



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

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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). Whatever type of gambling a club, society or charitable cause is undertaking, the Commission will expect at least two people to take responsibility. We deem one to be a 'Promoter' who we hold personally responsible for the conduct of the gambling and the other is an appointed or delegated official, or officer of the club or society, who reviews the gambling records to confirm that they are true and accurate.

Please Note: a raffle open to the public, even if for small or donated prizes is still gambling. You **MUST** include them as part of your assessment of which category of those below your type of fundraising falls into.

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) are promoted each year. Please read our advice within the following sections, it will help you conduct gambling in a fair manner and protect the reputation of your club or society.

Should your activities fall within the Exempt category, there is no requirement to apply for a Registration. However, you are still required to keep records as outlined below. You should not involve children in the sale of tickets.

Please Note: Should the Commission receive a complaint from a member of the public, you may be required to produce these records to the Commission.

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 Financial Regulatory Return for Charitable and Social Gambling for each promotion.

Applications for Registrations and Permits

The Commission has application forms on its website. Please read each part carefully.

Requirements for Registered Categories

Those clubs and societies which fall within the Registered Category will be required to hold a **Social and Charitable Registration Certificate** for each calendar year. This Registration Certificate number can be put on printed tickets if you wish to do so. Multiple gambling events can be held, but the Commission must be given details in advance, e.g. raffles, bingo or lottery etc.

To apply, download the 'Application Form for Social and Charitable Registration' from our website, under the Charitable section. Please complete each section and send the completed form together with the set fee to the Commission. Should you prefer to pay by electronic bank transfer, bank details are on the form. Simply indicate when applying that you have paid by bank transfer and ensure the payment reference clearly identifies your club/society.

Please ensure that total prize values are included and that a Promoter has been appointed. Both a designated official AND the promoter are required to sign the forms.

Although it is useful to know the name of the event you wish to hold, the Commission requires information about the TYPE of gambling being undertaken. Each planned TYPE of 'gambling event' (raffle, bingo, lottery etc) should be clearly listed under 'Schedule of Events' with the name of the event and the type of gambling. Do not forget to include this.

Although additional events can be added to a Registration once issued, the Commission would benefit from as much advance notice of a new event as possible.

Requirements for Permit Category

For those clubs or societies which fall within the Permit category you will be required to hold a Society Permit for a calendar year. The Permit Application form is available on our website along with the fee structure. Permit fees are variable depending on how much the value of the prizes being offered in each individual draw exceed £12,000.

There are four separate fee categories: prizes valued between £12,000 and £30,000; Prizes valued between over £100,000 and £500,000; prizes valued between over £500,000 and £1,000,000 and prizes valued over £1,000,000.

The Permit category only applies to a very small number of charities in Jersey.

It is often useful to discuss your proposed terms and conditions prior to launch and the Commission recommends that you consider having adequate insurance in place. Every Permit holder is required to submit a Regulatory Return to the Commission upon completion of each event.

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 contact details 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).

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.

Ticket Sale Returns and 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.

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 and 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 and Returns.

Advertising

A promoter may advertise a lottery, however an advertisement must comply with the Commission's Advertising Policy which can be found on its website.

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. If the promoter intends to vary this order by reversing the prizes, for example first ticket drawn attracts the third prize then they must explain this to entrants prior to the draw commencing, and preferably from the launch of the lottery promotion itself.

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 broken the rules set by the Commission (it may also constitute an offence). In the event that prizes are not drawn in consecutive terms (first, second, third) then this **MUST** be made known **BEFORE** the draw and preferably in the terms and conditions. While not illegal or unacceptable, this type of draw can cause problems if the first drawn ticket does not win the highest prize.

It is important to retain all tickets after the draw – both those winning chances that were drawn and those that were not. The safest minimum 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 normally conduct the actual draw. There should be no delegation of

responsibility for conducting and recording the draw without first notifying the Commission. The promoters must diligently manage preparations for the draw, guaranteeing fairness to all participants.

The use of Random Number Generators (RNGs) for Registration and Permit Lotteries

The use of electronic Random Number Generators (RNGs) to provide lottery outcomes is permitted for both Registration and Permit approved lotteries.

The Commission accepts that electronic RNGs are becoming the prevalent manner of deciding winners. However, it should also be noted that commercial operators licenced by the Commission must present testing proofs that the devices they mean to use have an acceptably high level of randomness in producing game outcomes. To extend this requirement to charities and societies would create a burdensome cost.

