

1997 SUNSET REVIEW

Bingo and Games of Chance



Submitted by the
Colorado Department of
Regulatory Agencies
Office of Policy & Research

STATE OF COLORADO

DEPARTMENT OF REGULATORY AGENCIES
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Roy Romer
Governor

October 15, 1997

Members of the Colorado General Assembly
c/o The Office of Legislative Legal Services
State Capitol Building
Denver, Colorado 80203

Dear Members of the General Assembly:

The Colorado Department of Regulatory Agencies has completed the evaluation of the regulation of Bingo and Games of Chance. I am pleased to submit this written report, which will be the basis for my office's oral testimony before the 1998 Legislative Committees of Reference. The report is submitted pursuant to Section 24-34-104 (8)(a), of the Colorado Revised Statutes, which states in part:

"The department of regulatory agencies shall conduct an analysis of the performance of each division, board or agency or each function scheduled for termination under this section..."

The department of regulatory agencies shall submit a report and supporting materials to the office of legislative legal services no later than October 15 of the year preceding the date established for termination . . ."

The report discusses the question of whether there is a need for the regulation provided under article 9 of title 12, C.R.S. The report also discusses the effectiveness of the division and staff in carrying out the intention of the statutes and makes recommendations for statutory and administrative changes in the event this regulatory program is continued by the General Assembly.

Sincerely,

Joseph A. Garcia
Executive Director

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EXECUTIVE SUMMARY

The Department of Regulatory Agencies (DORA) has completed its 1997 Sunset Review of the Bingo and Raffles Law and recommends that the regulation of charitable gaming should continue. DORA finds that because of the inherent potential for corruption in charitable gaming, a primarily cash-based industry, strict regulatory oversight is necessary to ensure the integrity of the manufacturers of gaming equipment, the distribution networks, commercial bingo facility operators, and the non-profit organizations that conduct charitable games of chance, and to protect the public from corrupt operations.

Since the legalization of bingo and raffles in 1958, charitable gaming has grown significantly. Today, charitable gaming in Colorado exceeds \$220 million per year, surpassing racing in total amount wagered million and has expanded from church basements into large commercial bingo facilities. Legislation passed since 1958 has designated the Department of State (the "DOS") as the Licensing Authority and has granted that department the power of enforcement of the Bingo and Raffles Law as well. Today, all segments of the charitable gaming industry are subject to licensure or certification.

DORA makes the following recommendations in this Sunset Report to improve the effectiveness of the Bingo and Raffles Law:

- Transferring enforcement of the Bingo and Raffles Law to the Colorado Department of Revenue;
- Creation of a Charitable Gaming Commission to regulate charitable gaming in Colorado;
- Increased reporting requirements for B/R Licensees and Landlord Licensees;
- Authority to require wind-up reports for B/R Licensees ceasing games of chance operations;
- Authority to impose fines for violations of the Bingo and Raffles Law and the rules and regulations promulgated thereunder;
- Increased regulation of games managers;
- Authority to pre-approve new games of chance prior to their sale in Colorado;
- Ability of Landlord Licensees and B/R Licensees to lease games of chance equipment;
- Increasing the maximum pay-out per bingo game from \$250 to \$500;
- Removal of licensing fees from statute and authorizing the enforcement authority to establish such fees by rule; and
- Development of procedures to determine actual revenues and costs associated with administering the Bingo and Raffles Law.

INTRODUCTION

In 1996, over \$220 million was wagered on charitable gaming in Colorado. According to the National Association of Fundraising Ticket Manufacturers' (NAFTM) *Charity Gaming in North America: 1995 Report*, Coloradans wager, on a per capita basis, \$60 per year.

While charitable gaming accounts for approximately 3.3% of total gaming in North America, NAFTM reports that \$7.6 billion was wagered on charitable gaming in 1995. With over 64,000 non-profit organizations conducting charitable gaming, over \$1.3 billion was generated for charitable use across North America in 1995.

Charitable gaming in Colorado consists of the games of bingo, pull-tabs and raffles. It is quite common to find pull-tabs and raffle tickets sold during an evening of bingo. Pull-tabs are made completely of paper or paper products with concealed numbers or symbols that must be exposed by the player to determine the ticket's winning status. They are very similar to the Colorado Lottery's scratch games.

Only non-profit organizations may conduct charitable gaming in Colorado. The profile of non-profit organizations sponsoring bingo varies greatly. Organizations may be classified as religious, fraternal, youth-oriented, seniors and political.

The Sunset Process

The licensing and enforcement functions of the Department of State (the "DOS") pursuant to the Bingo and Raffles Law, §12-9-101, et seq., C.R.S., is scheduled to terminate on July 1, 1998, unless continued by the General Assembly pursuant to §12-9-113 and §24-34-104, C.R.S. During the year prior to that date, it is the responsibility of the Department of Regulatory Agencies (DORA) to conduct a Sunset Review of the Bingo and Raffles Law. During this review, the DOS must demonstrate the need for continued regulation and that the regulation provided is the least restrictive consistent with the public interest. DORA's findings and recommendations are submitted via this Sunset Report to the Colorado General Assembly.

Pursuant to §24-34-104(9)(b), C.R.S., DORA utilizes the following evaluation criteria in performing the Sunset Review:

(I) Whether regulation by the agency is necessary to protect the public health, safety, and welfare; whether the conditions which led to the initial regulation have changed; and whether other conditions have arisen which would warrant more, less or the same degree of regulation;

(II) If regulation is necessary, whether the existing statutes and regulations establish the least restrictive form of regulation consistent with the public interest, considering other available regulatory mechanisms and whether agency rules enhance the public interest and are within the scope of legislative intent;

(III) Whether the agency operates in the public interest and whether its operation is impeded or enhanced by existing statutes, rules, procedures and practices and any other circumstances, including budgetary, resource and personnel matters;

(IV) Whether an analysis of agency operations indicates that the agency performs its statutory duties efficiently and effectively;

(V) Whether the composition of the agency's board or commission adequately represents the public interest and whether the agency encourages public participation in its decisions rather than participation only by the people it regulates;

(VI) The economic impact of regulation and, if national economic information is available, whether the agency stimulates or restricts competition;

(VII) Whether complaint, investigation and disciplinary procedures adequately protect the public and whether the final dispositions of complaints are in the public interest or self-serving to the profession;

(VIII) Whether the scope of practice of the regulated occupation contributes to the optimum utilization of personnel and whether entry requirements encourage affirmative action;

(IX) Whether administrative and statutory changes are necessary to improve agency operations to enhance public interest.

Chapter 1 - Introduction

As part of the Sunset Review process, DORA interviewed the staff of the DOS, Landlord Licensees, Manufacturer and Supplier Licensees, and Bingo/Raffle Licensees. In addition, DORA surveyed all licensees and bingo players that have filed complaints with the DOS within the last five years. The results of these surveys appear in Appendix A.

Furthermore, DORA conducted site visits at a number of commercial bingo facilities and participated in games manager certification training. DORA also conducted a telephone survey of other states regarding a variety of issues.

BACKGROUND

Charitable gaming was authorized in Colorado in 1958, with the adoption of a Constitutional amendment by voters to provide charitable, non-profit and veteran's organizations with a means of raising money to support the charitable, educational, scientific, religious, civic, and patriotic projects of these groups. The voters approved the constitutional amendment by a narrow margin of 244,929 to 235,482. Charitable gaming, or authorized "games of chance," include bingo, raffles and pull-tabs.

With the passage of the constitutional amendment, the state became directly involved in licensing and overseeing gaming operations. The Constitution required that the Department of State (the "DOS") ensure the entire net proceeds of licensed games be exclusively devoted to lawful purposes of the organization. The DOS was given the authority to issue bingo licenses for a \$50 annual license fee to be paid by any organization desiring to conduct games of chance. An organization applying for a license in Colorado was required to provide evidence that it had been in existence for five years and that it was a religious, charitable, benevolent, veterans, or fraternal organization operating as a non-profit institution under the laws of Colorado. Proceeds of the bingo games were taxed by the state and limits were placed on the value of prizes offered and the number of games to be conducted by any one Bingo/Raffle Licensee (B/R Licensee).

Originally, the state share of bingo proceeds was 2.5% of the net proceeds of any bingo or raffle operation. There was a \$250 prize limit on any one bingo game and a \$1500 limit on prize value for one day's operation. The law provided for a limit on raffles of \$15,000 per year, but there was no annual maximum set for bingo. In 1959, the first year of operation, state revenues from bingo and raffles were \$12,236.

Only 439 bingo licenses were issued in 1960, a shortfall of the 1,500-1,800 licenses predicted by advocates of legalization. The number of bingo licenses, however, continued to increase and by 1977, there were more than 900 active licenses and reported net proceeds amounted to approximately \$5 million a year. With the number of B/R Licenses rapidly increasing, the DOS received numerous complaints on abuses that included:

- Callers not calling the number on the ball selected by the bingo machine;
- Collusion between bingo callers and persons on the floor;
- Paying less than advertised prizes; and
- Having no independent verification that the person shouting "bingo" in fact had successfully completed a valid bingo.

Chapter 2 - Background

The growth of gaming activities and stories of impropriety prompted concerns about the industry. In an effort to address the skimming of bingo receipts and the problems mentioned above, rules and regulations were adopted by the DOS to standardize games of chance operations throughout the state. Previously, Colorado did not have official regulations for games of chance. The 1959 amendment failed to spell out details of administering the law and failed to make any provision for license revocation.

The proposed 1977 rules and regulations imposed strict guidelines for reporting revenues and conducting games. Several non-profit organization representatives, however, argued that the regulations would require too much paperwork from operators of bingo games. The DOS contended that the regulations would benefit game operators by removing almost all of the opportunities for fraud or mistakes in the conduct of the games.

The regulations adopted in 1977 included the following provisions:

- Requiring the caller to turn each ball, randomly picked by the number-selecting machine, toward the players so they could see both the letter and number;
- Providing for randomly chosen bingo participants to verify the winning of each game;
- Requiring disclosure of all prices and prizes;
- Positioning the caller to prevent the caller from seeing players' cards; and
- Elaborate accounting procedures to minimize the possibility of skimming.

Police Scandals

In 1983, there was a scandal surrounding alleged profit skimming with police bingo operations. Top police officials were accused of sitting in on a meeting in which a Denver police officer told them how to skim profits from bingo games run by the Denver Junior Police Band. Although criminal charges were never filed, the Denver Police Chief was suspended and subsequently retired, the Denver Manager of Public Safety was suspended and later replaced, and a Denver Police Division Chief retired before the investigation was finished.

Chapter 2 - Background

Interest in bingo game regulation was rekindled by a 1989 investigation of three Denver police fraternal organizations. In October 1989, the DOS filed complaints against three police groups alleging that they had breached dozens of bingo laws including keeping incomplete records and awarding prizes illegally. Among the most serious allegations were that the groups failed to account for \$425,000 in gross sales and \$71,000 in profits that they should have generated based on the number of pull-tab games purchased. In addition, pull-tab tickets valued at \$700,000 that would have generated \$300,000 in sales were found missing. Investigations were focused on whether operators of the police bingo games were skimming profits to pay "volunteers" for a night's work in the bingo hall. Under the Colorado Constitution and state law, only security personnel, accountants, and janitorial staff may be compensated to work bingo games.

The police unions admitted that they broke more than 20 state laws while running their bingo games. The Denver Police Department and the District Attorney's Office conducted a joint criminal investigation into the police union's alleged bingo operations. The alleged unlawful acts of the Denver Police Department with regard to bingo and pull-tabs were influential factors in the introduction of House Bill 1299 in 1990.

Subsequently, the unions reached a settlement with the DOS and agreed to halt bingo operations for six months. Ultimately, the police groups disbanded, sold their bingo hall, and surrendered their B/R License. The police scandal demonstrated the need for stricter regulation of charity bingo games and pull-tabs.

The 1990 Legislature passed House Bill 1299, making numerous changes to the regulation of charitable gaming, including:

- Requiring the total count of bingo players per session, number of bingo cards and pulltabs sold, and cash value of prizes awarded.
- Giving the DOS the authority to assess civil penalties in the form of fines against any Landlord Licensee;
- Requiring certification training for games managers;
- Implementing licensing requirements for bingo hall landlords, manufacturers, suppliers, and manufacturer's and supplier's agents;
- Revising the bingo caller membership requirement from one year to three months; and
- Requiring suppliers to number and record all bingo cards and pull-tabs sold to Colorado operators.

House Bill 92-1368

The Colorado General Assembly passed legislation in the 1992 Session that made a significant change to the Bingo and Raffles Law. The new legislation stated that free product giveaways for purposes of advertisement, creation of goodwill, or promotion of new products should not be subject to regulation under the Bingo and Raffles Law if such giveaways are incidental to events conducted by non-profit organizations to further educational purposes. Such giveaways are exempt if they fulfill all of the following requirements:

- tickets or chances are given away free without cost or obligation to the recipient;
- if conditions for general admission of an event with no fewer than ten separate activities require an additional fee or charge for prizes by chance;
- the owner or lessee of the premises does not participate directly or indirectly in the allotment of prizes by chance; and
- the owner or lessee of the premises is a Colorado non-profit organization whose primary purpose is education, with an emphasis on children and young adults and has been in existence for at least twenty-one years.

The impetus for House Bill 92-1368 was an incident that occurred at the 1992 National Western Stock Show. Investigators from the DOS issued cease and desist orders to several exhibitors who were holding product giveaways. The statutory violation was twofold. First, §12-9-102 (7), C.R.S., defines raffles as "that specific game of chance commonly known as raffles which is conducted by drawing for prizes or the allotment of prizes by chance, by the selling of shares or tickets or rights to participate in such a game." The law states that if, in order to participate in a drawing, you must first have purchased a ticket to an event, then the drawing is a raffle and subject to the Bingo and Raffles Law. Second, because the exhibitors were holding a raffle by definition, they were, in fact, in violation of Colorado Constitution article XVIII, section 2 (2), which requires all organizations conducting games of chance to have a license.

Chapter 2 - Background

House Bill 92-1368 addressed the National Western Stock Show problem precisely, but did not look at the broader scope of the law. The specific requirement that non-profit organizations be in existence for at least twenty-one years was very restrictive and limited the number of organizations eligible for free product giveaways.

House Bill 93-52

As a result of the 1992 Sunset Report prepared by DORA and the 1991 State Auditor's Report, the General Assembly passed legislation implementing several of the recommendations located therein. The major alteration made to the Bingo and Raffles Law by the 1993 legislation concerned the authority of the DOS to conduct hearings. Prior to 1993, the DOS could conduct suspension and revocation hearings on its own motion with its own staff. The DOS was the police, the prosecutor and the judge regarding games of chance issues. Many licensees felt that they were not receiving fair and impartial hearings because the hearing officers would side with the employees of the DOS.

The 1993 legislation mandated that in order to suspend or revoke a license, the DOS would be required to present its evidence of violations to an administrative law judge.

Other changes included the definition of the term "bingo," clarification of the term "raffle," which effectively resolved the National Western Stock Show problem discussed earlier, the establishment of age limitations for persons assisting in the conduct of bingo and pull-tabs, and revoked the ability of the DOS to impose fines or civil penalties for violations of the Bingo and Raffles Law and the rules and regulations promulgated thereunder.

1996 Rules Changes

Upon her election to office in 1995, Secretary of State Victoria Buckley instituted a new round of rules changes. As part of the hearings process, Secretary Buckley traveled throughout the state in order to solicit the comments of individuals who might otherwise have been excluded from the process due to difficulties in traveling to Denver.

Chapter 2 - Background

While the new rules contained many cosmetic changes, they did serve to modernize the rules and became more current with the reality of the charitable gaming industry. The main substantive changes in the 1996 rules included:

- The regulation of bingo packs as opposed to bingo cards;
- Increases in how much a licensee may pay for bookkeeping and janitorial services;
- Increased regulation of the Landlord Licensee-B/R Licensee relationship;
- Regulations regarding the verification of a “bingo” by use of electronic bingo equipment; and
- New regulations regarding consecutive bingo sessions.

Senate Bill 97-214

In November 1996, the State Auditor again transmitted a report to the General Assembly, making several recommendations. Senate Bill 97-214, though ultimately Postponed Indefinitely, attempted to address many of the recommendations of the State Auditor’s report.

The bill, as originally introduced, would have:

- Given the DOS the authority to suspend or revoke the certification of games managers and other officials of organizations licensed to conduct games of chance;
 - Allowed the DOS to declare a games manager whose certification has been revoked, ineligible to apply for a new certification for up to 24 months;
 - Limited the number of organizations for which a person may serve as a “member in charge” or games manager to five such organizations;
 - Changed from annual to biennial the issuance of B/R Licenses;
 - Required advance approval of games by the DOS;
-

Chapter 2 - Background

- Allowed the DOS to establish prices for bingo pack games and minimum prices for pull-tabs;
- Empowered the DOS to conduct in-depth audits of licensee expenditures; and
- Reduced the financial reporting requirements from licensees to the DOS.

Amended versions of the bill would have:

- Reinstated the authority of the DOS to impose fines or civil penalties not to exceed \$1000;
- Restricted the manner in which B/R Licensees may transfer proceeds to other B/R Licensees;
- Permitted the leasing of games of chance equipment and supplies; and
- Required B/R Licensees that fail to renew their licenses to report certain financial information to the DOS.

Many of the issues raised in the 1996 State Auditor's report and Senate Bill 97-214, are also addressed in later sections of this Sunset Report. Detailed discussions, therefore, of relevant issues are provided in subsequent sections.

PROGRAM DESCRIPTION & ADMINISTRATION

The Department of State (the "DOS) is designated as the Licensing Authority of the Bingo and Raffles Law pursuant to article XVIII, section 2 (2) of the Colorado Constitution and §12-9-103, C.R.S. As such, the DOS has the authority to grant or refuse licenses. In addition, the DOS is the de facto enforcement authority in that after investigation and a hearing before an administrative law judge, the DOS is authorized to suspend or revoke any license.

In accordance with its dual licensing and enforcement roles, the DOS has the authority to adopt, amend and repeal rules governing the holding, operating and conducting of games of chance, the rental of premises, and the purchase of equipment. The DOS is also authorized to collect license and administrative fees.

Only non-profit organizations meeting certain Constitutional and statutory requirements may legally conduct games of chance in the state of Colorado. The statutory definition of "game of chance" includes bingo, raffles and pull-tabs.

While only licensed non-profits may actually conduct games of chance, the Bingo and Raffles Law has developed in such a way that there are now several types of licenses, each with its own terms, requirements, and fees. In essence, each segment of the charitable gaming industry is licensed or certified, from the non-profit organization that conducts the bingo occasions to the manufacturer that printed the paper.

Licensing And Certifications

Games Manager Certification

The DOS is authorized to certify games managers. Games managers are those individuals who are members of Bingo/Raffle Licensees (B/R Licensees) that have consented to take responsibility for supervising all of the activities that occur during a bingo occasion, including pull-tabs and raffles. A B/R Licensee may have an unlimited number of games managers and there is no limit on the number of B/R Licensees for which a games manager may serve as such. While the DOS requires these individuals to attend a training session, to pass an examination and to swear an oath prior to certification, the DOS does not have clear statutory authority to revoke or suspend such certification. The games manager oath appears in Appendix L.

Bingo/Raffle License

Only a B/R Licensee may actually conduct games of chance. The licensing procedure is basically administrative in nature - as long as certain minimum requirements are satisfied, a license is issued. The Constitution and §12-9-104 (1), C.R.S., authorize the DOS to issue a B/R License, upon application, to any bona fide chartered branch or lodge or chapter of a national or state organization or to any bona fide religious, charitable, labor, fraternal, educational, voluntary firemen's or veteran's organization which:

- has been in existence for five continuous years;
- operates without profit to its members; and
- has had, during the entire five-year period, a dues-paying membership engaged in carrying out the objectives of the organization.

The B/R License application requires an applicant to supply the DOS with its name and address, certain facts and documents relating to its incorporation, the names and addresses of its officers, the types of games of chance to be conducted and where such games of chance are intended to be conducted and the amount of rent to be paid, a statement that no workers will be paid for participating in the conduct of games of chance, and the names of designated members of the applicant to be responsible for the conduct of games of chance. A B/R License application is included in Appendix B.

The applicant must submit a license fee of \$62.50 with each application. Pursuant to article XVIII, section 2 (2) of the Constitution, all B/R Licenses, regardless of date of issue, expire on December 31 of the year of issue. Thus, all B/R Licenses must be renewed annually at the beginning of each calendar year.

Landlord License

Since many B/R Licensees lack the resources to maintain permanent bingo facilities, commercial bingo facilities have appeared. A "commercial bingo facility" is defined as a "premises rented by a B/R Licensee for the purpose of conducting games of chance." §12-9-102 (2.3), C.R.S. In order to operate a commercial bingo facility, the facility's operator must obtain a Landlord License from the DOS.

An applicant for a Landlord License must provide the DOS with its name and address and, if applicable, the names and addresses of persons holding ownership interests of ten percent or more; the name and address of the applicant's resident agent if the applicant is located outside of Colorado; the location of the premises for which the license is sought and a blue print of the facility and its dimensions, copies of the applicant's lease or deed to the premises, and copies of all zoning, building, fire safety and other clearances and permits for use of the facility as a commercial bingo facility; a statement that the applicant or its officers are familiar with the laws governing games of chance and that such person(s) accept responsibility for compliance with such laws; and an affidavit stating that the applicant or, if applicable, each officer, director, partner and associate has not been convicted of any felony or any gambling-related offense. A Landlord License application is included in Appendix C.

Like the B/R Licenses, Landlord Licenses expire on December 31 of the year of issue and must be renewed annually. The license fee for a Landlord License is \$525 per year.

A separate Landlord License must be obtained for each commercial bingo facility. Therefore, if an individual or corporation owns and operates two commercial bingo facilities, it must obtain two Landlord Licenses, one license for each facility.

