

HELPFUL “HOUSE RULES” FOR RAFFLES

Many times there are situations that arise in raffles that are not specifically addressed in the raffle rules. Here are some situations that have been reported by licensees and suggestions as to how to handle them.

Can I allow members and/or officers of my organization to purchase tickets in our raffle?

A lot rests on the perception of the public and how your organization chooses to handle this issue. Often there is an assumption that purchasing tickets is another way that the membership supports the fund raising efforts of the organization. However, if a valuable prize is won by a member or someone on your executive board, be prepared for negative comments.

As long as your procedures for safeguarding and drawing winning tickets are fully disclosed and conducted in an open manner, the public should be less likely to feel there was some sort of collusion or fraud involved.

If your organization chooses to limit purchases within your membership, be sure this information is disclosed to those members so there will be no hard feelings or misunderstandings. You may also wish to print this information on your raffle ticket.

How do we choose the person to draw the winning ticket?

Your best option may be to have someone independent of your organization draw the ticket; perhaps a local dignitary such as the mayor, police chief, or church leader. You want to avoid any perceptions of impropriety.

What would the public think if your organization’s president drew his/her own ticket or that of a family member? This relates again to perceptions.

What should we do if no one claims the prize?

The law has a term called “due diligence.” This is the standard that you should follow to indicate that you made an honest effort to locate the winner. The greater the prize, the more “diligence” you should be able to show.

We suggest that you send a certified or return receipt letter to the address on the winning ticket. The letter should state that the winner must respond within a specific (and reasonable) time period in order to claim the prize or it will be forfeited back to the organization (or given to another purpose such as a local charity)

If the person responds that the organization may keep the prize, you may wish to issue a receipt to the winner to indicate they have made a charitable donation to the organization.

If the letter is returned as undeliverable, run an ad in the local newspaper. Retain the evidence of all these attempts along with the rest of your raffle records.

If a prize is unclaimed, can the person with the next winning ticket claim the prize?

We only recommend that you do this if the raffle is conducted in the format of “need to be present to win.” The winner has a reasonable time to come forward during the drawing, and, if not, the organization can draw the next name to claim the prize.

It would be logistically impractical to attempt to contact all winners subsequent to an unclaimed prize and start “trading their prizes up.” You would also have to deal with the problem of redeeming previously claimed prizes to redistribute them.

If your organization has made reasonable efforts to identify a winner and deliver the prize, but is unsuccessful, you are required to make the proper notation within your raffle records and retain the prize for proper disposition. Proper disposition must be in keeping with the organizational purposes of the organization. Do not simply tell your raffle manager to take the prize home unless there is some way you can justify that to your organizational purposes (and that is unlikely).

Remember to fill out the prize inventory log as required. You may choose to award the prize in another gambling activity such as a bingo game or sell it. If you sell it, be sure that you do not select a price that is less than a fair market value.

Which prize should we draw first?

Traditionally, the highest valued prize is drawn first. However, there is no rule for which prize is drawn first.

You may want to draw the highest prize last for the suspense factor. In the past, there have been complaints about using this method, too. It was pointed out that since you drew a ticket for one of the lower prizes before the highest valued prize ticket was drawn, that early-drawn ticket was removed from the chance to win the large prize.

One way to accommodate this type of complaint, yet keep the suspense factor, is to draw the tickets first, then announce them in reverse order. If you do this, be sure that the tickets cannot be switched or you will likely receive complaints.

If we don't want to deal with unclaimed prizes, may we draw back-up tickets?

Yes, but again, be sure you retain good control regarding the order in which the extra tickets were drawn.

If someone chooses not to claim an expensive prize, you may have a problem if a back-up winner feels that you picked someone else out of order over them to claim the prize.

Remember, you are not required to give the unclaimed prizes to anyone other than the original winner. Your organization may retain the unclaimed prize and use it again for another raffle, provide it as an item for bid in an auction, or sell it at fair market value. Be sure to complete the prize inventory log to indicate the eventual use for the item. For example, if you have stuffed toys left over and donate them to a local hospital, request documentation of the donation from the hospital.

Whatever use the prize is put to, be sure that it meets your organization's stated goals and purposes. Any revenue raised belongs in your organization's bank account.

What should I do if the winner does not want to accept the prize?

That is certainly the prerogative of the winner. Because the winner now owns the prize, if it is given back to the organization, it qualifies as a charitable donation. If the item has a substantial value, it would be appropriate to issue the winner a letter or receipt that could be kept for their tax records.

The winner would have the option to take the prize and give it to a friend or family member. If you would really rather not deal with having the prize returned, you may wish to suggest these other alternatives to them.

What should I do if I cannot read the information printed on the raffle stub?

It would be a good idea to state that winner information must be CLEARLY printed in order to ensure that winners can be contacted. You should also train your ticket sellers to review the tickets for clearly written names and addresses. Sometimes abbreviations that are commonly known in one community will mean nothing to those conducting the raffle.

Are there ways we can increase our net return by cutting down on some of the expenses?

The most obvious method of cutting down on expenses is finding sponsors who will donate prizes or sell them to you at a reduced cost. Anyone donating a prize for your raffle will probably request that you give them positive publicity by noting their donation on the advertising for the raffle and/or on the raffle tickets. You should also be prepared to give the sponsor a receipt for their tax records.

Another method to off-set costs is to approach local vendors to help with the cost of printing tickets. They may be interested in paying for the printing costs if you allow them to place promotional coupons for their product on the back of your raffle tickets.

If you have any questions or comments regarding the information in this handout, please contact your local agent.