

961 CMR: STATE LOTTERY COMMISSION

961 CMR 4.00: REGULATIONS CONTROLLING CERTAIN RAFFLE AND BAZAAR PERMITS

Section

- 4.01: Authority
- 4.02: Definitions
- 4.03: Licensing
- 4.04: Conduct of Games
- 4.05: Reporting and Record Keeping

4.01: Authority

961 CMR 4.00 established by the Massachusetts State Lottery Commission pursuant to M.G.L. c. 10, §39A.

4.02: Definitions

- (1) Licensed Organization means any licensed Organization as defined in 961 CMR 3.02(10) which also holds a Raffle and Bazaar permit issued pursuant to M.G.L. c. 271, § 7A.
- (2) Net Proceeds is Gross Receipts less taxes, prizes and reasonable and necessary expenses ordinarily incidental to the conduct of said Raffle and Bazaar.
- (3) Function is a Bazaar maintained and conducted by a Licensed Organization for the disposal of awards of cash or its equivalent by means of Games of Chance. This includes, without limitation thereto, so-called Las Vegas, Casino or Monte Carlo Nights.
- (4) Gross Receipts means the total amount of money received from the sale of Raffle tickets; or the total amount of money received as admission fees and from the sale or transfer for money of chips, script or the like used to make wagers on Games Of Chance.
- (5) Games of Chance means any game in which the element of chance predominates over any element of skill in determining the winner of a prize.
- (6) Raffle means an arrangement for raising money by the sale of tickets, certain among which, as determined by chance after sale, entitle the holders to prizes. In any event, Beano or a similar game under another name shall not constitute a Raffle as herein defined.
- (7) Bazaar means a place maintained by a Licensed Organization for disposal of merchandise or cash awards by means of chance; provided that the awarding of cash prizes in excess of the amount allowed by M.G.L. c. 271, § 7A or any successor thereto is expressly prohibited.
- (8) Local Licensing Authority means the clerk of the city or town wherein a permit to conduct Raffles and Bazaars is issued or to whom an application to conduct same is submitted.
- (9) Lawful Purpose means one or more of the following educational, charitable, religious, civic or fraternal purposes or veterans benefits.
  - (a) Those which benefit needy or deserving persons, indefinite in number: by enhancing their opportunity for religious, social or educational advancement, by relieving them from disease, suffering or distress, by contributing to their physical well-being, by assisting them in establishing themselves in life as worthy and useful citizens, or by increasing their comprehension of and devotion to the principles upon which this nation was founded and increasing their loyalty to their nation.
  - (b) Those which initiate, perform or foster worthy public works or enable or further the construction or maintenance of public structures.

4.02: continued

(c) Those which lessen the burdens of government or which are voluntarily undertaken by an authorized organization to augment or supplement services which are usually rendered by government such as the equipment or maintenance of an authorized volunteer, non-profit fire company or similar organization furnishing public fire protection or the equipment and maintenance of an authorized volunteer, non-profit organization furnishing a public ambulance or rescue service.

(d) Those purposes which operate for the pleasure, recreation and mutual benefit of all the members of a fraternal organization in the realization of its purposes and no part of which is distributed to or accrued in kind to any of its members.

(e) The preceding purposes shall not include the construction, acquisition, improvement, maintenance or repair of any real or personal property beyond that portion of the use or occupancy thereof determined by the Director to be devoted to one or more Lawful Purpose as herein defined.

(10) The Director means the Director of the Massachusetts State Lottery Commission or his duly appointed representative except as otherwise required by law.

(11) The Commission means the Massachusetts State Lottery Commission or its duly designated agent.

(12) Gift Certificate means a writing identified as a gift certificate, purchased by a Licensed Organization or donated by a donor, for use by a person other than the Licensed Organization, not redeemable in cash and usable in its face amount in lieu of cash in exchange for goods or services supplied by the seller or donor thereof.

