



Notice of Proposed Rulemaking

Office of the Secretary of State Rules Concerning Bingo and Raffles Games 8 CCR 1505-2

August 29, 2013

I. Hearing Notice

As required by the State Administrative Procedure Act,¹ the Secretary of State gives notice of proposed rulemaking. A hearing is scheduled for **October 2, 2013 from 9:00 a.m. - 12:00 p.m.** in the Blue Spruce Conference Room on the 2nd floor of the Secretary of State's Office at 1700 Broadway, Denver, Colorado 80290.

II. Subject

The Secretary is considering amendments to the bingo and raffles games rules² in order to improve the administration and enforcement of Colorado bingo and raffles laws³ and answer questions arising under State bingo-raffle laws.

Specifically, the Secretary of State intends to amend the rules to implement House Bill 13-1101, which authorizes the adoption of rules to regulate the conduct of progressive raffles in Colorado. A detailed Statement of Basis, Purpose, and Specific Statutory Authority follows this notice and is incorporated by reference.

III. Statutory authority

The Secretary proposes the rule revisions and amendments in accordance with the following statutory provisions:

1. Section 12-9-103 (1) (b), C.R.S., (2012), which authorizes the Secretary of State “[t]o supervise the administration and enforcement of this [Article 9] and, in consultation with the board, to adopt, amend, and repeal rules governing the holding, operating, and conducting of games of chance . . . [.]”
2. Section 12-9-107 (13) (a), C.R.S., (2012), which authorizes the Secretary of State to “establish by rule the method of play and amount of prizes that may be awarded . . . [.]”

¹ Section 24-4-103(3)(a), C.R.S. (2012).

² 8 CCR 1505-2.

³ Article XVIII, Section 2 of the Colorado Constitution and Article 9, Title 12 of the Colorado Revised Statutes.

3. Sections 12-9-108 (6) (a) (II) (B), (D) and (E), C.R.S., (2012), which authorize the Secretary of State to determine reasonable amounts by rule for bookkeeper, accountant, security, and janitorial expenses.
4. Sections 12-9-202 (2) (a) through (2) (c), C.R.S., (2012), which requires the Colorado Bingo-Raffle Advisory Board to offer advice to the Secretary of State for rules regarding the types of charitable games to be conducted, the rules for those games, the number of occasions per year, and the licensing requirements of all types of licenses required for the conduct of charitable gaming.
5. House Bill 13-1101, to be codified as sections 12-9-107 (13) (k) through 13 (o), C.R.S., effective January 1, 2014, which authorizes the Secretary of State to:
 - a. Establish by rule the maximum jackpot licensees may award for progressive raffles;
 - b. Establish by rule the maximum number of progressive raffles licensees may conduct simultaneously to ensure that all prizes offered are timely awarded;
 - c. Limit by rule the number of drawings licensees may conduct before a jackpot must be awarded; and
 - d. Establish by rule the permitted methods of conducting a progressive raffle.

IV. Copies of draft rules

A preliminary draft of the proposed rules is posted on the Secretary of State's rules and notices of rulemaking website at:

www.sos.state.co.us/pubs/rule_making/hearings/2013/BingoRulesHearing20131002.html

You may also contact our office to request a paper or editable electronic copy of the draft rules.

As required by the State Administrative Procedures Act,⁴ if changes are made before the hearing, revised proposed draft rules will be available to the public and posted on the website by September 27, 2013.

V. Opportunity to testify and submit written comments

The Secretary values your feedback in our rulemaking process and we would very much like to hear your thoughts on the proposed amendments. Please review and consider the attached proposed draft rules.

All interested people will have the opportunity to testify and provide written comment concerning the rule amendments. To ensure that the hearing is prompt and efficient, oral testimony may be time-limited.

⁴ Section 24-4-103(3)(a), C.R.S. (2012). "Any proposed rule or revised proposed rule by an agency which is to be considered at the public hearing...shall be made available to any person at least five days prior to said hearing."

You may submit written comments by mail, email, or in person to our office any time before the hearing. If you attend the hearing, you may submit written comments to the hearing panel as well. Additional opportunity to comment in writing may be announced at the conclusion of the hearing.

All written comments will be posted online at the Secretary of State website www.sos.state.co.us/pubs/rule_making/hearings/2013/BingoRulesHearing20131002.html. Prior to posting online, contact information including home address, email address, and telephone number(s) will be redacted from submissions unless otherwise directed by the contributor.

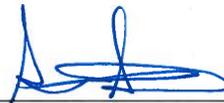
VI. Broadcast and audio recording of hearing

If you are unable to attend the hearing, you may listen to the live broadcast from the Blue Spruce Conference Room online at www.sos.state.co.us/pubs/info_center/audioBroadcasts.html. After the hearing, visit the same website and click on “archived recordings” to access an audio recording of the hearing.

VII. Office contact

If you have any questions or would like to submit written comments, please contact Andrea Gyger with the Administration Division at SoS.Rulemaking@sos.state.co.us or (303) 894-2200 ext. 6329.

Dated this 29th Day of August, 2013.



Suzanne Staiert
Deputy Secretary of State

For

Scott Gessler
Colorado Secretary of State



Draft Statement of Basis, Purpose, and Specific Statutory Authority

Office of the Secretary of State Rules Concerning Bingo and Raffles Games 8 CCR 1505-2

August 29, 2013

I. Basis and Purpose

This statement is about amendments to the Colorado Secretary of State rules concerning bingo and raffles games. The Secretary of State intends to adopt amendments necessary to implement House Bill 13-1101, which authorizes the adoption of rules to regulate the conduct of progressive raffles in Colorado. Other proposed amendments are necessary to ensure uniform and proper administration, implementation, and enforcement of Colorado bingo and raffles laws¹, improve the administration of bingo and raffles games in Colorado, and answer questions arising under State bingo-raffle laws.

