
 - The draw of a bingo ball; or
 - A method of randomly selecting numbers or symbols that correspond to the numbers or symbols printed on a paper or electronic pulltab. 820 KAR 1:032 Section 1 (5).
- "Last sale"
 - Means a pulltab game designed by the manufacturer in which a prize is awarded to the person who bought the last pulltab or electronic pulltab in a deal or game set. 820 KAR 1:032 Section 1 (14).

2. **Location and Storage**

- Charity game tickets can only be sold at the address of the location designated on the license. KRS 238.545(1)(c).
- With prior approval of the Department, charity game tickets can be sold 1) at any authorized special charity fundraising event conducted by a licensed charitable organization at an off-site location; or 2) by a licensed charitable organization possessing a special limited charitable gaming license at an off-site location. KRS 238.545(1)(d).
- More than one charitable organization shall not conduct gaming at the same time and location as another charitable organization, except for licensed charity fundraising events. 820 KAR 1:032 Section 20 (3).
- Each organization’s gaming supplies shall be maintained in a location separate from another organization’s gaming supplies. This location shall also be locked and access shall be controlled. 820 KAR 1:032 Section 20 (4).

3. Prize Limits

- Individual pulltab ticket prizes cannot exceed \$599 in value, not including the value of cumulative or carryover prizes. KRS 238.545(2).
- Cumulative or carryover prizes cannot exceed \$2,400. KRS 238.545(2).

4. Construction

- A licensed distributor of charitable gaming supplies and equipment shall distribute in Kentucky only those paper pulltabs conforming to the requirements of this administrative regulation. 820 KAR 1:032 Section 2 (1).
- A licensed charitable organization shall sell to the public only those paper pulltabs conforming to the requirements of this administrative regulation. 820 KAR 1:032 Section 2 (2).
- Every deal of pulltabs must contain instructions on how to play the game. 820 KAR 1:032 Section 5 (2).
- Pulltabs can be played with or without a seal card. KRS 238.505(5).

5. Training Requirement

- All individuals involved in the sale of pulltabs shall be trained in the proper conduct of the game and control of funds. 820 KAR 1:032 Section 20 (1).

6. Volunteers

- Except for a charity fundraising event, a volunteer at any other charitable gaming session at which pulltabs are sold shall not purchase or play pulltabs at that charitable gaming session. At a charity fundraising event, a volunteer may purchase or play pulltabs on a day the volunteer does not work, and from a deal, the volunteer does not sell. 820 KAR 1:032 Section 20 (5).

7. Age Restriction

- No person under the age of eighteen (18) is permitted to purchase, or open in any manner, a pulltab. KRS 238.545(2).

B. Types of Charitable Gaming Ticket (“pulltab”) Games

1. Jar Tickets

- Jar tickets shall be played and prizes awarded as stated on the flare received with each deal. 820 KAR 1:032 Section 21 (22).

2. Seal Card Games

- The flare or seal card for paper pulltabs, including a progressive jackpot card relating to a carryover or progressive prize, or a prize board relating to a game with a cumulative prize, shall be posted by the licensed charitable organization in the vicinity of the deal and in full and complete view of the players while the deal is in play. Electronic pulltab games shall include an electronic flare or seal card, including a progressive jackpot card relating to carryover or progressive prizes, that is available for view on the electronic pulltab device by players at all times while the game set is in play. 820 KAR 1:032 Section 21 (1).
- If a deal or game set with a seal card is not completed during a charitable gaming session, the organization shall require the patrons with holders to sign or enter their name electronically on the seal card and provide a means of contacting them when the winner is declared. 820 KAR 1:032 Section 21 (2).
- The seal for the deal or game set shall be broken, torn open, or otherwise revealed in plain view of all persons present when:
 - All tickets from a deal or game set have been sold;
 - All the winning tickets from a deal or game set have been sold;
 - All the lines on the sign-up card have been filled;
 - The deal or game set has been closed because no future date is anticipated; or
 - Instructed to by the game as designed by the manufacturer.
 - Each winning combination, the name of the game, and the serial number of the deal or game set shall be announced and posted at the location of the game.
 - The date the seal tab was opened shall be recorded on the seal card. 820 KAR 1:032 Section 22 (3).

3. Last Sale Games

- Shall only be sold by an organization at its office location and not during a bingo session.. 820 KAR 1:032 Section 21 (23).
- An event game shall not contain a "last sale" feature. 820 KAR 1:032 Section 8 (2).

4. Multi-packaged Deal

- The rules for multi-packaged pulltab deals shall apply to both paper and electronic pulltabs. Every package shall be played for the deal to show the stated profit. 820 KAR 1:032 Section 9 (1).
- Each package may contain individual winners if desired. If each package contains a winner, the game shall contain a method of verifying from which package the winner was sold. 820 KAR 1:032 Section 9 (8).

5. Event Games

- The rules for event games shall apply to both paper and electronic pulltabs. 820 KAR 1:032 Section 8 (1).
- An event game shall not contain a "last sale" feature. 820 KAR 1:032 Section 8 (2).
- The number of winners and the prize amounts shall be built into the payout structure for the game by the manufacturer. 820 KAR 1:032 Section 8 (3).
- An event ticket prize shall not exceed the individual ticket prize limit for a pulltab game. 820 KAR 1:032 Section 8 (4).
- The prize for an event pulltab game shall not be considered a bingo prize. 820 KAR 1:032 Section 8 (5).

6. Progressive Games

a. Construction

- The prize pool for a progressive pulltab game shall be established only through the play of deals or game sets of the same game that bear a manufacturer's form number identical to the form number of any previously-played deals or game sets contributing to the prize pool. 820 KAR 1:032 Section 23 (1).
- Before placing a paper deal into play, the charitable organization shall verify that the serial number on the pulltabs within each deal match the serial number on the flare or seal card accompanying the deal by

conducting a random sampling of pulltabs within each deal. The serial number on the tickets shall not be required to match the serial number on the progressive pulltab jackpot card if the deal is the second or subsequent deal played in the progressive game and one (1) progressive jackpot card is used for more than one (1) deal. 820 KAR 1:032 Section 23 (2).

- The seal card for each deal or game set in a progressive game shall show, in addition to all other information required for flares and seal cards, the amount dedicated to the progressive jackpot prize pool. 820 KAR 1:032 Section 23 (4).
- If a progressive or carryover pulltab game bearing the same manufacturer's form number is no longer available, the organization shall contact the department for instructions on how to proceed. 820 KAR 1:032 Section 23 (5).
- A progressive or carryover pulltab game shall be played in accord with the manufacturer's specifications for the determination of a winner unless the department permits otherwise pursuant to subsection (3) of this section. 820 KAR 1:032 Section 23 (7).

b. Posting seal card and jackpot prize card

- If a progressive prize remains unpaid, a licensed charitable organization shall display, in full and complete view of the players and at all times either:
 - The jackpot card being played and each seal card contributing to the jackpot prize pool; or
 - A legible poster identifying by name, serial number, and form number each deal or game set of pulltabs contributing an amount to the jackpot prize pool.
 - The poster or seal cards shall remain displayed during bingo sessions or other charitable gaming activities conducted by the organization until the expiration of fifteen (15) calendar days after the organization awards the prize. For progressive pulltab games played on an electronic pulltab device, a poster shall be displayed to fulfill this requirement.
 - If a progressive jackpot prize is not awarded, the organization shall continue to display the poster or seal cards during bingo sessions or other charitable gaming activities it conducts for at least fifteen (15) calendar

days after the date the organization considers the game closed and retains the prize as its property.

- If a progressive prize remains unpaid, a licensed charitable organization shall display, in full and complete view of the players and at all times, the current value of the jackpot. 820 KAR 1:032 Section 23 (9).
- An organization shall not award the jackpot prize in a progressive pulltab game unless the serial number and form number on the winning ticket match the serial number and form number on a seal card from a deal or game set of tickets that contributed to the jackpot prize. If a progressive prize remains unpaid, you must display at all times and in full and complete view of the players, the current value of the jackpot. 820 KAR 1:032 Section 23 (10).

c. Must remain in play until jackpot awarded

- After a progressive pulltab game has been started, it shall remain in play continuously until the progressive jackpot prize is awarded. If the game is begun at a bingo session, it shall be offered at each succeeding bingo session of the licensee. If the game is begun at the office location, it shall be offered on each succeeding day its office is open. If an organization stops conducting charitable gaming or wishes to stop playing a progressive pulltab game, the organization shall, with prior approval from the department, transfer the current jackpot to another progressive game or determine a method to award the progressive jackpot to the players. With prior approval from the department, an organization may alter the suggested rules of the manufacturer to determine a winner. 820 KAR 1:032 Section 23 (3).
- If a progressive or carryover pulltab game bearing the same manufacturer's form number is no longer available, the organization shall contact the department for instructions on how to proceed. 820 KAR 1:032 Section 23 (8).

d. Gaming occasion records

- For jackpot prizes of \$250 or over, the organization shall attach a copy of the valid state identification card that contains the name, address, date of birth, and state identification number of the winner to the jackpot prize card. 820 KAR 1:032 Section 23 (11).
- The jackpot prize in a progressive game may accrue in excess of \$2,400. An individual jackpot prize shall not be paid in excess of \$2,400. The amount of the current jackpot, the amount contributed,

the payouts made, and the jackpot carried forward to the next charitable gaming session at each charitable gaming session shall be recorded in the charitable gaming session record. 820 KAR 1:032 Section 23 (12).

- A licensed charitable organization shall report to the department concerning its play of seal card games with a progressive prize on the financial report. 820 KAR 1:032 Section 23 (14).
- The jackpot prize pool in a progressive game shall be considered an adjusted gross receipt that shall be deposited within two (2) business days of the charitable gaming session. 820 KAR 1:032 Section 23 (15).

e. Prize awarded

- An organization shall not award the jackpot prize in a progressive pulltab game unless the serial number and form number on the winning ticket match the serial number and form number on a seal card from a deal or game set of tickets that[which] contributed to the jackpot prize. 820 KAR 1:032 Section 23 (10).
- Any advertisement regarding the progressive jackpot may state the total amount in the jackpot prize pool if it also includes the statement that the individual payout shall not exceed \$2,400. 820 KAR 1:032 Section 23 (13).

f. Prize not awarded

- If a progressive prize remains unpaid, a licensed charitable organization shall display, in full and complete view of the players and at all times, the current value of the jackpot. 820 KAR 1:032 Section 23 (9) (c).
- An organization shall not award the jackpot prize in a progressive pulltab game unless the serial number and form number on the winning ticket match the serial number and form number on a seal card from a deal or game set of tickets that contributed to the jackpot prize. If a progressive prize remains unpaid, you must display at all times and in full and complete view of the players, the current value of the jackpot. 820 KAR 1:032 Section 23 (10).

g. Prizes \$250 or over

- For jackpot prizes of \$250 or over, the organization shall attach a copy of the valid state identification card that contains the name,

address, date of birth, and state identification number of the winner to the jackpot prize card. 820 KAR 1:032 Section 23 (11).

h. Value of jackpot

- The jackpot prize in a progressive game may accrue in excess of \$2,400. An individual jackpot prize shall not be paid in excess of \$2,400. The amount of the current jackpot, the amount contributed, the payouts made, and the jackpot carried forward to the next charitable gaming session at each charitable gaming session shall be recorded in the charitable gaming session record. 820 KAR 1:032 Section 23 (12).

i. Advertising

- Any advertisement regarding the progressive jackpot may state the total amount in the jackpot prize pool if it also includes the statement that the individual payout shall not exceed \$2,400. 820 KAR 1:032 Section 23 (13).

j. Deposits

- The jackpot prize pool in a progressive game shall be considered an adjusted gross receipt that shall be deposited within two (2) business days of the charitable gaming session. 820 KAR 1:032 Section 23 (15).

7. Cumulative Games

a. Construction

- The rules for cumulative games, carryover, or progressive games shall apply to both paper and electronic pulltabs. 820 KAR 1:032 Section 7 (1).
- The amount dedicated to a cumulative prize pool or a carryover or progressive jackpot shall be predetermined by the manufacturer and built into the payout structure for the game.
 - For paper pulltabs, the dedicated amount shall be printed by the manufacturer on either the flare or seal card for each game or on each ticket in each game.
 - For electronic pulltab games, the dedicated amount shall be included by the manufacturer on the flare or seal card for each game. 820 KAR 1:032 Section 7 (2).