While a Landlord Licensee may operate a concession stand during a bingo occasion, Landlord Licensees are prohibited from participating in the conduct of any game of chance in any way. If the equipment malfunctions or the B/R Licensee's bingo caller fails to show-up, the Landlord Licensee is relegated to observer and may not, in any way, participate in the occasion. Once the rental period begins, the B/R Licensee is in charge of the occasion and only the B/R Licensee's members may participate in the conduct of the games of chance being offered at that occasion.

Supplier License

A Supplier License authorizes the Supplier Licensee to purchase games of chance related equipment, which includes but is not limited to bingo paper, pull-tabs and electronic pull-tab machines, from a Manufacturer Licensee and to sell such equipment to B/R Licensees. The Supplier Licensee is essentially a distributor of games of chance related equipment and serves as the middle man between the Manufacturer Licensee and the B/R Licensee.

An application for a Supplier License must include the name and address of the applicant and, if applicable, the names and addresses of all persons holding an ownership interest of ten percent or more; a description of the equipment and supplies to be sold; the name and address of the applicant's resident agent if the applicant is located outside of Colorado; the names and addresses of all Colorado sales agents of the applicant; a statement that the applicant or its officers are familiar with the laws governing games of chance and that such person(s) accepts responsibility for compliance with such laws; and an affidavit that the applicant and each officer, director, partner and associate has not been convicted of any felony or any gambling-related offense. A Supplier License application is included in Appendix D.

Each application must be accompanied by the annual license fee of \$525. All Supplier Licenses expire annually on March 31, regardless of the date of issue.

Manufacturer License

Manufacturers of games of chance related equipment and supplies that are sold or distributed in Colorado must also be licensed. Manufacturer Licenses, regardless of the date of issue, expire annually on March 31. The fee for a Manufacturer License is \$525 per year.

Applicants for a Manufacturer License must supply the DOS with the name and address of the applicant and, if applicable, the names and addresses of all persons holding ownership interests of ten percent or more; a description of the equipment manufactured; the name and addresses of the applicant's resident agent in Colorado if the applicant is located outside of Colorado; the names and addresses of the applicant's Colorado suppliers and agents; a statement that the applicant or its officers are familiar with the laws governing games of chance and that such person(s) accept responsibility for compliance with such laws; and an affidavit affirming that the applicant and each officer, director, partner and associate has not been convicted of any felony or gambling-related offense. A Manufacturer License application is included in Appendix E.

Supplier/Manufacturer Agent License

The agents of Supplier Licensees and Manufacturer Licensees must also be licensed by the DOS. These licenses expire annually on March 31, regardless of the date of issue. The license fee for these types of licenses is \$125 per year.

Applicants for a Supplier's Agent License or a Manufacturer's Agent License must submit, to the DOS, the name and address of the applicant; the names and addresses of those represented by the applicant; a statement that the applicant is familiar with and will comply with the laws relating to games of chance; an affidavit affirming that the applicant has not been convicted of any felony or any gambling-related offense; and a statement by the Supplier Licensee or Manufacturer Licensee represented by the applicant, consenting to such representation. Supplier/Manufacturer Agent License applications are included in Appendices F and G.

Accounting And Reporting Requirements

All B/R Licensees, Supplier Licensees and Manufacturer Licensees are required to submit reports to the DOS at the end of each fiscal quarter. No reporting requirements exist for Landlord Licensees, Supplier's Agent Licensees or Manufacturer's Agent Licensees.

Those licensees required to submit quarterly reports, must do so by April 15, July 15, October 15 and January 15 of each year. Once a report is logged-in by the DOS, it is scanned into the DOS's computer imaging system. This process makes the unprocessed information contained in the report immediately available to the investigative staff.

Approximately one week after the reports are due, the DOS sends late notices to those licensees whose reports have not been received. Between 300 and 350 such letters are sent each quarter. The DOS does not track which licensees habitually file late reports and there is no penalty for late reporting.

Once the reports are scanned into the imaging system, the DOS has two employees who conduct audits of B/R Licensee reports and one employee who conducts audits of the Manufacturer and Supplier Licensee reports. B/R Licensee audits consist primarily of comparing information from various parts of the report to ensure that the numbers add-up. If certain information is missing or is unacceptable, the B/R Licensee is notified in writing that it must supplement the report.

Manufacturer and Supplier Licensee audits consist primarily of identifying new games and searching for irregularities. While Manufacturer and Supplier Licensees are required to report some relatively detailed information regarding sales to B/R Licensees, this information is not systematically compared to the records of the B/R Licensees.

It takes approximately two months for the DOS staff to complete the audit process.

B/R Licensee Reporting

B/R Licensee reports cover activity for the preceding quarter. Attached to each report must be an administrative fee of 0.3% of the B/R Licensee's gross receipts for the quarter.

Basically, the B/R Licensee report consists of information relating to gross receipts; expenses incurred or paid, along with a description of such expenses and check numbers used to pay such expenses; the name and address of each person to whom has been paid \$300 or more and the purpose of the expenditure; the net proceeds derived from each type of game of chance; and the uses to which net proceeds have been applied.

In addition to these reporting requirements, B/R Licensees are required to keep detailed records regarding each bingo occasion and pull-tabs. Samples of the B/R Licensee reporting and recordkeeping forms are included in Appendix H.

Supplier and Manufacturer Licensee Reporting

Supplier and Manufacturer Licensee reports cover activity for the preceding quarter. Attached to each report must be an administrative fee equal to 1.1% of gross sales.

The reports of these licensees must include the quantity, purchaser and price of all pull-tabs, bingo cards, bingo sheets and other equipment sold or distributed in Colorado; the total sales of all equipment; and the names and addresses of all suppliers and agents in Colorado. Sample reporting forms are included in Appendices I and J.

Conduct Of Charitable Gaming

The Bingo and Raffles Law and the rules promulgated by the DOS contain specific requirements concerning how games of chance are to be conducted. B/R Licensees must designate a games manager to be responsible for the conduct of bingo and to supervise all activities at the occasion for which they are in charge. In addition, no person shall assist in the operation of any game of chance unless they are a bona fide, active member of the B/R Licensee. Persons who assist in the operation of bingo, (i.e., callers, cashiers and floor workers) may not receive remuneration or profit of any kind for participating in the management or operation of any game of chance.

While the general rule is that all persons who assist in the operation of a game of chance must be volunteers, there are exceptions. B/R Licensees may hire bookkeepers and janitorial services for bingo occasions. However, payment for each of these services may not exceed \$40 per occasion. B/R Licensees may also hire security personnel at a rate approved by the DOS. The form used to request permission to use security personnel appears in Appendix M.

Each B/R Licensee must prominently post the rules of each type of game it conducts. No one under the age of 18 may purchase the opportunity to participate in any game of chance. However, such individuals may receive such opportunities as gifts. Thus, minors may legally play and win games of chance, they simply cannot pay for the game pieces themselves.

Net profits derived from the holding of games of chance must be devoted, within one year, to the lawful purposes of the B/R Licensee.

It is possible, indeed it is common, for more than one type of game of chance to be conducted simultaneously. A bingo occasion consists of one or more bingo games. Many B/R Licensees also conduct pull-tab operations at their bingo occasions and some sell raffle tickets at their bingo occasions.

A B/R Licensee's B/R License must be displayed at all bingo occasions and anywhere pull-tab operations are conducted. The B/R License must also be displayed at the time and location of a raffle drawing.

Bingo

Most bingo players play bingo on disposable paper. Bingo paper is most commonly purchased in packs which consist of multiple sheets. Each sheet typically contains up to six bingo faces. The basic rules of conduct for bingo occasions are as follows:

- All equipment used must be owned, not leased, by a B/R Licensee or a Landlord Licensee. Typically, bingo equipment consists of the machine which dispenses the balls/numbers, video monitors, public address systems and lighted display boards.
- No one participating in the conduct of a bingo occasion may play at that occasion.
- All numbers drawn must be visually displayed and audibly called. No number is official until properly called.
- The maximum prize value for any single bingo game may not exceed \$250, the aggregate value of all prizes awarded for any single bingo occasion may not exceed \$1500.
- If more than one valid bingo is verified during a single bingo game, the prize for that game is to be divided equally among the verified winners.
- A B/R License entitles the B/R Licensee to hold no more than 105 bingo occasions per year.

Pull-tabs

Pull-tabs are similar in concept and appearance to a lottery scratch game. With a pull-tab ticket, however, the player pulls back a strip of paper to reveal various combinations of symbols which determine whether that ticket is a winner. A pull-tab deal is a package or series of packages consisting of pull-tab tickets with the same game name, form number, serial number and color code. The basic rules of conduct for pull-tab operations are as follows:

- No volunteer who works or assists at any occasion may purchase or play any pull-tab.
- No volunteer who works in any capacity at a bingo occasion or other place where pull-tabs are sold may indicate in any way to the purchaser of pull-tabs the number or type of tickets that have been redeemed or that remain in the deal.
- Each pull-tab game offered for sale must be accompanied by a flare which displays the name and form number of the game, the manufacturer name and logo, the number of tickets in the deal and the cost per ticket, and the prize structure, including the number of winning tickets by denomination and their respective winning symbol combinations.
- All winning pull-tab tickets must be defaced at the time of redemption so that they may not be re-played.
- Any winning pull-tab must be redeemed within ten days of its determination as a winner.
- All winning pull-tab tickets worth \$20 or more must be retained by the B/R Licensee for six months following the quarter in which the prizes were awarded.
- Once a pull-tab deal is opened, that deal must be offered for sale at each occasion until the deal is sold-out.
- Pull-tab game tickets may be sold at face value only. Discounting or other price structures are prohibited.

Raffles

Raffles are the most common games of chance conducted by B/R Licensees. In fact, a majority of B/R Licensees conduct only raffles and do not conduct bingo or pull-tab operations. In a raffle, the player purchases and retains one part of a two-part ticket. The other half of the ticket is deposited into a container from which the drawing takes place. The period in which raffle tickets are sold vary from a single bingo occasion up to a year. The basic rules of conduct for a raffle are as follows:

- Only bona fide members of the B/R Licensee conducting the raffle may sell raffle tickets.
- The sale of raffle tickets at bingo occasions must take place at a location separate from the sale of bingo packs, cards or sheets.
- The sale of a raffle ticket may not be conditioned upon the purchase of the right to play bingo or payment of admission to a bingo occasion.
- No more than one raffle may be held during any single bingo occasion.
- After the sale of the first raffle ticket, no raffle may be canceled, altered or postponed for any reason.
- All prizes offered must be owned by the B/R Licensee free of any debts, liens or encumbrances prior to the sale of any raffle ticket. For prizes worth \$5,000 or more, proof of ownership must be submitted to the DOS.
- Alcohol may not be offered as a prize.
- For raffles in which the value of all prizes offered totals \$250 or more, special consecutively numbered raffle tickets must be printed and filed with the DOS. Such tickets must indicate the B/R Licensee's license number; the cost of the ticket; the time, place and date of the drawing; a description of the prizes; and state the word "raffle."
- For raffles in which the value of all prizes offered totals \$250 or more, all winning ticket stubs, non-winning ticket stubs, and all unsold tickets must be retained by the B/R Licensee for six months following the quarter in which the drawing was held.

Enforcement

Enforcement Authority

Article XVIII, Section 2 (6) of the Colorado Constitution states that enforcement of the Bingo and Raffles Law shall be under such official or department as the General Assembly shall provide. The DOS is authorized under §12-9-103, C.R.S., to conduct enforcement actions. Thus the DOS is currently both the licensing and enforcement authority.

The DOS is authorized by statute to suspend or revoke any license issued after a hearing before an administrative law judge. There is currently no provision to assess fines against any type of licensee. Suspension and revocation are the only enforcement tools available to the DOS.

Most disciplinary actions taken against licensees result from violations that are noted during an investigator's inspection, severe violations of the reporting requirements, or as the result of complaints filed with the DOS.

Complaints and Enforcement Actions

When complaints against a licensee are received by the DOS, they are initially routed to the Secretary of State (the "Secretary") personally. Apparently, the Secretary then forwards a copy of the complaint to the Licensing Section's Administrative Officer who then forwards it to the Lead Investigator.

The Lead Investigator enters the complaint in the Log Book and a file is created. The Log Book contains the following information: the date of the complaint, name and license number of the licensee the complaint is filed against, the name of the investigator assigned to the file and the date the complaint is resolved.

Once the complaint is entered into the Log Book, a letter and a copy of the complaint are sent to the licensee who then has ten days in which to respond. If the complaint appears to have merit, the file is assigned to one of the DOS' five investigators.

Upon completing the investigation, the investigator will submit a recommendation for action to the Lead Investigator. If the Lead Investigator is satisfied that no further investigation is necessary, the recommendation is forwarded to the Secretary.

The Secretary herself determines whether and what action is warranted. If the Secretary determines that she wishes to move forward with a suspension or revocation action, the licensee is typically contacted and asked to voluntarily surrender its license for a reduced period. If such surrender is not forthcoming, the file is forwarded to the Attorney General's Office and a hearing before an administrative law judge is scheduled. The forms relating to a voluntary surrender of a license appear in Appendix N.

Not until a complaint is resolved, are the documents regarding that complaint scanned into the DOS imaging system. Thus, while an investigation is on-going, the public has no way to determine whether a particular licensee is being investigated.

The computerized imaging system utilized by the DOS is somewhat unusual and merits discussion. Currently, the system contains information on B/R Licensees only. Information on other licensees continues to be maintained in paper files and is relatively difficult to access.

The imaging system is organized according to licensee. All of the DOS' information on a particular licensee is theoretically scanned into the computer. This process is theoretical because, in several instances, complaints from the Log Book that appeared to have been closed, did not appear on the imaging system. The information that is scanned includes license applications, investigator reports, rental agreements, disciplinary actions, correspondence, sample raffle tickets, etc.

Since the imaging system is organized according to the name of the licensees, it is impossible to do a computer search of all complaints filed with the DOS. In conducting its research of complaints, it was necessary for DORA to obtain the names of licensees that had received complaints from the Log Book. With a licensee's name in hand, it was then necessary to enter that licensee's name into the computer to retrieve that licensee's file. The directories for the licensees used inconsistent terms and a great deal of time had to be invested to locate the proper sub-directory for each complaint. In some cases, the same complaint was listed more than once and in other cases, the complaint recorded in the Log Book did not appear in the computer file.

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Furthermore, the imaging system cannot be organized according to license number because each licensee receives a new license number each year. For example, in 1996 Group A had license number 96-103, but in 1997, the same Group A has license 97-1256. From an organizational stand-point, it would seem more logical to retain the same license number from year to year, but simply change the year prefix accordingly.

Since the DOS does not maintain any separate disciplinary files, DORA had to review all licensee files in order to obtain yearly data regarding disciplinary actions. Thus, it was not possible to obtain exact annual figures.

The following tables contain an analysis of the complaints received from bingo players by the DOS from January 1992 through May 1, 1997.

<u>Year</u>	<u>Number of Complaints</u>	<u>Not Resolved</u>
1992	35	4
1993	29	3
1994	38	1
1995	39	2
1996	29	5
1997	12	5
TOTAL	182	20

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Nature of Complaint

Pull Tab	- running of game	22
	- manufacturing/printing error	5
Bingo	- caller problems/ball mishandling	25
	- bingo not heard/monitor vs. calling	33
	- game playing/rules/prizes	19
Raffles	- illegal/ not registered	11
Underage working/playing		4
Handling of funds		3
Landlord charging extra rents		1
Credit given/ playing on 'tab'		1
License renewal problems		2
Bingo not paid		1
Employees playing Bingo/Pull tabs		1
Paying Employees		2
No information found		42

Disposition of Complaints

No Action Taken by DOS	88
Voluntary Suspension	5
Letter of Admonition	14
Unknown resolution	67

DOS Administration

The Bingo and Raffles Law is administered by the Licensing Section of the DOS. As a cash funded department, the DOS generates funds through the collection of fees. In principal, the funds generated should approximate the department's expenditures for the programs it administers.

However, the DOS was unable to provide exact figures relating to the costs of administering the Bingo and Raffles Law. This is because the Licensing Section is also responsible for administering charitable solicitations, credit service bonds and public notaries. The Licensing Section staff is assigned to multiple programs at various times, thus making it impossible to calculate the exact administrative costs of the Bingo and Raffle Law. However, the following is an approximation of FTEs assigned to the program

Administrative Officer	1.0
Investigator II	1.0
Investigator I	5.0
Auditor I	1.0
Administrative Assistant III	1.0
Administrative Assistant II	2.0
Data Entry Clerk	0.5
TOTAL	11.5

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The Bingo and Raffles Law allows the DOS to collect fees in two primary ways. First, each licensee must pay an annual license fee. Currently, the licensing fees are \$62.50 for a B/R License, \$525 for a Landlord, Supplier or Manufacturer License, and \$125 for a Supplier's or Manufacturer's Agent License. In addition, Administrative Fees are collected on a quarterly basis from B/R Licensees in the amount of 0.3% of gross receipts and from Supplier and Manufacturer Licensees in the amount of 1.1% of gross sales. No Administrative Fees are collected from Landlord Licensees or Supplier's or Manufacturer's Agent Licensees.

	1991	1992	1993	1994	1995	1996	1997
# Mfg. Licenses	16	16	21	20	21	20	15
Mfg. License Fees	\$6,500	\$8,000	\$10,500	\$10,000	\$10,500	\$10,050	\$7,875
Mfg. Admin. Fees	0	\$67,220	\$78,794	\$43,678	\$42,018	\$46,296	\$47,313
# Mfg. Agent Licenses	12	21	27	30	26	28	32
Mfg. Agent License Fees	\$1,200	\$2,100	\$2,700	\$3,000	\$2,600	\$2,825	\$4,000
# Supplier Licenses	19	20	20	22	21	15	15
Supplier License Fees	\$9,500	\$10,000	\$10,000	\$11,000	\$10,500	\$7,550	\$7,875
Supplier Admin. Fees	0	\$39,686	\$42,947	\$80,521	\$74,005	\$77,116	\$79,249
# Supplier Agent Licenses	53	87	79	90	76	67	76
Supplier Agent License Fees	\$5,300	\$8,700	\$7,900	\$9,000	\$7,600	\$6,875	\$9,500
# LL Licenses	57	78	71	79	84	76	62
Landlord License Fees	\$28,500	\$39,000	\$35,500	\$39,500	\$42,000	\$38,175	\$32,550
# B/R Licenses	1576	\$1,586	1550	1561	1571	1576	1574
B/R License Fees	\$98,500	\$99,125	\$96,875	\$97,562	\$98,186.5	\$98,500	\$98,375
B/R Admin. Fees	\$972,573	\$1,083,042	\$1,043,392	\$1,133,219	\$1,151,392	\$1,089,714	\$672,652
TOTAL FEES	\$1,122,073	\$1,356,873	\$1,328,608	\$1,427,480	\$1,438,802	\$1,377,101	\$959,389

The following information regarding DOS expenditures related to administration of the Bingo and Raffles Law was obtained from the November 1996 Report of the State Auditor. The DOS has stated that these figures are relatively accurate.

(in thousands of dollars)

Expenditures	1992	1993	1994	1995	1996
Direct Cost	\$432	\$473	\$498	\$577	\$590
Indirect Costs	\$326	\$295	\$296	\$341	\$360
Total Expenditures	\$758	\$768	\$794	\$918	\$950

Source: Department of State Cash Receipt Records, Analysis, and Budget Documents

Volunteerism Vs. Professionalism

For the last several years, a debate has been taking shape regarding the underlying policy of charitable gaming in Colorado. When the 1958 amendment legalizing bingo was passed, the citizens of Colorado intended that charitable gaming be conducted by volunteers. The Constitution and enabling legislation clearly state that bingo workers/volunteers are prohibited from receiving remuneration of any kind. The prevailing argument in favor of this idea is that paid workers would draw funds away from the sponsoring non-profit organization's charitable purpose. By retaining the spirit of volunteerism, more charitable gaming dollars will be spent on charitable purposes. This has been the underlying policy of charitable gaming in Colorado since its inception.

In recent years, however, there has been mounting pressure to alter this policy. Many of the individuals DORA met with during the course of this Sunset Review expressed a desire to be allowed to compensate their volunteers. In addition, there were many complaints regarding the high standards that are expected of volunteers. Adding to the tension is the fact that charitable gaming consists of a for-profit sector (Landlord Licensees, Supplier Licensees, Manufacturer Licensees) and a non-profit sector.

The arguments presented are best exemplified by the suggestions that Colorado law be changed to allow for professional bingo callers and to require B/R Licensees to obtain the services of independent bookkeepers.

Independent Bookkeepers

B/R Licensees are currently allowed to pay \$40 per bingo occasion for bookkeeping services. These services may be provided by an outside, independent bookkeeping service or they may be provided by a member of the B/R Licensee. There is no requirement that bookkeeping services be purchased, so they may be volunteered.

Many have argued that Colorado should require B/R Licensees to hire independent bookkeepers. The arguments in favor of such a requirement include the suggestion that the reporting and recordkeeping requirements imposed by the DOS are very detailed and can be burdensome to someone with inadequate training or experience. Requiring trained professionals to assume these bookkeeping responsibilities may result in greater accuracy because the bookkeeper will be more than a volunteer.

Opponents of this requirement have indicated that since independent bookkeepers are not members of the B/R Licensee, they have no loyalty to the B/R Licensee's charitable purpose and may be more likely to steal money. In addition, requiring independent bookkeepers will serve to reduce the amount of money that is available for the B/R Licensee to spend on its charitable purpose.

Perhaps the most persuasive argument in favor of such a requirement, however, is that the state, through the reporting and recordkeeping requirements, demands professional quality work from volunteers. Although bookkeepers may be paid up to \$40 per bingo occasion, the amount of time required to complete the reports and recordkeeping forms often takes several hours per occasion.

The auditors at the DOS stated that there is very little difference between the quality of reports prepared by independent bookkeepers and those prepared by volunteers. In addition, many B/R Licensees have expressed their opposition to such a requirement, stating that they will then have less money available to spend on their charitable purposes.

