New Bingo Rules

At the December 7, 2017 open meeting of the Texas Lottery Commission, the Commission voted to adopt amendments (rule changes) to 16 TAC §§402.400 (General Licensing Provisions), 402.401 (Temporary License), 402.402 (Registry of Bingo Workers), 402.404 (License and Registration Fees), 402.405 (Temporary Authorization), 402.407 (Unit Manager), 402.410 (Amendments of a License – General Provisions), 402.411 (License Renewal), 402.413 (Military Service Members, Military Veterans, and Military Spouses), 402.420 (Qualifications and Requirements for Conductor’s License), 402.424 (Amendments of a License by Electronic Mail, Telephone or Facsimile), 402.422 (Amendment to a Regular License to Conduct Charitable Bingo), and 402.603 (Bond or Other Security) of the Commission’s charitable bingo rules.

The purpose of the rule changes is to implement the statutory changes required by the newly-enacted legislation of H.B. 2578, S.B. 549, and S.B. 2065 from the Regular Session of the 85th Texas Legislature. The rule changes remove all references to bingo conductor and bingo worker fees, while revising the license application and renewal process. In addition, the changes facilitate the requirement that the Commission retain a portion of the bingo prize fees otherwise allocable to counties and municipalities to fund the administration of the charitable bingo program.

Further, the rule changes allow commercial lessors, distributors and manufacturers to recover up to half of their application fee if they withdraw their application before a license is issued or if their application is denied. The rule changes also remove the licensing requirements for bingo unit managers while maintaining those managers’ reporting and notification requirements. Last, the rule changes correct typographical errors and make non-substantive conforming changes to the rules.
A Bingo Training Program will be held on Tuesday, January 30, 2018 from 9:00AM to 12:00PM at:

Lucky Lady Bingo
1107 N IH 35
Austin, TX 78702-1901

Training will be presented by the Texas Lottery Commission, Charitable Bingo Operations Division.

The training will cover the following broad areas:

- General Information
- Licensing
- Bingo Operations
- Accounting Services
- Audit

Followed by a question and answer session.

Please register by sending an email to:

bingo.services@lottery.state.tx.us

Attn: Joel Lawrence and Alice Banks

Include your position in your organization and the full name of the organization.

Hope to see you there!

More training sites and dates for other areas will be announced and posted as it is scheduled.

This training is not a replacement for the required Bingo Chairperson training.
A Message from the Director

Providing the Commission with 24/7 Access to Card-minding Systems

To assist the Charitable Bingo Operations Division (CBOD) with monitoring charitable bingo throughout the state, electronic card-minding systems (card-minding systems) must be accessible physically and remotely by CBOD staff members at all times. Physical access to a card-minding system is generally successful when a CBOD staff member visits a licensed bingo location. However, instances have occurred whereby staff had difficulty remotely accessing card-minding systems. The purpose of this article is to remind licensees of their responsibilities to provide access to card minding systems at all times. Licensed authorized organizations, distributors and manufacturers each have a role. Key requirements for each licensee are discussed below.

Licensed Authorized Organizations:

Section 402.325 of the Charitable Bingo Administrative Rules (Rule) states that licensed authorized organizations must ensure the site system is accessible to the Commission via remote connection at all times. CBOD staff, typically, do not attempt to access card-minding systems when bingo is being conducted. In some instances, we find that some locations have unplugged a phone line, need to manually switch between card-minding system or have turned off internet access. It is important that your card-minding systems stay connected and available for remote access by CBOD at all times.

Distributors:

Each installation of a card-minding system requires that the (Texas Lottery Commission) be notified. Before a licensed authorized organization uses a card-minding system for the first time. Rule 402.326 states that the distributor must provide the Commission with the information listed below. (Card-minding Systems FORMID 153 is now available on the website, to meet this reporting requirement.)

