



PUBLIC PROTECTION  
CABINET

Department of Charitable Gaming

# TRAINING MANUAL

**Guide to Charitable Gaming in the  
Commonwealth of Kentucky**

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This handbook was prepared by the Kentucky Department of Charitable Gaming to assist charitable organizations in complying with Kentucky charitable gaming laws. It is intended only as a guide and in no way supersedes statutory provisions, administrative regulations, or case law. Organizations interested in conducting charitable gaming are strongly encouraged to review all provisions of [KRS Chapter 238](#) and [820 KAR Chapter 1](#).

All forms, applications, worksheets, and financial reports are available on the Department's website at [dcg.ky.gov](http://dcg.ky.gov).

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Hearing and speech impaired persons may contact the agency by using the Kentucky Relay Service, a toll-free telecommunication device for the deaf (TDD). For voice to TDD, call 1-800-648-6057. For TDD to voice, call 1-800-648-6056.

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# THE BASICS OF CHARITABLE GAMING

## Charitable Gaming Defined

“Charitable gaming,” as defined by Kentucky law, includes<sup>1</sup>:

- **Bingo:** A specific game of chance in which participants use cards or paper sheets, or card-minding device representations thereof, divided into horizontal and vertical spaces, each of which is designated by a letter and a number, and prizes are awarded on the basis of the letters and numbers on the card conforming to a predetermined and preannounced configuration of letters and numbers selected at random.<sup>2</sup>
- **Charity game tickets (also called “pulltabs”):** A game of chance using a folded or banded paper ticket, or a paper card with perforated break-open tabs, or electronic pulltab device representations thereof, the face of which is covered or otherwise hidden from view to conceal a number, letter, symbol, or set of numbers, letters, or symbols, some of which have been designated in advance as prize winners and shall include charity game tickets that utilize a seal card. “Charity game ticket” shall include pulltabs, both paper and electronic representations thereof.<sup>3</sup>
- **Raffle:** A game of chance in which a participant is required to purchase a ticket for a chance to win a prize, with the winner to be determined by a random drawing.<sup>4</sup>
- **Charity fundraising event (“CFE”):** An activity of limited duration at which games of chance approved by the Department are conducted, including bingo, raffles, charity game tickets, special limited charitable games, and wagering on prerecorded horse races... Examples of such activities include events that attract patrons for community, social, and entertainment purposes apart from charitable gaming, such as fairs, festivals, carnivals, licensed charitable gaming organization conventions, bazaars, and banquets.<sup>5</sup>

Charitable gaming shall **not** include<sup>6</sup>:

- Slot machines
- Electronic video gaming devices
- Wagering on live sporting events
- Wagering on simulcast broadcasts of horse races.

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<sup>1</sup> [KRS.238.505\(2\)](#)

<sup>2</sup> [KRS 238.505\(4\)](#)

<sup>3</sup> [KRS 238.505\(5\)](#)

<sup>4</sup> [KRS 238.505\(7\)](#)

<sup>5</sup> [KRS 238.505\(8\)](#)

<sup>6</sup> [KRS.238.505\(2\)](#)

## Organizations Eligible to Conduct Charitable Gaming

Charitable gaming may only be conducted by a charitable organization, which Kentucky law defines as “a non-profit entity organized for charitable, religious, educational, literary, civic, fraternal, or patriotic purposes.”<sup>7</sup>

An organization that wants to conduct charitable gaming must be licensed by the Department or apply for an exemption.<sup>8</sup> Any charitable organization conducting charitable gaming in the Commonwealth of Kentucky shall be licensed by the Department of Charitable Gaming or conduct charitable gaming pursuant to an exemption. In order to be eligible for a license or exemption, a charitable organization must:

1. (a) Have a tax-exempt status under 26 U.S.C. 501(c)(3), (4), (8), (10), or (19), or  
(b) Be organized in Kentucky as a common school, an institution of higher education, or a state college or university;
2. Have been established and continuously operating within the Commonwealth of Kentucky for charitable purposes, other than charitable gaming, for a period of three years; and
3. Demonstrate reasonable progress in accomplishing its charitable purposes during the previous three years.
4. Have maintained an office or place of business, other than for the conduct of charitable gaming, for at least one year in the county in which charitable gaming is to be conducted.<sup>9</sup>

“Reasonable progress” means<sup>10</sup>:

- The regular and uninterrupted conduct of activities within Kentucky to further the organization’s charitable purpose, or
- The expenditure of funds within Kentucky to further the organization’s charitable purpose.

The activities or expenditure of funds must be used 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.<sup>11</sup>

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<sup>7</sup> [KRS 238.505\(3\)](#)

<sup>8</sup> [KRS 238.535\(1\)](#)

<sup>9</sup> [KRS 238.535\(12\)\(a\)](#)

<sup>10</sup> CITE

<sup>11</sup> [KRS 238.535\(12\)\(a\)3](#) and [KRS 238.505\(3\)](#)

If an organization is applying to renew an existing charitable gaming license, it must further demonstrate reasonable progress toward accomplishing its charitable purposes by providing a detailed accounting regarding its expenditure of charitable gaming net receipts for the purposes described above.<sup>12</sup>

### Where Charitable Gaming May Be Conducted

Charitable gaming must be conducted at the date, time, and location that is stated on the charitable gaming license.<sup>13</sup>

A “charitable gaming facility” is any premises on which charitable gaming is conducted.<sup>14</sup> A charitable gaming facility must be licensed by the Department if the facility is utilized by three or more charitable organizations to conduct gaming.<sup>15</sup>

A facility cannot charge rent to charitable organizations based on the number of patrons that attend a charitable gaming session or a percentage of revenue generated by charitable gaming.<sup>16</sup>

Licensed charitable organizations must prominently and conspicuously display the charitable gaming license at any location at which charitable gaming is conducted.<sup>17</sup>

Other than at CFEs, more than one charitable organization shall not conduct gaming at the same time and location as another charitable organization.<sup>18</sup>

Charitable organizations must conduct all charitable gaming events in the county in which it maintains its office or place of business, but organizations may hold a raffle or CFE in a different Kentucky county, so long as the county where the event is being held is noted on the license.<sup>19</sup>

### Use of Charitable Gaming Funds

Charitable gaming net receipts must be used *exclusively* to benefit the organization’s charitable purpose, and no charitable gaming receipts may be used for the benefit or financial gain of any individual.<sup>20</sup>

No one involved in the conduct or administration of charitable gaming may receive any compensation for services related to the charitable gaming activities.<sup>21</sup> This includes both direct monetary payments and other benefits, such as reducing membership fees or participation costs based on the number of sessions an individual volunteers.

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<sup>12</sup> [KRS 238.535\(12\)\(a\)3](#)

<sup>13</sup> [KRS 238.540\(1\)](#)

<sup>14</sup> [KRS 238.505\(11\)](#)

<sup>15</sup> [KRS 238.555\(1\)](#)

<sup>16</sup> KRS 238.555(X)

<sup>17</sup> [KRS 238.540\(3\)](#)

<sup>18</sup> [820 KAR 1:032, Sec. 20\(3\)](#) and [820 KAR 1:042, Sec. 13\(4\)](#)

<sup>19</sup> [KRS 238.535\(12\)\(b\)](#)

<sup>20</sup> [KRS 238.536\(1\)](#) and [KRS 238.550\(4\)](#)

<sup>21</sup> [KRS 238.540\(4\)](#)

## Personnel

### Chairpersons

A “chairperson” is the organization’s chief executive officer (“CEO”) and any officer, member, or employee of a licensed charitable organization who will be involved in the management and supervision of charitable gaming.<sup>22</sup>

A chairperson’s responsibilities include<sup>23</sup>:

- 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.

An organization’s CEO is automatically a chairperson. The organization must designate at least two chairpersons along with the CEO.<sup>24</sup>

The organization must ensure that at least one chairperson is present on the premises any time the organization conducts charitable gaming. The chairperson must be responsible for the administration and conduct of the charitable gaming activity and be readily identifiable as a chairperson.<sup>25</sup>

A person can only serve as a chairperson for one organization at a time.<sup>26</sup>

### Volunteers

Charitable gaming may only be conducted by officers, members, and *bona fide* employees of the licensed charitable organization.<sup>27</sup> Charitable organizations may not utilize the services of any management or consultant service to manage or conduct charitable gaming.<sup>28</sup>

Organizations may utilize volunteers, who are not required to be members of the organization, if each volunteer is readily identifiable as a volunteer.<sup>29</sup> All volunteers must be properly trained in the proper conduct of the games and control of funds for which they are volunteering.<sup>30</sup>

Volunteers cannot be compensated by the organization and may not accept any tips. Charitable organizations must take at least one of the following steps to inform the public that volunteers are unable to accept tips:

1. Post signs in a conspicuous location that volunteers are not permitted to accept tips;
2. State prominently on the charitable gaming session program that volunteers are not permitted to accept tips; or
3. Announce during the charitable gaming session that volunteers are not permitted to accept tips.<sup>31</sup>

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<sup>22</sup> [KRS 238.505\(24\)](#)

<sup>23</sup> [820 KAR 1:055, Sec. 3\(2\)](#)

<sup>24</sup> [KRS 238.535\(13\)\(g\)](#)

<sup>25</sup> [KRS 238.540\(4\)](#)

<sup>26</sup> [KRS 238.540\(4\)](#)

<sup>27</sup> [KRS 238.540\(1\)](#)

<sup>28</sup> [KRS 238.540\(5\)](#)

<sup>29</sup> [KRS 238.540\(4\)](#)

<sup>30</sup> [820 KAR 1:032, Sec. 20\(1\)](#), [820 KAR 1:042, Sec. 13\(1\)](#), and [820 KAR 1:055, Sec. 3\(1\)](#)

<sup>31</sup> [820 KAR 1:060, Sec. 1\(1\)](#)

Volunteers who volunteer at more than four sessions per week or more than four special limited charity fundraising events per year will be presumed to be receiving compensation.<sup>32</sup>

Licensed charitable organizations may provide certain benefits to volunteers, which must be reported as charitable gaming expenses on the organization's financial report.<sup>33</sup> These benefits include:

1. Food or drink valued at up to \$15, which must be consumed on the premises.
2. Articles of clothing worn by volunteers which identifies them as volunteers
3. A noncash item valued at \$25 or less given to volunteers upon achievement of predetermined goals in the conduct of a raffle.<sup>34</sup>

Volunteers are limited on whether or when they may play the games that the charity is conducting:

- Pulltabs: Volunteers may not purchase or play pulltabs during the session they work, unless the pulltabs are sold during a CFE, in which case a volunteer may purchase and play pulltabs on days they do not work and from deals they do not sell.<sup>35</sup>
- Bingo: Volunteers may play bingo during a session they work, but only after the volunteer's duties for the night are complete. Once a volunteer starts playing bingo, the volunteer cannot volunteer again during that session.<sup>36</sup>
- Raffles: There is nothing in Kentucky charitable gaming law that prohibits volunteers from purchasing a raffle ticket, but the Department recommends that organizations not allow its raffle volunteers to purchase tickets due to the appearance of impropriety if a volunteer were to win the drawing.

### House Rules

"House rules" means those rules concerning charitable gaming that organizations include rules for its charitable gaming session that are in addition to state statutes, regulations, and manufacturer rules for games. Organizations may impose and enforce house rules as long as the house rules:<sup>37</sup>

- Are posted in at least two conspicuous locations at the gaming session and announced prior to the commencement of the gaming session, or be listed on the program;
- Do not conflict with the statute or administrative regulations;
- Are followed; and
- Include the organization's name and license number.

### Advertising

All advertisements regarding charitable gaming must contain the name and license or exemption number of the charitable organization.<sup>38</sup>

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<sup>32</sup> [820 KAR 1:060, Sec. 2](#)

<sup>33</sup> [820 KAR 1:060, Sec. 1\(4\)](#)

<sup>34</sup> [820 KAR 1:060, Sec. 1\(3\)](#)

<sup>35</sup> [820 KAR 1:032, Sec. 20\(5\)](#)

<sup>36</sup> [820 KAR 1:042, Sec. 13\(7\)](#)

<sup>37</sup> [820 KAR 1:032, Sec. 20\(6\)](#) and [820 KAR 1:042, Sec. 13\(7\)](#)

<sup>38</sup> [KRS 238.540\(8\)](#)

Organizations may not advertise a bingo prize in excess of \$5,000 per 24-hour period.<sup>39</sup>

Licensed manufacturers, distributors, and facilities may not provide advertising or marketing services for licensed charitable organizations.<sup>40</sup>

### 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 of any exempt charitable organization or any licensed charitable organization, manufacturer, distributor, or facility.<sup>41</sup>

### Supplies and Equipment

#### Definition

"Charitable gaming supplies and equipment" means any material, device, apparatus, or paraphernalia customarily used in the conduct of charitable gaming.

Any material, device, apparatus, or paraphernalia incidental to the game that may be purchased from normal sources of supply (e.g., something that can be purchased at Walmart or Staples) is not considered charitable gaming supplies or equipment.

Charitable Gaming Supplies & Equipment <sup>42</sup>	Not Charitable Gaming Supplies & Equipment <sup>43</sup>
<ul style="list-style-type: none"><li>• Bingo paper</li><li>• Bingo blowers</li><li>• Bingo flashboards and associated equipment</li><li>• Bingo balls</li><li>• Bingo systems (blower, flashboard, etc.)</li><li>• Electronic bingo card-minding devices and associated equipment</li><li>• Electronic pulltab systems</li><li>• Electronic raffle systems</li><li>• Pulltabs</li><li>• Raffle tickets (pre-printed, non-strip)</li></ul>	<ul style="list-style-type: none"><li>• Bingo Daubers</li><li>• Blackjack tables</li><li>• Chips, scrip, or imitation money</li><li>• Dice</li><li>• Pencils and pens</li><li>• Playing cards</li><li>• Poker tables</li><li>• Prize wheels</li><li>• Raffle strip tickets</li></ul>

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#### Purchasing Charitable Gaming Supplies

Charitable gaming supplies and equipment must be purchased from a licensed charitable gaming distributor.<sup>44</sup> A charitable organization may purchase supplies and equipment from multiple distributors.

<sup>39</sup> [KRS 238.540\(9\)](#)

<sup>40</sup> [KRS 238.530\(10\)\(h\)](#) and [KRS 238.555\(3\)](#)

<sup>41</sup> [KRS 238.560](#) and [820 KAR 1:125, Sec. 1](#)

<sup>42</sup> [KRS 238.505\(15\)](#)

<sup>43</sup> [820 KAR 1:055, Sec. 4\(2\)](#), [KRS 238.505\(15\)](#), and [820 KAR 1:055, Sec. 4](#)

<sup>44</sup> [KRS 238.540\(6\)](#)

Licensed charitable organizations may not accept merchandise prizes donated by any individual affiliated with a licensed manufacturer, distributor, or facility.<sup>45</sup>

An organization that wants to challenge a distributor's invoice must do so within seven days of delivery.<sup>46</sup> Any challenge to an invoice must be made in writing to the distributor and a copy must be sent to the Department.<sup>47</sup>

A licensed charitable organization must maintain a separate bank account dedicated exclusively to charitable gaming, and all charitable gaming supplies and equipment must be purchased with funds from the organization's charitable gaming account.<sup>48</sup>

### **Delivery and Storage**

A distributor may deliver gaming supplies to an agreed secure location or to an identified person.<sup>49</sup> If a distributor delivers supplies to a person, the person receiving the supplies for the organization must sign the invoice.<sup>50</sup> If the distributor delivers to a location, it must be secure (e.g., a distributor may deliver charitable gaming supplies into an organization's storage locker).<sup>51</sup>

Charitable organizations must maintain gaming supplies in a location separate from another organization's gaming supplies. This location must be locked, and access must be controlled.<sup>52</sup> 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.<sup>53</sup>

### **Defects and Recalls**

If your organization discovers a defect in any charitable gaming supply, immediately notify the Department and your distributor as soon as possible.<sup>54</sup>

If a defect in packaging or construction of a paper pulltab is discovered by an organization, the defect shall be reported to the distributor within 15 days.<sup>55</sup> The manufacturer, distributor, and Department will investigate the issue and determine the most appropriate course of action to correct or recall the affected supplies and equipment.

