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Charitable gambling in Nevada

J. Thomas Rainwater
University of Nevada, Las Vegas

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CHARITABLE GAMBLING IN NEVADA

Presented by:

J. Thomas Rainwater

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University of Nevada, Las Vegas
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A Professional Paper submitted in partial fulfillment
of the requirements for the degree of

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Department of Public Administration
Greenspun College of Urban Affairs

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To my wife and three children, Daddy will now be able to spend the kind of time and energy with you I have wanted to for so long. Thank you for putting up with me during this journey. I'm home now.

My friend Jim Hein- I thank you for making a way for me to complete this milestone in my life. While I did not know you when the journey began, I shall not forget you now that it is finished.

CHAPTER I

INTRODUCTION

This is an exploratory study about charitable gambling in Nevada. In the 1990 General Election, the voters of Nevada passed Question 2, which amended the Nevada State Constitution to allow lotteries to be operated by charitable organizations for fundraising purposes.¹ Up to this point in time, lotteries of all kinds were banned by the Nevada Constitution since its passage in 1864, during Nevada's first legislative session. Following the 1990 General Election, the Nevada Legislature approved Assembly Bill (A.B.) 449 in 1991 which enacted by statute the parameters for operating a charitable lottery.

The primary forms of charitable gambling in Nevada are lotteries, bingo, and the occasional "Las Vegas Nights" where table games like twenty-one and poker are used to raise money. However, this last one is not used very often and is only mentioned briefly in this study. The primary focus of this study deals with charitable lotteries and charitable bingo.

Attempts to repeal the lottery prohibition in the Nevada Constitution did not have charitable origins. Lotteries were first attempted to be legalized in their own right before charitable intentions were attached. Even still with the word "charitable" attached, several attempts were made before it was passed into law. Once lotteries became legal for charitable purposes, bingo was likewise passed two years later in the 1993 Legislative session. It is the purpose of this study to examine charitable gambling in Nevada. Due to the close connection between charitable lotteries and lotteries for profit, both will be discussed. This study is *not* an examination of the motivations of non-profit

organizations, their organizational structure, or their fundraising policies. Nor does this study focus on the moral and ethical viewpoints of charitable gambling, though it will be touched on in Chapter V.

First, to be presented in Chapter II will be a brief synopsis of lotteries in the United States, followed with Nevada's legalization of gambling and its dealings with lotteries. Next to be discussed will be the numerous attempts by the Nevada Legislature and private parties to legalize lotteries in this state in Chapter III. Chapter IV will discuss the statutes themselves that legalized charitable lotteries and bingo. The fifth chapter will look at the pros and cons surrounding lotteries. Chapter VI will look at some of the issues that Nevada must address when considering lotteries, including the gaming industry's strongest objections to instituting a state lottery. The statistics gathered regarding Nevada's charitable gambling will comprise Chapter VII. This study will conclude with Chapters VIII and IX, discussing this study's conclusions and recommendations respectively.

CHAPTER II

LOTTERY HISTORY

National Lottery History

Lotteries have been a part of the national framework since colonial times. All thirteen original states used lotteries as a means of raising revenue. Virginia itself was originally financed by lotteries in England. Our oldest, and some say most prestigious, universities raised money, using lotteries. Harvard, Yale, Columbia, and Pennsylvania, just to name a few. As of 1832, sixty-six million dollars were raised through more than four hundred lotteries in only eight states. This was equivalent to five times the entire expenditures for the entire federal government that year.¹

However, lotteries did not have a “blank check” with which to continue. While lottery management companies were among some of the largest businesses in the early nineteenth century, a healthy economy, coupled with corruption within the industry led to the steady decline of legal lotteries by the 1820s.²

The coup de grace came in the 1880s with the Louisiana lottery scandal. Greed and corruption were so rampant that it gained national attention and outrage. What began as fund raising events for specific projects turned into “mail fraud and criminal interstate commerce.” By 1894, thirty-six states had anti-lottery language in their state constitutions, and the tide began to turn against gambling.²

Nevada’s Lottery and Gambling History

Nevada’s gambling history can be traced back to the Territorial Legislature in 1861. This legislature banned all types of gambling, including lotteries at this time with

violations resulting in a felony conviction of two years with the possibility of a \$5000 fine. This constitutional ban is a bit of a mystery. When the documents detailing the debates concerning the Nevada Constitution are examined, there is no record of any debates involving lotteries. When the provision was introduced, it was passed without any special attention.³ With the first State Legislature in 1864 gambling was again banned by constitutional prohibition, however penalties were reduced from felonies to misdemeanors resulting in \$100 - \$500 fines or one to six months in jail. Lotteries were included as a form of gambling. It was not until 1869 that gambling was legalized, but the law prohibited persons under seventeen years old from participating. Lotteries were not legalized at this time.³

The tide of gambling prohibition returned in 1909. Penalties were again instituted as felonies with sentences between one and five years in prison. In 1915 the law was revised to allow poker, five hundred, solo, and whist within a gaming establishment, as well as para mutuel betting on horse racing. Gambling returned in full force in Nevada in 1931.³ Once again lotteries were never brought up for discussion; thus leaving the constitutional ban on lotteries in place until 1987 when a bill was introduced and passed in the Nevada Legislature, and passed again in 1989. The only obstacle left was to put the issue on the ballot in the 1990 General Election. It appeared in the election as Question 2 on the ballot and passed with a total of 184,132 votes cast in its favor, accounting for fifty-nine percent of the vote.⁴ As hoped by its proponents, the voters in this election passed it and the constitutional ban on lotteries had been amended to allow charities and nonprofits to hold lotteries and use net proceeds towards their charitable activities. In the

1991 legislative session, the Nevada legislature codified into law the parameters by which a charity may hold a lottery.⁵