- The modem number or IP address and protocol for remote access;
- Total number of card-minding devices installed at the bingo premises;
- The name of the bingo premises, physical address, telephone number, and licensed commercial lessor’s taxpayer identification number, if applicable, where the card-minding system is located;
- The expected startup date for use of the card-minding system by the licensed authorized organization;
- The name and taxpayer identification number of the licensed authorized organization to whom the card-minding system was sold, leased, or otherwise furnished;
- The name and taxpayer identification number of the distributor from whom the card-minding system was leased, purchased, or otherwise obtained;
- The name and taxpayer identification number of the manufacturer, model and version number of the card-minding system; and
- A certification statement from the manufacturer that the remote connectivity is operating properly.

Manufacturers and Distributers please submit all requests, questions, notifications, and information related to card- minding systems to BingoTechTesting@lottery.state.tx.us
Providing the Commission with 24/7 Access to Card-minding Systems (cont’d)

Additionally, Rule 402.327 provides that a distributor is to notify the Commission of any changes they have made in the protocols, usernames, passwords, and any other required information needed to access the system within ten (10) calendar days of the change.

Moreover, distributors must continue to notify the Commission before completely removing or installing an entire system at a bingo hall.

Manufacturers:

Site System Standards provided in Rule 402.322 states the following regarding remote access to card-minding systems: 1) the site system must be designed so that the Commission may remotely verify the operation, compliance and internal accounting systems of the site system at any time, 2) the manufacturer shall provide to the Commission all current protocols, usernames, passwords, and any other required information needed to access the system, and 3) any and all reports maintained or available for generation by the card-minding system shall be capable of being downloaded or otherwise accessed via the remote connection.”

Additional manufacturer requirements found in Rule 402.327 include the following:

- The manufacturer shall provide to the Commission all current protocols, usernames, passwords, and any other required information needed to access the system prior to the operation of the system within Texas.

- The manufacturer shall notify the Commission of any changes they have made in the protocols, usernames, passwords, and any other required information needed to access the system within ten (10) calendar days of the change.

Lastly, licensees may need to address the following issues that impact our ability to access card-minding systems.

- Remote Access Programs

Where available the commercial version of a remote access program (i.e. TeamViewer, SplashTop, LogMeIn, etc..) must be used and available to the Commission to allow dial-in or internet access to card-minding systems. With increased access by CBOD staff we are finding that the free versions of these programs provide a limited number of opportunities to remotely access card-minding systems.

- AB Switches

Locations with more than one card-minding system must have a dedicated line for each card-minding system. A single line that requires an AB switch to move between card-minding systems is not permitted. These locations require a person to physically switch from one system to another. This scenario does not provide the CBOD with access to each card-minding system at all times.

We will continue to seek opportunities and ideas to enhance the card-minding system remote access process as your feedback is greatly appreciated.
Dear City or County Representative:

During the 85th Texas Legislature, amendments were made to Chapter 2001 of the Occupations Code (Bingo Enabling Act) that modify how the Texas Lottery Commission, Charitable Bingo Operations Division (Commission) executes the allocation of prize fees to counties and municipalities that have imposed a gross receipt tax on the conduct of charitable bingo as of January 1, 1993. County and city officials may want to review the Bingo Enabling Act, specifically Sections 2001.503 and 2001.507.

As noted in the previous notification, with the enactment of House Bill (HB) 2578, allocations of prize fees paid to counties and municipalities will now occur once per year at the end of each state fiscal year instead of once per quarter. Additionally, HB 2578 included a new provision regarding a pro rata reduction in those allocations equal to the estimated amount of license fees that would have been collected by the Commission from licensed conductors for the administration of bingo.

This month the Commission executed a final allocation for August 2017 which your office should have received by now. This allocation closed out fiscal year 2017. In accordance with the statutory changes, fiscal year 2018 allocations will occur after the end of the fiscal year (August 31, 2018). Distribution of fiscal year 2018 allocations are expected to occur during the month of September 2018 and it is anticipated that these will be significantly less than prior years due to HB 2578.

