



## GUIDANCE REGARDING CHARITABLE “RAFFLES”

The Attorney General frequently receives inquiries from nonprofit organizations and their professional advisors on whether charities can conduct a raffle as a form of fundraising activity.

Hawaii law makes gambling a misdemeanor criminal offense. Haw. Rev. Stat. § 712-1223. A misdemeanor is punishable by up to one year in prison. Also, promoting gambling in the first degree under § 712-1221 is a class “C” felony. Promoting gambling aboard ships under § 712-1222.5 is a class “C” felony as well.

A **lottery** is a type of **gambling scheme** and defined as follows:

**"Lottery"** means a gambling scheme in which:

- (a) The players pay or agree to pay something of value for chances, represented and differentiated by numbers or by combinations of numbers or by some other medium, one or more of which chances are to be designated the winning ones; and
- (b) The winning chances are to be determined by a drawing or by some other method based on an element of chance; and
- (c) The holders of the winning chances are to receive something of value.

**"Something of value"** means any money or property, any token, object, or article exchangeable for money or property, or any form of credit or promise directly or indirectly contemplating transfer of money or property or of any interest therein, or involving extension of a service or entertainment.

**A raffle is generally a type of lottery scheme.** Accordingly, charities may not legally use a raffle as a fundraising device, unless it is made clear to every participant that participation in the raffle is free of charge and that donations are strictly voluntary. Charities must exercise great care in communications with the public to ensure that individuals are not lead to believe that they must purchase ticket or other lottery device, to participate.

A charity may conduct a raffle ancillary to another fundraising event for which there is a charge to participate, like a dinner event or dinner show, silent auction, provided that participation in the raffle does not require the participant to pay something of value or lead any person to believe that a participant must pay something of value. Thus, although a charity may charge to allow a participant to attend a dinner show, they may not do so for any raffle that is conducted.