On July 3, 2013, the Secretary issued a request for public comment to help our office develop preliminary draft rules. The comments we received in anticipation of rulemaking are available online at: www.sos.state.co.us/pubs/rule_making/bingoRuleComments.html and are incorporated into the official rulemaking record.

At the July 10, 2013 board meeting, the Colorado Bingo-Raffle Advisory Board submitted the following progressive raffle rule recommendations as part of the informal public comment period. The Secretary of State is considering the recommendations as follows:

- In addition to members-only raffles and playing card progressive raffles, the Board proposes rules to allow other types of progressive raffle games that are played in other states.

New Rule 8.4.1 permits the most commonly allowed progressive raffle games played in other states. Because progressive raffles are an entirely new type of charitable game in Colorado, the Secretary of State prefers to take a gradual approach to progressive raffles. As progressive raffle games develop in Colorado, licensees and other stakeholders may continue to submit new game ideas to the Secretary and request additional rulemaking.

¹ Article XVIII, Section 2 of the Colorado Constitution and Article 9, Title 12 of the Colorado Revised Statutes.

- Citing licensee cost concerns, the Board does not support rules that require a licensee to keep playing cards in sealed envelopes during a progressive raffle.

The Secretary of State understands that this requirement may create costs for licensees to run progressive raffles; however, the requirement will help minimize opportunities for fraud and mismanagement in conducting the games. New Rule 8.4.1(b)(2) will allow a licensee to use other types of sealed containers which may help reduce costs while addressing security concerns.

- The Board recommends a higher progressive raffle prize limit.

New Rule 8.4.6(b) establishes a progressive raffle game prize limit that is consistent with the prize limits set in other types of progressive games. Given past experience in regulating progressive bingo, a \$15,000 limit will help prevent unmanageable crowds and minimize the potential for fraud, and therefore serves the best interest of both licensees and players. In accordance with House Bill 13-1101 and New Rule 8.4.2(f)(1), a licensee may still offer consolation prizes which do not count against the \$15,000 limit.

- The Board opposed rules that would limit progressive raffle ticket sales to the same day and location as the progressive raffle drawing.

Initially, the Secretary of State supported a day and location limitation to make it easier for licensees to comply with Current Rule 8.1.4's special ticket requirements for large prizes, i.e., prizes exceeding \$1,000 in value. New Rule 8.4.5(b), however, will exempt a licensee from Current Rule 8.1.4's requirements if a licensee only sells progressive raffle tickets to licensee members.

The Secretary of State proposes the following rule revisions:

- Rule 2.1.1(a)(4)(iv) is repealed as unnecessary.
- New Rule 2.1.1(b) clarifies that (1) organizations seeking to conduct charitable gaming must qualify as one of the following types of organizations: religious, charitable, labor, fraternal, educational, volunteer fire, or veterans, and (2) the Secretary of State may request supporting documentation. Subsequent rules are renumbered accordingly.
- Amendments to Rule 2.3.2 clarify that designated games managers must remain continuously present during raffle drawings, bingo occasions, and bingo occasion related pull tab games.
- Amendments to Rule 3.2.2 clarify that a licensee may not run more than three progressive bingo games simultaneously.
- Amendments to Rule 3.2.4 allow guests of bona fide members to participate in members-only bingo occasions.

- Amendments to Rule 3.2.5 clarify that a progressive bingo game must continue at each similar successive occasion, whether public or members-only.
- Amendments to Rule 3.2.11 require licensees to publicly announce the start of a regular bingo game when there is no winner of a progressive game.
- Amendments to Rule 3.2.13 clarify what action a licensee must take if it loses its license before awarding a secondary progressive bingo jackpot.
- Amendments to Rule 3.4.2 clarify the time period for conducting multiple bingo occasions on the same day.
- Amendments to the title of Rule 4 remove an incorrect reference to raffles.
- Amendments to Rule 4.4 clarify that a licensee must notify the Secretary of State within 72 hours if, at the end of a bingo occasion or a bingo occasion related pull tab game, the cash counted is short by \$30 or more.
- New Rule 5.2.10 provides details on the conditions under which a licensee may retain an unclaimed seal pull tab prize. Subsequent rules are renumbered accordingly.
- Amendments to Rule 5.4.11 clarify that a licensee may retain a progressive pull tab prize if the prize goes unclaimed for 15 days after the winner is determined.
- New Rule 8.4 sets forth the requirements for conducting progressive raffles.
 - Rule 8.4.1 sets forth the two categories of permissible progressive raffles: members-only progressive raffles and playing card progressive raffles.
 - Rule 8.4.2 specifies additional requirements for the conduct of playing card progressive raffles.
 - Rule 8.4.3 specifies that a licensee may hold a maximum of two progressive raffles simultaneously.
 - Rule 8.4.4 requires ticket holders to be present at progressive raffle drawings in order to claim a prize.
 - Rule 8.4.5 specifies requirements for the sale of progressive raffle tickets that differ from the general raffle ticket requirements in Rule 8.1.
 - Rule 8.4.6 specifies the requirements for awarding progressive jackpot prizes, including how the prize must be calculated and the maximum amount of the prize.
 - Rule 8.4.7 specifies posting requirements for licensees conducting progressive raffles.

- Rule 8.4.8 details requirements for determining winners and awarding jackpot prizes when the licensee’s license expires, is suspended, revoked, or surrendered, or the licensee permanently terminate operates before awarding the prize.
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- New Rule 8.5 (formerly Rule 8.4) is amended to include “coin flip games” as a game of chance that is not a raffle and that the Secretary of State does not regulate.
 - New Rule 9.2.3 limits the maximum progressive raffle prize to \$15,000.
 - Amendments to Rules 9.3.3(a) and (b) eliminate unnecessary language.
 - Amendments to Rule 10.1.3(e) extend the requirement that licensees must maintain an amount in their bingo-raffle account sufficient to pay out the total of all prize amounts in the game to progressive raffles.
 - Amendments to Rules 10.3.1-10.3.3 increase the limits on allowable expenses per occasion for bookkeeper/accountant, security, and janitorial services. Additionally, amendments to Rule 10.3.2 require licensees to notify the Secretary of payments for security expenses exceeding \$100 for a single occasion and provide a reason before making the payment.
 - New Rule 15.6.3 outlines the timeline for sending unpaid fines to the state collection agency.
 - Other changes to rules not specifically listed are entirely non-substantive. Some words and phrases are changed to simplify or clarify, but the meaning is not intended to be altered unless as described above. Cross-references in rules are also corrected or updated. Renumbering the rules is necessary for consistency with Department rulemaking format/style.