(13) Raffle/Bazaar Law means M.G.L. c. 271, § 7A as amended.

4.03: Licensing

(1) Form of Application. Application for a permit to conduct Raffles and Bazaars shall be made to the clerk of the city or town in which the Raffle will be drawn or the Bazaar held. The application form shall be approved by the Commission of Public Safety and shall include the name and address of the applicant, the evidence on which the applicant relies in order to qualify under 961 CMR 4.03, the names or three officers or members of the organization who shall be responsible for the operation of the Raffle or Bazaar, and the uses to which the net proceeds will be applied. A fee of ten dollars shall accompany each such application and shall be retained by the city or town. Upon receipt of such application, the clerk shall determine whether it is in conformity with 961 CMR 4.03. If the clerk so determines he shall forward the application to the chief of police of the city or town, who shall determine whether the applicant is qualified to operate Raffles and Bazaars under 961 CMR 4.03. If the chief of police so determines, he shall endorse the application and return it to the clerk, who shall forthwith issue a permit, which shall be valid for one year from the date of its issuance. The clerk shall retain a copy of the application and shall send a copy to the Commissioner of Public Safety. If there is any change in the facts set forth in the application for a permit subsequent to the making of such application, the applicant shall forthwith notify the authority granting such permit of such change, and such authority shall issue such permit if the applicant is qualified, or, if a permit has already been issued and the change in the facts set forth in the application disqualify the applicant revoke such permit.

(2) Notice To The Commission. No Licensed Organization shall conduct a Function unless it has first delivered notice to the Director at least 30 days prior to the date upon which the Function is to be held. Said notice shall be in writing and shall include:

- (a) The name and address of the Licensed Organization and the name and address of the member in charge of the conduct of the Function;
- (b) The date of the Function;
- (c) The location at which the Function will be held;
- (d) The hours during which the Function will be conducted.

Delivery by mail, postage pre-paid, certified mail return receipt requested shall constitute effective delivery of said notice.



4.03: continued

(3) Lists Required to be Kept: Membership List. Each Licensed Organization must maintain a list of its current membership by name, address, telephone number and a description of the type of membership in the organization which shall be kept available for inspection at all reasonable times. The Director or the Local Licensing Authority may require any applicant organization to file a list of its current members, officers and directors with the Commission or Local Licensing Authority and may further require filing of supplementary lists of additions, deletions and changes required to keep the original list up to date.

(4) Premises. Unless otherwise authorized by the Director in writing, any Function shall be conducted only on the premise listed on the face of the Licensed Organization's license to conduct Beano issued pursuant to 961 CMR 3.03.

(5) Denial of Original Renewal Application for Permit. If an application is not acted upon within 30 days after it is submitted, or if the organization is refused a permit, any person named on the application may obtain judicial review of such refusal by filing within ten days of such refusal or within ten days of the expiration of such 30 day period a petition for review in the district court having jurisdiction in the city or town in which such application was filed. A justice of said court, after a hearing, may direct that such permit be issued, if he is satisfied that there was reasonable grounds for refusing such permit, and that the applicant was not prohibited by law from holding Raffles and Bazaars.

(6) Revocation or Suspension of Permit. The authority granting any permit under 961 CMR 4.03 shall immediately revoke the same for violation of any provision of the Raffle/Bazaar Law and shall not issue any permit to such permittee within three years from the date of such violation. Any person aggrieved by the action of such authority revoking such permit may appeal to the district court having jurisdiction in the city or town where the permit was issued; provided that such appeal shall be filed in such court within 20 days following receipt of notification by said authority. The court shall hear all pertinent evidence and determine the facts and upon the facts so determined annul such action or make such decision as equity may require. The foregoing remedy shall be exclusive.

The Director may suspend or revoke any permit for violation of the Raffle Bazaar Law or for violation of 961 CMR 4.00. Any person aggrieved by the action of the Director revoking or suspending such permit may appeal to the district court having jurisdiction in the city or town where the permit was issued; provided that such appeal shall be filed in such court within 20 days following receipt of notification by the Director.