If the state is going to allow volunteers to prepare the required documents, the state must expect and allow for many mistakes and inaccuracies.

Professional Bingo Callers

Perhaps the most controversial example of this policy tension is that of bingo callers. The bingo caller is the individual who sits at the bingo machine and calls out the numbers as the machine dispenses them. The bingo caller has one of the more visible and important jobs at a bingo occasion. If the bingo caller calls numbers too slowly or too quickly, the players can become quite upset. In addition, the bingo caller must speak loudly and clearly so as to be understood by the players. The quality of the bingo caller is crucial to a successful bingo occasion.

Indeed, of the 77 bingo-related complaints received by the DOS from 1992-1997, 25 were directly related to problems with the bingo caller and 33 were indirectly related to the bingo caller. Of the 34 bingo players that responded to DORA's survey (complete results may be found in Appendix A), 19 stated that the quality of the bingo caller is very important to their decision on where to play bingo.

The importance of this position has led many in the industry to suggest that bingo callers be paid. If they are paid, the argument goes, perhaps higher quality bingo callers will become available. Better bingo callers would mean better bingo games and that would mean more bingo players spending more money on bingo.

However, the policy of volunteerism as embodied in the Constitutional prohibition against remuneration, prevents payment to bingo callers. Nearly every proponent of professional bingo callers has been a Landlord Licensee. These individuals envision the bingo caller as an employee of the Landlord Licensee. The B/R Licensees would then have the option of using their own volunteer bingo callers or paying to use the Landlord Licensee's paid bingo caller.

This proposal is problematic for several reasons. First, it would require a Constitutional amendment to allow a bingo worker to receive remuneration. Second, the Bingo and Raffles Law currently prohibits a Landlord Licensee from participating in any way in the conduct of games of chance. As an employee of the Landlord Licensee, the professional caller would, in fact, create the situation in which the Landlord Licensee is, by way of its agent the bingo caller, in direct control of the bingo game. This clearly destroys the idea of volunteerism at the most visible level.

Policy Tension

There is little doubt that the professionalization of bingo and other games of chance would likely increase the number of dollars spent on charitable gaming. However, the amount of that increased spending that ultimately ends up being spent on charitable purposes is highly debatable.

It is beyond the scope of this Sunset Report to recommend that the policy of volunteerism be retained or abandoned in favor of a policy of professionalism. The issue is identified at this point so that throughout the legislative process, the General Assembly realizes the various forces at work.

The volunteer-professional tension is a common theme in many of the recommendations made in this report. Wherever possible, the policy tension is identified and addressed. Certain recommendations may appear to be more volunteer-based, while others may appear to be more professional-based. The overarching policy, however, is ultimately up to the people of Colorado, through their elected representatives in the General Assembly and through the Constitutional referendum process.

SUNSET ANALYSIS & RECOMMENDATIONS

RECOMMENDATION 1: The General Assembly should continue the regulation of the Bingo and Raffles Law.

The guiding question of any Sunset Review is whether regulation is necessary to protect the public health, safety and welfare. This Sunset Review concludes that such regulation of the charitable gaming industry is necessary. While the conditions that existed and led to initial regulation have changed considerably since the 1958 Constitutional amendment, these changes support continued and, in some areas, increased regulation.

When Colorado legalized charitable gaming in 1958, it did so by placing narrow restrictions on the industry. Licenses were restricted to non-profit organizations meeting certain minimum requirements. Total prizes were limited to \$1500 per bingo occasion. Other limitations and mandates addressed the frequency of play, the use of proceeds, the payment of taxes and fees, and the revocation and suspension of licenses. The primary beneficiaries of charitable gaming were to be the players and charitable organizations who would use the resulting profits in a prescribed manner.

Since its legalization, charitable gaming has grown considerably. In 1959, the first year of operation, state revenues from charitable gaming totaled \$12,236. State revenues continued to increase, and by 1980 they totaled nearly \$280,000. Today, the state realizes almost \$1.3 million in revenues from charitable gaming.

Total gross proceeds from charitable gaming have continued to increase from \$41 million in 1980 to over \$220 million in 1996.

These increases in charitable gaming have occurred at roughly the same time as public funding for many of the B/R Licensees has disappeared. Many youth athletic organizations and school bands derive a majority, if not all, of their funding from charitable gaming. Charitable gaming has become an ideal fundraising strategy for many non-profit organizations in Colorado.

Charitable gaming, like all forms of gaming, is vulnerable to fraud and abuse because of the large amounts of cash that are involved. Without adequate controls, there are many ways to misappropriate or lose funds. Licensing and enforcement schemes provide the state with a method of identifying charitable gaming activities in the state and thereby uniformly regulating the activities.

Furthermore, the sections of the Constitution authorizing the licensure of charitable gaming are self-enacting. If the General Assembly does not continue regulation, charitable gaming may continue unregulated. The DOS would be Constitutionally obligated to issue licenses to qualifying non-profit organizations, but there would be no enforcement.

RECOMMENDATION 2: Enforcement authority over the Bingo and Raffles Law should be transferred from the DOS to the Colorado Department of Revenue (DOR).

Recommendations 2 and 3 are somewhat related in that they both advocate fundamental changes in the way charitable gaming should be regulated in Colorado. They are not, necessarily, exclusive of one another. In fact, DORA envisions both Recommendations 2 and 3 being adopted.

The general arguments in favor of pursuing these recommendations are that the DOS is inherently political, giving rise to serious concerns regarding an elected official directly responsible for regulating a cash-rich industry. In addition, and possibly related, the DOS has been chronically criticized for its inconsistent enforcement at best, and lack of enforcement at worst. This situation has prompted Recommendations 2 and 3.

In Colorado, the Secretary of State is elected in a state-wide general election. This can be, and often is, an expensive proposition. One of the Secretary's responsibilities is the regulation of the \$220 million charitable gaming industry. Thus, a unique situation has arisen in Colorado: the regulator of a multi-million dollar industry is an elected official.

This fact places the Secretary in an awkward position. A candidate for Secretary of State may solicit and/or receive contributions from those, if the campaign is successful, the Secretary of State will ultimately regulate. The potential for impropriety here is self-evident.

In addition, the November 1996 Report of the State Auditor revealed a disturbing fact: from 1991-1994, the DOS pursued 25-30 enforcement actions per year, but in 1995, the DOS pursued only seven such actions.

Furthermore, during the course of this Sunset Review, DORA learned that prior to 1995, the DOS initiated five or six random, in-depth investigations/audits per investigator per year. Since 1995, none have been conducted.

Colorado's regulation of charitable gaming through the DOS is unique. Of the 46 states that have legalized charitable gaming, nine regulate through their revenue departments, 12 regulate through their lottery or other independent commissions, and 12 regulate through their law enforcement departments (e.g., attorney general or state police).

Of the 17 states reporting total amounts wagered exceeding \$100 million per year, four regulate through their revenue departments, eight regulate through their lottery or other independent commissions, four regulate through their law enforcement departments, and one, Colorado, regulates through its secretary of state.

The inherently political nature of the DOS, the lack of enforcement on the part of the DOS, and the regulatory policies of other states, all suggest that Colorado seriously examine a change in which department of government is responsible for enforcing the Bingo and Raffles Law.

The 1992 Sunset Report of the Bingo and Raffles Law and the 1996 Report of the State Auditor both advocated that enforcement of the Bingo and Raffles Law be transferred from the DOS to DOR.

Article XVIII, section 2(2) names the Secretary of State as the licensing authority. However, section 2(6) reads, "enforcement of this section shall be under such official or department of government of the State of Colorado as the General Assembly shall provide." Furthermore, the Constitution only identifies the license issued to the non-profit organizations that sponsor bingo occasions. All other licensing functions, which are arguably enforcement related, can also be assigned to another department. Thus, the Constitution authorizes the General Assembly to divide licensing and enforcement functions between two departments.

In this light, DOR seems the most likely candidate to enforce the Bingo and Raffles Law. DOR already regulates all other forms of gaming in the state, designating DOR as the enforcement authority for charitable gaming is simply a consolidation of functions. Dual overhead expenses and staffs could be eliminated or at least reduced.

Because it already regulates other gaming, DOR possesses the institutional knowledge and expertise to handle charitable gaming. While there are differences between casino gaming and charitable gaming to be sure, there are also differences between casino gaming and the lottery, both of which DOR currently regulates. DOR will simply have to acquaint itself with the finer points of charitable gaming.

Opponents of a transfer will likely argue, quite emotionally, that for-profit casino gaming and the lottery are completely different species than non-profit charitable gaming. Indeed, many in the charitable gaming industry have stated repeatedly that bingo is not even gambling. Rather, they argue, it is family entertainment. However, both casino and charitable gaming require an individual to take a monetary risk by requiring the player to purchase an opportunity to win. This is the classic definition of gambling. Charitable gaming is gambling.

Opponents of a transfer will also argue that the \$220 million wagered on charitable gaming pales in comparison to the amounts wagered on other forms of gaming. Thus, the issues and concerns of the charitable gaming industry will be overshadowed and influenced by the big money of other gaming. While it is true that in 1996, \$331 million was wagered on the Colorado Lottery, \$213 million was wagered at the state's parimutual wagering facilities and over \$6 billion was wagered at Colorado casinos, there are no facts to support the proposition that these other forms of gaming will influence DOR policy over charitable gaming. Indeed, the amount wagered on charitable gaming exceeds that wagered in racing.

The charitable gaming industry, like all other gaming, requires strict enforcement if it is to retain any sort of public confidence. Part of the ability to impose strict enforcement is the ability to take action. DOR investigators are Level II Peace Officers. This status allows them to, among other things, make arrests, investigate and impound premises, serve warrants and assist any other peace officer. DOS investigators on the other hand, have very limited powers. They must rely on local law enforcement agencies to make arrests and to proceed with criminal prosecutions. In addition, current DOS policy places severe limitations on the ability of DOS investigators to take immediate action (please see Recommendation 9 in the Administrative Recommendations section of this Sunset Report).

While opponents of a transfer will argue that charitable gaming "is only bingo" and does not require full fledged law enforcement, it is important to remember that "only bingo" now accounts for \$220 million per year. "Only bingo" is no longer church basements or occasional fundraising events. "Only bingo" is now "only \$220 million per year" and it needs concomitant enforcement.

While B/R License functions must Constitutionally remain at the DOS, the licensing of the for-profit side of the charitable gaming industry (Landlord Licensees, Supplier and Manufacturer Licensees and their agents) could be transferred to DOR. DOR has indicated that, pursuant to its enforcement philosophy, it would conduct thorough background investigations of these license applicants. Thus, a license would mean something more than the fact that the licensee filled out the forms properly.

In addition, transferring enforcement to DOR will help resolve another very serious problem, a problem which has been identified by both the IRS and the DOS. Both the Constitution and the governing statutes prohibit volunteers who work bingo occasions from receiving compensation. Many B/R Licensees, however, have found a way to pay their workers and the DOS is powerless to stop it.

The DOS has jurisdiction over the proceeds a B/R Licensee receives as a result of charitable gaming. These proceeds must be placed in a separate "bingo account." The DOS has jurisdiction over this bingo account. The DOS does not, however, have jurisdiction over any other accounts held by a B/R Licensee.

Many B/R Licensees will "contribute" funds from their bingo account to other non-profit organizations, some of which have B/R Licenses, some of which do not. In either case, once the contribution is made, the donee organization's bank accounts are beyond the reach of the DOS. The donee organization can then use the contributed funds to pay the donor's bingo workers.

All of this is in contravention of §12-9-108(4), C.R.S., which states that no organization that receives money from a B/R Licensee may use such money to pay the bingo workers of the B/R Licensee. However, as just explained, the DOS does not have the legal authority to follow the money once it leaves the B/R Licensee. Furthermore, charitable gaming violations are low on the list of priorities for local law enforcement agencies whose cooperation and assistance the DOS investigators require.

One solution to this problem involves the information sharing agreement between DOR and the U.S. Internal Revenue Service, an agreement that the IRS may only have with departments of revenue. The IRS has the authority and duty to ensure that non-profit organizations which are exempt under the federal tax laws, spend their money on charitable purposes. The IRS, unlike the DOS, has access to a non-profit organization's tax records and other financial information and is not limited to bingo funds. Thus, the IRS can trace a non-profit organization's inflows and outflows. Because of the information sharing agreement, the IRS can share this information with DOR, effectively shutting down this avenue for paying bingo workers. However, this is only possible if the B/R Licensee is tax exempt.

If the General Assembly adopts this recommendation, at least two other issues must be addressed. First, the language of the Bingo and Raffles Law must be clarified so as to clearly define the duties and responsibilities of the two departments. The distinction between the licensing authority of the DOS and enforcement authority of the DOR or Charitable Gaming Commission (see Recommendation 3 below) must be made. Second, the DOS should be statutorily directed to abide by the enforcement decisions of DOR. This is necessary to prevent the DOS from reissuing a license which DOR suspends or revokes.

RECOMMENDATION 3: The General Assembly should create and empower a Charitable Gaming Commission to be responsible for the regulation of charitable gaming in Colorado.

Regardless of the General Assembly's decision regarding Recommendation 2 of this Sunset Report, a Charitable Gaming Commission (the "Commission") should be established within the department charged with enforcement. The creation of the Commission should be strongly considered regardless of whether enforcement is transferred to DOR or if enforcement remains at the DOS.

The Commission should be empowered to promulgate rules and regulations; to conduct, or cause to be conducted, investigations of violations of the Bingo and Raffles Law and the rules and regulations promulgated thereunder; to initiate enforcement proceedings; and to engage in any other action required to adequately regulate the charitable gaming industry.

Placing the Commission at DOR would help to alleviate some of the concerns that charitable gaming will be overshadowed by other gaming at DOR. A Charitable Gaming Commission would help to insulate charitable gaming from such influences. Alternatively, if the Commission is placed at the DOS, it would help to alleviate some of the concerns regarding the political nature of the DOS.

The Commission should be comprised of seven Governor-appointed members. Two members should be bona fide members of B/R Licensees and two members should be Landlord Licensees. These four members will be able to represent the charitable gaming industry on the Commission.

The additional three members of the Commission will be able to represent the public on the Commission while bringing their various areas of expertise to the Commission. One member should be an individual with a law enforcement background, one member should be an attorney, and the final member should be a certified public accountant or a public accountant.

Furthermore, as the official responsible for issuing B/R Licenses, the Secretary of State should be made a non-voting, *ex officio* member of the Commission. This status will allow the Secretary to present licensing and other issues to the Commission as a matter of course and allow the Secretary to assist in the shaping of Commission policy.

The Commission's sole responsibility would be to regulate charitable gaming. Thus, the industry would receive the regulatory oversight a \$220 million cash industry requires. The regulator would not also be concerned with regulating public notaries and corporate filings.

Charitable gaming needs fair and consistent enforcement, less political influence and increased regulatory attention. The Charitable Gaming Commission can accomplish all three of these goals. The Charitable Gaming Commission should be created and given the power to thoroughly regulate Colorado's charitable gaming industry.

RECOMMENDATION 4: Section 12-9-108(1)(a), C.R.S., should be amended to require B/R Licensees to report the serial numbers and other identifying information of games of chance equipment and supplies purchased during the preceding quarter.

Currently, B/R Licensees are required to maintain detailed records of pull-tab games that they offer for sale. These records contain information relating to the names of the various games and their form numbers, ticket colors, serial numbers and various financial particulars.

Under current regulations, Manufacturer Licensees are required to report similar information in their quarterly reports regarding games of chance equipment and supplies that they sell to Supplier Licensees. Likewise, Supplier Licensees report this information on equipment and supplies that they sell to B/R Licensees.

At present, the only way for the DOS to determine whether, in fact, certain supplies were sold to the reported B/R Licensee, is to conduct an on-site inspection of the B/R Licensee and inspect its records.

The proposed recommendation would allow the enforcement authority's staff to track a given piece of equipment or supplies from the Manufacturer Licensee to the B/R Licensee. This is necessary due to the fact that it is a relatively simple exercise for a non-licensed individual to purchase supplies from a Supplier Licensee. A Supplier Licensee can sell only to B/R Licensees. However, it is possible for a non-licensed individual to provide a B/R License number without the B/R Licensee ever knowing about it. Thus, the Supplier Licensee's records and reports appear to be in order, but the equipment or supplies are now in the hands of a non-licensed group or individual and an illegal game of chance can take place. While this recommendation will not completely prevent this scenario, it will make such a venture more difficult.

In addition, Supplier Licensees pay a 1.1% Administrative Fee on gross sales. Thus, there is an incentive for Supplier Licensees to omit some sales to reduce their payment obligations. If B/R Licensees are required to report their purchases, the enforcement authority would have a means of verifying that Supplier Licensees are submitting complete reports.

RECOMMENDATION 5: Sections 12-9-108(1)(a) and 12-9-107.5(5), C.R.S., should be changed to require quarterly reports for B/R Licensees, Manufacturer Licensees and Supplier Licensees to be filed on or before April 30, July 31, October 31, and January 31 of each year.

Quarterly reports for these licensees are currently due to the DOS by the 15th day of April, July, October and January of each year. This recommendation simply moves these dates back to the last day of each of the relevant months, giving these licensees more time in which to prepare their reports.

The November 1996 Report of the State Auditor recommended that reporting requirements for licensees be reduced. This Sunset Report makes the opposite recommendation. The Report of the State Auditor based its recommendation on the assumption that the DOS does not utilize the information contained in the reports, and that, therefore, the reporting of such information is unnecessary and burdensome.

However, while conducting this Sunset Review, DORA spoke with several B/R Licensees, Manufacturer Licensees and Supplier Licensees directly and solicited their opinions through a survey. DORA also spoke with the investigative and auditing staffs at the DOS. As a result of these discussions, it appears that the DOS utilizes reported information and that the reporting process is not overly burdensome to the licensees.

The reporting process allows the enforcement authority to identify problems before they become serious. Once a problem is identified through an examination of reports, an investigator can contact the licensee, inform them of the problem, and work out a solution.

The Report of the State Auditor suggested that since all of the information contained in the reports is also contained in a B/R Licensee's records, an examination of the records should suffice. However, as both DOS investigators and B/R Licensees admit, on-site inspections of 20-30 minutes accomplish very little. Reporting helps to identify problems and investigations flush out the details.

The reporting requirements for B/R Licensees are logical from a business stand-point. In fact, from a business stand-point, they are relatively lax. It must be remembered that, although these are non-profit organizations and volunteers operating these occasions, this is a \$220 million per year cash industry - some accountability must be maintained.

Having concluded that the current reporting requirements are not overly burdensome, it may appear contradictory to recommend allowing more time to prepare the reports. However, this Sunset Report, taken as a whole, makes several recommendations to increase B/R Licensee reporting requirements.

Should the General Assembly decide not to adopt the recommendations regarding reporting requirements that are contained in this Sunset Report, the date on which reports are due should still be extended. Most B/R Licensees use volunteers to prepare their reports. It must be remembered that these volunteers also have day jobs and families; preparing reports is something that they do in their spare time. Giving these people more time in which to prepare the reports may result in greater accuracy since they will feel less rushed and overwhelmed and may reduce the number of reports that are filed late each quarter.

The most compelling argument in favor of extending the filing deadline, however, is the simple fact that many B/R Licensees do not receive their bank statements until the 6th or 7th of the month. Under current law, this gives the B/R Licensee approximately one week in which to prepare the reports.

RECOMMENDATION 6: Section 12-9-108(1)(a), C.R.S., should be amended to read, “. . . , the name and address of each person to whom has been paid three hundred dollars or more for any single prize or expenditure and the purpose of such expenditure, the net . . .”

Current DOS reporting forms require that this type of information be reported. However, there has been considerable debate as to whether previous statutory language empowered the DOS to require such information for prize pay-outs. The recommended language merely clarifies the issue.

Such information is deemed important so as to verify that no single person or group of persons is winning all the time. The reporting of the names and addresses of those who win \$300 or more as a single prize merely provides the enforcement authority a mechanism with which it can verify that winners are truly random.

RECOMMENDATION 7: Section 12-9-108, C.R.S., should be amended to include a subsection (8) which should read as follows:

(8) Upon termination of a Bingo-Raffle License for failure of the Bingo-Raffle Licensee to renew such license, the Bingo-Raffle Licensee shall file the following with the Enforcement Authority within 30 calendar days of the license renewal date:

(a) A duly verified statement covering the previous twelve calendar months, showing information concerning gross receipts, expenses and net proceeds, as specified in Section 12-9-108(1)(a) of this article; and

(b) Its plan for disposal of any games of chance equipment and the distribution of any remaining net proceeds. Before implementation of such plan, the plan must be approved by the Enforcement Authority as provided by rules and regulations adopted by the Enforcement Authority. The Enforcement Authority may accept or reject a plan and order submission of a new plan or amend a proposed plan. The Enforcement Authority may specify a time for submission of new or amended plans or for completion of an approved plan.

In addition, Section 12-9-109, C.R.S., should be amended to read as follows:

Examination of books and records. The Enforcement Authority and its agents have power examine or cause to be examined the books and records of any licensee to which any license is issue pursuant to this article, or any such licensee which has terminated for any reason, insofar as they may relate to any transactions connected with activities under the license.

Currently, if a licensee fails to renew its license, the DOS loses jurisdiction over all aspects of the licensee, since the DOS only has jurisdiction over active licensees. If a license is not renewed, the organization is no longer a licensee and the DOS no longer has jurisdiction.

The fear is that a B/R Licensee will decide that it no longer wants to conduct games of chance and will not renew its license for the following year. Since there is no penalty other than the DOS' refusal to issue a license for failing to file quarterly reports, the B/R Licensee will not file reports for its last year of operations.

Unless the DOS conducts an inspection of the B/R Licensee, the DOS does not know what the B/R Licensee is doing. Therefore, the B/R Licensee could be making illegal expenditures and the DOS would not know about it.

As soon as the B/R License expires, the DOS loses jurisdiction over the B/R Licensee because the non-profit organization is no longer a licensee. The DOS can no longer verify that accurate records were kept or investigate questionable transactions. In addition, the DOS cannot ascertain how any remaining supplies and equipment are disposed of.

