



## Notice of Adoption

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

October 17, 2013

#### I. Adopted Rule Amendments

As authorized by the Colorado bingo and raffles laws<sup>1</sup> and the State Administrative Procedure Act<sup>2</sup>, the Colorado Secretary of State gives notice that the following amendments to the rules concerning bingo and raffles games<sup>3</sup> are adopted on a permanent basis.

The following rules were considered at the October 2, 2013 rulemaking hearing in accordance with the State Administrative Procedure Act<sup>4</sup>.

(SMALL CAPS indicate proposed additions to the current rules. ~~Stricken type~~ indicates proposed deletions from current rules. *Annotations* may be included):

#### *Amendments to Rule 1.9:*

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

#### *Amendments to Rule 1.13:*

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

#### *Amendments to Rule 2.1*

- 2.1 Application

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

<sup>2</sup> Section 24-4-103(3)(a), C.R.S. (2013).

<sup>3</sup> 8 CCR 1505-2.

<sup>4</sup> Section 24-4-103(3)(a), C.R.S. (2013).

### 2.1.1 Initial Application

- (a) An applicant seeking a bingo-raffle license must submit a complete application, using the form prescribed by the Secretary of State, in addition to the following:
- (1) The application fee;
  - (2) A list of all members of the organization, and all members of auxiliary and affiliate organizations who will participate in the operation of games of chance. If the organization has a large number of members, the applicant may submit a copy of the entire membership;
  - (3) The names, addresses, and titles of all officers and directors of the organization; and
  - (4) Proof that the organization has functioned for the five years immediately preceding the application date and that the organization has had members throughout this period. Proof of existence consists of:
    - (i) Articles of Incorporation dated more than five years from the date of application, stating that the organization has members; and
    - (ii) Copies of at least one bank statement per year for the five-year period; OR
    - (iii) Copies of minutes from at least one general membership meeting per year for the five-year period; ~~or.~~
    - (iv) ~~A copy of the IRS letter recognizing that the organization is exempt from taxation in accordance with the Internal Revenue Code (26 U.S.C. — § 501(c))~~ REPEALED.
- (B) THE ORGANIZATION MUST QUALIFY AS ONE OF THE FOLLOWING TYPES OF ORGANIZATIONS: RELIGIOUS, CHARITABLE, LABOR, FRATERNAL, EDUCATIONAL, VOLUNTEER FIRE, OR VETERANS. THE SECRETARY OF STATE MAY REQUIRE SUBMISSION OF SUPPORTING DOCUMENTATION.
- ~~(b)~~(C) The 45 day period for approval or rejection of the application will start upon notification that the Secretary of State received the required information outlined in Rule 2.1.1(a). ~~[Section 12-9-103(1)(a)(I), C.R.S.]~~

#### *Amendments to Rule 2.3.2:*

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

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

*Amendments to Rule 3.2.1:*

- 3.2.1 Required Postings. In addition to any postings otherwise required by these rules, a licensee that conducts a progressive jackpot game must also post, ~~—~~a sign in at least 12-point font stating:
- (a) The amount of the progressive jackpot at the beginning of the bingo occasion;
  - (b) The percentage of gross sales of progressive cards that is contributed to the jackpot and whether the contribution amount is added to the jackpot during the present occasion or during the next occasion;
  - (c) The price and description, including color and design, of the cards for the progressive game;
  - (d) The bingo pattern or number arrangement a player must complete to win the progressive jackpot prize, together with a clear diagram of the number arrangement, if any pattern other than a full card (“blackout” or “coverall”) is required to win;
  - (e) The maximum number of calls in which a player must complete the required pattern in order to win the progressive jackpot prize;
  - (f) The date, time, and location of the occasion at which the next game in the progression will be conducted if the jackpot is not awarded;
  - (g) ~~If~~—THE AMOUNT OF THE REGULAR GAME PRIZE IF the licensee elects to continue a progressive game as a regular game ~~in the event that~~—WHEN the progressive jackpot is not won, ~~the amount of the regular game prize~~; and
  - (h) If the licensee is operating a progressive jackpot bingo game and is withholding 10% of the gross sales of progressive cards as a secondary jackpot, a statement to that effect.