4.04: Conduct of Games

(1) Workers.

(a) Member-in-Charge. Every Licensed Organization shall designate a bona fide, active member of the licensee to be in charge of and primarily responsible for each Function. The member-in-charge shall have been a member in good standing of the Licensed Organization for at least two years. The member-in-charge shall supervise all activities and be responsible for the conduct of all Games of Chance during the Function of which he is in charge including the preparation of the Financial Report required by 961 CMR 4.05(1)(a). The member-in-charge or his qualified designee shall be present on the premises continually during the Function and shall be familiar with the provisions of the Raffle/Bazaar Law, applicable ordinances and local laws, 961 CMR 4.00 and the terms of the permit.

(b) List of Workers. A Licensed Organization conducting a Function shall prepare and have available on the premises a list of all persons taking part in the management or operation of the Function. Such list shall be maintained as part of the permittee's records of the Function and shall be made available to any law enforcement officer or representative of the Commission upon request.

(c) Participation of Worker Restricted. No person shall assist in the conduct of a Function except a bona fide member of the Licensed Organization whose name appears on the lists required by 971 CMR 4.03(3) and 4.04(1)(b).

4.04: continued

(d) Bona Fide Member. For the purposes of eligibility to participate in managing or otherwise assisting in the operation of a Function, a person is a bona fide member of the Licensed Organization only when he or she:

1. Has become a member prior to the commencement of the Function and such membership was not dependent upon, or in any way related to the payment of consideration to participate in, any gambling activity; and
2. Has held full and regular membership status in the Licensed Organization for a period of not less than three consecutive months prior to the subject Function; and
3. Has paid any reasonable initiation or admission fees for membership, and/or any dues, consistent with the nature and purpose of the Licensed Organization and with the type of membership obtained and is not in arrears in payment of any such fees or dues; and
4. Has met all other conditions required by the Licensed Organization for membership and is in all respects a member in good standing at the time of the subject Function.

A person may also be a bona fide member of a bona fide charitable or bona fide nonprofit organization affiliated with or auxiliary to his or her Licensed Organization, or to which his or her own Licensed Organization is auxiliary, when he or she meets all of the standards set out above respecting his or her own Licensed Organization.

(e) Identification Required. The member-in-charge and those assisting him in any capacity shall possess and display such identification as may be specified by the Director.

(f) Officer Responsible for Gross Receipts. The Licensed Organization shall duly designate an officer of said organization to be in full charge and primarily responsible for the proper accounting, use and disposition of all Gross Receipts. Such officer's name shall appear on the list required under 961 CMR 4.04(1)(b) and such officer shall be a person other than the person designated member-in-charge pursuant to 961 CMR 4.04(1)(a).

(g) Workers Titles and Responsibilities.

1. Banker - Duties, Responsibilities and Limits:
  - a. Obtain operating bankroll (cash and chips, script or the like).
  - b. Provide opening fills to cashiers.
  - c. May be combined with duties of cashier.
2. Cashier(s) - Duties, Responsibilities and Limits:
  - a. Receives opening transfer of chips from banker. (May also perform the banker function if there is only one cashier).
  - b. Provides opening fills to games.
  - c. Redeems chips, script or the like from players.
3. Runner(s) - Duties, Responsibilities and Limits:
  - a. Transfer fills and refills from cashier(s) to games.
  - b. Deliver lockboxes from games to count room.
  - c. Initial fill receipt when picking up fill from cashier.
  - d. Assure that dealer initials fill receipt.
  - e. Assure that fill receipt is placed in lockbox.
  - f. Assure that time is entered on the fill receipt.
  - g. May provide information from count room to pit boss on receipts by game.
4. Dealer - Duties, Responsibilities and Limits:
  - a. Verify amount received at game and initial fill receipt.
  - b. Place signed copy of fill receipt in lockbox.
5. Pit Boss - Duties, Responsibilities and Limits:
  - a. Supervises not more than six gambling stations.
  - b. Supervises the final transfer of the chip tray and lockbox to the count room.
  - c. May, if desired, have records of fills to game and receipts from game provided by the count room.
6. Count Room Personnel - Duties, Responsibilities and Limits:
  - a. Receive lockboxes from games (runners).
  - b. Maintain key(s) to all lockboxes.
  - c. Open lockboxes and count money.
  - d. Record money and fill receipts from lockboxes by game. May supply information on receipts by table to pit boss.

