



Frequently asked Questions Regarding Search for the Queen of Hearts Raffles

1. Q: *Is The Search For The Queen of Hearts a raffle?*

A: Yes. The Search For The Queen of Hearts is classified as an authorized type of raffle governed by the games of chance licensing law (General Municipal Law, Article 9-A) and Sections 4620.22 and 4620.23 of the New York State Gaming Commission's (the Commission) Games of Chance Rules and Regulations. Other examples of authorized raffles include traditional merchandise raffles and cash raffles, including "50/50" type raffles. Please note that only bona fide, non-profit "authorized organizations" as defined in Sections 186 and 190-a of the games of chance licensing law and in games of chance rule Sections 4600.1 and 4601.1 are eligible to conduct The Search For The Queen of Hearts raffles or any other raffles.

2. Q: *Does our organization need a license to conduct The Search For The Queen of Hearts raffle?*

A: It depends whether your organization's The Search For The Queen of Hearts raffles are classified as either Category 1 or Category 2 raffles. There are different registration, licensing and financial reporting requirements for each of the two raffle categories as follows:

Category 1 raffles are raffles in which an authorized organization derives net raffle proceeds of at least \$30,000 from all raffles conducted during the calendar year. Each organization that conducts Category 1 raffles must possess a valid/updated games of chance identification number from the Commission; must submit completed games of chance license application forms GC-2, GC-2A and GC-2B to the municipal clerk; must remit to the clerk a \$25 license application fee; and must be issued a raffle license by the clerk on license form GC-5. Raffle proceeds must be deposited into a special games of chance checking account established by the organization (organizations are encouraged to maintain a separate raffle checking account pursuant to games of chance rule 4624.8) and the proceeds must be expended only for the lawful purposes of the authorized organization pursuant to games of chance rule 4624.21 (Lawful Expenditures).

If the net proceeds derived from a single raffle will be between \$5,000 to \$29,999 an authorized organization must apply for and obtain a Games of Chance Identification Number from the Commission and file a verified statement with the municipal clerk and the Commission on Form GCVS-1 attesting that the net proceeds for each raffle conducted during the calendar year will be between \$5,000 to \$29,999.

Category 2 raffles are raffles in which an authorized organization derives net raffle proceeds of less than \$5,000 from any single raffle and less than \$30,000 from all raffles conducted during the calendar year. No games of chance identification number is required from the Commission and no municipal licensing is required for organizations that conduct only Category 2 raffles. Each organization that conducts Category 2 raffles must: make a self determination that the organization qualifies as an "authorized organization" pursuant to Section 186 (4) and (5) of the games of chance licensing law and games of chance rule 4600.1 (d) and (e); must conduct its raffles pursuant to all applicable games of chance laws

and rules; must deposit the raffle proceeds into a bank account maintained by the authorized organization (organizations are encouraged to maintain a separate raffle checking account pursuant to rule 4624.8); and must expend the raffle proceeds only for the lawful purposes of the authorized organization pursuant to games of chance rule 4624.21 (Lawful Expenditures).

If your organization is uncertain of the amount of net raffle proceeds that will be derived from its conduct of raffles, it is recommended that your organization apply to the Commission on form 1A to obtain a games of chance identification number (at no cost) prior to conducting any The Search for The Queen of Hearts raffles to facilitate the appropriate licensing process should it be determined later that licensing is required.

3. Q: *Is there a limit on the number of prizes that can be awarded in The Search For The Queen Of Hearts raffle?*

A: Yes. Pursuant to statute, no single raffle prize can exceed \$300,000. Therefore, your organization may award a single Grand Prize of up to and including \$300,000 to the winner of any Search For The Queen of Hearts raffle. The maximum aggregate for all series of raffle prizes awarded for a single The Search For The Queen of Hearts raffle, including all secondary prizes, shall not to exceed \$500,000. The maximum aggregate for all raffle prizes for the calendar year cannot exceed \$3,000,000 (including all The Search for The Queen of Hearts raffles, all traditional merchandise raffles and all cash raffles including 50/50 type raffles).