CHAPTER III

LEGAL HISTORY

The 1989 amendment to the Nevada Constitution was not the first attempt to remove the lottery prohibition. When Nevada tried to institute lotteries in the 1960's, opposition came from the gaming industry. The gaming industry expressed their fears that the federal government would get involved and interfere with state matters. This interference would come from an 1890 federal statute, which prohibited interstate mailing of lottery tickets.¹

In 1974, Congress passed legislation on the last day of the session, which permitted the transportation, mailing and broadcasting of advertising, information and materials regarding a state lottery on an intrastate basis. Equipment and tickets that are used in a state with a state-sponsored lottery were also exempted from the prohibition against transportation of wagering paraphernalia. With the passage of this federal legislation, much of the interference by federal authorities had been eliminated.²

After the 1864 Constitutional prohibition on lottery, there were only two attempts to circumvent the law before the 1960s. In 1887, the Nevada Legislature passed a bill, which authorized the formation of a lottery corporation, but Governor Stevenson vetoed the legislation based on constitutional grounds. The second challenge to the lottery prohibition came in 1899 when the Legislature passed a proposed constitutional amendment to legalize lotteries. However, the proposal was defeated in the next legislative session before being sent to the voters. This due to the fact that many of the legislators ran on an anti-lottery platform. The press also played a role as newspaper editorials spoke out against the legislation on the immorality of lotteries.¹

Everything regarding lotteries pretty much remained silent until 1965 when a lottery management corporation moved to Nevada.¹ Nevada Sweepstakes Inc. gathered more than 18,000 signatures, in order to put the measure on the ballot in 1968 as Proposition 4.³ The voters of Nevada firmly and without question defeat this proposed amendment by more than a three to one margin. Over 130,000 votes were cast on Proposition 4 with more than 100,000 votes cast to defeat the measure.⁴ The defeat was short lived as pro-lottery advocates began their march to amend the Nevada Constitution less than ten years later.

There were two proposals put forth during the 1975 Legislative session. Assembly Joint Resolution (A.J.R.) 33 proposed to repeal the constitutional prohibition on lotteries. The second proposal was A.J.R. 34. This was the first attempt to amend the Nevada Constitution to allow charitable organizations to hold a lottery for fundraising purposes. Both were unsuccessful in their attempts at passage. The Assembly Judiciary Committee voted to indefinitely postpone both bills, which in effect killed them. Two years later, two more bills were brought to the table. They both dealt with philanthropic issues. The first A.J.R. 24 sought to amend the constitution to allow a state lottery for support of senior citizens' property tax relief. A.J.R. 33 proposed to amend the Nevada Constitution to allow legislative authorization of lotteries for charitable or religious organizations. Both suffered the same fate; they died in the Assembly Commerce Committee.⁵

1981 saw the first passage of this type of legislation. A.J.R. 24 proposed to amend the Nevada Constitution to allow lotteries for charities and nonprofit organizations. It passed and in two years would be voted upon again by the Legislature.

There were two additional bills considered, this time with the State Senate taking them up. Senate Joint Resolution (S.J.R.) 23 proposed to amend the state constitution to allow a state lottery to benefit older residents and education. Senate Bill (S.B.) 312 was an attempt to repeal the statutes relating to penalties for lottery activities. Both of these, S.J.R. 23 and S.B. 312, died in the Senate Judiciary Committee.⁵

A.J.R. 24 returned to the 1983 legislative session to receive its second approval before moving on to the voters of the state. This did not occur and met its end in the Senate Government Affairs Committee. A second bill, A.J.R. 23 was a proposed amendment to the constitution to permit the operation of a state lottery for the benefit of older residents, education, and law enforcement. This bill also died in the Senate Government Affairs Committee. A.B. 239 was intended to clarify the statutory definition of “lottery” to specifically exclude free drawings. It was killed in the Assembly Judiciary Committee. The fourth and final bill submitted was S.J.R. 1, which proposed to repeal the constitutional prohibition on lotteries. This was the second time that a complete repeal of the prohibition had been proposed (A.J.R. 33 in 1977 being the first), and it was defeated as well; this time it was killed in the Senate Government Affairs Committee.⁵

1985 saw two additional measures brought before the Legislature. The first, A.J.R. 8, proposed to amend the constitution to permit the operation of a state lottery to benefit older residents and education. It was killed in the Assembly Judiciary Committee. Assembly Concurrent Resolution (A.C.R.) 32 proposed that a legislative commission conduct an interim study concerning the establishment of state lottery. This measure failed as well, where it died in the Assembly Legislative Functions Committee.⁵

In the 64th Legislative Session of 1987 two more measures were brought before the people's representatives. S.J.R. 12 proposed to amend the Nevada Constitution to permit the operation of a state lottery to benefit older residents and education. Like its predecessor, A.J.R. 8, it also failed, only this time, it was killed in the Senate Judiciary Committee. However A.J.R. 1 was also put forth, which proposed to amend the constitution to permit legislative authorization of lotteries for the benefit of charitable or non-profit activities in Nevada. The measure carried unanimously out of the Assembly Judiciary Committee and was passed by the full legislature. Two years later A.J.R. 1 was up again for the second time in the legislature where it passed. In 1990 it was presented to the voters in the 1990 General Election as Question 2, where it was approved. This was the first time that the constitutional prohibition on lotteries had been changed. It was now legal for charities and nonprofit organizations to operate a lottery for fundraising purposes.⁵

The next legislative session saw two bills to enact by statute the parameters by which charities and nonprofits may operate a lottery and another proposal to amend the constitution regarding lotteries. The Assembly Judiciary Committee discussed the two bills, A.B. 449 and A.B. 532. AB 449 sought the authorization of charitable lotteries and providing for their regulation. The second bill, A.B. 532 proposed to authorize charitable and non-profit organizations to conduct lotteries under certain circumstances. Many charities chimed in on these two bills, with the major consensus being that A.B. 532, which was written by the gaming industry on behalf of the Nevada State Gaming Control Board, was far too restrictive with too many bureaucratic controls. AB 449 received much support from the nonprofit sector and was passed into law under Chapter 688,