- All games contributing to the cumulative prize pool or the carryover or progressive jackpot shall be of the same form number. 820 KAR 1:032 Section 7 (3).
- The paper or electronic flare or seal card for the carryover or progressive jackpot shall contain an area in which the current amount of the carryover or progressive jackpot can be posted. 820 KAR 1:032 Section 7 (4).
- If a carryover or progressive pulltab game uses a progressive jackpot prize card that is separate from the jackpot seal, the jackpot card shall contain prize space for the organization to record the serial numbers of all games contributing to the jackpot prize. 820 KAR 1:032 Section 7 (5).
- If a carryover or progressive pulltab game uses a jackpot prize card that is separate from the jackpot seal card, each deal of the game shall possess both a seal card and a jackpot prize card that has the serial number of the deal affixed to it by the manufacturer. 820 KAR 1:032 Section 7 (6).
- In a carryover or progressive pulltab game, the organization shall either start a new jackpot card with each deal or use the original jackpot card until won. The organization shall maintain each jackpot card used. 820 KAR 1:032 Section 7 (7).
- A progressive pulltab game shall not be designed by the manufacturer to give any player initial odds greater than a fifty (50) percent chance to win the progressive jackpot. 820 KAR 1:032 Section 7 (8).
- If a paper pulltab game contributes to a progressive raffle jackpot, a licensed charitable organization shall not sell a similar version of that paper pulltab game unless it also contributes to a progressive raffle jackpot. All paper pulltab game tickets that contribute to a progressive raffle jackpot shall be sold for cash and shall not be used as a merchandise prize for any bingo, pulltab, or door prizes. 820 KAR 1:032 Section 7 (9).

b. Verifying the serial number

- Before placing a deal into play, the charitable organization shall verify that the serial number on the paper pulltabs within each deal matches the serial number on the flare or seal card accompanying the deal by conducting random sampling of pulltabs within each deal. If the charitable organization determines that serial numbers on tickets within a deal or game set do not match the serial number on the flare

or seal card accompanying the deal or game set, the organization shall not place the deal or game set into play and shall notify that distributor. If the distributor does not correct the problem within thirty (30) days, the organization shall notify the department in writing. 820 KAR 1:032 Section 21 (5).

c. Remain in play

- If a deal or game set is not played to completion and there remain unsold winning pulltabs, the licensed charitable organization conducting the gaming shall sell the remaining pulltabs on the next appointed date for charitable gaming activities.
- If no future date is anticipated, the licensed charitable organization shall consider the deal or game set closed or completed, declare the winners, and post winning numbers for fifteen (15) days with information directing the method of claiming a prize at its office location. All unsold pulltabs shall be retained pursuant to subsection (15) of this section.
- If no winning pulltabs remain in the paper deal, the licensed charitable organization may consider the deal closed or completed, declare the winners, and shall retain unsold pulltabs pursuant to subsection (15) of this section.
- A licensed charitable organization shall not complete play of a deal, game set, or a seal card it did not initiate. 820 KAR 1:032 Section 21 (7).

d. Prizes

- A charitable organization shall award prizes to winners of pulltabs only in accordance with the prize structure indicated on the flare or seal card accompanying the deal or game set of tickets as designed by the manufacturer. If multiple prize structures are indicated on the flare or seal card, the charitable organization shall announce to the patrons and circle on the paper flare or seal card the prize structure to be awarded before placing the deal or game set into play. The seal card for each deal in a cumulative pulltab game must show, in addition to all other information required for flares and seal cards, the amount dedicated to the cumulative prize pool. 820 KAR 1:032 Section 21 (11).
- A holder of a winning pulltab shall have fifteen (15) days to redeem the winning ticket. If the prize is not claimed within fifteen (15) days,

the prize shall be considered unclaimed and be retained as property of the organization. 820 KAR 1:032 Section 21 (12).

e. Displaying seal cards

- The flare or seal card for paper pulltabs, including a progressive jackpot card relating to a carryover or progressive prize, or a prize board relating to a game with a cumulative prize, shall be posted by the licensed charitable organization in the vicinity of the deal and in full and complete view of the players while the deal is in play. Electronic pulltab games shall include an electronic flare or seal card, including a progressive jackpot card relating to carryover or progressive prizes, that is available for view on the electronic pulltab device by players at all times while the game set is in play. 820 KAR 1:032 Section 21 (1).

f. Awarding the prize

- In playing paper pulltabs that utilize a seal card, a charitable organization shall not award a prize to the holder of a winning pulltab unless the serial number on the ticket presented for redemption matches the serial number on the seal card. In a progressive pulltab game, the serial number on the tickets shall be checked in accordance with Section 6 of this administrative regulation. 820 KAR 1:032 Section 21 (10).
- For jackpot prizes of \$250 or over, the organization shall attach a copy of the valid state identification card that[which] contains the name, address, date of birth, and state identification number of the winner to the jackpot prize card. 820 KAR 1:032 Section 21 (23).
- A charitable organization shall award prizes to winners of pulltabs only in accordance with the prize structure indicated on the flare or seal card accompanying the deal or game set of tickets as designed by the manufacturer. If multiple prize structures are indicated on the flare or seal card, the charitable organization shall announce to the patrons and circle on the paper flare or seal card the prize structure to be awarded before placing the deal or game set into play. 820 KAR 1:032 Section 21 (11).

g. Gaming occasion records

- Any licensed charitable organization that sells pulltabs from its office location or from a pulltab dispenser shall comply with 820 KAR

Chapter 1 regarding the play, proper recordkeeping, and reporting of those sales. The sales shall be reported on the financial report. 820 KAR 1:032 Section 21 (6).

- The charitable organization shall retain, in paper or electronic form, for a period of twelve (12) months, to allow auditing by the staff of the department:
 - All winning pulltabs with a prize value of fifty (50) dollars and above;
 - The flare from all winning pulltabs with a prize value of fifty (50) dollars and above;
 - All seal cards with a prize value of fifty (50) dollars and above;
 - All prize boards in cumulative games with a prize value of fifty (50) dollars and above; and
 - All unsold pulltabs.
 - These records may be maintained at the gaming location. 802 KAR 1:032 Section 21 (15).

C. Rules of Play

1. Bingo Session, Office Locations, and Pulltab Dispensers

- Any licensed charitable organization that sells pulltabs from its office location or from a pulltab dispenser shall comply with 820 KAR Chapter 1 regarding the play, proper recordkeeping, and reporting of those sales. The sales shall be reported on the financial report. 820 KAR 1:032 Section 21 (6).

2. Price

- A pulltab shall not be sold to the public at a price different than that generated by the manufacturer of the pulltab upon the flare or seal card that accompanies the deal or game set. 820 KAR 1:032 Section 21 (8).

3. Information Posted While Deal in Play

- The flare or seal card for paper pulltabs, including a progressive jackpot card relating to a carryover or progressive prize, or a prize board relating to a game with a cumulative prize, shall be posted by the licensed charitable organization in the vicinity of the deal and in full and complete view of the players while the deal is in play. Electronic pulltab games shall include an electronic flare or seal card, including a progressive jackpot card relating to carryover or

- progressive prizes, that is available for view on the electronic pulltab device by players at all times while the game set is in play. 820 KAR 1:032 Section 21 (1).
- A legible poster that lists prizes to be awarded and prizes actually awarded that is posted at the completion of the sale of each separate package can satisfy this requirement. KRS 238.545(2).
 - If a progressive prize remains unpaid, a licensed charitable organization shall display, in full and complete view of the players and at all times either:
 - The jackpot card being played and each seal card contributing to the jackpot prize pool; or
 - A legible poster identifying by name, serial number, and form number each deal or game set of pulltabs contributing an amount to the jackpot prize pool.
 - The poster or seal cards shall remain displayed during bingo sessions or other charitable gaming activities conducted by the organization until the expiration of fifteen (15) calendar days after the organization awards the prize. For progressive pulltab games played on an electronic pulltab device, a poster shall be displayed to fulfill this requirement.
 - If a progressive jackpot prize is not awarded, the organization shall continue to display the poster or seal cards during bingo sessions or other charitable gaming activities it conducts for at least fifteen (15) calendar days after the date the organization considers the game closed and retains the prize as its property.
 - If a progressive prize remains unpaid, a licensed charitable organization shall display, in full and complete view of the players and at all times, the current value of the jackpot. 820 KAR 1:032 Section 23 (9).

4. Packaging and Container

- Each paper pulltab deal's package, box, or another container shall be sealed or taped at every entry point at the manufacturer's factory with a tamper resistant seal or tape.
 - The seal or tape shall be visible under the shrink-wrap or from outside the container and shall be constructed to guarantee that, if the container is opened or otherwise tampered with, evidence of the opening or tampering will be easily detected.
 - The seal or tape shall include a warning to the purchaser that the deal may have been tampered with if the package, box, or

another container is received by the purchaser with the seal or tape broken.

- If the deal is packaged in a plastic bag, the entry point shall be completely sealed by the application of heat or adhesive. The warning may be imprinted in the plastic. 820 KAR 1:032 Section 5 (1).
- Paper pulltabs shall not be sold to the public from the original packing box or container. Paper pulltabs shall be removed from the original box or container and mixed by shuffling together prior to sale. 820 KAR 1:032 Section 21 (2).
- If a deal of paper pulltabs is packed in more than one (1) box or container, an individual container shall not designate a winner or contain a disproportionate number of winning or losing tickets. Each package, box, or container shall be placed out for play at the same time unless the deal is designed by the manufacturer to be played in subsets. Those subsets may be placed out for play in succession. 820 KAR 1:032 Section 21 (3).

5. Defects

- Paper pulltabs that have been marked, defaced, altered, tampered with, received in packaging that is not tamper-resistant, or otherwise constructed in a manner that tends to deceive the public or affect the chances of winning or losing, shall not be placed into play. The organization shall notify the Department of Charitable Gaming of the existence of these tickets in writing within fifteen (15) days. 820 KAR 1:032 Section 21 (4).

6. Verifying Serial Numbers

- Before placing a deal into play, the charitable organization shall verify that the serial number on the paper pulltabs within each deal matches the serial number on the flare or seal card accompanying the deal by conducting a random sampling of pulltabs within each deal. If the charitable organization determines that serial numbers on tickets within a deal or game set do not match the serial number on the flare or seal card accompanying the deal or game set, the organization shall not place the deal or game set into play and shall notify that distributor. If the distributor does not correct the problem within thirty (30) days, the organization shall notify the department in writing. 820 KAR 1:032 Section 21 (5).

7. Unsold Tickets/Partial Deals

- If a deal or game set is not played to completion and there remain unsold winning pulltabs, the licensed charitable organization conducting the gaming shall sell the remaining pulltabs on the next appointed date for charitable gaming activities.
 - If no future date is anticipated, the licensed charitable organization shall consider the deal or game set closed or completed, declare the winners, and post winning numbers for fifteen (15) days with information directing the method of claiming a prize at its office location. All unsold pulltabs shall be retained pursuant to subsection (15) of this section.
 - If no winning pulltabs remain in the paper deal, the licensed charitable organization may consider the deal closed or completed, declare the winners, and shall retain unsold pulltabs pursuant to subsection (15) of this section.
 - A licensed charitable organization shall not complete play of a deal, game set, or a seal card it did not initiate. 820 KAR 1:032 Section 21 (7).

8. Verifying a Pulltab

- Before placing a deal into play, the charitable organization shall verify that the serial number on the paper pulltabs within each deal matches the serial number on the flare or seal card accompanying the deal by conducting a random sampling of pulltabs within each deal. If the charitable organization determines that serial numbers on tickets within a deal or game set do not match the serial number on the flare or seal card accompanying the deal or game set, the organization shall not place the deal or game set into play and shall notify that distributor. If the distributor does not correct the problem within thirty (30) days, the organization shall notify the department in writing. 820 KAR Section 21 (5).
- In playing paper pulltabs that utilize a seal card, a charitable organization shall not award a prize to the holder of a winning pulltab unless the serial number on the ticket presented for redemption matches the serial number on the seal card. In a progressive pulltab game, the serial number on the tickets shall be checked in accordance with Section 6 of this administrative regulation. 820 KAR Section 21 (10).

9. Required to Keep

- Any licensed charitable organization that sells pulltabs from its office location or from a pulltab dispenser shall comply with 820 KAR Chapter 1 regarding the play, proper recordkeeping, and reporting of those sales. The sales shall be reported on the financial report. 820 KAR 1:032 Section 21 (6).
- The charitable organization shall retain, in paper or electronic form, for a period of twelve (12) months, to allow auditing by the staff of the department:
 - All winning pulltabs with a prize value of fifty (50) dollars and above;
 - The flare from all winning pulltabs with a prize value of fifty (50) dollars and above;
 - All seal cards with a prize value of fifty (50) dollars and above;
 - All prize boards in cumulative games with a prize value of fifty (50) dollars and above; and
 - All unsold pulltabs.
 - These records may be maintained at the gaming location. 802 KAR 1:032 Section 21 (15).

