

Lotteries

FEBRUARY 2010



This advice note will help your committee/board to adhere to Principle 2 of the Code of Good Governance: Responsibilities, legal requirements and obligations.

INTRODUCTION

The law on lotteries in Northern Ireland is the Betting, Gaming, Lotteries and Amusements (NI) Order 1985, as amended by the Betting and Lotteries (NI) Order 1994. Further details of the law are contained in the Lotteries Regulations (NI) 1994. The Order and Regulations set out the rules which must be followed in order to run a legal lottery in Northern Ireland.

This leaflet aims to provide a simple guide to the legislation. It does not set out to provide a definitive interpretation of the law and readers are recommended to seek the advice of their own legal advisers and to refer to the Order and the Regulations.

A lottery (which includes a draw, raffle, tombola, sweepstake or ballot) is a draw where prizes are won. Participants buy tickets at fixed prices and prizewinners are selected by chance. No skills are involved. Lotteries are a very common method of fundraising in community groups.

All lotteries are unlawful unless they are:

- (1) Small lotteries at exempt entertainments
- (2) Private lotteries
- (3) Societies' lotteries.

SMALL LOTTERIES AT EXEMPT ENTERTAINMENTS

A lottery held as part of the following is legal (provided certain conditions are met):

- a bazaar
- sale of work or jumble sale
- fete
- dinner

- dance
- sporting or athletic event
- other entertainment of similar character.

The conditions are:

- (1) The whole proceeds of the entertainment and the lottery after deduction of lawful expenses shall be devoted to purposes other than private gain.
- (2) Tickets shall only be sold during the entertainment.
- (3) Tickets shall be sold and the winners announced on the premises where it takes place.
- (4) The lottery shall not be the only, or only substantial, inducement to the public to attend the entertainment.

Rules to be followed:

The organiser of the entertainment must:

- (1) Keep records and accounts of the entertainment.
- (2) Record the purposes to which the proceeds of the entertainment are to be applied.
- (3) Inform the participants of this purpose.
- (4) Inform the police at least seven days beforehand that the entertainment is taking place.

PRIVATE LOTTERIES

A private lottery must:

- (1) Be promoted in Northern Ireland.
- (2) Be promoted by and for the following:
 - (a) the members of one society (not established for gaming)
OR
 - (b) people who work together
OR
 - (c) people who live together and

Confine the sale of tickets to such people, except that a society may sell tickets to non-members on the society's premises.

- (3) Realise no more than £1,000 on the sale of tickets.
- (4) Where the lottery is promoted by and for the members of one society, the whole of the proceeds of the lottery, after deducting printing and stationery expenses, must be devoted to the provision of prizes or applied to the purposes of the society, or both.

The advantage of a private lottery is that it is far less regulated than a society's lottery. A private lottery may be a useful source of fundraising when you have a large gathering of all the members of your society, such as an annual general meeting.

There are other more detailed rules governing private lotteries. These concern the sale of tickets, the information contained on them, the way proceeds are spent and prizes allocated. Please see the Department for Social Development's guidance leaflet on lotteries for more information.

SOCIETIES' LOTTERIES

A society's lottery means one promoted by a society established and conducted wholly or mainly for the following:

- (1) Charitable purposes.
- (2) Participation in or support of athletic sports or games or cultural activities.
- (3) Not (1) nor (2) but neither for commercial or private gain.

A 'society' includes any club, institution, organisation or association, whatever its name, and any separate branch or section of such a club, institution, organisation or association. So, each separate branch of a national or provincial society running its own lottery must be treated separately and must register its lottery scheme with its own district council. However, if a national organisation wishes to run one lottery throughout Northern Ireland, then one registration by that national organisation would be sufficient.

However, please note that multiple registration is prohibited, ie where one organisation creates two or more separate societies to run a number of lotteries in order to circumvent limits on turnover.

A society's lottery must be promoted in Northern Ireland by a society registered (see below) with the approved district council and in accordance with an approved lottery scheme. All proceeds, after lawful deductions, must be applied to the purposes of the registered society.

How to Register a Society's Lottery

Send the following documents to the district council in which the office or head office of your society is situated:

- (1) Completed application form (available from your district council offices).
- (2) Copy of your lottery scheme (model attached to this booklet).
- (3) Fee of £35.