Statutes of Nevada 1991.⁶ As for the proposal to amend the State Constitution, S.J.R. 10, tried to repeal the prohibition on all lotteries. For the third time, it failed; the Senate Judiciary Committee killed it.⁵

Only two bills were introduced in 1993, S.J.R. 9 and S.B. 99. S.J.R. 9 was another failed attempt to repeal the constitutional prohibition on lotteries. S.B. 99 proposed to authorize the operation by veterans' organization of a statewide lottery on an annual basis to raise money for veterans' homes. Both bills died in the Senate Judiciary Committee.⁵

The next legislative session to address anything related to lotteries came in 1997. This bill A.B. 364 proposed to raise the maximum amount of prizes to be raffled off in one calendar year from \$200,000 to \$500,000. A.B. 364 was passed and enacted under Chapter 462 of the Nevada Revised States.⁵ There was a charity in northern Nevada that wished to raffle off a house. Unfortunately, the value of the house exceeded the amount passed into law by A.B. 449 in 1991. Thus the need arose to raise the statutory limit to \$500,000.⁷

In 2001, A.J.R. 11 was a bill which proposed to amend the Nevada Constitution in order to allow the legislature to authorize the state to operate a lottery for the support of public education of children and for the support of health and welfare of senior citizens. This bill died in the Senate Government Affairs Committee.⁵

2003 saw two bills put before the legislature – A.J.R. 1 and A.J.R. 2. The first of these bills, A.J.R. 1, sought to amend the Nevada Constitution to allow the Legislature to authorize the State to operate a lottery. A.J.R. 2, with a different twist, sought to amend

the Nevada Constitution so that the State would be authorized to participate in certain non-profit governmental lotteries. Both were killed in committee.⁵

There has been another bill submitted this year in 2005 and will be discussed in a later chapter.

CHAPTER IV

LOTTERIES AND BINGO

Lotteries

Charitable lotteries were codified into law in Nevada in 1991 under Nevada Revised Statutes, Chapter 462. This section will discuss the primary aspects of the law, which allows charities to operate a lottery for fund raising purposes. There are three primary sections. The first section contains mostly housekeeping measures, titled “General Provisions.” Section two is titled “Charitable Lotteries” and discusses the meat of the legislation. The last section, titled “Un-lawful Acts; Penalties” outlines what constitutes an unlawful act under this statute and what the resulting penalties would be.

I. General Provision

The first section of the General Provisions outlines that charitable lotteries, operated by bona charitable and nonprofit organizations are beneficial to the general welfare of the state. Jobs, revenue, and economic stability are examples of what constitutes benefits to the state. These benefits are dependent upon keeping them free from criminal elements, are operated honestly, and that proceeds are used to benefit the charitable organizations, which sponsor the lotteries. Regulating the types of organizations, who can participate, as well as the ways in which the proceeds are expended, can see the benefits of this legislation. These will be discussed in the next section.¹

Much time was spent in clearly and specifically defining what a lottery is and is not. This might seem overly simplistic, yet as seen in the first part of the General

Provisions, the Legislature was very concerned with keeping criminals and other undesirable types from profiting from and taking advantage of, charitable organizations.

As a result, their definition of lottery is defined as follows:

NRS462-105 “Lottery” defined.

1. Except as otherwise provided in subsection 2, “lottery” means any scheme for the disposal or distribution of property, by chance, among persons who have paid or promised to pay any valuable consideration for the chance of obtaining that property, or a portion of it, or for any share or interest in that property upon any agreement, understanding or expectation that it is to be distributed or disposed of by lot or chance, whether called a lottery, raffle or gift enterprise, or by whatever name it may be known.

2. “Lottery” does not include a promotional scheme conducted by a licensed gaming establishment in direct association with a licensed gaming activity, contest or tournament.

3. For the purpose of this section, a person has not “paid or promised to pay any valuable consideration” by virtue of his having:

(a) Engaged in or promised to engage in a transaction in which he receives fair value for his payment;

(b) Accepted or promised to accept any products or services on a trial basis; or

(c) Been or promised to have been present at a particular time and place, as the sole basis for his having received a chance to obtain property pursuant to an occasional and ancillary promotion conducted by an organization whose primary purpose is not the operation of such a promotion.

[1911 C&P Section 229; RL Section 6464; NCL Section 10176]-(NRS A 1991, 925, 2261)-(Substituted in revision for NRS 462.010)

In short, there are three items which need to take place, in order for a lottery, or any other type of gambling to occur: consideration (payment/bet), chance, and prize. Because the statute is intended for non-profit fundraising, subsection 2 was necessary to clear up any confusion with promotions ran by licensed gaming establishments. Subsection 3 addresses the issue of individuals profiting from charitable lotteries. This section is intended to ensure that the organization will receive the revenue from the lottery, instead of an individual profiting at the organization’s expense.²

Now that the issue of what a lottery is (and is not) has been settled, the next task is to discuss who can and can not participate in a charitable lottery and how those activities are defined. First, a charity or nonprofit must be qualified in order to participate. A qualified organization is defined as a “bona fide charitable, civic, educational, fraternal, patriotic, political, religious, or veterans organization that is not operated for profit.”³ A charitable or nonprofit activity is any activity, which supports these types of organizations and others like these including day to day operations.⁴ Logic follows, and statute dictates that a charitable lottery is a lottery⁵ operated by a qualified organization.

II. Charitable Lotteries

In order for an organization to participate in a lottery for the purposes of fundraising, they must first file an application with the Gaming Control Board for the State of Nevada. The application itself is available at five locations throughout the state in Carson City, Las Vegas, Laughlin, Elko, and Reno, or online. Processing the application itself is quite simple, but there is specific information that is required from the organization, otherwise a charitable lottery will not be sanctioned. A walk through the application process will provide a simplified view of how an organization receives permission to operate a lottery.