II. Rulemaking Authority

The statutory authority is as follows:

1. Section 12-9-103(1)(b), C.R.S., (2012), which authorizes the Secretary of State “[t]o supervise the administration and enforcement of this [Article 9] and, in consultation with the board, to adopt, amend, and repeal rules governing the holding, operating, and conducting of games of chance . . . [.]”
2. Section 12-9-107(13)(a), C.R.S., (2012), which authorizes the Secretary of State to “establish by rule the method of play and amount of prizes that may be awarded . . . [.]”
3. Sections 12-9-108(6)(a)(II)(B), (D) and (E), C.R.S., (2012), which authorize the Secretary of State to determine reasonable amounts by rule for bookkeeper, accountant, security, and janitorial expenses.

4. Sections 12-9-202(2)(a)-(c), C.R.S., (2012), which require the Colorado Bingo-Raffle Advisory Board to offer advice to the Secretary of State for rules regarding the types of charitable games to be conducted, the rules for those games, the number of occasions per year, and the licensing requirements of all types of licenses required for the conduct of charitable gaming.
5. House Bill 13-1101, to be codified as sections 12-9-107(13)(k)-(o), C.R.S., effective January 1, 2014, which authorizes the Secretary of State to:
 - a. Establish by rule the maximum jackpot that licensees may award for progressive raffles;
 - b. Establish by rule the maximum number of progressive raffles licensees may conduct simultaneously to ensure that all prizes offered are timely awarded;
 - c. Limit by rule the number of drawings that licensees may conduct before a jackpot must be awarded; and
 - d. Establish by rule the permitted methods of conducting a progressive raffle.

Preliminary Draft of Proposed Rules

Office of the Colorado Secretary of State Bingo and Raffle Games Rules 8 CCR 1505-2

August 29, 2013

Disclaimer:

In accordance with the State Administrative Procedure Act, this draft is filed with the Secretary of State and submitted to the Department of Regulatory Agencies.¹

This is a preliminary draft of the proposed rules that may be revised before the October 2, 2013 rulemaking hearing. If changes are made, a revised copy of the proposed rules will be available to the public and a copy will be posted on the Department of State's website no later than **September 27, 2013**.²

Please note the following formatting key:

Font effect	Meaning
SMALL CAPS	New language
Strikethrough	Deletions
<i>[Italic/blue font text]</i>	Annotations

1 Amendments to Rule 1.9:

2 1.9 "Licensee" means, for the purposes of these rules and unless otherwise specified, a
3 bingo-raffle licensee as defined in section ~~12-9-102(1.2)~~ 12-9-102(1.2), C.R.S.

4 Amendments to Rule 1.13:

5 1.13 "Progressive Pull Tab" ~~Means~~—MEANS a game consisting of one or more seal pull tab
6 deals with identical form numbers that offers a cumulative or carryover jackpot prize.
7 The prize structure for a progressive pull tab game is predetermined by the game's
8 manufacturer. The structure includes a cumulative jackpot prize, to which each deal of
9 the game in which the jackpot prize is not won contributes a pre-designated amount.

10 Amendments to Rule 2.1

11 2.1 Application

12 2.1.1 Initial Application

¹ Sections 24-4-103(2.5), C.R.S. (2012). A draft must be submitted to the Department at the time that a notice of proposed rulemaking is filed with the Secretary of State.

² Section 24-4-103(4)(a), C.R.S. (2012). "[A]ny proposed rule or revised proposed rule by an agency which is to be considered at the public hearing...shall be made available to any person at least five days prior to said hearing."

1 (a) An applicant seeking a bingo-raffle license must submit a complete
2 application, using the form prescribed by the Secretary of State, in
3 addition to the following:

- 4 (1) The application fee;
- 5 (2) A list of all members of the organization, and all members of
6 auxiliary and affiliate organizations who will participate in the
7 operation of games of chance. If the organization has a large
8 number of members, the applicant may submit a copy of the entire
9 membership;
- 10 (3) The names, addresses, and titles of all officers and directors of the
11 organization; and
- 12 (4) Proof that the organization has functioned for the five years
13 immediately preceding the application date and that the
14 organization has had members throughout this period. Proof of
15 existence consists of:
- 16 (i) Articles of Incorporation dated more than five years from
17 the date of application, stating that the organization has
18 members; and
- 19 (ii) Copies of at least one bank statement per year for the five-
20 year period;
- 21 (iii) Copies of minutes from at least one general membership
22 meeting per year for the five-year period; or
- 23 (iv) ~~A copy of the IRS letter recognizing that the organization is
24 exempt from taxation in accordance with the Internal
25 Revenue Code (26 U.S.C. — § 501(c)) REPEALED.~~

26 (B) THE ORGANIZATION MUST QUALIFY AS ONE OF THE FOLLOWING TYPES OF
27 ORGANIZATIONS: RELIGIOUS, FRATERNAL, EDUCATIONAL, VOLUNTEER FIRE
28 OR VETERANS. THE SECRETARY OF STATE MAY REQUIRE SUBMISSION OF
29 SUPPORTING DOCUMENTATION.