*Amendments to Rule 3.2.2:*

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

*Amendments to Rules 3.2.4 and 3.25:*

- 3.2.4 ~~Members' only~~ MEMBERS-ONLY occasions. A licensee must restrict a ~~members' only~~ MEMBERS-ONLY occasion to bona fide members of the licensee, ~~and~~ accompanying spouses, AND GUESTS OF BONA FIDE MEMBERS. The public may not access the premises where ~~members' only~~ MEMBERS-ONLY bingo is conducted.
- 3.2.5 Successive bingo occasions. Once a progressive jackpot bingo game begins AT A PUBLIC BINGO OCCASION, it must continue at each successive bingo occasion of the licensee at the same location until a player wins the jackpot. IF A PROGRESSIVE IS STARTED AT A MEMBERS-ONLY OCCASION, SUCCESSIVE PROGRESSIVE GAMES FOR THAT JACKPOT MUST OCCUR AT SUCCESSIVE MEMBERS-ONLY OCCASIONS.

*Amendments to Rule 3.2.11:*

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

*Amendments to Rule 3.2.13:*

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

*Amendments to Rule 3.4.2:*

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

*Amendments to Rule 4:*

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

*Amendments to Rule 4.2.1:*

- 4.2.1 Packs. A licensee must collate each pack sold for use at a bingo occasion from a series of consecutively numbered sheets, and each sheet ~~MUST~~ MUST contain its individual consecutive series number and the identification number assigned by the manufacturer to that series. Nothing in this rule requires a licensee to sell packs in any particular order.

*Amendments to Rule 4.4:*

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

*Amendments to Rule 5.1.8:*

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

- (a) A ticket or portion of a pull tab deal or series is unsalable if it was displayed and openly offered throughout the duration of at least two consecutive bingo occasions at the same location. Pull tabs at bar and clubrooms are unsalable if they were displayed and offered for sale for a two-week period without any pull tab tickets from that deal or series being sold.
- (b) The licensee must keep any unsold or unsalable pull tab tickets unopened for a period of six months following the end of the quarter in which the tickets were removed from sale unless the pull tabs were removed from sale because of defects.
- (c) The licensee must destroy, after the time specified in Rule 5.1.8(b), all pull tabs that were removed from sale.

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

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

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

*Amendments to Rule 5.4.5:*

5.4.5 Flare

- (a) Format. The flare or jackpot card for each deal in a progressive pull tab game must show, ~~the amount dedicated to the progressive jackpot prize~~ and the current total of the prize. The jackpot prize amount must be modified on the flare each time a contribution is made to the jackpot from sales of progressive pull tab tickets at the immediately preceding occasion and the sales of progressive pull tab tickets during the current occasion.
- (b) Display. The licensee must display or keep available for viewing the flare or jackpot card for each deal in a progressive pull tab game played or that has been played during the course of a progressive game. The flare must be available for viewing at all times the game is in play until the progressive jackpot prize is won.

*Amendments to Rule 5.4.11:*

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

*Amendments to Rule 8.1.7:*

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

*New Rule 8.4:*

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

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

- (A) MEMBERS-ONLY PROGRESSIVE DRAWINGS
  - (1) LICENSEE MEMBERS ARE GIVEN THE OPPORTUNITY TO BUY RAFFLE TICKETS.
  - (2) AT THE DRAWING, THE LICENSEE PLACES THE NAMES OF ALL MEMBERS OR A SUBSET OF MEMBERS INTO A POOL AND SELECTS ONE NAME. THE NAMES OF EACH MEMBER WHO BOUGHT A PROGRESSIVE

RAFFLE TICKET FOR A SPECIFIC DRAWING MUST BE INCLUDED IN THE POOL FOR THAT DRAWING.

- (3) IF THE MEMBER WHOSE NAME IS DRAWN PURCHASED A TICKET FOR THAT DRAWING, THAT MEMBER WINS THE RAFFLE PRIZE AMOUNT, CONSISTING OF THE PRIZE MONEY ACCUMULATED SINCE THE LAST WINNING DRAW.
- (4) IF THE MEMBER WHOSE NAME IS DRAWN DID NOT PURCHASE A TICKET FOR THAT DRAWING, THERE IS NO WINNER AND THE PRIZE AMOUNT IS ADDED TO THE JACKPOT FOR THE NEXT DRAWING.