4.04: continued

- e. Receive ending trays and lockboxes from games. Verify final tray counts and enter into records.
  - f. Maintain records by game and in summary of all transactions of the event.
  - g. Receive ending bankrolls and records from banker and/or cashier(s) at the conclusion of the event.
  - h. Prepare final computation of receipts.
  - i. Prepare deposit slips for all cash at the end of the function.
- (h) Payment of Workers Prohibited. No commission, salary, compensation, reward, recompense, reimbursement of expenses or gift or other consideration shall be paid directly or indirectly, to any person for conducting or assisting in the conduct of any Function except as hereinafter provided for bookkeepers or accountants who assist by rendering their professional services. No tip, gratuity or gift or other consideration shall be given or accepted by any person conducting or assisting in the conduct of a Function either directly or indirectly, and one or more signs prohibiting tipping shall be prominently displayed in each playing area. No person shall solicit or receive any gift or donation or other consideration directly or indirectly on the premises during the conduct of a Function.
- (i) Compensation of Bookkeepers and Accountants. Bookkeepers and Accountants may receive reasonable compensation for necessary services ordinarily incidental to the operation of a Function. Any bookkeeper or accountant receiving any compensation under 961 CMR 4.04 shall not participate or assist in any other capacity under this or any other section of 961 CMR 4.00.
- (j) Persons Performing Incidental Services. Persons who perform only the following incidental services in connection with a Function shall not be deemed to be participating in the "management or operation" of such an event requiring that persons participating in the management or operation of the event be members of the Licensed Organization.
1. The serving of food and drink to participants in the occasion.
  2. Acting as a police officer for the purposes of maintaining general crowd control and order at the Function, or to detect persons cheating the participants or the house, when that person is a commissioned law enforcement officer with the power to make arrests in the jurisdiction in which the Function is being held or is the employee of a commercial securities service firm Licensed by the Department of Public Safety.
  3. Providing janitorial functions;
  4. Persons whose participation is limited to supervising personnel carrying out the functions enumerated in 961 CMR 4.04(1)(j)1., 2. and 3.
- Provided, that the payment of persons to perform these functions does not exceed the local prevailing level of payment for similar services.
- (k) Regular Salary for Licensee's Employee not "Compensation" for Work on Functions under Certain Conditions. The salary of a regular and full time employee, or a regular but part time employee, if the Licensed Organization has employed that part time position for the past two consecutive years, of a Licensed Organization shall not be deemed "compensation" for work performed by the employee in connection with a Function conducted by that organization when all of the following conditions are met:
1. The position held by the employee has been created for purposes unrelated to the conduct of a Function and required the performance of duties is generally unrelated to Functions. The employee's contribution to a Function must be an incidental part of his or her total duties, consisting of less than 1% of the total time worked for the organization; and
  2. The employee is paid on a recurring basis on a regular and established rate throughout the calendar year, unrelated to the income produced by any Function; and
  3. The employee does not operate any Game of Chance at any Function conducted by the organization but confines his or her services in connection with the event to assisting the organization's other members with the overall planning and organization of the event and with supervision of the supporting services for the event.

