

CONTINUATION SHEET
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ANNEX A

Title 61. Revenue, Part VII. Local Option Small Games of
Chance, Chapter [901] 901a. Local Option Small Games of Chance.

CHAPTER 901. Reserved.

Editor's note: The text in Chapter 901a is new and is not
underlined for ease of reading.

CHAPTER 901a. LOCAL OPTION SMALL GAMES OF CHANCE

Subchapter A. GENERAL PROVISIONS

DEFINITIONS

§ 901a.1. Definitions.

The following words and terms, when used in this part, have
the following meanings, unless the context clearly indicates
otherwise:

Act -- The Local Option Small Games of Chance Act (10 P.S.
§§ 328.101-328.707).

Applicant -- A person who prepares and files an application.

Application -- One of the following forms as prescribed by
the Department:

(i) A form that a manufacturer shall complete and file with the Department to be registered or to obtain a game of chance approval.

(ii) A form a distributor shall complete and file with the Department to obtain a license.

(iii) A form an eligible organization shall complete and file with the licensing authority to obtain a license.

Auxiliary group --

(i) A division, subsidiary or affiliated organization or association, incorporated or unincorporated, of an eligible organization whose business and operation is subject to and restricted by the bylaws, rules, regulations and procedures of the eligible organization and that is established solely for the purpose of aiding or assisting the eligible organization and its members in the fulfillment of the eligible organization's purposes.

(ii) The term does not include home associations.

Bingo Law -- The Bingo Law (10 P.S. §§ 301-308.1).

Board -- The Board of Appeals of the Department as provided for in Chapter 7 (relating to Board of Appeals).

Bona fide member -- An individual who holds a membership in an eligible organization as defined by that organization's constitution, charter, articles of incorporation or bylaws.

Carryover drawing -- A daily drawing or weekly drawing in which the prize includes the prize from one or more prior daily drawings or weekly drawings where the prior drawing or drawings meet the following conditions:

(i) The licensed eligible organization actually held the prior drawing or drawings and the winning chance in the prior drawing or drawings was not held by one of the eligible entrants in the drawing or drawings.

(ii) The chances in the prior drawing or drawings were not sold for more than \$1 each.

(iii) In the case of a daily drawing, no participant was sold more than one chance.

Chance -- A right purchased for consideration to participate in a game of chance for a prize or prizes offered in the game, which right is represented by a tangible item such as a pull-tab, punch, ticket, document, paper or other similar item.

Charitable organization -- A group or body of persons which is created and exists for the purpose of performing a humane service; promoting the welfare of the aged, poor, infirm or distressed; combating juvenile delinquency or advancing the

spiritual, mental, social and physical improvement of young men and women. The term includes the YMCA and YWCA.

Civic and service association --

(i) Any Statewide or a branch, lodge or chapter of a National or State organization which is authorized by its written constitution, charter, articles of incorporation or bylaws to engage in a civic or service purpose within this Commonwealth, which has existed in this Commonwealth for 1 year.

(ii) The term also includes a similar local organization, not affiliated with a National or State organization, which is recognized by a resolution adopted by the governing body of the municipality in which the organization conducts its principal activities.

(iii) The term includes:

(A) Statewide or local bona fide sportsmen's and wildlife associations, federations or clubs, Statewide or local in nature.

(B) Volunteer fire companies.

(C) Volunteer rescue squads.

(D) Volunteer ambulance associations.

(E) Senior citizens organizations.

(F) Organizations that are recognized by a resolution adopted by the appropriate governing body and which are established to promote and encourage participation and support for extracurricular activities within the established primary and secondary public, private and parochial school systems.

Club -- An organization that is licensed to sell liquor under section 404 of the Liquor Code (47 P. S. § 4-404) and that qualifies as an exempt organization under section 501(c) or 527 of the Internal Revenue Code of 1986 (26 U.S.C.A. § 501(c) or § 527).

Club licensee -- A club that holds a license to conduct games of chance.

Daily drawing --

(i) A game of chance in which a bona fide member selects or is assigned a number in exchange for consideration for a chance at a prize with the winner determined by random drawing to take place on the licensed eligible organization's licensed premises during the same operating day that the chances for the drawing are sold.

(ii) The term includes games commonly known as "member sign-in lotteries" and "half-and-half lotteries."

Deal -- A set of pull-tabs or punches bearing the same serial number.

Department -- The Department of Revenue of the Commonwealth.

Dispensing machine --

(i) A device designed exclusively for the dispensing of games of chance authorized by the act, including ticket jars, fish bowls and stamp machines.

(ii) The term does not include any device commonly known as a "slot machine" or "video poker" or any device that contains as one of its components a video display monitor that is capable of displaying numbers, letters, symbols or characters in winning or losing combinations.

Distributor -- A person who purchases or otherwise obtains games of chance for purposes of sale or resale.

Distributor's representative --

(i) A natural person who represents a distributor in connection with the sale or furnishing of games of chance for use in authorized activities.

(ii) The term includes the distributor's sales personnel.

(iii) The term does not include warehouse personnel, delivery personnel and other employees who only have incidental contact with customers.

Eligible organization -- An organization that meets all of the following:

(i) Nonprofit.

(ii) Charitable organization, religious organization, fraternal organization, veterans organization, club or civic and service association.

(iii) In existence and fulfilling its purposes for 1 year prior to the date of application for a license.

Flare -- A card, graphic, illustration or other document that is part of a pull-tab game or punchboard and satisfies the requirements of § 901a.726 or § 901a.746 (relating to standards for flares), respectively.

Form number - A unique number or alphanumeric code assigned by a manufacturer to identify a specific and distinct version, model or design of a game of chance.

Fraternal organization -- An organization within this Commonwealth created and carried on for the mutual benefit of its members, has a limited membership and a representative form

of government and is a branch, lodge or chapter of a National or State organization.

Game of chance or game --

(i) The following games: pull-tab games, punchboards, daily drawings, weekly drawings and raffles.

(ii) The term includes all of the parts, accessories and items necessary to play such games. The term also includes dispensing machines.

(iii) The term does not include a game played by or with the assistance of mechanical, electronic or electrical devices or media or a game in which the particular chance taken by a person in the game is made contingent upon another occurrence or the winning of another contest.

(iv) This definition does not authorize another form of gambling currently prohibited under the Pennsylvania Crimes Code.

(v) The term does not include games commonly known as "slot machines" or "video poker."

Hold ticket -- A pull-tab or punch in a subset of pull-tabs or punches in a deal one or more of which are designated in advance as a winning pull-tab or punch for a specific prize. The winning pull-tab or punch is revealed after all hold tickets are

purchased. Hold tickets are typically used in conjunction with seal cards.

Home association -- A corporation, association or other organization organized under the laws of the Commonwealth by a veterans organization in conformity with its local, State or National bylaws and meets all of the following:

- (i) Affiliated with the veterans organization.
- (ii) Has a separate legal existence from the veterans organization.
- (iii) Accepts into its membership persons who are not eligible for membership in the veterans organization.
- (iv) The board of directors, officers and members with voting rights or other controlling interests consist solely of bona fide veterans organization members.

Law enforcement official -- A municipal police officer, a member of the State Police, the sheriff of a county or a deputy sheriff.

License -- A document issued by:

- (i) The Department, upon application, to a distributor authorizing the distributor to purchase games of chance for use in this Commonwealth from a registered manufacturer and sell

games of chance for use in this Commonwealth to licensed eligible organizations, also known as a distributor's license.

(ii) A licensing authority, upon application, to an eligible organization authorizing the eligible organization to purchase games of chance for use in this Commonwealth from licensed distributors and conduct games of chance in this Commonwealth, on a yearly basis, known as a games of chance license, or on a limited basis, known as a limited occasion license.

Licensed premises -- The specific location upon which a licensed eligible organization is authorized to conduct games of chance.

Licensee -- A distributor or eligible organization that has been issued a license.

Licensing authority -- The county treasurer, or in a home rule county or city of the first class, where there is no elected treasurer, the designee of the governing authority.

Limited occasion license -- A license issued by a licensing authority to an eligible organization authorizing the organization to conduct games of chance on a limited basis.

Liquor identification number -- The identification number issued by the Pennsylvania Liquor Control Board to the holder of a liquor license.

Manufacturer --

(i) A person who assembles from raw materials or subparts a completed game of chance.

(ii) The term does not include suppliers of only raffle, daily drawing or weekly drawing tickets, products or materials.

Manufacturer registration certificate or certificate -- A document issued by the Department, upon application, to a manufacturer evidencing the manufacturer's registration with the Department.

Manufacturer's representative --

(i) A natural person who represents a manufacturer in connection with the sale or furnishing of games of chance for use in authorized activities.

(ii) The term includes the manufacturer's sales personnel.

(iii) The term does not include warehouse personnel, delivery personnel and other employees who only have incidental contact with the customers.

NAGRA -- The North American Gaming Regulators Association or its successors.

Nonoperating day -- A period of time equivalent to an eligible organization's operating day except that the eligible organization is closed to normal activities or to its members during that period of time.

Normal business or operating site -- The location at which an eligible organization conducts its activities as permitted and enumerated in its constitution, charter, articles of incorporation, bylaws or other document of formation.

Office of Attorney General -- The Attorney General of the Commonwealth of Pennsylvania.

Operating day -- The period of time during any 24 hour period during which an eligible organization conducts its normal activities or holds itself open to its members.

Operating week -- Seven consecutive operating days or nonoperating days.

Passive selection device -- A device that is used to hold or denote all of the possible winning numbers or entrants in a daily drawing, weekly drawing or raffle. The device may not have the capability of being utilized to conduct or aid in unauthorized or illegal forms of gambling.

Payout percentage - The ratio of the following expressed as a percentage:

(i) The numerator being the maximum amount to be awarded in prizes in a game of chance if all potential prizes are awarded.

(ii) The denominator being the maximum potential gross receipts from the sale of all chances in a game of chance.

Person -- A natural person, unincorporated association, company, corporation, joint stock company, group, agency, syndicate, trust or trustee, receiver, fiduciary, partnership, conservator, the Commonwealth or a political subdivision or instrumentality of the Commonwealth or of another state or the Federal government or officers thereof.

Petition -- A written statement of facts, under oath, submitted by one of the following:

(i) A manufacturer or distributor who disagrees with the Department's decision to deny an application.

(ii) A registered manufacturer who disagrees with the Department's decision to revoke its registration or a game of chance approval.

(iii) A licensed distributor who disagrees with the Department's decision to revoke its license.

Petitioner -- A manufacturer or distributor who files a petition.

Prize - Cash or merchandise awarded in a game of chance to the holder of a winning chance.

Proceeds - The difference between the following:

(i) The actual gross revenue collected by a licensed eligible organization from a game of chance.

(ii) The actual amount of prizes paid by a licensed eligible organization in a game of chance to holders of winning chances, plus the cost to purchase the game of chance.

Pull-tab -- A game piece in a pull-tab game that represents a single chance in the game and is made completely of paper or paper products with concealed numbers or symbols that must be exposed by the player to reveal pre-determined winning or losing numbers or symbols.

Pull-tab game -- A deal of pull-tabs and its corresponding flare.

Punch -- A crimped strip of paper enclosed in a punchboard receptacle that represents a single chance in a punchboard and contains pre-determined winning or losing numbers or symbols.