30 ~~(b)~~(C) The 45 day period for approval or rejection of the application will start
31 upon notification that the Secretary of State received the required
32 information outlined in Rule 2.1.1(a). ~~[Section 12-9-103(1)(a)(I), C.R.S.]~~

33 **Amendments to Rule 2.3.2:**

34 2.3.2 The designated games manager must be present CONTINUOUSLY during all
35 charitable gaming activities and he or she must remain present AND for at least 30

1 minutes after activities end—A RAFFLE DRAWING, A BINGO OCCASION, OR A BINGO
2 OCCASION RELATED PULL TAB GAME.

3 **Amendments to Rule 3.2.1:**

4 3.2.1 Required Postings. In addition to any postings otherwise required by these rules, a
5 licensee that conducts a progressive jackpot game must also post, ~~—~~a sign in at
6 least 12-point font stating:

7 (a) The amount of the progressive jackpot at the beginning of the bingo
8 occasion;

9 (b) The percentage of gross sales of progressive cards that is contributed to
10 the jackpot and whether the contribution amount is added to the jackpot
11 during the present occasion or during the next occasion;

12 (c) The price and description, including color and design, of the cards for the
13 progressive game;

14 (d) The bingo pattern or number arrangement a player must complete to win
15 the progressive jackpot prize, together with a clear diagram of the number
16 arrangement, if any pattern other than a full card (“blackout” or
17 “coverall”) is required to win;

18 (e) The maximum number of calls in which a player must complete the
19 required pattern in order to win the progressive jackpot prize;

20 (f) The date, time, and location of the occasion at which the next game in the
21 progression will be conducted if the jackpot is not awarded;

22 (g) If the licensee elects to continue a progressive game as a regular game in
23 the event that the progressive jackpot is not won, the amount of the regular
24 game prize; and

25 (h) If the licensee is operating a progressive jackpot bingo game and is
26 withholding 10% of the gross sales of progressive cards as a secondary
27 jackpot, a statement to that effect.

28 **Amendments to Rule 3.2.2:**

29 3.2.2 Number of Progressive Games Allowed. ~~No~~—A LICENSEE MAY NOT CONDUCT more
30 than three progressive BINGO games ~~may be conducted at any one bingo occasion~~
31 SIMULTANEOUSLY, except that a licensee that conducts a MEMBERS-ONLY bingo
32 occasion ~~for only its members~~—may conduct successive games of a progression
33 during a single bingo occasion.

34 **Amendments to Rules 3.2.4 and 3.25:**

1 3.2.4 ~~Members' only~~ MEMBERS-ONLY occasions. A licensee must restrict a ~~members'~~
2 ~~only~~ MEMBERS-ONLY occasion to bona fide members of the licensee, ~~and~~
3 accompanying spouses, AND GUESTS OF BONA FIDE MEMBERS. The public may not
4 access the premises where members' only bingo is conducted.

5 3.2.5 Successive bingo occasions. Once a progressive jackpot bingo game begins AT A
6 PUBLIC BINGO OCCASION, it must continue at each successive bingo occasion of
7 the licensee at the same location until a player wins the jackpot. IF A PROGRESSIVE
8 IS STARTED AT A MEMBERS-ONLY OCCASION, SUCCESSIVE PROGRESSIVE GAMES FOR
9 THAT JACKPOT MUST OCCUR AT SUCCESSIVE MEMBERS-ONLY OCCASIONS.

10 **Amendments to Rule 3.2.11:**

11 3.2.11 No winner of progressive. If no player wins a progressive jackpot in the
12 designated number of balls called, the entire jackpot prize amount, without
13 deduction for consolation prizes, will carry over to the next game in the
14 progression. After the designated number of balls is called, the licensee may
15 either proceed to its next regular bingo game or continue the current game as its
16 next regular game. If the game is continued as a regular game, THE LICENSEE
17 MUST PUBLICLY ANNOUNCE THE START OF THE REGULAR BINGO GAME, the pattern
18 or arrangement required to win may not change, and the prize amount is subject to
19 the limitations in these rules.

20 **Amendments to Rule 3.2.13:**

21 3.2.13 Loss of license before award of jackpot. If a licensee's license expires, is not
22 renewed, is suspended, revoked, or surrendered, or if the licensee permanently
23 terminates its bingo operations or terminates its operations at a particular location
24 before a progressive jackpot is awarded, the licensee must determine a winner and
25 award the jackpot prize AND SECONDARY JACKPOT, IF ANY, on the licensee's last
26 authorized bingo occasion at the location where the progression was started,
27 regardless of the number of balls called.

28 **Amendments to Rule 3.4.2:**

29 3.4.2 The licensee does not begin the next occasion for 15 minutes after the conclusion
30 of the previous occasion, or until the final accounting for games of bingo played
31 and pull tabs sold is completed and the books are closed for all of the first
32 occasion activities, WHICHEVER COMES LATER.

33 **Amendments to Rule 4:**

34 **Rule 4. Sale and ~~use~~ USE of Bingo Cards, Packs, AND Sheets, ~~and Raffle Tickets~~**

35 **Amendments to Rule 4.2.1:**

36 4.2.1 Packs. A licensee must collate each pack sold for use at a bingo occasion from a
37 series of consecutively numbered sheets, and each sheet ~~MUST~~ MUST contain its

1 individual consecutive series number and the identification number assigned by
2 the manufacturer to that series. Nothing in this rule requires a licensee to sell
3 packs in any particular order.

4 **Amendments to Rule 4.4:**

5 4.4 Cash shortages. A licensee shall notify the Secretary of State within 72 hours if, at the
6 end of the BINGO occasion OR A BINGO OCCASION RELATED PULL TAB GAME, the cash
7 counted is short by \$30 or more.

8 **Amendments to Rule 5.1.8:**

9 5.1.8 Removal of deal from play. A licensee may not remove any deal or series of pull
10 tab tickets or any unsold portion thereof from display or sale after the first ticket
11 from the deal or series is sold unless the Secretary of State or any law
12 enforcement authority orders the removal or when ~~there is demonstrated~~
13 ~~unsalability~~ THE DEAL IS UNSALABLE.

