

STATE OF CONNECTICUT

Department of Consumer Protection
CHARITABLE GAMES SECTION
165 Capitol Avenue
HARTFORD, CONNECTICUT 06106

May 28, 2013

Dear Bingo Permittee:

Below please find very important statutory/regulatory or policy requirements which you will need to be mindful of while operating or conducting your permitted bingo games.

Important Statutory/Regulatory, Policy Requirements

Special Bingo Bank Account, Checks, Allowable Expenses, Disbursements

Pursuant to Sec. 7-169-27a of the bingo regulations, proceeds from authorized bingo games shall be kept in a separate special bingo bank account which shall be in the form of a checking account. All receipts from each bingo session less the amount awarded as cash prizes for that session shall be deposited in this special bingo bank account. **All special bingo bank account checks must have the name of the permitted organization and the words 'Special Bingo Bank Account' imprinted on them. In addition, the organization's 7-digit identification number (Example #1700005) must also be printed on the face of each check. When addressing the identification number, please do not get confused and make the identification number your permit number by adding a dash, the year, and your permit letters (Example: 1700005-13BA). Such an error will jeopardize the approval of your checks. Furthermore, the checks for a "Class A" weekly game must also have "Class A" printed on them, and the checks for a "Class C" monthly game must have "Class C" printed on them.** (See sample checks enclosed). While the attached sample checks contain an organization's address because it is useful information, it is not a requirement that the checks contain your organization's address. The Department will not accept checks that do not conform to these requirements.

All receipts from each bingo session, less the amount awarded as cash prizes for each session, shall be deposited into the special bingo bank account no later than three business days following the date of the bingo session.

The **commingling** of any funds derived from the operation of bingo with any other funds of the permitted organization **is strictly prohibited**. This means bingo account funds **may not** be transferred to a general fund account, unless as a disbursement addressed below!

Money shall be **withdrawn** from the special bingo account **for the following purposes only**:

- (1) Payment of expenses that are reasonable and necessary and ordinarily incidental to the conduct of bingo, and
- (2) Disbursement from net proceeds for charitable, civic, educational, fraternal, veterans', religious, volunteer fire department or grange purposes.

The following are allowable expenses:

- bingo permit fees
- bingo postage (for Ten Day returns)
- bingo program printing or photocopying
- rent
- purchase of bingo drawing equipment
- rental of bingo drawing equipment
- service on bingo drawing equipment
- purchase of bingo supplies including cards, sheets, dabbers, chips, etc.
- janitorial service
- hall set-up
- purchase of microphones and/or television monitors for use in the conduct of bingo
- purchase or lease of smoke eaters for an organization's bingo hall
- purchase of promotional items of a nominal value (such as bingo bags, headbands, calendars, ball point pens), providing the name of the sponsoring organization bingo is imprinted on the item and the item is given to each patron of the bingo during the period of availability. State lottery tickets are an allowable promotional item, but need not bear the name of the organization's bingo.
- advertising
- the cost of a refreshment or refreshments, such as for coffee or donuts, provided the refreshment or refreshments are offered to all patrons free of charge.
- security guards or police protection
- bookkeepers for bingo
- tables and chairs
- such other expenses as may be approved by the Department's Charitable Games Director, upon written request.

Disbursements from net proceeds may only be in the form of a "donation" or a "contribution". Disbursements reflected on Ten Day Bingo Report returns should state either "donation" or "contribution".

Inspection of objects in receptacle prior to session

Pursuant to Sec. 7-169-17a of the bingo regulations, prior to the start of a session of bingo, the member in charge shall cause to be made a verification of all objects to be placed in the receptacle. He/she shall inspect the objects in the presence of a disinterested person to insure that all objects are present and that there is no duplication of numbers on said objects prior to the start of the bingo games. The member in charge must ensure that two complete sets of bingo balls are on the premises at all times, and that they are in an acceptable and usable condition. The balls must be of identical size, weight, and color.

It is important that members in charge understand that conformance with this provision cannot be an option. It is a mandatory requirement. Insofar as the Department is concerned, bingo balls must be run through a drawing machine, inspected, and racked in the presence of a disinterested person prior to the start of bingo games at each authorized session. For your information, we consider a disinterested person to be a player or patron.

The presence of all bingo balls is absolutely essential and goes to the heart of a game's integrity. It is expected that each member in charge or designated member in charge for a session will comply and cause the requisite verification to be made. The failure of a member in charge to comply with this requirement may result in administrative action.