Punchboard -- A board, placard or other device comprised of receptacles, usually laid out in a grid or column pattern, containing a deal of hidden punches and its corresponding flare.

Raffle --

(i) A game of chance in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing of corresponding ticket stubs to take place at a location and date or dates printed upon each ticket.

(ii) The term includes lotteries but not daily or weekly drawings.

(iii) The term does not include the paying of money or merchandise at roulette wheels, at cards, dice, other tables or another form of gambling not specifically authorized by law.

Registration -

(i) The process of applying to the Department to be registered as a games of chance manufacturer for purposes of selling games of chance for use in this Commonwealth.

(ii) The official act of the Department's authorizing a manufacturer to sell games of chance for use in this Commonwealth.

Religious organization -- A group or body of persons which is created and exists for the predominant purpose of regularly holding or conducting religious activities or religious education, without pecuniary benefit to an officer, member or shareholder, except as reasonable compensation for actual services rendered to the organization.

Responsible person -- A person who is connected or associated with an eligible organization, distributor or manufacturer in a manner that meets at least one of the following criteria:

(i) Has the control, receipt, custody or disposal of or pays the compensation of an employee.

(ii) Has the control, receipt, custody or disposal of the revenue from games of chance.

(iii) Has the control, receipt, custody and disposal of available cash on hand or other quick or liquid assets or pays the liabilities of the eligible organization, manufacturer or distributor.

(iv) Has the duty, power or authority to do one of the following:

- (A) Direct the deduction and withholding of tax.
- (B) Direct the collection and payment of sales and use tax.
- (C) Control the financial affairs of the entity.
- (D) Direct the payment of the entity's liabilities.

(E) Direct the payment of the tax deducted and withheld from the compensation of an employee.

(F) Direct the disposition and use of revenue from games of chance.

(G) Account for and report tax deducted and withheld from the compensation of an employee.

(H) Direct the filing of State tax reports and returns.

(I) Direct the payment of State taxes.

(J) Direct the transaction involved with the sale, manufacture or use of games of chance.

(v) Is an eligible organization's manager, officer, director or bar personnel involved with the conduct of games of chance.

Seal card -- A board or placard that contains a seal or seals that, when removed or opened, reveal predesignated winning numbers, letters or symbols.

Seven-day period -- The period of days Monday through Sunday.

Special permit raffle - A raffle conducted under a special raffle permit.

Special raffle permit -- A document issued by a licensing authority to a licensed eligible organization that authorizes

the eligible organization to conduct a raffle with prize limits exceeding the standard prize limits for raffles.

Stamp machine -- A device designed exclusively to dispense preprinted pull-tab tickets which does not make a change to, mark on or alter in any way the ticket placed in the device. The device may not print or produce tickets in any manner. The term is also known as a vending machine for pull-tab tickets.

State Lottery Law - The State Lottery Law (72 P.S. §§ 3761-101 - 3761-314).

Veterans organization --

(i) A Congressionally chartered organization within this Commonwealth, or any branch or lodge or chapter of a National or State organization within this Commonwealth, the membership of which consists of individuals who were members of the armed services or armed forces of the United States.

(ii) The term includes home associations.

Weekly drawing -- A game in which a bona fide member selects or receives a number or numbers in exchange for consideration during an operating week for a chance at a prize with the winner determined by a random drawing to take place on the eligible organization's premises on the last operating day of the eligible organization's operating week.

RESTRICTIONS ON GAME OF CHANCE SALES

§ 901a.21. Sale restrictions on manufacturers.

(a) Registration.

(1) General rule. A manufacturer must be registered with the Department in order to sell, offer for sale or furnish games of chance for use in this Commonwealth.

(2) Exception related to raffles, daily drawings and weekly drawings. A manufacturer that only sells, offers for sale or furnishes raffle, daily drawing or weekly drawing tickets, products or materials for use in this Commonwealth is not required to be registered with the Department.

(3) Subcontracting. A registered manufacturer may subcontract for the manufacturer or production of the parts, pieces, accessories and other items that make up a completed game of chance. A subcontractor who only manufactures or produces parts, pieces, accessories and other items used to manufacture a completed game of chance is not required to be registered with the Department.

(b) Sales. A registered manufacturer may only sell, offer for sale or furnish a game of chance for use in this Commonwealth that has been approved by the Department. A registered manufacturer may only sell, offer for sale or furnish an approved game of chance for use in this Commonwealth to a licensed distributor. This paragraph does not apply to the sale

of raffle, daily drawing or weekly drawing tickets, products or materials.

§ 901a.22. Sale restrictions on distributors.

(a) Licensure. A distributor must be licensed by the Department in order to sell, offer for sale or furnish games of chance for use in this Commonwealth. This paragraph does not apply to distributors that only sell, offer for sale or furnish raffle, daily drawing or weekly drawing tickets, products or materials.

(b) Sales. A licensed distributor may only sell, offer for sale or furnish a game of chance for use in this Commonwealth that has been approved by the Department. A licensed distributor may only sell, offer for sale or furnish a game of chance for use within this Commonwealth to another licensed distributor or a licensed eligible organization. This paragraph does not apply to the sale of raffle, daily drawing or weekly drawing tickets, products or materials.

(c) Purchase. A licensed distributor may only purchase games of chance for use in this Commonwealth from a registered manufacturer or licensed distributor. This paragraph does not apply to the purchase of raffle, daily drawing or weekly drawing tickets, products or materials.

§ 901a.23. Sale restrictions on eligible organizations.

(a) Licensure. An eligible organization shall apply for and obtain a license from the licensing authority in the county where it shall maintain its licensed premises in order to be permitted to purchase games of chance for use in this Commonwealth and to operate games of chance in this Commonwealth.

(b) Purchase. A licensed eligible organization may only purchase or lease games of chance for use in this Commonwealth from a licensed distributor. A licensed eligible organization may only purchase a game of chance for use in this Commonwealth that has been approved by the Department. This paragraph does not apply to the purchase of raffle, daily drawing or weekly drawing tickets, products or materials.

**Subchapter B. MANUFACTURER AND DISTRIBUTOR
REGISTRATION AND LICENSING**

GENERAL RULES

§ 901a.101. Complete applications.

All applications submitted to the Department shall be completed in full and be accompanied by all necessary fees and payments and will not be considered to be received until completed in full and all payments and fees are received.

§ 901a.102. Application decision time limit.

The Department will approve or deny applications within 60 days of their receipt unless the applicant is notified in

writing of the specific reason for the delay. If there is a delay in the application process that the applicant believes to be unwarranted, the applicant may request that the Department issue a denial of the application in writing so that an appeal may be taken from the denial. Upon receipt of the request, the Department will issue the denial.

§ 901a.103. Receipt of applications.

Applications are considered to be received when they arrive at the Department as evidenced by the date stamp placed on the application.

§ 901a.104. Vested rights.

Registration or a license confers only a privilege. Registration or a license confers no vested right in the privilege so conferred.

§ 901a.105. Effect of denial, revocation or expiration of a registration, license or game of chance.

A registration, license or game of chance that has been denied or revoked or that has expired is not valid. A manufacturer, distributor or eligible organization cannot avail itself of the privileges of registration, licensure or an approved game following its denial, revocation or expiration.

§ 901a.106. Ineligibility due to convictions.

A manufacturer or distributor is not eligible for registration or licensure if an officer, director or other

person in a supervisory or management position or employee eligible to make sales on behalf of the manufacturer or distributor meets either of the following conditions:

(1) Within the 5 years of the date of the application has been convicted in a state or Federal court of a felony.

(2) Within 10 years of the date of the application has been convicted in a state or Federal court of a violation of the Bingo Law, or of the act or of a gambling-related offense under the Pennsylvania Crimes Code or other comparable state or Federal laws.

§ 901a.107. Criminal history information record check.

(a) As a condition precedent to registration or licensure, the criminal history record information must be obtained from the Pennsylvania State Police for each individual or entity as prescribed by the Department on the registration or license application.

(b) Either the applicant or the Department may obtain the criminal history record information. If the applicant obtains the criminal history record information, the applicant shall supply it with its application. If the Department obtains the criminal history record information, the applicant shall reimburse the Department for its cost to obtain the criminal history record information.

§ 901a.108. Proration of fees.

A registration or license fee will not be prorated if the application for registration or licensing is received during the registration or license term.

§ 901a.109. Commonwealth resident designee.

A person applying for registration or distributor's license under the act or this part is required to designate a person and location within this Commonwealth for purposes of service of process and the person shall agree to submit to the jurisdiction of the courts of this Commonwealth and law enforcement officials of this Commonwealth and its subdivisions.

§ 901a.110. Change of information.

A manufacturer or distributor shall report any changes to the information supplied on an application to the Department within 15 days of the change.

§ 901a.111. Waiver of confidentiality.

By filing an application for a manufacturer's registration or a distributor's license, the applicant waives confidentiality with respect to Commonwealth tax information in the possession of the Department, the Office of Attorney General or the Department of Labor and Industry regarding the applicant, regardless of the source of that information, and consents to the provision of that information to the Department by the Office of Attorney General or the Department of Labor and Industry.

§ 901a.112. Replacement.

If a certificate or license is defaced, destroyed or lost, the Department may issue a replacement certificate or license to the manufacturer or distributor upon request. The Department may charge a fee, not to exceed \$100, for the certificate or license.

§ 901a.113. Transfer.

A registered manufacturer or licensed distributor is prohibited from transferring or assigning its registration or license.

§ 901a.114. Manufacturer or distributor's representative.

A manufacturer or distributor's representative acts as an agent of the manufacturer or licensee in activities conducted under the manufacturer's registration certificate or distributor's license.

§ 901a.115. Dissolutions, terminations, mergers and bankruptcies.

(a) A manufacturer or distributor shall notify the Department in writing within 10 days of one or more of the following actions on the part of the manufacturer or distributor:

(1) The filing with the Department of State of a certificate of election to dissolve, or the filing of a similar document in another jurisdiction.

(2) The filing of a petition in bankruptcy or receivership by the manufacturer or distributor.

(3) The merging or consolidating with another entity.

(4) The termination of its business activities by a process, legal or equitable, voluntary or involuntary, formal or informal, within or outside this Commonwealth.

(b) A notice of the decision to dissolve is required if filing is not required.

MANUFACTURER REGISTRATION AND GAME APPROVAL

§ 901a.131. Registration application.

(a) Application. Applications for a manufacturer's registration shall be filed with the Department on a form as prescribed by the Department.

(b) Form. The information to be provided on an application shall include the following:

(1) The name of the manufacturer, including a copy of the Fictitious Name Registration Form, Department of State Registry Statement or similar registration form.

(2) The manufacturer's business, mailing and legal address as well as the address of all locations where the applicant manufactures its games. It does not include the address of each person from whom the manufacturer purchases raw materials, components or subparts used to manufacture its games.

(3) The names, addresses, telephone numbers and Social Security numbers of officers, directors, owners and partners or other responsible persons. If incorporated, the application must contain the names, addresses, telephone numbers and Social Security numbers of officers and shareholders controlling 10% or more of outstanding stock. If organized as a partnership, the application must contain the names, addresses and telephone numbers of all partners.

(4) A copy of the constitution and bylaws or the corporate charter for new applications. This information must also accompany renewal application if requested or if amended.