14 (a) A ticket or portion of a pull tab deal or series is unsalable if it was
15 displayed and openly offered throughout the duration of at least two
16 consecutive bingo occasions at the same location. Pull tabs at bar and
17 clubrooms are unsalable if they were displayed and offered for sale for a
18 two-week period without any pull tab tickets from that deal or series being
19 sold.

20 (b) The licensee must keep any unsold or unsalable pull tab tickets unopened
21 for a period of six months following the end of the quarter in which the
22 tickets were removed from sale unless the pull tabs were removed from
23 sale because of defects.

24 (c) The licensee must destroy, after the time specified in Rule 5.1.8(b), all pull
25 tabs that were removed from sale.

26 **New Rule 5.2.10 (Current Rule 5.2.10 is renumbered as New Rule 5.2.11):**

27 5.2.10 UNCLAIMED PRIZES. THE LICENSEE MAY RETAIN A SEAL PULL TAB PRIZE IF THE
28 PRIZE GOES UNCLAIMED FOR 15 DAYS AFTER SENDING NOTIFICATION TO THE
29 WINNER.

30 ~~5.2.10~~ 5.2.11 Redemption of pull tabs. The licensee must redeem and retain seal flare
31 prize winning tickets in the same manner as other winning pull tab tickets.

32 **Amendments to Rule 5.4.5:**

33 5.4.5 Flare

34 (a) Format. The flare or jackpot card for each deal in a progressive pull tab
35 game must show, ~~the~~ amount dedicated to the progressive jackpot prize

1 and the current total of the prize. The jackpot prize amount must be
2 modified on the flare each time a contribution is made to the jackpot from
3 sales of progressive pull tab tickets at the immediately preceding occasion
4 and the sales of progressive pull tab tickets during the current occasion.

- 5 (b) Display. The licensee must display or keep available for viewing the flare
6 or jackpot card for each deal in a progressive pull tab game played or that
7 has been played during the course of a progressive game. The flare must
8 be available for viewing at all times the game is in play until the
9 progressive jackpot prize is won.

10 **Amendments to Rule 5.4.11:**

11 5.4.11 Unclaimed prizes. ~~Unclaimed progressive pull tab prizes are the property of the~~
12 ~~licensee~~ THE LICENSEE MAY RETAIN A PROGRESSIVE PULL TAB PRIZE IF THE PRIZE
13 GOES UNCLAIMED FOR 15 days after a winner is determined.

14 **Amendments to Rule 8.1.7:**

15 8.1.7 Postponing OR ALTERING a drawing. A licensee must not alter or postpone a raffle
16 after the first raffle ticket has been sold unless the licensee can demonstrate to the
17 Secretary of State that purchasers of raffle tickets will not be adversely affected
18 by a substitution of prizes, a change of time or location and that the information
19 concerning the raffle specifically states that a purchaser need not be present at the
20 drawing to win.

21 **New Rule 8.4:**

22 8.4 PROGRESSIVE RAFFLES. IN ADDITION TO ALL OTHER APPLICABLE RAFFLE REQUIREMENTS, A
23 LICENSEE THAT CONDUCTS A PROGRESSIVE RAFFLE MUST COMPLY WITH THE FOLLOWING:

24 8.4.1 PROGRESSIVE RAFFLE GAMES ARE RESTRICTED TO MEMBERS-ONLY PROGRESSIVE
25 DRAWINGS AND PLAYING CARD PROGRESSIVE RAFFLES AS FOLLOWS:

26 (A) MEMBERS-ONLY PROGRESSIVE DRAWINGS

27 (1) LICENSEE MEMBERS ARE GIVEN THE OPPORTUNITY TO BUY RAFFLE
28 TICKETS.

29 (2) AT THE DRAWING, THE LICENSEE PLACES THE NAMES OF ALL
30 MEMBERS OR A SUBSET OF MEMBERS INTO A POOL AND SELECTS ONE
31 NAME. THE NAMES OF EACH MEMBER WHO BOUGHT A PROGRESSIVE
32 RAFFLE TICKET FOR A SPECIFIC DRAWING MUST BE INCLUDED IN THE
33 POOL FOR THAT DRAWING.

34 (3) IF THE MEMBER WHOSE NAME IS DRAWN PURCHASED A TICKET FOR
35 THAT DRAWING, THAT MEMBER WINS THE RAFFLE PRIZE AMOUNT,

1 CONSISTING OF THE PRIZE MONEY ACCUMULATED SINCE THE LAST
2 WINNING DRAW.

3 (4) IF THE MEMBER WHOSE NAME IS DRAWN DID NOT PURCHASE A
4 TICKET FOR THAT DRAWING, THERE IS NO WINNER AND THE PRIZE
5 AMOUNT IS ADDED TO THE JACKPOT FOR THE NEXT DRAWING.

6 (B) PLAYING CARD PROGRESSIVE RAFFLES

7 (1) THE LICENSEE MUST SELECT A JACKPOT PRIZE CARD FROM EITHER A
8 STANDARD DECK OF 52 CARDS OR A STANDARD DECK OF 52 CARDS
9 PLUS TWO JOKER CARDS (FOR A TOTAL OF 54 PLAYING CARDS).

10 (2) THE LICENSEE MUST PLACE EACH CARD FROM THE DECK IN A
11 SEPARATE SEALED ENVELOPE OR OTHER SEALED CONTAINER
12 THROUGH WHICH THE CARD IS NOT VISIBLE. THE CONTAINER MUST
13 BE SEALED SO THAT THE LICENSEE MUST TEAR, BREAK, OR RIP A
14 PORTION OF THE CONTAINER IN ORDER TO ACCESS THE CARD.

15 (3) AFTER SELLING RAFFLE TICKETS, THE LICENSEE MUST HOLD A
16 DRAWING WITH THE POOL CONTAINING ALL TICKETS PURCHASED
17 FOR THAT DRAWING.

