

# Games of Chance

- **OU Policy 435 – Games of Chance**
  - **Types**
    - Bingo
    - Millionaire parties
    - Charity games
    - Raffles
  - **Authorizing Officer**
    - Vice President for UR
  - **Application**
    - Form part of policy 435 on website
    - Complete and return to VP's office
  - **State Licenses**
    - Very important
    - Timing



# Games of Chance

## ● Raffles:

- You are conducting a raffle if you are charging people or requiring them to donate or provide something of value to participate in a drawing where a prize will be awarded.
  - University Approval
  - Keep separate from gift solicitations
  - Withholding and Reporting Requirements
  - Record Retention
  - House Rules
  - Misconception from Michigan Charitable Gaming Commission
  - Raffle Licenses



# Games of Chance

## Raffles continued:

- University Approval - OU's Games of Chance Procedures # 435 says:
  - The Vice President for University Relations has been designated as the authorizing officer for all games of chance.
  - The sponsoring group shall complete the OU Application for Game of Chance Approval
  - Prizes to be obtained through solicitation must be identified in the Application for Game of Chance Approval, along with the names of the possible donors and the value of the prizes.
  - *No acquisition of prizes may occur prior to the authorization of the event.*



# OU Game of Chance Approval

From policy #435



## Exhibit A

### OAKLAND UNIVERSITY APPLICATION FOR GAME OF CHANCE APPROVAL

- 1) Type of Game of Chance requested:
- 2) Reason for request:
- 3) Name of sponsoring organization:  
Address: \_\_\_\_\_  
Telephone: \_\_\_\_\_
- 4) University Department that will supervise the event:
- 5) Fund # and subaccount to charge for application fee:
- 6) Date of event: \_\_\_\_\_ 20\_\_\_\_,
- 7) For Raffle-Time of Drawing:
- 8) Location of event:
- 9) Expected proceeds:
- 10) Purpose for which proceeds will be used:
- 11) Probable audience or participants:
- 12) Prize(s) to be offered:  
1<sup>st</sup> Prize:  
2<sup>nd</sup> Prize (if applicable):  
3<sup>rd</sup> Prize (if applicable):
- 13) For Raffle-Ticket Price:
- 14) Aggregate value of prizes:
- 15) Probable source of prizes (if donated):
- 16) APPROVALS

\_\_\_\_\_  
Signature and Title of Sponsoring  
Organization Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Department Head

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Vice President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Vice President for  
University Relations

\_\_\_\_\_  
Date

# Games of Chance

- **Raffles continued:**

- Keep separate from gift solicitations
  - Admission tickets to fundraising events should be sold separately from raffle and/or door prize tickets
    - insures that the OU does not create a situation where attendees lose the ability to deduct a portion of the ticket price as a charitable contribution to the University
  - No portion of a payment made resulting in an opportunity to win a prize (raffle tickets, door prizes, etc.) is a gift. (IRS Rev.

Rul. 67-246)



# Games of Chance

- **Raffles continued:**

- **Reporting and Withholding Requirements**

- Michigan state and local taxes are not imposed upon the recipient of a prize, whether merchandise or money, awarded by a raffle licensee during an event conducted in accordance with the raffle statute and regulations.
- Federal requirements – see chart on next slide
  - Separate raffle ticket purchase was required
  - Separate raffle ticket purchase was NOT required
  - Value of prize won
  - Employees
- If the drawing is not properly licensed, the prize would be subject to state income tax.
- Obtain winner's SSN if prize is \$600 or more.



**Table No. 1 -- Reporting and Withholding Requirements for  
Raffles, Door Prizes, Lotteries and Other Drawings (Ticket Purchase Required)**

Prize Value – Reduced by Ticket Price	University's Reporting Obligations	University's Regular Withholding Obligations	University's Backup Withholding Obligations
\$599 or less	None*	None	None
\$600 - \$4,999	File Form W2-G if prize value more than 300 times ticket price*	None	Withhold 28% if no valid Social Security Number
\$5,000 or more	File Form W2-G*	Withhold 25% for cash prizes and 25% or 33.33% for non-cash prizes**	Withhold 28% if no valid Social Security Number

**Table No. 2 -- Reporting and Withholding Requirements for  
Raffles, Door Prizes, Lotteries and Other Drawings (No Ticket Purchase Required)**

Prize Value	University's Reporting Obligations	University's Regular Withholding Obligations	University's Backup Withholding Obligations
\$599 or less	None	None	None
\$600 - \$5,000	File Form 1099-Misc	None	Withhold 28% if no valid Social Security Number
\$5,001 or more	File Form 1099-Misc	None	Withhold 28% if no valid Social Security Number

\*The taxpayer should complete an IRS Form 5754, Statement by Person(s) Receiving Gambling Winnings, before receiving the prize.

\*Withholding rates may change, and special rules apply to withholding for non-cash prizes, so all withholding rates should be verified with Oakland University's Assistant Vice President for Finance/Controller at the time of withholding.