The proposed language attempts to rectify this situation. The first part of this recommendation essentially amounts to requiring B/R Licensees to enter a wind-up process. This language would allow the enforcement authority to supervise that process and verify that remaining games of chance equipment is disposed of properly and that remaining net proceeds are spent appropriately. The second part of this recommendation would allow the enforcement authority to retain jurisdiction over the records of former licensees.

RECOMMENDATION 8: The enforcement authority should be authorized to impose monetary fines for violations of the Bingo and Raffles Law and the rules and regulations promulgated thereunder. The following language should be added to §12-9-103(1)(c), C.R.S.:

To assess monetary fines, not to exceed five hundred dollars for any Bingo-Raffle Licensee and not to exceed one thousand dollars for any other licensee, for violations of this article or any rules and regulations promulgated hereunder. The Enforcement Authority shall promulgate specific rules pursuant to this subsection (c) in which the levels of fines to be assessed shall be clearly itemized according to the type of violation. All fines assessed pursuant to this article shall be payable to the state treasurer and shall be deposited in the state general fund.

Currently, when the DOS identifies a violation of the Bingo and Raffles Law or the rules and regulations, the DOS can either do nothing, or institute the license suspension or revocation process. There is no intermediate enforcement mechanism. The authority to impose fines would provide such a mechanism.

Chapter 5 - Sunset Analysis & Recommendations

The authority to impose fines would benefit enforcement efforts against all three major classes of licensees. Currently, the DOS does not revoke or suspend Landlord Licenses because, in essence, it would hurt the B/R Licensees operating in that commercial bingo facility. If a Landlord License were revoked or suspended, the B/R Licensees operating in that commercial bingo facility would have to find another facility in which to conduct their games of chance. Allowing the enforcement authority to impose fines on Landlord Licensees would allow the enforcement authority to take enforcement action against Landlord Licensees without negatively impacting the B/R Licensees.

In addition, the DOS has never suspended or revoked a Supplier or Manufacturer License. Like the Landlord Licensees, these Licensees appear to be insulated from enforcement since such action would harm the B/R Licensees the most.

Fining authority would also be used as an enforcement mechanism against B/R Licensees. Suspending or revoking a license is an extreme measure and is often unwarranted. However, violations occur because B/R Licensees know that the DOS prefers not to suspend or revoke licenses.

Imposing fines for late reporting would also be beneficial. At present, the DOS does not have the authority to penalize licensees for submitting late reports. As a result, approximately 300-350 reports are filed late each quarter. Fining would likely reduce this number dramatically.

Of the 17 states that have charitable gaming gross proceeds exceeding \$100 million per year, 13 allow their enforcement agencies to impose fines. Colorado is one of only four states that do not allow the imposition of fines.

Any authority to fine should be highly structured to ensure that fines are imposed fairly and equitably. If the scheme is rigidly structured, leaving little room for discretion, there is a greater likelihood that fines will be imposed consistently.

However, a highly structured fining structure would seem to adopt the policy of increased professionalism in that everyone, regardless of training and experience, should be held to the same standards. If the goal is to remain consistent with the policy of volunteerism, the fining structure should be loose, allowing the enforcement authority to consider various facts and issues in determining whether a fine is warranted and, if so, the level of such a fine.

DORA recommends a highly structured scheme because the DOS has demonstrated a chronic inability to perform its duties in a consistent manner. For this reason alone, structure is needed.

The recommended language directs that all money generated by this fining authority be deposited in the state general fund. This will eliminate any conflict of interest that may arise if such moneys were deposited into the enforcement authority's own accounts.

RECOMMENDATION 9: Section 12-9-105(2), C.R.S., should be amended to read as follows:

Each designated games manager shall have been an active member of the applicant for at least the six months immediately preceding the designation as games manager and must be certified by the Enforcement Authority before assuming games management duties. All games managers of any applicant shall be re-certified by the Enforcement Authority every two years and no games manager shall serve as such for more than two Bingo-Raffle Licensees at any one time. The Enforcement Authority shall have the authority and power to suspend or revoke any games manager certification for violations of this article or the rules and regulations promulgated hereunder.

This recommendation encompasses three main concepts: 1) games managers should periodically be re-certified; 2) the number of B/R Licensees for which a games manager serves as such should be limited; and 3) the enforcement authority needs clear statutory authority to take enforcement actions against games managers.

The need to re-certify games managers stems from the fact that the policies, laws and rules governing games of chance change from time to time. Currently, once an individual is certified as a games manager, that certification is, for all intents and purposes, for life. Requiring re-certification every two years will help to ensure that games managers are kept relatively current on changes in how games of chance are regulated.

Limiting the number of B/R Licensees for which a games manager may serve is necessary because there are several individuals who “volunteer” as games managers for five or six separate B/R Licensees. There is concern that such individuals are not truly volunteers, but are receiving some sort of compensation. Restricting the number of organizations for which a games manager may work, will help to curtail this practice by ensuring that only volunteers are serving as games managers. In addition, such restrictions may improve the quality of the services provided.

While logic suggests that inherent in the power to issue a certificate is the power to revoke such certificate, both the DOS and the November 1996 Report of the State Auditor insist that the enforcement authority needs clear statutory authority to revoke a games manager's certification. Suspension or revocation of a games manager's certification would allow the enforcement authority to take action against the individual responsible for committing the violation, rather than against the B/R Licensee. Currently, if a games manager commits a violation of the Bingo and Raffles Law, the DOS must take enforcement action against the B/R Licensee. It seems drastic to restrict a non-profit organization's fundraising abilities due to the actions of a single person. If the enforcement authority is given authority to suspend or revoke a games manager's certification, the enforcement authority can take action against the responsible individual, rather than against the B/R Licensee directly.

RECOMMENDATION 10: The enforcement authority should be authorized to approve new game concepts before they are offered for sale in Colorado and directed to promulgate rules outlining the approval process.

There are three main reasons why this recommendation should be adopted. First, the DOS currently has three primary means of learning about new games of chance in Colorado: 1) DOS investigators happen to notice an unfamiliar game while in the field; 2) DOS auditing staff notices a new game name on a Manufacturer or Supplier Licensee's quarterly report; or 3) a Manufacturer or Supplier Licensee submits documentation to the DOS to inquire as to the game's legality. In other words, detection of new games is purely by chance.

Chapter 5 - Sunset Analysis & Recommendations

Allowing the enforcement authority to approve games before they are offered for sale would allow the enforcement authority to take a more proactive, rather than reactive, role in the regulation of new games. While the sale of illegal games has not, to date, been a major problem, there are literally thousands of games on the market nationally and the regulator of the Bingo and Raffles Law needs to know that the games being offered for sale to the playing public meet certain minimum requirements.

Second, with a pre-approval process, the playing public would have some assurance that the games of chance offered meet certain minimum requirements. Games of chance offer too much room for dishonest individuals to cheat the public.

Third, the B/R Licensees currently bear the responsibility of determining a game's legality. This group is the least qualified to make such a determination and is the least capable of bearing the risk of making such determinations. There is a risk involved for the B/R Licensee because the enforcement authority can order that an illegal game be removed from sale, in which case the B/R Licensee loses the money it spent on purchasing the game as well as the profit it sought to realize through the sale of the game. This is money that will no longer go toward the B/R Licensee's charitable purpose.

If the General Assembly authorizes the enforcement authority to initiate such an approval process, the enforcement authority should also be directed to promulgate rules outlining acceptable games and concepts. The process should be straightforward and simple to avoid overwhelming the enforcement authority with a lengthy approval process. A checklist of minimum requirements should be sufficient.

RECOMMENDATION 11: Section 12-9-107(1), C.R.S., should be amended to conclude as follows: “No such games of chance shall be conducted with any equipment unless it is owned or leased by a Bingo-Raffle Licensee or any Landlord Licensee. In the case such equipment is leased, such equipment shall be owned by a Supplier Licensee or a Manufacturer Licensee and leased to a Bingo-Raffle Licensee or Landlord Licensee pursuant to a standard lease agreement devised by the Enforcement Authority.”

As it reads now, this section prohibits the leasing of games of chance equipment. While no one in the DOS or the charitable gaming industry can give a definitive justification for this prohibition, it is rumored to have arisen from a property dispute that occurred over 20 years ago. In any case, during the course of this Sunset Review, no one was able to credibly defend the prohibition and most support its repeal.

Modern, electronic bingo equipment is very expensive and can exceed \$10,000. Bingo equipment primarily consists of computerized machines that dispense the balls/numbers, video display monitors, public address systems, electronic lighted displays which indicate which numbers have been called, electronic bingo cards and electronic pull-tab machines. Equipment such as electronic bingo cards are so expensive that they have yet to be introduced in Colorado’s charitable gaming industry. If this modern equipment could be leased, charitable gaming could enter the electronic age more easily and less expensively.

In addition, requiring that such equipment be owned, rather than leased, poses a considerable barrier to entry for new Landlord Licensees. Without the ability to lease the equipment, new Landlord Licensees must invest considerable sums of money on equipment alone, thus erecting a barrier to entry.

A standardized lease agreement is necessary to protect the B/R Licensees and the public. Without standardized leases, there would be no controls. It is feared that Landlord Licensees will lease equipment and force the B/R Licensees to use it. An example of this was witnessed when DORA visited a commercial bingo facility during this Sunset Review. This particular commercial bingo facility was going to be installing a new type of electronic pull-tab machine. The Landlord Licensee stated, at an open meeting, that he needed one hundred percent participation in the use of the machines in order to get them for free. By one hundred percent participation, he meant that all B/R Licensees operating in that facility had to use the machines.

A standardized lease containing a statement or affirmation that such terms will not be imposed upon B/R Licensees would help prevent such occurrences and will limit the use of such equipment to those facilities in which it is economically feasible.

RECOMMENDATION 12: The enforcement authority should be authorized to require Landlord Licensees to submit quarterly reports. Section 12-9-104.5(7) should be added to read as follows:

(7) Every Landlord Licensee shall file, upon forms prescribed by the Enforcement Authority, quarterly reports on its licensed activities within Colorado. Such reports shall be accompanied by quarterly fees established by the Enforcement Authority and deposited in the Enforcement Authority's cash fund and shall be filed with the Enforcement Authority no later than April 30, July 31, October 31, and January 31 of each year licensed, and each report shall cover the preceding calendar quarter. Reports shall enumerate the names and license numbers of each Bingo-Raffle Licensee that conducts games of chance in the Landlord Licensee's facility; the dates and times of bingo occasions and the Bingo-Raffle Licensees sponsoring each occasion; the amount of rent charged for each occasion; the amount spent by the Landlord Licensee on promotions; the amount that each Bingo-Raffle Licensee charges players for bingo packs; and information regarding sales of games of chance equipment and supplies sold from on-site supply lockers.

Landlord Licensees are the only major class of licensees that are not required to submit any type of report to the DOS. Many in the industry, including Landlord Licensees, agree that Landlord Licensees need to be held more accountable. Requiring them to submit reports detailing their games of chance related activities is a step toward greater accountability.

The need for accountability arises out of a concern that Landlord Licensees, in general, are in a position to influence the B/R Licensees that operate in the commercial bingo facilities. The major areas of influence are the on-site supply lockers, the establishment of pack prices, and the use of promotional giveaways.

Chapter 5 - Sunset Analysis & Recommendations

Most, if not all, commercial bingo facilities in Colorado have an on-site supply locker from which B/R Licensees may purchase supplies. The typical arrangement is that the Landlord Licensee is a particular Supplier Licensee's agent. The supplies offered for sale in most supply lockers consist of bingo paper and packs and pull-tab deals. Rumors abound that Landlord Licensees threaten B/R Licensees to purchase supplies from these lockers. Currently, no class of licensee is required to submit any type of report on the sales activities of supply lockers.

While removing the supply lockers altogether is a possible solution, the supply lockers are a convenience for B/R Licensees. Remembering that bingo occasions are conducted by volunteers, and often there are completely different volunteers from one occasion to another for a given B/R Licensee, it is understandable that a B/R Licensee could run out of supplies. The supply lockers serve to alleviate this problem.

It is also worth noting that only eight states nationwide allow the owners of commercial bingo facilities to also act as suppliers.

During the Sunset Review, DORA visited a number of commercial bingo facilities. Every such facility has posted, in a permanent manner, bingo pack prices. This suggests that the Landlord Licensees have somehow influenced the B/R Licensees to charge a certain price. In fact, most Landlord Licensees readily admitted that they "advised" their B/R Licensees as to the best price to charge. One Landlord Licensee stated that he would not rent his facility to a new B/R Licensee that was not willing to charge the established price. Another stated that he did not know what he would do if one of his current B/R Licensees decided to charge a different price.

All of this suggests that the Landlord Licensees are offering more than advice. If Landlord Licensees are required to report such information, the enforcement authority will have a ready vehicle by which to detect such practices.

In addition, there is fear that Landlord Licensees pass the costs of promotional giveaways on to the B/R Licensees sponsoring the occasions at which such giveaways are conducted. Such conduct would violate §12-9-104.5, C.R.S. If this information is reported, violations will be easier to detect and prove.

RECOMMENDATION 13: Section 12-9-107(14) should be amended to read as follows:

(14) No prize greater, in amount or value, than five hundred dollars shall be offered or given in any single game of bingo or lotto conducted under any such license, and the aggregate amount of all prizes offered or given in all games played on a single occasion shall not exceed fifteen hundred dollars.

Currently, the maximum pay-out per bingo game is \$250 and the maximum pay-out per bingo occasion is \$1500. Since this issue has the potential of altering the fundamental economics of the charitable gaming industry, a thorough economic analysis should be performed before the maximum pay-out per bingo occasion is changed. Such an analysis is beyond the scope of this Sunset Report.

DORA has recommended increasing the maximum pay-out per bingo game, however, because such an increase does not effect the ultimate pay-out. Rather, the recommended change would merely give B/R Licensees more room to be creative in the types of bingo games they conduct. Such creativity is deemed necessary by the industry in order to better compete with limited-stakes gaming in the state. If there are larger pay-outs, more people may play bingo and more money will be raised for the non-profits' charitable purposes.

RECOMMENDATION 14: The Licensing and Enforcement Authorities should create separate cash funds for the administration of the Bingo and Raffles Law.

Currently, all revenues and expenses for the regulation of the Bingo and Raffles Law are commingled in the licensing section of the DOS. There is no specific accountability for fees or expenses that can be specifically attributed to administration of the Bingo and Raffles Law.

The DOS is a cash funded department. This means that the revenues it collects by way of fees, should approximate the costs of administering the programs for which the fees are collected. In order to establish fees, separate expenses for the program must be specifically identified and tracked. Revenue estimates must be calculated and monitored over a period of time. The advantages of this option are twofold: 1) the General Assembly can obtain realistic costs associated with particular programs, a necessary tool for formulating public policy; and 2) to impose justifiable fees on the regulated community. The absence of a fair and impartial fee setting protocol gives rise to the possibility of arbitrary fee setting to subsidize other programs.

Subsidization may be required for necessary programs that do not generate sufficient revenues. However, the determination of which programs are necessary and the level of subsidization should be made by the General Assembly through the budget process. By failing to isolate revenues and expenses by program, the DOS is denying the General Assembly the information necessary for sound public policy decisions.

In addition, it is possible that Colorado's non-profit B/R Licensees are paying fees that ultimately subsidize programs such as notaries or corporate filings, other programs administered by the DOS. If this is occurring, and there is no way confirm that it is not, then charitable gaming is being used as an indirect form of corporate welfare.

RECOMMENDATION 15: The amount of license fees should be removed from statute and the licensing and enforcement authorities should be directed to establish the level of license fees by rule. Sections 12-9-104(2) and 12-9-105.3(3), C.R.S., should be amended to direct the licensing and enforcement authorities to deposit such fees in their respective games of chance cash funds.

Since the DOS is a cash funded department, the fees collected by the DOS in connection with the Bingo and Raffles Law should not exceed its costs in administering the program. When fees are established by statute, as they are in the Bingo and Raffles Law, the regulating agency is denied the flexibility to alter the fees it collects as its costs rise or fall. Allowing the licensing and enforcement authorities to determine the fee amounts will give these agencies this flexibility and will ensure that fees collected from licensees will not be used to subsidize the other operations.

The DOS already has this authority with regard to the license fees for all other types of licenses. This recommendation merely imposes uniformity on the fee-setting process.

RECOMMENDATION 16: Section 12-9-104.5(6), C.R.S., should be amended to read:

(6) No landlord licensee or any employee or agent of a landlord licensee shall be a party responsible for or assisting with the conduct, management, or operation of any game of chance within Colorado, except:

(a) A landlord licensee which is also a bingo-raffle licensee may conduct such activities as its bingo-raffle license allows exclusively on its own behalf; and

(b) Under certain, well-defined circumstances which shall be defined by rule by the Enforcement Authority.

Current law prohibits Landlord Licensees from assisting B/R Licensees in the conduct of their bingo occasion, regardless of the circumstances. Many Landlord Licensees have complained that there are certain emergency situations in which they would like to be able to assist the B/R Licensees. Such emergencies include bingo equipment malfunction or failure.

It must be remembered that bingo equipment can cost in excess of \$10,000. When it breaks or a malfunction occurs, Landlord Licensees should be able to enter the rental area and effect repairs during the course of a bingo occasion. The fact that the person operating the equipment during a bingo occasion is a volunteer merely strengthens this argument. In most situations, the volunteer knows little or nothing about the equipment he or she is operating. The Landlord Licensee has a vested interest in determining the cause of malfunction or failure and is the best person to get the equipment running again.

There are certain circumstances under which a Landlord Licensee should be allowed to assist in the conduct or operation of a bingo game. Since there is a potential for abuse, these circumstances should be well defined by rule.

ADMINISTRATIVE RECOMMENDATIONS

RECOMMENDATION 1: The DOS should require that photocopies of checks reported as voided be attached to the quarterly report.

Schedule A of Form LE-21, the form on which B/R Licensees submit their quarterly reports, requires that the B/R Licensee report, in sequential order, the checks it has written, to whom such checks were issued and the purpose of the payment. If a check is voided, it must be recorded as such.

There is concern that checks that are reported as voided, have not actually been voided. Rather, they have been used to improperly compensate volunteers or on other illegal expenditures. This recommendation simply attempts to verify, in a non-intrusive manner, that these checks have been voided.

RECOMMENDATION 2: Complaint file documents should be scanned into the DOS imaging computer system as they become available rather than after the file is closed.

Under the current procedure, the public has no way of knowing whether a licensee is being investigated, only whether a licensee has been investigated. The DOS procedure regarding complaint files is to have such files scanned into the imaging system once the file/case is closed.

RECOMMENDATION 3: The computer imaging system used by the DOS to store B/R Licensee information should be updated to include similar non-confidential information regarding the other types of licensees.

While the public and the other licensees have access to a B/R Licensee's files, no one has computer access to, for example, a Landlord Licensee's files. This is because only B/R Licensee files are stored on the imaging system. All other licensee files are stored in hard-copy. In order to gain access to them, one would have to request such access from the DOS staff.

RECOMMENDATION 4: The DOS should improve its communication with the regulated community by establishing procedures for information dissemination and for acknowledging the receipt of documents.

A vast majority of the people DORA met with during the course of this Sunset Review stated that communications with the DOS are virtually non-existent, unless there is a violation or complaint involved. This is likely one of the contributing factors to the antagonistic relationship between the DOS and licensees. This lack of communication has led to a lack of trust and considerable confusion as to which rules will be enforced and how. The following are some recommendations on how to improve communication and reduce this confusion.

Recognizing that postage, data processing (it costs the DOS \$100 to generate mailing labels for all licensees) and paper costs continue to increase, the DOS should utilize its website, located at "http://www.state.co.us/gov_dir/sos/index.html", as an informal means of distributing information to the regulated community and the public at large. Electronic mail should also be used as an alternative means of two-way communication.

The advantages of using the World Wide Web for disseminating information are endless. The site could contain current application and reporting forms in a format that can be downloaded, relevant statutes, rules and policy guidelines. B/R Licensee volunteers would be able to access such information 24 hours per day, seven days per week.

In addition, the DOS should send all current reporting forms and rules along with the new licenses it issues each year. The internal DOS auditors reported that they continue to receive a number of quarterly reports on old reporting forms (new forms were introduced in January 1996). At present, new forms and rules are distributed upon request or at games manager training sessions. The DOS staff reported that when the new rules and forms were implemented in 1996, all such information was mailed to all licensees. However, they admitted, the names and addresses the DOS has on file are not always current. In addition, it appears as though the DOS computer system is incapable of generating zip codes for Landlord Licensees, since DORA had to manually locate these zip codes when DORA mailed its surveys to licensees. The DOS computer system should be updated to include all necessary mailing information.

Including a set of forms and rules when a new license is mailed each year would ensure that the information is going to the correct person at the correct address and would not require a separate mailing, reducing the data processing costs. In addition, this would provide the DOS with, at the very minimum, an annual means of communicating with licensees.

The DOS should also develop a procedure whereby it can acknowledge the receipt of the documents it receives. DORA heard numerous recitations relating how the DOS will receive a report and the attached administrative fee, cash the check, but send the licensee a notice stating that it has not received the report. The licensee must then, at its own cost, obtain a copy of the canceled check from its bank in order to prove to the DOS that it did receive the report and required fee.

The DOS has also been accused of failing to respond to or acknowledge inquiries it receives from licensees. Often, when inquiries are responded to, they fail to state the reasons or justifications for the answers or decisions given. This creates the appearance of arbitrariness and feeds the perception of antagonism that exists between the DOS and licensees. The DOS should increase its efforts to respond to inquiries in a timely manner and the DOS should explain its decisions and/or positions so that they may be more fully complied with.

RECOMMENDATION 5: The recording/scanning of rental agreements should be completed more quickly.