4. Q: *How do we ensure that our organization's The Search For The Queen Of Hearts raffle will be properly conducted?*

A: It is highly recommended that all members in charge and their assistants carefully review the Commission's *Guidelines For Operating Raffles; Guidelines For Operating The Search For The Queen of Hearts Raffles; and Security Procedures for The Search For The Queen of Hearts Raffles* (available at www.gaming.ny.gov) prior to operating any The Search For The Queen of Hearts raffle. Also, organizations can refer to rule section 4620.23 (Search For The Queen of Hearts) for additional information.

5. Q: *Must The Search For The Queen of Hearts raffle conclude within 180 days after the sale of the first raffle ticket?*

A: All raffles must be conducted in compliance with the statutory provision mandated by Section 189 (13) of the games of chance licensing law that states in part **"....no sale of raffle tickets shall be made more than one hundred eighty days prior to the date scheduled for the occasion at which the raffle will be conducted...."**

The Search For The Queen of Hearts raffles involve weekly raffle drawings that are conducted from among raffle tickets that were sold during the course of a particular week and at least one prize (either a secondary prize or the Grand Prize) is awarded each week. After each regularly scheduled weekly raffle drawing, all raffle tickets are discarded and a new series of raffle tickets are sold for the next regularly scheduled weekly drawing. This process continues until the weekly raffle winner selects the Queen of Hearts at which time that raffle winner is awarded the Grand Prize and the raffle ends. Therefore, the winner of each raffle prize is determined and a raffle prize awarded after only one week's worth of

raffle ticket sales allowing each The Search For The Queen of Hearts raffle drawing to be in full compliance with Section 189.

6. Q: Does our organization need two raffle drums to conduct The Search For The Queen of Hearts raffles?

A: No. While games of chance rule 4620.23(a) includes the use of two raffle drums, it is permissible to use only one drum. Some organizations maintain a spare drum to ensure that one, in sound working condition, is available for all drawings.

7. Q: The games of chance licensing law and the Commission's rules state that a winner need not be present to win a raffle prize. However, what happens if the person whose ticket is drawn is not present at the drawing to turn over a card on the game board and determine the prize – does someone else turn over the card?

A: There is no law or rule that specifically addresses proper procedure regarding the selection of a face-down card from the game board in the event the raffle winner is not present for the drawing. Therefore, each organization must enact a House Rule describing its card selection process for an absentee raffle winner. Many organizations have enacted House Rules requiring that a proxy select a face-down card from the game board on behalf of an absentee raffle winner and that the cash prize associated with that selection be awarded to that absentee ticket holder when that winner becomes available. It is recommended that your organization solicit input from its members and enact House Rules addressing irregularities not covered by Commission rules that are favored by the majority of the membership. The House Rules must be prominently posted in all areas where tickets to participate in The Search For The Queen of Hearts raffles are sold and in the area where the winning tickets are drawn.

8. Q: What information must be reflected on each The Search For The Queen of Hearts raffle ticket purchased by the players?

A: Pursuant to games of chance rule 4620.23 (b)(1), "Each player shall write his or her name and telephone number on the licensee's part of the ticket, which shall be deposited into a raffle ticket drum or receptacle...."

9. Q: Can we discount the purchase price of raffle tickets based on a player's purchase of multiple tickets?

A: Yes. For instance, tickets can be priced at one for \$1; three for \$2; ten for \$5; etc., provided those ticket prices are established prior to the sale of the first ticket sold in the raffle and those ticket prices remain uniform throughout the entire conduct of that raffle. The established purchase price(s) of the tickets must be listed in the organization's House Rules and such House Rules must be prominently posted in all areas where tickets to participate in The Search For The Queen of Hearts raffles are sold and in the area where the winning tickets are drawn. It is not permissible to sell The Search For The Queen of Hearts raffle tickets at an "arm's length" price. While most authorized organizations sell two-part, admission style tickets in their The Search For The Queen of Hearts raffles and, pursuant to rule 4620.22(b), such tickets are exempt from the "uniform pricing per ticket" requirement, rule 4620.23(b)(1) requires that each **"authorized organization shall offer a series of**

two-part, sequentially numbered raffle tickets for sale at a price determined by the licensee". Since the number of tickets in an "arm's length" varies from one person to another, it would not be possible to assign a price to each ticket sold, as required, using the "arm's length" method.

