



**Laura Sanders Fowler**

## THE FOWLER LAW FIRM NEWSLETTER

### **No Good Deed Goes Unpunished... The Danger of Charitable Raffles**

**May 15, 2008**

*Submitted by Laura S. Fowler JD, Attorney at Law with The Fowler Law Firm PC*

Dear Readers,

Believe it or not, charitable games such as raffles are **gambling**. Gambling is unlawful in Texas unless it fits into a few very precisely defined exceptions. This is the time each year when schools and colleges, often to raise money for student trips and scholarships, attempt to raise money through their foundations to support these very worthwhile endeavors. If your most philanthropic citizen gives you a \$25,000.00 brand-new pickup truck to raffle off, and then learns the well-intentioned organizers of the activity got themselves and the Foundation charged criminally... well, that may be disastrous to your fund-raising efforts in the future!

So rather than take that risk, here is what you need to know:

#### Qualified Organization Restrictions:

- Your organization or institution can run a fund-raising raffle **only** if it qualifies as a 501(c)(3) nonprofit or charitable organization, a religious society, a volunteer emergency medical service, or a volunteer fire department.
- Your 501(c)(3) must have been in existence for at least 3 years.

#### Time and Frequency Restrictions:

- You may only run two raffles in a given calendar year.
- You may not sell tickets to two separate raffles in the same time period.
- You must announce up front the date the raffle will take place.
- If you cannot award the prize on the date of the raffle, you must set a new date within 30 days or offer to refund all raffle ticket buyers.

#### Use of Proceeds Restriction:

- All raffle proceeds must be spent for the charitable purposes of the qualified organization.

#### Raffle Promotion and Sales Restrictions:

- You may not advertise or promote your raffle through a “medium of mass communication” including (but not limited to) television, radio, and newspapers.
- You may not compensate, either directly or indirectly, an individual responsible for organizing or conducting the raffle, or for selling or offering to sell raffle tickets.
- Only a member of the qualified organization or an authorized individual may sell raffle tickets.

Disclosure Restrictions:

- The raffle ticket must disclose the name of the qualified organization conducting the raffle.
- The raffle ticket must disclose the address of the organization or of a named officer of the organization.
- The raffle ticket must disclose the ticket price.
- The raffle ticket must disclose a general description of any potential raffle prize valued over \$10.
- The raffle ticket must disclose the date the raffle prize(s) will be awarded.

Raffle Prize Restrictions:

- The raffle prize cannot be money.
- The value of the prize may not exceed \$50,000.
- The prize must be in the ownership or possession of the qualified organization.

For more information, please see the article *Be Careful with Raffles* from the Vocational Agriculture Association of Texas available at <http://www.vatat.org/TeacherToolbox/BitsPieces/Raffles/tabid/6920/Default.aspx>.

In your every charitable adventure we wish you the very best.

*Ms. Fowler will be presenting in a number of venues throughout Texas including:*

**Texas Association of Community College Business Officials Annual Conference** in Waco, Texas on *June 12, 2008*. For more information, please visit <http://taccbo.org/Content.aspx?p=2008Conference>.

**Texas Association of School Business Officials Summer Conference** in Kerrville, Texas on *June 13, 2008*. For more information, please visit <http://www.tasbo.org/>.

**National Association of Purchasing Directors/City and County Purchasing Officials Timeline 2009** in South Padre Island, Texas on *June 27-28, 2008*. For more information, please visit <http://www.napmrgv.org/timeline/timeline.htm>.

**6<sup>th</sup> Annual Practical Hands-On Facilities & Construction Advice for Community Schools & Colleges Conference** in Austin, Texas, on *November 10, 2008*. For more information, please contact *The Fowler Law Firm PC* at [www.thefowlerlawfirm.com](http://www.thefowlerlawfirm.com) or the *Texas Association of Community Schools* at [www.tacsnet.org](http://www.tacsnet.org).

**Laura Fowler and THE FOWLER LAW FIRM P.C.** are so grateful to so many of you who have helped to make our firm a success. *The Fowler Law Firm P.C. is a full service law firm whose attorneys have many years of experience in the handling of education institution issues, both public and private, non-profit associations, real estate, family law, probate and estate, business formation and taxation and all aspects of copyright, trademarks and patents. We never charge a client a fee or incur any expense until the client understands and agrees. In addition, we often counsel with your clients and friends and give them the information they need at no charge when we cannot truly be of service. For more information or to refer a matter to us please contact us at (512) 441-1411 or visit our website at [www.thefowlerlawfirm.com](http://www.thefowlerlawfirm.com).*

*This information is provided by Laura S. Fowler JD, Attorney at Law with The Fowler Law Firm PC. It is not intended as a substitute for careful review by legal counsel of your choosing. We would be most honored to assist you in your every real legal need.*

Contact Laura Fowler at [fowler@thefowlerlawfirm.com](mailto:fowler@thefowlerlawfirm.com) or call (512) 441-1411.

As with any legal issues, please consult your attorney with questions.