Currently, the DOS requires the original rental agreements between Landlord Licensees and B/R Licensees to be filed with the DOS. Once the DOS receives the rental agreements, the DOS staff scans them into the computer imaging system so that they may be immediately accessible. However, the scanning and processing of rental agreements is a low priority and it can take several weeks or even months before the rental agreements are eventually processed. A standard rental agreement appears in Appendix K.

This is a problem for investigators who often conduct surprise on-site inspections of B/R Licensees. The investigators get the location of bingo operations from the imaging system. If the system is not maintained, the investigators go to the wrong place, wasting DOS resources.

The DOS should allow rental agreements to be filed by fax and the rental agreements should be scanned into the imaging system immediately.

RECOMMENDATION 6: Games Manager training sessions should be redesigned and improved.

Games managers are responsible for supervising all games of chance activities, as well as ensuring that all required recordkeeping forms are completed correctly. The games manager is the person in charge of an occasion. This is a position of great responsibility.

The certification training provided by the DOS, however, does not adequately prepare an individual to work as a games manager. During this Sunset Review, DORA had the opportunity to attend a games manager training session. The three hour session consisted of little more than a reading of the Bingo and Raffles Law and the rules promulgated thereunder. In addition, the slide presentation used during the training session named Natalie Meyer as the Secretary of State, indicating that the games manager training has not seen any major changes in over two years.

RECOMMENDATION 7: The formula by which the DOS establishes the maximum amount of rent a Landlord Licensee may charge should be reduced to writing and made into a rule.

Section 12-9-103(1)(b), C.R.S., authorizes the DOS to adopt rules and regulations governing the rental of commercial bingo facilities. To accomplish this task, the DOS has utilized a formula to determine the maximum amount of rent a Landlord Licensee may charge for the rental of its facility. No one at the DOS or in the charitable gaming industry could provide DORA with the formula because the formula has never been reduced to writing.

Theoretically, the formula is based on the square footage of the facility. The DOS staff then excludes certain areas from the rentable space. Such areas include concession stands, rest rooms, offices, etc. However, which areas are excluded and how much space is allocated to such areas is at the discretion of the DOS and cannot be independently verified.

The formula does not take into consideration any intangible assets which would otherwise increase the marketability of the facility. Such intangibles could include the location of the facility, the market value of the property which the facility occupies, cleanliness, items offered for sale at concession stands, etc. In addition, the formula has not been changed since its implementation over ten years ago. Thus, while Landlord Licensee expenses have risen, the amount of rent they may charge has remained the same.

Regardless of how well the facility is maintained or amenities offered, a Landlord Licensee may charge approximately \$0.44 per square foot for rentable space. Therefore, the formula should be reduced to writing and should include which items may reduce or increase the amount of rent a Landlord Licensee may charge.

While this system of regulation is open to severe criticism and appears to be arbitrary in many respects, the alternatives are less desirable. The most obvious alternative is to abandon regulation of rents altogether and allow the forces of the open market to determine rent. If the two sides, B/R Licensees and Landlord Licensees, had equal bargaining strength, this alternative would be viable. However, Landlord Licensees are business people and are much more likely to possess the business savvy that most B/R Licensee volunteers lack. The B/R Licensees need the protection of the state in order to ensure that more of their proceeds go toward their charitable purpose rather than the profit-oriented Landlord Licensees.

The arguments in favor of retaining the current system are relatively strong. Most Landlord Licensees are not able to charge the maximum amount of rent as established by the formula. Current market conditions - the number of commercial bingo facilities in relation to the number of B/R Licensees - simply force Landlord Licensees to charge below the maximum in order to recruit and retain B/R Licensees. This fact weakens the argument that the system should be abandoned.

In addition, this issue has the potential for altering the fundamental economics of the charitable gaming industry. While many Landlord Licensees cannot currently charge their maximums, the removal of those maximums would create the possibility of increased rents. The more money a B/R Licensee spends on rent, the less money it is able to spend on its charitable purpose. In addition, if rents get too high, many marginal B/R Licensees may be forced out of this potentially lucrative fundraising opportunity, further depriving the public of the B/R Licensees charitable operations.

Furthermore, of the 25 states that have commercial bingo facilities, only six do not regulate the amount of rent charged by such facilities. Of the 19 that do regulate rents, six merely supervise the amounts paid and 11 regulate in a manner similar to Colorado. This indicates that Colorado is in the mainstream on this issue.

The current formula should be retained in its basic form, but should be formalized into a rule. Through the rule-making process, licensees will have the opportunity to recommend changes in the formula, making it more responsive to the needs of those concerned.

RECOMMENDATION 8: The DOS should design and implement a uniform training program and procedures manual for its investigators.

Allegations of inconsistent enforcement on the part of the DOS have been numerous. This is due, primarily, to the lack of training for the DOS investigative staff. Investigators learn on the job. In addition, the DOS does not have a procedures manual or any other documentation with which in can ensure that similar situations are treated similarly.

As a result, individual investigators emphasize and stress different issues while conducting inspections and interacting with licensees. Thus, the investigators themselves are inconsistent as a group. In addition, the investigators periodically rotate the licensees for which they are responsible. This creates an atmosphere in which one investigator will tell a licensee one thing, and another investigator will tell the same or another licensee something different. Thus, there is inconsistency in how different licensees are treated.

The DOS should design a training program and/or a procedures manual to ensure that its investigators can perform their duties in a more consistent manner. It should not matter to the outcome of an investigation which investigator was assigned or which licensee was being investigated. Uniformity and consistency are sorely lacking.

RECOMMENDATION 9: The DOS should allow for greater flexibility in the schedules of its investigators.

Currently, DOS investigators are required to submit their schedules to the Secretary one month in advance and they must obtain special permission from the Secretary to deviate from approved schedules. This is a questionable policy for an investigative unit.

Investigations are, by their very nature, evolutionary creatures. During the course of an investigation, new leads and new pieces of information requiring attention will often appear. Rigid scheduling hampers this process by requiring the investigator to limit the number of items that can be pursued.

Furthermore, rigid scheduling prevents immediate action from being taken. It was reported to DORA during the course of this Sunset Review that on more than one occasion, the DOS was notified of violations taking place at the time of the call. The complainants were informed that the investigators' pre-determined schedules did not permit them to look into the matters at that time and that the complaints should be submitted in writing.

An investigative unit requires a certain degree of flexibility to allow for spontaneous transient occurrences and new developments in investigations. This is the core of an investigation, to be able to develop leads and pursue them. As an enforcement authority, the DOS must be able to respond, whenever possible, to violations as they occur, not one or two months later when evidence has disappeared and memories have faded.

The DOS should allow for greater flexibility in its investigators' schedules.

RECOMMENDATION 10: The DOS should promulgate rules pursuant to the proposed language in Statutory Recommendation 16 of this Sunset Report, to allow Landlord Licensees to assist in the conduct or operation of a bingo occasion in emergency situations.

Current law prohibits Landlord Licensees from assisting B/R Licensees in the conduct of their bingo occasion, regardless of the circumstances. Many Landlord Licensees have complained that there are certain emergency situations in which they would like to be able to assist the B/R Licensees. Such emergencies include bingo equipment malfunction or failure. Statutory Recommendation 16 of this Sunset Report proposes language that would allow the Enforcement Authority to devise exceptions to this general prohibition.

It must be remembered that bingo equipment can cost in excess of \$10,000. When it breaks or a malfunction occurs, Landlord Licensees should be able to enter the rental area and effect repairs during the course of a bingo occasion. The fact that the person operating the equipment during a bingo occasion is a volunteer merely strengthens this argument. In most situations, the volunteer knows little or nothing about the equipment he or she is operating. The Landlord Licensee has a vested interest in determining the cause of malfunction or failure and is the best person to get the equipment running again.

Chapter 5 - Administrative Recommendations

There are certain circumstances under which a Landlord Licensee should be allowed to assist in the conduct or operation of a bingo game. Since there is a potential for abuse, these circumstances should be well defined by rule.

APPENDICES

Statute

12-9-101. Short title. This article shall be known and may be cited as the "Bingo and Raffles Law".

12-9-102. Definitions. As used in this article, unless the context otherwise requires:

(1) "Bingo" means a game of chance played for prizes using cards or sheets containing five rows of five squares bearing numbers, except for the center square which is a free space. Traditional bingo also requires that the letters "B I N G O" appear in order over each column. The holder of a card or sheet covers the numbers on such card or sheet when objects similarly numbered are randomly drawn. The game is won when a previously designated arrangement of numbers on such card or sheet is covered.

(1.2) "Bingo-raffle licensee" means any qualified organization to which a bingo-raffle license has been issued by the licensing authority.

(1.3) "Bingo-raffle manufacturer" means a person, other than a bingo-raffle licensee, who makes, assembles, produces, or otherwise prepares pull tabs, bingo cards or sheets, or other equipment or parts thereof for games of chance, as defined in subsection (7) of this section. "Bingo-raffle manufacturer" does not include a person who prints raffle tickets, other than pull tabs, for and at the request of a bingo-raffle licensee.

(1.5) "Bingo-raffle supplier" means a person, other than a bingo-raffle licensee, who sells, distributes, or otherwise furnishes pull tabs, bingo cards or sheets, or other games of chance equipment, as defined in subsection (5) of this section. "Bingo-raffle supplier" does not include a person who prints raffle tickets, other than pull tabs, for and at the request of a bingo-raffle licensee.

(1.7) "Charitable organization" means any organization, not for pecuniary profit, which is operated for the relief of poverty, distress, or other condition of public concern within this state and which has been so engaged for five years prior to making application for a license under this article.

(2) "Chartered branch or lodge or chapter of a national or state organization" means any such branch or lodge or chapter which is a civic or service organization, not for pecuniary profit, and authorized by its written constitution, charter, articles of incorporation, or bylaws to engage in a fraternal, civic, or service purpose within this state and which has been so engaged for five years prior to making application for a license under this article.

(2.3) "Commercial bingo facility" means premises rented by a bingo-raffle licensee for the purpose of conducting games of chance.

(2.5) "Commercial landlord" means any person renting or offering to rent a commercial bingo facility to any bingo-raffle licensee.

(3) "Dues-paying membership" means those members of an organization who pay regular monthly, annual, or other periodic dues or who are excused from paying such dues by the bylaws, articles of incorporation, or charter of the organization and those who contribute voluntarily to the corporation or organization to which they belong for the support of such corporation or organization.

(4) "Educational organization" means any organization within this state, not organized for pecuniary profit, whose primary purpose is educational in nature and designed to develop the capabilities of individuals by instruction and which has been in existence for five years prior to making application for a license under this article.

(5) "Equipment" means: With respect to bingo or lotto, the receptacle and numbered objects drawn from it, the master board upon which such objects are placed as drawn, the cards or sheets bearing numbers or other designations to be covered and the objects used to cover them, the board or signs, however operated, used to announce or display the numbers or designations as they are drawn, public address system, and all other articles essential to the operation, conduct, and playing of bingo or lotto; or, with respect to raffles, implements, devices, and machines designed, intended, or used for the conduct of raffles and the identification of the winning number or unit and the ticket or other evidence or right to participate in raffles.

(5.5) "Exempt organization" means an organization which complies with each of the following criteria:

(a) That is exempt from taxation under section 501 (c) (3) of the federal "Internal Revenue Code of 1954", as amended through December 31, 1984;

(b) Of the type commonly known as a community chest, which organizes and carries out intensive, limited-time, and community-wide fund drive campaigns by volunteer workers soliciting charitable contributions from a broad base of citizens and businesses in the community with the objective of providing financial support to other organizations which are exempt from taxation under section 501 (c) (3) of the federal "Internal Revenue Code of 1954", as amended through December 31, 1984, and which provides charitable, educational, civic, health, or human services within the same community and which has the further objective of minimizing the necessity for multiple, overlapping, and competing fund drives by such recipient organizations to enable them to deliver such services;

(c) That assists in acquiring noncash prizes donated by participating private businesses or government agencies as an ancillary means of creating interest in a charitable fund-raising drive held by such business or agency;

(d) That collects voluntary contributions and distributes more than eighty percent of such contributions to other organizations which are exempt from taxation under section 501 (c) (3) of the federal "Internal Revenue Code of 1954", as amended through December 31, 1984, and which provide charitable, educational, civic, health, or human services;

(e) On behalf of whose fund-raising drives drawings are held by participating private businesses or government agencies, which drawings are open only to the employees of such businesses or agencies and are not open to the general public;

(f) Whose fund-raising drives are jointly planned and managed by the participating private businesses and government agencies; and

(g) Whose fund-raising drives include only the awarding of noncash prizes by the participating private businesses or government agencies.

(6) "Fraternal organization" means any organization within this state, except college and high school fraternities, not for pecuniary profit, which is a branch, lodge, or chapter of a national or state organization and exists for the common business,

brotherhood, or other interests of its members and which has so existed for five years prior to making application for a license under this article. "Fraternal organization" also includes a graduate or alumni division or branch of a college fraternity, which division or branch holds a charter issued by the state of Colorado and which meets all other criteria set forth in this subsection (6). As used in this subsection (6), "fraternity" includes a sorority.

(7) "Game of chance" means that specific kind of game of chance commonly known as bingo or lotto in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and that specific kind of game of chance commonly known as raffles which is conducted by drawing for prizes or the allotment of prizes by chance, by the selling of shares or tickets or rights to participate in such a game.

(8) "Gross receipts" means receipts from the sale of shares, tickets, or rights in any manner connected with participation in a game of chance or the right to participate therein, including any admission fee or charge, the sale of equipment or supplies, and all other miscellaneous receipts.

(9) "Labor organization" means any organization, not for pecuniary profit, within this state which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work and which has existed for such purpose and has been so engaged for five years prior to making application for a license under this article.

(9.5) "Landlord licensee" means the holder of a current, valid commercial landlord license.

(10) "Lawful purposes" means the lawful purposes of organizations permitted to conduct games of chance, as provided in section 2 of article XVIII of the state constitution.

(11) "Lawful use" means the devotion of the entire net proceeds of a game of chance exclusively to lawful purposes.

(12) "Licensed agent" means an individual who holds a current, valid agent's license for a bingo-raffle manufacturer or supplier.

(13) "Licensing authority" means the secretary of state or his duly authorized deputy.

(13.3) "Manufacturer's agent" means an individual who represents a manufacturer in any of its activities in connection with the presales, driver sales, or distribution with excess stock of pull tabs, bingo cards or sheets, or other games of chance equipment, except employees of commercial delivery services.

(13.5) "Manufacturer licensee" means the holder of a current, valid Colorado manufacturer license.

(14) "Member" means an individual who has qualified for membership in a qualified organization pursuant to its bylaws, articles of incorporation, charter, rules, or other written statement.

(15) "Net proceeds" means the receipts less such expenses, charges, fees, and deductions as are specifically authorized under this article.

(16) "Occasion" means a single gathering or session at which a series of successive bingo or lotto games is played, not to exceed thirty-five in number.

(17) "Person" means a natural person, firm, association, corporation, or other legal entity.

(18) "Premises" means any room, hall, enclosure, or outdoor area used for the purpose of playing a game of chance.

(18.1) "Pull tab game" means the specific game of chance commonly known as a pickle, break-open, or jar raffle for which tickets are preprinted with markings distinguishing winners and nonwinners, each ticket so made that its markings and winning or nonwinning status cannot be known or revealed until the ticket is broken or torn apart.

(18.2) Repealed.

(19) "Qualified organization" means any bona fide chartered branch, lodge, or chapter of a national or state organization or any bona fide religious, charitable, labor, fraternal, educational, voluntary firemen's, or veterans' organization operating without profit to its members which has been in existence continuously for a period of five years immediately prior to the making of an application for a license under this article and which has had, during the entire five-year period, a dues-paying membership engaged in carrying out the objects of said corporation or organization, and the Colorado state fair authority.

(19.3) "Raffle" means a game in which a participant buys a ticket for a chance at a prize with the winner determined by a random drawing to take place at a set location and date or a pull tab ticket as defined in subsection (18.1) of this section. The term "raffle" does not mean and shall not be interpreted to include any activity which is authorized or regulated by the state lottery division pursuant to part 2 of article 35 of title 24, C.R.S., or the "Limited Gaming Act of 1991", article 47.1 of this title.

(20) "Religious organization" means any organization, church, body of communicants, or group, not for pecuniary profit, gathered in common membership for mutual support and edification in piety, worship, and religious observances or a society, not for pecuniary profit, of individuals united for religious purposes at a definite place which organization, church, body of communicants, group, or society has been so gathered or united for five years prior to making application for a license under this article.

(20.3) "Supplier's agent" means an individual who represents a bingo-raffle supplier in the course of the bingo-raffle supplier's presales, driver sales, or distribution with excess bingo-supplier stock or chance equipment on hand, except employees of commercial delivery services.

(20.5) "Supplier licensee" means the holder of a current, valid Colorado supplier license.

(21) "Veterans' organization" means any organization within this state or any branch, lodge, or chapter of a national or state organization within this state, not for pecuniary profit, the membership of which consists of individuals who were members of the armed services or forces of the United States, which has been in existence for five years prior to making application for a license under this article.

(22) "Voluntary firemen's organization" means any organization within this state, not for pecuniary profit, established by the state or any of its political subdivisions which has been in existence for five years prior to making application for a license under this article.

12-9-102.5. Legislative declaration - consideration for tickets - "general admission" exception - conditions. (1) The general assembly hereby finds and declares that the conduct of free product giveaways through the use of free chances for purposes of commercial advertisement, the creation of goodwill, the promotion of new products, or the collection of names

should not be subject to regulation under this article if such giveaways are incidental to events which are not conducted primarily or incidentally to raise money for any purpose through lotteries or games of chance. This section is enacted to remove such giveaways from regulation under this article when all of the conditions set forth in subsection (2) of this section are satisfied.

(2) The allotment of prizes by chance shall not be deemed a lottery or game of chance, nor shall any share or ticket or right to participate in such allotment be deemed to have been sold or charged for, notwithstanding that such allotment is restricted to persons who have paid a fee entitling them to general admission to the grounds or premises on which such allotment is made, if:

(a) Each share or ticket by means of which the allotment is made is given away free of charge and without any obligation on the part of the person receiving it; and

(b) General admission to the grounds or premises entails admission to no fewer than ten separate events, displays, or performances which do not involve or incorporate any allotment of prizes by chance for which an additional fee or charge is required; and

(c) The owner of the grounds or premises does not conduct or participate in the allotment of prizes by chance and does not give to or receive from any person allotting prizes by chance any consideration which represents or is based upon any such allotment or the participation of any person therein.

(d) (Deleted by amendment, L. 93, p. 462, 1, effective April 19, 1993.)

(3) For purposes of this section, the fee charged for general admission shall be construed to include a registration fee, conference fee, meeting fee, or any other similar fee or charge, however designated, the payment of which wholly or in part entitles a person to admission to grounds or premises under the conditions set forth in subsection (2) of this section.

12-9-103. Licensing authority - powers - duties - license suspension or revocation proceedings. (1) The secretary of state is hereby designated as the "licensing authority" of this article. As state licensing authority, the secretary of state's powers and duties are as follows:

(a) To grant or refuse licenses under this article. In addition, the licensing authority has the power and the responsibility, after investigation and hearing before an administrative law judge, to suspend or revoke any license issued by the licensing authority, in accordance with any order of such administrative law judge. When a license is ordered suspended or revoked, the licensee shall surrender the license to the licensing authority on or before the effective date of the suspension or revocation. No license is valid beyond the effective date of the suspension or revocation, whether surrendered or not. Any bingo-affle license may be temporarily suspended for a period not to exceed ten days pending any prosecution, investigation, or public hearing.

(b) To supervise the administration of this article and to adopt, amend, and repeal rules and regulations governing the holding, operating, and conducting of games of chance, the rental of premises, and the purchase of equipment to the end that games of chance shall be held, operated, and conducted only by licensees for the purposes and in conformity with the state constitution and the provisions of this article;

(c) (Deleted by amendment, L. 93, p. 1265, 2, effective July 1, 1993.)

(d) To keep records of all actions and transactions of the licensing authority;

(e) To prepare and transmit annually, in the form and manner prescribed by the heads of the principal departments pursuant to the provisions of section 24-1-136, C.R.S., a report accounting to the governor for the efficient discharge of all responsibilities assigned by law or directive to the authority, and to issue publications of the authority intended for circulation in quantity outside the executive branch in accordance with the provisions of section 24-1-136, C.R.S.

(2) The licensing authority may suspend or revoke a license pursuant to the provisions of section 24-4-104, C.R.S. Hearings that are held for the purpose of determining whether a licensee's license should be revoked or suspended shall be conducted by an administrative law judge appointed pursuant to part 10 of article 30 of title 24, C.R.S., and shall be held in the manner and pursuant to the rules and procedures described in sections 24-4-104, 24-4-105, and 24-4-106, C.R.S. Hearings shall be held and concluded, in accordance with such rules, with reasonable dispatch and without unnecessary delay, and a decision shall be issued within ten days of such hearing.

(3) (a) Upon a finding by an administrative law judge of a violation of this article or the rules and regulations, or both, such as would warrant the suspension or revocation of a license, the administrative law judge, in addition to any other penalties which may be imposed by the administrative law judge, may declare the violator ineligible to conduct a game of bingo and to apply for a license under said laws for a period not exceeding twelve months thereafter. Such declaration of ineligibility may be extended to include, in addition to the violator, any of its subsidiary organizations, its parent organization, or otherwise, affiliated with the violator when, in the opinion of the licensing authority, the circumstances of the violation warrant such action.

(b) The decision of the administrative law judge in suspending or revoking any license under this article shall be final and subject to review by the court of appeals, pursuant to the provisions of section 24-4-106 (11), C.R.S.

(4) to (8) (Deleted by amendment, L. 93, p. 1265, 2, effective July 1, 1993.)