- **Prizes**

- In playing paper pulltabs that utilize a seal card, a charitable organization shall not award a prize to the holder of a winning pulltab unless the serial number on the ticket presented for redemption matches the serial number on the seal card. In a progressive pulltab game, the serial number on the tickets shall be checked in accordance with Section 6 of this administrative regulation. 820 KAR 1:032 Section 21 (10).
- For jackpot prizes of \$250 or over, the organization shall attach a copy of the valid state identification card that[which] contains the name, address, date of birth, and state identification number of the winner to the jackpot prize card. 820 KAR 1:032 Section 21 (23).
- A charitable organization shall award prizes to winners of pulltabs only in accordance with the prize structure indicated on the flare or seal card accompanying the deal or game set of tickets as designed by the manufacturer. If multiple prize structures are indicated on the flare or seal card, the charitable organization shall announce to the patrons and circle on the paper flare or seal card the prize structure to be awarded before placing the deal or game set into play. 820 KAR 1:032 Section 21 (11).

- If a paper pulltab or electronic pulltab device is awarded as a promotional item or a door prize, the amount and description of the pulltab or electronic pulltab device and credits loaded on each device, if any, shall be listed on the charitable gaming session program with "free" or "promotional" listed as the price. The point of sale shall have a specifically described discount button for this promotion. 820 KAR 1:032 Section 21 (19).
- If a paper pulltab or electronic pulltab device is awarded as a bingo prize, the person in charge of bingo payouts shall purchase the pulltabs or electronic pulltab device and any credits loaded to the device from the pulltab manager by transfer of cash from bingo payout to pulltab sales, and it shall be recorded as a sale on the charitable gaming session records. 820 KAR 1:032 Section 21 (20).

D. Pulltab Dispensers

1. Location

- You can have a pulltab dispenser at the gaming facility or your office location. It can only be used during bingo sessions. KRS 238.545(1)(e).
- You must have prior approval of the Department before using a pulltab dispenser. KRS 238.545 (1)(e).

2. Use by Multiple Organizations

- A charitable organization shall not use a dispenser until the charitable organization that previously used the dispenser has removed its pulltabs and money from the dispenser. 820 KAR 1:032 Section 16 (1).
- Each charitable organization operating the dispenser shall place upon the dispenser an identification label that displays the organization's name and license number. 820 KAR 1:032 Section 16 (2).

3. Keys to Dispenser

- The keys to open the locked doors to the dispenser's ticket dispensing area and cash box shall be solely in the possession and control of the designated chairperson of the charitable organization conducting the charitable gaming session. 820 KAR 1:032 Section 16 (3).

4. Pulltabs Sold

- The entire deal of pulltabs shall be sold from the dispenser and shall not be sold on the floor. 820 KAR 1:032 Section 16 (4).

5. Pulltabs in One Column

- All pulltabs in any one column shall have the same serial number. 820 KAR 1:032 Section 16 (5).

6. Defective Dispenser

- A licensee shall not display, use, or otherwise furnish a dispenser that has in any manner been tampered with or that otherwise may deceive the public or affect a person's chances of winning. 820 KAR 1:032 Section 16 (6).

7. Removal of Pulltabs

- A pulltab deal shall not be placed in the dispenser until the entire deal of pulltabs previously in the dispenser has been played out or permanently removed. 820 KAR 1:032 Section 16 (7).
- After placement in the dispenser, a pulltab shall not be removed from the dispenser, except for those pulltabs:
 - Actually played by consumers;
 - Removed by Department representatives or law enforcement agencies;
 - Temporarily removed during necessary repair and maintenance; or
 - Removed at the end of the gaming session.820 KAR 1:032 Section 16 (8).

8. Inspection

- The department or its authorized representatives may examine and inspect any automated pulltab dispenser. The examination and inspection shall include immediate access to the dispenser and unlimited inspection of all parts of the dispenser. 820 KAR 1:032 Section 17.

9. Information Maintained

- Each licensed charitable organization shall maintain the following information in connection with its use of an automated pulltab dispenser:
 - Date of purchase or lease of each dispenser;

- Model and serial number of each dispenser;
- Purchase or lease price of each dispenser;
- Name, address, and license number of the distributor from whom the dispenser was purchased, leased, or otherwise furnished; and
- A record of all maintenance and repairs relating to the dispenser.

820 KAR 1:032 Section 18 (1).

VI. ELECTRONIC PULLTABS

A. General Provisions

1. Location and Storage

- Before initial use, the organization shall ascertain that the particular electronic pulltab system, electronic pulltab device, and associated software version are approved by the department for use in Kentucky. 820 KAR 1:032 Section 33 (1).
- The use of electronic pulltab devices shall be limited to the following:
 - (a) A maximum of 35 electronic pulltab devices on or in the primary office location of a licensed charitable organization;
 - (b) A maximum of 50 electronic pulltab devices during the bingo session of a licensed charitable organization;
 - (c) A maximum of 50 electronic pulltab devices in a licensed charitable gaming facility; or
 - (d) With prior approval of the department, at any authorized charity fundraising event conducted by a licensed charitable organization at an off-site location. 820 KAR 1:032 Section 33 (3).
- An organization shall not display, use, or otherwise furnish an electronic pulltab device, site system, or secondary component that has in any manner been marked, defaced, or tampered with, or that is otherwise intended to deceive the public or affect a person's chances of winning. KAR 1:032 Section 33 (2).

2. Prize Limits

- Individual paper and electronic pulltab ticket prizes cannot exceed \$599 in value, not including the value of cumulative or carryover prizes. KRS 238.545(2).

3. Construction

- Electronic pulltab manufacturers must comply with point of sale, electronic pulltab device, and electronic pulltab game construction requirements as set forth in 820 KAR 1:032 Sections 27, 28.

5. Training Requirement

- All individuals involved in the sale of pulltabs shall be trained in the proper conduct of the game and control of funds. 820 KAR 1:032 Section 20 (1).

6. Volunteers

- Except for a charity fundraising event, a volunteer at any other charitable gaming session at which pulltabs are sold shall not purchase or play pulltabs at that charitable gaming session. At a charity fundraising event, a volunteer may purchase or play pulltabs on a day the volunteer does not work, and from a deal, the volunteer does not sell. 820 KAR 1:032 Section 20 (5).

7. Age Restriction

- No person under the age of eighteen (18) is permitted to purchase, or open in any manner, a pulltab. KRS 238.545(2).
- Before purchasing or being provided with an electronic pulltab device, a player shall present proof that the player is at least eighteen (18) years of age. Proof shall be in the form of a picture identification card that includes the player's date of birth. If an organization uses a self-service point of sale kiosk, identification shall be presented and verified at the door. 820 KAR 1:032 Section 33 (7).

8. Electronic Pulltab Play

1. In-Active Devices

- An organization may remove from play a device that a player has not maintained in an activated mode for a specified period of time determined by the organization. The organization shall provide the notice in its house rules and shall allow the player to cash-out. 820 KAR 1:032 Section 33 (6).
- Each player shall be limited to the use of one (1) electronic pulltab device at a time. 820 KAR 1:033 Section 33 (8).

2. Organizational Accounting & Reporting

- The organization shall generate an Electronic Pulltab Receipts and Payouts report at the end of each charitable gaming session and maintain it with the charitable gaming session records. The Electronic

Pulltab Receipts and Payouts worksheet shall be completed in the format of Form CG-EPRP. 820 KAR 1:032 Section 33 (13).

3. Organizational Maintenance of Malfunctioning Devices

- If a player's electronic pulltab device malfunctions during a game, it shall be repaired or the credits shall be transferred to another electronic pulltab device. 820 KAR 1:032 Section 33 (9).
- The organization shall reasonably ensure that the connection to the electronic pulltab system's central computer system is operational at all times. 820 KAR 1:032 Section 33 (11).
- If a manufacturer, distributor, or charitable organization detects or discovers any defect, malfunction, or problem with an electronic pulltab system, electronic pulltab device, or electronic pulltab game that affects the security or the integrity of the electronic pulltab system, electronic pulltab device, or electronic pulltab game, the manufacturer, distributor, or charitable organization shall immediately notify the department. The charitable organization shall also immediately notify the distributor of the defect, malfunction, or problem. The distributor shall immediately notify the manufacturer of the defect, malfunction, or problem. 820 KAR 1:032 Section 30 (1)(a).

C. Department Inspection

- The department shall be allowed access to examine and inspect any part of an electronic pulltab system. The department shall be granted access to all electronic pulltab devices in use by a charitable organization. 820 KAR 1:032 Section 33 (10).

VII. RAFFLES

A. General Provisions

- A raffle is a game of chance in which a participant is required to purchase a ticket for a chance to win a prize and the winner is determined by a random drawing. KRS 238.505(7).
- Winners must be drawn at random; at a date, time, and place announced in advance or printed on the ticket. KRS 238.545(3).
- Any organization or group of individuals that do not meet the requirements to be licensed by the Department can have a raffle so long as the gross receipts from the raffle do not exceed five hundred dollars (\$500) and all proceeds from the raffle are distributed to a charitable organization. The group may have up to three (3) such raffles per year and is exempt from the notification, application, and reporting requirements. KRS 238.535(14).

B. Requirements for Tickets

- Tickets for a raffle must be sold separately and each ticket must constitute a separate and equal chance to win. KRS 238.545(3).
 - You must sell each ticket for the same price. For example, you cannot sell single tickets for \$1(or a set price) while offering a package of 3 tickets for \$2 or 6 tickets for \$5.
- All raffle tickets must be sold for the price stated on the ticket and no one is required to purchase more than one (1) ticket or to pay for anything other than a ticket to enter a raffle. KRS 238.545(3).
- All raffle tickets must have a unique identifier (usually a number) for the ticket holder. KRS 238.545(3).

C. Construction

- Raffle tickets shall have a detachable section or duplicate ticket and shall be consecutively numbered. 820 KAR 1:050 Section 1 (1).
- The detachable section or duplicate of the ticket shall bear a duplicate number corresponding to the number on the ticket and shall provide space for the purchaser's name, complete address, and telephone number. 820 KAR 1:050 Section 1 (2).
- The following information shall be on the ticket:
 - The date and time for each drawing;
 - The location of each drawing;
 - The name of the charitable organization conducting the raffle;

- The charitable organization’s license number or exemption number;
- The price of the ticket; and
- Each prize to be awarded with a fair market value over \$500. 820 KAR 1:050 Section 1 (3)
- The requirements of subsections (2) and (3) of this section shall be waived if:
 - The raffle tickets sell for five (5) dollars or less, or
 - The raffle sales are initiated and concluded and all winners are selected at a licensed charity fundraising event or a licensed special limited charity fundraising event. 820 KAR 1:050 Section 1 (4).

Information Required on Raffle Tickets (820 KAR 1:050 Section 1)

\$5 or Less	More than \$5
<ul style="list-style-type: none"> ● Detachable/duplicate section ● Consecutive numbers 	<ul style="list-style-type: none"> ● Detachable/duplicate section ● Consecutive numbers ● Purchaser’s name ● Purchaser’s address ● Purchaser’s phone number ● Date of drawing ● Time of drawing ● Location of drawing ● Name of ORG/EXE conducting raffle ● ORG/EXE’s license number ● Price of the ticket ● Each prize to be awarded with fair market value over \$500

C. Location

- A charitable organization that has established and maintained an office or place of business in a Kentucky county for at least one year can hold a raffle drawing in any Kentucky county. The Department must be notified of the location of the raffle. KRS 238.535(8).

- If the location of the raffle drawing needs to be changed, you must notify the Department in writing at least thirty (30) days before the drawing. KRS 238.535(8).

D. Prizes

- All prizes for a raffle must be identified in advance of the drawing and all prizes identified must be awarded. KRS 238.545(3).
- A charitable organization conducting a raffle in which real or personal property prizes are to be awarded shall be responsible for the transfer and delivery of the prize without lien or interest of others. 820 KAR 1:050 Section 2 (1).
- All raffle prizes shall be awarded as indicated on the raffle ticket unless the event at which the raffle was to be conducted is postponed. If the raffle is postponed, all reasonable efforts shall be made to notify ticket holders of the new drawing date. 820 KAR 1:050 Section 2 (2).
- If the prize to be awarded is the jackpot of a progressive raffle board, the charitable organization's charitable gaming session records shall report in the gross receipts total all startup cash, monies derived from the raffle ticket sales, and any other contribution to the jackpot.
- If the winner is not present at the drawing, the charitable organization shall notify the winner within seven (7) days of the drawing that the winner shall claim the prize within thirty (30) days. 820 KAR 1:050 Section 4 (1).
- If a winner does not wish to claim the prize but wishes to donate it to the charitable organization, the charitable organization shall obtain a written statement of the winner's intention within the thirty (30) day period. A charitable organization shall not accept the donation to the charitable organization of a prize won if doing so would violate KRS 238.540. 820 KAR 1:050 Section 4 (2).
- If a raffle winner does not claim the prize or donate it to the charitable organization within thirty (3) days after having been contacted by certified mail, or if the raffle winner is ineligible by law to claim the prize, the charitable organization shall notify the department and draw another ticket in the presence of department personnel. 820 KAR 1:050 Section 4 (3)
- The requirements of subsections (1), (2), and (3) of this section shall be waived, and the charitable organization shall be allowed to draw tickets until a winner is present, if:
- The raffle tickets sell for five (5) dollars or less;

- The raffle sales are initiated and concluded and all winners are selected at a licensed charity fundraising event; or
- The raffle sales are initiated and concluded and all winners are selected at a licensed special limited charity fundraising event. 820 KAR 1:050 Section 4 (4).