4.04: continued

(2) Limitation of Participation in Conduct of a Function of Certain Persons. Except as specifically authorized by the Director in writing, no person directly or indirectly connected with the manufacture, sale or distribution of gaming equipment or supplies, or the agents, servants or employees of such person, shall conduct, participate, advise or assist in the conduct of a Function or render any service to anyone conducting, participating or assisting in the conduct of a Function including the preparation of any form relating thereto. Except as authorized in writing Licensed Organizations receiving such assistance shall be in violation of 961 CMR 4.04(2).

(3) Facilities

(a) Premises Required to be Open for Inspection. The premises where any Function is conducted or where it is intended that any Function be conducted or that any Game of Chance equipment be used shall at reasonable times be open to inspection by the Commission and Local Licensing Authority or its duly appointed representatives.

Under no circumstances may the public be admitted to a building which does not have the required occupancy permit and/or certificate of inspection.

(b) Certain Notices Required to be Posted. The Licensed Organization shall conspicuously post within that portion of the premises where a Function is conducted one or more notices as required by the Director containing certain designated rules governing the conduct of a Function. The notice shall be in the form prescribed and may be provided by the Commission. At least one notice shall be posted on each wall.

(4) Equipment

(a) Ownership of Equipment. The Licensed Organization shall conduct Games of Chance only with equipment owned by it or which a lessor undertakes to provide by the terms of a written lease which lease shall be approved by the Director. The rental fee contained in such a lease shall be a sum certain and shall be commercially reasonable. Use of equipment for which the Licensed Organization pays consideration directly or indirectly or under the guise of a service charge is prohibited except as allowed by the previous sentence. No Licensed Organization shall agree to purchase its supplies in consideration of receiving the use of any equipment, goods or supplies without charge.

(b) Equipment. Equipment used in the conduct of a Bazaar must be maintained in good repair and sound working condition. Equipment shall be used, and play operated, so that each player is given an equal opportunity to win.

(5) Charges and Fees. An admission charge of at least one dollar shall be charged for admission to the premises where a Function is to be conducted. Upon payment of the charge each patron is to receive a sequentially numbered ticket of admission. A duplicate of said sequentially numbered ticket of admission shall be retained by the Licensed Organization. No person who has not paid the admission charge may play any Game of Chance.

(6) Operation of Games

(a) Types of Games Permitted. Any Games of Chance approved by the Director in writing.

(b) Wagering by Use of Chips, Script or the Like Required. Licensed Organization may place wagers only in the form of chips, script or the like and purchased for cash at the Function at which the wager is made. Wagering in the form of currency or representations of credit is expressly prohibited. Chips, script or the like may be redeemed at only the specific Function where they were acquired.

(c) House Rules. Prior to conducting a Function, each Licensed Organization shall develop a set of house rules which will govern the type, scope and manner of all Games of Chance to be conducted. Among other information, these rules shall establish the maximum amount of wagers which may be placed by persons participating in Games of Chance. In addition, the rules shall prohibit the giving of any thing of value to any person involved in the management or operation of the Function and prohibit any involved in the management or operation of the Function from accepting any thing of value. A copy of the rules shall be posted conspicuously on the premises where the Function is being conducted at all times during the occasion, and a copy thereof shall be

## 4.04: continued

made available upon request, to any law enforcement officer or representative of the Commission. The maximum wager and rules for individual Games of Chance shall be displayed at the location of each said game so as to be conspicuous to those persons participating in said game. In no event may any house rule conflict with the terms of any written approval issued by the Director under the provisions of 961 CMR 4.04(6)(a).

(7) Prizes

(a) Maximum Award. Prizes may not exceed in value the amount stated in the Raffle/Bazaar Law as the maximum award to be made. The amount of the award is to be measured on the occurrence of the event which determines whether or not a prize is to be awarded and shall not include the amount wagered by the player and returned to him as part of the award.

(b) Merchandise Prizes. When merchandise is awarded as a prize in a Game of Chance, its value shall be its cost to the Licensed Organization; or if donated the fair market value. The fair market value of donated prizes may not be reported as an expenditure in any financial statement of Function operations.