The Occupations Code may be viewed on the Texas Constitution and Statutes website at www.statutes.legis.state.tx.us. Additionally, the enrolled version of HB 2578 may be viewed on the Texas Legislature Online website (www.legis.state.tx.us). For information, specific to the Charitable Bingo Operations Division go to www.txbingo.org.

For questions related to this letter, contact Desira Glenn, Manager, via email at bingo.services@lottery.state.tx.us, Attn: Desira, or by phone at (800) 246-4677.

Sincerely,

Alfonso D. Royal, III  
Director  
Charitable Bingo Operations Division
A Message from the Director

January 2018

Important Dates for Conductors

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>April 25, 2018</td>
<td>Quarterly Reports Due</td>
</tr>
<tr>
<td>April 26, 2018</td>
<td>First Penalty Imposed – 5% of prize fees due</td>
</tr>
<tr>
<td>May 24, 2018</td>
<td>Jeopardy Penalty Date – 10% of prize fees due</td>
</tr>
<tr>
<td>May 26, 2018</td>
<td>Third Penalty Imposed – 5% of prize fees due</td>
</tr>
<tr>
<td>June 25, 2018</td>
<td>Interest Start Date</td>
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Charitable Bingo 2017 3rd Quarter Statistics

Charitable Bingo 2017 3rd Quarter Gross Receipts and Charitable Distribution

Third quarter of calendar year 2017 reporting shows gross receipts totaled $191,138,537, which is an increase of $5,390,579 or 2.9 percent in comparison to the third quarter of 2016. Prizes awarded and total expenses increased in comparison to the third quarter of 2016 while reported charitable distributions of $7,412,842 increased $126,406 or 1.7 percent in comparison to the third quarter of 2016.

January 2018
A Message from the Director

January 2018

License Fee Refunds

With the elimination of the license fee to conduct charitable bingo effective September 1, 2017, the Texas Lottery Commission, Charitable Bingo Operations Division (Commission) has completed a refund project in accordance with House Bill (HB) 2578. Per the HB, the Commission was required to refund all or the prorated portion of conductor license fees collected in fiscal year 2017 for license periods that fall wholly or in part in fiscal year 2018 or later. The Commission stopped collecting conductor license fees for applications or renewals made on or after September 1, 2017.

The project is complete; however, the Comptroller of Public Accounts is unable to complete payment to some organizations due to Taxpayer Identification Number (TIN) issues. If you receive a letter, phone call or email requesting information to set you up as a payee in the State’s payment system, please respond in a timely manner. If the Commission is unable to set you up as a payee in our statewide system, then your refund cannot be processed. Your prompt attention to Commission communication is requested.

Mind Your Expiration Dates

All licenses and registry listings expire. It is the responsibility of the license holder or the individual listed on the Registry of Approved Bingo Workers to ensure that a renewal application is submitted to the Division prior to the date of expiration printed on the license or worker registry badge.

The Division may notify licensees and worker registrants prior to license or registry listing expiration; however, the Division is not required to do so. It is the licensee’s or the worker’s responsibility to timely reapply for licensure or to be listed on the Registry of Approved Bingo Workers. Failure to apply for renewal timely and in accordance with the Bingo Enabling Act and Bingo Administrative Rules may cause a loss of licensure or removal from the worker registry.

Stay vigilant! Don’t let your license or registry listing expire!
Workers, renew online via BSP at BingoTechTesting@lottery.state.tx.us
A Winning Approach to use Social Media to your Benefit

Some days you wish social media would just go away so you can get back to having your bingo occasions full. Yeah, Facebook helps you keep up with family and friends, but how are you supposed to post about your bingo occasions?

Instagram and Pinterest are great for pretty pictures, LinkedIn is great for networking professionals. Snapchat is fast but the messages are only available for a short time before they become inaccessible unless the viewer saves the chat. Twitter restricts you to 140 characters.

