CALIFORNIA POLICY ON RAFFLES, LOTTERIES AND "FREE DRAWINGS"

When a group is thinking of a fundraising activity, one method often thought of for raising funds is by conducting a raffle or a lottery. In California, however, raffles and lotteries are illegal.*

But, it is legal to conduct a Free Drawing in connection with an event whereby those soliciting, ask for donations and, after receiving a donation, give the donor a free ticket or tickets to a prize drawing. This may appear like a raffle but, if the following rules are applied, it will be considered a Free Drawing and would be legal.

1. The drawing must be in connection with an event.

2. The ticket must have the following information:

    a. The date, time and location of the drawing.

    b. The name of the College unit or other entity that will benefit from the "Free Drawing."

    c. The name of the sponsoring organization that is putting on the event.

    d. Wording on the ticket must include the words:
        "FREE TICKET" and "YOU PAY NOTHING IN THIS DRAWING. WINNER NEED NOT BE PRESENT. A FREE TICKET MAY BE OBTAINED AT (give an address)."

    e. If the group applied for a Social Service Permit in connection with the event, the office issuing the permit will require a copy of the printers proof, before they will issue a Social Service Permit.

    f. THERE SHOULD BE NO PRICE ON THE TICKET.

The Internal Revenue Service (IRS) does not consider purchasers of "FREE DRAWING," raffle or lottery as a donor. These payments will not be recorded as donations.

Please follow these rules exactly to avoid legal problems. Remember the words "RAFFLE" and "LOTTERY" are inappropriate. Do not use them in promoting a Free Drawing.

Few people will make a special trip to get a free ticket. The few who do read the small print, and do make the trip will be given a FREE TICKET. One may stipulate that free tickets are only available at one (1) place. Regular solicitors should not give out free tickets.

*The new state-run lottery is obviously an exception to the above policy.