\*\*Employees – All cash, gift certificates, gift cards and other cash equivalents, and all non-cash items valued at \$75 or more, awarded to an employee where a ticket purchase is not required are reported on the employee's Form W-2. All cash and non-cash items awarded to an employee where a ticket purchase is required are reported on Form W-2G in accordance with the rules set forth in these tables.



# Games of Chance

- **Raffles continued:**

- Reporting Requirements

- Large Raffles (*total value of all prizes awarded in one day is \$500 or more*)
  - Financial statement required
- Small Raffles (*total value of all prizes awarded in one day is less than \$500*)
  - No financial statement required

- Record Retention (*large and small raffles*)

- Must be maintained for the current year plus three years
- A list of winners of prizes valued over \$100 must be retained and made available to public upon written request.
- Raffle ticket stubs must be retained until all prizes have been awarded.





# Raffle Financial Statement and URL:

[http://www.michigan.gov/documents/BSL-CG-1619\\_1368\\_7.pdf](http://www.michigan.gov/documents/BSL-CG-1619_1368_7.pdf)



Charitable Gaming Division  
101 E. Hilldale, Box 30023  
Lansing, MI 48909  
www.michigan.gov/cg

## RAFFLE FINANCIAL STATEMENT

This statement must be filed by the 10th day of the month following the final drawing.

PLEASE PRINT OR TYPE IN BLUE OR BLACK INK.

Organization Name		Date of Final Drawing	Organization ID Number
Mailing Address		City	ZIP Code
			License Number

*Include only revenue and expenses directly related to the licensed gaming event.*

<b>FINANCIAL INFORMATION</b>	<b>Revenue:</b>	
	1. Ticket Sales	.00
	2. Donated Prizes (retail value)	.00
	3. Total Revenue (add lines 1 & 2)	.00
	<b>Expenses:</b>	
	4. Prizes (cash, donated, purchased)	.00
	5. Ticket Seller Incentive Prizes (if any)	.00
	6. Total Prizes (add lines 4 & 5)	.00
	7. Worker Compensation	.00
	8. License Fee	.00
	9. Advertising	.00
	10. Ticket Printing	.00
11. Other Expenses	.00	
12. Total Expenses (add lines 6 - 11)	.00	
<b>Net Profit / Loss</b> (subtract line 12 from line 3)		.00

In addition to raffle tickets, were charity game tickets sold at the licensed gaming event?  
☐ Yes ☐ No

If yes, a separate financial statement must be filed. To request a Charity Game Ticket Financial Statement, visit our web site at [www.michigan.gov/cg](http://www.michigan.gov/cg) or call (517) 335-5780.

As the principal officer for the organization, I hereby certify that the information on this financial statement is true, correct, and complete to the best of my knowledge; that the proceeds from the licensed gaming event are used in accordance with Section 9 of Act 382 of the Public Acts of 1972, as amended (Act); and that the licensed gaming event was conducted in accordance with the Act and the rules and directives of the Michigan Bureau of State Lottery.

Signature of Principal Officer	Title	Date
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Internal Revenue Service	(877) 829-5500
Forms (Visit our web site at <a href="http://www.michigan.gov/cg">www.michigan.gov/cg</a> .)	(517) 335-5780
Financial Questions	(517) 335-5790
License Status	(517) 335-5780
FAX (Retain the original financial statement for your records.)	(517) 267-2285

PLEASE MAKE A COPY OF THE COMPLETED FINANCIAL STATEMENT FOR YOUR RECORDS



[http://www.michigan.gov/documents/BSL-CG-1365\\_1341\\_7.pdf](http://www.michigan.gov/documents/BSL-CG-1365_1341_7.pdf)



Complete this form for your records. Do not mail in.

Authority: Act 382 of the Public Acts of 1972, as amended.

BSL-OG-1365(R10V04)



# Games of Chance

- **Raffles continued:**

- **House Rules**

- The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons.



# Games of Chance

## House rules – Rule 510 from State of Michigan Raffle Rules

- The licensee shall establish and adhere to its house rules for the conduct of the raffle. At a minimum, the house rules shall contain all of the following information:
  - The licensee's name.
  - The license number.
  - The price of the raffle ticket.
  - The method by which the winners will be determined and the raffle will be conducted.
  - The contingency plan for inclement weather or other extenuating circumstances if the raffle or alternative raffle cannot be conducted as planned.
  - The redemption claim period for charity game tickets as prescribed by R 432.21611(1)(c).
  - The redemption claim period for numeral game tickets as prescribed by R 432.21709(1)(e).
  - The refund policy.
  - The effective date of the house rules.
- The licensee shall post the house rules in a conspicuous place or print the house rules in sufficient number for distribution to all interested persons.
- The house rules shall not be in conflict with the act, these rules, or directives of the bureau.

# Example of “House Rules” posting / handout

Yellow highlights to be  
changed for your raffle.