A copy of the application form must be sent to the local police headquarters. The district council has wide powers to refuse to register your society or to revoke the registration, for example, if a person connected with the lottery has been convicted of an offence of dishonesty, or if the lottery is not being run according to the rules. In order to maintain your registration the society must, on 1 January of each year, send the following to the district council:

- (1) A fee of £17.50.
- (2) A copy of your lottery scheme if different from the one submitted in the previous year (any changes to the lottery scheme must be notified to the district council before any tickets are sold under the new or revised scheme).

Rules Applying to Societies' Lotteries

A society's lottery must conform to these rules:

- (1) The lottery must be promoted by a member of the society who has been authorised in writing to act as the promoter.
- (2) Each ticket distributed or sold must specify

the name of the society, the name and address of the promoter and the date of the lottery. The ticket should also specify the name of the district council which registered the society.

- (3) Participation in the lottery shall depend on the purchase of a ticket and tickets must be paid for before a person can participate in the lottery. Ticket money cannot be returned in any circumstances.
- (4) The price of each ticket shall be the same and the price shown on the ticket shall be the whole price paid for it. So, the common use of one for 10p or six for 50p is unlawful.
- (5) No one prize in the lottery shall be worth more than £25,000 or 10% of the proceeds of the lottery whichever is the greater. The total proceeds of the lottery are the total proceeds of the sale of tickets.
- (6) The total amount appropriated for the provision of prizes shall not be more than 50% of the proceeds of the lottery.
- (7) The total value of the tickets sold shall not be more than £80,000 in one single lottery, and no more than £1 million for all the lotteries promoted by the society in one year.
- (8) Money deducted for expenses (not including prizes) shall be:
 - (a) where the total proceeds are £10,000 or less, no more than 20% of the total
OR
 - (b) where the total proceeds are more than £10,000, no more than 15% of the total
OR

- (c) In each case the expenses actually incurred if less.
- (9) Expenses met by any beneficiary of the lottery or by the society on whose behalf the lottery is promoted, are to be included in the calculation of the total expenses. A beneficiary of the lottery is someone to whom or for whose benefit the proceeds are paid.
- (10) Where two or more lotteries are promoted by the society on the same date, the tickets sold in each such lottery must bear a serial number to indicate the lottery in which they are sold.
- (11) Tickets shall not be:
- (i) Sold to, or by, any person under 16 years of age
 - (ii) Sold to a person in any street.
 - (iii) Sold in a bookmaker's office
 - (iv) Sold for more than £1
 - (v) Sold by means of a machine
 - (vi) Sold as a group of tickets in a set of lotteries in which the holder of the winning tickets wins a prize in each lottery
 - (vii) Sold door to door by people who visit homes as part of their employment, for example the milkman or any salesman or woman.
- (12) It is illegal to supply or sell tickets which are identifiable in advance as the winning ticket.
- (13) No prize in a lottery shall be offered on the basis that winning a prize depends on the purchase of more than one ticket except where the price of the total number of tickets required does not exceed £1.

Returns

- (1) When the lottery is over, the promoter must within three months of the date of the lottery send the following to the district council:
- (i) Completed return form (model attached)
 - (ii) A copy of a ticket.
- (2) Every registered society shall keep copies of the returns, supporting bills, receipts and accounts for at least 18 months after the date of the lottery and, if asked to do so, shall supply copies to the district council or the police.
- Please note that the date of the lottery is the date on which the winners are drawn.
- (3) Any officer of the district council may enter the office of a registered society and inspect both its records and its promotion of any lottery. It is an offence to obstruct such an officer.

Lottery Consultant

A society may wish to employ an outsider to organise or run its lottery. Such a person is called a lottery manager or consultant. It is illegal for someone to act as a lottery consultant or manager unless she/he has first obtained a lottery certificate from the magistrate's court.

So remember, if you intend to use a lottery consultant or manager, first ask to see their lottery certificate which will reassure you that the person employed has been approved by the court.

Offences and Defences

It is an offence to breach any of the above regulations regarding small lotteries at exempt entertainments, private lotteries and societies' lotteries. On conviction, the punishment can range from a fine to a fine and imprisonment for up to two years.