Special Grand Prize

Holders of Class A bingo permits may conduct up to two 'Special Grand Prize' or 'progressive' games on a weekly basis. Class A permittees may accumulate a rollover jackpot for each 'Special Grand Prize' game for up to a **total of sixteen weeks** and may award a 'Special Grand Prize' of as much as **five thousand dollars** for each 'Special Grand Prize' game. The prize offered and accumulated for each 'Special Grand Prize' or 'progressive' game may not exceed five hundred dollars on a weekly basis. The amount of money an organization reserves on a weekly basis for a Special Grand Prize 'progressive' game is part of the approved application for a permit and is printed on the organization's Department's approved prize sheet. This information may only be changed by the submittal and subsequent approval of an Application to Amend – Bingo (CGB-5). Any organization closing its bingo activity for more than two consecutive weeks must amend its game "closed". Furthermore, any organization closing bingo until the end of the permit period must award the progressive grand prize (if any) prior to closing.

In the event a 'Special Grand Prize' is not won, the money reserved for such a prize **shall** be added to the money reserved for the next week's 'Special Grand Prize'.

When conducting a 'progressive' game, a 'Special Grand Prize' must be offered in conjunction with a regular game prize during the conduct of a regular bingo game within a permitted bingo session. A regular game prize **must always** be awarded. If a player goes bingo within the specified numbers called when playing a 'Special Grand Prize' game, **the player should win the regular game prize and the 'Special Grand Prize'**. If no player goes bingo within the specified numbers called, the game should continue to be played until a player has a bingo and wins **only** the regular game prize. If a 'Special Grand Prize' game has reached its sixteenth week, the organization needs to ensure that the 'progressive' game is played until the 'Special Grand Prize' has been won.

Winner-Take-All Game(s)

To ensure the integrity of activity, this is to clarify that all sheets sold for each 'Winner-Take-All' game must be accounted for and prizes for each game series announced to the players prior to the start of the first game. **Exactly** ninety percent of gross 'Winner-Take-All' receipts are to be paid as prizes. Pursuant to Sec. 7-169-25a of the Administrative Regulations, Operation Of Bingo Games, **rounding is only allowed to the next nearest dollar when there is to be a division of prizes between winners.**

Prior to the start of any 'Winner-Take-All' game or series of games, the permittee is to announce the gross receipts collected for the game or series, the ninety percent dollar amount that may be allocated to a prize or prizes and the ten percent withholding for the permittee and State, the number of game series to be played, and the dollar amount of each prize to be awarded (each prize awarded may **not** exceed five hundred dollars in value).

Breakage

Pursuant to Sec. 7-169 (i) of the Connecticut General Statutes, when more than one player wins on the call of the same number, the designated prize shall be divided equally to the next nearest dollar. **This provision applies to all bingo game prizes, including those for ‘Winner-Take-All’ games. When an organization conducts a ‘Special Grand Prize’ progressive game, the breakage is to be calculated separately for the game prize and the ‘Special Grand Prize’.**

Gold Cards, Magic Numbers Prohibited

Gold cards and the use of magic numbers and other arrangements intended to allow for the opportunity to win a larger prize when playing bingo are prohibited. It is expected that a permittee will offer a single game prize for each game to be played, and that each player will have an equal opportunity to win that prize. The only additional prizes authorized at Connecticut bingo are (1) the ‘Special Grand Prize’ and (2) a door prize or prizes, the aggregate value of which shall not exceed five hundred dollars. Sealed tickets cannot be offered during a bingo session, as door prizes or promotional items, if minors under eighteen years of age are allowed to play bingo. Organizations may not sell or distribute sealed tickets to minors, and minors cannot purchase or claim winnings from sealed tickets.

Admissions, Gift Certificates, Kings and Queens

Admissions, cards and sheets must be purchased and issued for use, and proceeds from them are to be received and accounted for on the day of the session for which they are valid. Therefore, gift certificates are not allowed. The designation of Kings and Queens as the recipients of free admissions, cards or sheets is prohibited. Pursuant to Sec. 7-169-15a of the Administrative Regulations, all bingo game cards or sheets shall be sold at a uniform unit price per game for each card or sheet.

Bingo Paper

The color of bingo paper is not a factor in the administration and/or regulation of your bingo, with the following exception. Bingo cards or sheets must be sold at a uniform unit price, and when a specific colored sheet is sold for a particular game or games, that same color may not be used again during the same bingo session. The playing of two colors for the same game is not authorized except for the ‘Winner-Take-All’ game, whereby a series of games may be played in order to meet the requirement of paying out 90% of gross receipts as prizes. Bonanza paper must be sealed. Additionally, bingo paper must be purchased, sold and played in the same form as permitted. The cutting of bingo paper is not allowed. This is important in order that there can be adequate and sufficient control over authorized activity.