E. Rules of Play

1. Conducting the Raffle

- Any person holding a raffle ticket shall be permitted to observe the raffle drawing. 820 KAR 1:050 Section 3 (1).
- A person shall not be required to be present at a raffle drawing in order to be eligible for the prize drawing. 820 KAR 1:050 Section 3 (2).
- Each ticket seller shall return to the charitable organization the stubs or other detachable sections or duplicates of all tickets sold prior to the drawing. 820 KAR 1:050 Section 3 (3).
- Before drawing, the charitable organization shall place the seller's portion of each ticket sold into a receptacle from which the winning tickets are to be drawn. The receptacle shall be designed so that each ticket placed in it has an equal chance to be drawn. 820 KAR 1:050 Section 3 (4).

VIII. CHARITY FUNDRAISING EVENTS (“CFE”)

A. General Provisions

- A charity fundraising event (“CFE”) is a fundraising activity of limited duration at which games of chance approved by the Department are conducted, including bingo, raffles, charity game tickets, special limited games, and wagering on prerecorded horse races. KRS 238.505(8).
- Examples of such activities include events that attract patrons for community, social, and entertainment purposes **apart from charitable gaming** such as fairs, festivals, carnivals, bazaars, and conventions. KRS 238.505(8).
 - This means gaming is not the main focus of the event. The gaming must also occur simultaneously with the other event activities.
- A CFE cannot exceed seventy-two (72) consecutive hours except for state, county, and city fairs. KRS 238.545(4)(e).
- An organization can have eight (8) CFE’s a year. Two (2) of these eight (8) can be special limited charity fundraising events (“SLCFE”). KRS 238.545(4)(e).

B. Licensing

- You do not need a special license to conduct a noncash prize wheel where the prize is valued at \$100 or less. This includes cake wheels or walks. KRS 238.545(4)(b).
- You cannot have a CFE unless you have a license for the event issued by the Department. KRS 238.545(4)(a).
- At least thirty (30) days prior to the scheduled date for a charity fundraising event, a licensed charitable organization shall submit a complete and accurate application on Form CG-Schedule A, Charity Fundraising Event or Special Fundraising Event License Application. 820 KAR 1:055 Section 1 (1).
- Each application for licensure under this administrative regulation shall be accompanied by:
 - A twenty-five (25) dollar fee; and
 - A copy of the executed lease for the charitable gaming facility, if applicable. 820 KAR 1:055 Section 1 (2).

- The department shall issue a license if the applicant possesses a regular charitable gaming license; and has met the requirements for licensure established in KRS 238.505. 820 KAR 1:055 Section 1 (3).

C. Location

- A charitable organization that has established and maintained an office or place of business in a Kentucky county for at least one (1) year can hold a CFE in any Kentucky county. KRS 238.535(8)(d).

CI. Advertising and Pre-Registrations

- The event shall not be advertised nor preregistrations taken until a license is issued. 820 KAR 1:055 Section 1 (4).
- Once a license is issued, players may preregister for the event prior to the day of the event if payment is received by the charitable organization. 820 1:055 Section 1 (5).

CII. Bingo at a CFE

- You may play bingo at a CFE with prior approval of the Department. KRS 238.545(4)(c).
- Cash prizes for bingo games during a CFE may not exceed \$5000 for the entire event. KRS 238.545(4)(c).
- A person under eighteen (18) years of age can play bingo at a CFE if they are accompanied by a parent or legal guardian. KRS 238.545(4)(c).
- Reusable bingo hard cards can be used at CFE's. 820 KAR 1:042 Section 2 (3).

CIII. Pulltabs at a CFE

- Pulltabs may be sold with prior approval of the Department. KRS 238.545(1)(d).
- Exempt organizations cannot sell pulltabs at CFE's. 820 KAR 1:055 Section 1 (6).

CIV. Raffle at a CFE

- Raffles can be conducted at a CFE. 820 KAR 1:050 Section 1 (4)(c)

H. Special Limited Games

- The department shall grant approval to play special limited games at a charity fundraising event if the information contained in the application shows that the event meets the requirements of KRS 238.545. 820 KAR 1:055 Section 2 (1).

I. Charitable Gaming Supplies and Equipment

- “Charitable gaming supplies and equipment” means any material, device, apparatus, or paraphernalia customarily used in the conduct of charitable gaming, including bingo cards and paper, charity game tickets, and other apparatus or paraphernalia used in conducting games of chance at charity fundraising events. KRS 238.505(15).
- Includes:
 - Roulette wheels; and
 - Craps tables.
- Poker tables, blackjack tables, prize wheels, and chips, scrip, or imitation money shall not be considered charitable gaming supplies or equipment and may be purchased from ordinary sources of supply. The licensed charitable organization shall not pay for poker tables, blackjack tables, prize wheels, or chips, scrip, or imitation money from the charitable gaming account. 820 KAR 1:055 Section 4 (1).
- Does not include:
 - Poker tables;
 - Blackjack tables;
 - Prize wheels;
 - Dice;
 - Playing cards; and
 - Chips, scrip, or imitation money.
- Roulette wheels and craps tables shall be considered charitable gaming supplies and shall be obtained from a licensed distributor. The licensed charitable organization shall pay for roulette wheels and craps tables from the charitable gaming account. 820 KAR 1:055 Section 4 (2).
- If special limited games are played, the licensed charitable organization shall provide the department with a copy of the executed contract for the use of those supplies no later than thirty (30) days following the event. This contract shall specify exactly the items provided, at what cost, and from whom. 820 KAR 1:055 Section 4 (3).

J. Volunteers and Chairperson

- All individuals involved in the conduct of a Charity Fundraising Event or a Special Limited Charity Fundraising Event shall be trained in the proper conduct of the game and control of funds. 820 KAR 1:055 Section 3 (1).
- The chairperson shall:
 - Be in charge of the charity fundraising event or special limited charity fundraising event;
 - Supervise and direct all volunteers; and
 - Be responsible for assuring proper receipt and recording of gaming funds. 820 KAR 1:055 Section 3 (2).

K. Expenses

- The licensed charitable organization shall pay the gaming expenses for the charity fundraising event or special limited charity fundraising event from the gaming account. 820 KAR 1:055 Section 5 (1).
- If an expense is both a gaming expense and a general expense, the expense shall be prorated pursuant to the amount of gross receipts obtained from gaming and nongaming events. The full amount shall be paid from the general account and the amount attributable to gaming shall be reimbursed from the gaming account to the general account. 820 KAR 1:055 Section 5 (2).
- Food, beverages, and other items provided to participants without additional payment at an event where only gaming activity takes place shall be considered a promotional expense if all participants are equally eligible. 820 KAR 1:055 Section 5 (3).

IX. SPECIAL LIMITED CHARITY FUNDRAISING EVENTS (“SLCFE”)

A. General Provisions

- A special limited charity fundraising event (“SLCFE”) is any type of charity fundraising event, commonly known as and operated as a “casino night,” “Las Vegas night,” or “Monte Carlo night,” at which the predominant number or types of games offered for play are special limited charitable games. KRS 238.505(18).
- Special limited charitable game means roulette, blackjack, poker, keno, money wheel, baccarat, pusher-type games, any dice game where the player competes against the house, and any other game of chance as identified, defined, and approved by administrative regulation of the Department. KRS 238.505(17).

B. Age Restriction

- No person under eighteen (18) years of age is allowed to play or conduct any special limited charitable game. KRS 238.545(4)(e).

C. Number, Time, and Location

- A licensed charitable organization is limited to two (2) SLCFE licenses per year. KRS 238.547(1) and KRS 238.545(4)(e).
- A SLCFE is limited to one (1) session which cannot exceed six (6) hours. KRS 238.547(1).
- The event must be conducted between the hours of 12 noon and 1:00 a.m. KRS 238.547(1).
- A special limited event may be held:
 - On or in the premises of a licensed charitable organization;
 - In a licensed facility as long as the facility does not have more than seven (7) SLCFE’s per license year and one (1) per week KRS 238.555(7); or
 - At an unlicensed facility if:
 - The facility has no more than 1 SLCFE event per year;
 - The facility is closed to the general public during the event or the event is held in a separate room or area not accessible to the general public;
 - The equipment is removed from the premises within two (2) working days; and

- The facility follows the prohibitions pertaining to a licensed facility stated in KRS 238.555(3).
KRS 238.547(2).
- A charitable organization that has established and maintained an office or place of business in a Kentucky county for at least one year can hold a SLCFE in any Kentucky county. KRS 238.535(8)(d).

D. Licensing

- A licensed charitable organization shall submit a complete, accurate and documents application on Form CG-Schedule A, Charity Fundraising Event or Special Limited Charity Fundraising Event License Application, for a limited charity fundraising event, at least thirty (30) days prior to the scheduled date for the event. 802 KAR 1:055 Section 6 (1).
- A fee of twenty-five (25) dollars shall accompany each application for licensure under this administrative regulation. 820 KAR 1:055 Section 6 (2).
- When the application is filed, the licensed charitable organization shall provide the department with a copy of the executed lease for a licensed gaming facility, if applicable. 820 KAR 1:055 Section 6 (3).
- The department shall issue a license if the applicant possesses a regular charitable gaming license and has met the requirements for licensure established in KRS 238.505. 820 KAR 1:055 Section 6 (4).

DI. Advertising and Pre-Registration

- The event shall not be advertised nor preregistrations taken until a license is issued. 820 KAR 1:055 Section 6 (5).
- Once a license is issued, players may preregister for the event prior to the day of the event only if payment is received by the licensed charitable organization. 820 KAR 1:055 Section 6 (6).

DII. Volunteers and Chairperson

- All individuals involved in the conduct of a SLCFE must be trained in the proper conduct of the game and control of funds. 820 KAR 1:056 Section 2 (1).
- The chairperson is required to 1) be in charge of the gaming occasion; 2) supervise and direct all volunteers; and 3) be responsible for assuring proper receipt and recording of gaming funds. 820 KAR 1:056 Section 2 (2).

G. Tournaments

- If the special limited games are played as a tournament then:
 - You must keep attendance;
 - You must have a program on which the following are listed:
 - The cost to enter;
 - The cost of the buybacks;
 - The cost of add-ons;
 - The rules of the game;
 - The manner for raising blinds or closing tables; and
 - The prizes (which may be listed as a percentage of receipts.)
- A CG-VOL must be completed and kept. 820 KAR 1:058 Section 8 (7).

820 KAR 1:056 Section 1 (11).

H. Charitable Gaming Supplies and Equipment

- “Charitable gaming supplies and equipment” means any material, device, apparatus, or paraphernalia customarily used in the conduct of charitable gaming, including bingo cards and paper, charity game tickets, and other apparatus or paraphernalia used in conducting games of chance at charity fundraising events. KRS 238.505(15).
- Includes:
 - Roulette wheels; and
 - Craps tables.
- They must be obtained from a licensed distributor and paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (2).
- Does not include:
 - Poker tables;
 - Blackjack tables;
 - Prize wheels;
 - Dice;
 - Playing cards; and
 - Chips, scrip, or imitation money.
- These items do not have to be obtained from a licensed distributor and cannot be paid for from the charitable gaming account. 820 KAR 1:056 Section 3 (1).
- For all special limited games played, you must send the Department a copy of the signed contract for those supplies no later than thirty (30)

days after the event. This contract must specify the items provided, at what cost, and from whom. 820 KAR 1:055 Section 4 (3) and 820 KAR 1:056 Section 3 (3).

I. Central Bank

- A central bank shall be maintained in accordance with KRS 238.547. 820 KAR 1:055 Section 6 (7).
- Cash cannot be used in playing special limited games at a SLCFE. KRS 238.547(3).
- Games have to be played with chips, scrip, or imitation money which can only be purchased through a central bank or from the cashier under the authority of the designated chairperson. KRS 238.547(3). The cashier must be at a central location.
- No chips, scrip, or imitation money can be sold at a gaming table or by a dealer. KRS 238.547(3).
- For all games that require a central bank to be used,
 - The amount of money received for selling chips, scrip, or imitation money shall be the gross receipts;
 - All chips, scrip, or imitation money redeemed shall be the payouts; and
 - All money remaining shall be the adjusted gross receipts. 820 KAR 1:055 Section 6 (8).
- Games requiring a predetermined amount of chips, scrip, or imitation money shall be pre-counted. Accurate records shall be kept of all chips, scrip, or imitation money. 820 KAR 1:055 Section 6 (9).
- If the special limited charity games are played as a tournament, then:
 - A record of attendance shall be kept for the special limited charity games; and
 - The cost to enter, the cost of the buybacks, the cost of the add-ons, the rules of the game, the manner for raising blinds or closing tables, and the prizes shall be listed on the gaming session program. The prizes may be listed as a percentage of the receipts. 820 KAR 1:055 Section 6 (10).