Application Process

The first step in the application process is much like that of any information and is compulsory in nature-organization name, address, city, state, zip code, nature or type of

organization, the date the organization was established, and contact person with signature, date and telephone number.⁶ Next the charity must declare whether they are applying for Registration or a Request for Approval. In essence, they are both accomplishing the same task of getting legal permission to operate a lottery in this state, with the only difference being the dollar amounts of the prizes offered by the charity during the same calendar year. Registrations required a five-dollar fee while Requests for Approval garner a twenty-five dollar fee. If the total value of prizes offered is between \$2500 and \$25,000, then Registration is required. Request for Approval is required when the value of prizes in a calendar year exceeds \$25,000 yet less than \$500,000. In the case that the total value of prizes does not exceed \$2500 and the tickets to the charitable lotteries are sold only to members and guests of the organization attending a special event sponsored by the organization, with the total dollar amounts of the prizes of the charitable lotteries at \$15,000 or less per calendar year, then the charity does not even have to file an application with the Gaming Control Board.⁷

The organization or charity must also list the names of the officers or principals of the organization who are responsible for activities related to charitable lotteries. A description and value of the lottery prizes must also be listed in the application. In the event that a Request for Approval is required (prizes valued between \$25,000 and \$500,000) the organization must list what the anticipated expenses will be, and provide copies of any contracts or agreements between the organization and suppliers for materials used in the charitable lottery. The organization is also required, regardless of Registration or Request for Approval, to provide a description of the intended use for the proceeds, indicating the approximate percentages of how much money will go to various

activities related to the charitable lottery, i.e. materials, administration, travel expenses, salaries, etc.⁶ An organization must also declare a county as the primary county in which the lottery will be held, as tickets for that particular charitable lottery can only be sold within the primary county and counties that border the primary. Sale of charitable lottery tickets statewide or out of state is not permitted.⁸

There are four additional items which organizations need to be aware of when applying for a charitable lottery. First, in the event that Registration or Request for Approval is denied, the organization will be notified within thirty days after submission of the application. This denial may be appealed to the State Gaming Control Board and the Nevada Gaming Commission. Registration or Request for Approval is a revocable privilege, and unless revoked is good for one calendar year expiring on December 31.⁹ To date there has been only one appeal to a denied application. This involved a couple who wanted to raffle off their house, pay off their mortgage and donate the balance to charity. This application was rejected on the grounds that only charitable organizations, not individuals, may hold a raffle. This situation would have worked if the couple had deeded their house over to the charity and then allowed the charity to raffle it off. When the couple declined this alternative, it was clear to the Gaming Control Board that these people were primarily interested in paying off their house, not helping the charity. As a result, their appeal was also denied.¹⁰

In the event that the charitable lottery is applying for a Request for Approval, only one lottery can be held in a calendar year, unless specifically authorized by the Chairman of the Gaming Control Board.⁸ Lastly, after the completion of the lottery and no later than the end of the calendar year, December 31, the organization must submit a financial

report to the Chairman of the State Gaming Control Board. This financial report must include a statement of expenses and the amount and use of net proceeds generated by the charitable lottery.¹¹

Finding of Suitability

Should the circumstances present themselves the Nevada Gaming Commission may require, based upon the recommendation of the State Gaming Control Board a finding of suitability pursuant to NRS chapter 463 for any organization or individual associated with the operation of a charitable lottery in Nevada. As a result, the organization and/or individual must submit a deposit to the Gaming Control Board to cover the costs of an investigation. There are four situations that, if they occur, can result in a revocation of their privilege to operate a charitable lottery.

First, if the organization does not respond within thirty days after receiving notice to file an application for a finding of suitability with a deposit, they may have their privilege revoked. Second, during the course of the investigation, the organization is found unsuitable. Grounds for this can range from a criminal background, to operating a business unethically, to doing business in such a way that hurts Nevada's economy or workforce.² Third, if the associated person does not respond within thirty days after receiving notice to file an application for a finding of suitability with a deposit, the organization with which they associate may have their privilege revoked. The fourth deals directly with an associated person found unsuitable. If the qualified organization does not terminate the relationship with the individual found unsuitable, within thirty

days as required by statute, it is considered grounds for revocation.¹² To date, there have been no such findings.¹³

Limitations on Compensation

There are some limitations that a qualified organization must adhere to for them to be able to operate a charitable lottery in this state. These deal with compensation of persons related to operation of a charitable lottery. First, a person cannot be compensated for providing prizes and supplies for the charitable lottery for an amount other than at fair market value. The organization cannot provide compensation to a person who is not a regular employee nor provide any additional compensation to a regular employee for participating in a charitable lottery. These limitations do not prohibit compensation by a qualified organization to a person for their services that are related to the operation of the charity or the charitable lottery.¹⁴ The intent here is to prevent outside parties from profiting from the Nevada charities, as well as limiting criminal activities.

III. Unlawful Acts; Penalties

The penalties involved with charitable lotteries are very specific in nature, with the intention to punish those who willfully violate the law with regard to this issue. They can be broken down into three categories: violations by persons, violations involving property, and general provisions regarding violations.

In the category of violations by persons, there are four that are specifically outlined. The first is a penalty for an unauthorized person who sets up a lottery without adhering to the provisions in this statute is guilty of a misdemeanor. If an individual sells

or transfers a ticket to an unauthorized lottery he or she is likewise guilty of a misdemeanor. Persons who intentionally assist in an unauthorized lottery are guilty of a misdemeanor. Assistance covers many areas to include printing, advertising, publishing, or managing the event itself. The last area for violation occurs with trying to insure or guarantee lottery tickets. This includes receiving any consideration, whether money, property, or favor to “fix” a lottery for or against a drawing in any lottery, whether in this state or another. To do so would constitute a misdemeanor.¹⁵

As for violations that involve property there are two items listed in the statute. The first of these involves opening an office and maintaining one for the purpose of selling tickets for an unauthorized lottery. This also includes advertising for such an office, either of which is a misdemeanor.¹⁶ The second violation is very similar to the first with this one pertaining to the use or leasing of a building for the purpose of activities related to an unauthorized lottery, with a person knowing what it is to be used for. This person is also guilty of a misdemeanor.