(5) A complete list of all games of chance to be manufactured for sale in this Commonwealth during the registration term. The list must contain information as prescribed on the manufacturer registration application form.

(6) The signatures of responsible persons.

(7) A complete list of manufacturer representatives operating in this Commonwealth, their addresses and telephone numbers.

(8) Pennsylvania tax information, including:

(i) The Pennsylvania Sales Tax number.

(ii) The Pennsylvania corporate box number.

(iii) The Pennsylvania employer identification number.

(iv) The Pennsylvania Unemployment Compensation account number.

(9) A certified statement that:

(i) State tax reports and returns have been filed.

(ii) State taxes due and payable have been paid.

(iii) State taxes owing are subject to timely administrative or judicial appeal and the required bond or security has been filed.

(iv) Delinquent State taxes are subject to an approved deferred payment plan. A copy of the approved deferred payment plan shall be attached to the certified statement.

(10) A certified statement that no officer, director or other responsible person or employee eligible to make sales on behalf of the manufacturer has been convicted of one or more of the following:

(i) A felony in a state or Federal court within the past 5 years.

(ii) A violation of the act, the Bingo Law or a gambling related offense under the Pennsylvania Crimes Code or

other comparable state or Federal law within 10 years of the date of the application in a State or Federal court.

(11) The logos and trade names used by the manufacturer.

(12) Other documents as identified in the application materials.

§ 901a.132. Game of chance approval.

(a) Application. A person shall apply to the Department to have a game of chance approved for use in this Commonwealth. The only games of chance that must be approved by the Department for use in this Commonwealth are pull-tab games, punchboards and dispensing machines for pull-tab games.

(b) Form. The information to be provided on a game of chance approval application shall include the following:

- (1) The name of the game.
- (2) The game form number.
- (3) A description of the game and rules for play.
- (4) A picture or illustration of the game and its component pieces.
- (5) The game prize structure, prizes and their value.
- (6) The number of chances in the game and cost per chance.

(7) The payout percentage for the game.

§ 901a.133. Registration application fee.

The registration application fee is \$2,000 and shall accompany the registration application. An application processing fee of \$100 will be retained by the Department if registration is denied and the remaining \$1,900 will be returned to the applicant.

§ 901a.134. Registration term.

A registration term begins on April 1 and ends on March 31 of the following year. A registration that is issued during a registration term is only valid from the date of issuance to the end of the registration term.

§ 901a.135. Time for filing applications.

(a) Registration application. A manufacturer shall file an application for registration at least 60 days prior to the beginning of a registration term to ensure that the Department will act on its application prior to the beginning of the registration term.

(b) Game approval applications. A game of chance approval application shall be filed with the manufacturer's registration application or during the registration term on a form prescribed by the Department.

§ 901a.136. Registration number.

The Department will assign a registration number and issue a certificate to each manufacturer that it approves for registration. The registered manufacturer shall place the registration number on all documents used in any transactions under the act or this part.

§ 901a.137. Certificate.

A manufacturer's certificate must be maintained on the manufacturer's premises and be available for inspection upon request.

§ 901a.138. Denial, notice of violation and revocation.

(a) Mandatory denial and revocation. The Department will deny a manufacturer's application for registration and will revoke a registration if the applicant or registered manufacturer fails to do one of the following:

- (1) File a complete application after notice from the Department that the application is incomplete.
- (2) File required State tax reports.
- (3) Pay any State tax liability that is not subject to a timely administrative or judicial appeal or is not subject to and not in default of a duly authorized deferred payment plan.

(b) Discretionary denial and revocation. The Department may deny a manufacturer's application for registration or revoke a registration if the manufacturer or a person required to be

identified in the application form commits one or more of the following acts:

(1) Has included false information on the application.

(2) Has been convicted of, forfeited bond upon a charge of or pleaded guilty or nolo contendere to one of the following:

(i) Forgery.

(ii) Larceny.

(iii) Extortion.

(iv) Conspiracy to defraud.

(v) Willful failure to make required payment or reports to a governmental agency.

(vi) A crime, whether a felony or a misdemeanor, involving a gambling activity or a felony involving moral turpitude.

(vii) Other similar offenses.

(3) Has refused to permit an inspection of its records or premises under one of the following:

(i) Sections 901a.801 and 901a.802 (relating to inspection of premises; and examination of records).

(ii) A search warrant.

(iii) A court order.

(4) Has been convicted of a felony in a State, or Federal court within the past 5 years.

(5) Has been convicted in a municipal, State or Federal court of a violation of the act, the Bingo Law or of a gambling-related offense under the Pennsylvania Crimes Code or another comparable State or Federal law within 10 years of the date of application.

(6) Has made a misrepresentation or fails to disclose a material fact.

(7) Sells or offers for sale in this Commonwealth a game of chance that has not been approved by the Department as provided for in this part.

(8) Has failed to comply with or engaged in an activity prohibited by the act or this part.

(c) Notice of violation.

(1) In lieu of a discretionary revocation, the Department may notify a registered manufacturer of a violation of the act or this part and provide the manufacturer with an opportunity to remedy the violation. A manufacturer retains the privileges conferred on it by its registration or game approval

during the notice period and may continue to sell games of chance for use in this Commonwealth.

(2) The time period that the Department will grant to a manufacturer to remedy a violation will not exceed 30 days, unless the manufacturer requests an extension, in writing, and the Department approves the extension. An extension will not exceed an additional 30 days.

(3) The Department will provide the manufacturer with a notice of compliance within 5 days after the manufacturer demonstrates to the satisfaction of the Department that the violation has been remedied.

(4) If the Department determines that the manufacturer has not remedied the violation identified in the notice by the end of the notice or extension period, the Department will initiate proceedings to revoke the manufacturer's registration or game of chance approval as applicable.

(5) There is no right to appeal a notice of violation or a denial of an extension.

(d) Game of chance denial, notice of violation and revocation. The Department may deny an application for a game of chance approval if the application or the game fails to meet the requirement of the act or this part. The Department may issue a notice of violation for or revoke an approved game of chance if

the game of chance fails to meet the requirements of the act or this part. The Department may revoke its approval of a game if the Department determines that the approval was issued in error.

(e) Notice.

(1) The Department will notify a manufacturer in writing of a denial, violation or revocation. The notice will provide:

- (i) The issue date of the notice.
- (ii) The action taken by the Department.
- (iii) The reason for the action.
- (iv) The manufacturer's appeal rights.

(2) The Department will serve the notice by certified or first-class mail.

(3) The Department will mail the notice to the manufacturer's Commonwealth resident designee and the manufacturer's primary business address listed on the manufacturer's application.

§ 901a.139. Registration following denial or revocation.

(a) Denial. Unless otherwise provided by the act or this part, a manufacturer whose registration application is denied may reapply as follows:

(1) If the denial is the result of an incomplete application, the manufacturer may reapply at any time after the denial by filing a complete application.

(2) If the denial is a result of the manufacturer's violation of the act or this part, the provisions in subsection (b) related to revocations apply.

(b) Revocations. Unless otherwise provided by the act or this part, a manufacturer whose registration is revoked is ineligible to reapply for registration as follows:

- (1) For the first revocation, 6 months.
- (2) For a second revocation, 18 months.
- (3) For a third and subsequent revocation, 30 months.

DISTRIBUTOR LICENSING

§ 901a.161. License application.

(a) Application. Applications for a distributor's license shall be filed with the Department on a form prescribed by the Department.

(b) Form. The information to be provided on an application form shall include the following:

(1) The name of the distributor, including a copy of the Fictitious Name Registration, Department of State Registry Statement or similar registry statement.

(2) The address of the distributor, including the business, mailing and legal address.

(3) The names, addresses, telephone numbers and Social Security numbers of officers, directors, owners and partners or other responsible persons. If incorporated, the application shall contain the names, addresses and telephone numbers of officers and shareholders controlling 10% or more of outstanding stock. If organized as a partnership, the application must contain the names, addresses and telephone numbers of all partners.

(4) A copy of the constitution and bylaws or corporate charter only for new applications. This information must also accompany renewals if requested or if changed or amended.

(5) A list of all types of games of chance to be distributed.

(6) A list of manufacturers with whom distributors anticipate doing business.

(7) The signature of responsible persons.

(8) A complete list of distributor representatives and their addresses and telephone numbers.

(9) Pennsylvania tax information, including:

- (i) Pennsylvania Sales Tax number.
- (ii) Pennsylvania Corporate box number.
- (iii) Pennsylvania employer identification number.
- (iv) Pennsylvania Unemployment Compensation account number.
- (v) Pennsylvania liquor license number, if applicable.

(10) A certified statement that:

- (i) State tax reports and returns have been filed.
- (ii) State taxes due and payable have been paid.
- (iii) State taxes owing are subject to timely administrative or judicial appeal.
- (iv) Delinquent State taxes are subject to an approved deferred payment plan. A copy of the approved deferred payment plan shall be attached to the certified statement.

(11) A certified statement that no officer, director or other responsible person or employee eligible to make sales

on behalf of the distributor has been convicted of one or more of the following:

(i) A felony in a State or Federal court within the past 5 years.

(ii) A violation of the Bingo Law or of the act or a gambling related offense under the Pennsylvania Crimes Code or other comparable State or Federal law within 10 years of the date of application in a state or Federal court.

(12) The logo used by the distributor.

(13) Other documents as identified in the application materials.

§ 901a.162. License application fee.

The license application fee is \$1,000 and shall accompany the license application. An application processing fee of \$100 will be retained by the Department if the license is denied and the remaining \$900 will be returned to the applicant.

§ 901a.163. License term.

A license term begins on June 1 and ends on May 31 of the following year. A license issued during a license term is only valid from the date of issuance to the end of the license term.

§ 901a.164. Time for filing applications.

A distributor shall file an application for a license at least 60 days prior to the beginning of a license term to ensure

that the Department will act on its application prior to the beginning of the license term.

§ 901a.165. License number.

The Department will assign a license number and issue a license to each distributor it approves for licensure. A licensed distributor shall place its business name and license number on all documents used in any transaction under this part.

§ 901a.166. License.

The distributor's license shall be maintained on the distributor's premises and available for inspection upon request.

§ 901a.167. Restrictions on distributor interest.

(a) A licensed eligible organization may not be a distributor.

(b) A person who is an officer, director, proprietor, consultant, employee or owner of a distributorship may not have a pecuniary interest in the operation of games of chance or revenue from games of chance. For purposes of this section, a pecuniary interest is the actual or potential for an accession to wealth, whether cash or property, resulting from the play or operation of a game of chance. It includes an interest resulting from one of the following acts:

(1) The sale of a game of chance where the purchase price of the game is based upon the number of chances actually sold in the game.

(2) The sale of a game of chance where the purchase price of the game is based on a percentage of the revenue from chances actually sold or prizes awarded in the game.

(3) A lease of a dispensing machine in which the rental is based upon the number of games purchased by the eligible organization, the percentage of revenue from chances sold or prizes awarded in games of chance.

(c) A distributor or person who has a financial interest in a distributorship may not be a lessor of premises, directly or indirectly, to a licensed eligible organization.

§ 901a.168. Restrictions of distributor employees.

(a) An employee of a distributorship may not be an employee, consultant or volunteer of a licensed eligible organization unless the employee has first made a full written disclosure of the employee's distributorship employment to the eligible organization.