12-9-104. Bingo-affle license - fee. (1) Any bona fide chartered branch, lodge, or chapter of a national or state organization or any bona fide religious, charitable, labor, fraternal, educational, voluntary firemen's, or veterans' organization or any association, successor, or combination of association and successor of any of the said organizations which operates without profit to its members and which has been in existence continuously for a period of five years immediately prior to the making of application for a bingo-affle license under this article and has had during the entire five-year period dues-paying members engaged in carrying out the objects of said corporation or organization is eligible for a bingo-affle license to be issued by the licensing authority under this article. In the event any license is revoked, the bingo-affle licensee and holder thereof is not eligible to apply for another license under subsection (2) of this section until after the expiration of the period of one year from the date of such revocation.

(2) The bingo-affle licenses provided by this article shall be issued by the licensing authority to applicants qualified under this article upon payment of a fee of sixty-two dollars and fifty cents. The licenses shall expire at the end of the calendar year in which they were issued by the licensing authority and may be renewed by the licensing authority upon the filing of an application for renewal thereof provided by the licensing authority and the payment of the fee of sixty-two dollars and fifty cents for such renewal. No license granted under this article or any renewal thereof shall be transferable. The fees required to be paid for a new or renewal license shall be deposited in the department of state cash fund.

12-9-104.5. Landlord licensees - stipulations. (1) No person except a landlord licensee shall rent or offer to rent to any bingo-affle licensee any premises to be used to conduct games of chance.

(2) No landlord licensee or any employee of a landlord licensee shall require or induce a bingo-affle licensee to enter into any contract, agreement, or lease contrary to the provisions of this article.

(3) No landlord licensee or any employee of a landlord licensee shall require a bingo-affle licensee to purchase supplies or equipment from a particular supplier, distributor, or manufacturer as a condition of conducting games of chance at a commercial bingo facility.

(4) Rent charged a bingo-affle licensee by a landlord licensee for the use of a commercial bingo facility shall cover all expenses and items reasonably necessary for the use of the commercial bingo facility for a bingo occasion including, but not limited to, insurance and maintenance for such facility, adequate and secure storage space, restrooms, janitorial services, and utilities.

(5) No activity or business other than licensed games of chance may be conducted in a commercial bingo facility during the time allocated to the bingo-affle licensee with the exception of the sale of food and beverages at a concession stand separated from the playing area by walls, partitions, or counters, and such activities as are conducted in rooms other than those included in the licensee's rental and those in which games of chance are held.

(6) No landlord licensee or any employee or agent of a landlord licensee shall be a party responsible for or assisting with the conduct, management, or operation of any game of chance within Colorado; except that a landlord licensee which is also a bingo-affle licensee may conduct such activities as its bingo-affle license allows exclusively on its own behalf.

12-9-105. Application for bingo-affle license. (1) Each applicant for a bingo-affle license to be issued under the provisions of this section shall file with the licensing authority a written application in the form prescribed by the licensing authority, duly executed and verified, and in which shall be stated:

(a) The name and address of the applicant;

(b) Sufficient facts relating to its incorporation and organization to enable the licensing authority to determine whether or not it is a bona fide chartered branch, lodge, or chapter of a national or state organization or a bona fide religious, charitable, labor, fraternal, educational, voluntary firemen's, or veterans' organization which operates without profit to its members, has been in existence continuously for a period of five years immediately prior to the making of said application for such license, and has had during the entire five-year period dues-paying members engaged in carrying out the objectives of said applicant;

(c) The names and addresses of its officers;

(d) The specific kind of games of chance intended to be held, operated, and conducted by the applicant;

(e) (i) The place where such games of chance are intended to be held, operated, and conducted by the applicant under the license applied for; or (ii) In the case of the application of an exempt organization, the place or places where drawings are intended to be held, operated, and conducted by the organization under the license applied for;

(f) Repealed, L. 79, p. 449, 5, effective June 21, 1979.

(g) A statement that no commission, salary, compensation, reward, or recompense will be paid to any person for holding, operating, or conducting such games of chance or for assisting therein except as otherwise provided in this article;

(h) Such other information deemed advisable by the licensing authority to insure that the applicant falls within the restrictions set forth by the state constitution.

(2) In each application there shall be designated active members of the applicant organization under whom the games of chance described in the application are to be held, operated, and conducted, and to the application shall be appended a statement executed by the applicant and by the members so designated that they will be responsible for the holding, operation, and conduct of such games of chance in accordance with the terms of the license and the provisions of this article. Each designated games manager shall have been an active member of the applicant for at least the six months immediately preceding his designation and must be certified by the licensing authority before assuming games management duties.

(3) In the event any premises are to be leased or rented in connection with the holding, operating, or conducting of any game of chance under this article, a written statement shall accompany the application signed and verified by the applicant, which shall state the address of the leased or rented premises and the amount of rent which will be paid for said premises and which shall certify that the premises are to be rented from a landlord licensee.

12-9-105.3. Application for landlord license - fee. (1) Each applicant for a landlord license shall file with the licensing authority a written application, duly executed and verified, in the form presented by the licensing authority, which application shall include, but not be limited to, the following information:

(a) The name and address of the landlord and, if such commercial landlord is a corporation, partnership, association, or other business entity, the names and addresses of all partners, associates, and persons holding an ownership interest of ten percent or more;

(b) The name and address of the landlord's resident agent if the commercial landlord does not reside in Colorado and the location in Colorado where its records will be available to the licensing authority;

(c) The location of the premises for which the applicant is seeking such license;

(d) A statement by the landlord or the chief executive officer of the landlord that the landlord is familiar with the provisions of this article as to commercial bingo facilities and landlords thereof and accepts responsibility for compliance with such provisions; and

(e) A plan or blueprint of the facility to be rented and its dimensions, together with copies of the applicant's lease or deed to the premises and copies of all zoning, building, fire safety, and other clearances and permits for use of the premises as a commercial bingo facility.

(2) Each application shall designate an individual who shall act as agent for the landlord and who shall receive all communications concerning the license.

(3) There shall be attached to each application an affidavit signed by the applicant stating that the landlord has not been convicted of any felony or any gambling-related offense as defined in article 10 of title 18, C.R.S. If the landlord is a corporation or partnership, such affidavit shall make such verification as to each officer and director or each partner and associate, respectively.

12-9-105.5. Application for manufacturer license. (1) Each application for a manufacturer license shall include, but not be limited to, the following information:

- (a) The name and address of the applicant;
- (b) The name and address of the manufacturer and, if the manufacturer is a corporation, the name and address of each officer, director, and shareholder holding an ownership interest of ten percent or more;
- (c) A description of the equipment manufactured in connection with games of chance activities in Colorado;
- (d) The name and address of the resident agent of the manufacturer if the applicant does not reside in Colorado and the location in Colorado where the records of the manufacturer will be available to the licensing authority;
- (e) The names and addresses of the Colorado suppliers and agents of the manufacturer; and
- (f) A statement by the manufacturer or the chief executive officer of the manufacturer that such manufacturer is familiar with the provisions of this article as to bingo-raffle manufacturers and accepts responsibility for compliance with such provisions.

(2) To each application for a manufacturer license shall be attached a statement that the applicant or its owners or its officers or directors if a corporation, or its partners or associates if another business entity, has not been convicted of any felony or any offense involving gambling as defined in article 10 of title 18, C.R.S.

(3) Any bingo-raffle manufacturer, as defined in section 12-9-102, upon filing a true, complete, written, verified application in the form presented by the licensing authority, together with the fee for the license, is eligible for a manufacturer license. A manufacturer license shall be renewed annually, on or before March 31 of each year in which such licensee engages in or anticipates engaging in a licensed activity. A manufacturer license is nontransferable. The annual fee for each license shall be determined and collected pursuant to section 24-21-104 (3), C.R.S. The fee required to be paid for new and renewal licenses shall be deposited in the department of state cash fund created in said section.

12-9-105.7. Application for supplier license. (1) Each application for a supplier license shall include, but not be limited to, the following information:

- a) The name and address of the applicant;
- (b) The name and address of the supplier and, if the supplier is a corporation, the name and address of each officer, director, and shareholder holding an ownership interest of ten percent or more;
- (c) A description of the equipment and supplies sold or distributed in connection with games of chance activities in Colorado;
- (d) The name and address of the resident agent of the supplier if the applicant does not reside in Colorado and the location in Colorado where the records of the supplier will be available to the licensing authority;
- (e) The names and addresses of the Colorado agents of the supplier; and
- (f) A statement by the supplier or the chief executive officer of the supplier that such supplier is familiar with the provisions of this article as to bingo-raffle suppliers and accepts responsibility for compliance with such provisions.

(2) To each application for a supplier license shall be attached a statement that the applicant or its owners or its officers or directors if a corporation, or its partners or associates if another business entity, has not been convicted of any felony or any offense involving gambling as defined in article 10 of title 18, C.R.S.

(3) Any bingo-raffle supplier, as defined in section 12-9-102, upon filing a true, complete, written, verified application in the form presented by the licensing authority, together with the fee for the license, is eligible for a supplier license. A supplier license shall be renewed annually, on or before March 31 of each year in which such licensee engages in or anticipates engaging in a licensed activity. A supplier license is nontransferable. The annual fee for each license shall be determined and collected pursuant to section 24-21-104 (3), C.R.S. The fee required to be paid for new and renewal licenses shall be deposited in the department of state cash fund created in said section.

12-9-105.9. Application for manufacturer's agent license or supplier's agent license. (1) Each application for a manufacturer's agent license or supplier's agent license shall include, but not be limited to, the following information:

- (a) The name and address of the applicant;
- (b) The name and address of the supplier or manufacturer represented by the applicant;
- (c) A statement by the applicant that he has read, understands, and will comply with the provisions of this article as to manufacturer's and supplier's agents and the conditions of the agent's license;
- (d) A statement by the chief executive officer of the manufacturer or supplier represented by the agent, which statement acknowledges consent to representation by the applicant; and
- (e) The location in Colorado where the agent's records of sales and distributions of bingo and raffle equipment and supplies will be available to the licensing authority.

(2) To each agent's application shall be attached a statement that the applicant has not been convicted of any felony or any offense involving gambling as defined in article 10 of title 18, C.R.S.

(3) Any supplier's agent or manufacturer's agent as defined in section 12-9-102, upon filing a complete, written, verified application in the form presented by the licensing authority, together with the fee for the license, is eligible for a manufacturer's or supplier's agent license. A manufacturer's or supplier's agent license shall be renewed annually, on or before

March 31 of each year in which such licensee engages in or anticipates engaging in a licensed activity. Neither a manufacturer's agent license nor a supplier's agent license is transferable. The annual fee for each license shall be determined and collected pursuant to section 24-21-104 (3), C.R.S. The fee required to be paid for new and renewal licenses shall be deposited in the department of state cash fund created in said section.

12-9-106. Form of bingo-raffle licenses - display. Each bingo-raffle license shall contain a statement of the name and address of the licensee and the place where such bingo or lotto games or the drawing of the raffles is to be held. Any such license issued for an exempt organization shall provide for the inclusion of the place or places where drawings are to be held. Each bingo-raffle license issued for the conduct of any such games of chance shall be conspicuously displayed at the place where the same is to be conducted or the drawings held at all times during the conduct thereof. An exempt organization may comply with the requirements of this section by providing written notice of such a license to all employees of a participating private business or government agency holding a fund-raising drive which includes a drawing on behalf of such organization. Such notice shall state that the exempt organization shall make such license available for public inspection during reasonable business hours and shall specify where such license shall be maintained for inspection.

12-9-106.5. Form of landlord license - display - fee. (1) Each landlord license shall contain a statement of the name and address of the licensee and the location of the premises. Each license issued shall be conspicuously displayed at the premises for which the license has been issued.

(2) A landlord license shall be issued to qualified applicants by the licensing authority upon payment of a fee and completion and approval of the landlord license application pursuant to section 12-9-105.3. Such license shall expire at the end of the calendar year in which it was issued by the licensing authority and may be renewed upon the filing and approval of an application for renewal provided by the licensing authority and the payment of a fee. No landlord license is transferable. The fees required to be paid for new and renewed licenses shall be established by the secretary of state and shall be deposited in the department of state cash fund created in section 24-21-104 (3), C.R.S.

12-9-107. Persons permitted to conduct games of chance - premises - equipment - expenses. (1) No games of chance shall be conducted by any person, firm, or organization within this state, unless a bingo-raffle license as provided in this article has been issued by the licensing authority. No person shall hold, operate, or conduct any games of chance under any license issued under this article except an active member of the organization to which the bingo-raffle license is issued, and no person shall assist in the holding, operating, or conducting of any games of chance under such license, except such an active member or a member of an organization or association which is an auxiliary to the licensee, a member of an organization or association of which such licensee is an auxiliary, or a member of an organization or association which is affiliated with the licensee by being, with it, auxiliary to another organization or association and except bookkeepers or accountants as provided in this section. No item of expense shall be incurred or paid in connection with the holding, operating, or conducting of any game of chance held, operated, or conducted pursuant to any license issued under this article, except bona fide expenses in reasonable amount for goods, wares, and merchandise furnished or services rendered, reasonably necessary for the holding, operating, or conducting thereof. No such games of chance shall be conducted with any equipment unless it is owned by a bingo-raffle licensee or any landlord licensee.

(2) (a) The officers of a bingo-raffle licensee shall designate a bona fide, active member of the licensee to be in charge and primarily responsible for the conduct of the games of bingo or lotto on each occasion. The member in charge shall supervise all activities on the occasion for which he is in charge and is responsible for the making of the required report thereof. The member in charge shall be familiar with the provisions of the state laws, the rules and regulations of the licensing authority, and the provisions of the license. He shall be present on the premises continuously during the games and for a period of at least thirty minutes after the last game.

(b) An exempt organization may designate more than one of its bona fide, active members in order to comply with the requirements of this subsection (2).

(3) The officers of a bingo-raffle licensee shall designate an officer to be in full charge and primarily responsible for the proper utilization of the entire net proceeds of any game in accordance with the state law.

(4) The entire net proceeds of any game shall be devoted to a lawful use or uses.

(5) (a) Each license issued for the conduct of games of chance shall be conspicuously displayed at the place where any game is being conducted at all times during the conduct of the game and for at least thirty minutes after the last game has been concluded.

(b) An exempt organization may comply with the requirements of this subsection (5) by providing written notice of such a license to all employees of a participating private business or government agency holding a fund-raising drive which includes a drawing on behalf of such organization. Such notice shall state that the exempt organization shall make such license available for public inspection during reasonable business hours and shall specify where such license shall be maintained.

(6) The premises where any game of chance is being held, operated, or conducted, where it is intended that any game of chance be held, operated, or conducted, or where it is intended that any equipment be used, at all times, shall be open to inspection by the licensing authority, its agents and employees, and by peace officers of any political subdivision of the state.

(7) No licensee may hold, operate, or conduct a game of bingo or lotto more often than on one hundred five occasions in any calendar year.

(8) When any merchandise prize is awarded in a game of bingo, its value shall be its current retail price. No merchandise prize shall be redeemable or convertible into cash directly or indirectly.

(9) Equipment, prizes, and supplies for games of bingo shall not be purchased or sold at prices in excess of the usual price thereof.

(10) No alcoholic beverage shall be offered or given as a prize in any such game.

(11) The net proceeds derived from the holding of games of chance must be devoted, within one year, to the lawful purposes of the organization permitted to conduct the same. Any organization desiring to hold the net proceeds of games of

chance for a period longer than one year must apply to the licensing authority for special permission and, upon good cause shown, the authority may grant the request.

(12) Any licensee which does not report, during any one-year period, net proceeds will be required to show cause before the licensing authority why its right to conduct games of chance should not be revoked.

(13) (Deleted by amendment, L. 93, p. 1269, 4, effective July 1, 1993.)

(14) No prize greater, in amount or value, than two hundred fifty dollars shall be offered or given in any single game of bingo or lotto conducted under any such license, and the aggregate amount of all prizes offered or given in all games played on a single occasion shall not exceed fifteen hundred dollars.

(15) The equipment used in the playing of bingo and the method of play shall be such that each card has an equal opportunity to be a winner. The objects or balls to be drawn shall be essentially the same as to size, shape, weight, balance, and all other characteristics that may influence their selection. All objects or balls shall be present in the receptacle before each game is begun. All numbers announced shall be plainly and clearly audible to all the players present. Where more than one room is used for any one game, the receptacle and the caller must be present in the room where the greatest number of players are present, and all numbers announced shall be plainly audible to the players in the aforesaid room and also audible to the players in the other rooms.

(16) Repealed, L. 79, p. 449, 5, effective June 21, 1979.

(17) The receptacle and the caller must be visible to all the players at all times except where more than one room is used for any one game, in which case the provisions of subsection (15) of this section shall prevail.

(18) The particular arrangement of numbers required to be covered in order to win the game and the amount of the prize shall be clearly and audibly described and announced to the players immediately before each game is begun.

(19) Any player is entitled to call for a verification of all numbers drawn at the time a winner is determined and for a verification of the objects or balls remaining in the receptacle and not yet drawn. The verification shall be made in the immediate presence of the member designated to be in charge of the occasion, but if such member is also the caller, then in the immediate presence of any officer of the licensee.

(20) In the playing of bingo, no person who is not physically present on the premises where the game is actually conducted shall be allowed to participate as a player in the game.

(21) (a) No person shall act as a caller or assistant to the caller in the conduct of any game of bingo unless such person has been a member in good standing of the bingo-raffle licensee conducting such game or one of its licensed auxiliaries for at least three months immediately prior to the date of such game, is of good moral character, and never has been convicted of a felony.

(b) No person shall act as games manager in the conduct of any game of chance if such person has been convicted of a felony or a crime involving gambling.

(22) No owner, coowner, or lessee of premises or, if a corporation is the owner of the premises, any officer, director, or stockholder owning more than ten percent of the outstanding stock shall be a person responsible for or assisting in the holding, operating, or conducting of any game of bingo.

(23) The secretary of state shall not require an exempt organization to use raffles tickets in any particular form or displaying any particular information that would cause undue expense to the exempt organization and therefore interfere with the charitable fund-raising drive of such organization.

(24) No licensee shall possess, use, sell, offer for sale, or put into play any bingo or pull tab game, ticket, card, or sheet unless it conforms to the definitions and requirements of this article, and was purchased by the licensee from a licensed bingo-raffle manufacturer or supplier or licensed agent thereof.

(25) No licensee shall possess, use, sell, offer for sale, or put into play any bingo or pull tab game, ticket, card, or sheet for which it does not have, at the location of the game, an invoice from its licensed supplier showing at least the name, description, color code (if any), and serial number of the pull tab, card, or sheet.

(26) No licensee shall sell, offer for sale, or put into play any pull tab ticket except at the location of and during its licensed bingo occasions or upon premises owned by or in the sole control of the licensee.

(27) No person or licensee shall permit any person who has not attained the age of eighteen years to purchase the opportunity to participate in any game of chance or purchase pull tab games.

(28) No person or licensee shall permit any person who has not attained the age of fourteen years to assist in the conduct of bingo or pull tabs.

(29) No operator shall reserve or allow to be reserved any bingo cards for use by players except braille cards or other cards for use by legally blind players. Legally blind players may use their personal braille cards when a licensed organization does not provide such cards. A licensed organization has the right to inspect and to reject any personal braille card. A legally blind or disabled person may use a braille card or hard card in place of a purchased disposable paper bingo card.

12-9-107.5. Persons permitted to manufacture and distribute games of chance equipment - reporting requirements. (1) No person other than a manufacturer licensee or licensed agent shall act as a bingo-raffle manufacturer within Colorado. Printing of raffle tickets other than pull tabs, as designed and requested by a licensee, does not constitute the manufacture of games of chance equipment.

(2) No person, other than a supplier or manufacturer licensee or licensed agent or a bingo-raffle licensee in the course of conducting licensed activities shall sell, furnish, or distribute any pull tab, bingo card or sheet, or other games of chance equipment to any person within Colorado.

(3) No individual shall act for or represent a manufacturer or supplier licensee with respect to an activity covered by such license unless such individual is the licensee's owner, officer, director, or ten percent or more shareholder of record with the secretary of state, or is the manufacturer's or supplier's licensed agent. No manufacturer or supplier licensee shall allow any person not authorized by this subsection (3) to represent it or serve as its agent with regard to any Colorado transaction.

(4) No manufacturer or supplier licensee or licensed agent shall buy, receive, sell, furnish, or distribute any pull tabs, bingo cards or sheets, or other games of chance equipment from or to any person within Colorado other than manufacturer or supplier licensees or agents and bingo-raffle licensees; except that a supplier or manufacturer or its agent may sell or distribute

cards, sheets, and equipment for the playing of bingo not for resale to such nursing homes and other entities as distribute the cards or sheets and allow playing of the game free of charge, without consideration given or received by any person for the privilege of playing.

(5) Every manufacturer and supplier licensee shall file, upon forms prescribed by the licensing authority, quarterly reports on its licensed activities within Colorado. Such reports shall be accompanied by quarterly fees established by the secretary of state and deposited in the department of state cash fund and shall be filed in the office of the secretary of state no later than April 15, July 15, October 15, and January 15 of each year licensed, and each report shall cover the preceding calendar quarter. Reports shall enumerate by quantity, purchaser, and price the pull tabs, bingo cards or sheets, and other games of chance equipment manufactured, conveyed, or distributed within Colorado or for use or distribution in Colorado and shall include the licensee's total sales of equipment as defined in section 12-9-102 (5) and the names and addresses of all Colorado suppliers or agents of the licensee and shall be signed and verified by the owner or the chief executive officer of the licensee. These quarterly reports shall not be public records as defined in section 24-72-202, C.R.S.

(6) Every manufacturer or supplier licensee, and every licensed agent for such licensee, shall keep and maintain complete and accurate records, in accord with generally accepted accounting principles, of all licensed activities. The records shall include invoices for all games of chance equipment conveyed or distributed within Colorado, or for use or distribution in Colorado, which invoices are specific as to the nature, description, quantity, and serial numbers of the pull tabs, bingo cards or sheets, and other equipment so conveyed or distributed. The records shall also show all receipts and expenditures made in connection with licensed activities, including, but not limited to, records of sales by dates, purchasers, and items sold, monthly bank account reconciliations, disbursement records, and credit memos for any returned items. These records shall be maintained for a period of at least three years.