18 (4) THE PURCHASER OF THE DRAWN TICKET IS GIVEN THE OPPORTUNITY
19 TO SELECT ONE OF THE ENVELOPES.

20 (5) IF THE TICKET PURCHASER SELECTS THE ENVELOPE CONTAINING THE
21 JACKPOT PRIZE CARD, THE TICKET PURCHASER WINS THE RAFFLE
22 PRIZE AMOUNT, CONSISTING OF THE PRIZE MONEY ACCUMULATED
23 SINCE THE LAST WINNING DRAW.

24 (6) IF THE TICKET PURCHASER'S SELECTED ENVELOPE DOES NOT
25 CONTAIN THE JACKPOT PRIZE CARD, THERE IS NO WINNER AND THE
26 PRIZE AMOUNT IS ADDED TO THE JACKPOT FOR THE NEXT DRAWING.

27 8.4.2 ADDITIONAL RULES FOR PLAYING CARD PROGRESSIVE RAFFLES

28 (A) BEFORE SEALING CARDS IN THE CONTAINERS, THE GAMES MANAGER AND AT
29 LEAST ONE OTHER LICENSEE MEMBER MUST VERIFY THAT ALL CARDS ARE
30 PRESENT.

31 (B) THE LICENSEE MUST SHUFFLE THE ENVELOPES CONTAINING THE CARDS
32 BEFORE PUTTING THEM ON PUBLIC DISPLAY.

33 (C) ONCE THE LICENSEE PLACES THE ENVELOPES ON DISPLAY, THE LICENSEE
34 MUST KEEP THEM IN A LOCKED CONTAINER AT ALL TIMES EXCEPT DURING
35 DRAWINGS. ONLY THE GAMES MANAGER AND LICENSEE OFFICERS ARE
36 ALLOWED ACCESS TO THE KEYS FOR THE CONTAINER.

- 1 (D) IF THE WINNING TICKET PURCHASER IS NOT PRESENT AT THE DRAWING, THE
2 LICENSEE MUST CONTINUE TO DRAW TICKETS UNTIL SELECTING A TICKET
3 PURCHASER WHO IS PRESENT.
- 4 (E) IF THE ENVELOPE SELECTED BY THE DRAWING WINNER DOES NOT CONTAIN
5 THE JACKPOT PRIZE CARD, THE LICENSEE MUST DISPLAY THE SELECTED
6 CARD AT ALL FUTURE DRAWINGS UNTIL THE LICENSEE AWARDS THE
7 JACKPOT PRIZE.
- 8 (F) THE LICENSEE MAY OFFER A CASH CONSOLATION PRIZE FOR A WINNING
9 TICKET PURCHASER THAT DOES NOT SELECT THE JACKPOT PRIZE CARD.
- 10 (1) CONSOLATION PRIZES DO NOT COUNT AGAINST THE \$15,000
11 MAXIMUM PROGRESSIVE RAFFLE PRIZE LIMIT.
- 12 (2) BEFORE CONDUCTING A PROGRESSIVE RAFFLE OFFERING A
13 CONSOLATION PRIZE, THE LICENSEE MUST DESIGNATE THE
14 CONSOLATION PRIZE AS EITHER A SPECIFIED AMOUNT OR A SPECIFIED
15 PERCENTAGE OF THE GROSS PROCEEDS COLLECTED FROM THE SALE
16 OF RAFFLE TICKETS FOR A PARTICULAR DRAWING.
- 17 8.4.3 THE LICENSEE MAY HOLD A MAXIMUM OF TWO PROGRESSIVE RAFFLES
18 SIMULTANEOUSLY.
- 19 8.4.4 A TICKET HOLDER MUST BE PRESENT AT THE DRAWING IN ORDER TO CLAIM A
20 PROGRESSIVE RAFFLE PRIZE.
- 21 8.4.5 PROGRESSIVE RAFFLES TICKET SALES.
- 22 (A) IF THE LICENSEE ONLY SELLS PROGRESSIVE RAFFLE TICKETS TO LICENSEE
23 MEMBERS, RULE 8.1.4 REQUIREMENTS DO NOT APPLY.
- 24 (B) TICKETS SOLD FOR A SPECIFIC DRAWING ARE VOID AND INELIGIBLE FOR
25 FUTURE DRAWINGS.
- 26 (C) THE LICENSEE MUST DETERMINE TICKET PRICES BEFORE SELLING
27 PROGRESSIVE RAFFLE TICKETS AND MUST NOT CHANGE TICKET PRICES FOR
28 ANY DRAWING IN THAT PROGRESSIVE SEQUENCE.
- 29 8.4.6 PROGRESSIVE JACKPOT PRIZES.
- 30 (A) A LICENSEE MUST DETERMINE THE AMOUNT OF A PROGRESSIVE RAFFLE
31 JACKPOT BASED ON A PERCENTAGE OF GROSS RAFFLE TICKET SALES FROM
32 EACH RAFFLE IN THE PROGRESSIVE SEQUENCE, NOT TO EXCEED 70%.
- 33 (B) A PROGRESSIVE RAFFLE JACKPOT PRIZE MUST NOT EXCEED \$15,000. WHEN
34 THE JACKPOT PRIZE REACHES \$15,000, THE LICENSEE MUST AWARD IT IN
35 THE FOLLOWING MANNER:

- 1 (1) IN A PLAYING CARD PROGRESSIVE RAFFLE, THE LICENSEE MUST
2 AWARD THE JACKPOT TO THE TICKET PURCHASER WHOSE TICKET IS
3 FIRST DRAWN AFTER THE PRIZE LIMIT IS REACHED.
- 4 (2) IN A MEMBERS-ONLY DRAWING, THE LICENSEE MUST CONTINUE TO
5 DRAW MEMBER NAMES UNTIL A MEMBER WHO PURCHASED A TICKET
6 IS DRAWN. THE LICENSEE MUST AWARD THE PROGRESSIVE PRIZE TO
7 THAT MEMBER.
- 8 (3) THE LICENSEE MAY RETAIN ANY PROCEEDS FROM RAFFLE TICKETS
9 SOLD AFTER THE PROGRESSIVE PRIZE REACHES THE \$15,000 PRIZE
10 LIMIT.

