



Division of Charitable Gaming

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 an approved raffle governed by the Games Of Chance Licensing Law and Sections 4620.22 and 4620.23 of the Commission's Rules and Regulations, both of which impose a limit on the maximum monetary value of any single prize, and place a cap on the aggregate monetary value of the prizes that can be awarded during a single calendar year in all types of raffles (games that include The Search For The Queen Of Hearts, "50-50" raffles and "traditional" raffles).

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

A: Whether or not a raffle license is required is dependent upon the category of the raffle to be conducted. Please review the **Guidelines For Operating Raffles** available on the Charitable Gaming page of the Commission's web site to determine the Raffle Category of your Queen Of Hearts game, and proceed accordingly.

If you plan to operate a Category 3 Raffle wherein the profit derived from a single raffle will be less than \$5,000 and the cumulative net proceeds for all raffles conducted during the calendar year will not meet or exceed \$20,000, the law does not require the issuance of a Games Of Chance Identification Number by this Commission or a municipal license. However, if you are uncertain if the profit level from the conduct of all raffles will meet or exceed either of those thresholds, it is highly recommended that your organization obtain a Games Of Chance Identification Number from this Commission prior to conducting The Search For The Queen Of Hearts, which will facilitate the licensing process should it be determined at a later date that a license is required.

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

A: Yes. Pursuant to statute, no single prize in any raffle can exceed \$100,000.

Additionally, the maximum aggregate value of prizes that an organization can award in any one calendar year in all of the different types of raffles, combined (games that include *The Search For The Queen Of Hearts*, "50-50" raffles and "traditional" raffles) cannot exceed \$2,000,000.

Since The Search For The Queen Of Hearts is a raffle consisting of a series of raffle drawings in which a number of "secondary prizes" are awarded to players selecting cards other than the Queen of Hearts, the primary prize cannot exceed \$100,000 in value. Considering that the primary prize in The Search For The Queen Of Hearts carries over progressively from week to week, the primary prize awarded for finding the Queen Of Hearts can, potentially, reach both the \$100,000 limit on a single prize, and cause the aggregate series of prizes to reach the \$2,000,000 calendar year limit.

Therefore, every authorized organization must, first and foremost, set a cap on the maximum primary prize to be awarded in any The Search For The Queen Of Hearts raffle at not more than \$100,000 by stating on its license application (if required) and its House Rules that the primary prize for finding the Queen Of Hearts will be capped at up to, and including \$100,000, regardless of the number of raffle tickets sold.

Additionally, the license application (if any) and House Rules must clearly reflect that the receipts from the sale of all The Search For The Queen Of Hearts raffle tickets collected after the primary prize cap of not more than \$100,000 is reached will be retained by the organization as raffle profit, and will be disbursed solely for the organization's lawful purposes pursuant to Section 186.5 of the General Municipal Law and Section 4624.21 of the Commission's Rules and Regulations.

4. Q: How do we ensure that our 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 our Guidelines For Operating Raffles, Guidelines For Operating The Search For

The Queen Of Hearts; and Queen Of Hearts Security Procedures (available at www.gaming.ny.gov) prior to operating a The Search For The Queen Of Hearts raffle.

5. Q: Does a The Search For The Queen Of Hearts raffle have to conclude within 180 days after the sale of the first raffle ticket?

A: No. Many inquiries have been received concerning the General Municipal Law's requirement that a raffle be "conducted" within 180 days of the first ticket sales:

"...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..."

In The Search For The Queen Of Hearts raffle, tickets are sold; a raffle drawing is conducted within one week of the start of such ticket sales; and a prize is awarded (either the primary prize or one of the 53 secondary prizes).

Each week a new series of tickets is sold; an additional drawing is held; and one or prizes are awarded; and this process continues until the primary prize is awarded to the winner finding the Queen Of Hearts.

As a result, no raffle drawing is conducted later than one week after the sale of the first ticket for that drawing begins and, following this format, even the primary prize for finding the Queen Of Hearts must be awarded within one week of the sale of the first ticket for that drawing.

6. Q: Do we need two raffle drums to operate The Search For The Queen Of Hearts?

A: No. While Rule 4820.23(a) includes the use of two raffle drums, we only require that one drum be used. Some organizations maintain a spare drum, to ensure that one in sound working condition is available for all drawings.

7. Q: The rules state that a winner need not be present to win a raffle prize, but what happens if the person whose ticket is drawn is not present at the drawing to turn over a card and determine the prize – does someone else turn over the card?

A: Since there is no law or rule specifically addressing the absentee card selection described, the matter must be handled by a House Rule. Many organizations have enacted house rules requiring that, if a person is not present at the time of the drawing, a proxy shall be chosen to select the card for him/her, and the cash prize

associated with that selection must be awarded to the absentee ticket holder when he/she is available.

