



ADVICE: Conducting Lotteries
Raising funds for Charitable, Sporting or Other Good Causes

December 2016

Introduction

The Jersey Gambling Commission (the Commission) introduced 3 categories for the governance of 'good cause' gambling. These are based on how much the prize or prizes on offer are worth and how often a club or society wants to run a lottery (or use any other form of gambling such as bingo to raise funds).

The 3 categories are:

Exempt

This category is for occasional or 'one-off' gambling promotions where the total value of the prizes does not exceed £1500 and no more than 3 lotteries (or any other type of gambling game) a year are promoted. More information on prizes appears later on in this Advice.

Registered

Most societies and clubs fall into this category. It deals with regularly held, small to medium scale fundraising using gambling promotions. If you use gambling to raise funds more than 3 times a year, or at any time offer prizes in excess of £1,500, but no more than £12,000 per event (or no more than £30,000, total, in the calendar year), then you must register with the Commission.

Permit

A Permit is required if prize structures exceed £12,000 per event or £30,000 in the calendar year.

Record Keeping

It is important to keep records showing monies received from the sale of tickets, details of who bought the tickets and proof that prizes were distributed or paid out to the winners. This is a requirement for all categories including the Exempt.

If you are in the Registered category you may be asked to present your records for examination. Every year the Commission dip samples the Registered category to ensure lotteries and other gambling events were conducted properly. The Permit category is more highly regulated and the Commission requires a Lottery Return for each promotion.

Raffle or Lottery?

This is a common question, but these two words describe the same activity:

- there is a prize,
- there is a monetary charge for a ticket,
- there is a draw: the element of chance deciding a winner.

Raffle is often used instead of lottery, perhaps because it sounds softer and less formal. Entry into a raffle is often by cloakroom tickets and the sale and draw typically happen on same day or as part of an evening event.

Nevertheless, a raffle is still a lottery and subject to the rules governing gambling. Although this Advice explains ticket requirements in the following section, it is important to state an important rule that applies to same day raffles:

The price of every ticket must be the same.

Tickets cannot be discounted as all chances to enter the lottery must be equal. It is not allowed to offer bulk purchases e.g. 6 tickets for £5 when the price of an individual ticket is £1. To do so means a person who can afford more tickets gets an extra chance or better odds of winning than a person who can only afford one ticket/chance. A lottery must be a game of equal chance.

Cloakroom/raffle tickets should not be used to sell chances in a lottery where the draw occurs weeks or months ahead. Cloakroom tickets are generic, the same books are widely sold in Jersey and for the sake of security they should not be sold as chances for a draw planned weeks ahead of their sale.

Tickets

A *lottery* ticket should contain everything a person needs to know about the promotion they entered. A promoter should make sure that the following information appears on the ticket:

- the name of the club/charity/society;
- the name and address of the promoter;
- the time¹ and date;
- the place or event where the draw takes place;
- the prize or range of prizes;
- the price of the ticket;
- a unique number identifying the ticket from other tickets;
- the number of the permit or registration (this is only a recommendation for Registrations, but it is good practice. Naturally, this cannot apply to Exempt lotteries);
- the return date for tickets (see below).

Ticket Sale Returns & Void Tickets

The return date is important. Promoters generally distribute books of tickets to members of the society to sell to friends and family. The promoter must stress on the ticket, counterfoil or stub when sales should stop and the ticket proofs should be returned (along with the sales fund).

A promoter needs to know which tickets have been sold to enter them into the draw. Ultimately, the responsibility for all sold tickets lies with the promoter. If members of the society or club act as agents for the sale of tickets, the promoter must keep a record of who was allocated ticket books and ensure they are contacted before the sales period concludes. The promoter must also record the number ranges distributed to the agents. If a ticket is unaccounted for, the promoter will at least know which agent had that number range.

¹ It is only reasonable that a person who purchased a ticket is able to witness the draw should they wish to do so. It is accepted that it is not always possible to specify an exact time that the draw will be held. However the ticket should give an indication of when the draw will take place for example '*The draw will take place on the evening of the Society's Annual Christmas Dinner*' etc.