(c) Gifts Prohibited. No Licensed Organization may offer, distribute or give any service or thing of value or opportunity to play Games of Chance without charge. Nothing in 961 CMR 4.04(7) or any other subsection shall prevent the offering of a door prize or prizes, the value of which shall not exceed \$25.00 in cash or merchandise of any value.

(d) Gift Certificates. Gift certificates as defined in 961 CMR 4.02(12) may be awarded as prizes at Bazaars to the extent they do not exceed \$200.00 in value but the use of Gift Certificates as awards at a Function is expressly prohibited.

(e) Prizes to be Awarded Only to Persons who were Present, and Purchased Tickets or made Wagers at Function. No prize or award shall be paid or awarded in connection with a Function to any person who is, or was, not present at the Function himself and personally there made the wager, or obtained the ticket or chance, resulting in such award or payment.

(8) Prohibited Acts

(a) Except as provided in 961 CMR 4.04(6)(a) and (8)(b) no Games of Chance of any kind, whether lawful or unlawful, and whether any separate or additional charge or wager is required or not, shall be conducted or allowed at any Function.

(b) Raffles. Raffles may not be conducted at a Function except under the following terms and conditions:

1. No sales of tickets in any Raffle shall be made at, or in connection with, a Function unless all aspects of the Raffle are performed at the Function.
2. If any ticket or card or device for a Raffle is sold, or any drawing for a Raffle held, other than at and during the Function, no portion of the Raffle shall be conducted at or during the Function nor shall the Raffle be considered as being held under the permit for any Function.
3. Raffles wherein the winner or winners are chosen by the drawing of a ticket or other card or device conducted at, or as a part of, a Function shall be treated as conducted solely pursuant to the permit to conduct that Function. All income, prizes awarded, and other expenses shall be accounted for, and reported to the Commission, as required for Functions and shall not be reported, or accounted for, as required for Raffles conducted under a Raffle permit issued.
4. Tickets for entry into a Raffle held at, and as a part of, a Function shall be sold or issued separately and each shall constitute a separate and equal chance to win with all other tickets sold or issued. No person shall be required to obtain more than one ticket, in order to enter any such Raffle.
5. Each such Raffle shall be accounted for separately from other activities in connection with the Function.
6. Break-open tickets (such as Charity Games, jar tickets and the like) shall not be employed in such Raffles. The playing of punchboards is also expressly prohibited.



4.04: continued

(c) Wagering Among Participants not Permitted. No Licensed Organization shall permit, as a part of a Function, a gambling activity which involves a wagering of money or other items of value by one participant directly against another participant. This rule shall not be construed to prohibit Games of Chance wholly administered by the Licensed Organization wherein the licensee collects wagers from among the participants and determines the winners and amount of prizes on a parimutuel basis.

(d) Coin Operated Devices Prohibited. In no event shall coin-operated pull tab dispensing devices, or any other mechanical gambling or Lottery device activated by insertion of a coin or other object, be utilized at or in connection with the conduct of a Function.

(e) Beano or Bingo. The playing of Beano or Bingo or a similar game under another name at a Function is expressly prohibited.

(f) Credit and Checks. No Licensed Organization may extend credit to any patron at a Function. No checks may be cashed or received for the purchase of chips, script and the like.

(g) Persons Under Age 18. No person under 18 years of age shall be permitted on that portion of the premises used for a Function.

(h) Transportation of Patrons. No Licensed Organization shall directly or indirectly provide for transportation of players to or from the premises where a Function is conducted unless prior written authorization is obtained from the Director. For the purposes of 961 CMR 4.04(8)(h), premises shall include the ways immediately adjoining the premises where the Function is to be held. Application to the Director for authorization under 961 CMR 4.04(8)(h) must be in writing and state grounds sufficient to establish to the satisfaction of the Director that the Licensed Organization has good cause for such request. Any authorization granted under 961 CMR 4.04(8)(h) may be revoked or suspended at any time.