## Official Rules

### Oakland University Alumni Association 2006 Raffle

- 1) The following Official Rules apply to the Oakland University Alumni Association's ("OUAA") 2006 Raffle ("Raffle") and are effective as of June 1, 2006. The Raffle is being conducted pursuant to the State of Michigan, Charitable Gaming Division, Large Raffle License No. R86431.
- 2) Raffle tickets ("Tickets") will be available for purchase from the OUAA between June 1, 2006 and August 23, 2006 at a cost of \$25.00 per Ticket. Tickets are not transferable.
- 3) Tickets will only be sold to persons who are 18 years of age or older. OUAA staff and their immediate family members are not eligible to participate in the Raffle.
- 4) Odds of winning depend upon the number of Tickets sold.
- 5) The OUAA will randomly draw three winning Tickets at 6:30 p.m. on August 23, 2006 at the Upper Deck Lounge in Comerica Park, Detroit, Michigan. The following three prizes will be awarded: First Prize - \$2,000 Travel Voucher provided by Go Next Travel; Second Prize - VISA gift card provided by Liberty Mutual; and Third Prize - \$500 SuperCertificate gift card provided by Stevens Worldwide Van Lines. Only one prize will be awarded per person. Ticket holders do not have to be present to win. If the drawing cannot be completed for any reason on August 23, 2006, then the OUAA will conduct the drawing at 10:00 a.m. on August 24, 2006 at the John Dodge House, Oakland University, Rochester, Michigan 48309.
- 6) The OUAA will notify winners by telephone or first class mail by September 8, 2006. Winners must contact the OUAA to claim their prize within 60 days of the date of the OUAA's notification or the prize will be forfeited and an alternate winner will be randomly selected from the original pool of Tickets.
- 7) Winners will pay all applicable local, state and federal taxes.
- 8) No substitution or transfer of prizes is permitted.
- 9) Winners consent to the OUAA's and/or Oakland University's use of their name, photograph and/or likeness for publicity or advertising purposes without further compensation.
- 10) All participants in the Raffle release the OUAA, Oakland University and each of their trustees, directors, officers, employees, students, alumni, agents and representatives, and all others associated with the development and execution of this Raffle, from any and all liability with respect to, or in any way arising from, this Raffle and/or acceptance or use of any prize, including without limitation liability for personal injury, damages, death or monetary loss.
- 11) The OUAA and/or Oakland University are not responsible for lost, stolen, late, incomplete, mutilated, illegible or misdirected Tickets. The OUAA reserves the right in its sole and absolute discretion to disqualify any individual who tampers with the Raffle process, and/or to cancel, terminate, modify or suspend the Raffle, if the OUAA determines that a person or event has corrupted or affected the administration, security, fairness, integrity or proper conduct of the Raffle.
- 12) By entering this Raffle, participants acknowledge that they have reviewed and understand the Official Rules, agree to be bound by the Official Rules and agree to abide by the OUAA's decisions which will be final, binding and conclusive on all matters relating to the Raffle.
- 13) Michigan law will govern the Raffle and Michigan will be the forum for any proceeding or suit at law or in equity arising from or incident to the Raffle.
- 14) Void where prohibited by law.
- 15) The OUAA reserves the right to modify or amend the Official Rules at any time to comply with applicable legal requirements, including without limitation gaming or lottery statutes, rules or regulations.
- 16) The Official Rules will govern in the event of a conflict between the Official Rules and any other marketing, advertising, promotions or other information relating to the Raffle.

# Games of Chance

- **Raffles continued:**

- Misconception from Michigan Charitable Gaming Commission
  - *“We are only giving away door prizes; we aren’t conducting a raffle.”*
    - If people are being charged to attend a function where (door) prizes will be awarded through a drawing, then you are conducting a raffle.
    - How many times are there door prizes valued at \$600 or more?



# Games of Chance

- **Raffles continued:**

- **Licenses**

- **Small raffle license** – required when the total prize value for all raffle prizes is \$500 or less in a single day.
- **Large raffle license** - required when the total prize value for all raffle prizes is more than \$500 in a single day.
- **Can apply for as many licenses** as you want up to 18 months in advance of the drawing date.
- **No License required if:**
  - the raffle is held at a single gathering **and**
  - no tickets are sold prior to the gathering **and**
  - the total value of all prizes is \$100 or less
- If there is no “consideration” (e.g. money exchanged) for the drawing, it is not a raffle and no license is required. However, there could still be withholding requirements.



# Games of Chance

- **Raffles continued:**

- Plan Ahead

- It takes 4 weeks to obtain a raffle license from the state

- State of Michigan Raffle Guide

- [http://www.michigan.gov/documents/BSL-CG-1824\\_26045\\_7.pdf](http://www.michigan.gov/documents/BSL-CG-1824_26045_7.pdf)

- FYI

- Games of skill (e.g. guessing # of marbles in a fishbowl or closest to pin putting contest) are not considered games of chance and do not need licenses.
  - However, check with local authorities for special rules. Rochester Hills has no ordinance.