(b) An employee of a distributorship may not be a law enforcement official.

(c) An employee of a distributorship may not play games of chance at the site of a licensed eligible organization if that eligible organization is a customer of the distributorship.

(d) A Department employee assigned to the bureau responsible for administering the act or this part may not have an interest in a distributor licensed under the act or this part.

§ 901a.169. Division of territories.

A distributor may not enter with another distributor into an express or implied agreement, under which either of them is restricted in the operation and carrying on of business to a specific geographic area. A restriction may not be a condition of sales between a distributor and manufacturer.

§ 901a.170. Sales promotion.

A distributor may not use as a sales promotion a statement, demonstration or implication that a certain portion of a deal contains more winners than other portions of the deal or that a game of chance may be played by a licensed eligible organization in a particular manner that would give the organization an advantage in selling more chances before having to pay out winners.

§ 901a.171. Fixed prices.

A distributor may not enter into an express or implied agreement with another distributor to fix the price at which

games of chance may be sold, or for which services in connection therewith may be rendered. The price of these items in the competitive marketplace must be established by each distributor for the games of chance and services offered by each and may not be directly or indirectly established in concert with one another.

§ 901a.172. Denial, notice of violation and revocation of licenses.

(a) Mandatory denial and revocation. The Department will deny an application for a distributor license and will revoke a license if the applicant or licensed distributor fails to do one of the following:

(1) File a complete application after notice from the Department that the application is incomplete.

(2) File required State tax reports.

(3) Pay any State tax liability that is not subject to a timely administrative or judicial appeal or is not subject to and not in default of a duly authorized deferred payment plan.

(b) Discretionary denial and revocation. The Department may deny a license application or revoke a license if the distributor or a person required to be identified in the application form commits one of the following acts:

(1) Has included false information on the application.

(2) Has been convicted of, forfeited bond upon a charge of or plead guilty or nolo contendere to one of the following:

(i) Forgery.

(ii) Larceny.

(iii) Extortion.

(iv) Conspiracy to defraud.

(v) Willful failure to make required payments or reports to a governmental agency.

(vi) A crime, whether a felony or a misdemeanor, involving gambling activity or a felony involving moral turpitude.

(vii) Other similar offenses.

(3) Has refused to permit an inspection of its records or premises under one of the following:

(i) Sections 901a.801 and 901a.802 (relating to inspection of premises; and examination of records).

(ii) A search warrant.

(iii) A court order.

(4) Has been convicted of a felony in a State or Federal court within the past 5 years.

(5) Has been convicted in a municipal, State or Federal court of a violation of the act, the Bingo Law, a gambling-related offense under the Pennsylvania Crimes Code or another comparable State or Federal law within 10 years of the date of application.

(6) Has made a misrepresentation or failed to disclose a material fact.

(7) Has failed to comply with or engaged in an activity prohibited by the act or this part.

(c) Notice of violation.

(1) In lieu of a discretionary revocation, the Department may notify a distributor of a violation of the act or this part and to provide the distributor with an opportunity to remedy the violation. A distributor retains the privileges conferred on it by its license during the notice period and may continue to sell games of chance for use in this Commonwealth.

(2) The time period that the Department will grant to a distributor to remedy a violation will not exceed 30 days, unless the distributor requests an extension, in writing, and the Department approves the extension. An extension will not exceed an additional 30 days.

(3) The Department will provide the distributor with a notice of compliance within 5 days after the distributor

demonstrates to the satisfaction of the Department that the violation has been remedied.

(4) If the Department determines that the distributor has not remedied the violation identified in the notice by the end of the notice or extension period, the Department will initiate proceedings to revoke the license.

(5) There is no right to appeal a notice of violation or a denial of an extension.

(d) Notice.

(1) The Department will notify a manufacturer in writing of a denial, violation or revocation. The notice will provide:

(i) The issue date of the notice.

(ii) The action taken by the Department.

(iii) The reason for the action.

(iv) The distributor's appeal rights.

(2) The Department will serve the notice by certified or first-class mail.

(3) The Department will mail the notice to the distributor's Commonwealth resident designee and the distributor's primary business address listed on the distributor's application.

§ 901a.173. Licensing following denial or revocation.

(a) Denial. Unless otherwise provided by the act or this part, a distributor whose application is denied may reapply as follows:

(1) If the denial is the result of an incomplete application, the distributor may reapply at any time after the denial by filing a complete application.

(2) If the denial is a result of the distributor's violation of the act or this part, the provisions in subsection (b) related to revocations apply.

(b) Revocations. Unless otherwise provided by the act or this part, a distributor whose license is revoked is ineligible to apply for a license as follows:

(1) For the first revocation, 6 months.

(2) For a second revocation, 18 months.

(3) For a third and subsequent revocation, 30 months.

BOARD PROCEDURE

§ 901a.191. Jurisdiction and purpose.

The Board will receive and review petitions challenging the Department's decisions to deny an application for a manufacturer registration or game of chance approval or a distributor license. The Board will also receive and review petitions from manufacturers or distributors challenging the Department's

revocation of a manufacturer registration, game of chance approval or a distributor license.

§ 901a.192. Petitions.

A person challenging a decision of the Department shall file a petition within 15 days after the issue date of notice of the Department's decision.

§ 901a.193. Board procedure.

The provisions of this Part related to Board Procedure and Chapter 7 (relating to Board of Appeals) govern practice and procedure before the Board.

§ 901a.194. Stay of appeal.

After a petition is filed, actions to revoke a registration, license or game approval will be stayed pending the decision of the Board.

Subchapter C. ELIGIBLE ORGANIZATION LICENSING AND ISSUANCE OF SPECIAL RAFFLE PERMITS

ELIGIBLE ORGANIZATION LICENSING

§ 901a.201. Criminal history record information check.

(a) As a condition precedent to licensure, the criminal history record information must be obtained from the Pennsylvania State Police (see 18 Pa. C.S. §§ 9102 and 9121(b)) for the executive officer and secretary of the eligible organization.

(b) Either the applicant or the licensing authority may obtain the criminal history record information. If the applicant obtains the criminal history record information, the applicant shall supply it with its application. If the licensing authority obtains the criminal history record information, the applicant shall reimburse the licensing authority for its cost to obtain the criminal history record information.

§ 901a.202. License application form.

(a) The Department will proscribe the license application form for eligible organizations. Licensing authorities may obtain the form from the Department's website.

(b) The form is available to eligible organizations through the licensing authorities.

(c) The license application form must contain, at a minimum, the following information:

- (1) The name of the eligible organization.
- (2) The type of eligible organization. If the organization is a club licensee, the organization's liquor identification number shall be supplied.
- (3) The address of the eligible organization.
- (4) Incorporation information.

(5) The name of the municipality where the eligible organization will maintain its licensed premises.

(6) The eligible organization's licensed premises.

(7) The eligible organization's operating day and week.

(8) The names, addresses and telephone numbers of the officers of the organization.

(9) Partnership information.

(10) A list of shareholders owning 10% or more of outstanding stock.

(11) The names and addresses of persons who will be responsible for the operation of games of chance, including eligible organization employees, bar personnel, auxiliary group members and other persons who will obtain the games of chance and coordinate their use.

(12) A statement under oath in the form of an affidavit, affirmed by the executive officer or secretary of the eligible organization, stating the following:

(i) A person 17 years of age or younger will not be permitted by the eligible organization to operate or play games of chance.

(ii) The facility in which games of chance are to be played has adequate means of ingress and egress and adequate

sanitary facilities available in the area and meets Department of Health and other local or Federal sanitary requirements.

(iii) The eligible organization is the owner of the premises upon which the games of chance are played or, if it is not, the eligible organization is not leasing the premises from the owner thereof under an oral agreement, nor is it leasing the premises from the owner thereof under a written agreement at a rental which is determined by the amount of receipts realized from the playing of games of chance or by the number of people attending, except that an eligible organization may lease a location or premises for a banquet where a per head charge is applied in connection with the serving of a meal.

(13) A copy of a corporate applicant articles of incorporation and bylaws; or, if not a corporation, a copy of bylaws and other documents which set out the organizational structure and purpose.

(14) A copy of the applicant's Internal Revenue Service tax exemption letter if one has been obtained and a copy of other documents indicating the eligible organization is a nonprofit organization.

(15) The details and copies of the lease, rental or other arrangements between the applicant and the owner of

premises upon which the games of chance will be conducted, if the premises are not owned by the eligible organization.

(16) The names, addresses, dates of birth and the Social Security numbers of each paid employee, auxiliary group member or agent who will be involved with the activities for which the license is sought.

(17) Other documents as identified in the application materials.

(18) The type of license applied for and a list of all types of games of chance to be operated by the eligible organization.

(19) A list of distributors of games of chance with whom the eligible organization does business.

(20) A list of the eligible organization's auxiliary groups that will operate games of chance under the eligible organization's license.

§ 901a.203. Types of license.

(a) Two types of licenses are available to eligible organizations. The types of licenses are as follows:

(1) Games of chance license. A games of chance license authorizes the licensee to conduct games of chance as prescribed by the act and this part during the eligible organization's licensing term.

(2) Limited occasion license. A limited occasion license authorizes the licensee to conduct games of chance on a limited basis as provided in § 901a.204 (relating to limited occasion license requirements, limits and restrictions).

(b) An eligible organization may only hold one type of license at a time.

§ 901a.204. Limited occasion license requirements, limits and restrictions.

(a) The only type of eligible organization that may obtain a limited occasion license is one that does not own or lease premises or does not have a specific location at which it conducts its normal business.

(b) A limited occasion licensee may conduct games of chance on no more than three occasions over a period of no more than 7 days during the license term.

(c) No more than two raffles may be conducted under a limited occasion license during the license term.

(d) A limited occasion licensee is not eligible for special raffle permits and may not conduct special permit raffles.

(e) A limited occasion licensee shall provide 10 days prior written notice of its intent to conduct games of chance under its license to the licensing authority that issued its license.

§ 901a.205. Change of application information.

A licensed eligible organization shall report any changes to the information supplied in its license application to the licensing authority within 15 days of the change.

§ 901a.206. License Term.

A game of chance license or a limited occasion license shall be valid for one year following its date of issuance.

SPECIAL RAFFLE PERMITS AND ISSUANCE

§ 901a.221. Special raffle permit eligibility.

A licensee holding a games of chance license is eligible for special raffle permits. A licensee holding a limited occasion license is not eligible for special raffle permits.

§ 901a.222. Special raffle permit limit.

(a) General rule. A licensed eligible organization is eligible to receive eight special raffle permits.

(b) Exception. A licensed eligible organization is eligible to receive ten special raffle permits per license term if the following apply:

(1) The licensed eligible organization is not a club licensee.

(2) The licensed eligible organization is a volunteer fire, ambulance and rescue organization.

§ 901a.223. Issuance of permits.

(a) Special raffle permits shall be obtained by application from the licensing authority that issued the license to the eligible organization.

(b) Application for a special raffle permit must be made at least 30 days before the date on which ticket sales are to begin.

§ 901a.224. Special raffle permit application.