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<sup>45</sup> [KRS 238.540\(7\)](#)

<sup>46</sup> [820 KAR 1:032, Sec. 12\(2\)](#) and [820 KAR 1:042, Sec. 6\(2\)](#)

<sup>47</sup> [820 KAR 1:032, Sec. 12\(2\)](#) and [820 KAR 1:042, Sec. 6\(2\)](#)

<sup>48</sup> [KRS 238.550\(2\) and \(3\)](#)

<sup>49</sup> [820 KAR 1:032, Sec. 12\(2\)](#) and [820 KAR 1:042, Sec. 6\(2\)](#)

<sup>50</sup> [820 KAR 1:032, Sec. 12\(1\)\(k\)](#) and [820 KAR 1:042, Sec. 6\(1\)\(n\)](#)

<sup>51</sup> [820 KAR 1:032, Sec. 12\(2\)](#)

<sup>52</sup> [820 KAR 1:032, Sec. 20\(4\)](#) and [820 KAR 1:042, Sec. 13\(6\)](#)

<sup>53</sup> [820 KAR 1:032, Sec. 12\(2\)](#) and [820 KAR 1:042, Sec. 6\(2\)](#)

<sup>54</sup> [820 KAR 1:042, Sec. 8\(9\)](#), [820 KAR 1:032, Sec. 13](#), [820 KAR 1:032, Sec. 19](#), and [820 KAR 1:032, Sec. 30](#)

<sup>55</sup> [820 KAR 1:032, Sec. 13\(1\)](#)

## LICENSING

### Exempt Organizations

All charitable gaming in Kentucky must be done by organizations with a license or exempt status conferred by the Department of Charitable Gaming. In order to be eligible for an exemption, a charitable organization must meet the same licensing requirements as a licensed organization (see Section I. C. of this manual).<sup>56</sup> Although the eligibility requirements are the same, the differences between licensed and exempt organizations are:

Exempt Organizations	Licensed Organizations
Limited to \$25,000 in total gross receipts per year	No limit on total gross receipts
Not required to pay the Department a fee on gross receipts from charitable gaming	Must pay the Department a fee equal to 0.628% of gross receipts from charitable gaming
Files one simple annual financial report	Most are required to file detailed quarterly financial reports
May conduct bingo, raffles, and charity fundraising events, but prohibited from conducting gaming with pulltabs or special limited games	May conduct bingo, raffles, pulltabs, charity fundraising events, and special limited charity fundraising events.
Does not have to reapply each year as long as the financial report is filed	Must re-submit an application on Form CG-APP-ORG each year to renew the license

An organization seeking exemption must submit Form CG-APP-EXE at least 30 days prior to the expected start of its charitable gaming activity, along with a non-refundable fee of \$25.<sup>57</sup> The Department will review the application and notify the applicant within 30 days of any deficiencies. If identified deficiencies are not cured within 30 days from the notice, the application will be withdrawn.<sup>58</sup>

Once the exemption is granted, the charitable organization must notify the Department of any changes in the exempt status of the charitable organization within 30 days.<sup>59</sup>

#### Annual Financial Reports

Exempt organizations must file an annual financial report with the Department before January 31 of each year. This report shall be filed on Form CG-FIN-EXE and may be filed electronically.<sup>60</sup>

Exemptions are automatically renewed each year, but the exemption will be rescinded if the charitable organization fails to file its annual financial report by January 31.<sup>61</sup>

<sup>56</sup> [KRS 238.535\(1\)](#)

<sup>57</sup> [KRS 238.535\(2\)](#) and [820 KAR 1:005, Sec. 6\(1\)](#)

<sup>58</sup> [820 KAR 1:005, Sec. 6\(3\)](#)

<sup>59</sup> [820 KAR 1:005, Sec. 6\(5\)](#)

<sup>60</sup> [820 KAR 1:005, Sec. 6\(6\)](#)

<sup>61</sup> [KRS 238.535\(5\)](#)

A charitable organization that has had its exemption revoked for any reason shall pay a nonrefundable reinstatement fee of \$25 with any application or request for reinstatement.<sup>62</sup>

#### **Transition from Exemption to Licensure**

If an organization exceeds the limit of \$25,000 in gross gaming receipts per calendar year it must:

1. Report the amount to the Department
2. Apply for a charitable gaming license retroactive to the date the \$25,000 limit was exceeded.<sup>63</sup>

An exempt organization that exceeds the \$25,000 limit and becomes a licensed organization may not return to its exempt status for at least two years.<sup>64</sup>

### **License Application Process**

#### **Eligibility Requirements**

- Meet the statutory requirements established by [KRS 238.535](#) (see page ## of this Manual);
- Pay all fees and any outstanding fines;
- File all required reports;
- File an acceptable financial plan, if previously ordered to do so;
- Comply with all terms of any existing settlement agreements or probationary terms; and
- Submit fingerprint cards, if needed.<sup>65</sup>

#### **Timeline of the Application Review Process**

- Charitable organizations must apply for a license by submitting Form CG-1 at least 60 days prior to the start of gaming or at least 60 days prior to the expiration of an existing license.<sup>66</sup>
- DCG's licensing staff will review the application as soon as possible after the application is submitted to determine if the application is complete or if there are deficiencies that must be addressed. If there are deficiencies, the Department will notify the applicant in writing of any deficiencies.<sup>67</sup>
- The applicant must respond to the notice of deficiency within 30 days after receiving the notice or the application will be withdrawn.<sup>68</sup>
- If the applicant's response to a deficiency request does not cure the identified deficiency, the Department shall issue a subsequent deficiency notice. If the deficiency is incapable of being cured, the Department will deny the license.<sup>69</sup>
- The application is complete when all deficiencies are cured. Once the application is complete, the Department must grant or deny the license within 60 days.<sup>70</sup>

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<sup>62</sup> [KRS 238.550\(5\)](#), [KRS 238.535\(2\)](#), and [820 KAR 1:005, Sec. 6\(7\)](#)

<sup>63</sup> [KRS 238.535\(3\)](#)

<sup>64</sup> [KRS 238.535\(11\)](#)

<sup>65</sup> [820 KAR 1:005, Sec. 2\(1\)](#)

<sup>66</sup> [820 KAR 1:005, Sec. 1\(1\)](#)

<sup>67</sup> [820 KAR 1:005, Sec. 1\(1\)](#)

<sup>68</sup> [820 KAR 1:005, Sec. 1\(3\)](#)

<sup>69</sup> [820 KAR 1:005, Sec. 1\(4\)](#)

<sup>70</sup> [820 KAR 1:005, Sec. 1\(5\)](#)

- A charitable gaming license is valid for one year from the date it is issued.<sup>71</sup>

#### **General Tips for Completing and Submitting the Application**

- Send the \$25 processing fee with the application. Your organization will be invoiced for the remaining fee and the fingerprinting and criminal history charges after the application is processed.
- If a question on the application does not apply to your organization, mark this “N/A” rather than leaving it blank. This affirmatively tells the licensing staff that the question does not apply to your organization, not that you forgot to answer the question.
- 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, make sure to check the appropriate box indicating whether the chairperson is a member, officer, or employee of the organization.

#### **Criminal History Background Check**

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 and the FBI.<sup>72</sup>

The criminal history background check applies to:

- CEO, CFO, or director of an applicant
- Chairpersons
- Any individual with a 10% or more financial interest in the applicant; and
- The applicant itself.<sup>73</sup>

The Department may require certain individuals affiliated with an applicant to undergo fingerprinting analysis. The Department may charge a reasonable fee not to exceed the actual cost of fingerprinting and records searching.<sup>74</sup>

An organization may not be licensed or maintain a license if an officer or chairperson of the organization, or the organization itself, has been convicted within the last 10 years of:

- A gambling offense,
- Fraud,
- Forgery,
- Theft,
- Falsifying business records,
- Diversion of charitable gaming funds, or
- Any felony or any two misdemeanors that relates to the position sought in charitable gaming.<sup>75</sup>

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<sup>71</sup> [820 KAR 1:005, Sec. 2\(4\)](#)

<sup>72</sup> [KRS 238.525\(3\)](#)

<sup>73</sup> [KRS 238.525\(3\)](#)

<sup>74</sup> [KRS 238.525\(3\)](#)

<sup>75</sup> [KRS 238.525\(3\)](#)

## Office Inspections

Once the licensing staff has approved the organization's application, a compliance officer will contact the organization to schedule an office inspection.

An organization's primary office location means the land and building in and upon which a charitable organization conducts the majority of its charitable business. An organization's primary office location shall not include any physical space shared with a bar, restaurant, convenience store, or other commercial retail business.<sup>76</sup>

An applicant for a license or an exemption shall be able to demonstrate the existence of their office or place of business by:

- Contracts or leases
- Utility bills
- Records maintained by the parent organization
- Bank records
- Other similar documents.<sup>77</sup>

Any such records shall be accessible to the Department for inspection.<sup>78</sup>

The inspection will be completed by appropriate Department personnel who shall file a report stating the results of the inspection performed.<sup>79</sup>

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<sup>76</sup> [820 KAR 1:005, Sec. 1\(15\)](#)

<sup>77</sup> [820 KAR 1:005, Sec. 7\(1\)](#)

<sup>78</sup> [820 KAR 1:005, Sec. 7\(2\)](#)

<sup>79</sup> [820 KAR 1:005, Sec. 7\(6\)](#)

## Fees

All applicants for a charitable gaming license or exemption must submit payment of a \$25 application fee.<sup>80</sup> There is no annual fee for an exempt charitable organization. For licensed charitable organizations, the annual license fee is based upon the organization's annual gross receipts from charitable gaming. If the license is granted, the \$25 application fee will be credited toward this fee.<sup>81</sup>

Annual Charitable Gaming License Fees	
Gross Receipts	Fee
Less than \$100,000	\$100.00
More than \$100,000 but \$250,000 or less	\$200.00
More than \$250,000	\$300.00
Other Fees Related to a Charitable Gaming License	
Item	Cost
Criminal Background Check	\$20.00
Fingerprint Analysis	\$16.50
CFE Application	\$25.00
Day, Time, or Location Change	\$25.00
Raffle Drawing Change	\$25.00
Officer, Chairperson, or Other Personnel Change	Subject to KSP and FBI fees, if applicable

## Change Requests and Cancellations

Licensed charitable organizations must conduct charitable gaming according to the date, time, and location stated on the license.<sup>82</sup> An organization that conducts charitable gaming that is not listed on its license or that fails to conduct an event that is listed on its license may be subject to fines or other administrative penalties.

A licensed charitable organization 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 \$25 change fee and be signed by an officer. The Department will process change requests and issue or deny an amended license within 10 days of receipt, and the licensee shall not engage in gaming until a license reflecting the change request has been issued.<sup>83</sup>

If a licensed organization wants to change the date, time, or location of a previously licensed raffle drawing, the organization may do so by submitting a written request to the Department at least 30 days prior to the drawing.<sup>84</sup>

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<sup>80</sup> [820 KAR 1:005, Sec. 2\(2\)](#) and [820 KAR 1:005, Sec. 6\(1\)](#)

<sup>81</sup> [820 KAR 1:005, Sec. 2\(2\)](#)

<sup>82</sup> [KRS 238.540\(1\)](#)

<sup>83</sup> [820 KAR 1:005, Sec. 2\(5\)](#)

<sup>84</sup> [KRS 238.535\(12\)\(b\)2](#)

For all other charitable gaming sessions or events, a licensed charitable organization may change the date, time, or location by submitting a written request to the Department at least 10 days prior to the date of the requested change and a copy of the lease, if required, for the new gaming location.<sup>85</sup>

If a charitable organization wishes to cancel a charitable gaming session, the organization shall notify the Department, in writing, at least 24 hours prior to the scheduled start of the charitable gaming session. If the organization must cancel an event due to an emergency beyond the organization's control, the organization shall notify the Department of the cancellation as soon as practicable. There is no charge for cancelling a charitable gaming event.<sup>86</sup>

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<sup>85</sup> [820 KAR 1:005, Sec. 2\(5\)](#)

<sup>86</sup> [820 KAR 1:005, Sec. 2\(5\)](#)

## RAFFLES

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.<sup>87</sup>

Raffles are the most commonly conducted type of charitable gaming in Kentucky, and most organizations find them to be the easiest type of charitable gaming to conduct.

### Raffle Ticket Construction

All raffle tickets, regardless of their sale price, must have either a detachable section or a duplicate ticket to be given to the ticket purchaser. All tickets must be consecutively numbered.<sup>88</sup>

If a raffle ticket costs \$5 or less, the organization may sell “strip tickets” that only contain the consecutively numbered identifier and provide the purchaser with a detachable section, as seen below:



Strip tickets are not allowed if the raffle ticket costs more than \$5. If the ticket costs more than \$5, additional information must be printed on the ticket.

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<sup>87</sup> [KRS 238.505\(7\)](#)

<sup>88</sup> [820 KAR 1:050, Sec. 2\(2\)](#)

The chart below shows the ticket construction requirements for both strip tickets and tickets sold for \$5 or more:<sup>89</sup>

Strip Tickets (\$5 or less)	Other Tickets (More than \$5)
<ul style="list-style-type: none"> <li>• Detachable section or duplicate ticket</li> <li>• Consecutively numbered</li> </ul>	<ul style="list-style-type: none"> <li>• Detachable section or duplicate ticket</li> <li>• Consecutively numbered</li> <li>• Space for purchaser's name</li> <li>• Space for purchaser's complete address</li> <li>• Space for purchaser's telephone number</li> <li>• Date and time for drawing</li> <li>• Location of drawing</li> <li>• Name of charitable organization</li> <li>• Charitable gaming license number</li> <li>• Price of the ticket</li> <li>• Each prize to be awarded with fair market value over \$500</li> </ul>

Although the Department does not have jurisdiction to enforce federal law, organizations should keep in mind that federal law prohibits sending lottery tickets or similar instruments through the mail.<sup>90</sup> If organizations sell raffle tickets in a manner other than hand-to-hand sales, the organization is still required to provide the purchaser with a duplicate ticket and can do so by emailing a receipt with all of the information contained in the chart above.<sup>91</sup>

### Ticket Sales

Tickets for a raffle must be sold separately, and each ticket must constitute a separate and equal chance to win.<sup>92</sup>

All raffle tickets must be sold for the price stated on the ticket, and organizations cannot require someone to purchase more than one ticket or to pay for anything other than a ticket to enter a raffle.<sup>93</sup>

Tickets must be sold for the same price and cannot be discounted (e.g., selling single tickets for \$1 apiece or offering a package of 6 tickets for \$5) unless the tickets are being sold entirely during a CFE or using an electronic raffle system.<sup>94</sup>

<sup>89</sup> [820 KAR 1:050, Sec. 2\(3\)](#)

<sup>90</sup> [18 USC Sec. 1302](#)

<sup>91</sup> [820 KAR 1:050, Sec. 2\(1\)](#)

<sup>92</sup> [KRS 238.545\(3\)\(a\)](#)

<sup>93</sup> [KRS 238.545\(3\)](#)

<sup>94</sup> [KRS 238.545\(3\)\(b\)-\(c\)](#) and [820 KAR 1:050, Sec. 11\(21\)](#)

## Drawings

### Location of the Drawing

All raffle drawings must take place at the date, time, and place announced in advance or printed on the ticket and printed on the organization's charitable gaming license.<sup>95</sup>

If the location of the raffle drawing needs to be changed or is not included on the organization's existing charitable gaming license, the organization must notify the Department in writing at least 30 days before the drawing of the new location.<sup>96</sup> If the organization has to postpone a raffle drawing, it must make all reasonable efforts to notify ticket holders of the new drawing date.<sup>97</sup>

Unlike bingo and pulltab sales, licensed and exemption charitable organizations are not required to hold raffle drawings in the county in which their charity's office is located and may hold raffle drawings in other Kentucky counties after notifying the Department and updating the charitable gaming license.<sup>98</sup>

### Observation of the Drawing

Organizations must allow any person holding a raffle ticket to observe the raffle drawing.<sup>99</sup>

Organizations may allow purchasers to observe the drawing by livestreaming the drawing if they give ticket purchasers instructions for viewing the drawing at the time tickets are purchased.<sup>100</sup>

### Conducting the Drawing

Before conducting the drawing, the organization must ensure that:

- Every ticket seller has returned all the stubs or other detachable sections or duplicates of all tickets sold;
- All of the stubs or duplicates are in the receptacle before the drawing; and
- The receptacle is designed so that all tickets have an equal chance of being drawn as the winner.<sup>101</sup>

## Prizes

All prizes for a raffle must be identified in advance of the drawing, and all prizes identified must be awarded.<sup>102</sup>

If an organization is raffling real estate or personal property, the organization must be able to transfer and deliver the prize without lien or interest of others.<sup>103</sup>

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<sup>95</sup> [KRS 238.545\(3\)](#)

<sup>96</sup> [KRS 238.535\(8\)](#)

<sup>97</sup> [820 KAR 1:050, Sec. 3\(2\)](#)

<sup>98</sup> [KRS 238.535\(8\)](#)

<sup>99</sup> [820 KAR 1:050, Sec. 3\(1\)](#)

<sup>100</sup> [820 KAR 1:050, Sec. 4\(1\)](#)

<sup>101</sup> [820 KAR 1:050, Sec. 3\(3\) and \(4\)](#)

<sup>102</sup> [KRS 238.545\(3\)](#)

<sup>103</sup> [820 KAR 1:050, Sec. 2\(1\)](#)

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.