It is recommended that your organization solicit input from its members and enact House Rules addressing irregularities not covered by our rules that are favored by the majority of the membership, including a House Rule dictating how a proxy will be chosen to select a face-down card in a ticket-holder's absence.

The House Rules must be prominently posted in all areas where tickets to participate in a The Search For The Queen Of Hearts raffle are sold, and in the area where the winning tickets are drawn.

8. Q: *What financial reports must we file for The Search For The Queen Of Hearts?*

A: If the organization conducts a **Category 1 Raffle** (with profits exceeding \$30,000 in a calendar year), it must submit a financial statement of raffle operations on Form GC-7R with the municipal clerk and the Commission by January 30th of the following year, and remit an additional license fee to the municipality (or county fiscal officer, if applicable) assessed at 2% of the net profits of \$30,000 or more (Note: There is no additional license fee paid on the first \$29,999 derived in net profits.)

If the organization conducts a **Category 2 Raffle**, it must file a verified statement with the municipal clerk and the Commission at the end of the calendar year on Form GCVS-2 attesting that the cumulative net proceeds for all raffles conducted during that calendar year were less than \$30,000, and that such proceeds have been deposited into a bank account to be disbursed only for the lawful expenditures permitted under Section 4624.21 of the Commission's Rules and Regulations.

If the organization conducts a **Category 3 Raffle** (wherein the profit derived from a single raffle will be less than \$5,000 and the cumulative net proceeds for all raffles conducted during the calendar year will not meet or exceed \$20,000), there is no filing requirement of any kind.

9. Q: *Can we sell the raffle tickets one for \$1, three for \$2 and an "arm's length" for \$5?*

A: Yes, and no.

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 a raffle; that

those ticket prices will remain uniform throughout the course of that raffle; that those prices are listed on House Rules; and that the House Rules are prominently posted in all areas where tickets to participate in The Search For The Queen Of Hearts raffle are sold, and in the area where the winning tickets are drawn. Authorized organizations cannot, however, sell tickets at an "arm's length" price. While most authorized organizations sell two-part, admission style tickets in their Search For The Queen Of Hearts raffles, and such tickets are exempt from the "uniform pricing per ticket" requirement in Rule 4620.22(b)(8), 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, the tickets cannot be assigned a price, as required.

10. Q: Can we 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 specific price pursuant to Rule 4620.22(b)(8), and that price cannot vary during the course of a raffle.

11. Q: Can we change the day of the week that we hold the drawing during the course of the game (hold the first several drawings on busy bar nights then change to slower nights to increase bar business)?

A: No, because the date for each raffle drawing must, depending on the Category of a raffle, be listed on the license application or verified statement and must also be prominently posted in areas where tickets to participate in The Search For The Queen Of Hearts raffle are sold, and in the area where the winning tickets are drawn.

12. Q: How many members in charge do we need (or can we have) to run The Search For The Queen Of Hearts?

A: Rule 4622.1 requires that the officers of every authorized organization conducting 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. Since The Search For The Queen Of Hearts is a raffle, and raffles are authorized games of chance, at least four members in charge must be designated, and at least one member in charge shall be present, during the conduct of all games of chance.

For the purposes of The Search For The Queen Of Hearts, at least one member in charge shall be present whenever the playing cards are shuffled and inserted into the game board; whenever a winning ticket is drawn; and whenever a prize is awarded.

With regards to the number of members in charge that an organization may designate, in addition to the four required by Rule 4622.1, it is recommended that a sufficient number of members in charge be designated to ensure that at least one member in charge is present as required in the preceding paragraph.

13. Q: *Can persons involved with the conduct of raffles buy raffle tickets?*

A: No. Pursuant to 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. Furthermore, since a license period or term of legal authorization to operate raffles extends throughout a calendar year, no person who has participated or assisted in the selling and/or drawing of raffle tickets shall purchase raffle tickets during the calendar year that any conduct or assistance was rendered. Generally speaking, we highly recommend that, to avoid any appearance of impropriety in that event that a member of the organization operating a raffle wins a prize, organizations prohibit their members from purchasing raffle tickets or wagering at any other game of chance, whether they manage or assist in the conduct of such games, or not.

14. Q: *Many private organizations maintain a strict policy of not allowing non-members into their premises. Are they required by law to prohibit non-members from buying tickets for Queen Of Hearts raffles?*

A: No, although organizations licensed by the State Liquor Authority often prohibit the public from entering their bar area to eliminate the possibility that a non-member cannot purchase an alcoholic beverage. This poses a problem when the organization conducts licensed bingo occasions and bingo players want to enter the bar areas to purchase raffle tickets. While the organization is permitted to sell raffle tickets to non-members in the bar area, another option would be to operate a separate Queen Of Hearts raffle at each bingo occasion solely for the bingo players.