10. Q: Can our organization vary the amount of the Grand Prize awarded to the Grand Prize winner?

A: No. Pursuant to games of chance rule 4620.23(10) and (11), the Grand Prize awarded to The Search For The Queen of Hearts winner shall consist of 60% of the Grand Prize Pool. The organization shall retain 40% of the Grand Prize Pool as profit which shall be deposited into the applicable bank account of the authorized organization and expended for the lawful purposes of the organization pursuant to games of chance rule 4624.21 (Lawful expenditures).

11. Q: Can our organization vary the amount of the secondary prizes awarded to the secondary prize winners?

A: Yes. Pursuant to games of chance rule 4620.23(8), all secondary prizes must be awarded according to the following authorized payout schedule listed below. All payout odds are based on the purchase price of a single ticket.

<u>Card Drawn</u>	<u>Payout Odds</u>
Any 2, 3, 4 or 5	At least 4-1
Any 6, 7, 8 or 9	At least 6-1
Any 10, Jack or King	At least 8-1
Any Ace	At least 10-1
Any Joker	At least 15-1
Any Queen other than Hearts	At least 20-1

Each organization may determine the amount of its secondary prizes but each secondary prize must be paid at odds of "At least" the required payout odds for each card drawn, as indicated in the above listed payout schedule. All prize payout odds are to be reflected in the organization's House Rules.

12. Q: Can our organization change the price of the tickets after the first drawing is held?

A: No. Each ticket, as explained in response to Question #9 above, must be sold at a pre-determined price pursuant to games of chance rule 4622.(b)(8) and that price cannot vary throughout the conduct of a single The Search For The Queen of Hearts raffle.

13. Q: Can our organization change the day of the week during which The Search For The Queen of Hearts raffle drawing is conducted once The Search For The Queen of Hearts raffle has begun?

A: Yes, but the proper procedure to do so depends on whether the organization's The Search For The Queen of Hearts raffle is a Category 1 or Category 2 raffle. An organization

may change raffle drawing dates for a Category 1 raffle by filing an application to amend its games of chance license with the municipal clerk on form GC-6 together with the applicable schedule 5 from the license application form GC-2B reflecting the new raffle drawing dates. Once the changes have been approved by the clerk, the organization shall prominently post its copy of the approved amendment form, a copy of the organization's amended House Rules reflecting the new drawing date(s) and a sign notifying players of the new drawing date(s) in all areas where tickets to participate in The Search For the Queen of Hearts are sold and in the area where the winning tickets are drawn.

An organization that wishes to change its scheduled raffle drawing dates for a Category 1 raffle with net proceeds between \$5,000-\$29,999, should submit an amended form GCVS-1 for approval to the municipal clerk reflecting the new drawing dates (with a copy of the approved statement submitted to the Gaming Commission). The organization shall prominently post its copy of the approved form GCVS-1 reflecting the new drawing dates and shall also reflect the new drawing dates in its House Rules. The amended, GCVS-1, amended House Rules and a sign notifying players of the new drawing date(s) shall be prominently posted in all areas where tickets to participate in The Search For The Queen of Hearts are sold and in the area where the winning tickets are drawn.

Since there are no license forms that apply to Category 2 raffles, an organization may amend raffle drawing dates for a Category 2 The Search For The Queen of Hearts raffle by providing adequate notice to all raffle players of the new drawing dates and reflecting the new drawing dates in the organization's House Rules. A sign notifying players of the new drawing date(s) and the organization's amended House Rules reflecting the new drawing date(s) shall be prominently posted in all areas where tickets to participate in The Search For The Queen of Hearts raffles are sold and in the area where the winning tickets are drawn.