Organizations may require the winner to be present at the drawing and may draw tickets until a winner claims the prize if:

- The raffle tickets sell for \$5 or less; or
- The raffle sales are initiated and concluded and all winners are selected at a licensed charity fundraising event (including special limited charity fundraising events).<sup>104</sup>

For raffles not held as part of a CFE and for which tickets cost more than \$5, organizations cannot require the winner to be present at the drawing.<sup>105</sup> If the winner is not present to claim the prize, the charitable organization must follow these steps:

1. Within seven days of the drawing, the organization must notify the winner that he has won the prize and has 30 days to claim it.<sup>106</sup> (This notification is not required to be sent by certified mail, but in order to award the prize to someone else if the winner never claims it, the organization must first attempt to notify the winner by certified mail).
2. If the winner still does not claim the prize after the organization sends a notification by certified mail, or if the organization discovers the raffle winner is ineligible by law to claim the prize (e.g., the prize is a firearm and the winner is a convicted felon), the charitable organization shall notify the Department.
3. After notifying the Department, the organization may draw another ticket in the presence of Department personnel and repeat this process until the prize is awarded.<sup>107</sup>

If a raffle winner decides to donate the prize back to the charitable organization, the charitable organization must also obtain a written statement of the winner's intention with 30 days. A charitable organization shall not accept the donation to the charitable organization of a prize won if doing so would violate KRS 238.540 (i.e., if the raffle winner donating the prize is an employee, affiliate, or family member of a licensed manufacturer, distributor, or facility).<sup>108</sup>

### Progressive Raffles

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<sup>104</sup> [820 KAR 1:050, Sec. 4\(4\)](#)

<sup>105</sup> [820 KAR 1:050, Sec. 4\(2\)](#)

<sup>106</sup> [820 KAR 1:050, Sec. 4\(1\)](#)

<sup>107</sup> [820 KAR 1:050, Sec. 4\(3\)](#)

<sup>108</sup> [820 KAR 1:050, Sec. 4\(2\)](#)

### Online Raffles

Organizations may conduct raffles online using electronic raffle systems. Organizations using electronic raffle systems must ensure that the software has been:<sup>109</sup>

- Manufactured by a licensed manufacturer;
- Purchased, leased, or otherwise obtained from a licensed distributor;
- Tested and certified by an independent lab; and
- Approved for use by the Department.

An electronic raffle system is defined as “computer software and related equipment used by raffle licensees to sell tickets, account for sales, and facilitate the drawing of tickets to determine the winners.”<sup>110</sup> Charitable organizations may only use an unapproved online platform to facilitate the sale of raffle tickets if the system does not also determine the winner and the charity prints paper tickets, draws the winner from a physical receptacle, and otherwise follows all provisions of the raffle regulations.

Charitable organizations that sell electronic raffle tickets must provide the purchaser with an electronic communication with all information required for paper tickets (see the Raffle Ticket Construction section above).<sup>111</sup>

A raffle must be entirely conducted with traditional paper tickets or entirely conducted using an electronic raffle system; it cannot be a mixture of both.<sup>112</sup>

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<sup>109</sup> [820 KAR 1:050, Sec. 4\(5\)](#)

<sup>110</sup> [820 KAR 1:050, Sec. 1\(14\)](#)

<sup>111</sup> [820 KAR 1:050, Sec. 2\(1\)](#)

<sup>112</sup> [820 KAR 1:050, Sec. 4\(6\)](#)

## Raffle Records

Organizations are required to retain certain information about each raffle. Different records must be retained depending on how much the organization charged for tickets to enter the raffle. The chart below shows which records must be retained for various price ranges for the tickets.<sup>113</sup>

Records To Be Kept	Cost of Each Raffle Ticket			
	\$5 or less (Strip Tickets)	\$5.00 - \$49.99	\$50.00 - \$99.99	\$100.00 or more
Beginning and ending serial/ticket number for each roll (if strip tickets) or beginning/ending ticket number (if printed tickets)	✓			
Number of tickets sold	✓			
Sales price of the ticket	✓	✓	✓	✓
Number of tickets printed	✓	✓	✓	✓
Dates sales began		✓	✓	✓
Date of drawing	✓	✓	✓	✓
Voided ticket or copy of ticket	✓	✓	✓	✓
Total money collected from ticket sales	✓	✓	✓	✓
Total number of tickets stubs		✓	✓	✓
Money that should have been collected from tickets sales	✓	✓	✓	✓
Cash short or over	✓	✓	✓	✓
List of prizes awarded	✓	✓	✓	✓
Notation of prize awarded, specifying if cash, checks, or merchandise; description and cost of merchandise	✓	✓	✓	✓
Total amount of cash awarded for prizes	✓	✓	✓	✓
Total amount of all checks issued for prizes	✓	✓	✓	✓
If checks issued, check numbers	✓	✓	✓	✓
Each winning ticket stub	✓	✓	✓	✓
List of raffle expenses and copy of invoices	✓	✓	✓	✓
Names of volunteers to whom tickets given to sell, number of tickets given, ticket numbers given			✓	✓
Unsold tickets				✓

<sup>113</sup> [820 KAR 1:057, Sec. 10\(1\) through \(4\)](#)

## BINGO

Bingo is one of the most popular forms of charitable gaming available to organizations in Kentucky. Bingo is played by randomly selecting bingo balls, numbered 1-75, out of a selection device until someone wins by covering the called numbers on his bingo sheet to match a particular pattern.

### Bingo Limitations

**Session Limits.** A “bingo session” means “a single gathering at which a bingo game or series of successive bingo games are played, excluding bingo played at a charity fundraising event.”<sup>114</sup> Charitable organizations are limited to:

- One bingo session per day for up to five hours.<sup>115</sup>
- Two bingo sessions per week, which cannot exceed 10 total hours (excludes bingo played at a licensed CFE).<sup>116</sup>

Charitable organizations may not conduct bingo at the same time and location that another organization is conducting charitable gaming, except for licensed charity fundraising events.<sup>117</sup>

**Prize Limits:** Charitable organizations may not award more than \$5,000 in bingo prizes during a 24-hour period. This includes the value of door prizes and merchandise prizes.<sup>118</sup>

**Age Limits:** No person under the age of 18 can purchase bingo supplies. No person under the age of 18 can play bingo unless the organization permits them to play. If the organization allows minors to play bingo, they may only play if they are accompanied by a parent or legal guardian and may only play for non-cash prizes valued at \$10 or less.<sup>119</sup>

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.<sup>120</sup>

### Bingo Equipment

#### Terminology

- **Bingo Ball:** A ball imprinted with numbers and letters that is used in the selection process of a bingo game. This includes bingo balls generated by a random generator.<sup>121</sup>
- **Bingo Machine:** A type of selection device with a receptacle for unselected bingo balls, a blower for selecting, and a ball tray that contains 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.<sup>122</sup>

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<sup>114</sup> [KRS 238.505\(19\)](#)

<sup>115</sup> [KRS 238.545\(1\)\(a\)](#)

<sup>116</sup> [KRS 238.545\(1\)\(a\)](#)

<sup>117</sup> [820 KAR 1:042, Sec. 13\(4\)](#)

<sup>118</sup> [KRS 238.545\(1\)\(a\)](#)

<sup>119</sup> [KRS 238.545\(1\)](#)

<sup>120</sup> [820 KAR 1:042, Sec. 14\(1\)](#)

<sup>121</sup> [820 KAR 1:042, Sec. 1\(1\)](#)

<sup>122</sup> [820 KAR 1:042, Sec. 1\(2\)](#)

- Flashboard (or Display Board): A board that displays the bingo numbers called.<sup>123</sup>
- Selection Device: A device that may be operated manually or automatically and is used to randomly select bingo numbers.<sup>124</sup>
- Selection Pool: The bingo numbers in a selection device that have not been selected.<sup>125</sup> For example: the balls remaining in the blower or the balls that have not been selected by the random generator.

### Bingo Balls

The Department recommends that organizations keep an extra set of bingo balls. If an organization keeps a second set, it cannot be kept at the bingo caller's stand and must be stored with the organization's charitable gaming supplies.<sup>126</sup>

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.<sup>127</sup>

### Defects

Equipment shall be designed to produce randomness and be free of any defects when used in a bingo game.<sup>128</sup>

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.<sup>129</sup>

An organization shall not use a selection or display device with a defect that was apparent at the beginning of the session.<sup>130</sup> If an organization discovers a defect in any bingo equipment, the organization should contact the Department and the distributor from which it purchased or leased the equipment.

## Bingo Paper

### Terminology

- Bingo Paper Pack: A group of bingo paper sheets that are manufactured, collated, and sold by the manufacturer as a unit.<sup>131</sup>

<sup>123</sup> [820 KAR 1:042, Sec. 1\(14\)](#)

<sup>124</sup> [820 KAR 1:042, Sec. 1\(22\)](#)

<sup>125</sup> [820 KAR 1:042, Sec. 1\(23\)](#)

<sup>126</sup> [820 KAR 1:042, Sec. 13\(6\)](#)

<sup>127</sup> [820 KAR 1:042, Sec. 7\(3\)](#)

<sup>128</sup> [820 KAR 1:042, Sec. 7\(2\)](#)

<sup>129</sup> [820 KAR 1:042, Sec. 7\(1\)](#)

<sup>130</sup> [820 KAR 1:042, Sec. 7\(3\)](#)

<sup>131</sup> [820 KAR 1:042, Sec. 1\(3\)](#)

- Bingo Paper Package: 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.<sup>132</sup>
- Bingo Paper Sheet: A single piece of paper on which one or multiple bingo faces are printed.<sup>133</sup>
- Bundle: 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.<sup>134</sup>
- Disposable paper bingo face: A nonreusable bingo face assembled in a single sheet, multiple face sheet, pad, or pack form.<sup>135</sup>
- Face: A paper or an electronic representation containing five rows of five squares with numbers or symbols, a free center space, the letters "B", "I", "N", "G", "O" printed in order over the five columns, and a unique perm number identifying each face.<sup>136</sup>
- Perm Number: means the number located on a bingo face that identifies the unique pattern of numbers appearing on that face.<sup>137</sup>
- Hard Card: a reusable card bearing a bingo face or faces, which may only be used at CFE's.<sup>138</sup>
- Series Number: the number of unique faces contained in a series.<sup>139</sup>
- Set: A case or cases of paper that contain one of each face in a series.<sup>140</sup>
- Verification System: A book of bingo faces compiled by the manufacturer or an electronic device created by the manufacturer that lists the unique patterns of numbers on each face by perm number and is used to verify the authenticity of a winning face.<sup>141</sup>

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### Rules for Bingo Paper Sales

Individual bingo paper sheets in a pack shall not be sold as individual bingo paper sheets.<sup>142</sup>

A charitable organization must not separate faces on one paper sheet or any paper sheets in a pack prior to play.<sup>143</sup>

The price for each type of bingo sheet, pack, or package must be listed on the bingo program.<sup>144</sup>

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.<sup>145</sup>

The organization shall not duplicate or otherwise make copies of bingo paper.<sup>146</sup>

<sup>132</sup> [820 KAR 1:042, Sec. 1\(4\)](#)

<sup>133</sup> [820 KAR 1:042, Sec. 1\(5\)](#)

<sup>134</sup> [820 KAR 1:042, Sec. 1\(7\)](#)

<sup>135</sup> [820 KAR 1:042, Sec. 1\(12\)](#)

<sup>136</sup> [820 KAR 1:042, Sec. 1\(12\)\(d\)](#)

<sup>137</sup> [820 KAR 1:042, Sec. 1\(17\)](#)

<sup>138</sup> [820 KAR 1:042, Sec. 1\(16\)](#) and [820 KAR 1:042, Sec. 2\(3\)](#)

<sup>139</sup> [820 KAR 1:042, Sec. 1\(24\)](#)

<sup>140</sup> [820 KAR 1:042, Sec. 1\(26\)](#)

<sup>141</sup> [820 KAR 1:042, Sec. 1\(26\)](#)

<sup>142</sup> [820 KAR 1:042, Sec. 13\(10\)](#)

<sup>143</sup> [820 KAR 1:042, Sec. 13\(12\)](#)

<sup>144</sup> [820 KAR 1:042, Sec. 13\(13\)](#)

<sup>145</sup> [820 KAR 1:042, Sec. 13\(14\)](#)

<sup>146</sup> [820 KAR 1:042, Sec. 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.<sup>147</sup>

A charitable organization shall not sell bingo paper in a bundle.<sup>148</sup>

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.<sup>149</sup>

If a charitable organization conducts bingo 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.<sup>150</sup>

Reusable bingo hard cards can only be used at charity fundraising events.<sup>151</sup>

A charitable organization must not separate faces on one paper sheet or any paper sheets in a pack prior to play.<sup>152</sup>

#### Rules for Selling Bingo Sheets

Individual bingo paper sheets in a pack shall not be sold as individual bingo paper sheets.<sup>153</sup>

A charitable organization shall not separate faces on one paper sheet or any paper sheets in a pack prior to play.<sup>154</sup>

The price for each type of bingo sheet, pack, or package shall be listed on the bingo program.<sup>155</sup>

#### Rules for Selling Bingo Paper Packs

"Bingo paper pack" means a group of bingo paper sheets that are manufactured, collated, and sold by the manufacturer as a unit.<sup>156</sup>

Individual bingo paper sheets in a pack shall not be sold as individual bingo paper sheets.<sup>157</sup>

A charitable organization shall not separate faces on one paper sheet or any paper sheets in a pack prior to play.<sup>158</sup>

<sup>147</sup> [820 KAR 1:042, Sec. 13\(17\)](#)

<sup>148</sup> [820 KAR 1:042, Sec. 13\(18\)](#)

<sup>149</sup> [820 KAR 1:042, Sec. 13\(19\)](#)

<sup>150</sup> [820 KAR 1:042, Sec. 13\(20\)](#)

<sup>151</sup> [820 KAR 1:042, Sec. 2\(3\)](#)

<sup>152</sup> [820 KAR 1:042, Sec. 13\(12\)](#)

<sup>153</sup> [820 KAR 1:042, Sec. 13\(10\)](#)

<sup>154</sup> [820 KAR 1:042, Sec. 13\(12\)](#)

<sup>155</sup> [820 KAR 1:042, Sec. 13\(13\)](#)

<sup>156</sup> [820 KAR 1:042, Sec. 1\(4\)](#)

<sup>157</sup> [820 KAR 1:042, Sec. 13\(10\)](#)

<sup>158</sup> [820 KAR 1:042, Sec. 13\(12\)](#)

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**Commented [H(5R4)]:** That's me trying to paraphrase and doing a lazy job.

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The price for each type of bingo sheet, pack, or package shall be listed on the bingo program.<sup>159</sup>

### Rules for Selling Bingo Paper Packages

"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.<sup>160</sup>

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.<sup>161</sup>

### Braille Cards

An organization cannot allow a player to play bingo paper that was not purchased at that session, except for Braille cards.<sup>162</sup>

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.<sup>163</sup>

## Charitable Gaming Session Program

A charitable gaming session program is 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.<sup>164</sup>

The charitable gaming session program must contain:

- The charitable organization's name and license number.<sup>165</sup>
- A specific description of all bingo products for sale and the price of each product.<sup>166</sup>
- All bingo games played and the payout and alternate payout, if any, for each game; and<sup>167</sup>
- The pattern or arrangement of squares to be covered to win the game.<sup>168</sup>

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<sup>159</sup> [820 KAR 1:042, Sec. 13\(13\)](#)

<sup>160</sup> [820 KAR 1:042, Sec. 1\(4\)](#)

<sup>161</sup> [820 KAR 1:042, Sec. 13\(19\)](#)

<sup>162</sup> [820 KAR 1:042, Sec. 13\(15\)](#)

<sup>163</sup> [820 KAR 1:042, Sec. 13\(3\)](#)

<sup>164</sup> [820 KAR 1:001, Sec. 1\(6\)](#)

<sup>165</sup> [820 KAR 1:057, Sec. 7\(10\)\(a\)](#)

<sup>166</sup> [820 KAR 1:057, Sec. 7\(10\)\(b\)](#)

<sup>167</sup> [820 KAR 1:057, Sec. 7\(c\)](#)

<sup>168</sup> [820 KAR 1:042, Sec. 14\(5\)](#)

Organizations are required to take measures to notify players that tipping is not allowed, and one option is to include that notice in the charitable gaming session program.<sup>169</sup>

## Rules of Play

### Terminology

- "Selected" means a bingo number that has been obtained by the selection device and is ready to be called next by the bingo caller.<sup>170</sup>
- "Called" means that a number on a bingo ball has been selected by the selection device, verbally announced by the caller; displayed on the flashboard or other display device; and placed in a ball tray or otherwise continuously displayed until completion of the bingo game.<sup>171</sup>
- "Cover" means to daub or smear with indelible ink a square, or mark it electronically if using a card-minding device.<sup>172</sup>

### Steps for Conducting a Standard Bingo Game

1. **Verify the balls.** Every ball in the bingo machine or other selection device shall be displayed for verification at the commencement and at the completion of each bingo session.<sup>173</sup> This ensures that all 75 balls will go into the selection device, and nothing but those 75 balls will go into the selection device.
2. **Announce the prize and winning pattern.** Before calling the first number in a game, the caller must announce the prize to be awarded and pattern or arrangement of squares to be covered to win the game.<sup>174</sup>
3. **Turn off or put away cell phones:** Bingo callers must turn off cell phones and other personal electronic devices at the caller stand while engaged in the calling of a bingo game.<sup>175</sup>
4. **Call and select balls** until someone claims a bingo. For each ball selected, the caller must:
  - a. Clearly announce the number;
  - b. Display the ball or other device used in a manner allowing the players to see the number (not applicable to speed games);
  - c. Place the ball in a ball tray or other device to ensure that it cannot be selected again; and
  - d. Enter each number/letter selected on the flashboard.<sup>176</sup>
5. **Verify the winner.** A winner shall be determined when the preannounced pattern of squares is covered by a player on his card.<sup>177</sup> A card must be marked before it can be verified. When a player covers the squares needed to win the game, the player must notify a volunteer, the chairperson, or caller that the player has a winning bingo combination.<sup>178</sup> It is the player's responsibility to notify a volunteer, chairperson, or the caller that the player has a winning bingo combination.<sup>179</sup>

Commented [ANL(7)]: Duplicate?