II. Prizes

- Chips, scrip, or imitation money may be redeemed for cash or prizes.
- Prizes to be offered and their fair market values must be displayed or listed in a conspicuous location within the gaming area.

- Prizes must be redeemed directly or through an auction process within twenty-four (24) hours after the end of the event.
KRS 238.547(4).

K. Expenses

- The licensed charitable organization shall pay the gaming expenses for the charity fundraising event or special limited charity fundraising event from the gaming account. All other expenses shall be paid from the general account. 820 KAR 1:055 Section 5 (1).
- If an expense is both a gaming expense and a general expense, the expense shall be prorated pursuant to the amount of gross receipts obtained from gaming and nongaming events. The full amount shall be paid from the general account and the amount attributable to gaming shall be reimbursed from the gaming account to the general account. 820 KAR 1:055 Section 5 (2).
- Food, beverages, and other items provided to participants without additional payment at an event where only gaming activity takes place shall be considered a promotional expense if all participants are equally eligible. 820 KAR 1:055 Section 5 (3).
- When writing the check to reimburse the general account, please indicate on the financial report that the check is to reimburse the general account for a gaming expense.

X. ORGANIZATION BOOKS AND RECORDS

A. Definitions

- “Gross receipts”
 - All money collected or received from the conduct of charitable gaming. KRS 238.505(2).
 - Includes all money received from the sale of:
 - Raffle tickets;
 - Bingo cards or faces;
 - Pickle jars, bonanza balls, or hot balls;
 - Card-minding devices;
 - Pulltabs;
 - Charity fundraising event games;
 - Special limited charity fundraising event games;
 - Bad check collections;
 - Credit card fees; and
 - Reasonable check collection fees minus returned checks. 802 KAR 1:057 Section 1 (8).
- “Adjusted gross receipts”
 - Gross receipts minus all cash prizes and the amount paid for merchandise prizes purchased. KRS 238.505(13).
- “Net receipts”
 - Adjusted gross receipts minus all expenses, charges, fees, and deductions authorized under the charitable gaming laws. KRS 238.505(14).
- “Door prize”
 - A prize awarded to a person based solely upon the person’s attendance at an event or the purchase of a ticket to attend an event. KRS 238.505(16).
- "Cash short"
 - The total amount of money actually received from the sale of gaming supplies at a charitable gaming session is less than the amount of money due from the sale of that quantity of gaming supplies. 820 KAR 1:001 Section 1 (4).
- "Cash over"
 - The total amount of money actually received from the sale of gaming supplies at a charitable gaming session is more than the amount of money due from the sale of that quantity of gaming supplies. 820 KAR 1:001 Section 1 (3).

- "Chief Executive Officer"
 - The director of the organization or the person who has the legal authority to direct the management of the organization, distributor, manufacturer or charitable gaming facility with respect to the conduct of charitable gaming. 820 KAR 1:001 Section 1 (7).
- "Chief Financial Officer"
 - The person who is:
 - Responsible for overseeing the financial activities of the organization, distributor, manufacturer, or charitable gaming facility;
 - The custodian of the charitable gaming session records; and;
 - Responsible for ensuring that all records are accurate, complete, and maintained 820 KAR 1:001 Section 1 (8).

B. General Provisions

1. Hand Written Data

- A charitable organization that hand-writes data and later enters the information onto another form or computer program shall retain the hand-written records along with the other form or computer generated record. 820 KAR 1:057 Section 3 (2).

2. Corporate Records

- Charitable organizations shall prepare and maintain accurate and adequate corporate or other organizational records, such as articles of incorporation, minutes of the board of directors meetings, and resolutions 820 KAR 1:057 Section 3 (3).

3. Records of Expenditures

- Charitable Organizations must keep detailed records of all expenditures made in furtherance of your charitable purpose, including all charitable contributions. 820 KAR 1:057 Section 3 (4).

4. Records Available for Inspection

- Charitable organizations shall provide records requested by the department within ten (10) calendar days unless a longer response time is granted. 802 KAR 1:057 Section 3 (7).

- An organization shall perform an inventory and obtain the permission of the department before destroying a bulk amount of gaming supplies. The gaming supplies shall be destroyed by burning in compliance with state and federal law, shredding, destroying or defacing in some manner to prevent reuse of any pulltab, flare, prize board, seal card, bingo paper or any portion thereof. An organization may also donate gaming supplies to the department for demonstration and training purposes if the department so requests. 802 KAR 1:057 Section 3 (8).
- Monthly bank statements and reconciliations for all accounts shall be maintained by the charitable organization for three (3) years following the close of a calendar year. 820 KAR 1:058 Section 1 (6).
- All records shall be made available for inspection and audit at the request of the Department. 820 KAR 1:057 Section 3 (5).
- Any charitable organization's records, or copies of those records, deemed necessary to complete an inspection, audit, or investigation may be obtained by the department. The department shall provide a written receipt of the records at the time of taking possession. 820 KAR 1:057 Section 3 (6).

5. Pulltabs Kept for Twelve (12) Months

- You must keep the following for twelve (12) months:
 - All winning pulltabs with a prize value of \$50 and above;
 - The flare from all winning pulltabs with a prize value of \$50 and above;
 - All seal cards with a prize value of \$50 and above;
 - All prize boards in cumulative games with a prize value of \$50 and above; and
 - All unsold pulltabs.
- These records may be retained at the gaming location. 820 KAR 1:032 Section 21 (15)(a) and (b).

6. Charitable Gaming Account

- A charitable organization shall maintain a single bank account for charitable gaming receipts. This account shall be separate from any other account maintained by the charitable organization. KRS 238.550(2) and 820 KAR 1:057 Section 1 (1).
- This account must:

- Be separate from any other account maintained by the organization. 820 KAR 1:057 Section 1 (1) and KRS 238.550(2);
- Be designated the “charitable gaming account.” KRS 238.550(2); and
- Be maintained at a financial institution located in Kentucky. KRS 238.550(2).
- No other funds may be deposited or transferred into the charitable gaming account. KRS 238.550(2).
- All payment of gaming expenses prizes purchased, and charitable donations from charitable gaming receipts must be made from the charitable gaming account. KRS 238.550(3).
- All receipts and donations from each charitable gaming session shall be deposited by the second business day following the charitable gaming session at which they were received. The deposit for each charitable gaming session shall be made separately and shall not be combined with the deposit from any other charitable gaming session. 820 KAR 1:057 Section 1 (3).

D. Checks from the Gaming Account

- Payments or donations can only be made by bona fide officers of the organization. KRS 238.550(3).
- Disbursements for charitable gaming expenses and charitable donations shall be made by check or electronic fund transfer directly from the charitable gaming account. 820 KAR 1:057 Section 1 (2).
- Checks must:
 - Have preprinted consecutive numbers;
 - Be imprinted with the words “charitable gaming account;” and
 - Contain the organization’s license number on the face of each check.
 KRS 238.550(3).
- Unless it is for start-up cash, no check can be made payable to “cash” or “bearer.” Checks must be made payable to specific persons or organizations. KRS 238.550(3).

DI. Electronic Funds Transfer

- You can make an electronic funds transfer to pay for charitable gaming expenses, prizes purchased, and charitable donations as long as it is made to a specific person or organization. KRS 238.550(3).

F. Deposits

- All receipts and donations from each charitable gaming session shall be deposited by the second business day following the charitable gaming session at which they were received. The deposit for each charitable gaming session shall be made separately and shall not be combined with the deposit from any other charitable gaming session. 820 KAR 1:057 Section 1 (3).
- All types of deposits, including startup cash, returned checks collected and check collection fees, the progressive game carries forward, cash prizes not awarded, and adjusted gross receipts, shall be listed separately on the deposit reconciliation sheet and the deposit slip. Each individual check shall be listed separately on the deposit slip. If a register tape is run listing the amounts of the individual checks, it may be attached to the deposit slip. Total cash and coins shall be listed separately. The charitable organization shall keep a copy of the deposit slip. 820 KAR 1:057 Section 1 (4).

G. Bad Checks

- Checks that have been returned for insufficient funds that have not been collected shall be retained by the charitable organization for three (3) years following the close of the calendar year in which the check was issued. If the check has been turned over for collection, the charitable organization shall retain a copy of the check with contact information for the person or entity collecting the check. 820 KAR 1:057 Section 1 (5).

H. Bank Statements and Checks

- Monthly bank statements and reconciliations for all accounts shall be maintained by the charitable organization for three (3) years following the close of a calendar year. 802 KAR 1:057 Section 1 (6).
- Bank image copies of the fronts and backs of checks from an account into which charitable gaming funds are deposited or transferred shall be made available to the department upon request. 820 KAR 1:057 Section 1 (7).
- This includes checks on accounts other than just the charitable gaming account.

I. Gross Receipts

- Only chairpersons, officers, or employees of the organization can handle adjusted gross receipts from gaming. KRS 238.550(1).

J. Start-Up Cash

- If you obtain start-up cash from the gaming account, you must deposit it back into the gaming account. KRS 238.550(3).
- If the source of start-up cash is not the charitable gaming account, the source of the start-up cash shall be identified on the charitable gaming session sheet and signed by the chairperson of the charitable organization. 820 KAR 1:057 Section 2 (1).
- Start-up cash from one (1) charitable organization shall not be commingled with the start-up cash from another charitable organization. The start-up cash shall be identified on the check withdrawing the funds and on the deposit slip. 820 KAR 1:057 Section 2 (2).

K. Destroying Gaming Supplies

- An organization shall perform an inventory and obtain the permission of the department before destroying a bulk amount of gaming supplies. The gaming supplies shall be destroyed by burning in compliance with state and federal law, shredding, destroying or defacing in some manner to prevent reuse of any pulltab, flare, prize board, seal card, bingo paper or any portion thereof. An organization may also donate gaming supplies to the department for demonstration and training purposes if the department so requests. 820 KAR 1:057 Section 3 (8).

L. Ceasing to Game

- When an organization ceases to game, the organization shall:
 - Perform a final inventory;
 - Return all unused product to a distributor;
 - Donate the product to another organization with the permission of the department or, if another organization does not want the gaming supplies, they may be donated to the department, upon request, for training and demonstration purposes; or
 - Destroy the product with the permission of the department; and
 - Spend or disburse the charitable gaming funds consistent with its charitable purpose.

M. Expenditures & Organizational Charitable Purpose

- Charitable organizations shall maintain detailed records of all expenditures made in furtherance of its charitable purpose, including all charitable contributions 820 KAR 1:057 Section 3 (4).

XI. GAMING OCCASION RECORDS

A. General Provisions

- Each charitable organization shall prepare and maintain records for each charitable gaming session. The charitable gaming session records shall be prepared or completed by a volunteer or chairperson of the charitable organization. The charitable gaming session records shall not be completed by an independently compensated bookkeeper. 820 KAR 1:057 Section 4 (1).
- The gaming session records must contain:
 - The date of the gaming session;
 - The name and license number of the charitable organization conducting the charitable gaming session;
 - The name and address of the donor of every donated prize whose fair market value is in excess of \$500; and
 - A deposit reconciliation worksheet that records:
 - All currency, coins, checks, and credit card receipts available for deposit;
 - All profit or loss from each gaming activity, all start-up cash, all cash from incomplete pulltab sales, any progressive game carry forward, returned checks collected and check collection fees, and all other gaming receipts that should be available for deposit;
 - Any variance between the amount of currency, coins, checks, and credit card receipts actually available for deposit, and the amount that should be available for deposit according to the charitable gaming session records;
 - The amount of donations received at the charitable gaming session that will be deposited into the general account;
 - The printed name and signature of the chairperson in charge of the charitable gaming session;
 - The printed name and signature of the person taking the deposit from the charitable gaming session;
 - The printed name and signature of the person making the deposit, if different from the person taking the deposit; and

- The printed name and signature of the person in possession of the start-up cash, and the amount and source of the start-up cash. 820 KAR 1:057 Section 4 (3).
- All charitable gaming receipts and records shall be kept separate from noncharitable gaming receipts and records. 820 KAR 1:057 Section 4 (9).
- All charitable gaming session records shall be retained by the charitable organization for a period of three (3) years. Charitable gaming session records shall be made available for inspection and audit by the department upon request. 820 KAR 1:057 Section 4 (10).
- Charitable organizations shall provide records requested by the department within ten (10) calendar days unless a longer response time is requested and granted by the department. 820 KAR 1:058 Section 1 (11).

