



Town of Reading
16 Lowell Street
Reading, MA 01867-2685

FAX: (781) 942-9070
Website: www.readingma.gov

TOWN CLERK
(781) 942-9050

Questions and Answers on Nonprofit Gaming Events

Q: Who may conduct gaming events such as raffles, casino or Las Vegas nights, or poker tournaments?

A: Gaming events such as raffles, casino or Las Vegas nights, or poker tournaments may only be conducted by a non-profit organization (whether or not incorporated) that has been organized and actively functioning in Massachusetts for at least two years and is one of the following:

- Veterans' organization chartered by Congress;
- Church or religious organization;
- Fraternal or fraternal benefit society, such as an Elks Club or union;
- Educational or charitable organization;
- Civic or service club; or
- Other club or organization operated exclusively for nonprofit purposes.
- These groups are qualified nonprofit organization and represent limited exceptions to the general law prohibiting gambling in the Commonwealth.

Q: If a qualified nonprofit organization is also a public charity does it have other legal requirements before it can conduct gaming events?

A: Yes, a nonprofit organization that is a public charity must register with the Attorney General's Non-Profit Organizations/Public Charities Division (the "Division") under M.G.L. c. 12, s. 8E and must be in compliance with the reporting requirements of M.G.L. c. 12, s. 8F and M.G.L. c. 68, s. 19 prior to conducting a gaming event. If you do not know if your organization is a public charity, please visit General FAQs about Charities.

Q: What kinds of gaming activities are regulated?

A: Raffles, in which a chance to win is sold to participants and the winner or winners are selected from the chances actually sold, are regulated by law. Whenever money is charged for the ticket or chance, the raffle can be legally operated only by a qualified nonprofit organization. The funds received must be used only for the purposes specified in the law. If no money is charged, anyone may legally operate a raffle, and businesses often do so for promotional purposes. Consumer protection laws apply to all raffles, however.

Casino or Las Vegas nights (also referred to as "bazaars") are also regulated because they offer the opportunity to play games of chance, such as roulette, craps, blackjack and poker (including Texas Hold'em) for a prize. These gaming events may be legally operated only by a qualified nonprofit organization, and the funds must be used for specified purposes.

Beano or Bingo games are regulated by the Lottery Commission. For more information, visit the Lottery Commission website, or call (781) 849-5555.

Q: May a municipal or other governmental organization such as a public school or a conservation commission sponsor a gaming event?

A: No, because these organizations do not fit within any of the authorized categories.

Q: Does the law restrict the use of the funds raised through gaming activities?

A: Yes. The funds raised must be used for educational, charitable, religious, fraternal or civic purposes or for veterans' benefits.

Q: What laws apply to gaming activities?

A: All qualified nonprofit organizations conducting gaming events must comply with M.G.L. c. 271, s. 7A. In addition, the Attorney General has regulations governing raffles at 940 CMR 12.00 (Regulations Governing Raffles) if the cost of a ticket is more than \$10 or any prize exceeds \$10,000. The Attorney General also has regulations governing casinos or Las Vegas nights. See 940 CMR 13.00 (Regulations Governing Bazaars).

Q: Is a permit needed to hold gaming events? If so, how can I obtain one?

A: Yes, a permit from the municipality in which the raffle will be held is required for a qualified nonprofit organization to hold a gaming event such as a raffle, casino or Las Vegas night, or poker tournament. The nonprofit must obtain the permit from the clerk of the municipality.

Q: What is required in the permit application?

A: The nonprofit must provide:

- Its name and address;
- Evidence that it is eligible to hold a raffle or bazaar;
- Names of three officers or members who will be responsible for the operation of the event; and
- The uses to which the net proceeds will be applied

Q: Who may sell raffle tickets?

A: Only qualified members of the sponsoring organization who are not paid for their time or effort.

Q: How many raffles may be held during the year?

A: A permit received from a municipality is valid for one year from the issue date. There is no limit on the number of raffles that may be held.

Q: Are online raffle sales permitted?

A: While there are no Massachusetts laws expressly regulating online raffle sales, certain regulations may operate to prevent online sales. For example, both the purchaser and the seller must sign the raffle ticket under 940 CMR 12.00 (Regulations Governing Raffles) if the prize is worth more than \$10,000 or raffle tickets cost more than \$10.

In addition to state law, federal law may also apply. The Unlawful Internet Gambling Enforcement Act, passed on October 13, 2006 (31 United States Code s. 5361-5366), restricts online gambling in states that do not require age and location verification. Massachusetts does not currently regulate online gambling. Nonprofit organizations seeking to conduct online raffles should be aware that such raffles may violate federal law and should first consult with their own attorney, as the Division provides advice only with respect to state law.

Q: Who may be involved in the operation of a casino or Las Vegas night or poker tournament?

A: Only bona fide members of the licensed nonprofit organization. The members cannot be paid for their involvement in the gaming event. Employees of companies providing equipment or supplies for the gaming event may not be involved in the management or operation of the event.

Q: How many casino or Las Vegas nights or poker tournaments may be held during the year?

A: A permit is valid for one calendar year and a nonprofit may conduct only three of these gaming events during that period; a gaming event may not last longer than five hours and no more than one event may be held on any single day.

Q: Does a nonprofit have to pay taxes on the money it raises from gaming events?

A: Yes, within 10 days after conducting a raffle, casino or Las Vegas night or poker tournament, the nonprofit organization must pay a five percent tax on the gross proceeds to the Lottery Commission. The Lottery Commission will send the required forms to the nonprofit after the permit is issued.

Q: What else does the law require?

A: Within 30 days after the permit expires, the nonprofit must provide to the city or town clerk two copies of a report certified by the same three people who applied for the permit containing:

- Number of gaming events held;
- Amount of money received;
- Amount spent on expenses;
- Names of winners of prizes of more than \$25 in value;
- Total net proceeds; and
- Use of the funds
- The clerk will provide the nonprofit with a copy of the report that must be filed

Q: Where can I get more information?

A: If you are planning to hold a poker tournament, please review the Attorney General's Advisory on Poker Tournaments. If you have further questions concerning gaming activities, please call the Attorney General's Office Non-Profit Organizations / Public Charities Division at (617) 727-2200, ext. 2101, or contact the Massachusetts State Lottery Commission at (781) 849-5555