<sup>169</sup> [820 KAR 1:060, Sec. 1\(1\)](#)

<sup>170</sup> [820 KAR 1:042, Sec. 1\(21\)](#)

<sup>171</sup> [820 KAR 1:042, Sec. 1\(8\)](#)

<sup>172</sup> [820 KAR 1:042, Sec. 1\(10\)](#)

<sup>173</sup> [820 KAR 1:042, Sec. 13\(9\)](#)

<sup>174</sup> [820 KAR 1:042, Sec. 14\(4\) through \(5\)](#)

<sup>175</sup> [820 KAR 1:042, Sec. 14\(3\)](#)

<sup>176</sup> [820 KAR 1:042, Sec. 14\(6\)](#)

<sup>177</sup> [820 KAR 1:042, Sec. 14\(5\)](#)

<sup>178</sup> [820 KAR 1:042, Sec. 14\(8\)](#)

<sup>179</sup> [820 KAR 1:042, Sec. 14\(5\)](#)

When a player declares a winning bingo, the organization must take the following steps to verify the winner:

- a. Stop the game. 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.
  - b. Verify the winning bingo. All bingo games must have a verification system provided by the manufacturer, which may be an electronic verifier or a verifier book. If an electronic verifier or verifier book is used, a volunteer for the charitable organization shall show the winning face to a neutral player (i.e., a player other than the claimed winner), and call back the perm number while in front of the neutral player.
  - c. The caller shall ask at least twice if there are any other winners before announcing the close of the game, or before closing that part of the game if it is a continuation game.<sup>180</sup>
6. **Award the prize.** Each bingo winner shall be determined and every prize shall be awarded and delivered on the same day on which the bingo was conducted.<sup>181</sup> If more than one winner is declared in a bingo game, cash prizes shall be divided equally among the verified winners, and if the prize is a non-cash prize that cannot be divided equally among the winners, prizes of proportionate value must be awarded.

If a bingo session is cancelled 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.<sup>182</sup>

#### Alternative Bingo Games

In addition to a standard bingo game, Kentucky law allows organizations to play certain variations of bingo, which are described below:

##### Pickle Jar, Bonanza Ball, and 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.<sup>183</sup>

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.<sup>184</sup>

##### Break Open Bingo (or "Bonanza Bingo")

"Break open bingo" is a bingo game in which the numbers on the face are hidden until after purchase.<sup>185</sup>

**Commented [HDM(8):** Most of these are just copied and pasted verbatim from the regulations, so a little paraphrasing would help this section out.

<sup>180</sup> [820 KAR 1:042, Sec. 21\(4\)](#)

<sup>181</sup> [820 KAR 1:042, Sec. 22\(11\)](#)

<sup>182</sup> [820 KAR 1:042, Sec. 14\(5\)](#)

<sup>183</sup> [820 KAR 1:042, Sec. 1\(18\)](#)

<sup>184</sup> [820 KAR 1:042, Sec. 15](#)

<sup>185</sup> [820 KAR 1:001, Sec. 1\(8\)](#)

The game begins 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.<sup>186</sup>

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.<sup>187</sup>

If the charitable organization allows players to trade break open bingo faces for new faces, two sets of the game faces must be maintained. One 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.<sup>188</sup>

A charitable organization shall list on the bingo program the price of the original set and the trade-in set.<sup>189</sup>

#### **Player Pick Bingo**

"Player pick bingo" is a variation of bingo in which 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.<sup>190</sup>

The player selects numbers between 1 and 75. A player shall not select more than five numbers in each column. The player may allow the machine to select the numbers.<sup>191</sup> Duplicate numbers shall not be played on a purchased face. If duplicate numbers appear on a face, the card shall be void.<sup>192</sup>

The price of each face and the amount of numbers that will be chosen shall be listed on the bingo program.<sup>193</sup> The numbers must be daubed as the balls are called when the game is played as listed on the bingo program.<sup>194</sup>

A player wins if he or she is the first person to cover the numbers.<sup>195</sup>

The Department recommends that the machine's "end of the night report" be printed and kept with the session records.

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<sup>186</sup> [820 KAR 1:042, Sec. 16\(1\)](#)

<sup>187</sup> [820 KAR 1:042, Sec. 16\(2\)](#)

<sup>188</sup> [820 KAR 1:042, Sec. 16\(4\)](#)

<sup>189</sup> [820 KAR 1:042, Sec. 16\(5\)](#)

<sup>190</sup> [820 KAR 1:042, Sec. 1\(19\)](#)

<sup>191</sup> [820 KAR 1:042, Sec. 17\(2\)](#)

<sup>192</sup> [820 KAR 1:042, Sec. 17\(3\)](#)

<sup>193</sup> [820 KAR 1:042, Sec. 17\(6\)](#)

<sup>194</sup> [820 KAR 1:042, Sec. 17\(7\)](#)

<sup>195</sup> [820 KAR 1:042, Sec. 17\(8\)](#)

### Continuation Games

A continuation game is a multipart bingo game in which more than one game with more than one pattern may be played on one bingo paper sheet.<sup>196</sup>

Multiple patterns may be played on one 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.<sup>197</sup>

Each winning pattern is verified independently.<sup>198</sup>

### 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.<sup>199</sup>

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.<sup>200</sup>

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.<sup>201</sup>

All receipts on progressive bingo games shall be reported to the Department as gross receipts for the date collected pursuant to [KRS 238.550](#).<sup>202</sup>

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.<sup>203</sup>

### Lucky Ball

Lucky Ball bingo is similar to a standard bingo, except players have the option to purchase their lucky number (1-75) that essentially serves as a free space or wild card wherever that number appears on their paper. Players may cover this square and have it count toward a winning bingo pattern even if the number is not called during the game.<sup>204</sup>

Lucky Balls tickets cannot cost more than \$5, and players are limited to one Lucky Ball ticket, which can be used in game during any the session.

Player responsibilities:

**Commented [BH(10):** Or during games stated by the organization

<sup>196</sup> [820 KAR 1:042, Sec. 1\(9\)](#)

<sup>197</sup> [820 KAR 1:042, Sec. 18\(1\)](#)

<sup>198</sup> [820 KAR 1:042, Sec. 18\(2\)](#)

<sup>199</sup> [820 KAR 1:042, Sec. 1\(20\)](#)

<sup>200</sup> [820 KAR 1:042, Sec. 19\(1\)\(a\)](#)

<sup>201</sup> [820 KAR 1:042, Sec. 19\(1\)\(b\)](#)

<sup>202</sup> [820 KAR 1:042, Sec. 19\(1\)\(c\)](#)

<sup>203</sup> [820 KAR 1:042, Sec. 19\(2\)](#)

<sup>204</sup> [820 KAR 1:042, Sec. 20\(3\)](#)

- Write their name, Lucky Ball number, and date of purchase on the Lucky Ball ticket.<sup>205</sup>
- Write their Lucky Ball number in ink on the back of each piece of bingo paper to be put into play.<sup>206</sup>
- Players must keep the same lucky ball ticket throughout the session and cannot trade, sell, or exchange the Lucky Ball ticket to another player.<sup>207</sup>

Organization responsibilities:

- Retain proceeds of Lucky Ball sales as part of the gaming proceeds during the session.<sup>208</sup>
- Retain the carbon copy or electronic duplicate copy of each lucky ball ticket and put these copies in numerical order.<sup>209</sup>
- Check photo ID of the Lucky Ball ticket purchaser to make sure they have provided their correct name on the Lucky Ball ticket and not traded it during the session.<sup>210</sup>

Verifying a Bingo: An organization must take the following steps, in addition to the procedure for verifying a winner in a standard bingo game, if the game includes Lucky Ball tickets:<sup>211</sup>

1. If the console or verifier book does not initially verify the bingo based on the perm number, ask whether a Lucky Ball was used.
2. If a Lucky Ball is part of the bingo, the volunteer must call out only the receipt number on the lucky ball ticket in front of a neutral player.
3. The caller consults the volunteer holding the carbon copies of Lucky Ball tickets and verifies that the name on the organization's copy matches the winning player's name and that the lucky ball was written on the back of the player's bingo paper.
4. The caller announces the Lucky Ball number to the monitor and audience while the neutral player is still viewing the ticket.
5. The caller announces the last number called (which may or may not be the Lucky Ball) and the number of bingos for that game and awards prizes to the winner or winners.

### Electronic Bingo and Card-Minding Devices

A card-minding device (commonly called a "CMD") or associated site system can be used to play bingo games.<sup>212</sup> A card-minding device is typically a small electronic device connected to the equipment used to run a bingo game that allows a player to store, display, and mark multiple bingo card faces. Each CMD can play up to 72 card faces at a time during any one game of a session.<sup>213</sup>

The device must be capable of being used with bingo cards or paper sheets at all times.<sup>214</sup>

Organizations using CMD systems ensure that the system does not allow a CMD 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

<sup>205</sup> [820 KAR 1:042, Sec. 20\(2\)\(c\)](#)

<sup>206</sup> [820 KAR 1:042, Sec. 20\(2\)\(e\)](#)

<sup>207</sup> [820 KAR 1:042, Sec. 20\(4\)](#)

<sup>208</sup> [820 KAR 1:042, Sec. 20\(2\)\(b\)](#)

<sup>209</sup> [820 KAR 1:042, Sec. 20\(2\)\(d\)](#)

<sup>210</sup> [820 KAR 1:042, Sec. 20\(2\)\(d\)](#)

<sup>211</sup> [820 KAR 1:042, Sec. 20\(5\)](#)

<sup>212</sup> [KRS 238.545\(1\)\(b\)](#) and [KRS 238.505\(26\)](#)

<sup>213</sup> [820 KAR 1:042, Sec. 12\(4\)](#)

<sup>214</sup> [KRS 238.545\(1\)\(b\)](#)

device was sold.<sup>215</sup>

The charitable organization shall reasonably ensure that the internet connection to the site system is operational at all times.<sup>216</sup>

### **Certification and Defects**

An organization cannot use CMDs and electronic bingo systems unless the system has been tested by an independent lab and approved by the Department.<sup>217</sup> Contact the Department if you need to verify whether a system has been tested and approved.

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.<sup>218</sup>

The Department may periodically choose to inspect a CMD or electronic bingo site system. 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.<sup>219</sup>

If an organization discovers a defect or problem with a CMD or system that could affect the integrity of the game, the organization must immediately notify the Department and the distributor that provided the system.<sup>220</sup> Depending on the nature of the defect, Department may order a recall of the affected system or that the organization cease gaming with the device or system until the defect is corrected.<sup>221</sup>

### **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.<sup>222</sup>

### **Receipts**

The charitable organization shall provide the player with a printed receipt 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;

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<sup>215</sup> [820 KAR 1:042, Sec. 12\(5\)](#)

<sup>216</sup> [820 KAR 1:042, Sec. 12\(13\)](#)

<sup>217</sup> [820 KAR 1:042, Sec. 8\(3\)](#)

<sup>218</sup> [820 KAR 1:042, Sec. 12\(3\)](#)

<sup>219</sup> [820 KAR 1:042, Sec. 12\(6\)](#)

<sup>220</sup> [820 KAR 1:042, Sec. 8\(9\)\(a\)](#)

<sup>221</sup> [820 KAR 1:042, Sec. 8\(9\)\(b\) and \(c\)](#)

<sup>222</sup> [820 KAR 1:042, Sec. 9\(6\)](#)

- 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.<sup>223</sup>

If the receipt printer malfunctions or printed receipts are not legible, the organization must provide manual receipts that contain the same information.<sup>224</sup>

If a player requests a full or partial refund, the charitable organization must void the original transaction and give the player a new receipt. Voiding the transaction is not required if the player makes additional purchases without requesting a refund of the original purchase.<sup>225</sup> If a voided transaction involves a CMD, the card-minding device shall be connected to the site system to ensure all electronic bingo cards are erased or deactivated.<sup>226</sup>

### 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.<sup>227</sup>

### 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 30 minutes after the completion of the last bingo game at that particular charitable gaming session.<sup>228</sup>

The Department recommends printing the winning card face after each game. If the organization does not have the perm number, it cannot print the face later if someone requests verification.

### Discounts and Door Prizes

If the charitable organization sells CMDs 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.<sup>229</sup>

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 that must be completed and include:

- 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

<sup>223</sup> [820 KAR 1:042, Sec. 12\(7\)](#)

<sup>224</sup> [820 KAR 1:042, Sec. 12\(11\)](#)

<sup>225</sup> [820 KAR 1:042, Sec. 12\(8\)](#)

<sup>226</sup> [820 KAR 1:042, Sec. 12\(9\)](#)

<sup>227</sup> [820 KAR 1:042, Sec. 12\(10\)](#)

<sup>228</sup> [820 KAR 1:042, Sec. 12\(12\)](#)

<sup>229</sup> [820 KAR 1:042, Sec. 12\(14\)](#)

for the voucher.

Once the voucher is completed, the player may redeem it for use of the CMD. No more than one CMD may be redeemed per player per session. The charitable organization shall retain the voucher with its session records.

If a CMD 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.<sup>230</sup>

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.<sup>231</sup>

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.<sup>232</sup>

A voucher must be redeemed on the same day as awarded.<sup>233</sup>

#### Total Sales Activity Report

After each session, 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. Organizations must retain these reports with the charitable gaming session records.<sup>234</sup>

### Bingo Records

#### Bingo Paper Sales Records

Bingo paper sale records shall contain the following information:<sup>235</sup>

- Attendance determined by headcount of number of people playing bingo at a charitable gaming session
- Each type of bingo paper being sold
- The serial number of the set of each type of paper sold
- The number of each type of bingo paper given away with the voucher being redeemed attached to the charitable gaming session records, if applicable
- Number of each type of bingo paper destroyed
- The number of each type of bingo paper sold

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<sup>230</sup> [820 KAR 1:042, Sec. 22\(7\)](#)

<sup>231</sup> [820 KAR 1:042, Sec. 22\(8\)](#)

<sup>232</sup> [820 KAR 1:042, Sec. 22\(9\)](#)

<sup>233</sup> [820 KAR 1:042, Sec. 22\(12\)](#)

<sup>234</sup> [820 KAR 1:042, Sec. 12\(15\)](#)

<sup>235</sup> [820 KAR 1:057, Sec. 5\(16\)](#)

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- The price of each type of bingo paper sold
- The number of pickle jar, bonanza ball, or hot ball games sold
- The price of pickle jar, bonanza ball, or hot ball games and whether the price is per person or per pack
- The number of player pick bingo games sold
- The price of each player pick bingo game sold
- 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
- 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
- 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
- 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
- Records of all carryover or cumulative bingo games played, which shall contain the following information:
  - The name of each progressive bingo 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; and
  - The amount carried forward to the next charitable gaming session.
- A copy of the charitable gaming session program, which must include:<sup>236</sup>
  - 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.

### **Bingo Payout Records**

Bingo payout records shall contain:<sup>237</sup>

- 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;

<sup>236</sup> [820 KAR 1:057, Sec. 5\(18\)](#)

<sup>237</sup> [820 KAR 1:057, Sec. 6\(1\)\(a\) through \(k\)](#)

- 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.