So, what is going to work for you? Your customers expect to see your hall, organization or group “out there.” Having a website gives you credibility (you do have a website, don’t you?), social media adds to your presence and faithfulness. It also enables engagement in a way that a website cannot, as users can communicate easily with you by posting messages and you can respond quickly. How can you manage your social media presence while still running your organization?

Below are a few ideas.

Choose your sites carefully. You need to figure out which social media sites your target market uses and concentrate on those the most.

Post images. Pictures and videos capture much more attention on social media than text-only posts. Some platforms – like Instagram and Pinterest – are for posting images only.

Capture your target audience. Users are busy and distracted. Give them a reason to stay engaged with you; tips, news, discounts, cat pictures. Think of what will make them click or share.

Follow up. Social media is only the starting point, you must get them to your venue.

Manage your accounts. Use tools such as Hootsuite or Tweetdeck to make it easy to schedule your posts in advance and monitor activity. Rather than logging into your accounts and posting throughout the day, try one of these accessories to keep your accounts from being a constant drain on your time.

Engage with others who might repost your content. Unless you have tens of thousands of followers, when you post material, it almost immediately disappears. Include the identifiers, the branding of other companies, organizations and influencers in your posts. If they like your content and find it useful for their followers, they may repost it, sending traffic your way. You should get their permission first.

Don’t sign up for every site. You don’t have the time or resources to manage several social media sites and you don’t need to. Concentrate on the sites where your customers and prospective customers are.

Don’t guess at what you’ll post every day. Develop an editorial calendar. You don’t need to fill it in down to every specific post, but think about themes, promotions,
holidays and other events and write these down for the next few months. When you do write your posts, these guidelines will help speed up the process.

Don’t misuse a day. Schedule in advance what you can do and spend only 30 minutes a day on social media, responding to comments. Social media can consume an inordinate amount of your time and distract you from core, money-making activities. Budget your time.

Don’t respond to every comment. You were hoping for engagement when you signed up, but if your Facebook page takes off, with thousands of followers giving you hundreds of likes and writing tens of comments on your posts, you won’t have time to respond. Stick to your allotted time and respond to a few followers, nothing says you have to respond to all.

Don’t be mean or critical when responding. Keep your posts positive and don’t engage in current events that are dealt with elsewhere. Concentrate on your business at hand.

Another element to use is the hashtag (#). A hashtag is a tag used on social network services, allowing users to apply dynamic, user-generated tagging that makes it possible for others to easily find messages with a specific theme or content.

Don’t forget YouTube. Share videos of your bingo occasions, hall, whatever image you want to project of your organization. Find it all too complicated or time consuming? Employ a computer whiz to handle your social media, it’s a charitable bingo expense as long as it adds value to the bingo program.

Audit Message

Some of the most uplifting aspects of bingo audits is getting to see the amount of money distributed for the charitable purposes of the organizations, how those funds are used and the number of people whose lives are improved by them.

But there is a flip side.

There are times an organization puts complete trust in someone handling the charitable bingo operations for the licensed organization and that person is either not competent or is not working toward the best interests of the organization. The outcome is always one of the most disheartening we face as bingo auditors, because the licensed organization always suffers, either by reduced amounts for charitable distributions or owing prize fees, penalty, and interest to the State of Texas because the funds were diverted elsewhere. Fortunately, it does not happen often, but it does happen.

Unfortunately, this situation happened recently to a group of organizations and one of the bingo chairpersons inspired, “I just want to make up flyers or something so other organizations don’t have to go through this.”
Audit Message (cont’d)

What can you do to help ensure this does not happen to your organization?

1. **Be involved** –
   
   a. Have a person who was a bona fide member of the organization before engaging in bingo at the hall during your occasions.
   
   b. Observe the conduct of bingo processes.
   
   c. Understand the internal controls, how they protect your organization, and if they are being followed.