However, provided reasonable care is taken to abide by the regulations, to keep accounts and to make reasonable estimations of the amount intended to be raised in the lottery, and provided the rules are followed in good faith, there will be a defence to unexpected shortfalls or errors made in running the lottery.

MODEL OF A LOTTERY SCHEME

This is an example of a lottery scheme which must be submitted to the local district council by a group wishing to run a society's lottery:

Name of Society:

.....

Date(s) of Lottery(ies)

.....

1,000 tickets @ £1 each	£1,000
Value of prizes, say 30%	£300
Net balance	£700
Less expenses:	
Printing	£20.00
Hire of hall for draw	<u>£40.00</u>
TOTAL	£60.00

NET PROCEEDS £640

Net Proceeds of £640 to be donated to:

 Charity or Society Funds.

MODEL OF A SOCIETY'S LOTTERY RETURN FORM

Society's Lottery – Return by Promoter

(Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985)

To be sent by the promoter of the lottery to the district council named below not later than the end of the third month after the date of the lottery.

PART 1

To:
 District Council

I
(full forenames and surname of promoter of lottery)

of
(full residential address)

being promoter of a lottery promoted on behalf of

.....
(name of registered society)

registered by the above-named district council under Article 136 of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985, hereby make the following return in respect of that lottery:

- The date of the lottery was

- The total proceeds from the sale of tickets or chances were
 £

3. The amount of the total proceeds appropriated on account of expenses (exclusive of prizes) was £....., including an amount of £.....* met by the registered society on whose behalf the lottery was promoted and an amount of £.....* met by the following (beneficiary) (beneficiaries) of the lottery:

.....
(full forenames and surnames of beneficiary, or, where beneficiary is a society, the of the society)

of
(full residential address, or, where beneficiary is a society that of its office or head office) (give separate details if more than one beneficiary)
(*insert nil if appropriate)

4. The amount of the total proceeds appropriated for the provision of prizes was £.....

5. The purpose(s) to which the proceeds of the lottery were applied (was) (were)
(give separate details if more than one purpose)

6. The amount of the proceeds which was applied for the purpose(s) names above was:
.....
(give separate details if more than one purpose)

7. (full forenames and surname of holder of lottery certificate or, where holder of certificate is a body corporate, title of body)

of
(full address or, where holder of certificate is a body corporate, that if its registered or principal office)

acted as an external lottery consultant or manager in the promotion of the lottery.

8. A copy of a ticket sold in the said lottery is attached.

I hereby certify that I am a member of the said society and have been duly authorised in writing by the governing body of that society to act as the promoter of this lottery.

Dated the day of 20

Signed

Occupation

CERTIFICATION OF LOTTERY RETURN

I, the undersigned, being a qualified accountant within the meaning of Article 2 (2) of the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985 hereby certify that I have examined the accounts relating to the above lottery and to the best of my information and belief the information contained in this return is correct.

Dated the day of 20

.....
(Signature of qualified accountant)

.....
(Address)

FOR FURTHER INFORMATION, PLEASE CONTACT:

NICVA Governance and Charity Advice Service
61 Duncairn Gardens
Belfast
BT15 2GB

Tel: 028 9087 7777
Fax: 028 9087 7799
Email: cas@nicva.org
Website: www.nicva.org

All of NICVA's advice notes can be downloaded from www.nicva.org as well as the most up to date information about company law and charity law reform.

The Law on Lotteries in Northern Ireland information leaflet **SL4** is produced by the Department for Social Development (Social Policy Unit), which can be downloaded at:

www.dsdni.gov.uk/leaflet-on-lottery-law.doc

or contact:

Department for Social Development
Social Policy Unit
Level 1, James House
2-4 Cromac Avenue
Gasworks Business Park
Ormeau Road
Belfast BT7 2JA

Tel: 028 9081 9143
Email: social.policy@dsdni.gov.uk

In September 2009 Social Development Minister, Margaret Ritchie MLA, announced a strategic review of Northern Ireland's gambling policy, practice and law. If you have any comments on how the regulations on lotteries could be changed then please send to: cas@nicva.org

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