The Commission therefore, in allowing Registrations and Permits to use RNGs, it must stress that full responsibility lies with the charities and societies to make sure the devices they mean to use are genuine RNGs and that the software used to select winners cannot be misused or manipulated when delivering these outcomes. This requirement was also placed on the use of RNGs for lotteries governed by a Charitable Permit, now this degree of probity is extended to all permissions to ensure the RNG is a bona fide device, and safeguards against manipulation do exist and are applied.

Cancellation and 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 and 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.

100s Clubs

Advertising and realignment with the calendar year for monthly 100-Clubs

A lot of charities and societies promote what is sometimes called a 100s Club which is usually a set of draws that over a year – one draw per month with the winner for that month paid out at a set prize level agreed at the start of the promotion. The number of participants is limited to a set number of tickets (e.g. 1 to 100) and where, in some cases, a participant may own/purchase more than one ticket.

For the exclusion of doubt, and using the example above, a 100s club is not one event – it is 12 separate lotteries where all participants have an equal chance of winning. Therefore (depending on prize value), a 100s club will (at a minimum) always require application for a Registration (more than three draws per annum).

The Commission is aware that many charities are running and advertising their 100 Clubs for 12 month period irrespective of a calendar year. For example September to August and rather than January to December. If a charity wants to do this it must be understood that from the Commission's perspective this year spanning is a fiction. The only way a charity could approach this is by accepting this notion as two different promotions requiring two distinct applications.

Please remember: The Commission only issues Registrations for a calendar year.

Ticket Sales 100s Clubs

Technically ticket sales should not commence until the year of approval for the Registration or Permit. However, several charities and societies have petitioned the Commission for flexibility in this specific area. Therefore, limited to 'hundreds club' applications only, the Commission will endeavour to process these applications - or at best issue a reference number to the applicant, if the following conditions are met:

- The promotion has not altered in any material way to the 'hundreds clubs' of the previous year (and by that we mean the promoter is the same and the formulae is the same e.g. no nuanced changes such as bolt on side draws). It is accepted participants are bound to change from time to time.
- All applications relate to monthly draws commencing January concluding December. We are not prepared to process a draws for one year that also run into another (this would seriously hamper the criteria to determine Permit or Registration classification).
- The application must be complete and received by the Commission in the month of September, preferably by the middle of that month.

- Just to reiterate, the above is set out as the Commission's good intention and should not be read as a guarantee.

Please note, the Commission limits this ticket 'pre-sale' permission to the last quarter of the year and then not in advance of receiving the notional approvals afforded by Permit or Registration reference numbers.

If running a monthly lottery-club the charity or society needs to have Terms & Conditions for the promotion in place. These need to be clearly written and unambiguous and easily available for all the ticket purchasers to find. The best way to ensure the availability of Terms & Conditions is to have the document included on a website or published with advertising materials sent out to the membership.

No reduction in ticket value as year progresses.

Promoters should accept that not all monthly-lottery clubs are so popular that they sell all tickets when they launch the promotion. Sometimes a 500 club may only sell 300 on a launch in January, with interest slowly picking up throughout the year.

The Commission has received several approaches from various promoters experiencing this scenario asking if the ticket price can be reduced to reflect the fact, for example, that half the year has passed.

The ticket price cannot be reduced. But that, in any event, is not the solution. All the draws in the club should be understood to be separate lotteries. For example those persons joining in January pay £12 upfront to cover each lottery draw happening monthly over the year.

A person joining the club in July would not be expected to pay £12 because six of the draws have already taken place. The cost for entry in this scenario would be £6 to match the remaining draws scheduled to happen over the remainder of the year. In this sense the cost of the ticket remains the same, and so does the principle of equal chance gambling.

Know your customer

Tickets cannot be bought from the promoter and given away as a gift by that purchaser.

All promoters must know who has entered their lottery. Tickets are not transferable, it is a form of vicarious gambling and open to all manner of risks. It also means the promoter has lost some control over their lottery.

People are well meaning, but they must hold the ticket in their own name and if they have elected to give any prize winnings to a friend, then the ticket holder – the winner - pays the friend directly themselves.

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 need to 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** (<https://www.jgc.je/assets/uploads/Charitable/Policy-Statement-for-Social-and-Charitable-Gambling.pdf>)

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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