2. **Be informed** –
   
   a. Request and review financial information about the bingo operations regularly.
   
   b. Ask questions about any items of concern.
   
   c. Know the amount of rent being paid, how many workers are being paid and how much.
   
   d. Know who is approving disbursements and if they are reasonable and necessary.
   
   e. Understand why your bond amount increased, which can be due to a change in license class but also can be due to jeopardy determination resulting from failure to pay prize fees timely.
   
   f. Implement corrective measures sooner rather than later when an issue arises.

3. **Be educated** –
   
   a. Take the bingo training program.
   
   b. Learn the regulations and how they apply to your organization.

4. **Stay in communication with the Charitable Bingo Operations Division directly.**

Remember, there is no such thing as “letting them use our license”. A licensed authorized organization is responsible for all bingo occasions conducted under its license. It is true the bingo chairperson, operator and bookkeeper can be and are held responsible individually for actions while conducting, promoting or administering bingo; however, the organization holds the license and the ultimate responsibility to ensure compliance with the Bingo Enabling Act and Charitable Bingo Administrative Rules rests with the organization and its members.

The article entitled “Are We Getting the Results We Expect From Our Bingo Operations?” in the August 21, 2015 Director’s Message provides a much more comprehensive look at evaluating your organization’s bingo operations. Past Director’s Messages are available on our website [www.txbingo.org/publications](http://www.txbingo.org/publications).
Playing Bingo: Helping Your Community!

What motivates people to give? Charities have been grappling with that question for years. Playing bingo is one way you can give back and win! Bingo related charitable donations help those around your community and can include those organizations that offer relief for the poor, distressed or underserved, and those with religious, educational or scientific affiliations.

Some charitable organizations are engaged in the creation and management of monuments, buildings or facilities. Many charities work to enhance society by offering social services, lessening government burdens and combating community deterioration. The defense of public safety, children, animals, civil rights and the elimination of prejudice and discrimination are some other social centric activities that charities providing services, resources, education, training and information to people who are in need of support. It brings together people from different lifestyles in hopes of winning the top prize.

Organizations that make a difference are spotlighted below and if you would like to be featured in the next message send in your organization’s story with photographs. Giving back and having fun is all part of charitable bingo, but most importantly, you could walk away a winner! All you have to do is match all the correct numbers, hope you are the only winner, and shout “BINGO!”

Helping Those Around Your Community

Organizations that make a difference are spotlighted below and if you would like to be featured in the next message or on our Facebook page, send in your organization’s story with photos and tell us what is happening.

Giving back and having fun is all a part of charitable bingo!

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We have loaded up the trailer and headed straight to Houston! Thank you to everyone who helped support the victims of Hurricane Harvey! (Arizona Charlie’s Bingo)

Our Constable Glen Stone, Tim Black, Barbara Johnson and Auggie Martinex bagging up the donations from Bingo Bill’s for a trip to Houston.
A Message from the Director

Helping Those Around Your Community:
Christmas Joy, thanks to Charitable Bingo!

Grand Prairie Santa Cop Program helped create a holiday celebration for 421 families and over 1,200 kids.

Organizations: Diamond Wishes Children’s Charity, Skyeward Bound Ranch

Wrap Party for Grand Prairie United Charities
Organizations: Diamond Wishes Children’s Charity,

The Advocates Boxing Youth Program hosted a Christmas party for boxing participants and family and community members.

Duncanville Police Santa Cop Program
Organizations: Variety Wheelchair Arts and Sports Association, Diamond Wishes Children’s Charity, Skyeward Bound Ranch, Bluebonnet Civitan Club

January 2018
Helping Those Around Your Community:
Christmas Joy, thanks to Charitable Bingo!