(B) PLAYING CARD PROGRESSIVE RAFFLES

- (1) THE LICENSEE MUST SELECT A JACKPOT PRIZE CARD FROM EITHER A STANDARD DECK OF 52 CARDS OR A STANDARD DECK OF 52 CARDS PLUS TWO JOKER CARDS (FOR A TOTAL OF 54 PLAYING CARDS).
- (2) THE LICENSEE MUST PLACE EACH CARD FROM THE DECK IN A SEPARATE ENVELOPE OR OTHER CONTAINER THROUGH WHICH THE CARD IS NOT VISIBLE. THE CONTAINER MUST BE SEALED SO THAT THE LICENSEE MUST TEAR, BREAK, OR RIP A PORTION OF THE CONTAINER IN ORDER TO ACCESS THE CARD.
- (3) AFTER SELLING RAFFLE TICKETS, THE LICENSEE MUST HOLD A DRAWING WITH THE POOL CONTAINING ALL TICKETS PURCHASED FOR THAT DRAWING.
- (4) THE PURCHASER OF THE DRAWN TICKET IS GIVEN THE OPPORTUNITY TO SELECT ONE OR MORE OF THE ENVELOPES. THE NUMBER OF ENVELOPES SELECTED PER DRAW MUST REMAIN CONSTANT THROUGHOUT THE PROGRESSION.
- (5) IF THE TICKET PURCHASER SELECTS THE ENVELOPE CONTAINING THE JACKPOT PRIZE CARD, THE TICKET PURCHASER WINS THE RAFFLE PRIZE AMOUNT, CONSISTING OF THE PRIZE MONEY ACCUMULATED SINCE THE LAST WINNING DRAW.
- (6) IF THE TICKET PURCHASER'S SELECTED ENVELOPE DOES NOT CONTAIN THE JACKPOT PRIZE CARD, THERE IS NO WINNER AND THE PRIZE AMOUNT IS ADDED TO THE JACKPOT FOR THE NEXT DRAWING.

8.4.2 ADDITIONAL RULES FOR PLAYING CARD PROGRESSIVE RAFFLES

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

- (B) THE LICENSEE MUST SHUFFLE THE ENVELOPES CONTAINING THE CARDS BEFORE PUTTING THEM ON PUBLIC DISPLAY.
- (C) ONCE THE LICENSEE PLACES THE ENVELOPES ON DISPLAY, THE LICENSEE MUST KEEP THEM IN A LOCKED CONTAINER AT ALL TIMES EXCEPT DURING DRAWINGS. ONLY THE GAMES MANAGER AND LICENSEE OFFICERS ARE ALLOWED ACCESS TO THE KEYS FOR THE CONTAINER.
- (D) IF THE WINNING TICKET PURCHASER IS NOT PRESENT AT THE DRAWING, THE LICENSEE MUST CONTINUE TO DRAW TICKETS UNTIL SELECTING A TICKET PURCHASER WHO IS PRESENT.
- (E) IF THE ENVELOPE SELECTED BY THE DRAWING WINNER DOES NOT CONTAIN THE JACKPOT PRIZE CARD, THE LICENSEE MUST DISPLAY THE SELECTED CARD AT ALL FUTURE DRAWINGS UNTIL THE LICENSEE AWARDS THE JACKPOT PRIZE.
- (F) THE LICENSEE MAY OFFER A CASH CONSOLATION PRIZE FOR A WINNING TICKET PURCHASER THAT DOES NOT SELECT THE JACKPOT PRIZE CARD.
  - (1) CONSOLATION PRIZES DO NOT COUNT AGAINST THE \$15,000 MAXIMUM PROGRESSIVE RAFFLE PRIZE LIMIT.
  - (2) BEFORE CONDUCTING A PROGRESSIVE RAFFLE OFFERING A CONSOLATION PRIZE, THE LICENSEE MUST DESIGNATE THE CONSOLATION PRIZE AS EITHER A SPECIFIED AMOUNT OR A SPECIFIED PERCENTAGE OF THE GROSS PROCEEDS COLLECTED FROM THE SALE OF RAFFLE TICKETS FOR A PARTICULAR DRAWING.