11 8.4.7 REQUIRED POSTINGS. IN ADDITION TO ANY POSTINGS OTHERWISE REQUIRED BY
12 THESE RULES, A LICENSEE THAT CONDUCTS A PROGRESSIVE RAFFLE MUST ALSO
13 POST A SIGN IN AT LEAST 12-POINT FONT STATING:

- 14 (A) THE AMOUNT OF THE PROGRESSIVE RAFFLE JACKPOT AND ANY
15 CONSOLATION PRIZES;
- 16 (B) THE PERCENTAGE OF GROSS SALES OF PROGRESSIVE RAFFLE TICKETS THAT
17 WILL BE CONTRIBUTED TO THE JACKPOT;
- 18 (C) IF APPLICABLE, THE MAXIMUM NUMBER OF PROGRESSIVE RAFFLE DRAWINGS
19 WITHOUT A JACKPOT WINNER BEFORE THE LICENSEE WILL AUTOMATICALLY
20 AWARD THE PRIZE ACCORDING TO PROCEDURES LISTED IN RULE 8.4.6(B);
- 21 (D) IF THE JACKPOT IS NOT AWARDED, THE DATE, TIME, AND LOCATION OF THE
22 OCCASION AT WHICH THE NEXT DRAWING WILL OCCUR;
- 23 (E) IN A PLAYING CARD PROGRESSIVE RAFFLE, THE JACKPOT PRIZE CARD.

24 8.4.8 IF A LICENSEE'S LICENSE EXPIRES, IS NOT RENEWED, IS SUSPENDED, REVOKED, OR
25 SURRENDERED, OR IF THE LICENSEE PERMANENTLY TERMINATES ITS OPERATIONS OR
26 TERMINATES ITS OPERATIONS AT A PARTICULAR LOCATION BEFORE AWARDING A
27 PROGRESSIVE RAFFLE JACKPOT, THE LICENSEE MUST DETERMINE A WINNER AND
28 AWARD THE JACKPOT PRIZE ON THE LAST POSTED DRAWING DATE AT THE LOCATION
29 WHERE THE PROGRESSION WAS STARTED.

30 [Amendments to new Rule 8.5 \(formerly Rule 8.4\):](#)

31 8.4-8.5 Games not classified as raffles. The games of chance commonly known as "Animal Plop
32 Bingo," "Golf Ball Drops," plastic or rubber "Duck Races," "COIN FLIP GAMES," and
33 variations of these games are not raffles as defined by section ~~12-9-102(19.3)~~
34 12-9-102(19.3), C.R.S., and are not raffles as authorized by subsections (2) to (4) of
35 Section 2 of Article XVIII of the Colorado Constitution. Therefore, these games of
36 chance are not licensed or regulated by the Secretary of State. In certain circumstances,
37 these games of chance may be considered unlawful gambling. Licensees or other

1 organizations who wish to conduct these games should contact law enforcement
2 authorities or legal counsel to determine how to comply with Colorado law.

3 **New Rule 9.2.3:**

4 9.2.3 PROGRESSIVE RAFFLE. THE MAXIMUM PROGRESSIVE RAFFLE PRIZE MAY NOT
5 EXCEED \$15,000.

6 **Amendments to Rule 9.3.3:**

7 9.3.3 Method of payment. Licensees must award all pull tab prizes in cash, by check, or
8 in merchandise, except that winning pull tab tickets may be exchanged for an
9 equivalent amount in new tickets of the same deal and serial number.

10 (a) All progressive ~~jackpot bingo and progressive pull tab~~ prizes in excess of
11 \$500 must be paid by check.

12 (b) A progressive ~~jackpot bingo prize and a progressive jackpot pull tab~~ prize
13 need not be paid immediately upon the determination of a winner if:

14 (1) The prize amount exceeds \$500;

15 (2) The prize amount is paid in full within 48 hours after the winner
16 was declared;

17 (3) The prize amount is paid at a location and in a manner acceptable
18 to the winner; and

19 (4) The winner is presented with a voucher or promissory note for the
20 full amount of the jackpot prize before the end of the occasion
21 during which the winner was declared. The licensee's games
22 manager and one other member of the licensee must sign the
23 voucher or promissory note. The note must state the following:

24 (i) The name and license number of the licensee;

25 (ii) The date, time, and location of verification of the winning
26 card;

27 (iii) The manufacturer's serial and identification numbers of the
28 winning card;

29 (iv) The identification of the winner of the prize; and

30 (v) The date, time, place and manner in which the check for the
31 prize amount will be delivered to the winner.

32 **Amendments to Rules 10.1.2 and 10.1.3:**

1 10.1.2 ~~Receipts to be recorded.~~ Each licensee must record the following RECEIPTS:

- 2 (a) Gross receipts collected for all cards, packs and sheets sold for each
3 occasion.
- 4 (b) Gross receipts collected for all pull tabs sold for each occasion and in bars
5 and clubrooms.
- 6 (c) Gross receipts collected for all raffle tickets sold.

