

Charity Raffles and Million Dollar Home Raffles

As a Charity Raffle and Non-Profit Corporation Lawyer, I have seen a growing trend in California by non-profit and charitable organizations in Orange County, San Diego and elsewhere in California is to conduct raffles. But these are not the bake-sale raffles of old. Today, such raffles are often for homes worth between one and three million dollars.

If you need legal assistance with a charity raffle or other non-profit organization issue in California visit our law firm website at <http://www.sebastiangibsonlaw.com> for more information and call us at any of the numbers easily found on our website.

Indeed, in 2008, nearly 2,200 charities registered approximately 3,500 raffles with the Attorney General's Office in the State of California. Not all of the raffles were for prizes as spectacular as a million dollar home, but there have also been charities who have failed to register their raffle with the state in advance of their raffle and some of the charities who have failed to comply with the rules have been referred to county prosecutors.

While noncompliance with the raffle rules has usually been the result of an honest mistake, some charities simply don't like all of the reporting requirements.

The rules relating to charitable raffles in Orange County and all of California are contained in California Penal Code Section 320.5. The rules are straightforward, though somewhat complex. The most important rule perhaps is the requirement that at least 90 percent of the gross receipts generated from the sale of the raffle tickets for any given draw are used by the eligible organization conducting the raffle to benefit or provide support for beneficial or charitable purposes.

While California Gambling Laws are contained in a myriad of Penal Code Sections, rules relating to sweepstakes, promotions and contests are contained in California Business and Professions Code Sections 17539-17539.55 and the enforcement provisions are in Sections 17200 and 17534-17536.

There are also other problems associated with raffles. Individuals cannot raffle off a home for profit. Only non-profit organizations can do so. Raffles must be registered with the Attorney General of the state and report proceeds and expenses. The reports are made public, something charities aren't always fond of happening.

There have also been scams and raffle rip offs. If the raffle tickets are being sold online by a charity you've never heard of, in all probability, you're being scammed. In California, non-profits are not allowed to sell tickets online.

Then there are the million dollar homes, that may not be such a prize. Win it and you'll have to pay taxes on it, and possibly the closing costs as well. If there aren't enough tickets sold, the winner will only receive a much smaller cash award (usually on a 50/50 split with the charity of the net ticket proceeds after all the expenses are paid), which will become even smaller after the charity withholds the 25% in taxes on it. The winners will also owe state tax.

While charities can use other funds besides the raffle funds to pay for the expenses of a raffle, smaller charities without a reserve of funds to use for such expenses find it's very difficult to properly advertise a raffle, conduct it and pay for all the expenses with just 10% of the raffle ticket fees.

Non-Profit Organization Poker Tournaments

With the popularity of poker tournaments on television, charities in San Diego and throughout the state have gotten into the act as well. The holding of Charitable Poker Tournaments and other controlled games is governed by sections 19985-19987 of the Business and Professions Code. The same 90 percent rule applies as it does to who may conduct charitable raffles.

If you are a charitable or non-profit organization and would like legal advice as to how to conduct or set up charitable fund raising events of any kind in Orange County, San Diego or anywhere in Southern California, especially those which involve any types of games of chance, contests, sweepstakes, promotions, gambling, poker or raffles, be sure to consult with a Charity and Non-Profit Organization attorney before preparing any advertising materials or rules for your event.

We invite you to visit our law firm website at <http://www.sebastiangibsonlaw.com> and call us if you need help with a charity or non-profit organization in California.