8.4.3 THE LICENSEE MAY HOLD A MAXIMUM OF TWO PROGRESSIVE RAFFLES SIMULTANEOUSLY.

8.4.4 A TICKET HOLDER MUST BE PRESENT AT THE DRAWING IN ORDER TO CLAIM A PROGRESSIVE RAFFLE PRIZE.

8.4.5 PROGRESSIVE RAFFLES TICKET SALES.

- (A) IF THE LICENSEE ONLY SELLS PROGRESSIVE RAFFLE TICKETS TO LICENSEE MEMBERS, RULE 8.1.4 REQUIREMENTS DO NOT APPLY.
- (B) TICKETS SOLD FOR A SPECIFIC DRAWING ARE VOID AND INELIGIBLE FOR FUTURE DRAWINGS.
- (C) THE LICENSEE MUST DETERMINE TICKET PRICES BEFORE SELLING PROGRESSIVE RAFFLE TICKETS AND MUST NOT CHANGE TICKET PRICES FOR ANY DRAWING IN THAT PROGRESSIVE SEQUENCE.

8.4.6 PROGRESSIVE JACKPOT PRIZES.

- (A) A LICENSEE MUST DETERMINE THE AMOUNT OF A PROGRESSIVE RAFFLE JACKPOT BASED ON A PERCENTAGE OF GROSS RAFFLE TICKET SALES FROM EACH RAFFLE IN THE PROGRESSIVE SEQUENCE, NOT TO EXCEED 70%.
- (B) A PROGRESSIVE RAFFLE JACKPOT PRIZE MUST NOT EXCEED \$15,000. WHEN THE JACKPOT PRIZE REACHES \$15,000, THE LICENSEE MUST AWARD IT IN THE FOLLOWING MANNER:
  - (1) IN A MEMBERS-ONLY DRAWING, THE LICENSEE MUST CONTINUE TO DRAW MEMBER NAMES UNTIL A MEMBER WHO PURCHASED A TICKET IS DRAWN. THE LICENSEE MUST AWARD THE PROGRESSIVE PRIZE TO THAT MEMBER.
  - (2) IN A PLAYING CARD PROGRESSIVE RAFFLE, THE LICENSEE MUST EITHER:
    - (i) AWARD THE JACKPOT TO THE TICKET PURCHASER WHOSE TICKET IS FIRST DRAWN AFTER THE PRIZE LIMIT IS REACHED; OR
    - (ii) DETERMINE THE WINNER BY DRAWING RAFFLE TICKETS AND ALLOW TICKET HOLDERS TO SELECT ENVELOPES UNTIL A DRAWING WINNER SELECTS THE JACKPOT PRIZE CARD.
  - (3) THE LICENSEE MAY RETAIN ANY PROCEEDS FROM RAFFLE TICKETS SOLD AFTER THE PROGRESSIVE PRIZE REACHES THE \$15,000 PRIZE LIMIT.

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

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

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

*Amendments to new Rule 8.5 (formerly Rule 8.4):*

8.4.8.5 Games not classified as raffles. The games of chance commonly known as "Animal Plop Bingo," "Golf Ball Drops," plastic or rubber "Duck Races," "COIN FLIP GAMES," and variations of these games are not raffles as defined by section ~~12-9-102(19.3)~~ 12-9-102(19.3), C.R.S., and are not raffles as authorized by subsections (2) to (4) of Section 2 of Article XVIII of the Colorado Constitution. Therefore, these games of chance are not licensed or regulated by the Secretary of State. In certain circumstances, these games of chance may be considered unlawful gambling. Licensees or other organizations who wish to conduct these games should contact law enforcement authorities or legal counsel to determine how to comply with Colorado law.