B. Deposit Reconciliation

- Gaming proceeds shall be counted by an officer or a chairperson of the charitable organization and the count shall be verified. A count may be verified by a volunteer. 820 KAR 1:057 Section 4 (2).
- The gaming session records must contain:
 - The date of the gaming session;
 - The name and license number of the charitable organization conducting the charitable gaming session;
 - The name and address of the donor of every donated prize whose fair market value is in excess of \$500; and
 - A deposit reconciliation worksheet that records:
 - All currency, coins, checks, and credit card receipts available for deposit;
 - All profit or loss from each gaming activity, all start-up cash, all cash from incomplete pulltab sales, any progressive game carry forward, returned checks collected and check collection fees, and all other gaming receipts that should be available for deposit;
 - Any variance between the amount of currency, coins, checks, and credit card receipts actually available for deposit, and the amount that should be available for deposit according to the charitable gaming session records;

- The amount of donations received at the charitable gaming session that will be deposited into the general account;
- The printed name and signature of the chairperson in charge of the charitable gaming session;
- The printed name and signature of the person taking the deposit from the charitable gaming session;
- The printed name and signature of the person making the deposit, if different from the person taking the deposit; and
- The printed name and signature of the person in possession of the start-up cash, and the amount and source of the start-up cash. 820 KAR 1:057 Section 4 (3).

C. Prizes

- "Merchandise prize" means a non-cash prize given away at a charitable gaming session either as a game prize or a door prize. 820 KAR 1:001 Section 1 (13).
- "Purchased prize" means any merchandise prize that was purchased and not donated. 820 KAR 1:001 Section 1 (18).
- If a paper pulltab or electronic pulltab device is awarded as a bingo prize, door prize, or promotional item, the person in charge of bingo payouts shall purchase the pulltabs or electronic pulltab device and any credits loaded on the device from the pulltab manager by transfer of cash from bingo payout to pulltab sales. It shall be recorded as a cash payout on the bingo payout session record, and it shall be included as a gross receipt on the charitable gaming session's pulltab record and on CG-FIN Attachment C and D. 820 KAR 1:057 Section 6 (2).
- Bingo payout records shall contain the following information:
 - A list of all bingo games that will be played at that charitable gaming session;
 - Each pickle jar, bonanza ball, or hot ball game available to be awarded;
 - The prize expected or available to be awarded for each bingo game and door prize;
 - The prize that was actually awarded for each bingo game and door prize;
 - A notation for the prize awarded for each bingo game and door prize, specifying whether the prize was cash, a check, or

merchandise, and if merchandise, a description of that merchandise, the cost of the merchandise and the fair market value of the merchandise;

- If a voucher was issued for card-minding devices or bingo paper, the fair market value of the card-minding devices or bingo paper;
- The total amount of all cash awarded for bingo prizes and door prizes;
- The total amount of all checks issued as bingo prizes and door prizes;
- The total cost and fair market value of all merchandise awarded for bingo prizes and door prizes;
- A grand total of cash, checks, and fair market value of merchandise awarded for bingo prizes and door prizes, which shall not exceed \$5,000; and
- If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check. 802 KAR 1:057 Section 6 (1).

D. Coupons and Gift Certificates

- If a charitable organization offers coupons for bingo paper or a card-minding device, a voucher shall be completed when the coupon is redeemed, and the coupon and the voucher shall be retained with the charitable gaming session records. 820 KAR 1:057 Section 4 (4).
- If a charitable organization offers coupons for pulltabs or electronic pulltab devices, the type and number of pulltabs, electronic pulltab devices, and credits loaded on each device, if any, given away shall be recorded on the charitable gaming session records and on CG-FIN Attachment C and D. The coupon shall be retained with the charitable gaming session records. 820 KAR 1:057 Section 4 (5).
- If the charitable organization sells gift certificates for bingo paper or a card-minding device, the receipts for the sale shall be counted as gaming receipts on the day they are received. When the gift certificate is redeemed, a voucher shall be completed and the gift certificate and the voucher shall be retained with the charitable gaming session records. 820 KAR 1:057 Section 4 (6).
- If the charitable organization sells gift certificates for pulltabs or electronic pulltab devices, the receipts for the sale shall be counted as gaming receipts on the day they are received. When the gift certificate is redeemed, the type and number of pulltabs, electronic pulltab de-

vices, and credits loaded on each device, if any, given away shall be recorded on the charitable gaming session records and on CG-FIN Attachment C and D. The gift certificate shall be retained with the charitable gaming session records. 820 KAR 1:057 Section 4 (7).

E. Vouchers

- Vouchers are only necessary for the following instances:

	Promotional	Door Prize	Bingo or Pulltab Game Prize
Bingo Paper	Description listed on program	Voucher	Voucher
CMD	Description listed on program	Voucher	Voucher
Pulltabs	Amount and description listed on program	Amount and description listed on program	Treat as cash payout; purchase from pulltabs
Electronic Pulltab Device	Description listed on program	Voucher	Voucher

820 KAR 1:037 Section 4 (4) through (7).

- Vouchers shall be redeemed on the same day as awarded. 802 KAR 1:032 Section 21 (21).
- If a card-minding device or electronic pulltab device is awarded as a merchandise prize, whether as a door prize or game prize, the patron shall be given a voucher. 802 KAR 1:032 Section 21 (18)(a)
- The voucher shall be completed with:
 - The name, address, and phone number of the patron redeeming the voucher;
 - The date on which it was awarded;
 - The date on which it was redeemed; and
 - The number of card-minding devices and the number of faces loaded on each device, or
 - The number of electronic pulltab devices and credits loaded on each device, if any, given in exchange for the voucher.

- Once the voucher is completed, it shall be redeemed for the card-minding device or electronic pulltab device. No more than one (1) card-minding device or one (1) electronic pulltab device may be redeemed per player per charitable gaming session.
- The organization shall retain the voucher with its charitable gaming session records.
- There shall be a specific button on the point of sale programmed for each type of voucher involving a card-minding device and electronic pulltab device. 802 KAR 1:032 Section 21 (18)(b) through (e).
- If bingo paper is awarded as a merchandise prize, whether as a door prize or game prize, the patron shall be given a voucher. 802 KAR 1:032 Section 21 (17)(a).
- The voucher shall be completed with:
 - The name, address, and phone number of the patron redeeming the voucher;
 - The date on which it was awarded;
 - The date on which it was redeemed;
 - The amount of bingo paper given in exchange for the voucher; and
 - The serial number of the bingo paper.
 - Once the voucher is completed, it shall be redeemed for the bingo paper.
 - The organization shall retain the voucher with its charitable gaming session records. Once the voucher is completed, it must be redeemed for the bingo paper or CMD. 820 KAR 1:032 Section 21 (17)(b) through (d).

F. Bingo Records

1. Bingo Paper Sales Records

- Bingo Paper Sale Records. Bingo paper sale records shall contain the following information:
 - (1) Attendance determined by headcount of number of people playing bingo at a charitable gaming session;
 - (2) Each type of bingo paper being sold;
 - (3) The serial number of the set of each type of paper sold;
 - (4) The number of each type of bingo paper given away with the voucher being redeemed attached to the charitable gaming session records, if applicable;

- (5) Number of each type of bingo paper destroyed;
- (6) The number of each type of bingo paper sold;
- (7) The price of each type of bingo paper sold;
- (8) The number of pickle jar, bonanza ball, or hot ball games sold;
- (9) The price of pickle jar, bonanza ball, or hot ball games whether the price is per person or per pack;
- (10) The number of player pick bingo games sold;
- (11) The price of each player pick bingo game sold;
- (12) The amount of money expected to be received from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;
- (13) The amount of money actually received from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;
- (14) The cash short or cash over from the sale of bingo paper, player pick, and pickle jar, bonanza ball, or hot ball for that charitable gaming session;
- (15) The sales report printed from the player pick machine that includes the number of games sold, price for each game, and the amount of money expected from the sale of player pick games for that charitable gaming session;
- (16) Records of all carryover or cumulative bingo games played, which shall contain the following information:
 - (a) The name of each progressive bingo game in play;
 - (b) The amount carried over from the previous charitable gaming session;
 - (c) The receipts from the current charitable gaming session;
 - (d) The amount paid out for the current charitable gaming session; and
 - (e) The amount carried forward to the next charitable gaming session; 802 KAR 1:057 Section 5 (16).
- A copy of the charitable gaming session program, which shall include:
 - (a) The charitable organization name and license number;
 - (b) A specific description of all bingo products for sale and the price of each product; and
 - (c) All bingo games played and the payout and alternate payout, if any, for each game; and 802 KAR 1:057 Section 5 (17).
- Form CG-Vol. 802 KAR 1:057 Section 5
- (18).

2. Progressive Bingo Game Records

- Carryover of cumulative bingo game records must contain the following information:
 - The name of each progressive bingo game in play;
 - The amount carried over from the previous occasion;
 - The receipts from the current occasion;
 - The amount paid out for the current occasion; and
 - The amount carried forward to the next occasion.
- 820 KAR 1:058 Section 2 (16).

3. Bingo Payout Records

- Bingo payout records shall contain the following information:
 - A list of all bingo games that will be played at that charitable gaming session;
 - Each pickle jar, bonanza ball, or hot ball game available to be awarded;
 - The prize expected or available to be awarded for each bingo game and door prize;
 - The prize that was actually awarded for each bingo game and door prize;
 - A notation for the prize awarded for each bingo game and door prize, specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise the cost of the merchandise and the fair market value of the merchandise;
 - If a voucher was issued for card-minding devices or bingo paper, the fair market value of the card-minding devices or bingo paper;
 - The total amount of all cash awarded for bingo prizes and door prizes;
 - The total amount of all checks issued as bingo prizes and door prizes;
 - The total cost and fair market value of all merchandise awarded for bingo prizes and door prizes;
 - A grand total of cash, checks, and fair market value of merchandise awarded for bingo prizes and door prizes, which shall not exceed \$5,000; and

- If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check. 802 KAR 1:057 Section 6 (1)(a) through (k).
- If a paper pulltab or electronic pulltab device is awarded as a bingo prize, door prize, or promotional item, the person in charge of bingo payouts shall purchase the pulltabs or electronic pulltab device and any credits loaded on the device from the pulltab manager by transfer of cash from bingo payout to pulltab sales. It shall be recorded as a cash payout on the bingo payout session record, and it shall be included as a gross receipt on the charitable gaming session's pulltab record and on CG-FIN Attachment C and D. 802 KAR 1:057 Section 6 (2).

G. Card-Minding Device Records

- Card-minding Device Records. Card-minding device records shall contain the following information:
 - The type of programs loaded, including the number of faces;
 - The number of units rented for each type of program;
 - The number of each type of card-minding device rental given away, with the redeemed voucher attached to the charitable gaming session records;
 - The number of units voided for each type of program;
 - The price per unit for each type of program;
 - The amount of money expected to be received from the rental of card-minding devices;
 - The actual amount of money received from the rental of card-minding devices for that charitable gaming session;
 - The cash short or cash over from the rental of card-minding devices for that charitable gaming session;
 - The total sales activity report completed on Form CG-FIN;
 - A copy of the charitable gaming session program, which shall include:
 - The charitable organization name and license number;
 - A specific description of all bingo products for sale and the price of each product; and
 - All bingo games played and the payout and alternate payout, if any, for each game; and
 - Form CG-Vol. 802 KAR 1:057 Section 7

H. Pulltab Records

1. Pulltabs Generally

- Pulltab records shall contain the following information for each charitable gaming session:
 - The name, serial number, and form number of all games played;
 - The name of all progressive jackpot games in play during that charitable gaming session;
 - The ticket count for each pulltab game sold;
 - The price for each ticket;
 - The prize expected or available to be awarded for each pulltab game, including the progressive jackpot games;
 - If a pulltab is awarded as a pulltab prize, the information required by subsection (2) of this section;
 - The prize that was actually awarded for each pulltab game, including the progressive jackpot games;
 - A notation for the prize awarded for each pulltab game specifying whether the prize was cash, a check, or merchandise and if merchandise, a description of that merchandise and the cost;
 - If a pulltab game was played in conjunction with a progressive jackpot game, as designed by the manufacturer, the amount contributed to the progressive jackpot;
 - The cash short or cash over for each charitable gaming session with pulltabs;
 - The total amount of all cash awarded for pulltab prizes;
 - The total amount of all checks issued as pulltab prizes;
 - The total cost of all merchandise awarded for pulltab prizes;
 - If a check from the charitable organization's charitable gaming account was issued as a pulltab prize instead of cash, the number of the check;
 - The total amount of money from any incomplete sale of pulltab games;
 - Records of any progressive pulltab games sold, which shall contain the following information:
 - The name of each progressive pulltab jackpot game in play;
 - The amount carried over from the previous charitable gaming session;
 - The receipts from the current charitable gaming session;

- The amount paid out for the current charitable gaming session;
 - The amount carried forward to the next charitable gaming session; and
 - The serial number of all games that contributed to the prize pool; and
- Form CG-Vol. 802 KAR 1:057 Section 8 (1).
- If a pulltab is awarded as a pulltab prize, the person in charge of pulltab payouts shall purchase the pulltabs from the deal being awarded as the prize by transfer of cash from the deal being sold to the deal being awarded as the prize. It shall be recorded as a cash payout for the deal being sold and it shall be included as a gross receipt for the deal being awarded as a pulltab prize and on CG-FIN Attachment C and D. 802 KAR 1:057 Section 8 (1).