(7) No manufacturer or supplier licensee or licensed agent shall be a person responsible for or assisting in the conduct, management, or operation of any game of chance within Colorado.

12-9-108. Bingo-affle licensee's statement of receipts - expenses - fee. (1) (a) On or before April 15, July 15, October 15, and January 15 of each year, every bingo-affle licensee shall file with the licensing authority upon forms prescribed by the licensing authority a duly verified statement covering the preceding calendar quarter showing the amount of the gross receipts derived during said periods from games of chance, the expenses incurred or paid, and a brief description of the classification of such expenses, the name and address of each person to whom has been paid three hundred dollars or more and the purpose of such expenditure, the net proceeds derived from each such game of chance, and the uses to which such net proceeds have been or are to be applied, and it is the duty of each licensee to maintain and keep such books and records as may be necessary to substantiate the particulars of each such report.

(b) Exempt organizations shall not be subject to the requirements of this subsection (1), except to the extent that they shall file with the state licensing authority statements showing the amount of the gross proceeds from their fund-raising drives and identifying all organizations receiving portions of such proceeds and the amounts received by each such organization.

(2) (a) If a bingo-affle licensee fails to file reports within the time required or if reports are not properly verified or not fully, accurately, and truthfully completed, any existing license may be suspended until such time as the default has been corrected.

(b) Exempt organizations shall be subject to the requirements of this subsection (2) only to the extent that such requirements apply to paragraph (b) of subsection (1) of this section.

(3) (a) All moneys collected or received from the sale of admission, extra regular cards, special game cards, sale of supplies, and all other receipts from the games of bingo, raffles, and pull tab games shall be deposited in a special checking or savings account, or both, of the licensee, which shall contain only such money. All funds shall be withdrawn from said account by consecutively numbered checks or withdrawal slips, duly signed by specified officers of the licensee and payable to a specific person or organization. There shall also be written on the check or withdrawal slip the nature of the item for which the check is drawn or withdrawal slip made. No check or withdrawal slip shall be drawn to "cash" or a fictitious payee.

(b) Exempt organizations shall not be subject to the requirements of this subsection (3).

(4) No part of the net proceeds, after they have been given over to another organization, shall be used by the donee organization to pay any person for services rendered or materials purchased in connection with the conducting of bingo by the donor organization.

(5) No item of expense shall be incurred or paid in connection with holding, operating, or conducting any game of chance pursuant to any bingo-affle license except bona fide expenses of a reasonable amount. Such expenses include those incurred in connection with all games of chance, for the following purposes: The purchase of goods, wares, and merchandise furnished; payment for services rendered which are reasonably necessary for repairs of equipment and operating or conducting games of chance; for rent if the premises are rented or for janitorial services if not rented; for accountant's fees; and license fees.

(6) For the purposes enumerated in subsection (5) of this section, the following terms shall have the following meanings: "Goods, wares, and merchandise" means prizes, equipment as defined in section 12-9-102, and articles of a minor nature such as pencils, crayons, tickets, envelopes, paper clips, and coupons necessary to the conduct of games of chance; "services rendered" means repair to equipment, compensation to bookkeepers or accountants, not more than two in the aggregate, for services in preparing financial reports for a reasonable amount as determined by the secretary of state in rules and regulations for each occasion, rental of premises in a reasonable amount as determined by the secretary of state in rules and regulations for each occasion, except upon prior approval of a greater amount by the licensing authority, a reasonable amount for janitorial service for each occasion as determined by the secretary of state in rules and regulations, and a reasonable amount for security expense based on established need as determined by the licensing authority. There shall be paid to the state licensing authority an administrative fee upon the gross receipts of any game of chance held, operated, or conducted under the provisions of this article; except that, the state licensing authority shall not charge an exempt organization more than twenty dollars per year. All administrative receipts and fees, including license fees, collected by the state under this article shall be deposited in the department of state cash fund created in section 24-21-104 (3), C.R.S.

(7) Each licensee, at the time each financial report is submitted to the licensing authority, shall pay to the order of the licensing authority the amount of administration expense provided in subsection (6) of this section.

12-9-109. Examination of books and records. The licensing authority and its agents have power to examine or cause to be examined the books and records of any licensee to which any license is issued pursuant to this article insofar as they may relate to any transactions connected with activities under the license.

12-9-110. Forfeiture of license - ineligibility to apply for license. Any person who makes any false statement in any application for any such license or in any statement annexed thereto, fails to keep sufficient books and records to substantiate the quarterly reports required under section 12-9-108, falsifies any books or records insofar as they relate to any transaction connected with the holding, operating, and conducting of any game of chance under any such license, or violates any of the provisions of this article or of any term of such license, if convicted, in addition to suffering any other penalties which may be imposed, shall forfeit any license issued to it under this article and shall be ineligible to apply for a license under this article for at least one year thereafter.

12-9-111. Enforcement. It is the duty of all sheriffs and police officers to enforce the provisions of this article and to arrest and complain against any person violating any provisions of this article. It is the duty of the district attorney of the respective districts of this state to prosecute all violations of this article in the manner and form as is now provided by law for the prosecutions of crimes and misdemeanors, and it is a violation of this article for any such person knowingly to fail to perform his duty under this section.

12-9-112. Penalties for violation. Every licensee and every officer, agent, or employee of the licensee and every other person or corporation who willfully violates or who procures, aids, or abets in the willful violation of this article commits a class 2 misdemeanor and shall be punished as provided in section 18-1-106, C.R.S.

12-9-113. Repeal - review of functions. This article is repealed, effective July 1, 1998. Prior to such repeal, the licensing functions of the secretary of state shall be reviewed as provided for in section 24-34-104, C.R.S.

Appendix A1: Player Survey Results

Note: Responses appear in *bold/italics*.

1. How often do you play Bingo?
 - a. More than once a week - **23**
 - b. Once a week - **6**
 - c. Once a month - **1**
 - d. Only occasionally - **4**

 2. How often do you play a Raffle?
 - a. More than once a week - **13**
 - b. Once a week - **7**
 - c. Once a month - **2**
 - d. Only occasionally - **11**

 3. How often do you play Pull-Tabs/Pickles?
 - a. More than once a week - **11**
 - b. Once a week - **6**
 - c. Once a month - **3**
 - d. Only occasionally - **12**

 4. Why do you choose to play where you do?
 - a. Time and place are convenient - **25**
 - b. My friends play at a certain location - **7**
 - c. I like the way the Bingos, Raffles and Pull-Tab/Pickle games are run. - **11**
 - d. I want my money to support certain non-profit organization(s). - **9**
 - e. Other: _____.

 5. How important is the quality of the Bingo caller to your decision regarding where you play Bingo?
 - a. Very important - **19**
 - b. Somewhat important - **8**
 - c. Not very important - **1**
 - d. Not important at all, the caller does not affect my decision. - **6**
-

6. Have you ever had any reason to file a complaint in connection with a Bingo, Raffle or Pull-Tab/Pickle game?
 - a. Yes - **30**
 - b. No - **5**

7. If so, did you file a complaint?
 - a. Yes - **28**
 - b. No - **7**

8. How did you know where to file your complaint?
 - a. I was referred to the Secretary of State's Office by another government agency. - **4**
 - b. A friend told me. - **4**
 - c. Someone at the Bingo hall told me. - **15**
 - d. Other: - **6**

9. Do you think that the Secretary of State's Office investigated your complaint in a **timely manner**?
 - a. Yes - **14**
 - b. No - **12**
 - c. I never heard from the Secretary of State's Office. - **3**
 - d. Other: - **3**

10. Do you think that your complaint was investigated **fairly** by the Secretary of State's Office?
 - a. Yes - **11**
 - b. No - **14**
 - c. I don't know what the Secretary of State's Office did with complaint. - **4**
 - d. Other: - **1**

11. Did the Secretary of State's Office treat you **courteously** during the complaint review process?

- a. Yes - **17**
- b. No - **4**
- c. I never heard from the Secretary of State's Office. - **6**
- d. Other: - **2**

12. Were you satisfied with the **resolution** of your complaint by the Secretary of State's Office?

- a. Very Satisfied - **8**
- b. Somewhat satisfied - **2**
- c. Somewhat dissatisfied - **3**
- d. Very dissatisfied - **14**

13. What impact did your complaint experience have on your plans to play future Bingos, Raffles or Pull-Tabs/Pickles?

- a. No impact. - **7**
- b. I have switched Bingo halls. - **11**
- c. I no longer support that particular non-profit organization. - **16**
- d. I no longer play Bingo, Raffles or Pull-Tabs/Pickles. - **2**

14. In dealing with your complaint experience and the Secretary of State's Office, how responsive do you think the government of the State of Colorado is to its citizens?

- a. Very responsive - **8**
- b. Somewhat responsive - **5**
- c. Somewhat unresponsive - **7**
- d. Very unresponsive - **7**

Thank you for taking the time to complete this survey. Please feel free to make any other comments you may have in the space below. You may attach additional pages if necessary.

Appendix A2: Licensee Survey Results

Note: Responses appear in ***bold/italics***.

1. Does your organization currently hold a license under the Bingo and Raffles laws?
 - a. Yes - ***557***
 - b. No - ***11***

If "no", please explain.

If you answered "no," please complete this survey for the period in which your organization held a license.

2. What type of license does your organization hold?
 - a. Bingo/Raffle License - ***543***
 - b. Landlord License - ***15***
 - c. Manufacturer License - ***4***
 - d. Supplier License - ***7***
3. If your organization holds a Bingo/Raffle license, what type of events do you hold? (circle all that apply)
 - a. Bingo - ***246***
 - b. Pull-Tabs/Pickles - ***245***
 - c. Raffles - ***457***
4. If your organization holds a manufacturer/supplier license, what types of supplies or equipment do you sell? (circle all that apply)
 - a. Bingo - ***10***
 - b. Pull-Tabs/Pickles - ***13***
 - c. Raffles - ***20***

5. How often does your organization hold the following events/games? (daily, weekly, monthly, etc.)

Bingo - ***average of 59 times per year***

Pull-Tabs/Pickles - ***average of 133 times per year***

Raffles - ***average of 10 times per year***

6. What are the approximate percentages of your fundraising/income from the following events/games?

Bingo - **average of 31.6%**

Pull-Tabs/Pickles - **average of 49.9%**

Raffles - **average of 26.0%**

7. How long has your organization been operating its Bingo sessions at its current location? **Average of 8 years.**

8. Does your organization hold more than one license?

a. Yes - **11**

b. No - **537**

If yes, why?

9. How many of the following does your organization/business have?

Employees - **average of 11.2**

Volunteers - **average of 82.1**

Members - **average of 1,516.1**

10. Have you ever filed a complaint with the Secretary of State's Office?

a. Yes - **15**

b. No - **549**

11. Have you ever been questioned or investigated by the Secretary of State's Office?

a. Yes - **133**

b. No - **425**

12. If you answered "yes" to either question number 10 or 11, how was the situation handled?

13. Other than the issues discussed in number 10, 11 and 12, have you had other Bingo/Raffle dealings with the Secretary of State's Office? What were they? How were you treated? Were your questions handled adequately and courteously?

14. How does your organization/business handle the quarterly reporting requirements of the Secretary of State's Office? Do you have to hire an outside accountant?
- In-house - 495***
Outside - 58
15. How much time does it usually take to complete the reports?
- Average of 105.9 minutes.***
16. What are your thoughts regarding a new type of license for raffles only?
- In favor - 207***
Opposed - 123
No opinion - 172
17. What are your thoughts regarding changing the Bingo/Raffles laws to allow professional Bingo callers?
- In favor - 102***
Opposed - 182
No opinion - 279
18. How would you characterize the overall relationship between the non-profit Bingo industry (including Bingo/Raffle licensees, landlord licensees and manufacturer/supplier licensees) and the Secretary of State's Office?
- a. Very cooperative - ***294***
- b. Somewhat cooperative - ***137***
- c. Somewhat uncooperative - ***27***
- d. Very uncooperative - ***8***
19. Does your organization have regular access to the Internet?
- a. Yes - ***198***
- b. No - ***357***
20. If it were available, would your organization take advantage of the Internet to communicate with the Secretary of State's Office?
- a. Yes - ***267***
- b. No - ***221***

Thank you for taking the time to complete this survey. Please feel free to make any other comments you may have. You may attach additional pages if necessary.

Appendix B: B/R License Application

License Fee:
 \$62.50 per Calendar Year
 or portion thereof
 Make check payable to
 "Secretary of State"

STATE OF COLORADO
 Department of State
 Licensing and Elections Division
 1560 Broadway, Suite 200
 Denver, Colorado 80202

License Number to be issued
 by Department of State: _____
 Date issued: _____

APPLICATION FOR A BINGO-RAFFLES LICENSE

This application must be filed with the Secretary of State

1. Check one: Application is for a new license _____ or a renewal from last year _____
2. Name of organization _____
3. Address _____

Street and/or P.O. Box
City
County
Zip Code
4. Check type of organization (See definitions in 12-9-102- C.R.S., pages 1-3 of bingo-raffles law pamphlet):
 Religious _____ Charitable _____ Labor _____ Fraternal _____ Educational _____ Vol. Firemen's _____
 Veterans _____ **NOTE: Do not add categories.**
5. Names and addresses of officers of organization:

Name	Title	Address	City	Zip Code	Phone
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
6. Number of active members in good standing _____
7. (a) If a corporation for five years or more, give date of incorporation: _____
 New applicants should attach copies of corporate articles and bylaws, showing membership qualifications and purposes, plus proof of 5 years continuous corporate existence.
 (b) If not incorporated, or a recent incorporation of a prior organization, give date organization was formed: _____

New applicants should attach copies of charter, constitution, rules, bylaws, or the like, covering the last 5 years and showing membership qualifications and purposes; plus proof of 5 years continuity, such as a dated item from each year (minutes, checks, etc.) showing organization's name.

NOTE: NO NEW LICENSE WILL BE ISSUED WITHOUT PROOF OF BOTH FIVE YEARS CONTINUOUS EXISTENCE AND OF A QUALIFIED MEMBERSHIP ENGAGED IN CARRYING OUT THE OBJECTS OF YOUR ORGANIZATION DURING THE ENTIRE FIVE YEAR PERIOD. RENEWAL APPLICANTS NEED NOT RESUBMIT PROOFS.

8. Designate member who will have overall supervision and management of such games, and will be responsible for the holding, operating, and conduct of such games of chance in accordance with the terms of the license and the provisions of the law.
NOTE: Games manager is responsible for notifying this office of any changes. Games manager must be an active bona fide member of organization applying, and may not be a salaried employee of applicant.

Name: _____ Phone: Home _____ Business _____

Address: _____

Street
City
Zip Code

9. State the specific purpose(s) to which the entire net proceeds from games of chance are to be devoted:

NOTE: Bona-fide purposes should be contained in corporation papers, by-laws, or in the minutes of meetings at which such purposes were voted upon and approved.

10. Check one: Applicant intends to hold bingo _____ raffles _____ or both _____

11. Address of place where BINGO is to be conducted: _____ Address of place where RAFFLES are to be conducted: _____

Street _____ City _____ Street _____ City _____
Day(s) bingo is held: _____ Time(s) _____ Date(s) of drawing(s): _____ Time(s) _____
Check: Weekly _____ Monthly _____ If day and time are not known at time of application,
Are premises to be rented to applicant? _____ this office must be notified of day/time at least 2 weeks
If yes, terms of rental _____ prior to games and before any chances are sold.

NOTE: Rental expenses in excess of \$150.00 must be approved separately in writing on forms from this office. Issuance of a bingo-raffle license does not constitute such approval. Submit rental agreement with application.

ALL LICENSES EXPIRE DECEMBER 31 OF YEAR OF ISSUANCE
(No games activities may be set after that date pursuant to this application.)

Section 2 of Article XVIII of the Constitution of the State of Colorado provides:

- (2) No game of chance . . . shall be conducted by any person, firm, or organization, unless a license . . . has been issued to the firm or organization conducting such games of chance. The secretary of state shall, upon application therefor on such forms as shall be prescribed by the secretary of state, and upon the payment of an annual fee as determined by the general assembly, issue a license for the conducting of such games of chance to any bona-fide chartered branch or lodge or chapter of a national or state organization, or to any bona-fide religious, charitable, labor, fraternal, educational, voluntary firemen's or veterans' organization which operates without profit to its members and which has been in existence continuously for a period of 5 year immediately prior to the making of said application for such license and has had during the entire 5 year period a dues-paying membership engaged in carrying out the objects of said corporation or organization, such license to expire at the end of each calendar year in which it was issued.
- (3) The license issued by the secretary of state shall authorize and permit the licensee to conduct games of chance, restricted to the selling of rights to participate and the awarding of prizes in the specific kind of game of chance commonly known as bingo or lotto, in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in the specific game of chance commonly known as raffles, conducted by the drawing of prizes or by the allotment of prizes by chance.
- (4) Such games of chance shall be subject to the following restrictions:
 - (a) The entire net proceeds of any game shall be exclusively devoted to the lawful purposes of organizations permitted to conduct such games.
 - (b) No person except a bona-fide member of any organization may participate in the management or operation of any such game.
 - (c) No person may receive any remuneration or profit for participating in the management or operation of any such game.

I, _____, am authorized to make this application on behalf of the above named organization, and the organization is eligible for licensing pursuant to the provisions of Article XVIII shown above. I have read the referenced constitutional provisions and the laws and rules governing bingo and raffles and will be responsible for the applicant's compliance with them. No commission, salary, compensation, reward or recompense will be paid to any person for holding, operating, or conducting games of chance or for assisting therein except as provided in Article 9 of Title 12, Colorado Revised Statutes. I solemnly swear, under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law, that I have read and know the contents of this application, and all the matters set forth are true and complete of my knowledge.

Signature _____ Date: _____

GAMES MANAGER'S OATH

I, _____, games manager for _____ take oath under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law, that I have read and am familiar with the provisions of the Colorado constitution, statutes, and rules governing bingo and raffles and will be responsible for the conduct of all games of chance activities in accord with those provisions and the terms of the bingo-raffle license and that EITHER I have been certified as a games manager by the Sec. of State in accord with C.R.S. 12-9-105(2) OR the above named organization is a new applicant, and I will be so certified before assuming games management duties.

Signature _____ Date _____

APPENDIX C: Landlord License Application

 * License Fee: \$525.00 *
 * Make check payable *
 * to "Colorado Secretary *
 * of State" *

STATE OF COLORADO
 SECRETARY OF STATE'S OFFICE
 Licensing Section
 1560 Broadway, Suite 200
 Denver, CO 80202

 * Office use only *
 * *
 * License #L- _____ *
 * Issued _____ *

APPLICATION FOR A COMMERCIAL LANDLORD LICENSE

*File with the Colorado Secretary of State's Office * Renew annually
 * Landlord license expires at the end of the calendar year in which it is issued

1. NAME OF LANDLORD _____

2. STREET ADDRESS _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____

3. TELEPHONE (INCLUDE AREA CODE): () _____

4. IF LANDLORD IS NOT A COLORADO RESIDENT, GIVE COLORADO RESIDENT AGENT'S NAME

5. STREET ADDRESS _____
 CITY _____ ZIP _____

6. TELEPHONE (INCLUDE AREA CODE): () _____

7. LOCATION OF LANDLORD'S RECORDS WITHIN COLORADO
 STREET ADDRESS _____
 CITY _____ ZIP _____

8. LOCATION OF PREMISES FOR WHICH LICENSE IS SOUGHT
 STREET ADDRESS _____
 CITY _____ COUNTY _____ ZIP _____ TELEPHONE () _____

9. NAME OF INDIVIDUAL DESIGNATED AS LANDLORD'S AGENT, WHO WILL RECEIVE COMMUNICATIONS CONCERNING THE LICENSE (Landlord or resident agent shown above, if appropriate, may be designated)

10. STREET ADDRESS _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____ TELEPHONE () _____

APPENDIX D: Supplier License Application

 * License Fee: \$525.00 *
 * Make check payable *
 * to "Colorado Secretary *
 * of State" *

STATE OF COLORADO
 SECRETARY OF STATE'S OFFICE
 Licensing Section
 1560 Broadway, Suite 200
 Denver, CO 80202

 * Office use only *
 * *
 * License #S- _____ *
 * Issued _____ *

APPLICATION FOR A BINGO-RAFFLE SUPPLIER LICENSE

File with the Colorado Secretary of State's Office. Renew on or before March 31st of each year.

1. NAME OF SUPPLIER _____

2. STREET ADDRESS _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____

3. TELEPHONE (INCLUDE AREA CODE): (____) _____

4. IF SUPPLIER IS NOT A COLORADO RESIDENT, GIVE COLORADO RESIDENT AGENT'S NAME

5. STREET ADDRESS _____
 CITY _____ ZIP _____

6. TELEPHONE (INCLUDE AREA CODE): (____) _____

7. LOCATION OF SUPPLIER'S RECORDS WITHIN COLORADO
 STREET ADDRESS _____
 CITY _____ ZIP _____

8. DESCRIBE ALL EQUIPMENT SOLD OR DISTRIBUTED IN CONNECTION WITH BINGO, RAFFLE AND/OR PULL TAB ACTIVITIES IN COLORADO (I.E., BINGO CARDS AND PAPER, PULL TAB TICKETS, BINGO BLOWERS AND DISPLAY BOARDS, AND OTHER GAMES EQUIPMENT).

APPLICATION FOR A BINGO-RAFFLE SUPPLIER LICENSE BY: _____ (3)
(Name of Supplier)

10. SUPPLIER'S COLORADO AGENTS:

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

Use additional sheets if necessary

APPLICANT'S AFFIRMATION

I solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I, _____, am the applicant ___ or chief executive officer of the applicant ___ herein. My address is _____

and my telephone number is _____. I have read and am familiar with the provisions of C.R.S. Article 9, Title 12 as to bingo-raffle suppliers, and I accept responsibility for the applicant's compliance with those provisions. Neither the applicant nor any of its owners, officers, directors, partners, or associates has been convicted of any felony or any offense involving gambling as defined in Article 10 of Title 18 C.R.S. I have read and know the contents of this application and the statements, attachments, and other materials included with or in it, and all matters set forth therein are true and complete.