14. Q: How many members in charge are required to conduct The Search For The Queen Of Hearts raffles?

A: Games of chance rule 4622.1 requires that the officers of every authorized organization conducting licensed games of chance designate no fewer than four bona fide members to be in charge and primarily responsible for the management of all games of chance. This rule applies to all games of chance, including raffles, and therefore also applies to The Search For The Queen of Hearts raffles. Additionally, pursuant to games of chance rule 4622.25, each such member in charge must have been a bona fide member of the authorized organization for at least one year. At least one member in charge shall be present during the conduct of all games of chance. Accordingly, at least one member in charge shall be present for each The Search For The Queen of Hearts raffle including whenever the playing cards are shuffled and placed onto the game board; whenever a winning ticket is drawn; and whenever a prize is awarded. It is recommended that a sufficient number of members in charge be designated to ensure that at least one member in charge is present during the conduct of all aspects of each The Search For the Queen of Hearts raffle.

15. Q: Can persons involved with the conduct or management of The Search For The Queen of Hearts raffles also purchase raffle tickets and participate as players of The Search For The Queen of Hearts raffles conducted by the same organization?

A: No. Pursuant to games of chance rule 4622.20, no person who has participated or assisted in the management or conduct of any games of chance license period shall

participate as a player at any time during such license period. Therefore, any person who has participated in any aspect of the conduct of The Search For The Queen of Hearts raffles including the management of any such raffle; the shuffling of the playing cards; the placement of cards onto the game board; the selling of raffle tickets; the drawing of raffle tickets; the selection of cards from the game board; the awarding of prizes; etc. is prohibited from purchasing The Search For the Queen of Hearts raffle tickets, or any other type of raffle tickets, and is prohibited from participating as a player of any raffle conducted by the same organization during the same calendar year in which raffle participation was rendered.

16. Q: *Many private organizations maintain a strict policy of prohibiting non-members or non-registered guests of members from entering their premise. Must our organization prohibit non-members and non-guests from purchasing tickets for The Search for the Queen of Hearts raffles?*

A: No. Games of chance rule 4622.7 states in part that no licensee shall restrict the general public from admission to games of chance periods, unless prior written permission is obtained from the Commission. Further, it is recommended that organizations that conduct The Search For The Queen of Hearts raffles and that are also licensed by the New York State Liquor Authority (SLA), confer with the SLA regarding compliance with SLA laws and rules pertaining to the admittance of non-members and non-guests into the organization's premise for the purpose of participating as players of authorized The Search For The Queen of Hearts raffles and other licensed/authorized games of chance.

17. Q: *Can our organization sell The Search For The Queen of Hearts raffle tickets outside our club building?*

A: Yes. Pursuant to Section 189 of the games of chance licensing law, an organization authorized to conduct raffles may sell raffle tickets to the public outside its premise within the same municipality in which the organization is domiciled, in other municipalities in the same county in which the organization is domiciled and in other municipalities in counties that are contiguous to the county in which the organization is domiciled. However, each organization must ensure that a local games of chance law has been enacted in each municipality in which raffle tickets will be sold. Further, for ticket sales in municipalities outside its own municipality, each organization must obtain written consent on a Raffle Consent Form (RCF) from the municipal clerk in each municipality in which raffle tickets will be sold authorizing the sale of such tickets in each such municipality.

18. Q: *What financial reports must our organization submit after conducting The Search For The Queen of Hearts raffles?*

A: It depends whether the organization's The Search For The Queen of Hearts raffles are classified as either Category 1 or Category 2 raffles.

Each organization that conducts Category 1 raffles (with net raffle proceeds of \$30,000 or more from all raffles conducted during the calendar year) must file a financial statement of raffle operations on Form GC-7R with the licensing municipal clerk and the Commission by January 30 of the following year in which the raffle was conducted. Also, each such organization must remit an additional license fee of 2% of the reported net raffle proceeds

over \$30,000 to the municipal clerk, or, if applicable, to the county fiscal officer. (Note: There are no license fees paid on the first \$30,000 derived in net raffle proceeds).

For organizations conducting Category 2 raffles, (with net raffle proceeds of less than \$5,000 from any single raffle and less than \$30,000 from all raffles conducted during the calendar year) there is no games of chance financial filing requirement. Please note that organizations are not relieved of any other financial reporting and recordkeeping requirements of local, state or federal laws or rules regarding the receipt and expenditure of monies, including but not limited to the Not-For-Profit Corporations Law.

****Please note that the licensing municipal "clerk" for organizations domiciled in and/or conducting raffles in New York City is the New York City Department of Consumer Affairs.**