*New Rule 9.2.3:*

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

*Amendments to Rule 9.3.3:*

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

- (a) All progressive ~~jackpot bingo and progressive pull tab~~ prizes in excess of \$500 must be paid by check.
- (b) A progressive ~~jackpot bingo prize and a progressive jackpot pull tab~~ prize need not be paid immediately upon the determination of a winner if:
  - (1) The prize amount exceeds \$500;
  - (2) The prize amount is paid in full within 48 hours after the winner was declared;
  - (3) The prize amount is paid at a location and in a manner acceptable to the winner; and
  - (4) The winner is presented with a voucher or promissory note for the full amount of the jackpot prize before the end of the occasion during which the winner was declared. The licensee's games manager and one other member of the licensee must sign the voucher or promissory note. The note must state the following:

- (i) The name and license number of the licensee;
- (ii) The date, time, and location of verification of the winning card;
- (iii) ~~The~~ IN THE CASE OF PROGRESSIVE BINGO AND PROGRESSIVE PULL TABS, THE manufacturer's serial and identification numbers of the winning card;
- (iv) The identification of the winner of the prize; and
- (v) The date, time, place and manner in which the check for the prize amount will be delivered to the winner.

*Amendments to Rules 10.1.2 and 10.1.3:*

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

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

10.1.3 Progressive ~~bingo and pull tabs~~ GAMES

- (a) All receipts from the sale of progressive ~~bingo cards and progressive pull tabs~~ GAMES must be accounted for separately within the licensee's bingo-raffle checking or savings account created in accordance with ~~section 12-9-108(3)(a)~~ SECTIONS 12-9-108(3)(A) and 12-9-108(3)(b), C.R.S.
- (b) All receipts from the sale of progressive ~~bingo cards and progressive pull tabs~~ GAMES must be deposited in the bingo-raffle account by means of separate deposit slips. ~~that~~ DEPOSIT SLIPS FOR PROGRESSIVE BINGO AND PROGRESSIVE PULL TAB GAMES MUST indicate the serial numbers of the progressive bingo cards sold and the serial numbers of the progressive pull tabs sold. DEPOSIT SLIPS FOR PROGRESSIVE RAFFLES MUST CONTAIN THE WORDS "PROGRESSIVE RAFFLE." ~~all~~ ALL deposits must be made no later than the close of the business day after the occasion at which the ~~cards were sold~~ PROGRESSIVE TOOK PLACE.
- (c) Unless the licensee starts a progressive jackpot bingo game with a secondary jackpot amount, the licensee ~~shall~~ MUST continuously hold an amount equal to at least the accrued progressive jackpot prize in the licensee's bingo-raffle checking or savings account for the entire duration of the progression. No part of this amount may be expended, transferred,

or otherwise removed from the account prior to the payment of the progressive jackpot to a winner.

- (d) If the licensee has started a progressive jackpot bingo game with a secondary jackpot amount, the licensee ~~shall~~ MUST continuously hold an amount equal to at least the accrued primary and secondary jackpots in the licensee's bingo-raffle checking or savings account for the entire duration of the progression. No part of this amount may be expended, transferred, or otherwise removed from the account prior to the payment of the progressive jackpot to a winner.
- (e) If the licensee conducts a progressive pull tab game OR A PROGRESSIVE RAFFLE, the licensee must maintain an amount in the bingo-raffle account sufficient to pay out the total of all prize amounts in the game.
- (f) If the licensee fails to maintain account balances in accordance with this rule or uses such balances for unlawful purposes, the failure or action is prima facie evidence of fraud.

*Amendments to Rules 10.3.1 through 10.3.3:*

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

10.3.2 Security.

- (A) A bingo-raffle licensee must not pay more than ~~\$75~~-\$100 per occasion for security unless:
  - (1) ~~security~~ SECURITY is provided by one or more off-duty law enforcement officers; OR
  - (2) THE OCCASION REQUIRES ADDITIONAL SECURITY, FOR EXAMPLE, A LARGE NUMBER OF PEOPLE OR LARGE AMOUNT OF MONEY WILL BE PRESENT ON THE PREMISES.
- (B) If a bingo-raffle licensee uses off-duty law enforcement officers, ~~it~~ THE LICENSEE must notify the Secretary of State and list the names and badge numbers of those officers who perform security duties prior to paying more than ~~\$75~~-\$100 per occasion.
- (C) IF A BINGO-RAFFLE LICENSEE USES SECURITY OTHER THAN OFF-DUTY LAW ENFORCEMENT OFFICERS, AND PAYMENT WILL EXCEED \$100 FOR A SINGLE OCCASION, THE LICENSEE MUST NOTIFY THE SECRETARY OF STATE AND PROVIDE A REASON FOR THE INCREASE BEFORE MAKING THE PAYMENT.