7 10.1.3 Progressive ~~bingo and pull tabs~~ GAMES

- 8 (a) All receipts from the sale of progressive ~~bingo cards and progressive pull~~
9 ~~tabs~~ GAMES must be accounted for separately within the licensee's bingo-
10 raffle checking or savings account created in accordance with ~~section 12-9~~
11 ~~108(3)(a)~~ SECTIONS 12-9-108(3)(A) and ~~12-9-108(3)(b)~~, C.R.S.
- 12 (b) All receipts from the sale of progressive ~~bingo cards and progressive pull~~
13 ~~tabs~~ GAMES must be deposited in the bingo-raffle account by means of
14 separate deposit slips that indicate the serial numbers of the progressive
15 bingo cards sold and the serial numbers of the progressive pull tabs sold.
16 all deposits must be made no later than the close of the business day after
17 the occasion at which the cards were sold.
- 18 (c) Unless the licensee starts a progressive jackpot bingo game with a
19 secondary jackpot amount, the licensee shall continuously hold an amount
20 equal to at least the accrued progressive jackpot prize in the licensee's
21 bingo-raffle checking or savings account for the entire duration of the
22 progression. No part of this amount may be expended, transferred, or
23 otherwise removed from the account prior to the payment of the
24 progressive jackpot to a winner.
- 25 (d) If the licensee has started a progressive jackpot bingo game with a
26 secondary jackpot amount, the licensee shall continuously hold an amount
27 equal to at least the accrued primary and secondary jackpots in the
28 licensee's bingo-raffle checking or savings account for the entire duration
29 of the progression. No part of this amount may be expended, transferred,
30 or otherwise removed from the account prior to the payment of the
31 progressive jackpot to a winner.
- 32 (e) If the licensee conducts a progressive pull tab game OR A PROGRESSIVE
33 RAFFLE, the licensee must maintain an amount in the bingo-raffle account
34 sufficient to pay out the total of all prize amounts in the game.
- 35 (f) If the licensee fails to maintain account balances in accordance with this
36 rule or uses such balances for unlawful purposes, the failure or action is
37 prima facie evidence of fraud.

1 **Amendments to Rules 10.3.1 through 10.3.3:**

2 10.3.1 Bookkeeper. A licensee must not pay more than ~~\$75~~-\$100 per occasion for
3 bookkeeper or accountant services. The licensee must notify the Secretary of State
4 in writing, signed by an officer of the licensee, if it remunerates its games
5 manager for performing bookkeeping or accounting services.

6 10.3.2 Security.

7 (A) A bingo-raffle licensee must not pay more than ~~\$75~~-\$100 per occasion for
8 security unless:

9 (1) ~~security~~SECURITY is provided by one or more off-duty law
10 enforcement officers; OR

11 (2) THE OCCASION REQUIRES ADDITIONAL SECURITY, FOR EXAMPLE, A
12 LARGE NUMBER OF PEOPLE OR LARGE AMOUNT OF MONEY WILL BE
13 PRESENT ON THE PREMISES.

14 (B) If a bingo-raffle licensee uses off-duty law enforcement officers, ~~it~~THE
15 LICENSEE must notify the Secretary of State and list the names and badge
16 numbers of those officers who perform security duties prior to paying
17 more than ~~\$75~~-\$100 per occasion.

18 (C) IF A BINGO-RAFFLE LICENSEE USES SECURITY OTHER THAN OFF-DUTY LAW
19 ENFORCEMENT OFFICERS, AND PAYMENT WILL EXCEED \$100 FOR A SINGLE
20 OCCASION, THE LICENSEE MUST NOTIFY THE SECRETARY OF STATE AND
21 PROVIDE A REASON FOR THE INCREASE BEFORE MAKING THE PAYMENT.

22 10.3.3 Janitorial. A licensee must not pay more than ~~\$75~~-\$100 per occasion for janitorial
23 services. The licensee may only pay for janitorial services in facilities owned by
24 the licensee or in its sole control, or which it uses rent-free.

25 **Amendments to Rule 12.1.3:**

26 12.1.3 Duration. A landlord license is issued for a period of one calendar year (January
27 through December).:-

28 **Amendments to Rule 15.1:**

29 15.1 ~~general~~GENERAL. The schedule of fines provided in this rule applies to any violation of
30 the Bingo and Raffles Law or Rules for which the Secretary of State elects to impose an
31 administrative fine in lieu of seeking a license suspension or revocation.

32 **Amendments to Rule 15.5.1:**

33 15.5.1 Issuance. The Secretary of State shall issue all citations in writing, signed and
34 dated by the authorized agent of the Secretary of State and shall identify the

1 licensee cited; the facts and/or conduct constituting the violation; the specific rule
2 or statutory provision violated; AND the fine assessed in accordance with this rule
3 and the Bingo and Raffles Law.

4 **Amendments to Rule 15.5.4:**

5 ~~15.4.4~~15.5.4 Referral to law enforcement. Irrespective of whether a citation was issued,
6 the Secretary of State reserves the right to refer any violation to a law
7 enforcement agency.

8 **Amendments to Rule 15.6:**

9 15.6 Hearings, ~~and~~ payment of fines, AND COLLECTIONS.

10 15.6.1 Request for hearing. In accordance with section ~~12-9-103(1)(a)(II)~~
11 12-9-103(1)(A)(II), C.R.S., a licensee may request a hearing before an
12 administrative law judge to appeal the imposition of a fine. The Secretary of State
13 must receive a written request for a hearing within 20 days of the date that the
14 Secretary of State denied a fine suspension or reduction request.

15 15.6.2 Payment of fines.

16 (a) If a licensee does not request a fine suspension, fine reduction, or hearing
17 before an administrative law judge, then the licensee must pay within 20
18 days of the date of the citation imposing the fine.

19 (b) If the Secretary of State denies a FINE suspension request or grants a
20 reduction request, then the licensee must pay the fine or reduced fine
21 within 20 days of the date of the notice of denial or reduction.

22 (c) If an administrative law judge denies an appeal of a fine, then the licensee
23 must pay the appealed fine within 20 days of the date of the issuance of
24 the administrative law judge's order.

25 (d) A licensee must pay fines by check or money order, payable to the
26 Colorado Secretary of State.

27 15.6.3 THE SECRETARY OF STATE WILL SEND A FINE TO CENTRAL COLLECTION SERVICES
28 FOR COLLECTION IF IT IS NOT PAID WITHIN 90 DAYS OF THE PAYMENT DEADLINES
29 LISTED IN RULES 15.6.2(A)-(C).