The third area dealing with violations in general can be listed as three separate items. Item one relates to the regular reporting of information to the public via newspapers, periodicals, television and radio, etc.¹⁷ This was written to address NRS 462.280 and 290 that penalizes persons for assisting an unauthorized lottery and intentionally advertising for an office of an unauthorized lottery respectively. Simply reporting in a public forum that these activities are occurring does not constitute assisting an unauthorized lottery. The second item states that it is not necessary to prove the existence of a lottery, for which a ticket was sold in violation of this statute. Rather in all cases, the “proof of sale, furnishing, bartering, or procuring of any ticket, share or interest

therein, or of any instrument purporting to be a ticket, or part or share or any such ticket, constitutes evidence that such share or interest was signed and issued according to the purport thereof.”¹⁸ Item number three deals with the forfeitures of money and property related to an unauthorized lottery. All money and property used in violation of this chapter of the Nevada Revised Statutes shall be forfeit to the State.¹⁹

Bingo

Charitable bingo games were authorized by the Nevada Legislature in 1993 and were codified into law in the Nevada Revised Statutes: Chapter 463. This section will discuss the major portions of the statute allowing charitable bingo games for fundraising purposes by qualified organizations. The legislation for charitable bingo was modeled after the legislation for charitable lotteries and therefore has many similarities.

To become eligible for a charitable or nonprofit organization to utilize bingo as a means of fundraising, they must first file an application with the State Gaming Control Board. They can be obtained at the same five locations as those mentioned earlier for lotteries or online.

Application Process

Once the application is obtained, the first section requires the organization to supply primarily housekeeping type information. The organization name, address, nature, date established, along with a contact person, signature, telephone number and date. Similar to the lottery application process, the organization must declare their intention to file for Registration or a Request for Approval. The difference again is based

upon the value of the prizes offered per calendar year. Registration is required if the total value of prizes offered during the calendar year ranges from \$2500 per calendar quarter but not to exceed \$50,000 per calendar year. Request for Approval begins at \$50,000 per calendar quarter, but not to exceed \$500,000 per calendar year. If the value of prizes does not exceed \$2500, then no application is required.²⁰

The organization or charity must also list the names of the officers or principals of the organization that are responsible for activities related to charitable bingo. A description and value of the lottery prizes must also be listed in the application. In the event that a Request for Approval is required (prizes valued between \$50,000 and \$500,000) the organization must list what the anticipated expenses will be, and provide copies of any contracts or agreements between the organization and suppliers for materials used in the charitable lottery. The organization is also required, regardless of Registration or Request for Approval, to provide a description of the intended use for the proceeds, indicating the approximate percentages of how much went to various activities related to the charitable bingo, i.e. materials, administration, travel expenses, salaries, etc.⁶

The organization must also provide proof of charitable or nonprofit status – a copy of their Nevada tax exempt certificate or other recognized document will suffice. Depending upon whether or not the organization is applying for Registration or Request for Approval, they must submit a check in the amounts of \$10 and \$25 respectively. Applications must be submitted at least thirty days prior to holding their charitable bingo event or beginning to advertise for such an event.²⁰

Limitations on Compensation

There are several other items that organizations must adhere to as a part of this statute. First, all qualified organizations must supply any additional information necessary to correct any deficiencies and maintain a complete application with the Gaming Control Board. During this time the approval of a qualified organization is suspended until all inaccurate or incomplete data is corrected and brought up to date.²⁰

There are some limitations that a qualified organization must abide by in order to operate charitable bingo in this state. These deal with compensation of persons related to operation of charitable bingo. First, a person cannot be compensated for providing prizes and supplies for the charitable lottery for an amount other than at fair market value. The organization cannot provide compensation to a person who is not a regular employee nor provide any additional compensation to a regular employee for participating in a charitable lottery. These limitations do not prohibit compensation by a qualified organization to a person for their services at a fair market value that are related to the operation of the charity or the charitable bingo.²¹ All proceeds generated from charitable bingo must be expended for the benefit of charities in Nevada. A financial report must be submitted to the Executive Director and Chairman of the State Gaming Control Board, on or before February 1 of each year detailing the charitable bingo activities of the previous year. This report is to include the expenses incurred during the operation of charitable bingo games, along with the amount and use of the net proceeds generated from them.²²

Finding of Suitability

Should the circumstances present themselves the Nevada Gaming Commission may require, based upon the recommendation of the State Gaming Control Board require a finding of suitability for any organization or individual associated with the operation of charitable bingo in Nevada. There are four situations that, if they occur, can result in a revocation of their privilege to operate charitable bingo in this state.