Internal Control Requirement

Pursuant to Sec. 7-169-26a of the bingo regulations, accurate records and books shall be kept by each organization authorized to conduct bingo in a manner and on control forms prescribed by the Director, showing in detail, among other things, the amount and source of gross receipts,

prizes, and the expenses incurred. **Permittees are required to maintain an internal control form or forms which account for the sale of bingo admissions, cards and sheets.** Use of such a form is absolutely necessary in order to maintain adequate control of authorized activity and to be able to quickly identify problem areas where, among other things, shortages could occur. **In order to maintain adequate control of bingo activity, it is necessary for permittees to precount and post-count all bingo cards or sheets to be sold.** Permittees may design and use their own internal control form as long as it meets Department requirements. Permittees with inadequate control forms will be required to use a Department issued form. Permittees desiring a Department form may obtain one by telephoning Charitable Games. Below please find the Department's minimum internal control requirements for bingo permittees:

Minimum Internal Control Requirements for Bingo Permittees

To maintain the minimum internal control requirements for bingo, one worker who possesses a Personal Identification Number, must do a pre-count of all bingo paper that will be sold at a session of bingo. The paper should be separated and counted in the manner it is sold (e.g. packages, 'Winner-Take-All' games, quickies, etc.). After sales have been completed, a worker who did not sell the paper must count all of the remaining bingo paper.

The difference between the pre-count and the post-count is the amount of paper that was sold. You must multiply the amount of paper sold by the cost of the paper, and you will have the amount of money that should have been collected.

The member in charge should then count the money collected. If there is a starting cash bank, the amount needs to be deducted from the money collected before counting.

A comparison must then be conducted of the money that **should have been collected** and the money that was **actually collected**. Overages and shortages must be recorded.

The sellers of the paper, what they sold, the starting amount and ending amount of bingo paper or sheets, and the starting and the ending cash amounts must be recorded. These actions are required to identify and correct any problem areas.

An accounting must be kept of all prizes paid as follows:

Game Played	Prize Amount	Number of Winners	Breakage
-------------	--------------	-------------------	----------

Some organizations use a prize schedule (game name and amount paid) and keep track of the prizes paid on that schedule. That is acceptable, as long as the number of winners per game is noted. This requirement is used to determine breakage. In the absence of an organization prize schedule, the Department will provide its own Cash Control For Bingo Prizes (CGC-3) form. An organization is also required to account for all cash and merchandise door prizes awarded at each session. This accounting of door prizes should be done on the same form used to account for the prizes paid.

Bingo Records, Accessibility

Bingo records should be accessible at each and every bingo session **one hour before the start of the**

first game.

Below find the records which organizations are expected to have available:

1) Checkbooks.

The checkbook register, checkbook bank statements, canceled checks, and some type of verification of deposits (deposit slips) should be available.

2) Ten Day Bingo Report returns.

3) Receipts for all allowable expenses.

As a general rule, organizations with “Class A” permits must have available for inspection all of these records from both the present and previous quarters. Organizations with “Class C” permits must have available for inspection all of these records for a period of twelve months. Organizations should also have documentation to verify the Ten Day Bingo Report (CGF-1) returns (e.g. - internal control forms), and should provide liaison officers with both the amount and source (sheet counts) of gross receipts.

Bingo Records Control Person PIN Requirement/Bookkeeper Clarification

This is to inform you that any person who exercises control over a bingo permittee’s financial records (meaning a person who accounts for and deposits monies, prepares Ten Day Bingo Report returns, disburses bingo monies and physically and effectively controls a permittee’s records) must be a bona fide active member of the sponsoring organization permittee and possess a P.I.N. As the Department’s mission is to ensure the integrity of authorized activity, we cannot effectively discharge our responsibility while allowing unregistered persons to exercise financial control over a permittee’s activity.

Such a person with a P.I.N. is not to be confused with a bookkeeper who shall not be a control person. A bookkeeper is to be a person who may perform such services as bank account balancing and reconciliation. A bookkeeper shall not deposit or withdraw funds from a special bingo bank account or be in a position to control, in any way, the expenses or disbursements of the bingo permittee. **A bookkeeper shall not possess a P.I.N. for any bingo for which he/she provides services.** A bookkeeper may, however, be compensated for services, in a reasonable amount, not to exceed one hundred dollars on a monthly basis.

Ten Day Bingo Report Form, Signature Requirement

This is to clarify that only **original** Ten Day Bingo Report (CGF-1) return forms (not photocopied or reproduced copies) are acceptable to the Department and that the signatures appearing on each form (for the member-in-charge and ranking officer) **must be original.** For control purposes, the person responsible for controlling the session, whether member in charge or designee must sign the return. The ranking officer and member in charge must be different individuals.