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.<sup>238</sup>

### **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<sup>239</sup>

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<sup>238</sup> [820 KAR 1:057, Sec. 6\(2\)](#)

<sup>239</sup> [820 KAR 1:057, Sec. 7](#)

# PULLTABS

## General Provisions

### Terminology

- Charity game ticket or Pulltab: A 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.
- Cumulative Pulltab Game: A pulltab game consisting of multiple pulltab deals or game sets that is designed by the manufacturer so that a portion of each deal's predetermined payout is designated to a prize pool board.<sup>240</sup>
- Deal: Each separate game or series of pulltabs that have the same serial number and that may be composed of multiple packages.<sup>241</sup>
- Event Game: 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.<sup>242</sup>
- Form Number: Means a manufacturer's alphanumeric number that identifies a pulltab payout structure.<sup>243</sup>
- Flare: 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.<sup>244</sup>
- Jackpot Prize, or Progressive Jackpot Prize: 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.<sup>245</sup>
- Jar Ticket: A type of pulltab game ticket that is folded, glued, or stapled.<sup>246</sup>
- Last Sale: 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.<sup>247</sup>
- Multi-packaged Pulltab Deal: A pulltab game consisting of a single deal or game set of not more than 25,000 tickets that is 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."<sup>248</sup>

Commented [BH(12): May not be played at bingo

<sup>240</sup> [820 KAR 1:032, Sec. 1\(2\)](#)

<sup>241</sup> [820 KAR 1:032, Sec. 1\(3\)](#)

<sup>242</sup> [820 KAR 1:032, Sec. 1\(5\)](#)

<sup>243</sup> [820 KAR 1:032, Sec. 1\(8\)](#)

<sup>244</sup> [820 KAR 1:032, Sec. 1\(7\)](#)

<sup>245</sup> [820 KAR 1:032, Sec. 1\(12\)](#)

<sup>246</sup> [820 KAR 1:032, Sec. 1\(13\)](#)

<sup>247</sup> [820 KAR 1:032, Sec. 1\(14\)](#)

<sup>248</sup> [820 KAR 1:032, Sec. 1\(15\)](#)

## Where Pulltabs May Be Sold

Organizations may only sell pulltabs at the address designated on the license.<sup>249</sup> There are additional restrictions concerning where organizations may install electronic pulltab devices (see page ## of this Manual).

Organizations may sell pulltabs at special limited charity fundraising event at any off-site location.<sup>250</sup>

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.<sup>251</sup>

## Prize Limits

Individual pulltab ticket prizes cannot exceed \$599 in value, not including the value of cumulative or carryover prizes.<sup>252</sup>

Cumulative or carryover prizes cannot exceed \$2,400. The jackpot prize pool may grow larger than \$2,400 as long as no winning ticket pays out greater than \$2,400.<sup>253</sup>

## Construction

A licensed charitable organization shall sell to the public only those paper pulltabs conforming to the requirements of this administrative regulation.<sup>254</sup>

Every deal of pulltabs must contain instructions on how to play the game.<sup>255</sup>

Pulltabs can be played with or without a seal card.<sup>256</sup>

## Volunteers

All individuals involved in the sale of pulltabs shall be trained in the proper conduct of the game and control of funds.<sup>257</sup>

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.<sup>258</sup>

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<sup>249</sup> [KRS 238.545\(1\)\(c\)](#)

<sup>250</sup> [KRS 238.545\(1\)\(d\)](#)

<sup>251</sup> [820 KAR 1:032, Sec. 20\(3\)](#)

<sup>252</sup> [KRS 238.545\(2\)](#)

<sup>253</sup> [KRS 238.545\(2\)](#)

<sup>254</sup> [820 KAR 1:032, Sec. 2\(2\)](#)

<sup>255</sup> [820 KAR 1:032, Sec. 5\(2\)](#)

<sup>256</sup> [KRS 238.505\(5\)](#)

<sup>257</sup> [820 KAR 1:032, Sec. 20\(1\)](#)

<sup>258</sup> [820 KAR 1:032, Sec. 20\(5\)](#)

## Age Restriction

No person under the age of 18 is permitted to purchase, or open in any manner, a pulltab.<sup>259</sup>

## Rules of Play

### 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.<sup>260</sup>

### Information Posted While Deal Is 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.<sup>261</sup>

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.<sup>262</sup>

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 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 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.<sup>263</sup>

### Packaging and Container

Each paper pulltab deal's package, box, or other container shall be sealed or taped at every entry point at the manufacturer's factory with a tamper resistant seal or tape.

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<sup>259</sup> [KRS 238.545\(2\)](#)

<sup>260</sup> [820 KAR 1:032, Sec. 21\(8\)](#)

<sup>261</sup> [820 KAR 1:032, Sec. 21\(1\)](#)

<sup>262</sup> [KRS 238.545\(2\)](#)

<sup>263</sup> [820 KAR 1:032, Sec. 23\(9\)](#)

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 other 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.<sup>264</sup>

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.<sup>265</sup>

If a deal of paper pulltabs is packed in more than one 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.<sup>266</sup>

### **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 15 days.<sup>267</sup>

### **Verifying Seal 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 30 days, the organization shall notify the Department in writing.<sup>268</sup>

### **Unsold Tickets and 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 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.

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<sup>264</sup> [820 KAR 1:032, Sec. 5\(1\)](#)

<sup>265</sup> [820 KAR 1:032, Sec. 21\(2\)](#)

<sup>266</sup> [820 KAR 1:032, Sec. 21\(3\)](#)

<sup>267</sup> [820 KAR 1:032, Sec. 21\(4\)](#)

<sup>268</sup> [820 KAR 1:032, Sec. 21\(5\)](#)

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.<sup>269</sup>

### **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 30 days, the organization shall notify the Department in writing.<sup>270</sup>

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.<sup>271</sup>

### **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.<sup>272</sup>

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.<sup>273</sup>

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.<sup>274</sup>

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

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<sup>269</sup> [820 KAR 1:032, Sec. 21\(7\)](#)

<sup>270</sup> [820 KAR 1:032, Sec. 21\(5\)](#)

<sup>271</sup> [820 KAR 1:032, Sec. 21\(10\)](#)

<sup>272</sup> [820 KAR 1:032, Sec. 21\(10\)](#)

<sup>273</sup> [820 KAR 1:032, Sec. 21\(23\)](#)

<sup>274</sup> [820 KAR 1:032, Sec. 21\(11\)](#)

price. The point of sale shall have a specifically described discount button for this promotion.<sup>275</sup>

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.<sup>276</sup>

## Progressive Games

### General Rules

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.<sup>277</sup>

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 progressive jackpot card is used for more than one deal.<sup>278</sup>

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.<sup>279</sup>

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.<sup>280</sup>

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.<sup>281</sup>

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.<sup>282</sup>

The jackpot prize pool in a progressive game shall be considered an adjusted gross receipt that shall be deposited within two business days of the charitable gaming session.<sup>283</sup>

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<sup>275</sup> [820 KAR 1:032, Sec. 21\(19\)](#)

<sup>276</sup> [820 KAR 1:032, Sec. 21\(20\)](#)

<sup>277</sup> [820 KAR 1:032, Sec. 23\(1\)](#)

<sup>278</sup> [820 KAR 1:032, Sec. 23\(2\)](#)

<sup>279</sup> [820 KAR 1:032, Sec. 23\(4\)](#)

<sup>280</sup> [820 KAR 1:032, Sec. 23\(5\)](#)

<sup>281</sup> [820 KAR 1:032, Sec. 23\(7\)](#)

<sup>282</sup> [820 KAR 1:032, Sec. 23\(13\)](#)

<sup>283</sup> [820 KAR 1:032, Sec. 23\(15\)](#)

### Posting Seal Cards and Jackpot Prize Cards

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 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 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.<sup>284</sup>
- 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.<sup>285</sup>

### Playing Games to Completion

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.<sup>286</sup>

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.<sup>287</sup>

### Prizes

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.<sup>288</sup>

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<sup>284</sup> [820 KAR 1:032, Sec. 23\(9\)](#)

<sup>285</sup> [820 KAR 1:032, Sec. 23\(10\)](#)

<sup>286</sup> [820 KAR 1:032, Sec. 23\(3\)](#)

<sup>287</sup> [820 KAR 1:032, Sec. 23\(8\)](#)

<sup>288</sup> [820 KAR 1:032, Sec. 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.<sup>289</sup>

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.<sup>290</sup>

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.<sup>291</sup>

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.<sup>292</sup>

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.<sup>293</sup>

## Cumulative Games

### Construction

The rules for cumulative games, carryover, or progressive games shall apply to both paper and electronic pulltabs.<sup>294</sup>

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.<sup>295</sup>

All games contributing to the cumulative prize pool or the carryover or progressive jackpot shall be of the same form number.<sup>296</sup>

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<sup>289</sup> [820 KAR 1:032, Sec. 23\(13\)](#)

<sup>290</sup> [820 KAR 1:032, Sec. 23\(9\)\(c\)](#)

<sup>291</sup> [820 KAR 1:032, Sec. 23\(10\)](#)

<sup>292</sup> [820 KAR 1:032, Sec. 23\(11\)](#)

<sup>293</sup> [820 KAR 1:032, Sec. 23\(12\)](#)

<sup>294</sup> [820 KAR 1:032, Sec. 7\(1\)](#)

<sup>295</sup> [820 KAR 1:032, Sec. 7\(2\)](#)

<sup>296</sup> [820 KAR 1:032, Sec. 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.<sup>297</sup>

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.<sup>298</sup>

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.<sup>299</sup>

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.<sup>300</sup>

A progressive pulltab game shall not be designed by the manufacturer to give any player initial odds greater than a 50% chance to win the progressive jackpot.<sup>301</sup>

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.<sup>302</sup>

#### **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 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 30 days, the organization shall notify the Department in writing.<sup>303</sup>

#### **Completing the Game**

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 15 days with information

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<sup>297</sup> [820 KAR 1:032, Sec. 7\(4\)](#)

<sup>298</sup> [820 KAR 1:032, Sec. 7\(5\)](#)

<sup>299</sup> [820 KAR 1:032, Sec. 7\(6\)](#)

<sup>300</sup> [820 KAR 1:032, Sec. 7\(7\)](#)

<sup>301</sup> [820 KAR 1:032, Sec. 7\(8\)](#)

<sup>302</sup> [820 KAR 1:032, Sec. 7\(9\)](#)

<sup>303</sup> [820 KAR 1:032, Sec. 21\(5\)](#)

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.<sup>304</sup>

### **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.<sup>305</sup>

A holder of a winning pulltab shall have 15 days to redeem the winning ticket. If the prize is not claimed within 15 days, the prize shall be considered unclaimed and be retained as property of the organization.<sup>306</sup>

### **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.<sup>307</sup>

### **Awarding the 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.<sup>308</sup>

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<sup>304</sup> [820 KAR 1:032, Sec. 21\(7\)](#)

<sup>305</sup> [820 KAR 1:032, Sec. 21\(11\)](#)

<sup>306</sup> [820 KAR 1:032, Sec. 21\(12\)](#)

<sup>307</sup> [820 KAR 1:032, Sec. 21\(1\)](#)

<sup>308</sup> [820 KAR 1:032, Sec. 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.<sup>309</sup>

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.<sup>310</sup>

## Other Types of Pulltab Games

### Jar Tickets

Jar tickets shall be played and prizes awarded as stated on the flare received with each deal.<sup>311</sup>

**Commented [HDM(13):** These subsections should probably explain what the game is (what's a jar ticket? A last sale? Etc.)

### 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.<sup>312</sup>

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.<sup>313</sup>

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.

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<sup>309</sup> [820 KAR 1:032, Sec. 21\(23\)](#)

<sup>310</sup> [820 KAR 1:032, Sec. 21\(11\)](#)

<sup>311</sup> [820 KAR 1:032, Sec. 21\(22\)](#)

<sup>312</sup> [820 KAR 1:032, Sec. 21\(1\)](#)

<sup>313</sup> [820 KAR 1:032, Sec. 21\(2\)](#)

The date the seal tab was opened shall be recorded on the seal card.<sup>314</sup>

#### **Last Sale Games**

Shall only be sold by an organization at its office location and not during a bingo session.<sup>315</sup>

An event game shall not contain a "last sale" feature.<sup>316</sup>

#### **Multipackaged Deal**

The rules for multipackaged pulltab deals shall apply to both paper and electronic pulltabs. Every package shall be played for the deal to show the stated profit.<sup>317</sup>

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.<sup>318</sup>

#### **Event Games**

The rules for event games shall apply to both paper and electronic pulltabs.<sup>319</sup>

An event game shall not contain a "last sale" feature.<sup>320</sup>

The number of winners and the prize amounts shall be built into the payout structure for the game by the manufacturer.<sup>321</sup>

An event ticket prize shall not exceed the individual ticket prize limit for a pulltab game.<sup>322</sup>

The prize for an event pulltab game shall not be considered a bingo prize.<sup>323</sup>

### **Pulltab Dispensers**

An organization may have a pulltab dispenser at the gaming facility or its office location. It can only be used during bingo sessions.<sup>324</sup>

Pulltab dispensers are charitable gaming supplies that must be made by a licensed manufacturer and sold by a licensed distributor.

Organizations must have prior approval of the Department before using a pulltab dispenser.<sup>325</sup>

**Commented [BH(14)]:** I thought we changed this to let them use the dispenser any time they are licensed.

**Commented [BH(15)]:** We have never asked for prior approval that I know of

<sup>314</sup> [820 KAR 1:032, Sec. 22\(3\)](#)

<sup>315</sup> [820 KAR 1:032, Sec. 21\(23\)](#)

<sup>316</sup> [820 KAR 1:032, Sec. 8\(2\)](#)

<sup>317</sup> [820 KAR 1:032, Sec. 9\(1\)](#)

<sup>318</sup> [820 KAR 1:032, Sec. 9\(8\)](#)

<sup>319</sup> [820 KAR 1:032, Sec. 8\(1\)](#)

<sup>320</sup> [820 KAR 1:032, Sec. 8\(2\)](#)

<sup>321</sup> [820 KAR 1:032, Sec. 8\(3\)](#)

<sup>322</sup> [820 KAR 1:032, Sec. 8\(4\)](#)

<sup>323</sup> [820 KAR 1:032, Sec. 8\(5\)](#)

<sup>324</sup> [KRS 238.545\(1\)\(e\)](#)

<sup>325</sup> [KRS 238.545\(1\)\(e\)](#)

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.<sup>326</sup>

Each charitable organization operating the dispenser shall place upon the dispenser an identification label that displays the organization's name and license number.<sup>327</sup>

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.<sup>328</sup>

The entire deal of pulltabs shall be sold from the dispenser and shall not be sold on the floor.<sup>329</sup>

All pulltabs in any one column shall have the same serial number.<sup>330</sup>

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.<sup>331</sup>

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.<sup>332</sup>

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.<sup>333</sup>

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.<sup>334</sup>

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<sup>326</sup> [820 KAR 1:032, Sec. 16\(1\)](#)

<sup>327</sup> [820 KAR 1:032, Sec. 16\(2\)](#)

<sup>328</sup> [820 KAR 1:032, Sec. 16\(3\)](#)

<sup>329</sup> [820 KAR 1:032, Sec. 16\(4\)](#)

<sup>330</sup> [820 KAR 1:032, Sec. 16\(5\)](#)

<sup>331</sup> [820 KAR 1:032, Sec. 16\(6\)](#)

<sup>332</sup> [820 KAR 1:032, Sec. 16\(7\)](#)

<sup>333</sup> [820 KAR 1:032, Sec. 16\(8\)](#)

<sup>334</sup> [820 KAR 1:032, Sec. 17](#)

## Electronic Pulltabs

### General Provisions

Unless otherwise specified by a statute or regulation, all provisions of Kentucky charitable gaming law concerning paper pulltabs also apply to electronic pulltabs.

Before initial use, the organization should make sure that the electronic pulltab system they plan to use is made by licensed manufacturer, purchased or leased from a licensed distributor, tested by independent lab, and approved by the Department.<sup>335</sup>

### Locations

Charitable organizations may only install electronic pulltabs at the following locations and in the following quantities:<sup>336</sup>

Type of Location	Maximum Number of Devices
Organization's Primary Office Location	35
Unlicensed Facility During a Bingo Session	50
Licensed Charitable Gaming Facility	50
Licensed Charity Fundraising Event	50

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### Prize Limits

Individual paper and electronic pulltab ticket prizes cannot exceed \$599 in value, not including the value of cumulative or carryover prizes.<sup>337</sup>

### Volunteers

All individuals involved in the sale of pulltabs shall be trained in the proper conduct of the game and control of funds.<sup>338</sup>

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.<sup>339</sup>

### Age Restriction

No person under the age of 18 is permitted to purchase, or open in any manner, a pulltab.<sup>340</sup>

Before purchasing or being provided with an electronic pulltab device, a player shall present proof that the player is at least 18 years of age. Proof shall be in the form of a picture identification card that includes

<sup>335</sup> [820 KAR 1:032, Sec. 33\(1\)](#)

<sup>336</sup> [820 KAR 1:032, Sec. 33\(3\)](#)

<sup>337</sup> [KRS 238.545\(2\)](#)

<sup>338</sup> [820 KAR 1:032, Sec. 20\(1\)](#)

<sup>339</sup> [820 KAR 1:032, Sec. 20\(5\)](#)

<sup>340</sup> [KRS 238.545\(2\)](#)

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.<sup>341</sup>

#### **Inactive 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.<sup>342</sup>

Each player shall be limited to the use of one electronic pulltab device at a time.<sup>343</sup>

#### **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.<sup>344</sup>

#### **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.<sup>345</sup>

The organization shall reasonably ensure that the connection to the electronic pulltab system's central computer system is operational at all times.<sup>346</sup>

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.<sup>347</sup>

#### **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.<sup>348</sup>

### **Pulltab 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

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<sup>341</sup> [820 KAR 1:032, Sec. 33\(7\)](#)

<sup>342</sup> [820 KAR 1:032, Sec. 33\(6\)](#)

<sup>343</sup> [820 KAR 1:032, Sec. 33\(8\)](#)

<sup>344</sup> [820 KAR 1:032, Sec. 33\(13\)](#)

<sup>345</sup> [820 KAR 1:032, Sec. 33\(9\)](#)

<sup>346</sup> [820 KAR 1:032, Sec. 33\(11\)](#)

<sup>347</sup> [820 KAR 1:032, Sec. 30\(1\)\(a\)](#)

<sup>348</sup> [820 KAR 1:032, Sec. 33\(10\)](#)

sales. The sales shall be reported on the financial report.<sup>349</sup>

### **Paper Pulltab Records**

Organizations must keep the following for 12 months, which may be retained at the gaming location:<sup>350</sup>

- 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.