First, if the organization does not respond within thirty days after receiving notice to file an application for a finding of suitability, they may have their privilege revoked. Secondly, during the course of the investigation, the organization is found unsuitable. Grounds for this can range from a criminal background, to operating a business unethically, to doing business in such a way that hurts Nevada's economy or workforce.² Third, if the associated person does not respond within thirty days after receiving notice to file an application for a finding of suitability, the associated organization may have their privilege revoked. The fourth deals directly with an associated person found unsuitable. If the qualified organization does not terminate the relationship with the individual found unsuitable, within thirty days as required by statute, it is considered grounds for revocation.²³ To date, there have been no such findings.¹³

CHAPTER V

PROS AND CONS

Pros

One of the most obvious as well as best arguments for states to become involved with lotteries deal with creating revenue. First lotteries generate millions, sometimes tens of millions of dollars for state governments and provide a relatively stable source of income. Second, raising money in this manner is a fairly painless process. Some have said that a lottery is the only tax that people seem happy to pay. Lotteries also benefit local businesses. Many of the operating expenses and prizes are absorbed by the private sector. In addition, the businesses acting as ticket agents as well as the banks that handle the money will also benefit. This does not even include the lottery-related businesses that provide supplies and services, which support the lottery industry. Ticket printers, computer companies, news outlets, as well as advertising and consultants all receive income directly from the lottery industry. Also, the different lottery games can be viewed as an inexpensive form of entertainment while helping to fund the state government.¹

On the charitable lottery front, benefits also include monetary benefits. First, charities spend much of their time seeking new sources of income while desperately trying to hold on to the ones they have. Lotteries open up new avenues of income while still being able to provide the services to the community. As a byproduct of the services these charities provide, the burden to local and state entities are reduced.² While hard dollar amounts can not be known, additional costs would become known should the charities that provide them close their doors due to lack of funding. This is what charitable lotteries seek to avoid.

Cons

Arguments concerning lotteries generally focus on their ineffectiveness, inefficiencies, and inequitableness. First of all, critics claim that lotteries only generate from less than one percent to three percent of a state's overall budget on average. These revenues pale in comparison when compared to income generated from other major taxes. It would be easier to adjust the tax rate to account for the income that the lottery provides. Second, the monies spent on lottery tickets would take away discretionary dollars on other taxable items that would result in the state losing revenue from these other tax sources. A third argument states that lotteries act as a regressive tax on lower income groups who have the least ability to pay it. Lastly, there are issues related to instituting a lottery. Initial investments in securing revenue through constant promotion, advertising, and the creation and introduction of new types of games. These costs, critics state can make lotteries an expensive source of public funding. In a report by the Legislative Counsel Bureau in 1983, these costs in generating one dollar by lottery, costs between five and eight times as much as those methods of more traditional means of taxation.¹ While the dollar amounts have changed in the last twenty years, the ratios are most likely very close, if not the same today.

Arguments against charitable gambling center more on moral and ethical reasons than financial. First, religious organizations lose the moral high ground when speaking out against gambling when they use gambling for their own support. Second, these organizations send the message that they are not effective at using other methods of generating income. This strikes at the heart of their credibility. Lastly, there is the argument that by using gambling to raise money, or by not speaking out against it,

religious organizations give their tacit, if not explicit stamp of moral approval on gambling.³

CHAPTER VI

ISSUES AND OBJECTIONS

Issues To Consider

Instituting a lottery in Nevada may not be as difficult as it seems. To begin with one obstacle that many states have faced, and some are still facing are moral and ethical issues regarding lotteries and other forms of gambling. Nevada does not have this problem and has not had one since 1931 when gambling was legalized. The primary issue that Nevada has to concern itself with is how a lottery will affect the state's economy.¹

The closest situation, to compare to Nevada, is New Jersey. However, New Jersey is not a perfect example to compare to Nevada because New Jersey's lottery was well established prior to casino gambling being introduced in the state. Nevada would have the distinction, should a lottery become legal, of having a state sponsored gaming enterprise, i.e., a lottery in direct competition with existing business. Due to the fact that gaming accounts for so much of Nevada's income, introducing any measure that would or could possibly interfere with that revenue should be studied carefully. A Legislative Counsel Bureau Report cites a study that found that when various forms of gambling exist one form could substitute for another and lead to saturating the market. If this is the case, then the gaming industry has had a legitimate cause for alarm.¹

In a letter dated February 14, 1983, a Senior Research Analyst from the Legislative Counsel Bureau submitted a report to then State Senator Wilbur Faiss regarding information comparing lottery sales in Atlantic City, New Jersey with lottery sales throughout the rest of the state. This letter included comments from Bill Mulcahy,

the Deputy Director of Marketing and Sales for the New Jersey State Lottery. He shared some interesting insights on this issue. First, he stated that lottery revenues have been steadily increasing every year and that while he did not have specific figures at hand, there was no appreciable difference between lottery sales in Atlantic City and the rest of the state. He also points out casino gamblers and lottery players are two distinctly different kinds of people. Casino gamblers are described as being very serious gamblers and typically have a white-collar background. Conversely, lottery players usually do not have a great interest in casino gambling and can be categorized as more of a blue-collar crowd. Mr. Mulcahy also held to the view that lottery sales did not affect gambling and vice versa.²

Another interesting point is that a representative for the Atlantic City Casino and Hotel Association, Dave Gardner, echoed the sentiments of the New Jersey State Lottery in that the two types of gambling do not interfere with the others ability to generate revenue. Their only main concern was with video lottery, which could compete with casino games. He and Mulcahy agreed as well, in that New Jersey's gaming situation differed from Nevada in relation to the variety of gaming establishments and accessibility to them. Gardner also was of the opinion that the lottery player in New Jersey closely resembled Nevada's impulse driven slot players.²

Gaming Industry Objections

The gaming industry in Nevada takes a serious objection to a state run lottery here in this state. Its objection enters around the proposed negative aspect that a state run lottery would have on the gaming industry. These concerns have several aspects.