Affirmed this _____ Day of _____, 19__

Signature

Title

ATTACHMENT #1: Please complete if applicant is a corporation
APPLICATION FOR A BINGO-RAFFLE SUPPLIER LICENSE

SUPPLIER'S NAME: _____

1. SUPPLIER'S CORPORATE OFFICERS:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

2. SUPPLIER'S CORPORATE DIRECTORS:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

3. SUPPLIER'S SHAREHOLDERS OF 10% OR MORE:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

Use additional sheets if necessary

ATTACHMENT #2: Please complete if applicant is not a corporation

APPLICATION FOR A BINGO-RAFFLE SUPPLIER LICENSE

SUPPLIER'S NAME: _____

1. OWNER(S) OF APPLICANT:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

2. ASSOCIATES OR PARTNERS IN APPLICANT:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

APPENDIX E: Manufacturer License Application

* License Fee: \$525.00 *
* Make check payable *
* to "Colorado Secretary *
* of State" *

STATE OF COLORADO
SECRETARY OF STATE'S OFFICE
Licensing Section
1560 Broadway, Suite 200
Denver, CO 80202

* Office use only *
* *
* License #M- _____ *
* Issued _____ *

APPLICATION FOR A BINGO-RAFFLE MANUFACTURER LICENSE

File with the Colorado Secretary of State's Office. Renew on or before March 31st of each year.

1. NAME OF MANUFACTURER _____
2. STREET ADDRESS _____ P.O. BOX, IF ANY _____
CITY _____ STATE _____ ZIP _____
3. TELEPHONE (INCLUDE AREA CODE): () _____
4. IF MANUFACTURER IS NOT A COLORADO RESIDENT, GIVE COLORADO RESIDENT AGENT'S NAME

5. STREET ADDRESS _____
CITY _____ ZIP _____
6. TELEPHONE (INCLUDE AREA CODE): () _____
7. LOCATION OF MANUFACTURER'S RECORDS WITHIN COLORADO
STREET ADDRESS _____
CITY _____ ZIP _____
8. DESCRIBE EQUIPMENT MANUFACTURED WHICH IS OR MAY BE FOR SALE, DISTRIBUTION, OR USE
IN CONNECTION WITH BINGO, RAFFLE AND/OR PULL TAB ACTIVITIES IN COLORADO (I.E., BINGO
CARDS AND PAPER, PULL TAB TICKETS, BINGO BLOWERS AND DISPLAY BOARDS, AND OTHER GAMES
EQUIPMENT).

APPLICATION FOR A BINGO-RAFFLE MANUFACTURER LICENSE BY: _____ (3)
(Name of Manufacturer)

10. MANUFACTURER'S COLORADO AGENTS:

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ AGENT LICENSE # _____

STREET _____

CITY _____ STATE _____ ZIP _____

Use additional sheets if necessary

APPLICANT'S AFFIRMATION

I solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I, _____, am the applicant ___ or chief executive officer of the applicant ___ herein. My address is _____

and my telephone number is _____. I have read and am familiar with the provisions of C.R.S. Article 9, Title 12 as to bingo-raffle manufacturers, and I accept responsibility for the applicant's compliance with those provisions. Neither the applicant nor any of its owners, officers, directors, partners, or associates has been convicted of any felony or any offense involving gambling as defined in Article 10 of Title 18 C.R.S. I have read and know the contents of this application and the statements, attachments, and other materials included with or in it, and all matters set forth therein are true and complete.

Affirmed this _____ Day of _____, 19__

Signature

Title

ATTACHMENT #1: Please complete if applicant is a corporation
APPLICATION FOR A BINGO-RAFFLE MANUFACTURER LICENSE

MANUFACTURER'S NAME: _____
1. MANUFACTURER'S CORPORATE OFFICERS:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

2. MANUFACTURER'S CORPORATE DIRECTORS:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

3. MANUFACTURER'S SHAREHOLDERS OF 10% OR MORE:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

Use additional sheets if necessary

ATTACHMENT #2: Please complete if applicant is not a corporation

APPLICATION FOR A BINGO-RAFFLE MANUFACTURER LICENSE

MANUFACTURER'S NAME: _____

1. OWNER(S) OF APPLICANT:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

2. ASSOCIATES OR PARTNERS IN APPLICANT:

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

NAME _____ DATE OF BIRTH _____

STREET _____

CITY _____ STATE _____ ZIP _____

APPENDIX F: Supplier Agent License Application

 * License Fee: \$125.00 *
 * Make check payable *
 * to "Colorado Secretary *
 * of State" *

STATE OF COLORADO
 SECRETARY OF STATE'S OFFICE
 Licensing Section
 1560 Broadway, Suite 200
 Denver, CO 80202

 * Office use only *
 * *
 * License #AS _____ *
 * Issued _____ *

APPLICATION FOR A BINGO-RAFFLE SUPPLIER'S AGENT LICENSE

File with the Colorado Secretary of State's Office. Renew on or before March 31st of each year.

1. NAME OF APPLICANT _____
2. STREET ADDRESS _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____
3. TELEPHONE (INCLUDE AREA CODE): (____) _____
4. NAME OF SUPPLIER REPRESENTED _____
5. SUPPLIER ADDRESS: STREET _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____
6. CURRENT COLORADO SUPPLIER LICENSE NUMBER _____
7. LOCATION WITHIN COLORADO WHERE AGENT'S RECORDS OF ALL COLORADO SALES AND DISTRIBUTIONS OF BINGO-RAFFLE EQUIPMENT AND SUPPLIES ARE AVAILABLE TO THE LICENSING AUTHORITY
 STREET ADDRESS _____ CITY _____ ZIP _____

APPLICANT'S AFFIRMATION

I solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I am the applicant herein and that I have read and understand and will comply with the provision of C.R.S. article 9, title 12, as to manufacturer's and supplier's agents and the conditions of the agent's license. I further affirm that I have never been convicted of any felony, or of any offense of any kind involving gambling as defined in article 10 of title 18, C.R.S.

Affirmed this ____ day of _____, 19 ____ _____
(Signature)

SUPPLIER'S STATEMENT

I, _____, am the supplier ____ or chief executive officer of the supplier ____ described in this application. As or on behalf of the supplier, I consent to representation by _____, the above named applicant.

 (Signature of Supplier)

Signed and acknowledged before me by _____ this ____ day of _____, 19 ____ in the County of _____, State of _____

 Notary Public
 My Commission expires _____

APPENDIX G: Manufacturer Agent License Application

***** * License Fee: \$125.00 * * Make check payable * * to "Colorado Secretary * * of State" * *****	STATE OF COLORADO SECRETARY OF STATE'S OFFICE Licensing Section 1560 Broadway, Suite 200 Denver, CO 80202	***** * Office use only * * * * License #AM _____ * * Issued _____ * *****
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APPLICATION FOR A BINGO-RAFFLE MANUFACTURER'S AGENT LICENSE

File with the Colorado Secretary of State's Office. Renew on or before March 31st of each year.

1. NAME OF APPLICANT _____
2. STREET ADDRESS _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____
3. TELEPHONE (INCLUDE AREA CODE): (_____) _____
4. NAME OF MANUFACTURER REPRESENTED _____
5. MANUFACTURER ADDRESS: STREET _____ P.O. BOX, IF ANY _____
 CITY _____ STATE _____ ZIP _____
6. CURRENT COLORADO MANUFACTURER LICENSE NUMBER _____
7. LOCATION WITHIN COLORADO WHERE AGENT'S RECORDS OF BINGO-RAFFLE EQUIPMENT AND SUPPLIES MANUFACTURED FOR SALE OR DISTRIBUTION IN COLORADO ARE AVAILABLE TO THE LICENSING AUTHORITY
 STREET ADDRESS _____ CITY _____ ZIP _____

APPLICANT'S AFFIRMATION

I solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I am the applicant herein and that I have read and understand and will comply with the provision of C.R.S. article 9, title 12, as to manufacturer's and supplier's agents and the conditions of the agent's license. I further affirm that I have never been convicted of any felony, or of any offense of any kind involving gambling as defined in article 10 of title 18, C.R.S.

Affirmed this _____ day of _____, 19 _____
(Signature)

MANUFACTURER'S STATEMENT

I, _____, am the manufacturer _____ or chief executive officer of the manufacturer _____ described in this application. As or on behalf of the manufacturer, I consent to representation by _____, the above named applicant.

 (Signature of Manufacturer)

Signed and acknowledged before me by _____ this _____ day of _____, 19 _____ in the County of _____, State of _____

 Notary Public
 My Commission expires _____

SCHEDULE B: LE - 21

1/96

Quarter: _____

License No.: _____

Org.: _____

Bingo Occasion Summary

1	Bingo Gross Receipts (adjusted) (LE - 32/Line 15c)		\$ _____
2	Pull Tab Sales @ Bingo Occasions Gross Receipts (LE - 31/Line 8f)		\$ _____
3	Bingo cash payouts (LE - 32/Line 14a)		\$ _____
4	Merchandise payouts on bingo: actual cost (LE - 32/Line 14b)		\$ _____
	a Retail Value (LE - 32/Line 14c):	\$ _____	
5	Pull Tab payouts @ Bingo Occasions (LE - 31/Line 8i)		\$ _____
6	Rent a. Landlord #1 Name: _____		\$ _____
	Address: _____		
	b. Landlord #2 Name: _____		\$ _____
	Address: _____		
7	Security a. Security #1 Name: _____		\$ _____
	Address: _____		
	b. Security #2 Name: _____		\$ _____
	Address: _____		
8	Bookkeeping Name(s) & Address: _____		\$ _____
9	Janitorial Name(s) & Address: _____		\$ _____
10	Supplies and other costs:	Bingo Pulltabs @ (Check one) Bingo Occasions	
	a. Description: _____	↓ ↓	\$ _____
	Vendor/Address: _____		
	b. Description: _____		\$ _____
	Vendor/Address: _____		
	c. Description: _____		\$ _____
	Vendor/Address: _____		
	(report additional purchases of supplies on another sheet following this format)		
11	Grand Total of all items listed under line 10		\$ _____

SCHEDULE C: LE - 21

1/96

Quarter: _____

License No.: _____

Org.: _____

Pull Tab at Bar and Club Room Summary

1 Pull Tab Sales @ Bar/Club Room Gross Receipts (LE - 31/Line 8f): \$ _____

2 Pull Tab Bar/Club Room Payouts (LE - 31/Line 8i): \$ _____

3 Cost of Bar/Club Room Pull Tabs:

Vendor/Address: _____ \$ _____

Vendor/Address: _____ \$ _____

Vendor/Address: _____ \$ _____

(report additional purchases of pull tabs on another sheet following this format)

4 Grand Total of all items listed under line 3 \$ _____

5 Miscellaneous Bar/Club Room Pull Tab Expenses:

Description: _____ \$ _____

Vendor/Address: _____

SCHEDULE D: LE - 21

1/96

Raffles Summary

1 Gross Receipts \$ _____

2 Merchandise Prizes:

a Retail Value: _____ b Actual Cost: \$ _____

c Description: _____

3 Cash Prizes \$ _____

4 Raffle Prizes Total (Line 2b + Line 3) \$ _____

5 Expenses (tickets)

Vendor/Address: _____ \$ _____

6 List Name and Address of \$300 + winners below, on the back of this sheet or on a separate piece of paper.

Summary of Pull Tab Activity

- 1) Month/Year: _____
- 2) License No.: _____
- 3) Organization: _____

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Game Name	Form Number	Ticket Color	Serial Number	Deal Cost	Date In	Expected Receipts	Expected Payouts	Expected Profits	No. of tickets	Ticket Cost	Date Out	No not sold	Actual Receipts	Actual Payouts	Actual Profits
1															
2															
3															
4															
5															
6															
7															
8															
9															
10															
11															
12															

Bingo Door Count & Income per Occasion

5) Pack or Card Sales

1	2	3	4	5	6	7	8	9	10
11	12	13	14	15	16	17	18	19	20
21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40
41	42	43	44	45	46	47	48	49	50
51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70
71	72	73	74	75	76	77	78	79	80
81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100
101	102	103	104	105	106	107	108	109	110
111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130
131	132	133	134	135	136	137	138	139	140
141	142	143	144	145	146	147	148	149	150

1) Date: _____

2) Lic. No.: _____

3) Org.: _____

4) Time of Occasion: _____

6) Total Players: _____

7) Fees: # _____ @\$ _____ = \$ _____

8) Hard Cards:

a. Master: # _____ @\$ _____ = \$ _____

b. Extras: # _____ @\$ _____ = \$ _____

9) Packs Sold:

a. Master # _____ @\$ _____ = \$ _____

b. 1 Extra # _____ @\$ _____ = \$ _____

c. 2 Extra # _____ @\$ _____ = \$ _____

d. 3 Extra # _____ @\$ _____ = \$ _____

e. Total Packs Sold: _____

f. Total Pack Income: \$ _____

10) Total Occasion Revenue: \$ _____

11) Manufacturer's Serial Numbers in Play: (top sheet)

Serial Number: _____

Issued: _____

Returned: _____

Serial Number: _____

Issued: _____

Returned: _____

Serial Number: _____

Issued: _____

Returned: _____

12) Prepared by: _____

Games Manager: _____

Games Manager's Signature: _____

LE 37 (REQUIRED) 1/96	LAST SALE PULL TAB	
ORGANIZATION _____	LIC # _____	
NAME OF GAME _____	FORM NUMBER _____	
SERIAL NUMBER OF DEAL _____		
AMOUNT OF PAYOUT \$ _____	DATE _____	
NAME OF WINNER _____		
ADDRESS OF WINNER _____		
CITY _____	STATE _____	ZIP _____
IDENTIFICATION NUMBER (Driver's License or other photo identification)		
_____		Type _____
ID CONFIRMED BY: (Full Name) _____		

LE 37 (REQUIRED) 1/96	LAST SALE PULL TAB	
ORGANIZATION _____	LIC # _____	
NAME OF GAME _____	FORM NUMBER _____	
SERIAL NUMBER OF DEAL _____		
AMOUNT OF PAYOUT \$ _____	DATE _____	
NAME OF WINNER _____		
ADDRESS OF WINNER _____		
CITY _____	STATE _____	ZIP _____
IDENTIFICATION NUMBER (Driver's License or other photo identification)		
_____		Type _____
ID CONFIRMED BY: (Full Name) _____		

APPENDIX I: Supplier Licensee Reporting Forms

STATE OF COLORADO
 OFFICE OF THE SECRETARY OF STATE - LICENSING SECTION
 1560 Broadway, Suite 200
 Denver, Colorado 80202
 Telephone: 894-2680, press 2

BINGO-RAFFLE SUPPLIER LICENSEE QUARTERLY REPORT FOR _____ QUARTER 199__

Quarterly reports must be filed with the Secretary of State no later than April 15, July 15, October 15, and January 15 for the preceding calendar quarter of each year.

1. NAME OF SUPPLIER _____
2. CURRENT LICENSE NUMBER _____
3. STREET ADDRESS _____
4. CITY _____ STATE _____ ZIP _____
5. TELEPHONE (____) _____ Contact Person: _____

6. SUPPLIER'S COLORADO AGENT(S):

NAME	LICENSE #	COMPLETE ADDRESS

7. CALCULATION OF QUARTERLY FEE DUE (1.1% OF ALL SALES FOR QUARTER)
- | | |
|---|--------------------------------|
| ITEM 8 (BINGO) TOTAL (from attachment 1) | \$ _____ |
| + ITEM 9 (PULL TAB) TOTAL (from attachment 2) | \$ _____ |
| + ITEM 10 (OTHER) TOTAL (from attachment 3) | \$ _____ |
| GRAND TOTAL FOR QUARTER | \$ _____ X .011 = \$ _____ FEE |
- DUE WITH REPORT. MAKE CHECK PAYABLE TO "COLORADO SECRETARY OF STATE".

REPORT VERIFICATION

I, _____, solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I am the owner _____ or chief executive officer _____ of the licensee herein, that I know the contents of this Report, including any and all attachments and supplements with or in it, and that all matters set forth in it are true, accurate, and complete.

Affirmed this _____ day of _____, 199__ _____

Signature

Title

APPENDIX J: Manufacturer Licensee Reporting Forms

STATE OF COLORADO
 OFFICE OF THE SECRETARY OF STATE - LICENSING SECTION
 1560 Broadway, Suite 200
 Denver, Colorado 80202
 Telephone: 894-2680, press 2

BINGO-RAFFLE MANUFACTURER LICENSEE QUARTERLY REPORT FOR _____ QUARTER 199__

Quarterly reports must be filed with the Secretary of State no later than April 15, July 15, October 15, and January 15 for the preceding calendar quarter of each year.

1. NAME OF MANUFACTURER _____
2. CURRENT LICENSE NUMBER _____
3. STREET ADDRESS _____
4. CITY _____ STATE _____ ZIP _____
5. TELEPHONE (____) _____ Contact Person: _____

6. COLORADO SUPPLIERS/DISTRIBUTORS OF MANUFACTURER'S BINGO-RAFFLE EQUIPMENT

NAME	LICENSE #	COMPLETE ADDRESS

Use additional sheets if necessary to give complete information.

7. MANUFACTURER'S COLORADO AGENT(S):

NAME	LICENSE #	COMPLETE ADDRESS

8. CALCULATION OF QUARTERLY FEE DUE (1.1% OF ALL SALES FOR QUARTER)
- | | |
|--|--------------------------------|
| ITEM 9 (BINGO) TOTAL (from attachment 1) | \$ _____ |
| + ITEM 10 (PULL TAB) TOTAL (from attachment 2) | \$ _____ |
| + ITEM 11 (OTHER) TOTAL (from attachment 3) | \$ _____ |
| GRAND TOTAL FOR QUARTER | \$ _____ X .011 = \$ _____ FEE |
- DUE WITH REPORT. MAKE CHECK PAYABLE TO "COLORADO SECRETARY OF STATE".

REPORT VERIFICATION

I, _____, solemnly affirm under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law that I am the owner _____ or chief executive officer _____ of the licensee herein, that I know the contents of this Report, including any and all attachments and supplements with or in it, and that all matters set forth in it are true, accurate, and complete.

Affirmed this _____ day of _____, 199__

Signature

Title

APPENDIX L: Games Manager's Oath

GAMES MANAGER'S OATH

I, _____, games manager for _____, take oath under penalty of perjury as defined in C.R.S. 18-8-503 and punishable by law, that I have read and am familiar with the provisions of the Colorado constitution, statutes, and rules governing bingo and raffles and will be responsible for the conduct of all games of chance activities in accord with those provisions and the terms of the bingo-raffle license and that EITHER I have been certified as a games Manager by the Secretary of State in accord with C.R.S. 12-9-105(2) OR the above named organization is a new applicant, and I will be so certified before assuming games management duties.

Signature _____ Date: _____
Business Phone: _____
Address _____ Home Phone: _____
(street)

(city) (state) (zip)

- CHECK ONE: I will replace the games manager currently on the license application or on record with the Secretary of State for the above organization.
 I will be an additional games manager.
- CHECK ONE: I will work bingo weekly at least once a month
 only occasionally.

APPENDIX M: Form to Request to Hire Security

REQUEST FOR PERMISSION TO INCUR AND PAY EXPENSES FOR SECURITY GUARDS

- =====
- 1.) Name of Licensee Organization _____
_____. LICENSE NUMBER _____
 - 2.) Address of Licensee _____
_____.
 - 3.) Request is hereby made to employ _____ guard, (guards) for _____
No. No. of Hrs.
(Maximum of 6 hours) at \$ _____ (Maximum of \$15 per hour)
Amt. per Hr.
for each bingo occasion on the premises located at _____
_____.
 - 4.) Does this amount include the service of Money Transportation? _____
 - 5.) If guard service does not include money transportation what is the cost
of this service \$ _____ or is this service used? _____
 - 6.) List name of Guard Service employed or individual guard names below:

I understand the provisions of law prohibiting the use of paid security guards in the conduct and operation of any bingo games.

SIGNATURE

OFFICIAL TITLE

DATE

APPENDIX N: License Surrender Forms

AGREEMENT AND STIPULATION FOR SURRENDER OF BINGO-RAFFLE LICENSE

Organization _____ License # _____

Each undersigned officer and/or director of the above named bingo-raffle licensee states as follows.

I have read the Secretary of State's Bingo-Raffle Inspection Report(s) dated _____. I understand and agree with the violations alleged there. I also understand that these violations are serious enough to warrant a revocation action against the licensee's bingo-raffle license.

I know that no license can be revoked without a full public hearing before an administrative law judge, and that the licensee has a right to such a hearing.

I also know that a licensee has the right to surrender its license. I have been informed that the licensing authority may accept a temporary license surrender in place of revocation proceedings IF the surrender is done freely, knowingly, and with the licensee's assurances that measures will be taken to avoid future violations.

Having carefully considered this information, I request on behalf of the licensee to surrender the bingo-raffle license for a period of _____, from _____ to _____ on the following conditions:

- (1) The licensee will do all within its power to prevent future violations.
- (2) The Secretary of State will accept this surrender and these assurances in lieu of revocation proceedings and as a full settlement and resolution of the above referenced violation(s).

Additional conditions, if any: _____

Signed: _____ Date _____

Name/Title _____

Agreed: Victoria Buckley
Secretary of State

Signed: _____ Date _____

Name/Title _____

Signed: _____ Date _____

Name/Title _____

BINGO/ RAFFLE LICENSE SURRENDER REQUEST

INVESTIGATOR _____

NAME OF LICENSEE _____

ADDRESS _____

REASON REQUESTING AUTHORIZATION FOR A SURRENDER OF LICENSE:

Date(s) of Inspection(s) _____

Investigator's Signature _____ Date _____

Lead Investigators Signature _____ Date _____ Approve Deny

Lead Investigators Recommendation if denied:

Secretary of State Authorization _____ Date _____