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BLJ: Changes on horizon in wake of Charitable Gaming Act of 2017

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Charitable gaming in New York could see changes as lawmakers look to modernize raffles, pull-tabs and bingo.

First on the list are raffles, said Robert McLaughlin, a partner at Hodgson Russ. A few years ago, Gov. Andrew Cuomo instructed the state Gaming Commission to modernize raffles.

“Charitable gaming really hasn’t changed all that much in the last 20 to 30 years,” McLaughlin said.

Changes under the Charitable Gaming Act, which was signed at year-end, should be rolled out soon, he said, adding that organizations are waiting for the regulations.

Cuomo vetoed a similar bill in 2016, calling it too broad and possibly unconstitutional.

The law will allow charities to sell raffle tickets online, something they hadn’t been able to do previously.

“In the age of the internet, it’s just really silly not to let them participate that way,” McLaughlin said.

Under current law, organizations that want to partake in charitable gaming must get permission from the local municipality. That won’t change. However, organizations can only sell paper tickets and can only accept cash or checks for tickets at an event for the paper raffle tickets.

“The change now will allow not-for-profits, charitable organizations, to advertise a raffle on their website,” he said. “Rather than just going door-to-door and asking people to take part in some event to buy raffle tickets for a prize or a chance at a prize, they will be able to do that through the internet.”

Entities looking to advertise and take money over the internet for raffles must be set up to do so, he aid.

“They have to have established web procedures and web protocols and privacy policies in place in order to accept these credit card payments and raffle purchases,” he said.

In order to take advantage of the chance, McLaughlin said, there would be some up-front expense for infrastructure and legal needs.

“Most entities that sell products on the internet have already done this,” he said. “Charities are behind the line on that for now.”

Down the line, however, opening up the games to a new “universe” of players could offset the initial costs.

Regulations pertaining to the matter should be issued soon, and he said charities may be able to start selling raffle tickets online around the end of June.

“Like everything else, I would be very cautious not to do anything until the Gaming Commission has laid out the rules of the road,” he said.

It’ll take time for organizations to set up infrastructure and begin selling online, according to McLaughlin, who said he hopes they’ll be up and running by fourth quarter.

“Ultimately I have to believe that modernization of any events that still use paper and cash to the internet and electronic data and electronic accounting has to be better,” he said. “When you have cash, or you have paper tickets, there’s always an opportunity there for something fraudulent to occur. To the extent that you take the human element out of it, you have a better opportunity to maintain accounting standards and just better processes all around.”

Right now, the new regulations will cover raffles and games of chance. There have been bills introduced to modernize bingo and pull-tabs.

Modernizing charitable games could bring in new members and help to raise more revenue, McLaughlin said. Fraternal organizations such as the Veterans of Foreign Wars would benefit from the modernization of pull-tab games for that reason, he said.

“They raise a tremendous amount of money from pull-tab games but they’ve been closing posts for lack of interest and members getting older,” he said. “With the recent wars in Iraq and Afghanistan, there have been younger veterans who have come back, but there’s no reason for them to go to a VFW post. Modernizing charitable gaming will allow the VFW to serve their members. They do a lot in the community for their members and they need revenue to do that.”

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