(i) Prohibition of Certain Sales. Except for the sale or offering for sale by the Licensed Organization of Raffle tickets authorized under 961 CMR 4.04(8)(b) and food or refreshments, no services, goods or merchandise may be sold or offered for sale on that portion of the premises used for a Function and for one hour before and after the Function.

(j) Transaction of Certain Business Prohibited. No person who is directly or indirectly connected with the manufacture, sale or distribution of gaming equipment or supplies or his agents, servants or employees may be present during a Function for the transaction of business.

(k) Workers are prohibited from participating in Games of Chance at any Function during which they participate as workers.

(9) Police Officer Required. Except as authorized by the Director in writing for good cause shown, each Licensed Organization shall retain the services of a police officer of the city or town where the Function is conducted who shall be in attendance from the time sale of admission commences until Net Proceeds have been secured by deposit or otherwise. The police officer may be compensated under 961 CMR 4.05(5)(a) at a rate not to exceed the rate currently prevailing for such services in said city or town.

(10) Limitation of Hours. Except as authorized by the Director in writing, the operation of a Function shall be limited to five consecutive hours terminating no later than 1:00 a.m.

(11) Limitation of Functions. Except as authorized by the Director in writing no Licensed Organization shall conduct no more than one Function in any single calendar day.

4.05: Reporting and Record Keeping

(1) Reports

(a) Financial Report. A separate financial report form as specified by the Director must be filed for each Function for which the Licensed Organization has filed the notice required pursuant to 961 CMR 4.03(2) regardless of whether or not the Licensed Organization actually conducts a Function on that day. This form must be complete in

4.05: continued

all respects when filed. Failure to adequately complete and file said form within 10 days of the day of the Function for which said report is required to be filed may result in suspension or revocation of the Licensed Organization's License to conduct Beano and Charity Games.

Control sheets and other such records or forms used by the Licensed Organization to gather and support the information required to be reported must be retained by the Licensed Organization and be kept available for inspection at reasonable times by the Director. A tax in the amount of five per cent of the Gross Receipts derived from the Function shall be paid to the Commission at the time this form is filed.

(b) Raffle/Bazaar Law Report. A Licensed Organization shall within 30 days of the expiration of its permit submit a report on a form to be approved by the Commissioner of Public Safety. Such form shall require information concerning the number of Raffles and Bazaars held, the amount of money received, the expenses connected with the Raffle or Bazaar, the names of the winners of prizes exceeding \$25.00 in value, the Net Proceeds of the Raffles and Bazaars, and the uses to which the Net Proceeds were applied. Such report shall be certified to by the three persons designated in the permit application as being responsible for such Raffle or Bazaar and by an accountant. Two copies of said report shall be filed with the city or town clerk, and one copy filed with the Director. Failure to file and report shall constitute sufficient grounds for refusal to renew a permit to conduct Raffles and Bazaars.

(2) Records

(a) Record Keeping. Accurate records and books shall be kept by each Licensed Organization in a manner prescribed by the Director showing in detail the amount and source of Gross Receipts, the expenses incurred and the name and address of each person receiving a prize over \$25.00 and the value of such prize.

(b) Access to Records. The Commission or the Local Licensing Authority or their duly authorized agents or representatives shall at all times have access to all books and records of any Licensed Organization for the purpose of examining and checking them.

(c) Period for Retention of Records. All records, books of account, bank statements and all other papers incidental to the operation of Raffles and Bazaars by the Licensed Organization shall be retained and available for inspection by the Commission or its duly authorized representatives for a period of four years from the close of the calendar year to which the records apply.

(3) Central Accounting System. Each Licensed Organization for the operation of a Function shall establish and maintain a central accounting system in a form prescribed by the Commission for all activities conducted in conjunction with the Function. Licensed Organizations shall obtain control sheets from the Commission.