Pulltab records shall contain the following information for each charitable gaming session:<sup>351</sup>

- 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:<sup>352</sup>

- 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.

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<sup>349</sup> [820 KAR 1:032, Sec. 21\(6\)](#)

<sup>350</sup> [820 KAR 1:032, Sec. 21\(15\)\(a\) and \(b\)](#)

<sup>351</sup> [820 KAR 1:057, Sec. 8](#)

<sup>352</sup> [820 KAR 1:057, Sec. 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.<sup>353</sup>

#### **Progressive Pulltab 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.<sup>354</sup>

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.<sup>355</sup>

A licensed charitable organization shall report to the Department concerning its play of seal card games with a progressive prize on the financial report.<sup>356</sup>

The jackpot prize pool in a progressive game shall be considered an adjusted gross receipt that shall be deposited within two business days of the charitable gaming session.<sup>357</sup>

#### **Pulltab Dispenser Records**

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.<sup>358</sup>

#### **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;

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<sup>353</sup> [820 KAR 1:057, Sec. 8\(1\)](#)

<sup>354</sup> [820 KAR 1:032, Sec. 23\(11\)](#)

<sup>355</sup> [820 KAR 1:032, Sec. 23\(12\)](#)

<sup>356</sup> [820 KAR 1:032, Sec. 23\(14\)](#)

<sup>357</sup> [820 KAR 1:032, Sec. 23\(15\)](#)

<sup>358</sup> [820 KAR 1:032, Sec. 18\(1\)](#)

- 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.<sup>359</sup>

#### **Recording Pulltabs Awarded as Prizes**

If an organization awards paper pulltab or electronic pulltabs 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.<sup>360</sup>

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<sup>359</sup> [820 KAR 1:057, Sec. 9](#)

<sup>360</sup> [820 KAR 1:057, Sec. 6\(2\)](#)

# CHARITY FUNDRAISING EVENTS (“CFEs”)

## Basics of CFEs and SLCFEs

A **charity fundraising event (“CFE”)** is a fundraising activity of limited duration at which games of chance approved by the Department are conducted.

CFEs must also include activities or events that attract patrons for community, social, and entertainment purposes other than charitable gaming, such as fairs, festivals, carnivals, bazaars, and conventions.<sup>361</sup> This means that charitable gaming is not the main focus of the event: the gaming activities must occur along with the other event activities.

Licensed charitable organizations conducting a CFE may conduct the following games:<sup>362</sup>

- Bingo
- Raffles
- Charity game tickets (paper and electronic)
- Special limited games (see below for further explanation)
- Wagering on prerecorded horse races
- Other games of chance with approval of the Department.

A **special limited charity fundraising event (“SLCFE”)** is a type of CFE, typically called a “casino night” or “Monte Carlo night,” at which the predominate number of games offered for play as special limited charitable games. Special limited games are:

- Roulette
- Blackjack
- Poker
- Keno
- Money wheels
- Baccarat
- Pusher-type games
- Dice games in which the player competes against the house

Organizations must ensure that no person under age 18 plays any special limited games.<sup>363</sup>

Since an SLCFE is a type of CFE, the rules governing CFEs apply to SLCFEs unless the statute or regulation makes a distinction.

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<sup>361</sup> [KRS 238.505\(8\)](#)

<sup>362</sup> [KRS 238.505\(8\)](#)

<sup>363</sup> [KRS 238.545\(4\)\(e\)](#)

Differences Between CFEs and SLCFEs		
	CFEs	SLCFEs
Number an Organization May Host Each Year	Eight <sup>364</sup>	Two <sup>*365</sup>
Types of Games	Half or less are special limited games	At least half are special limited games
Time Limit	72 hours, except for city, county, and state fairs <sup>366</sup>	1 session, up to 6 hours, and only between noon and 1 AM <sup>367</sup>
Cash Payments Allowed for Special Limited Games	Yes	No (must use chips, scrip, or imitation money purchased from a central bank or cashier).

\* SLCFEs count toward an organization's eight allowed CFEs

### Licensing Requirements

Organizations must first obtain a charitable gaming license or exemption in order to conduct a CFE. In addition to an ordinary charitable gaming license, licensed charitable gaming organizations must obtain a separate charity fundraising event license to host a CFE.<sup>368</sup> This form must be submitted at least 30 days prior to the scheduled date for a charity fundraising event on Form CG-APP-ORG-CFE.<sup>369</sup>

A CFE license is not required to conduct a noncash prize wheel game in which the prize is valued at \$100 or less. This includes cake wheels or walks.<sup>370</sup> These events may be added to an organization's ordinary charitable gaming license.

Each application for licensure under this administrative regulation shall be accompanied by a:

- \$25 fee, and
- Copy of the executed lease for the charitable gaming facility, if applicable.<sup>371</sup>

<sup>364</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>365</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>366</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>367</sup> [KRS 238.547\(1\) through \(2\)](#)

<sup>368</sup> [KRS 238.545\(4\)\(a\)](#)

<sup>369</sup> [820 KAR 1:055, Sec. 1\(1\)](#)

<sup>370</sup> [KRS 238.545\(4\)\(b\)](#)

<sup>371</sup> [820 KAR 1:055, Sec. 1\(2\)](#)

### Permissible Locations for CFEs

A charitable organization may hold a CFE or SLCFE on its own premises, at a licensed charitable gaming facility, or at an unlicensed charitable gaming facility. Organizations must ensure that the date, time, and location of the event is stated on the organization's license and the license is prominently displayed at the event. Unlike with bingo and pulltabs, a charitable organization may hold a CFE in any Kentucky county and is not limited to the county in which its office is located.<sup>372</sup>

The table below shows how many CFEs, CFEs with special limited games, and SLCFEs can be hosted on an organization's own premises, at a licensed facility, and at an unlicensed facility each year. Note that these restrictions are in addition to the maximum number of CFEs and SLCFEs allowed for each charitable organization.

**Where CFEs and SLCFEs May Be Conducted**

Type of Event	Events Allowed Per Location		
	Organization's Own Premises	Licensed Facility	Unlicensed Facility
CFEs	8 per year per organization <sup>373</sup>	No limit	No limit
CFEs with Special Limited Games	8 per year per organization <sup>374</sup>	1 per week, 7 per year <sup>375</sup>	No limit
SLCFEs	2 per year per organization <sup>376</sup>	1 per week, 7 per year <sup>377</sup>	1 per year <sup>*378</sup>

\* In addition to the limit of one SLCFE per year for unlicensed facilities, an organization hosting an SLCFE at an unlicensed facility must ensure that the facility is either closed to the general public or the SLCFE event is held in a separate room not accessible to the public, that the equipment used for the SLCFE is removed within two working days of the event, and that the prohibitions on licensed facility owners, officers, employees, contractees, and affiliates found in KRS 238.555(3) are followed.<sup>379</sup>

### Advertising and Pre-Registrations

Organizations may not advertise or accept preregistrations for a CFE until the Department has issued the license for the event.<sup>380</sup>

Once a license is issued, players may preregister for the event prior to the day of the event if payment is

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<sup>372</sup> [KRS 238.535\(8\)\(d\)](#)

<sup>373</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>374</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>375</sup> [KRS 238.555\(7\)](#)

<sup>376</sup> [KRS 238.545\(4\)\(e\)](#)

<sup>377</sup> [KRS 238.547\(2\)\(b\)](#), and [KRS 238.555\(7\)](#)

<sup>378</sup> [KRS 238.547\(2\)\(c\)1](#)

<sup>379</sup> [KRS 238.547\(2\)\(c\)2.-4.](#), and [KRS 238.555\(3\)](#)

<sup>380</sup> [820 KAR 1:055, Sec. 1\(4\)](#)

received by the charitable organization.<sup>381</sup>

### Special Considerations for Gaming Conducted at CFEs

#### Bingo

Bingo conducted at a CFE does not count as one of an organization's two weekly bingo sessions.

Cash prizes for bingo games during a CFE may not exceed \$5,000 for the entire event.<sup>382</sup>

A person under 18 years of age may play bingo at a CFE if the minor is accompanied by a parent or legal guardian.<sup>383</sup>

Reusable bingo hard cards may be used at CFE's.<sup>384</sup>

#### Pulltabs

While exempt organizations may host CFEs, exempt organizations may not sell pulltabs as part of their CFEs.<sup>385</sup>

#### Raffles

Organizations may sell raffle tickets in discounted bundles at CFEs (e.g., tickets cost \$1 apiece, but a purchaser may get six tickets for \$5).<sup>386</sup>

If the organizations sells all the tickets for a raffle and conducts the drawing as part of a CFE, then it may draw tickets until a winner claims the prize without having to follow the usual notification and waiting period requirements for ordinary raffles, regardless of the cost of the ticket.

#### Other Games of Chance

Charitable organizations may conduct games of chance other than those described in this section with prior approval of the Department. To request approval of game, provide a description of the rules of the game and how prizes will be awarded in response to question 9 on page 2 of the Charity Fundraising Event Application (Form CG-APP-ORG-CFE).

### Special Limited Charitable Games

#### Supplies, Equipment, & Expenses

Roulette wheels and craps tables are considered charitable gaming supplies and shall be obtained from a licensed distributor. Licensed charitable organizations must pay for roulette wheels and craps tables from the charitable gaming account and may only purchase or lease them from a licensed distributor.<sup>387</sup>

Poker tables, blackjack tables, prize wheels, and chips, scrip, or imitation money are not considered

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<sup>381</sup> [820 KAR 1:055, Sec. 1\(5\)](#)

<sup>382</sup> [KRS 238.545\(4\)\(c\)](#)

<sup>383</sup> [KRS 238.545\(4\)\(c\)](#)

<sup>384</sup> [820 KAR 1:042, Sec. 2\(3\)](#)

<sup>385</sup> [820 KAR 1:055, Sec. 1\(6\)](#)

<sup>386</sup> [KRS 238.545\(3\)\(c\)](#)

<sup>387</sup> [820 KAR 1:055, Sec. 4\(2\)](#)

charitable gaming supplies or equipment and may be purchased from ordinary sources of supply and must not be purchased using the organization's charitable gaming account.<sup>388</sup>

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 30 days following the event. The contract must specify exactly which items provided, at what cost, and from whom.<sup>389</sup>

Licensed charitable gaming organizations may not hire outside companies to conduct and administer these games on behalf of the charity. All charitable gaming, including special limited charitable games, must be conducted and administered solely by officers, members, employees, or volunteers of the licensed charitable organization.<sup>390</sup>

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.<sup>391</sup>

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.<sup>392</sup>

When writing the check to reimburse the general account, the Department recommends indicating on the financial report that the check is to reimburse the general account for a gaming expense.

### **Tournaments**

If the special limited games are played as a tournament, the organization must:

- Keep a record of attendance;
- Provide a program that lists:
  - The cost to enter;
  - The cost of the buy backs;
  - 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).<sup>393</sup>
- Complete and retain volunteer sheet (Form CG-VOL).<sup>394</sup>

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<sup>388</sup> [820 KAR 1:055, Sec. 4\(1\)](#)

<sup>389</sup> [820 KAR 1:055, Sec. 4\(3\)](#)

<sup>390</sup> [KRS 238.540\(4\) through \(5\)](#)

<sup>391</sup> [820 KAR 1:055, Sec. 5\(2\)](#)

<sup>392</sup> [820 KAR 1:055, Sec. 5\(3\)](#)

<sup>393</sup> [820 KAR 1:055, Sec. 6\(10\)](#)

<sup>394</sup> [820 KAR 1:057, Sec. 12\(7\)](#)

### Central Banks

Players cannot use cash to play special limited games at a SLCFE.<sup>395</sup> These 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.<sup>396</sup>

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.<sup>397</sup>

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.<sup>398</sup>

For all games that require a central bank to be used, the organization shall report:

- Gross receipts as the amount of money received for selling chips, scrip, or imitation money;
- Payouts as all chips, scrip, or imitation money redeemed; and
- Adjusted gross receipts as all money remaining.<sup>399</sup>

### 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 24 hours after the end of the event.<sup>400</sup>

## Charity Fundraising Event Records

### Charity Fundraising Events

An organization conducting a charity fundraising event must retain the following records:<sup>401</sup>

- 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

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<sup>395</sup> [KRS 238.547\(3\)](#)

<sup>396</sup> [KRS 238.547\(3\)](#)

<sup>397</sup> [KRS 238.547\(3\)](#)

<sup>398</sup> [820 KAR 1:055, Sec. 6\(9\)](#)

<sup>399</sup> [820 KAR 1:055, Sec. 6\(8\)](#)

<sup>400</sup> [KRS 238.547\(4\)](#)

<sup>401</sup> [820 KAR 1:057, Sec. 11](#)

- 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
- If the charity fundraising event continues for more than one 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.

#### **Special Limited Charity Fundraising Event Records**

Special limited charity fundraising event records shall contain the following information for special limited charitable gaming events:<sup>402</sup>

- 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 re-deemed 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

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<sup>402</sup> [820 KAR 1:057, Sec. 12](#)

- 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.

# ACCOUNTING, RECORDKEEPING, AND REPORTING

## General Principles of Accounting and Recordkeeping

A charitable organization must appoint a **chief financial officer** (“CFO”). The CFO is responsible for ensuring that the organization’s charitable gaming records are accurate, complete, and regularly available for inspection by the Department.<sup>403</sup>

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.<sup>404</sup>

Charitable organizations shall prepare and maintain accurate and adequate corporate or other organizational records, such as articles of incorporation, minutes of board of directors meetings, and resolutions.<sup>405</sup>

### Terminology

**Gross Receipts:** All moneys collected or received from the conduct of charitable gaming<sup>406</sup> (i.e., all of the money the organization takes in from selling bingo paper, pulltabs, raffle tickets, etc.)

**Adjusted Gross Receipts:** Gross receipts less all cash prizes and the amount paid for merchandise prizes purchased (i.e., the money a charity has left after paying the winning players)

**Net Receipts:** Adjusted gross receipts less all expenses, charges, fees, and deductions authorized by KRS Chapter 238 (i.e., the money the charity has left after paying out winners and subtracting its operating expenses)

**Cash short:** The total amount of money 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.<sup>407</sup>

**Cash over:** The total amount of money 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.<sup>408</sup>

**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.<sup>409</sup>

**Merchandise prize:** A non-cash prize given away at a charitable gaming session either as a game prize or a door prize.<sup>410</sup>

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<sup>403</sup> [820 KAR 1:057, Sec. 3\(1\)](#)

<sup>404</sup> [820 KAR 1:057, Sec. 3\(2\)](#)

<sup>405</sup> [820 KAR 1:057, Sec. 3\(3\)](#)

<sup>406</sup> [KRS 238.505\(12\)](#)

<sup>407</sup> [820 KAR 1:001, Sec. 1\(3\)](#)

<sup>408</sup> [820 KAR 1:001, Sec. 1\(4\)](#)

<sup>409</sup> [KRS 238.505\(16\)](#)

<sup>410</sup> [820 KAR 1:001, Sec. 1\(13\)](#)

Purchased prize: Any merchandise prize that was purchased and not donated.<sup>411</sup>

### **Expenditures & Organizational Charitable Purpose**

Charitable organizations shall maintain detailed records of all expenditures made in furtherance of its charitable purpose, including all charitable contributions.<sup>412</sup>

Charitable organizations must keep detailed records of all expenditures made in furtherance of its charitable purpose, including all charitable contributions.<sup>413</sup>

### **Inspection of Records**

The Department staff may request to inspect charitable gaming records for any licensee. When the Department requests records from an organization, the organization shall provide records requested by the Department within 10 calendar days, unless a longer response time is granted.<sup>414</sup>

Monthly bank statements and reconciliations for all accounts shall be maintained by the charitable organization for three years following the close of a calendar year.<sup>415</sup>

All records shall be made available for inspection and audit at the request of the Department.<sup>416</sup>

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.<sup>417</sup>

### **Charitable Gaming Account**

A licensed charitable organization must establish and maintain one bank account to be used for its charitable gaming receipts. This account must:

- Be separate from any other account maintained by the organization.<sup>418</sup>
- Be designated the "charitable gaming account" and<sup>419</sup>
- Be maintained at a financial institution located in Kentucky.<sup>420</sup>

No money besides charitable gaming receipts may be deposited or transferred into the charitable gaming account.<sup>421</sup>

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<sup>411</sup> [820 KAR 1:001, Sec. 1\(18\)](#)

<sup>412</sup> [820 KAR 1:057, Sec. 3\(4\)](#)

<sup>413</sup> [820 KAR 1:057, Sec. 3\(4\)](#)

<sup>414</sup> [820 KAR 1:057, Sec. 3\(7\)](#)

<sup>415</sup> [820 KAR 1:057, Sec. 1\(6\)](#)

<sup>416</sup> [820 KAR 1:057, Sec. 3\(5\)](#)

<sup>417</sup> [820 KAR 1:057, Sec. 3\(6\)](#)

<sup>418</sup> [820 KAR 1:057, Sec. 1\(1\)](#) and [KRS 238.550\(2\)](#)

<sup>419</sup> [KRS 238.550\(2\)](#)

<sup>420</sup> [KRS 238.550\(2\)](#)

<sup>421</sup> [KRS 238.550\(2\)](#)

All charitable gaming expenses and charitable donations from charitable gaming receipts must be made from the charitable gaming account. If the organization purchases prizes to be awarded in charitable gaming, the prizes must be purchased with the charitable gaming account.<sup>422</sup>

Payments or donations from the account may only be made by bona fide officers of the organization.<sup>423</sup>

#### **Checks from the Gaming Account**

Checks from the charitable gaming account must:<sup>424</sup>

- 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.