Applications To Amend

When an organization obtains a bingo permit, it states on its application the day of the week on which bingo will be conducted and the time at which bingo games will begin to be played. Numerous organizations are canceling bingo for periods ranging from several weeks to several months, without notifying the Department. It is extremely difficult for the State to effectively regulate when it does not know when organizations are conducting their activity. **Organizations need to be aware that pursuant to Sec. 7-169-29a of the bingo regulations, a bingo game may not be conducted under conditions other than as stated in the original application for a bingo permit. Accordingly, "Class A" bingo permittees canceling bingo sessions, for more than a two week period, must file an application to amend with the Department in order that agency records can accurately reflect when bingo activity is or is not being conducted. In addition, each "Class C" bingo permittee is required to file an Application To Amend - Bingo (CGB-5) form whenever an approved "Class C" bingo session is not going to be operated as scheduled.** The day and time of bingo is information, which the Department's Director reasonably requires for the protection of the public, and our records must be as accurate as possible.

It is important to understand that the information that the Department approved in conjunction with your application submittal has been cast in concrete, so to speak. That is to say that any changes to the number of games offered, the prizes to be awarded, the pricing of your bingo cards or sheets, or any other information approved as a part of your permit application may only be changed upon the approval of an Application to Amend - Bingo (CGB-5) form submitted to the Department. That is a statutory and a regulatory requirement. Each organization desiring to amend any information contained on its prize and/or price sheet(s) must provide the Department, in addition to the aforementioned CGB-5 form, a copy of its Department approved bingo prize and/or price sheet(s) with the desired change(s) marked in **red or blue ink or highlighted in yellow**. In addition, each prize or price sheet submitted with changes must be signed by the bingo member in charge. All amendments will be addressed in a priority manner and transmitted back to you in order that you may implement your desired change or changes as quickly as possible. **You must possess an approved Application to Amend before implementing any change.**

I hope that this information is helpful, but please do not hesitate to contact Charitable Games with questions on these requirements, Monday through Friday, 7:00 am until 4:00 pm, at (860) 713-6140.

Very truly yours,

Viola Pietrandrea
License and Applications Supervisor
Charitable Games Unit

VP/jbs

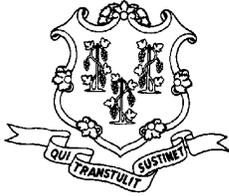
Enclosure

“Class A” Permittees use this format:

Special Bingo Bank Account I.D. #1700005	<u>Class A</u>	<u>51-3849</u>	1055
St. John’s Church – Men’s Club		3204	
263 Cedar Mountain Road, Anytown, CT 06000			
	DATE:	_____	
PAY TO			
THE ORDER OF:	_____	\$ _____	
			_____ DOLLARS
The First National Bank			
MEMO _____	SIGNED _____		
:320438491 :10 0003629900 ' 1055			

“Class C” Permittees use this format:

Special Bingo Bank Account I.D. #1700005	<u>Class C</u>	<u>51-4362</u>	1980
St. John’s Church – Men’s Club		3696	
263 Cedar Mountain Road, Anytown, CT 06000			
	DATE:	_____	
PAY TO			
THE ORDER OF:	_____	\$ _____	
			_____ DOLLARS
The First National Bank			
MEMO _____	SIGNED _____		
:369643621 :20 0004528800 ' 1980			



STATE OF CONNECTICUT

Department Of Consumer Protection

CHARITABLE GAMES

165 Capitol Avenue

HARTFORD, CONNECTICUT 06106

June 28, 2011

Dear Bingo Permittee:

I am writing to inform you that effective July 1, 2011, the Division of Special Revenue will be consolidated with the Department of Consumer Protection due to the enactment of recent legislation to combine certain agencies within State government.

This transition is expected to be virtually seamless to your organization. Charitable Games will continue to operate within the Department of Consumer Protection just as it had within the Division of Special Revenue. At this point in time, our contact telephone numbers and location will remain the same. There will be a change, however, with respect to fee payments. As of July 1st, any permit fee or other fee payments normally payable to the Division of Special Revenue must now be made payable to the Treasurer, State of Connecticut.

As you may be aware, there were also legislative changes concerning bingo prizes. Regular game prizes were increased to allow prizes up to \$200 each, and special game prizes were increased to allow prizes ranging from \$201 up to \$750 each, provided the total doesn't exceed \$2,500 on any one day. Furthermore, the rollover prize amount for a Special Grand Prize was increased from \$125 to \$500, and the maximum prize that may accumulate for up to sixteen weeks was increased from \$2,000 to \$5,000. Lastly, the aggregate value of door prizes a permittee is allowed to award was raised from \$200 to up to \$500 in value. Each of the increases in prizes is effective July 1st.

In the near future, all correspondence to your organization and all application forms will begin to bear the name of the Department of Consumer Protection. I hope this information is helpful, but if you have any questions or concerns regarding this matter, please don't hesitate to contact Charitable Games at (860) 713-6140.

Very truly yours,

Viola Pietrandrea
License and Applications Supervisor
Charitable Games Unit