A special raffle permit application must include the following information:

- (1) The licensed eligible organization's name.
- (2) The licensed eligible organization's games of chance license number.
- (3) The location of the drawing.
- (4) The number of chances to be sold.
- (5) The price per chance.
- (6) The cash value of the prizes to be awarded.
- (7) The date of the drawing.
- (8) The date sales will begin.
- (9) The certified statement that this part, including the advertising prohibition, will be obeyed.

§ 901a.225. Effective period.

A special raffle permit will remain effective from the date on which ticket sales begin until the earlier of the date of the drawing, the expiration date of their games of chance license held when the special raffle permit was issued or 6 months.

Subchapter D. RECORDKEEPING AND REPORTING REQUIREMENTS

LICENSING AUTHORITY REPORTS

§ 901a.301. Report of licensed eligible organizations.

(a) The licensing authority shall keep a list of active licensed eligible organizations. The licensing authority shall send a report of all licensed eligible organizations as of June 30th and December 31st to the Department on a semiannual basis on or before July 15th and January 15th, respectively. The licensing authority shall transmit the report to the Department electronically in a format permitted by the Department. The report must include the following information for all active licensed eligible organizations:

(1) Name.

(2) Type of eligible organization and whether it is a club licensee. Club licensees shall be listed separately from other licensed eligible organizations.

(3) Liquor identification number for club licensees.

(4) Full address.

(5) Games of chance license number and license term.

(6) Type of license (games of chance license or limited occasion license).

(7) The serial number of any special raffle permit number issued to the licensed eligible organization during the prior 6 months.

(b) Upon request, the licensing authority shall provide the Department with a copy of an eligible organization's license.
§ 901a.302. List of municipalities.

(a) The licensing authority shall keep and maintain an up-to-date list of those municipalities within the licensing authority's county that permit games of chance.

(b) The licensing authority shall give a copy of the list to every eligible organization at the time of licensure.

(c) The licensing authority shall make the list available to licensed eligible organizations who provide notice to the licensing authority of raffle sales within the licensing authority's county.

(d) Any time the list is updated, the licensing authority will submit a copy of the list to the Department within 30 days of the update.

MANUFACTURER RECORDS AND REPORTS

§ 901a.321. Distributor license record.

A manufacturer shall maintain a record of the license number of each licensed distributor to which it sells or otherwise furnishes games of chance.

§ 901a.322. Games of chance records and retention.

A registered manufacturer shall keep and maintain records related to its sale of games of chance in this Commonwealth. The records shall be maintained for a minimum of 5 years.

§ 901a.323. Records.

A registered manufacturer's records must include the following:

(1) Sales invoices. A registered manufacturer shall record every sale, return or other type of transfer of games of chance (whether approved or not by the Department) to a licensed distributor by completing a sales invoice. An invoice must be prenumbered at the time of purchase. The numbering must be consecutive, using at least four digits. The invoice must contain the following information:

(i) The date of the sale.

(ii) The date of the delivery.

(iii) The name, address and license number of the licensed distributor.

(iv) The description of each item sold, including form and serial numbers. The items may be listed in separate attachment identifying the form numbers and serial numbers.

(v) A designation as to each game that has not been approved for use in this Commonwealth and each game that the Department has approved for use in this Commonwealth.

(vi) The quantity and sale price of each individual item, including individual items of merchandise to be used as prizes on punchboards and pull-tabs.

(vii) The gross amount of each sale to each customer, including discount terms and the total dollar amount of a discount.

(viii) The total amount of the invoice.

(ix) The manufacturer's registration number.

(2) Other records. Other records and reports as required by the act and this part.

§ 901a.324. Form and serial numbers.

The sales of games shall be tracked by form and serial numbers.

DISTRIBUTOR RECORDS AND REPORTS

§ 901a.341. License of purchasers.

A distributor shall keep a copy of the valid license of each licensed eligible organization to which it sells or otherwise furnishes games of chance.

§ 901a.342. Games of chance records and retention.

A licensed distributor shall keep and maintain records related to its sale of games of chance in this Commonwealth. The records shall be maintained for a minimum of 5 years.

§ 901a.343. Records.

A licensed distributor's records must include the following:

(1) Sales invoices. A distributor shall record every sale, return or other type of transfer of games of chance (whether approved or not by the Department) to a licensed distributor or a licensed eligible organization by completing a sales invoice. An invoice must be prenumbered at the time of purchase. The numbering must be consecutive using at least four digits. The invoice must contain the following information:

(i) The date of the sale.

(ii) The date of the delivery.

(iii) The name, address and license number of the licensed distributor or eligible organization.

(iv) A full description of each item sold, including serial numbers for punchboards and pull-tabs and form

numbers. The games may be listed as a separate attachment identifying the form numbers and serial numbers.

(v) For sales to a licensed distributor, the distributor shall designate on the invoice each game that has not been approved for use in this Commonwealth and each game that the Department has approved for use in this Commonwealth.

(vi) For sales to a licensed eligible organization, the distributor shall ensure that the Department has approved for use in this Commonwealth each game being sold to the eligible organization and shall provide a written statement on the invoice affirming that to the best of the distributor's information and belief the Department has approved each game listed on the invoice for use in this Commonwealth.

(viii) The quantity and sales price of each individual item, including individual items of merchandise to be used as prizes on punchboards and pull-tabs.

(ix) The gross amount of each sale to each licensed eligible organization, including all discount terms and the total dollar amount of any discount.

(x) The total amount of the invoice.

(xi) The distributor's license number.

(2) Other records. Other records and reports as required by the act or this part.

ELIGIBLE ORGANIZATIONS AND CLUB LICENSEE

RECORDS AND REPORTS

§ 901a.361. Games of chance records and retention.

(a) A licensed eligible organization shall keep and maintain records of its activities related to games of chance.

(b) Records shall be maintained for a minimum of 2 years, except for club licensees which shall maintain records for a minimum of 5 years.

§ 901a.362. Records.

(a) An eligible organization's records must include the following:

(1) All sale invoices.

(2) The gross receipts from the conduct of each game of chance.

(3) The cost of each game of chance and other expenses related to the conduct of each game of chance.

(4) The total the prizes paid out for each game of chance and each prize's cost or fair market value.

(5) The proceeds from the conduct of each game of chance.

(6) Totals for items enumerated in paragraphs (2) - (5) for each operating day, operating week, calendar month, calendar year and licensed term.

(7) The details as to how the proceeds from games of chance were used or disbursed by the eligible organization.

(8) A record of any prize for which the licensed eligible organization is required to make a W-2G report to the Secretary of the Treasury of the United States.

(9) A list of winners' names and addresses for prizes in excess of \$100.

(10) For merchandise prizes, the licensed eligible organization is required to obtain a sales invoice showing the purchase price of the prize, or if the prize was donated to the licensed eligible organization, a written statement from the donor indicating the fair market value of the prize.

§ 901a.363. Pull-tab game and punchboard records.

(a) A licensed eligible organization shall keep and maintain records and information with regard to the operation of pull-tab games and punchboards.

(b) Pull-tab game and punchboard records must include the following information:

(1) The name, form number and serial number of the pull-tab game and punchboard.

- (2) The date placed in and removed from play.
- (3) The total number of pull-tabs or punches in each deal.
- (4) The cost per chance.
- (5) If a pull-tab game or punchboard is removed from play before all the chances are sold, the number of purchased and unpurchased chances shall be recorded and the unpurchased chances, flare and punchboard (if applicable) shall be retained as part of the licensed eligible organization's games of chance records.

§ 901a.364. Daily drawing, weekly drawing and raffle records.

(a) A licensed eligible organization shall keep and maintain records and information with regard to the operation of daily drawings, weekly drawings and raffles.

(b) Daily drawing, weekly drawing and raffle records shall include the following information:

(1) The type of drawing (daily or weekly) or raffle (regular or special permit raffle).

(2) For a special permit raffle, the licensed eligible organization shall maintain special permits as part of its records. The special permit number shall accompany all records related to a special permit raffle.

(3) For a daily or weekly drawing, the operating day or operating week as applicable during which chances were sold and the date of the drawing.

(4) For a raffle, the dates during which the chances were sold and the date of the drawing.

(5) The number of chances.

(6) The number of chances sold.

(7) The cost per chance.

(8) The prize structure and payout percentage.

(9) The winner's name.

(10) The prize paid to the winner.

(11) The winner's signed acknowledgment for receipt of the prize.

(12) For a daily or weekly drawing, a notation if the drawing is a carryover drawing and, if so, the amount of the prizes carried over into the drawing and the drawing or drawings from which the prizes were carried.

§ 901a.365. Raffle ticket invoice or receipt.

(a) A licensed eligible organization shall maintain records relating to the printing or purchase of raffle tickets. Records shall include a receipt or invoice from the place of

purchase that shows the cost and number or amount of tickets purchased.

(b) If a licensed eligible organization purchases pre-printed raffle tickets, the organization shall secure an invoice or receipt for raffle tickets from the printer of tickets showing:

(1) The printer's name and business address.

(2) The cost of the tickets.

(3) The number of tickets printed.

(4) The first and last numbers used.

(5) The licensed eligible organization's license number or special raffle permit number, as applicable.

§ 901a.366. Daily and weekly drawing invoice or receipt.

A licensed eligible organization shall maintain records relating to the printing or purchase of materials to be used for daily and weekly drawings. Records shall include an invoice or receipt from the place of purchase that shows the cost and number or amount of the materials purchased.

§ 901a.367. Reports.

(a) Annual report. A licensed eligible organization, except a club licensee, is required to submit an annual report to the Department related to its games of chance activities.

(b) Semiannual report. A club licensee is required to submit semiannual reports to the Department related to its games of chance activities.

(c) Retained proceeds. A club licensee that retains games of chance proceeds as permitted by the act for a substantial purchase or project shall report the amount of proceeds retained, a description of the purchase or project for which the proceeds are retained and the anticipated date of the purchase or project in its semiannual reports.

§ 901a.368. Time to file reports.

(a) Eligible organization annual report. A licensed eligible organization, except a club licensee, shall file its annual report with the Department by February 1 for its games of chance activity during the preceding calendar year.

(b) Club licensee semiannual reports. A club licensee shall file its semiannual reports with the Department, as follows:

(1) One semiannual report shall be filed by August 1 for the preceding six month period beginning January 1 and ending June 30.

(2) One semiannual report shall be filed by February 1 for the preceding six month period beginning July 1 and ending December 31.

§ 901a.369. Manner of filing reports.

(a) A report required to be filed under § 901a.367 (relating to reports) shall be filed with the Department. The report shall be filed on a form prescribed by the Department consistent with the act and this part.

(b) A report shall be filed electronically through the Department's website.

(c) An authorized officer of the licensed eligible organization shall file the report. By filing the report, the officer shall affirm that the information supplied on the report is true, correct and complete to the best of the filer's knowledge, information and belief and is made subject to the penalties of perjury and unsworn falsification.

§ 901a.370. Availability of reports.

A club licensee's semiannual reports and the information contained therein shall be available for review for official purposes and by the public through the Department's website.

Subchapter E. PROHIBITED PRACTICES

PROHIBITED PRACTICES

§ 901a.401. Prohibited practices, contracts, gifts, and the like.

(a) A manufacturer or distributor or employee thereof may not directly or indirectly solicit, give or offer to give or receive from another licensee or registered manufacturer or an employee thereof gifts, loans of money, premiums, rebates, free

merchandise or services of a substantial value. A licensee or registered manufacturer or employee thereof, may not directly or indirectly solicit, receive from, or give or offer to give a manufacturer or distributor or his employee gifts, loans of money, premiums, rebates, free merchandise or services of a substantial value.