Unless it is for start-up cash, no check may be made payable to “cash” or “bearer.” Checks must be made payable to specific persons or organizations.<sup>425</sup>

#### **Electronic Funds Transfers**

Organizations may 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.<sup>426</sup>

#### **Retention of Charitable Gaming Account Records**

**Bank Statements:** Organizations must retain all monthly bank statements and reconciliations for all accounts for three years following the close of a calendar year.<sup>427</sup>

**Check Images:** Bank image copies of the fronts and backs of checks from any account into which charitable gaming funds are deposited or transferred shall be made available to the Department upon request.<sup>428</sup> This includes checks on accounts other than just the charitable gaming account.

**Returned Checks:** Checks that have been returned for insufficient funds that have not been collected shall be retained by the charitable organization for three 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.<sup>429</sup>

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<sup>422</sup> [KRS 238.550\(3\)](#)

<sup>423</sup> [KRS 238.550\(3\)](#)

<sup>424</sup> [KRS 238.550\(3\)](#)

<sup>425</sup> [KRS 238.550\(3\)](#)

<sup>426</sup> [KRS 238.550\(3\)](#)

<sup>427</sup> [820 KAR 1:057, Sec. 1\(6\)](#)

<sup>428</sup> [820 KAR 1:057, Sec. 1\(7\)](#)

<sup>429</sup> [820 KAR 1:057, Sec. 1\(5\)](#)

## Deposits

### Time for Deposits

Organizations must deposit charitable gaming receipts within two days of the gaming session at which they were received.<sup>430</sup> The only exception to the two-day deposit requirement is that organizations that only conduct pulltab gaming and whose weekly gross receipts are under \$2,500 may deposit their charitable gaming receipts on a weekly basis.<sup>431</sup>

### Handling of Money

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.<sup>432</sup>

Only chairpersons, officers, or employees of the organization may handle adjusted gross receipts from gaming.<sup>433</sup>

An officer or a chairperson of the charitable organization must count and verify the gaming proceeds. A count may be verified by a volunteer.<sup>434</sup>

### Deposit Reconciliation

An organization must include deposit reconciliation worksheets with their charitable gaming session records. The deposit reconciliation worksheet must record:

- 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
- 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.

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<sup>430</sup> [820 KAR 1:057, Sec. 1\(3\)](#)

<sup>431</sup> [KRS 238.550\(11\)](#)

<sup>432</sup> [820 KAR 1:057, Sec. 1\(3\)](#)

<sup>433</sup> [KRS 238.550\(1\)](#)

<sup>434</sup> [820 KAR 1:057, Sec. 4\(2\)](#)

The deposit reconciliation must list the following information separately. This information must also be listed separately on the deposit slip, which the organization must also retain:<sup>435</sup>

- All types of deposits, including startup cash
- Returned checks collected and check collection fees
- Progressive game carry forward
- Cash prizes not awarded
- Adjusted gross receipts
- Each individual check
- Total cash and coins

If a register tape is run listing the amounts of the individual checks, it may be attached to the deposit slip.

### Charitable Gaming Expenses

#### Allowable Expenses

Organizations must pay for all charitable gaming expenses and make donations of charitable gaming funds by check or electronic fund transfer directly from the charitable gaming account.<sup>436</sup> All other expenses must be paid from other accounts.<sup>437</sup>

The following expenses are designated as charitable gaming expenses:<sup>438</sup>

- Charitable gaming supplies and equipment
- Rent
- Utilities
- Insurance
- Advertising
- Janitorial services
- Bookkeeping and accounting services
- Security services
- Membership dues for participation in a charitable gaming trade organization
- Banking fees or charges paid to a financial institution, check reader, or verification services (including monthly service charges, check verification service charges, check printing charges, returned check charges, copying charges for bank records, and credit card processing charges)
- Volunteer food, to be consumed on gaming premises, not to exceed \$15 per volunteer, per day
- Any noncash item not to exceed \$50 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;

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<sup>435</sup> [820 KAR 1:057, Sec. 1\(4\)](#)

<sup>436</sup> [KRS 238.550](#) and [820 KAR 1:057, Sec. 1\(2\)](#)

<sup>437</sup> [KRS 238.550\(9\)](#) and [820 KAR 1:057, Sec. 13](#)

<sup>438</sup> [KRS 238.550\(7\)](#) and [820 KAR 1:057, Sec. 13](#)

- 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
- Customary and usual fees or charges incurred in the collection of checks dishonored for insufficient funds.<sup>439</sup>

#### Further Clarification of Certain Expenses

**Utilities:** 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.<sup>440</sup>

**Advertising:** 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.<sup>441</sup>

**Bookkeeping Expenses:** 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.<sup>442</sup>

**Security Services:** 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.<sup>443</sup>

#### 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.<sup>444</sup>

<sup>439</sup> [820 KAR 1:057, Sec. 13\(2\) through \(10\)](#)

<sup>440</sup> [820 KAR 1:057, Sec. 14\(1\)](#)

<sup>441</sup> [802 KAR 1:057, Sec. 14\(2\)](#)

<sup>442</sup> [820 KAR 1:057, Sec. 14\(3\)](#)

<sup>443</sup> [820 KAR 1:057, Sec. 14\(4\)](#)

<sup>444</sup> [820 KAR 1:025, Sec. 3\(5\)](#)

## Start-Up Cash

If an organization needs start-up cash for its charitable gaming session and withdraws the funds from the charitable gaming account, it must deposit those funds back into the gaming account with its session deposit.<sup>445</sup>

If the organization obtains start-up cash from another source, the organization must identify the source on the charitable gaming session sheet, which must be signed by the chairperson of the charitable organization.<sup>446</sup>

Start-up cash from one charitable organization may 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.<sup>447</sup>

## Coupons, Gift Certificates, and Vouchers

### Coupons

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.<sup>448</sup>

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.<sup>449</sup>

### Gift Certificates

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.<sup>450</sup>

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 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 gift certificate shall be retained with the charitable gaming session records.<sup>451</sup>

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<sup>445</sup> [KRS 238.550\(3\)](#)

<sup>446</sup> [820 KAR 1:057, Sec. 2\(1\)](#)

<sup>447</sup> [820 KAR 1:057, Sec. 2\(2\)](#)

<sup>448</sup> [820 KAR 1:057, Sec. 4\(4\)](#)

<sup>449</sup> [820 KAR 1:057, Sec. 4\(5\)](#)

<sup>450</sup> [820 KAR 1:057, Sec. 4\(6\)](#)

<sup>451</sup> [820 KAR 1:057, Sec. 4\(7\)](#)

## Vouchers

Vouchers are only necessary in the following instances:<sup>452</sup>

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

Vouchers shall be redeemed on the same day as awarded.<sup>453</sup>

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.<sup>454</sup>

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 card-minding device or one 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.<sup>455</sup>

<sup>452</sup> [820 KAR 1:037, Sec. 4\(4\) through \(7\)](#)

<sup>453</sup> [820 KAR 1:032, Sec. 21\(21\)](#)

<sup>454</sup> [820 KAR 1:032, Sec. 21\(18\)\(a\)](#)

<sup>455</sup> [820 KAR 1:032, Sec. 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.<sup>456</sup>

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.<sup>457</sup>

### Charitable Gaming Session Records

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.<sup>458</sup>

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;
- 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;

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<sup>456</sup> [820 KAR 1:032, Sec. 21\(17\)\(a\)](#)

<sup>457</sup> [820 KAR 1:032, Sec. 21\(17\)\(b\) through \(d\)](#)

<sup>458</sup> [820 KAR 1:057, Sec. 4\(1\)](#)

- 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.<sup>459</sup>

All charitable gaming receipts and records shall be kept separate from other receipts and records.<sup>460</sup>

All charitable gaming session records shall be retained by the charitable organization for a period of **three years**. Charitable gaming session records shall be made available for inspection and audit by the Department upon request.<sup>461</sup>

Charitable organizations shall provide records requested by the Department within 10 calendar days unless a longer response time is requested and granted by the Department.<sup>462</sup>

For more information concerning records that are required to be kept for specific types of charitable gaming, refer to those chapters of this manual.

## Financial Reports

### General Provisions

This section of the Training Manual only applies to licensed charitable organizations. For information about the financial reporting required for exempt organizations, refer to the Exempt Organizations section of the Licensing chapter of this Manual.

Licensed charitable gaming organizations are required submit a financial report to the Department either annually or quarterly that accounts for all of the licensee's charitable gaming funds. Most organizations will be required to submit these reports quarterly, but some organizations are eligible to file one annual report (see below).<sup>463</sup>

The report must be filed on Form CG-FIN<sup>464</sup> which is available on the Department's website, [dcg.ky.gov](http://dcg.ky.gov)

Failure to file this report will result in administrative actions, including fines, suspension, or revocation of your organization's charitable gaming license.<sup>465</sup>

### Requirements

Each licensed charitable organization must ensure that its financial reports:

- Are submitted on the appropriate form ("CG-FIN" for licensed charitable organizations);
- Are typed or written in permanent ink;
- Are complete, accurate, and legible;

<sup>459</sup> [820 KAR 1:057, Sec. 4\(3\)](#)

<sup>460</sup> [820 KAR 1:057, Sec. 4\(9\)](#)

<sup>461</sup> [820 KAR 1:057, Sec. 4\(10\)](#)

<sup>462</sup> [820 KAR 1:057, Sec. 3\(7\)](#) and 820 KAR 1:058, Sec. 1(11)

<sup>463</sup> [KRS 238.550\(5\), \(6\), and \(7\)](#) and [KRS 238.535\(2\)](#)

<sup>464</sup> [820 KAR 1:025, Sec. 2\(1\)](#)

<sup>465</sup> [KRS 238.550\(5\) and \(8\)](#)

- Contain the original signature and printed name of either the CEO or CFO of the organization (or, if the report is submitted electronically, it must include the typewritten name of either the CEO or CFO of the charitable organization); and
- (If the report was prepared by someone other than the CEO or CFO) Contain the original signature and printed name of the preparer of the report (or, if the report is submitted electronically, the typewritten name of the preparer).<sup>466</sup>

#### When Due

**Annual Reports:** Licensed charitable organizations may file one annual report, which is due by **January 31** of the following year, and not be required to submit quarterly financial reports if:

- The licensee's gross receipts are less than \$200,000 per calendar year and
- The licensee does not conduct weekly bingo sessions.<sup>467</sup>

**Quarterly Reports:** All other licensees must submit a quarterly report by the end of the month following the quarter:

Quarter	Dates	Financial Report Due
1 <sup>st</sup> Quarter	January 1 – March 31	April 30
2 <sup>nd</sup> Quarter	April 1 – June 30	July 31
3 <sup>rd</sup> Quarter	July 1 – September 30	October 31
4 <sup>th</sup> Quarter	October 1 – December 31	January 31

If the due date for the financial report falls on a Saturday, Sunday, or legal holiday, the report is due on the first business day thereafter.

The fee imposed by [KRS 238.570\(1\)](#) of 0.628% on gross gaming receipts of a licensed charitable organization is due at the same time as the financial report. Licensees must pay this fee by check or electronic funds transfer made payable to "Kentucky State Treasurer."<sup>468</sup>

**Timeliness:** The Department imposes administrative fines on licensees that submit financial reports and payments of the charitable gaming fee after the deadline. These fines are typically based on a scale that increases the amount of the fine each based on how many days after the deadline the report was submitted. 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.

Organizations should ensure that **no fields are left blank**. If the charitable organization does not have any information to place on an attachment to the financial report, it should mark that field with a "0" or "not applicable."<sup>469</sup>

Further, if an organization does not conduct any charitable gaming in a quarter in which it is licensed, the

<sup>466</sup> [820 KAR 1:025, Sec. 1](#)

<sup>467</sup> CITE

<sup>468</sup> [820 KAR 1:025, Sec. 3\(1\)](#)

<sup>469</sup> [820 KAR 1:025, Sec. 3\(2\)](#)

organization still must submit a report marked with 0's or "not applicable." This clarifies to the Department that the organization is affirming that it has no gaming activity to report, not that it forgot to fill out part of a report or submit a report.

#### **Bingo Paper Supplies Inventory Page**

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<sup>470</sup>
- The number "UP" being the number of bingo paper sheets contained in a bingo paper pack.<sup>471</sup>
- If multiple pages are used for inventory, each person completing the inventory shall sign one page of the pages that person completed and initial the remaining pages.<sup>472</sup>

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.<sup>473</sup>

### **40% Retention Requirement**

#### **Rule**

A licensed charitable organization's net receipts from charitable gaming must equal at least 40% of its adjusted gross receipts.<sup>474</sup> This is commonly called "The Forty Percent Rule." In other words, a charity must make at least a 40% profit off charitable gaming, and a charity must ensure that its expenses incurred in the course of charitable gaming do not exceed 60% of the money a charity has on hand after paying out to winning players.

Common Misconception: The Forty Percent Rule does not mean that a charity is only required to spend 40% of the money it generates from charitable gaming toward its charitable purpose, and it is free to spend up to 60% on other pursuits. **All of the charity's net receipts must be spent exclusively in furtherance of its charitable purpose**, and no net receipts from charitable gaming may inure to the benefits or financial gain of any individual.<sup>475</sup>

The retention rule does not apply to exempt organizations<sup>476</sup> or to organizations that were not licensed at the beginning of the calendar year.<sup>477</sup> Organizations that were licensed at the beginning of the calendar year are still required to comply with this law. The retention requirement still applies if the license has expired or lapsed.<sup>478</sup>

**Commented [HDM(17)]:** My suggestion would be to either eliminate this section, or add similar sections for the other pages/attachments of the report.

<sup>470</sup> [820 KAR 1:025, Sec. 3\(3\)\(a\)](#)

<sup>471</sup> [820 KAR 1:025, Sec. 3\(3\)\(b\)](#)

<sup>472</sup> [820 KAR 1:025, Sec. 3\(4\)](#)

<sup>473</sup> [820 KAR 1:025, Sec. 3\(5\)](#)

<sup>474</sup> [KRS 238.536\(1\)](#)

<sup>475</sup> [KRS 238.536\(1\)](#)

<sup>476</sup> KRS 238.535(

<sup>477</sup> [KRS 238.536\(1\)](#)

<sup>478</sup> [KRS 238.536\(1\)](#)

### Inapplicable Fees & Taxes

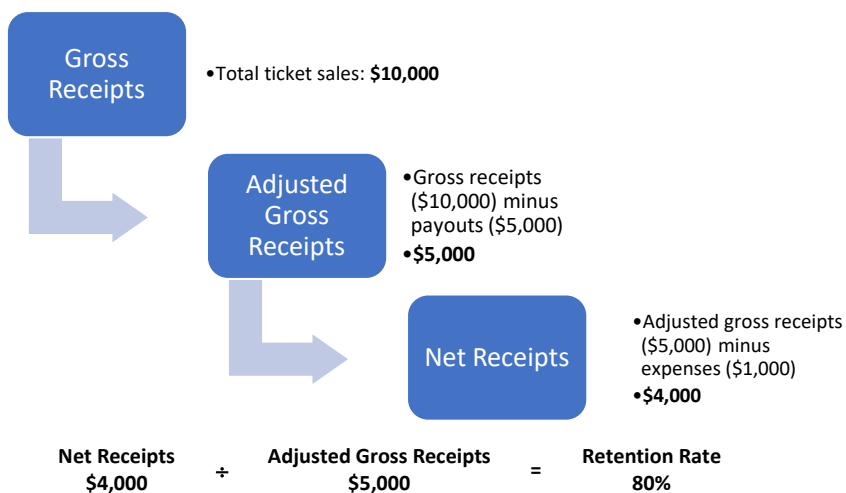
The following expenses (fees and taxes) are excluded from the calculation of the retention percentage:

- 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.<sup>479</sup>

### How to Calculate the Retention Rate

1. Determine the amount of gross receipts.
2. Subtract the payouts from the gross receipts to determine the adjusted gross receipts.
3. Subtract the total allowable charitable gaming expenses from the adjusted gross receipts to determine the net receipts.
4. Divide the net receipts by the adjusted gross receipts to determine the retention rate.