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

*Amendments to Rule 12.1.3:*

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

*Amendments to Rule 15.1:*

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

*Amendments to Rule 15.5.1:*

15.5.1 Issuance. The Secretary of State ~~shall~~-WILL issue all citations in writing, signed and dated by the authorized agent of the Secretary of State and ~~shall~~-WILL identify the licensee cited; the facts and/or conduct constituting the violation; the specific rule or statutory provision violated; AND the fine assessed in accordance with this rule and the Bingo and Raffles Law.

*Amendments to Rule 15.5.4:*

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

*Amendments to Rule 15.6:*

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

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

15.6.2 Payment of fines.

- (a) If a licensee does not request a fine suspension, fine reduction, or hearing before an administrative law judge, then the licensee must pay within 20 days of the date of the citation imposing the fine.
- (b) If the Secretary of State denies a FINE suspension request or grants a reduction request, then the licensee must pay the fine or reduced fine within 20 days of the date of the notice of denial or reduction.

- (c) If an administrative law judge denies an appeal of a fine, then the licensee must pay the appealed fine within 20 days of the date of the issuance of the administrative law judge's order.
- (d) A licensee must pay fines by check or money order, payable to the Colorado Secretary of State.

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

**II. Basis, Purpose, and Specific Statutory Authority**

A Statement of Basis, Purpose, and Specific Statutory Authority follows this notice and is incorporated by reference.

**III. Effective Date of Adopted Rules**

These new and amended rules will become permanently effective on January 1, 2014.

Dated this 17<sup>th</sup> day of October, 2013,



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Suzanne Staiert  
Deputy Secretary of State

For

Scott Gessler  
Colorado Secretary of State



## **Statement of Basis, Purpose, and Specific Statutory Authority**

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

**October 17, 2013**

#### **I. Basis and Purpose**

This statement is about amendments to the Colorado rules concerning bingo and raffles games adopted by the Secretary of State. This statement also addresses proposed amendments that the Secretary of State did not adopt.

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](http://www.sos.state.co.us/pubs/rule_making/bingoRuleComments.html). Additional comments received during the official rulemaking proceedings are available online at: [www.sos.state.co.us/pubs/rule\\_making/hearings/2013/BingoRulesHearing20131002.html](http://www.sos.state.co.us/pubs/rule_making/hearings/2013/BingoRulesHearing20131002.html). All comments are incorporated into the official rulemaking record.

#### **1. Adopted amendments**

The Secretary adopted amendments to implement House Bill 13-1101, which authorizes the adoption of rules to regulate the conduct of progressive raffles in Colorado. Additionally, the Secretary finds that the following amendments aid in the uniform and proper administration, implementation, and enforcement of Colorado bingo and raffles laws.<sup>1</sup> They are also necessary to improve the administration of bingo and raffles games in Colorado and to answer questions arising under State bingo-raffle laws.

- Rule 2.1.1(a)(4)(iv) is repealed as unnecessary. This repeal does not change any of the current licensee eligibility requirements.
- 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.

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

- 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.
- 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(b) outline specific requirements for depositing game proceeds from progressive bingos, progressive pull tabs, and progressive raffles.
  - 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.

**2. Proposed amendments that the Secretary of State did not adopt**

The Secretary of State did not adopt the following recommendations submitted by members of the Colorado Bingo-Raffle Advisory Board and bingo-raffle stakeholders for the reasons provided below:

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 Board proposed rules to allow other types of progressive raffle games in addition to members-only raffles and playing card progressive raffles.

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. New Rule 8.4.1 permits the most commonly allowed progressive raffle games played in other states. 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.

- Citing licensee cost concerns, the Board did 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 recommended 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 also received written comments concerning the time requirement for paying out progressive prizes. Specifically, the comments requested that the Secretary revise the rules to extend the time requirement from 48 hours to two business days. The Secretary of State's office has not heard from any other stakeholders that have had difficulty paying out prizes within the allotted 48 hours. Additional input and evidence from stakeholders is necessary for the Secretary to consider this rule change.

## II. Rulemaking Authority

The statutory authority is as follows:

1. Section 12-9-103(1)(b), C.R.S., (2013), 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., (2013), 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., (2013), 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., (2013), 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.