Salvation Army Angel Tree Program
Organization: Bluebonnet Civitan Club

Cedar Hill Santa Cops
Diamond Wishes Children’s Charity,
Skyeward Bound Ranch, Variety Wheelchair Arts
and Sports, Bluebonnet Civitan Club

Homeless Saturday
Diamond Wishes Children’s Charity procured 200 pairs of warm socks, gloves, shirts and underwear that they gave to our Mohawk Tribe 3 to disburse to the homeless in Dallas. A huge thanks to Barbara Johnson and her family plus our security officer and coordinator Constable Glen Stone for their help. It takes time and effort to help others on a freezing Saturday morning under a bridge in downtown Dallas. Great work Bingo Bill’s.

Organizations: Diamond Wishes Children’s Charity, Red Men Tribe 3 Mohawk, Red Men Council 11 Flaming Arrow
Bingo Advisory Opinion Request No. 2017-1102-0001

A licensed authorized organization is not allowed to run a promotion that gives their first (50) customers a chance to spin a prize wheel which would determine various discounts toward bingo product purchases that each customer would win as a prize. The prize wheel is not one of the four games of chance authorized by law to be conducted during a bingo occasion. Specifically, it does not qualify as a bingo game, a charitable raffle, or a door prize, and, pursuant to previous Texas Attorney General and Texas Lottery rulings, it would be an illegal gambling device since the wheel might determine whether the customer wins a $0, $1, or $5 discount toward their buy in.

A licensed authorized organization can run a door prize promotion in which the person who wins is determined by a traditional ticket pull and then the prize that person wins is determined by spinning a prize wheel. So long as no consideration is required to participate in the door prize game, and no prize has a value of more than $250, the game is authorized by TEX. OCC. CODE ANN. §2001.420(c).

A licensed authorized organization can also run a promotion that awards customers based on being seated at numbered tables. Table number winners would be determined by bingo ball draws. For example, the caller pulls B-12 and everyone seated at table number 12 wins a T-Shirt. There is nothing in the BEA or Charitable Bingo administrative rules that prohibits group door prize awards. So long as seating is not determined by any kind of payment of consideration to enter the game, seating is open to everyone, and no prize exceeds $250, the promotion would be allowed.

A licensed authorized organization is not allowed to award additional door prize ticket entries based on additional spending on bingo products such as paper cards, electronic cards, or pull tabs.

A licensed authorized organization is not allowed to determine a door prize winner with instant pull tab prizes. Requiring the purchase of a pull-tab to participate in the “door prize” game is consideration. If the element of consideration is present along with chance and prize, then the contest is not a door prize game, but an illegal lottery. Additionally, most likely such a scheme would not be in compliance with the approved prize payout structure, and, therefore, would likely be a violation of 16 TEX. ADMIN. CODE §402.300.

In summary, a door prize promotion that involves chance, prize and consideration is an illegal lottery and not authorized. Consideration includes a required purchased in order to participate in the door prize promotion.
A Message from the Director

Bingo Advisory Opinion Request No. 2017-0306-0002

A licensed organization is not allowed to run a bingo game in which one ball draw can be used to award multiple prizes of $50 or less using multiple bingo cards because such a game is not bingo. The game of bingo requires that more than one ball is drawn, as shown in the Bingo Enabling Act and the relevant bingo conduct rules.

A licensed organization would be allowed to run a bingo game whereby a player wins a prize of $50 or less as many times as they had identical bingo cards, but such a game’s prize would be subject to the statutory prize limits; namely, that the prize in the game would be subject to the $750 prize limit and count towards the $2,500 limit for that bingo occasion. Such a game guarantees a prize to an individual player greater than $50 and cannot qualify for the $50 statutory exception.

Computers being transported from one bingo hall to another on public roads and streets are considered off bingo premises. Public property is not considered bingo premises when it is not is under the control of the licensed organization and not used to conduct bingo or award bingo prizes. This opinion in no way approved or disapproved of the practice of transporting bingo equipment and supplies via public property.