*Example: The Human Fund, a licensed charitable organization, conducts a 50/50 raffle. The organization sells 10,000 tickets for \$1 apiece, which generates \$10,000 in gross receipts. The winner of the raffle received half of the proceeds, with the Human Fund keeping the remaining half to use for its charitable purpose. This means the Human Fund generated \$5,000 in adjusted gross receipts from this raffle. The Human Fund spent \$1,000 renting a venue for the drawing and advertising the raffle:*



*In this example, the Human Fund's retention rate is 80%, so it has complied with the Forty Percent Rule.*

<sup>479</sup> [KRS 238.536\(1\)](#)

## Penalties

Unlike most provisions of charitable gaming law that give the Department discretion to consider a range of penalties, the statute governing the retention rate mandates specific penalties based entirely on the licensee's retention rate, so the Department cannot consider mitigating circumstances or offer alternative penalties.

Licensee's Retention Rate	Penalty
35.0% - 39.9%	Probation for six months Must submit acceptable financial plan
30.0% - 34.9%	Probation for one year Must submit acceptable financial plan Subject to DCG review after six months
25.0% - 29.9%	Probation for one year Must submit acceptable financial plan Must complete training program Subject to quarterly DCG review
Less than 25%, or under 40% in consecutive years	One year license suspension Must submit acceptable financial plan One year probation following reinstatement Subject to quarterly review after reinstatement

If the licensee's retention rate mandates probation or suspension, the probation or suspension begins immediately on the date the Department notifies the organization of the violation. If the licensee appeals the violation, the date of probation or suspension is stayed until resolution of the appeal.<sup>480</sup>

When an organization appeals a retention rate violation, the Department cannot deviate from the penalties above or consider mitigating factors. An organization's best opportunity to successfully appeal and avoid penalties for a retention violation would be to review its previously submitted financial reports, search for errors, and submit revised reports that truthfully and accurately show a compliant retention percentage.

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<sup>480</sup> [KRS 238.536\(2\)\(e\)](#)

## Cessation of Charitable Gaming

When an organization ceases to conduct charitable gaming, 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.

### Destroying Gaming Supplies

An organization shall perform an inventory and obtain 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.<sup>481</sup>

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<sup>481</sup> [820 KAR 1:057, Sec. 3\(8\)](#)

## VIOLATIONS

The Department has authority to prosecute administrative actions for violations of Kentucky's charitable gaming statutes and regulations.<sup>482</sup> Additionally, the Department's investigators may investigate allegations of criminal wrongdoing and aid in the prosecution of those cases.

Anyone may make a complaint and request an investigation by calling the Department at (502) 573-5528 or (800) 729-5672 or completing the form on the Department's website at [dca.ky.gov](http://dca.ky.gov). If the complaint alleges criminal activity that is outside the Department's jurisdiction, the Department will refer the matter to the Office of the Attorney General and a local law enforcement agency.<sup>483</sup>

The chart below explains the differences between administrative and criminal violations:

Administrative Violations	Criminal Violations
Case is brought against the organization	Case is brought against an individual
Prosecuted by the Department	Investigated by the Department, but prosecuted by the county attorney, Commonwealth's attorney, or United States attorney in the jurisdiction where the offense occurred.
Process governed by Kentucky administrative law (KRS Chapter 13B).	Process governed by state or federal criminal law and procedure.
Violations typically involve errors in financial reporting or the conduct of charitable gaming activities.	Violations typically involve theft of charitable gaming funds or fraud in charitable gaming activities.
Potential penalties include warnings, fines, or actions taken against the organization's charitable gaming license.	Criminal penalties, including jail time, are possible.

### Administrative Violations

#### Caution Letters

The Department's accounting staff reviews all financial reports. If the Department discovers errors that are not willful, it will send the Licensee a Caution Letter, which will identify the errors.<sup>484</sup>

If the licensee corrects the errors identified in the Caution Letter within 30 days, no formal violation will be issued. If the licensee does not correct the errors, the Department will issue a formal violation.<sup>485</sup>

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<sup>482</sup> [KRS 238.560](#)

<sup>483</sup> [KRS 238.560\(6\)](#)

<sup>484</sup> CITE

<sup>485</sup> CITE

## Penalties

When an organization commits a violation of Kentucky charitable gaming law, the Department may impose one of the following penalties:<sup>486</sup>

- **Informal Warning Letter:** A letter that explains to the licensee it has violated a provision of the charitable gaming laws and warns the organization to stop or face a formal violation. This does not count as an official violation on the charity's record, and it cannot be appealed.
- **Formal Administrative Warning:** Like an informal warning, only this will be sent with a formal NOV, and a finding of a violation does count as a formal violation on the charity's record.
- **Fine:** A monetary payment that the organization will be required to pay the Department. Most violations that result in fines will impose a fine between \$250 and \$500 per violation. The maximum fine for any violation is \$1,000.<sup>487</sup>
- **Probation:** A period of time during which the Department will more closely monitor the licensee's charitable gaming activities, and further violations may result in more severe violations, such as a license suspension or revocation.<sup>488</sup>
- **Suspension:** A period of time during which the licensee is prohibited from conducting charitable gaming.
- **Revocation:** The act of taking away an organization's charitable gaming license. If a charitable gaming license is revoked, the organization cannot reapply for a license for at least three years.<sup>489</sup>
- **License Denial:** When a licensee applies to renew its license, the Department may deny the license renewal application based on the licensee's history of violations.
- **Corrections:** In addition to these penalties, the NOV will also identify errors that the licensee will be required to correct. Typically, these violations involve errors discovered during the Department's review of the licensee's financial reports.

The overwhelming majority of the Department's administrative violations result in warnings or small fines. The Department may, however, seek a suspension, revocation, or denial of a charitable gaming license if the nature, frequency, and severity of the violations or the licensee's history of previous violations demonstrates an unwillingness or inability to operate in compliance with the law.<sup>490</sup>

Violations of the 40% retention requirement statute have a range of penalties set specifically by statute based entirely upon the organization's reported retention rate. Refer to that section of the Training Manual for more details about penalties for violating the retention requirement.

## The Administrative Case Process

1. **Notice of Violation:** The Department will prepare and send, via certified mail, a Notice of Violation. This is a document that informs the licensee which provision of the law it has violated and the facts that support the finding of a violation, the proposed penalty, any corrective action the licensee must complete, and explains the licensee's right to appeal.<sup>491</sup>

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<sup>486</sup> [KRS 238.560\(3\)\(c\)](#)

<sup>487</sup> [820 KAR 1:130, Sec. 2](#)

<sup>488</sup> [820 KAR 1:130, Sec. 3](#)

<sup>489</sup> CITE

<sup>490</sup> [KRS 238.560\(3\)\(c\)](#) and [820 KAR 1:130, Sec. 4\(2\)](#)

<sup>491</sup> [KRS 238.565](#)

2. **Appeal:** The licensee has ten days from the time it receives the NOV to file an appeal. If the licensee accepts the proposed penalty, no action is required.<sup>492</sup> If the licensee wants to appeal, it must submit a written Notice of Appeal to the Department, which must be from an officer of the organization or an attorney representing the organization. This can be submitted via the mail or by email to [dcg.legal@ky.gov](mailto:dcg.legal@ky.gov). 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.<sup>493</sup>
3. **Review of Appeal and Settlement Negotiation:** The Department's legal staff will internally review each Notice of Appeal and may, after consultation with the Commissioner, make an offer of settlement to the licensee. The Department may send the organization a proposed Agreed Order to settle the case.
4. **Referral to OAH:** If the Department and the Licensee cannot agree upon a settlement, the Department will refer the case to the Public Protection Cabinet's Office of Administrative Hearing ("OAH"). OAH will assign a hearing officer to administer the proceedings.<sup>494</sup>
5. **Prehearing Conferences:** The hearing officer will likely schedule a prehearing conference (or multiple prehearing conferences) to discuss prehearing matters. These are usually conducted by a telephone conference call or online video conference, so no one has to physically appear. The hearing officer will direct the organization to hire an attorney. After the pre-hearing conference, the hearing officer will generally enter an order requiring all parties to file a pretrial compliance listing potential witnesses and exhibits.<sup>495</sup>
6. **Evidentiary Hearing:** If the matter cannot be resolved, it is set for an evidentiary hearing. This is an event conducted like a trial. Each side will have an opportunity to present evidence, call witnesses, cross-examine the other side's witnesses, and make arguments. The Kentucky Rules of Evidence apply. The hearing officer may direct the parties to file written briefs arguing for the hearing officer to rule in their favor.
7. **Recommended Order:** After the hearing and reviewing the parties' briefs, the hearing officer will draft a recommended order issuing a ruling on the case with written findings of facts, conclusions of law, and a recommended disposition of the case.<sup>496</sup>
8. **Exceptions:** If either party objects to the hearing officer's recommended order, the party can file written exceptions arguing against the adoption of the recommended order.<sup>497</sup>
9. **Final Order:** After reviewing the hearing officer's recommended order and the parties' written exceptions, the commissioner of the Department will either adopt the hearing officer's recommended order or reject the order and enter a separate Final Order.
10. **Appeal to Circuit Court:** If the licensee does not accept the Final Order, it may appeal to the Circuit Court.<sup>498</sup>

Kentucky law does not allow a non-lawyer officer or member of an organization to represent the organization in formal legal proceedings. Since the organization is an incorporated entity, it is considered

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<sup>492</sup> [KRS 238.565](#)

<sup>493</sup> [KRS 238.565](#) and [KRS Chapter 13B](#)

<sup>494</sup> [KRS 238.565\(2\)](#)

<sup>495</sup> [KRS 238.565](#)

<sup>496</sup> [KRS Chapter 13B](#)

<sup>497</sup> [KRS Chapter 13B](#)

<sup>498</sup> CITE

a legal person, and a person who is not a lawyer who represents the organization could be guilty of practicing law without a license, which is a criminal offense. It is advisable, but not required, for organizations to obtain an attorney when initiating an appeal. An attorney licensed to practice law in Kentucky is required for tasks that would fall under the practice of law, such as filing or responding to briefs and motions, questioning and cross-examining witnesses, objecting to evidence, or filing exceptions to a recommended order.

### **Criminal Violations**

The Department's Enforcement Division, among other responsibilities, investigates complaints related to violations of charitable gaming law and violations of the Kentucky Penal Code related to charitable gaming, including fraud and theft in the conduct of charitable gaming.

The Department's Enforcement Division is accredited by (ORG THAT ACCREDITS) and maintains a staff of investigators who are all certified police officers. The Department's jurisdiction, though is limited to the following violations:

- Provisions of KRS Chapter 238 relating to charitable gaming;
- Criminal violations relating to unlicensed and illegal charitable gaming, gambling offenses committed on licensed charitable gaming premises, and gambling offenses committed in conjunction with charitable gaming;
- Criminal violations relating to theft, embezzlement, or other division of charitable gaming funds;
- Criminal violations related to forgery and fraud in the conduct of charitable gaming;
- Criminal violations relating to property damage owned or leased by a charitable gaming licensee;
- Felony violations committed on licensed charitable gaming premises and in the presence of the investigator.

Certain charitable gaming offenses are classified as criminal offenses, including:<sup>499</sup>

Misdemeanors	Felonies
Conducting any activity that requires a charitable gaming license without a license	Fraudulently corrupting the outcome of charitable gaming activity (over \$1,000, or more than 3 times in 5 years).
Making materially false or misleading statements on a charitable gaming application or financial report	Diversion of charitable gaming funds (over \$1,000, or 2 or more times in 5 years)
Willful failure to maintain charitable gaming records	
Willful refusal to produce records for inspection	
Fraudulently corrupting the outcome of charitable gaming activity Diversion of charitable gaming funds (less than \$1,000)	
Falsifying business records of a charity	

If the Department's Enforcement Division discovers sufficient evidence to support a criminal charge for one of the above violations, the Department will coordinate with a prosecutor in the jurisdiction in which the offense occurred to initiate the appropriate proceedings.

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<sup>499</sup> [KRS 238.995](#)

## THE DEPARTMENT OF CHARITABLE GAMING

The Department of Charitable Gaming is composed of the Commissioner's office including two 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.

The Department can be reached by telephone at (502) 573-5528 or 1 (800) 729-5672, by fax at (502) 573-6625, or by email at [dcg.info@ky.gov](mailto:dcg.info@ky.gov). The Department's website can be found at [dcg.ky.gov](http://dcg.ky.gov).

### Licensing and Compliance

The Licensing and Compliance division is composed of two branches: licensing and compliance.

#### Licensing

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

#### 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 provides training to licensees.

### Enforcement

The Division of Enforcement has two branches: audit and investigation.

#### 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 an administrative action against the charitable organization's license.

#### Investigation

Investigators investigate complaints and allegations of criminal wrongdoing and have peace officer powers pertaining to certain acts related to charitable gaming. 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.

#### Accounting

The Department also employs accounting staff that is not officially part of the Enforcement Division. These accountants 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.

## APPENDIX

1. CG-APP-EXE	Exempt Application
2. CG-APP-ORG	Organization Application
3. CG-APP-ORG-CFE	Charity Fundraising Event Application
4. CG-APP-SER	Special Event Raffle Application
5. CG-FIN-EXE	Exempt Financial Report
6. CG-FIN-ORG	Organization Financial Report
7. CG-FIN-ORG (RRA)	Organization Financial Report - Recipient Account
8. CG-FIN-SER	Special Event Raffle Financial Report
9. CG-OCC-ORG	Notice of Change in Officers or Chairpersons
10. CG-VOL	<u>Volunteer Sign-Up Sheet</u>
11.	Sample Bingo Program
12. WS-01	<u>Bingo Paper, Pickle Jar, Lucky Ball, Bonanza, Hot Ball And Other Receipts</u>
13. WS-02	<u>Bingo Package Receipts</u>
14. WS-03	<u>Card-Minding Devices Receipts</u>
15. WS-04	<u>Bingo Payouts</u>
16. WS-05	<u>Carryover or Cumulative Bingo Game Reconciliation</u>
17. WS-06	<u>Pulltab Receipts and Payouts – Completed Sales</u>
18. WS-06a	<u>Pulltab Receipts and Payouts – Carryover Sales</u>
19. WS-06b	<u>Electronic Pulltab Receipts and Payouts</u>
20. WS-06c	<u>Pulltabs Contributing to a Progressive Raffle Jackpot</u>
21. WS-07	<u>Progressive Pulltab Receipts and Payouts</u>
22. WS-08	<u>Deposit Reconciliation for Bingo and Pulltabs</u>
23. WS-09	<u>Voucher</u>
24. WS-10	<u>Raffle Receipts with a Ticket Price of \$100 or More</u>
25. WS-11	<u>Raffle Receipts with a Ticket Price of \$50 or More</u>
26. WS-12	<u>Raffle Payouts for WS-10 and WS-11</u>
27. WS-13	<u>Raffle Receipts and Payouts with a Ticket Price of More Than \$5, but Less Than \$50</u>

28. WS-14	<u>Raffle Receipts and Payouts with a Ticket Price of \$5 or Less; or Raffles Started and Completed at a CFE</u>
29. WS-14a	<u>Progressive/Raffle Receipts and Payouts with a Ticket Price of \$5 or Less; or Raffles Started and Completed at a CFE</u>
30. WS-14b	<u>Progressive Raffle Receipts and Payouts with Pulltab Contributions to Jackpot</u>
31. WS-15	<u>Raffle Deposit Reconciliation</u>
32. WS-15a	<u>Progressive Raffle with Pulltab Contribution to Jackpot Deposit Reconciliation</u>
33. WS-16	<u>CFE Games</u>
34. WS-17	<u>Special Limited Games at a CFE</u>
35. WS-18	<u>CFE Deposit Reconciliation</u>
36. WS-19	<u>Texas Hold'em Tournament</u>
37. WS-20	<u>Texas Hold'em Tournament Deposit Reconciliation</u>
38. WS-21	<u>SLFCE Central Bank and Prizes</u>
39. WS-22	<u>Deposit Accountability (For Occasions When Charitable Gaming Receipts are Deposited Before the Event has Ended)</u>
40. WS-23a	<u>Raffle Receipts and Payouts with a Ticket Price of \$5 or Less</u>
41. WS-23b	<u>Raffle Receipts and Payouts with a Ticket Price of More Than \$5, but Less Than \$50</u>
42. WS-23c	<u>Raffle Receipts and Payouts with a Ticket Price of \$50 or More, but Less Than \$100</u>
43. WS-23d	<u>Raffle Receipts and Payouts with a Ticket Price of \$100 or More</u>
44. WS-23e	<u>501(c)7 Raffle Deposit Reconciliation</u>
45. WS-23f	<u>Deposit Accountability (When Charitable Gaming Receipts are Deposited Before the Raffle Draw)</u>