(b) A manufacturer, distributor or representative thereof may not sell to or solicit from a person an order for a game of chance contingent upon that person or another purchasing or ordering some other game of chance.

(c) A manufacturer, distributor or licensed eligible organization may not fix by express or implied agreement with another manufacturer, distributor, eligible organization or any other person, the prices to be charged to other manufacturers, distributors or eligible organizations in the competitive market place for games of chance or goods, prizes or services sold or rendered in connection with games of chance. Nothing in this subsection is intended to prohibit individual manufacturers, distributors and eligible organizations from negotiating for the price to be paid for goods, prizes or services sold or rendered in connection with games of chance.

§ 901a.402. Sales promotions.

A manufacturer or distributor or representative thereof may not use as a sales promotion a statement, demonstration or implication that a certain portion of a pull-tab deal contains more winners than other portions of the deal or that a pull-tab deal may be sold by the operator in a particular manner that may give the operator an advantage in selling more of the pull-tabs before having to pay out winners.

§ 901a.403. Rigging.

A person shall not, with intent to prevent a game of chance from being conducted in accordance with the act or the rules and usages governing a game of chance, do any of the following:

(1) Confer, offer or agree to confer a benefit upon or threaten an injury to a participant or other person associated with the game of chance.

(2) Tamper with a person or game of chance.

(3) Solicit, accept or agree to accept a benefit.

§ 901a.404. Contingent fees.

A person who distributes, manufactures or operates a game of chance shall not require for equipment furnished or to play a game a payment equal to a percentage of the total winnings of a game of chance.

Subchapter F. GAMES OF CHANCE AND OPERATION OF GAMES

GENERAL RULES

§ 901a.501. Credit play.

(a) Playing of games of chance shall be on a cash basis.

(b) Cash includes checks and money orders but does not include the use of a type of credit or debit card.

(c) The consideration to play a game of chance shall be collected in full, by cash, check or money order, in advance of a play.

(d) Credit play may not be extended to a player.

(e) A licensed eligible organization may not permit the purchase of tickets by means of a deferred payment plan.

(f) Licensed eligible organizations may establish their own policies concerning acceptance of checks. A licensed eligible organization is not required to accept a check.

(g) A licensed eligible organization, manufacturer or distributor may not grant a non de minimis loan or gift to a player, a licensed eligible organization, distributor or manufacturer.

(h) Postdated or altered checks may not be accepted.

(i) On the specific date on which the check was written, a licensed eligible organization may allow a player to buy back a check with cash or return a player's check to the player as part of a prize payout. Licensed eligible organizations may not

unnecessarily delay the bank deposit of a check to accommodate either of these activities.

(j) A licensed eligible organization may not lend or provide the use of gambling funds to a person as a loan.

§ 901a.502. Ownership of merchandise prizes.

A licensed eligible organization shall have paid for in full and become the owner, without lien or interest of others, of any merchandise to be awarded as a prize in a game of chance prior to selling chances in the game.

§ 901a.503. Merchandise prize valuation.

The value of a merchandise prizes is its cash value which is equal to either of the following:

(1) The purchase price of the prize.

(2) The fair market value of the prize when there is no purchase price.

§ 901a.504. Illegal prizes.

A prize may not be offered or awarded in a game of chance which is illegal under a municipal, State or Federal law.

§ 901a.505. Compensation.

A licensed eligible organization may not pay compensation to a person for conducting a game of chance.

§ 901a.506. Persons who may conduct games of chance.

(a) Only licensed eligible organizations or auxiliary group managers, officers, directors, bar personnel or bona fide

members of the licensed eligible organization may conduct, operate or sell chances for a game of chance.

(b) A person 17 years of age or younger may not conduct, operate, sell chances for or play a game of chance.

§ 901a.507. Promotional use of games of chance.

Games of chance may not be used as a part of promotional or advertising methods.

§ 901a.508. Operating days, nonoperating days and operating weeks.

(a) An operating day or a nonoperating day may not exceed 24 consecutive hours. An operating day or a nonoperating day may not overlap with any other operating day or nonoperating day.

(b) An operating day may extend from 1 calendar day to another so long as the eligible organization's normal activities or business hours extend from 1 calendar day to another. For example, an eligible organization's operating day may begin at 9 a.m. and end at 3 a.m. the following calendar day (that is, 18 consecutive hours over 2 calendar days).

(c) If an eligible organization operates on a 24 hour-a-day basis, the eligible organization's operating day shall be any consecutive 24-hour period as chosen by the organization. For example, an eligible organization could choose its operating day

to be from 9:01 a.m. to 9 a.m. the following calendar day or from 12:01 a.m. to midnight on the same calendar day.

(d) An operating week shall consist of 7 consecutive, reoccurring operating or nonoperating days.

(e) An eligible organization shall choose its operating day and week and report them on its license application.

(f) A licensed eligible organization may change its operating day and week. The eligible organization shall amend its license before the new operating day or week becomes effective.

§ 901a.509. Disputes.

If a dispute occurs about whether a chance is a winning chance and the dispute cannot be resolved through normal verification procedures or other appropriate means, the licensed eligible organization may retain the chance and replace it with an equivalent chance in a like game. This is the exclusive remedy of the owner of the chance. Detailed records regarding the dispute, the reasons for the dispute and the chance shall be maintained by the eligible organization.

§ 901a.510. Chances as prizes in games of chance.

A chance in a game of chance may not be offered or awarded as a prize in the same or another game of chance.

PRIZE LIMITS

§ 901a.531. Prize limits.

(a) General prize limits. Unless otherwise provided in the act or this part, the following prize limits apply to all games of chance:

(1) Individual prize limit. A prize or prizes for a single chance may not exceed \$1,000.

(2) Weekly limit. The total cash value of all prizes that a licensed eligible organization awards in games of chance during an operating week may not exceed \$25,000.

(b) Additional Raffle limit. In addition to the prize limits in subsection (a), the total cash value of all prizes that a licensed eligible organization awards in all raffles in a calendar month may not exceed \$10,000.

(c) Prize limit exceptions. The following exceptions apply to the prize limits in subsection (a).

Special permit raffle.

(i) The prize limits under subsection (a) do not apply to prizes awarded in a special permit raffle.

(ii) The total cash value of all prizes that a licensed eligible organization awards under all special permit raffles during a calendar year may not exceed \$100,000. A licensed eligible organization that is a volunteer fire,

ambulance or rescue organization may award an additional \$50,000 in special permit raffle prizes during a calendar year.

(d) Prize limit exceptions for daily drawings.

(1) Carryover drawing. A licensed eligible organization may award a prize in a daily drawing in excess of the prize limitations in subsections (a) if the daily drawing is a carryover drawing.

(2) 100% payout drawing. The prize limitation of subsection (a)(2) is not applicable to a prize awarded in a daily drawing that is set up to pay out 100% of the gross revenues from the drawing.

(e) Prize limit exceptions for weekly drawings.

(1) Exemption from individual prize limit. The prize limitation in subsection (a)(1) does not apply to weekly drawings.

(2) Carryover drawing. A licensed eligible organization may award a prize in a weekly drawing in excess of the prize limitations in subsections (a) if the weekly drawing is a carryover drawing.

(3) 100% payout drawing. The prize limitation of subsection (a)(2) is not applicable to a prize awarded in a

weekly drawing that is set up to pay out 100% of the gross revenue from the drawing.

PULL-TAB GAMES AND PUNCHBOARDS

§ 901a.541. Pull-tab game and punchboard operation.

(a) Modification of a pull-tab game or punchboard.

(1) A licensed eligible organization must operate pull-tab game or punchboard as manufactured. A licensed eligible organization may not modify or otherwise change pull-tab game or punchboard.

(2) A licensed eligible organization may not permit the display or operation of a pull-tab game or punchboard that may have been marked, defaced, tampered with or otherwise placed in a condition or operated in a manner which may deceive the public or which affects the chances of winning or losing upon the taking of a chance thereon.

(3) Modification exceptions. A licensed eligible organization may indicate on a flare when a prize has been awarded in a pull-tab game or punchboard or indicate that merchandise of equivalent value will substitute for a cash prize.

(b) A pull-tab game may not be placed out for public play unless the total number of pull-tabs originally in the deal is clearly disclosed on the face of the flare advertising the prizes available from that deal.

(c) A pull-tab may not be added to a deal after that deal has been shipped from its place of manufacture.

(d) If an entire pull-tab game deal is not placed in play at one time the pull-tabs in the deal shall be placed in play randomly and in a manner that does not compromise the randomization of the pull-tabs as packaged by the manufacturer.

(e) A pull-tab game or punchboard once placed in play may not be removed from play until it is permanently removed from public play.

(f) Once a pull-tab game or punchboard has been removed from public play it may not again be put out for public play.

(g) Pull-tab game deals may not be commingled.

(h) The pull-tabs in a pull-tab game must be placed in play so that the pull-tabs are clearly visible to the consumers.

(i) A pull-tab game or punchboard may not be placed out for public play unless the cost to the player for each pull-tab or punch is clearly posted on the flare.

(j) Only one flare identifying the prizes available in a pull-tab game or punchboard may be placed out in public view.

(k) A pull-tab game that contains more than 4,000 individual pull-tabs shall not be placed in play.

§ 901a.542. Control of prizes.

(a) A person shall be given an opportunity to examine a merchandise prize in a pull-tab game or punchboard prior to that person purchasing a chance in the game.

(b) A prize shall be paid or delivered to the winner as soon as possible after presentation of the winning pull-tab or punch.

(c) A licensed eligible organization may not offer to pay or actually pay cash in lieu of merchandise prizes which may be won. However, a merchandise prize may be offered in lieu of a cash prize prior to placing the pull-tab game or punchboard out for play. The change in the prize shall be clearly marked on the game flare.

(d) A winning pull-tab or punch that is submitted for payment shall be marked or perforated immediately upon presentment so that the pull-tab or punch cannot be presented again for payment.

DAILY DRAWINGS, WEEKLY DRAWINGS AND RAFFLES

GENERAL RULES

§ 901a.551. Raffle, daily drawing and weekly drawing game rules and prizes.

(a) A licensed eligible organization shall establish the rules, prize structure, and prizes in a daily drawing, weekly

drawing or raffle prior to conducting the daily drawing, weekly drawing or raffle.

(b) The rules, prize structure, and prizes in a daily drawing, weekly drawing or raffle must be available to persons buying a chance in the game.

RAFFLES AND SPECIAL PERMIT RAFFLES

§ 901a.552. Raffle drawing dates.

Raffles may have one or more drawing dates except a raffle where the winner is determined by a drawing conducted by the Department under the State Lottery Law, in which case the drawing date will be the date of the applicable Department drawing. The drawing dates and times must be printed on the raffle tickets.

§ 901a.553. Raffle tickets.

(a) Raffle tickets shall be sold or issued separately and each ticket shall constitute a separate and equal chance to win with other tickets sold or issued. A person may not be required to obtain more than one ticket, or to pay for anything other than the ticket, to enter a raffle.