2. Electronic Pulltab Device Records

- Electronic pulltab device records shall contain the following information:
 - The name, serial number, and form number of all electronic pulltab games played;
 - The ticket count for each electronic pulltab game sold;
 - The price for each electronic pulltab ticket sold;
 - The name of all electronic progressive jackpot games in play during that charitable gaming session;
 - The prize expected or available to be awarded for each electronic pulltab game;
 - The amount of money expected to be received from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
 - The actual amount of money received from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
 - The cash short or cash over from the sale of electronic pulltab devices and electronic pulltabs at a charitable gaming session;
 - The electronic pulltab receipts and payouts report, Form CG-EPRP;
 - All information required under Section 5 of this administrative regulation; and
 - Form CG-Vol. 802 KAR 1:057 Section 9.

I. Raffle Records

1. \$100 or more Ticket Raffles

- If the raffle tickets sell for \$100 or more, the raffle records shall contain the following information:
 - The number of raffle tickets printed;
 - The sales price for each ticket;
 - The date raffle ticket sales began;
 - The date the raffle drawing was held;
 - A voided raffle ticket or copy of a raffle ticket;
 - If tickets are given to volunteers to sell, a list of each volunteer's name with the total number of the tickets and ticket numbers given to them;
 - The total amount of money collected for the raffle event;
 - The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
 - The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
 - Total cash short or cash over amount from raffle ticket sales for the raffle event;
 - A list of all raffle prizes awarded;
 - A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
 - The total amount of all cash awarded for raffle prizes;
 - The total amount of all checks issued as raffle prizes;
 - If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
 - Each winning ticket stub;
 - All unsold tickets;
 - A list of all raffle expenses including a copy of all invoices supporting each expense; and
 - If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Work-sheet WS-23d, Worksheet-23e, and, when applicable, Worksheet, WS-23f. 802 KAR 1:057 Section 10 (1).

2. Fifty (50) dollars to \$100 Ticket Raffles

- If the raffle tickets sell for fifty (50) dollars to \$100, the raffle records shall contain the following information:
 - The number of raffle tickets printed;
 - The sales price for each ticket;
 - The date raffle ticket sales began;
 - The date the raffle drawing was held;
 - A voided raffle ticket or a copy of a raffle ticket;
 - If tickets are given to volunteers to sell, a list of each volunteer's name with the total number of the tickets and ticket numbers given to them;
 - The total amount of money collected for the raffle event;
 - The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
 - The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
 - Total cash short or cash over amount from raffle ticket sales for the raffle event;
 - A list of all raffle prizes awarded;
 - A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise and if merchandise, a description of that merchandise and the cost;
 - The total amount of all cash awarded for raffle prizes;
 - The total amount of all checks issued as raffle prizes;
 - If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
 - Each winning ticket stub;
 - A list of all raffle expenses including a copy of all invoices supporting each expense; and
 - If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Work-sheet WS-23c, Worksheet-23e, and, when applicable, Worksheet, WS-23f. 802 KAR 1:057 Section 10 (2).

3. More than five (5) dollars but less than fifty (50) dollar Ticket Raffles

- If the raffle tickets sell for more than five (5) dollars but less than fifty (50) dollars, the raffle records shall contain the following information:
 - The number of raffle tickets printed;
 - The sales price for each ticket;
 - The date raffle ticket sales began;
 - The date the raffle drawing was held;
 - A voided raffle ticket or copy of a raffle ticket;
 - The total amount of money collected for the raffle event;
 - The total number of ticket stubs collected from the sale of all raffle tickets for the raffle event;
 - The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
 - Total cash short or cash over amount from raffle ticket sales for the raffle event;
 - A list of all raffle prizes awarded;
 - A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise, and if merchandise, a description of that merchandise and the cost;
 - The total amount of all cash awarded for raffle prizes;
 - The total amount of all checks issued as raffle prizes;
 - If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
 - Each winning ticket stub;
 - A list of all raffle expenses including a copy of all invoices supporting each expense; and
 - If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Work-sheet WS-23b, Worksheet-23e, and, when applicable, Worksheet, WS-23f. 802 KAR 1:057 Section 10 (3).

4. Five (5) dollars or less Ticket Raffles

- If the raffle ticket sells for five (5) dollars or less, the raffle records shall contain the following information:
 - The beginning and ending serial number or ticket number for each roll of tickets sold or the beginning and ending number of the tickets printed;
 - The quantity of tickets sold;

- The sales price of the tickets;
- The date of the raffle;
- The total amount of money collected for the raffle event;
- The total amount of money that should have been collected based on the number of ticket stubs collected for the raffle event;
- Total cash short or cash over amount from raffle ticket sales for the raffle event;
- A list of all raffle prizes awarded;
- A notation for the prize awarded for each raffle specifying whether the prize was cash, a check, or merchandise and if merchandise, a description of that merchandise and the cost;
- The total amount of all cash awarded for raffle prizes;
- The total amount of all checks issued as raffle prizes;
- If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
- Each winning ticket stub; and
- A list of all raffle expenses, including a copy of all invoices supporting each expense.
- Nothing in this subsection shall prohibit an organization from using preprinted tickets for raffle tickets that sell for five (5) dollars or less, but the organization shall maintain a session record that complies with Section 10(3) of this administrative regulation if it sells preprinted tickets for five (5) dollars or less.
- If the raffle is being conducted on a special event raffle license issued by the department pursuant to KRS 238.535(14)(b), the organization shall report its session record using Work-sheet WS-23a, Worksheet-23e, and, when applicable, Worksheet, WS-23f. 802 KAR 1:057 Section 10 (4).

5. Raffle Recordkeeping Chart

Records to be kept based on ticket price	\$100 or more	\$50 or more but less than \$100	More than \$5 but less than \$50	\$5 or less (strip)
Number of tickets printed	X	X	X	
Price	X	X	X	X
Date sales began	X	X	X	
Date of drawing	X	X	X	X

Voided ticket or copy of ticket	X	X	X	
Total money collected from ticket sales	X	X	X	X
Total number of ticket stubs	X	X	X	
Money that should have been collected from ticket sales	X	X	X	X
Cash short or over	X	X	X	X
List of Prizes awarded	X	X	X	X
Notation of prize awarded, specifying if cash, check, or merchandise; description and cost of merchandise	X	X	X	X
Total amount of cash awarded for prizes	X	X	X	X
Total amount of all checks issued for prizes	X	X	X	X
If checks issued, check numbers	X	X	X	X
Each winning ticket stub	X	X	X	X
List of raffle expense and copy of invoices	X	X	X	X
Names of volunteers to whom tickets given to sell, number of tickets given, ticket numbers given	X	X		
Unsold tickets	X			
Number of tickets sold				X
Ticket numbers (beginning and ending serial # of roll of strip tickets or beginning and ending ticket #s of printed tickets)				X

802 KAR 1:057 Section 10 (1) through (4).

J. Charity Fundraising Event Records

- Charity fundraising event records shall contain the following information:
 - The name of each game of chance played;
 - The price to play each game of chance;
 - The adjusted gross receipts from the sale of each game of chance;
 - The grand total of adjusted gross receipts received from the play of all games of chance;

- The total amount of all checks issued for each game of chance prize and door prize;
- The total cost of all merchandise awarded for each type of game of chance prize and door prize;
- If a check from the charitable organization's charitable gaming account was issued as a prize instead of cash, the number of the check;
- If bingo games are conducted, accurate bingo paper sale records, card-minding device records, and bingo payout records;
- If pulltabs are sold, accurate pulltab records;
- If a raffle is conducted, accurate raffle records; and
- If the charity fundraising event continues for more than one (1) day, a summary of the required information for each day.
- Special limited game records for a charity fundraising event shall contain:
 - The name of each game to be played;
 - The adjusted gross receipts for each game for each day of the charity fundraising event; and
 - A list of all merchandise prizes awarded and the cost. 802 KAR 1:057 Section 11

K. Special Limited Charity Fundraising Event Records

- Special limited charity fundraising event records shall contain the following information for special limited charitable gaming events:
 - The name of each game played;
 - The quantity of scrip, chips, or imitation money the central bank started with prior to any sales, and the corresponding cash amount associated with each denomination of scrip, chips, or imitation money;
 - The quantity of scrip, chips, or imitation money the central bank sold during the special limited charity fundraising event;
 - The amount of money received by the central bank from the sale of scrip, chips, or imitation money;
 - Cash short or cash over from the sale of scrip, chips, or imitation money;
 - The quantity of scrip, chips, or imitation money collected by the central bank and redeemed for prizes;
 - Prizes awarded by the central bank;

- A notation for prizes awarded specifying whether each prize was cash, check, or merchandise, and if merchandise, a description of that merchandise and the cost.
- The amount of money corresponding to the scrip, chips, or imitation money collected by the central bank shall be compared to the sale of scrip, chips, or imitation money by the central bank at the conclusion of the special limited charity fundraising event. Any variance shall be documented and cash short or cash over shall be determined.
- For all tournaments played during special limited charity fundraising events, the special limited charity fundraising event records shall contain the following information in addition to the regular records required at special limited charity fundraising events:
 - A record of attendance shall be kept for the special limited charitable games; and
 - A copy of the charitable gaming session program, which shall include the:
 - Charitable organization name and license number;
 - Cost to enter, the cost of the buy-backs, and the cost of the add-ons;
 - Rules of the game;
 - Manner for raising blinds or closing tables; and
 - Prizes. The prizes may be listed as a percentage of the receipts.
 - If bingo games are conducted, accurate bingo paper sale records, card-minding device records, and bingo payout records shall be maintained.
 - If pulltabs are sold, accurate pulltab records shall be maintained.
 - If raffles are conducted at a special limited charity fundraising event, accurate raffle records shall be maintained.
 - The organization shall complete Form CG-Vol and keep it with the charitable gaming session record for that event.

802 KAR 1:057 Section 12

XII. FINANCIAL REPORTS FOR ORGANIZATIONS

A. General Provisions

- You must submit a financial report to the Department either annually or quarterly. KRS 238.550(5), (6), and (7) and KRS 238.535(2).
- The report must be filed on Form CG-FIN which is available on our website, dcg.ky.gov. 820 KAR 1:025 Section 2 (1).
- Your license can be revoked or denied if the reports are not filed. KRS 238.550(5) and (8).
- Organizations that have gross receipts of \$200,000 or less per the calendar year, and do not have a weekly bingo session, will file the report annually. KRS 238.550(6).
- All other organizations will file the report quarterly. KRS 238.550(7).

B. Financial Report

1. When Due

- Licensed charitable organizations with gross receipts of less than \$200,000 per the calendar year and no weekly bingo session shall only be required to submit Form CG-FIN annually, on or before January 31 of each year;
- Licensed charitable organizations receiving distributions from organizations described in subsection (1)(d) of this administrative regulation shall submit Form CG-FIN-RA, "Financial Report for a Licensed Charitable Organization, Recipient Account". If the licensed charitable organization receives distributions from more than one such organization, it shall submit Attachment A-1 and G-1 for each distributing organization;
 - Licensed charitable gaming facilities shall submit Form CF-FAC, "Licensed Charitable Gaming Facility Quarterly Report";
 - Licensed distributors shall submit Form CG-DIS "Licensed Charitable Gaming Distributor Quarterly Report" for each quarter that the distributor is licensed;
 - Organizations licensed pursuant to KRS 238.535(14)(b) shall submit Form CG-FIN-SER, "Licensed Organization Financial Report for Special Event Raffle License Only."
 - All financial reports shall be:

- Submitted on the appropriate form prescribed in Section 1(1) of this administrative regulation;
 - Typed or in permanent ink;
 - Complete, accurate, and legible;
 - Contain the original signature and printed name or, if submitted electronically, the typewritten name of either the chief executive officer or the chief financial officer of the charitable organization, facility, or distributor; and
 - Contain the original signature and printed name or, if submitted electronically, the typewritten name of the preparer of the report if prepared by an individual other than the chief executive officer or chief financial officer. 802 KAR 1:025 Section 1.
- A licensee required to submit a quarterly report shall do so on or before the following dates for the preceding three month period:
 - April 30;
 - July 31;
 - October 31; and
 - January 31.
- If a date in Section 2(1) of this administrative regulation falls on a Saturday, Sunday, or legal holiday, the report shall be due on the first business day thereafter.
- The financial report and fee shall be considered timely filed if it has been:
 - Mailed to the department by first class mail, postage prepaid, to the correct address and postmarked by the due date;
 - Received in the department by hand-delivery on or before the due date; or
 - Received by the department electronically on or before the due date.
- If any report or portion thereof is not filed when due, or if any required fee is not remitted when due, the licensee shall be subject to disciplinary action pursuant to KRS 238.560. 802 KAR 1:025 Section 2.
- The fee imposed by KRS 238.570(1) on gross gaming receipts of a licensed charitable organization shall be remitted by check made payable to "Kentucky State Treasurer" at the time the financial report is due. 802 KAR 1:025 Section 3 (1).