Tickets are bought in good faith. Once an individual purchases a ticket they have entered the lottery. Human error occurs, and through oversight or accident an agent may fail to deliver those sold tickets to the promoter. While the promoter is still bound to contact all agents before the sales deadline, it is advised the promoter makes it plain in the rules of the lottery circumstances where the sale of a lottery ticket would be cancelled (voided).

In the event where a ticket has been purchased but not entered, monies must be returned to the individual along with a clear explanation of what led to the ticket being voided. **N.B:** Once a ticket has been drawn it must not be re-entered into the draw. Likewise, any unsold tickets should not be included into the draw – a raffle or lottery must be equal chance.

Participants & Winners

A promoter must know who has bought a ticket to allow them to contact a person if they win a prize. The best method for this is to print a book of tickets with a counterfoil and record the buyer's details along this stub. Whatever method a promoter chooses they must have a valid record to ensure the winner gets the prize.

Numbering

A ticket is also known as a 'lot' or a 'chance' and each ticket must contain a unique reference number. Before the promoter launches the sale of tickets, each batch must be checked to ensure there are no spoiled or duplicate tickets in any of the ticket books. Printing errors do occur and the sale of a duplicate ticket means the conduct of the lottery is no longer equal chance e.g. one prize with one ticket to win it. In a standard lottery one ticket wins one prize, the more tickets you buy increases the chances of winning, but it still only takes one ticket to win the main prize. It is recommended the promoter makes a record stating that ticket books were examined prior to sale.

Price

There is no restriction on the price of a ticket; however, all tickets must be the same price (equal chances). It is recommended that promoters be realistic in the pricing of tickets. The public have an innate sense when it comes to cost versus value and not all lotteries realise the potential a promoter imagined.

Sale of Tickets

Tickets may be sold in public places and events organised by the society. However, the promoter must check with the relevant parish authorities to ensure any promotion is compliant with any civic ordinance.

The Commission does not approve of door stepping sales tactics.

The following rules also apply to ticket sales:

- The price of every ticket or chance must be the same.
- The price of the ticket must be printed on the ticket.
- No person can enter a lottery without first buying a ticket.
- Payment for the ticket must be in full.
- No refunds in a lottery are permitted once the ticket has been purchased (unless the promotion is cancelled or the ticket is voided – see advice further on).
- No ticket may be sent through the post to a person who is not a member of the society. This is a basic security measure.
- No ticket may be sent unsolicited to any person.

Children

Children should not be used as agents for the sale of tickets. A society, club or charity should not ask children to take tickets home to sell to parents, friends of parents or neighbours. It is the responsibility of the promoters to sell tickets to adults and in no way involve minors in the promotion of gambling.

The Prize

Once tickets go on sale the promoter cannot change the printed/published prize structures. For example, if the top prize is a car and it is stated as such on the ticket it cannot be converted into or swapped for a different model, cash or other value equivalent prior to the draw. Once a person has won a prize they may dispose of it as they wish.

In the case of donations, prizes may be added to the lottery but not deducted from it once the structure has been specified and published. At least the top 3 prizes should appear on the ticket.

If a lottery is Exempt or Registered with the Commission and the value of donated prizes exceeds those published thresholds (£1500 or £12000), the promoter should contact the Commission and ask for advice. If, on the day of the draw, a donation is made which pushes the lottery into another category in relation to accumulated prize value, then the promoter should complete an **Unusual Event** form and send it to the Commission.

In cases of cash offered as a prize, the promoter must be able to guarantee that the cash offered as a prize can be realised and honoured. A promoter cannot sell tickets in expectation that sales will generate a published monetary prize. For example, if only one ticket is sold and the draw continues, then the person who purchased the ticket would win the first prize.

Perceived Value

This is very much a case of value being in the eye of the beholder. When working out the value of donated gifts to calculate whether the promotion meets the correct category thresholds, the promoter may have to work out what the actual value is rather than the perceived price tag. For example, individual works of art: an artist's asking price may be rather far removed from what the public is prepared to pay for it. In such cases it is up to the promoter to objectively value the donation.

Transparency

The whole of the proceeds of the lottery, after deducting expenses and the cost for providing prizes, must be donated to the society, club or charity. A promoter must inform participants what percentage of the monies raised is intended to benefit the good cause and how much is to be used to provide prizes. This information may be printed on the ticket, published in promotional literature or stated in any newsletter. Please refer to the section headed Lottery Accounts & Returns.