(b) Tickets for use in a raffle must have a stub or other detachable section, be consecutively numbered and be accounted for separately through the use of a log book showing to whom the tickets were given to be sold. The ticket stub or other detachable section of the ticket must bear a duplicate number

corresponding to the numbers on the ticket and contain the purchaser's name, complete address and telephone number. Both parts must be imprinted with sequential numbers commencing with the number "1" through the maximum number of tickets to be sold; or in the case of a raffle where the winner is determined by a drawing conducted by the Department under the State Lottery Law, the universe of eligible ticket numbers must correspond to the universe of eligible numbers in the State Lottery drawing.

(c) A raffle ticket shall be sold for the price stated on the ticket.

(d) A person may not be required to be present at a raffle drawing to be eligible for the prize drawing or to claim the prize awarded.

(e) A ticket seller shall return the stubs or other detachable section of tickets sold to the eligible organization. Except for a raffle where the winner is determined by a drawing conducted by the Department under the State Lottery Law, the eligible organization shall place each stub or other detachable section of ticket sold into a receptacle out of which the winning tickets are to be drawn. The receptacle must be designed so that each ticket placed therein has an equal opportunity with every other ticket to be the one withdrawn.

(f) If a ticket stub or other detachable portion was not placed in the receptacle from which the winners were drawn, prior to the drawing, the purchase price of the ticket must be refunded to the purchaser.

(g) The purchaser's name, address and telephone number must appear on the stubs or other detachable section.

§ 901a.554. Printing requirements.

The following information must be printed upon each raffle ticket sold:

(1) The dates and times of the drawings. If the winner of the raffle is to be determined by reference to a drawing of the Department under the State Lottery Law, then both the date and the name of the State Lottery Law drawing that will be used must be identified on the raffle ticket.

(2) The location of the drawings.

(3) The name of the licensed eligible organization conducting the raffle.

(4) The games of chance license number of the licensed eligible organization.

(5) The special raffle permit number, if applicable.

(6) The price of the ticket.

(7) The prize or prizes to be awarded.

(8) The ticket number.

§ 901a.555. Prize awarding.

(a) A licensed eligible organization shall award raffle prizes on the dates indicated on the raffle ticket unless the licensed eligible organization approves a different date and purchasers of tickets are notified in writing. The dates of the drawing may be extended only if one of the following occurs:

(1) Weather or a state of emergency declared by the Governor has caused a postponement of the event at which the drawing was to occur.

(2) Not enough tickets are sold to cover the cost of the prizes and an extension will make a material difference.

(b) The fact that a desired level of profit will not be obtained is not a basis for an extension of the date of the drawing.

(c) If a raffle prize remains unclaimed by the winner for 90 days following the date of the raffle drawing and the licensed eligible organization has made a good faith effort to contact the winner by means of telephone and registered mail, for redemption of the prize, the licensed eligible organization may retain the prize or award it in another game of chance. A record of the attempted contact shall be maintained for a minimum of 2 years.

§ 901a.556. Free tickets.

A free ticket may be given to a person. A ticket may also be purchased and given to someone as a bona fide gift.

§ 901a.557. Prohibition of joint raffles held by licensees.

A licensed eligible organization may not join together with another licensed eligible organization to conduct a raffle.

§ 901a.558. Open drawing.

(a) The drawing in a raffle shall be conducted openly and in plain view of players present.

(b) A licensed eligible organization shall immediately exhibit and hold open for inspection drawn raffle ticket stubs or detachable sections until the end of the raffle. A licensed eligible organization shall retain the stubs or detachable sections as provided under the act or this part.

§ 901a.559. Ticket sales.

A licensed eligible organization may only sell raffle tickets in municipalities that have approved the use of games of chance by means of a valid local referendum in accordance with the act. A licensed eligible organization may sell raffle tickets at locations other than the licensed eligible organization premises. A licensed eligible organization that plans to sell raffle tickets in a municipality located in a county other than the county in which it is licensed shall notify that county's district attorney and licensing authority

in writing of the location and date that the eligible organization plans to sell raffle tickets at least 10 days prior to selling raffle tickets in that county.

§ 901a.560. Means of determining winning numbers.

A licensed eligible organization may use the following means to determine the winners in a raffle:

(1) A random drawing of ticket stubs using a passive selection device.

(2) By reference to a drawing of the Department under the State Lottery Law. This method may only be used if the licensed eligible organization sells enough tickets equal to the universe of possible winning numbers in the Department drawing. If insufficient tickets are sold, an alternate means of determining the winning number must be used.

§ 901a.561. Rules consistent with regular raffles.

The rules applicable to raffles are also applicable to special permit raffles.

§ 901a.562. Raffles per special raffle permit.

Only one raffle may be conducted under each special raffle permit.

DAILY DRAWINGS

§ 901a.591. Daily drawing procedures.

(a) A licensed eligible organization may sell chances for and hold one or more daily drawings during an operating day. A bona fide member may purchase a chance in a daily drawing only during the operating day on which the drawing will be held.

(b) Daily drawing winners must be determined by random drawing. Daily drawing winners may be determined with the aid of a passive selection device or by reference to drawings conducted by the Department under the State Lottery Law.

(c) A daily drawing must take place on the eligible organization's licensed premises and be conducted in plain view.

(d) A daily drawing must begin and end on the same operating day.

(e) Immediately prior to each daily drawing, the eligible organization shall announce the prize amount for the drawing.

(f) The name of a daily drawing prize winner or the fact that a winner was not selected must be prominently displayed on the licensed premises for at least 7 days after the drawing date. If a winner does not claim a prize within 7 days of the drawing, the eligible organization shall notify the winner of the prize and the requirements for claiming the prize. See § 901a.594 (relating to claiming prizes).

§ 901a.592. Daily drawing chances.

(a) Only a bona fide member of the licensed eligible organization that is conducting the drawing may purchase a chance in a daily drawing.

(b) A licensed eligible organization shall sell a chance in a daily drawing only to a bona fide member.

(c) A chance in a daily drawing may not be sold to or purchased by one bona fide member for the benefit of another bona fide member.

(d) A licensed eligible organization may not sell a chance in a daily drawing for more than \$1.

(e) A licensed eligible organization may sell no more than one chance per daily drawing to each of its bona fide members.

(f) A chance in a daily drawing may be sold and purchased only on the licensed eligible organization's licensed premises.
§ 901a.593. Posting rules.

(a) A licensed eligible organization shall prominently display the rules for each daily drawing in the area where the chances for the drawing are sold.

(b) At a minimum, the posted rules must include:

(1) The cost of the chance.

(2) The manner of selecting the winner.

(3) The time during which chances may be purchased.

(4) The time of the drawing.

(5) The payout percentage.

(6) Whether the drawing is a carryover drawing and the amount of the carryover jackpot.

(7) The requirements and time limits for claiming prizes as provided for in § 901a.594 (relating to claiming prizes).

§ 901a.594. Claiming prizes.

(a) The winner of a daily drawing need not be present at the time of the drawing to claim the prize.

(b) A licensed eligible organization may not impose a penalty or limit the amount of a prize based upon a winning member's nonattendance at the time of the drawing.

(c) Only the daily drawing winner may claim the daily drawing prize.

(d) A daily drawing winner shall claim the prize in person and sign for receipt of the prize.

(e) A prize winner shall claim the prize within 30 days from the date of the drawing.

§ 901a.595. Invalid State Lottery drawing.

A drawing of the State Lottery that is invalidated must also result in an invalid drawing in a licensed eligible

organization's daily drawing which is tied to the State Lottery drawing.

§ 901a.596. Unclaimed prize money.

A licensed eligible organization shall retain as part of its games of chance proceeds a daily drawing prize that remains unclaimed more than 30 days after the drawing.

WEEKLY DRAWINGS

§ 901a.601. Weekly drawing procedures.

(a) A licensed eligible organization may sell chances for and hold only one weekly drawing during an operating week. Bona fide members may purchase chances in a weekly drawing only during the operating week in which the drawing will be held. The drawing shall be held at the end of the operating week.

(b) Weekly drawing winners must be determined by random drawing. Weekly drawing winners may be determined with the aid of a passive selection device or with reference to drawings conducted by the Department under the State Lottery Law.

(c) A weekly drawing must take place on the eligible organization's licensed premises and be conducted in plain view.

(d) Immediately prior to each weekly drawing the eligible organization shall announce the prize amount for the drawing.

(e) The name of a weekly drawing prize winner or the fact that a winner was not selected must be prominently displayed on

the licensed premises for at least 7 days after the drawing date. If a winner does not claim a prize within 7 days of the drawing, the eligible organization shall notify the winner of the prize and the requirements for claiming the prize. See § 901a.604 (relating to claiming prizes).

§ 901a.602. Weekly drawing chances.

(a) Only a bona fide member of the licensed eligible organization that is conducting the drawing may purchase chances in a weekly drawing.

(b) A licensed eligible organization shall sell chances in a weekly drawing only to a bona fide member.

(c) Chances in a weekly drawing may not be sold to or purchased by one bona fide member for the benefit of another bona fide member.

(d) A licensed eligible organization may not sell chances in a weekly drawing for more than \$1 each.

(e) Chances in a weekly drawing may be sold and purchased only on the eligible organization's licensed premises.

§ 901a.603. Posting rules.

(a) A licensed eligible organization shall prominently display the rules for each weekly drawing in the area where the chances for the drawing are sold.

(b) At a minimum, the posted rules must include:

- (1) The cost of the chance.
- (2) The manner of selecting the winner.
- (3) The time during which chances may be purchased.
- (4) The time of the drawing.
- (5) The payout percentage.
- (6) Whether the drawing is a carryover drawing and the amount of the carryover jackpot.
- (7) The requirements and time limits for claiming prizes as provided for in § 901a.604 (relating to claiming prizes).

§ 901a.604. Claiming prizes.

- (a) The winner of a weekly drawing need not be present at the time of the drawing to claim the prize.
- (b) A licensed eligible organization may not impose a penalty or limit the amount of a prize based upon a winning member's nonattendance at the time of the drawing.
- (c) Only the weekly drawing winner may claim the weekly drawing prize.
- (d) A weekly drawing winner shall claim the prize in person and sign for receipt of the prize.
- (e) A prize shall be claimed within 30 days from the date of the drawing.

§ 901a.605. Invalid State Lottery drawing.

A drawing of the State Lottery that is invalidated must also result in an invalid drawing in a licensed eligible organization's weekly drawing which is tied to the State Lottery drawing.

§ 901a.606. Unclaimed prize money.

A licensed eligible organization shall retain as part of its games of chance proceeds a weekly drawing prize that remains unclaimed more than 30 days after the drawing.

Subchapter G. MANUFACTURING STANDARDS

GENERAL MANUFACTURING STANDARDS

§ 901a.701. Predetermination of rules, winning chances and prizes.

(a) All elements of a pull-tab game or punchboard must be established and predetermined by the manufacturer, including the rules, prize structure, prizes, prize values, winning and losing pull-tabs or punches and the prize corresponding to each winning pull-tab or punch.

(b) A pull-tab game or punchboard cannot provide for the operator of or a participant in the game to choose between optional game rules, payout structures or methods of operating the game. However, a pull-tab game or punchboard may contain an optional seal prize whereby the operator, before the pull-tab

game or punchboard is placed in play, can choose if the prize will be awarded to the holder of one chance or allocated equally between multiple winning chances as predetermined by the manufacturer.