Bingo Advisory Opinion Request No. 2017-0622-0003

An outside entity cannot pay for pull-tab bingo tickets. Bingo product must be paid for out of the licensed organization’s bingo account. The Bingo Enabling Act (“BEA”) states that “the purchase . . . of bingo supplies and equipment” must be “paid from an organization’s bingo account.” TEX. OCC. CODE § 2001.459. Therefore, the BEA does not contemplate that pull-tab bingo product would be paid for by an outside entity.

A tab with no cash value, but offered something like buy a soda get a free fry, would be considered a prize that would have to be reported by the licensed conductor during the bingo occasion that the game or product was sold and prize awarded. Merchandise prizes are considered prizes. In this case, even if the prize is not directly exchangeable for cash, it would have to be valued at its current retail price, and the licensed organization would have to report that prize value. If the merchandise prize was provided to the licensed organization at a price lower than the current retail price, the organization should retain documentation of the actual price paid and report the value actually paid. Section 2001.505 of the BEA requires that a licensed organization submit a list of “all prizes offered and given, with their respective values.” There is no exception for prizes of “no cash value.” There is an exception for the collection and remittance for prize fees for bingo prizes of $5 or less. But such prizes still must be identified on the bingo occasion report, prize fee schedule and ultimately included in the licensed organization’s quarterly report.

In summary, the cost of pull-tab bingo supplies must be paid for by a licensed organization from its bingo account, and therefore cannot be paid for by an outside entity. Furthermore, all prizes, including merchandise prizes not redeemable for cash, must be reported by the licensed organization. Merchandise prizes should generally be valued at their current retail price. The Commission must approve of all pull-tab bingo tickets, including their images and text, before they are allowed for sale.

January 2018
Bingo Advisory Opinion Request No. 2017-0816-0004

A licensed authorized organization is not allowed to accept a credit card as payment for bingo products (such as paper cards, electronic cards, and pull tabs) even if the credit card transaction is funded by a credit card processing company within two business days. The Bingo Enabling Act (BEA) is silent regarding the acceptance of credit cards. There are clear downsides to accepting credit cards, including the potential for credit card fraud, the temptation for players to spend more than they can afford, and the costs to players in fees and interest. Furthermore, credit card acceptance could make understanding the true financial condition of licensed organizations more difficult, both to those internal to the organization and to the TLC in its role as regulator.

These important considerations and potential risks merit deference to the historical practice in the bingo industry. Without clear legislative direction to allow the use of credit cards, licensed organizations are not allowed to accept credit cards as payment for bingo products.

A licensed authorized organization is not allowed to accept a credit card as payment for bingo products (such as paper cards, electronic cards, and pull tabs) if the credit card transaction is charged to a separate account which would act as a clearing account. The licensed authorized organization’s manager on duty cannot write a check from the clearing account to the bingo account at the end of each occasion in an amount equal to the total credit card charges to be included in the occasion deposit. As outlined above, the legislative history of the BEA and the industry practice regarding the acceptance of credit cards indicate that a licensed organization is not allowed to accept credit cards as payment for bingo products. The structure of the transaction, including whether a clearing account or check-writing intermediary is used, does not change the underlying issues with accepting a credit card as payment for bingo products.

A licensed authorized organization can award a bingo prize using a check drawn on a bingo account. The BEA states that funds may only be withdrawn from a licensed organization’s bingo account for “the payment of necessary or reasonable bona fide expenses,” and it provides that prizes are a category of expense allowed. However, organizations should note that withdrawals from the bingo account are made via “preprinted, consecutively number checks . . . signed by an authorized representative of the licensed authorized organization and made payable to a person” and the “nature of the payment” should be “noted on the face of the check.”

In summary, a licensed organization may not accept credit cards for the payment of bingo products, regardless of how the transaction is structured. A licensed organization may award bingo prizes using checks from its bingo account if the checks are issued and annotated properly.