The first major point that the industry makes is that unlike other states with lotteries, Nevada's primary source of revenue is full service gaming. This industry has made multi-billion investments as well as contributing hundreds of millions of dollars to the state in the form of taxes, directly from gambling, not to mention revenue generated from property taxes. These millions of dollars represent a large portion of Nevada's income. By contrast, lotteries in other states account for five percent or less of the total state revenue.³

If a lottery were implemented, this would put the state in direct competition with its greatest income producer. Instead of contributing to the overall revenue of the state, the gaming industry contends that it would decrease tax revenue by taking dollars away from gaming, while not completely replacing it. For example, the games that would be directly challenged by a lottery would be keno, bingo, slot machines, and race and sports books. The lottery industry in its effort to increase sales has gone to video lottery machines. This is seen by the gaming industry as the biggest threat to their slot revenue. Even though they look and feel and sound like slots, lottery proponents say that it is not their intent to mimic slot machines.⁴

This lost revenue, while it would not doom the casinos as a whole, would affect casinos that border on going out of business. This would lead to thousands of people losing their jobs and millions of dollars in personal income. The lost revenue from gaming taxes coupled with unemployment and welfare costs would amount to a large sum that could cost the state more than a lottery could bring in.³

The second major issue that opponents to the lottery point out is that it is unlikely that a Nevada state lottery would do very well. First, a Nevada lottery would have to

compete with casinos. Second, studies have shown that in states with lotteries, ninety percent of its sales come from state residents.⁵ Nevada's small population would not be able to support a lottery with a large enough jackpot to attract more players. Lastly, any Nevada lottery would have to compete with surrounding state lotteries. Projections put a Nevada lottery jackpot at just a few million dollars as compared to the California Lottery with payouts in the tens of million of dollars. This being the case, critics contend that a Nevada lottery would have a tough time competing with Megabucks, much less the multimillion dollar jackpots of surrounding state lotteries.³

CHAPTER VII

NEVADA CHARITABLE GAMBLING STATISTICS

Nevada allows two primary types of gambling as a means of raising funds for charitable organizations. The focus of this study has primarily been on the lotteries, yet Nevada law as discussed earlier, does allow for charitable bingo. Since both were legalized, lotteries in 1991, and bingo in 1993, there have been 540 applications made to Nevada State Gaming Control Board, to take advantage of these opportunities, through fiscal 2004. This information was gathered from a logbook at the Nevada State Gaming Control Board, who is responsible for processing the applications and making sure that the guidelines are followed. Just as a reminder, bingo and lotteries each have two different types of applications, one for Registration and one for a Request for Approval. The difference being the dollar amounts for prizes. Lotteries require nonrefundable fees of five dollars for Registration and twenty-five dollars for Request for Approval.¹ Bingo requires a ten-dollar fee for Registration and a twenty-five dollar fee for a Request for Approval.² The dollar amounts for each applicant was used to determine which type was used.

1991 saw only ten applications for charitable lotteries. These applications were taken after October first, when the legislation went into effect. This low number can probably be attributed to only three months left in the fiscal year as well as to the newness of the legislation. There were six Registrations and four Requests for Approval; accounting for \$130 in total fees generated.³

The second year, 1992, saw twenty-six total applications for charitable lotteries.

Twenty were Registrations, leaving six that were Requests for Approval. This brought the total revenue for 1992 to \$250.³

Year three saw the total decrease to twenty-one applications, with twelve Registrations and nine Requests for Approval. Total revenue generated for 1993 came to \$285 due to the increase in applications for Request for Approval.³

Year number four saw a total of thirty-eight applications. Sixteen of the applications were for Requests for Approval, leaving twenty-two for Registration. This brings the total fees to \$510 for 1994. To date, this was the highest grossing year for fees.³

1995 saw a decline in all three categories. The total number of applications dropped, as did each category in Registrations and Requests for Approval. Registrations dropped to thirteen, while Requests for Approval came to a total of eleven. As a result, revenues dropped \$170 to \$340 for the year.³

This next year, 1996, saw a slight increase in applications, yet revenues continued to decline. This has to do with the distribution of applications. Registrations increased to twenty, while Requests for Approval totaled only eight. This came to a total of \$300 collected for the entire year.³

The seventh, year 1997 saw increases in all areas. There were thirty-eight total applications with twenty-six being for Registration with twelve Requests for Approval. Revenues in fees totaled \$430.³

The next year saw another increase in the total number of applications from the previous year. Forty-two applications were made with the Nevada State Gaming Control Board. This was the first year that an application for Registration was made for bingo,

totaling only one. The remaining applications for lottery were thirty-one Registrations and ten Requests for Approval. Despite, the increase in application, revenues dipped slightly to \$415.³

1999 saw forty-three applications filed. These numbers were very similar to the previous year. There were two applications for bingo made, one for Registration and one Request for Approval. Lottery applications included thirty for Registration and eleven Requests for Approval. Totaling the fees for both bingo and lottery, the total amount in fees generated came to \$460.³

The year 2000 saw the total applications filed were forty-five. To this point in time, this was the highest number of applications filed in any one year. Bingo only had one application for Registration. The lottery saw thirty-three applications for Registration and eleven Requests for Approval. Fees generated totaled \$450.³

The next year saw a slight decrease in applications to forty-four in total. There was, however, an increase in applications for bingo Registration totaling four for the year. The remaining applications for lottery came in at twenty-nine for Registration and the remaining eleven were Requests for Approval. Fees totaling \$460 were generated.

2002 saw the highest number of applications to date. Between bingo and lottery applications, there were sixty-five made during the year. The tally came to two bingo Registrations, fifty-one lottery Registrations and twelve lottery Requests for Approval. The total fees collected were \$575. This was the most money generated at this time and would prove to be the second most in any one-year.³

The following year, 2003, saw a decline overall to fifty-two applications. Bingo brought in one application for Registration. Lottery Registrations came to forty-two

applications with nine Requests for Approval granted. The revenue generated for all applications totaled \$445.³

Last year was just one application shy of the record number in one year at sixty-four applications, yet brought in the most money in application fees. There were six bingo Registrations, forty-five lottery Registrations, and thirteen lottery Requests for Approvals. This year broke the six hundred-dollar mark, reaching \$610 in total revenue for the year.³

The fourteen-year totals are as follows: 380 lottery Registration, 143 lottery Requests for Approval, sixteen bingo Registrations, and one bingo Request for Approval. A total of \$5,665 was generated. From this information, several conclusions can be drawn and will be discussed in the next chapter.³

It must be clarified that with the incomplete information of the logbook, it was not possible to distinguish the bingo and lottery Requests for Approval from each other. With only one bingo Request for Approval being specifically identified the total number cannot be known without seeing each individual application. All Requests for Approval from 1991-1992 were for lotteries, as charitable bingo was not legalized until 1993. From 1993 on, Requests for Approval were assumed to be for lotteries based upon the enforcement agent's recollection of the processing of these applications, that the vast majority of applications were for lotteries, instead of bingo.

