

SMALL LOTTERY

Most groups run small lotteries and provided that they do not break the following rules a licence is not required:

- ◆ the lottery or other opportunities for gaming cannot be the only reason for people to attend the event
- ◆ no money prizes can be awarded (but gift vouchers can)
- ◆ no more than £250 can be spent on buying prizes
- ◆ there is no limit to the price of tickets or the number sold
- ◆ there is no age limit for the buyers or sellers of tickets
- ◆ tickets can only be sold at a specific event
- ◆ the winners must be announced during the event
- ◆ the proceeds of the lottery and the event must not be used for private gain



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PRIVATE LOTTERY

A private lottery does not require a licence if the following rules are kept:

- ◆ the lottery can only be advertised at the premises of the organisation running the lottery
- ◆ cash prizes may be given
- ◆ the front of the ticket must include the name and address of the promoters, the price, a statement of the persons to whom the sale of tickets is restricted and a statement that prizes will be delivered only to the person to whom the promoters sold the winning tickets
- ◆ there is no restriction on the price of tickets, but the price of every ticket must be the same (so no 5 for the price of 4 deals)
- ◆ tickets can't be given away or sold for less than the full price
- ◆ tickets must not be sent through the post
- ◆ refunds must not be given
- ◆ the entire proceeds must be used for prizes, the purpose of the organisation or both

SOCIETY LOTTERY

An organisation can run a society lottery defined as: "conducted wholly or mainly for one or more of the following purposes:"

- ◆ charitable
- ◆ participation in or support of, athletic sports or games or cultural activities
- ◆ purposes not described above, but which are purposes not related to 'private gain nor purposes of any commercial undertaking'.

This is the sort of Lottery most groups use to raise money widely, e.g. the Christmas Draw. This sort of lottery must be registered either with the local authority or the Gaming Board depending on the amount of money expected to be raised in any one year. Most groups' expectations are modest and therefore registering with the local authority is all that is needed. A member of the group will need to be registered as the promoter (usually the Chair). This allows groups to:

- ◆ sell tickets up to the value of £2million in any one lottery
- ◆ sell tickets for more than one lottery in a year provided that the total ticket sales for the year does not exceed £10million

There are, however other rules that must be followed. They are:

- ◆ the maximum price of a ticket is £2.00
- ◆ all tickets must be the same price
- ◆ no money can be refunded and part payment cannot be accepted
- ◆ every ticket must state:
 - the price
 - the name of the society
 - whether the group is registered with the local authority or the gaming board
 - the date of the lottery
 - the name and address of the promoter
 - the fact that the society is a registered charity (if applicable)
- ◆ the maximum single prize is £25,000 or 10% of the proceeds upto £200,000
- ◆ tickets must not be sold to persons under the age of 16
- ◆ tickets cannot be sold on the street
- ◆ tickets can be sold door-to-door under the controls on house-to-house collections
- ◆ the maximum to be spent on prizes cannot exceed 55% of the proceeds (donated prizes are not taken into account)

If the prize limits are exceeded, then the promoter of the lottery has committed a criminal offence. The only defence is the total value of the tickets sold fell short of the number estimated (make sure that the relevant number of tickets have been printed) and had all the tickets been sold the limit would not have been exceeded. In order to rely on this defence, you would have to show how the 'reasonable estimations' were formulated. This would require hard, scientific, data for sales for previous lotteries, market trends and the particular forecast for the lottery in question. So make sure you don't spend too much on prizes in order to attract buyers. There are also strict guidelines about ensuring that all expenses of the lottery are included. Where the proceeds of the lottery do not exceed £20,000, up to 35% can be spent on expenses.

Returns also have to be made to either the local authority or the Gaming Board not later than the end of the third month after the date of the lottery. The named promoter and two other members of the group must certify this return.

It is recommended that groups keep details of:

- ◆ tickets ordered and received from printer
- ◆ tickets issued divided into those sold and those unsold – together with details of the reason why any unsold tickets have not been returned, (licensers prefer all unsold tickets to be returned)
- ◆ all expenses and invoices
- ◆ winners & winning tickets

All records should be kept for two years.

Links believes that this information is correct at the time of publication, however details may change. You are advised to contact Links for the up to date position and seek legal advice where appropriate.

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