- If a charitable organization does not have any information to place on an attachment to the financial report, it shall indicate "not applicable" on the attachment. 802 KAR 1:025 Section 3 (2)
- To complete the Bingo Paper Supplies Inventory page of Form CG-FIN, the product description shall be listed in the format "# ON # UP", with:
 - The number "ON" being the number of bingo faces on a bingo paper sheet; and 802 KAR 1:025 Section 3 (3)(a).
 - The number "UP" being the number of bingo paper sheets contained in a bingo paper pack. 802 KAR 1:025 Section 3 (3)(b).
 - If multiple pages are used for inventory, each person completing the inventory shall sign one (1) page of the pages that person completed and initial the remaining pages. 802 KAR 1:025 Section 3 (4).
- All expenses incurred by a licensee shall be reported on the financial report for the date on which payment was made, which shall be either the date a check was written or an electronic funds transfer was made, regardless of when the supplies were used or the services were rendered. 802 KAR 1:025 Section 3 (5).

2. Late Fine

- If any report or portion thereof is not filed when due, or if any required fee is not remitted when due, the licensee shall be subject to disciplinary action pursuant to KRS 238.560. 802 KAR 1:025 Section 2.

3. What the Report Should Contain

- All financial reports shall be:
 - Submitted on the appropriate form prescribed in Section 1(1) of this administrative regulation;
 - Typed or in permanent ink;
 - Complete, accurate, and legible;
 - Contain the original signature and printed name or, if submitted electronically, the typewritten name of either the chief executive officer or the chief financial officer of the charitable organization, facility, or distributor; and
 - Contain the original signature and printed name or, if submitted electronically, the typewritten name of the preparer of the report

if prepared by an individual other than the chief executive officer or chief financial officer. 802 KAR 1:025 Section 1 (2)(2).

C. Expenses

- Disbursements for charitable gaming expenses and charitable donations shall be made by check or electronic fund transfer directly from the charitable gaming account. KRS 238.550, 820 KAR 1:057 Section 1 (2).
- All other expenses must be paid from the general account. KRS 238.550 (9) and 820 KAR 1:057 Section 13.

CI. Allowable Expenses from the Gaming Account

- In addition to those authorized expenses provided for in KRS 238.550, each of the following expenses is determined to be legitimate and shall be allowable charitable gaming expenses of a charitable organization:
 - The following customary and usual banking fees or charges paid to any financial institution, check reader, or verification company in connection with a charitable organization's charitable gaming account and activities:
 - Monthly service charges;
 - Check verification service charges;
 - Check printing charges;
 - Charges relating to returned checks;
 - Copying charges for bank records; and
 - Credit card processing charges; 802 KAR 1:057 Section 13 (1).
 - Volunteer food, to be consumed on gaming premises, not to exceed fifteen (15) dollars per volunteer, per day;
 - Any noncash item not to exceed fifty (50) dollars in fair market value given upon achieving a predetermined goal in a raffle;
 - Clothing provided to volunteers as authorized in these administrative regulations;
 - Payments made to the Department of Charitable Gaming;
 - Printing costs incurred in connection with a charitable organization's charitable gaming activities;
 - Payments for the purchase of prizes to be awarded during the charitable organization's conduct of charitable gaming;
 - Promotional items;

- Federal excise taxes levied under 26 U.S.C. 4401 and 4411, or fees associated with the filing of Internal Revenue Service Form 11-C and paid by a charitable organization during the calendar year; and
- Customary and usual fees or charges incurred in the collection of checks dishonored for insufficient funds.
802 KAR 1:057 Section 13 (2) through (10).
- The items that may be included as a utilities expense, pursuant to KRS 238.550(9)(c), shall be the money paid for electric, gas, water, sewer, telephone, and trash collection. It may also include any cable or internet expenses that are incurred by the charitable organization for credit card services, card-minding devices, or electronic pulltab systems. 802 KAR 1:057 Section 14 (1).
- The items that may be included as an advertising expense, pursuant to KRS 238.550, shall be the expenses for a handout, flyer, radio, television, advertising sign, billboard, or other media used to promote an event or activity required to be licensed pursuant to KRS Chapter 238 and any printing costs associated with them. 802 KAR 1:057 Section 14 (2).
- The items that may be included as a bookkeeping expense, pursuant to KRS 238.550, shall be the costs of completing the financial report, the federal excise tax form, and the federal gaming forms. Bookkeeping expenses shall not include expenses associated with handling charitable gaming funds, preparing charitable gaming session records, or ordering supplies. 802 KAR 1:057 Section 14 (3).
- The items that may be included as security services, pursuant to KRS 238.550, shall be the expenses associated with paying a person whose sole duty is to promote and provide peace, order, and safety at a charitable gaming event which:
 - May include patrolling the parking lot or accompanying the charitable organization's personnel to the bank or night depository with the charitable gaming receipts; and
 - Shall not include costs for security or alarm systems or for special lighting for the building or parking lot. 802 KAR 1:057 Section 14 (4).

2. Time for Reporting Expenses

- All expenses incurred by a licensee shall be reported on the financial report for the date on which payment was made, which shall be either

the date a check was written or an electronic funds transfer was made, regardless of when the supplies were used or the services were rendered. 802 KAR 1:025 Section 3 (5).

D. 40% Rule

1. Rule

- If the organization is licensed on January 1 then its net receipts must be at least 40% of the adjusted gross receipts for that calendar year. KRS 238.536(1).
- The 40% is calculated as follows:

	Gross Receipts (Total sales)	\$ 10,000
-	Payouts (Prizes awarded)	8,500
	Adjusted Gross Receipts (Left at end of event)	1,500
	Adjusted Gross Receipts (Left at end of event)	1,500
-	Expenses (Rent, Supplies, and Equipment, etc.)	500
	Net Receipts (Profit)	1,000
	Net Receipts (Profit)	\$1,000 = 66.67%
	Adjusted Gross Receipts (Left at end of event)	\$1,500

Therefore, the organization has complied with the 40% rule.

- The percentage is rounded up to the nearest tenth. KRS 238.536(2).
- **The retention requirement still applies if the license has expired or lapsed. KRS 238.536(1).**
- The following expenses (fees and taxes) are excluded from the calculation of the retention percentage:
 - Fees paid to the Department;
 - Any sales or use tax paid on charitable gaming supplies and equipment by a licensed charitable organization; and
 - Any federal excise taxes paid by a licensed charitable organization. KRS 238.536(1).

2. Penalty

- If a charity falls below 40%, it will be placed on probation as set forth below and must submit an acceptable financial plan detailing

corrective actions to be taken to achieve the 40% threshold by the end of the calendar year of the probation. KRS 238.536(2).

- If the percentage retained is between 35% and 39.9%, the probation will be for six (6) months.
- If the percentage retained is between 30% and 34.9%, the probation will be for one (1) year. The Department will also conduct a six (6) month review of the charitable gaming activities of an organization in this category to evaluate compliance with the financial plan.
- If the percentage retained is between 25% and 29.9%, the probation will be for one (1) year. The organization must participate in mandatory training by the Department. The organization will have a quarterly review of its activities to evaluate compliance with the financial plan and progress toward achievement of the 40% threshold during the probationary period.
- If the organization falls below 25% for one (1) year or below 40% for two (2) years in a row, its license will be suspended for a year.

KRS 238.536(2).

- The probation or suspension begins on the date the Department notifies the organization unless the organization appeals. If appealed, the date of probation or suspension begins on the date of the final order. KRS 238.536(2)(e).
- If the license is suspended, the organization must submit an acceptable financial plan before obtaining a new license and once the license is obtained, the organization will be on probation for one (1) year and subject to quarterly review. KRS 238.536(3).

XIII. DEPARTMENT OF CHARITABLE GAMING

A. Organization of the Department

- The Department of Charitable Gaming is composed of the Commissioner's office including two (2) divisions: the Division of Licensing and Compliance and the Division of Enforcement. The Department also works with the Office of Legal Services which assigns attorneys to the Department.
- The Commissioner's office is responsible for all aspects of the administration of the Department.

B. Licensing and Compliance

- The Licensing and Compliance division is composed of two (2) branches: licensing and compliance.

C. Licensing

- The licensing branch reviews license applications send deficiency letters if required, refers the applications for criminal history checks, reviews the exempt status of organizations, issues licenses, and processes any changes requested in the licenses.

D. Compliance

- Compliance officers conduct on-site inspections of licensed charitable gaming activity to ensure adherence to applicable charitable gaming statutes and administrative regulations, assist licensing with office inspections, investigate complaints, assist with audits, and provide training to licensees.

E. Enforcement

- The Division of Enforcement has two (2) branches: audit and investigation.

F. Audit

- Auditors conduct in-depth audits of charitable gaming activities to ensure that high standards of accounting, recordkeeping, and reporting of charitable gaming receipts are met. They also review financial plans submitted by licensees that failed to meet the 40% retention requirement.

- The results of such audits may lead to administrative action against the charitable organization's license.
- Also included in the audit branch is the accounting section. They review and reconcile the financial reports filed by the organizations, process the fees for all licensees, and calculate the retention rate of the organization based on their financial reports at the conclusion of the calendar year.

2. Investigation

- Investigators investigate complaints and allegations of criminal wrongdoing and have peace officer powers pertaining to:
 - charitable gaming; unlicensed and illegal charitable gaming; gambling offenses committed on licensed charitable gaming premises; gambling offenses committed in conjunction with charitable gaming; theft, embezzlement, or other illegal diversion of charitable gaming proceeds; forgery or fraud in the conduct of charitable gaming; damage or destruction of real or personal property owned or leased by a licensee; and violation of any criminal felony offense committed on licensed charitable gaming premises and in the presence of an investigator.
- Their main function is to protect the organizations from persons who would take charitable gaming funds for their personal use.
- The results of investigations could result in administrative action and/or civil or criminal action.
- The investigators cooperate with federal prosecutors, federal law enforcement agencies, the Kentucky State Police, local law enforcement, local prosecutors, and other state agencies.

XIV. ADMINISTRATIVE ACTIONS

A. Violations

- The Department has the power to prosecute administrative actions for violations of Kentucky's charitable gaming statutes and regulations. KRS 238.560.
- When a violation is discovered, a notice of violation will be written and forwarded to the division director to refer to the Office of Legal Services with a recommended penalty. 820 KAR 1:130.

B. Administrative Action

- A Notice of Proposed Administrative Action ("NOPAA") is prepared by the Office of Legal Services and mailed to the licensee by certified mail, return receipt requested, and by regular mail. KRS 238.565.
- The licensee can either accept the penalty or appeal the action. KRS 238.565.
- If the action is appealed, the penalty imposed by the Department will not take effect until the appellate process is final. This means the licensee is not required to pay any fine set out in the notice until the appeal is concluded. KRS 238.565 and KRS Chapter 13B.
- If the action is appealed, the Office of Legal Services reviews the case and may, after consultation with the Commissioner, make an offer of settlement to the licensee.
- If the matter cannot be resolved by settlement, it is assigned to an administrative hearing officer and an order setting the case for a prehearing conference is entered. The licensee is permitted to appear at this conference telephonically. KRS 238.565.
- The hearing officer may have several telephonic pre-trial conferences to sort out the issues, attempt to resolve the matter and prepare the matter for hearing. KRS Chapter 13B.
- If the matter cannot be resolved it is set for hearing. The hearing officer will generally enter an order requiring all parties to file a pretrial compliance listing potential witnesses and exhibits. KRS 238.565.
- Administrative hearings are less formal than judicial hearings. However, the parties are permitted to make objections which are ruled on by the hearing officer.

- An organization must be represented by an attorney in order to make arguments, cross-examine witnesses, question your own witnesses, or make objections at the hearing.
- At the hearing, both sides are permitted to present evidence. After hearing the evidence, the hearing officer generally orders the parties to file briefs in support of their positions. After reviewing the briefs, the hearing officer issues a report containing findings of fact, conclusions of law, and a recommendation to the Commissioner. KRS Chapter 13B.
- Either side may file exceptions from the hearing officer's report if they object to any portion of the hearing officer's findings or recommendation. KRS Chapter 13B.
- The Commissioner reviews the findings and recommendation of the hearing officer, and any exceptions that have been filed, and drafts the Final Order. KRS Chapter 13B.
- If the licensee does not accept the Final Order, it may appeal to the Circuit Court. If the licensee has failed to file exceptions to the hearing officer's report, it is prohibited from filing an appeal in Circuit Court from the Final Order. KRS Chapter 13B.