Such system shall contain, but not be limited to, the following items:

(a) There shall be adequate personnel and physical areas to provide for the following minimum separation of duties.

1. banker and cashier, (count room) to handle the original bankroll, provide chips to the games and redeem chips;
2. runner to transport chips and lockboxes between stations;
3. pit bosses, each of whom shall supervise the operation of not more than six gambling stations and who shall, if applicable, supervise the transfer of lockboxes and chips to and from the count room;
4. an area for the counting of money (count room) which is segregated from the area in which gambling is conducted. All money received in connection with the Function shall be brought to this area for counting.

Once any such money has been brought to this area, three persons shall be assigned to the count area with a minimum of two in the counting area at all times.

(b) The beginning bankroll and chip count shall be verified by at least two persons who shall sign such verification.

(c) There shall be documentation containing verifying signatures for the transfer of money and chips between any two stations.

4.05: continued

- (d) All games shall be numbered and except as provided in 961 CMR 4.05(3)(m) be provided with lockboxes and money paddles. The money paddle shall remain in the lockbox slot whenever it is not in use. The money slot of the lockbox shall not exceed 3½ inches in length and ½ in width.
  - (e) The keys to all lockboxes are to be kept in the count room at all times and the lockboxes are to be opened only in the count room by the count room personnel.
  - (f) All games are to be played using chips, script or the like and all currency tendered by the players shall be exchanged for chips, script or the like and immediately placed in the lockbox by the dealer if sale takes place at other than the count room.
  - (g) All money and chips shall be transferred to the count room at the end of the occasion for final tabulation, reconciliation, and verification.
  - (h) The final tabulation and reconciliation shall be verified by at least three count room personnel who shall sign such verification.
  - (i) Access to the count room (the bankers and/or cashier's area) shall be restricted to the persons assigned to those functions.
  - (j) Records shall provide sufficient detail to determine the gross receipts of each activity conducted.
  - (k) The records shall contain a reconciliation of the ending cash on hand to net receipts.
  - (l) The ending cash on hand shall be deposited intact at the conclusion of the event, and a validated deposit slip shall be included as part of the event records.
  - (m) In the event that the Licensed Organization allows players to purchase chips, script and the like only from the banker or cashier(s) and allows no sale of chips, script or the like to any other location, with all currency being immediately placed in a lockbox by said banker or cashier(s) games need not be provided with lockboxes and money paddles.
- (4) Bank Accounts
- (a) Proceeds from Raffles and Bazaars shall be kept in a separate special Raffle and Bazaar bank account which shall be in the form of a checking account. All receipts from each Raffle and Bazaar less the amount awarded as cash prizes for that Raffle or Bazaar shall be deposited in this special account no later than the next business day following the date of the Raffle or Bazaar. Money shall be withdrawn from this Special Account for only the following purposes:
    - 1. Payment of expenses in accordance with 961 CMR 4.05(5);
    - 2. Disbursement from Net Proceeds for a Lawful Purpose as defined in 961 CMR 4.00.
  - (b) The commingling of any funds derived from the operation of Raffles and Bazaars with any other funds of the Licensed Organization is prohibited.
- (5) Expenses
- (a) Payment of Expenses. Money for reasonable and necessary expenses may be paid from the Gross Receipts only by checks having preprinted consecutive numbers drawn on the special bank account established pursuant to 961 CMR 4.05(4). Said checks must be made payable to the specific person or corporation providing the goods or rendering the service which gives rise to the expense item and at no time may checks be payable to cash.
  - (b) Nature of Expense. Only those expenses which are reasonable and necessary and ordinarily incidental to the conduct of Raffles and Bazaars may be paid from Gross Receipts or otherwise.

REGULATORY AUTHORITY

961 CMR 4.00: M.G.L. c. 10, § 39A.