Advertising

A promoter may advertise a lottery, however an advertisement must comply with the Commission's Advertising Policy (see: <http://www.jgc.ie/policies/policies/policy-advertising/>).

NB: Advertising must not be directed at children or young people.

The Draw

The draw must be conducted in a fair and open manner, preferably in front of an audience. The draw must take place in the venue and on the date printed on the ticket. It is recommended that all winning tickets should be verified as they are drawn by a second and third party.

In the event that the person with the winning ticket is not attending the event, the promoter must take all reasonable steps to contact them after the draw has ended and arrange for them to receive their prize. All winning tickets must be recorded. A person remains the winner whether they attend the event or not; in cases of absence another chance **must not** be drawn to provide a winner from those attending the event.

If a tombola is used to determine winners, all winning tickets drawn from the drum must be recorded in the order of first, second etc. prize and securely placed aside until the winner collects the prize. Tickets drawn from the drum as winning tickets must **NOT** be placed back into the draw, to do so would mean the lottery is no longer a game of equal chance and the promoter will have committed an offence.

It is important to retain all tickets after the draw – both those winning chances that were drawn and those that were not. The safest retention period is one month after all prizes have been collected or paid out.

Only those persons named on the application or designated as promoters of the lottery should conduct the actual draw. There should be no delegation of responsibility for conducting and recording the draw. The promoters must diligently manage preparations for the draw, guaranteeing fairness to all participants.

Cancellation & Postponement

A lottery may be cancelled provided the promoter notifies all participants and returns all monies to these individuals. If the lottery is regulated by Permit the promoter must contact the Commission before proceeding with the cancellation and provide legitimate reasons why the lottery should be cancelled. Cancelling a lottery requires a notice period of at least two weeks before the published draw date. The promoter must supply the Commission evidence that all participants were contacted and had monies returned to them. Monies cannot be retained.

Any **postponement** must be notified to the Commission along with all participants in the lottery. The promoter must have a valid reason to postpone a draw date. A postponement may not be used as method to sell more tickets, build up the prize fund or await the donation of bigger better prizes.

Lottery Accounts & Returns

A promoter must keep an account of every lottery they promote. Except in the case of lotteries by Permit, the Commission does not require the automatic filing of a Regulatory Return, but it does reserve the right to request this information from both Exempt and Registered promoters. The Commission requires the promoter to make and keep a set of accounts for the draw and these documents must be signed off and certified by two members of the club, charity or society. These accounts must contain the following information:

- the whole proceeds of the lottery;
- the sums deducted from the proceeds to recover expenses;
- the sums deducted from the proceeds for prizes;
- the number of tickets –
 - printed;
 - sold;
 - unsold;

- the recipient of the proceeds of the lottery (the charity, club or society);
- how the recipient intends to use these funds;
- the dates when tickets sales started and ended.

It is recommended that expenses connected with the lottery are paid from the funds raised by its promotion. If you are offering a cash prize structure, budget for these deductions in advance of launching your lottery, this will help you set the value of the prizes and act as a guide to the true cost and benefits of future promotions.

Conclusion

Always be realistic. As the whole purpose of your lottery is to raise funds for good causes, you want to avoid the scenario where your club, charity or society has to cover the cost of a lottery that was not as popular as you had hoped.

A lot of promotions rely on the generosity of donated prizes. Make certain 'no strings' are attached to what should be a donated gift. There have been cases where individuals approached charities offering a prize which would be paid for from lottery proceeds. This is a rather cynical way of selling products rather than raising funds for good causes.

If in doubt on any matter featured in this Advice please contact the Commission.

Offences

It is important for promoters of lotteries to conform to the recommendations set out in this document. Promoters should read this document in conjunction with the **Social and Charitable Gambling Policy** (<http://www.jgc.je/policies/policies/policy-social-and-charitable/>) which sets out those conditions prescribed by Law and Regulations. A breach of a condition in respect of charitable gambling is a criminal offence.

End Note:

This document is for information only and does not constitute legal advice. It sets out good practice for promoters to follow and circumstances necessitating Commission assistance. Rules and Procedures may change from time to time and the Commission cannot and will not be held liable for lotteries that do not conform to current legal obligations. If in any doubt please contact the Commission.

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