Example. A pull-tab game contains 20 hold tickets for a chance at a \$500 seal prize. The game ~~fare~~ contains three optional seals for the seal prize. One seal conceals the number of one hold ticket with the holder of the ticket to receive the entire \$500 prize. Another seal conceals the number of two hold tickets the holder of each ticket to receive \$250. The third seal conceals the number of five hold tickets the holder of each ticket to receive \$100. The operator of the game designates one of the seals for use in the game before it is placed in play.

§ 901a.702. Prohibition against participant control of winning chances or prizes.

A game of chance manufactured for use in this Commonwealth may not permit a participant who purchases a chance in the game to control, affect or choose the winning chance or chances or the corresponding prize or prizes in the game.

§ 901a.703. Game of chance form numbers.

(a) A registered manufacturer shall assign a separate and distinct form number for each version or design of a pull-tab

game, punchboard or dispensing machine manufactured for use in this Commonwealth.

(b) The design and all characteristics of a pull-tab game or punchboard that bear the same form number must be identical except the serial number. Aspects that must be identical include the following:

- (1) The name of the game and its exact spelling, graphics, numbers and symbols.
- (2) The number of chances.
- (3) The sale price for each chance.
- (4) The rules of play.
- (5) The prizes, the prize payout structure and the payout percentage.

Example. A registered manufacturer produces a game with the name "Lucky Sevens" and Form #LS-1500. The deal for the game consists of 1,500 pull-tabs (and therefore chances) each sold at \$1. The game has a payout percentage of 81.333% (that is, the game pays out \$1,220 of the \$1,500 gross revenue from the sale of the pull-tabs). The game has 50 instant win pull-tabs that pay out a total of \$720 (3 at \$100, 3 at \$50, 4 at \$25, 10 at \$10, 10 at \$5 and 20 at \$1). The game also has ten hold tickets with a chance at a seal prize of \$500. Every game produced with

the Form #LS-1500 must be designated with the name "lucky Sevens" and must be identical including the payout percentage, total payout and prize structure in this example. There may not be any variation. For example, the manufacturer could not replace the four \$25 instant win pull-tabs with ten more instant winners at \$10 each. The manufacturer could produce this game but it would require a separate and distinct form number.

PULL-TAB GAMES

§ 901a.721. Uniform minimum quality standards.

(a) Standards. Pull-tab games manufactured for use in this Commonwealth shall conform to the act, this part and NAGRA's manufacturing standards for pull-tab games to the extent consistent with this part. Copies of NAGRA standards are available from the Department.

(b) Randomization. Pull-tabs in a deal must be distributed and mixed among all other pull-tabs in a deal so as to eliminate any pattern in the location of winning and losing pull-tabs in a deal or between deals.

(c) Sub-deals. A deal in a pull-tab game may not be segregated into sub-deals or portions. A pull-tab game may not be manufactured so that a part of a deal may be distinguished or played separately from the rest of the deal.

(d) Separate and distinct pull-tabs. Each pull-tab in a pull-tab game deal must be produced as a separate and distinct chance that can be purchased separately from all other pull-tabs in the deal. A pull-tab may not be attached or connected to another pull-tab in a deal if the pull-tabs attached or connected can be sold separately. Nothing in this subsection shall be construed to prohibit a pull-tab from containing winning and losing numbers or symbols that are concealed by multiple break-open windows, banded tickets or stapled tickets or other similar concealment methods.

(e) Contingent purchases. A pull-tab game may not make the purchase of one pull-tab contingent upon the purchase of another pull-tab, chance or item.

§ 901a.722. Payout percentage.

A pull-tab game must have a payout percentage of at least 60%.

§ 901a.723. Deal in multiple packages.

(a) When the deal is packaged in more than one container, the entire deal of individual pull-tabs shall be mixed so that no person is able to determine the position or approximate location of one or more of the winning pull-tabs or determine whether a package or portion of a deal contains a larger or smaller percentage of winning pull-tabs than the balance of the deal.

(b) The containers may not be numbered as to distinguish one from the other.

(c) A pull-tab deal shall contain a packing slip placed inside the package containing the name of the manufacturer, series number, date the deal was packaged and the name or identification of the person who packaged the deal. This information may be printed on the back of the flare or the outside of at least one of the containers in which the pull-tabs are packed.

§ 901a.724. Flares.

A flare provided by the manufacturer must accompany every pull-tab game deal.

§ 901a.725. One flare per game.

A pull-tab game may only have one flare.

§ 901a.726. Standards for flares.

(a) A pull-tab game flare must be made only by the manufacturer.

(b) Except as otherwise provided in this part, a flare for a pull-tab game must comply with NAGRA manufacturing standards for pull-tab game flares.

(c) A pull-tab game flare must:

(1) Be placed only upon the face, or on the top, of a dispenser used to dispense the pull-tabs.

(2) Clearly set out each of the prizes available and the number or symbol that wins each prize.

(3) Set out the winning numbers or symbols for prizes of \$5 or more in cash or merchandise with a cash value of \$5 or more.

(d) The flare for any pull-tab game containing hold tickets must provide for a section on the flare, either on the front or back, that contains the hold ticket numbers or symbols and a corresponding space beside each number or symbol upon which the holder of each hold ticket shall sign his name.

(e) A seal card may serve as a pull-tab game flare if it meets all the requirements of a flare.

§ 901a.727. Name or logo imprinting.

The manufacturer's name or logo shall be placed on the pull-tabs in a pull-tab game.

§ 901a.728. Pull-tab count.

(a) A pull-tab game deal may not contain more than 4,000 individual pull-tabs.

(b) A pull-tab will be counted towards the number of individual pull-tabs in a deal if the pull-tab represents a separate and distinct chance in the pull-tab game that can be purchased separately from other chances in the pull-tab game.

PUNCHBOARDS

§ 901a.741. Standards for construction.

Punchboards sold for use in this Commonwealth must be in compliance with the following standards:

(1) General.

(i) A punchboard must have a face sheet that covers the punchboard receptacles.

(ii) The flare for the punchboard may be manufactured to serve as the face sheet for the punchboard.

(iii) A punchboard, its punches and its flare must be assigned an identical serial number.

(iv) Each punchboard receptacle must contain an identical number of punches.

(2) Patterns. The punchboard must be manufactured with special care to eliminate patterns between punchboards, or portions of punchboards, from which the location or approximate location of winning punches may be determined. A manufacturer shall employ at least the following steps to ensure that no pattern exists:

(i) The form or permanent number sheets from which the individual punches shall be cut must be mixed prior to cutting.

(ii) After the punches have been crimped, the punches must be thoroughly mixed prior to insertion in punchboards.

(iii) When filling punchboards, workers may not alter the procedures for filling sets of punchboards.

(iv) No more than eight punchboards from one set of boards may be included in a case of punchboards for shipment to this Commonwealth.

(3) Serial numbers. Serial numbers set forth on the form or permanent number sheets shall be nonsequential to ensure that no pattern is created which would permit the tracking of boards through the serial number.

(4) Guaranteed numbers. Numbers or symbols designated as winners on the flare shall be guaranteed by the manufacturer as being present in the board. The manufacturer may place a sticker or equivalent on the back of each punchboard setting forth additional numbers or symbols that are guaranteed to be in the board. The additional numbers or symbols on the back of the board may not exceed 5% of the total punches in the board.

(5) Security. Punchboards must be sealed so it is impossible to determine the number or symbol of a punch prior to being punched out of the board by a method or device including the use of markings or light.

(6) Step-up boards.

(i) Cards, straws or punches that contain the winners in the step-up portion of a punchboard must be completely sealed to prevent premature winner identification. The items must be thoroughly mixed to ensure that no pattern of winners exists.

(ii) Step-up boards that contain winners covered by seals must have at least 25 different face sheets for use on that specific step-up board. Face sheets shall be utilized in a manner to ensure random distribution during the manufacturing process.

§ 901a.742. Punchboard restrictions.

(a) A punchboard may not have a key to winning numbers or symbols other than a key which is furnished to the operator designating the color codes for the chances on that board without regard to whether or not the chances are designated winners.

(b) A punchboard may not have taped sides, corners or edges.

(c) Winning punches shall be distributed and mixed among all other punches in the punchboard so that the winning punches or approximate location of the winning punches cannot be determined.

§ 901a.743. Payout percentage.

A punchboard game must have a payout percentage of at least 60%.

§ 901a.744. Flares.

A flare provided by the manufacturer must accompany every punchboard.

§ 901a.745. One flare per punchboard.

A punchboard may only have one flare.

§ 901a.746. Standards for flares.

(a) A punchboard flare must be made only by the manufacturer.

(b) A punchboard flare must:

(1) Be placed only upon the face or on the top of a punchboard.

(2) Clearly set out each of the prizes available and the number or symbol that wins each prize.

(3) Set out the winning numbers or symbols for prizes of \$5 or more in cash or merchandise worth \$5 or more at retail so that each prize is won and awarded.

(c) The flare for any punchboard containing hold tickets must provide for a section on the flare, either on the front or back, that contains the hold ticket numbers or symbols and a

corresponding space beside each number or symbol upon which the holder of each hold ticket shall sign his name.

(d) A seal card may serve as a punchboard flare if it meets all the requirements of a flare.

§ 901a.747. Name or logo imprinting.

The manufacturer's name or logo shall be placed on punchboards produced by the manufacturer.

Subchapter H. ENFORCEMENT

ENFORCEMENT

§ 901a.801. Inspection of premises.

(a) A licensed premises or other premises relating to or being used for activities conducted under the act and this part by a licensed eligible organization, registered manufacturer or licensed distributor shall be open to inspection by the Department or its authorized representatives with or without prior notice, but the inspection shall:

(1) Take place during normal business hours or normal operating hours.

(2) Take place only when a reasonable belief exists that a violation of the act or this part has occurred, is occurring or will occur.

(3) Be limited to the inspection of matters, areas and records associated with games of chance to insure compliance with the act and this part.

(b) The Department or its authorized representatives reserve the right to enter and make annual inspections.

§ 901a.802. Examination of records.

In addition to the examination of records authorized during an inspection of the premises, the Department is authorized to examine the reports, books, accounts and records, and the inventory related to games of chance of a licensed distributor, registered manufacturer, licensed eligible organization or their representatives. Every manufacturer, distributor or eligible organization is directed and required to give to the Department or its authorized representatives the means, facilities and opportunity for the examinations.

Subchapter I. MISCELLANEOUS PROVISIONS

MISCELLANEOUS PROVISIONS

§ 901a.901. Governing law.

Transactions taking place under the authority granted in the act or this part are governed by the laws of this Commonwealth.

§ 901a.902. Federal withholding and reporting requirements.

A licensed eligible organization is responsible for complying with Internal Revenue Service rules for reporting and withholding on gambling and lottery winnings.

§ 901a.903. State withholding and reporting requirements

A licensed eligible organization is responsible for complying with Commonwealth rules for reporting and withholding on gambling and lottery winnings.

§ 901a.904. Bad checks submitted as payment of fees.

When a check issued in payment of a fee, or for another purpose required by this part or the act is returned to the Department as uncollectible, the Department or licensing authority will charge a fee of 10% of the face amount thereof, plus protest fees, to the person presenting the check to cover the cost of its collection. The additions imposed will not exceed \$200 nor be less than \$10.

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