CHAPTER VIII

CONCLUSIONS

Any doubts as to the future of the lottery issue in Nevada, one thing remains true, the issue will not go away anytime soon. After the first attempt to legalize lotteries in 1887, there have been twenty-five attempts by the Nevada Legislature and one voter initiative to attempt to repeal the prohibition on lotteries in the state constitution through the 2003 legislative session. The only successful attempt came in 1989, when the legislature passed A.J.R.1 for the second time and was then approved by the voters in the 1990 General Election. This was only a partial repeal, which allowed a lottery only by charitable organizations for their benefit.

This year in the 2005 Legislative Session, there is another attempt on the table to legalize a lottery in Nevada. The motivation to institute a lottery is again, education, with projections between thirty and fifty million dollars in annual profits. Senate Minority Leader Dina Titus, Assembly Speaker Richard Perkins, and Majority Leader Barbara Buckley, all Democrats, seek to use funds generated by a lottery to fund classroom materials and reduce class size.¹ This attempt takes on a different twist than previous attempts. This year's proposal seeks not to create a state lottery, but rather to participate in the Powerball lottery. Powerball is played in twenty-seven states and generates jackpots as much as \$315 million.² Unlike previous years, there is not much opposition expected from the gaming industry. Assemblyman Richard Perkins concedes that the gaming industry is uneasy about the proposal, but they are aware of the need to do something to improve the educational situation in Nevada. Perkins states that a lot of thought is being put in to how this will work for all parties involved.³

Based upon the two primary objections put forth by the gaming industry, this proposal, whether by design or happenstance answers them better than any other previous attempt. The question of creating a serious competitor to the full service gaming industry is somewhat alleviated by the multi-state Powerball lottery, where Nevada revenue could be generated by other participants in other states. After all, the entire casino industry is not completely ignorant of the revenue generated by lotteries. The most profitable retailer of lottery tickets in California is located near Primm, Nevada, just across the border in California, generating in excess of six million dollars in 2004. This convenience store is operated by MGM Mirage, and if only symbolically, shows that the gaming industry and the lottery industry can coexist.³ Secondly, the question of whether or not the Nevada population could support a lottery has been answered. The answer is that it does not have to bear the sole burden. Residents from twenty-seven other states would also support the Powerball lottery, in addition to Nevada's population.

CHAPTER IX

RECOMMENDATIONS

All of this information, coupled with the experience of research leads to several recommendations in regards to this issue of charitable gambling in Nevada.

The first recommendation deals with accessing information regarding the charitable organizations here in Nevada. As it stands today there is no method or procedure for tracking demographic information. The information that was desired but not available during this study included the nature of organizations, city and county of origin, and total revenue generated by the charitable organizations. This information, with the exception of total revenue is available on the first page of the charitable bingo and lottery applications. However, because personal information regarding the organization and individuals associated with that organization is also listed on this page, the Gaming Control Board was not able to provide all the information necessary for this study. Other reasons simply came down to accessibility. Once an application is processed and completed, it is processed onto film or computerized and then sent to Carson City, Nevada, and was not readily available. Had this information been available, it would have been possible to statistically track what types of organizations participate, how often, where they are located, and how much money they raise. This information could be used to study this topic further, and discover any relative trends, yet more importantly, better meet the needs of the charitable community, making modifications or recommendations as necessary.

The second recommendation would be to institute a measure of tracking charitable bingo and lottery events, which have prize totals of less than \$2500. The 540

recorded Registrations and Requests for Approval for charitable bingo and lottery events does not include this number. As a result no one really knows how many of these types of events occur whether they be great in number or small. This could be done quite simply. The charitable organization should be required to send a letter of notification to the Gaming Control Board that they are going to be holding a bingo or lottery event for fundraising purposes. This is not an unreasonable request, as this is required when an organization holds a charitable event often referred to as “Las Vegas Nights” where table games such as poker and blackjack are played.¹ An additional requirement would be to send a letter once the event is concluded with the amount raised. This is no different than what is required for bingo and lottery events \$2500 and over and it would allow the total revenue for charitable gambling to be tracked more closely. As it stands, organizations are required to send in a financial statement to the Gaming Control Board listing the total revenue generated, expenses incurred, etc., when Registration or Request for Approval is involved.

This brings up the third recommendation, and that is to track the total revenue generated from charitable bingo and lotteries. The information is a final requirement of Registration and Request for Approval in the financial statement submitted to the Gaming Control Board. What lacks is a method or procedure to total the revenue on an annual basis. It makes logical sense that if revenue from full service gaming is tracked, so also should revenue from charitable gaming also be tracked. Much care was given to protect the charities from unscrupulous and criminal forces. Knowing how much money is being raised brings the reality of charitable gambling to full light. While it is true that the Nevada State Gaming Control Board has not required anyone to be removed from

participating in a charitable gambling event due to a finding of suitability or has ever required a finding of suitability, there is still the possibility of abuse if the money is not followed. Charitable or not, this is still gambling, and gambling attracts unsavory personalities. This leads to the fourth recommendation.

The fourth recommendation hearkens to the penalty and unlawful acts portion of the legislation. Any person or organization that knowingly violates any part of this law is guilty of a misdemeanor. This being true, the state would then be obligated by law to prosecute the individual or individuals involved and would spend tax dollars doing so. Many people would probably agree that prosecuting someone over any illegal lottery, while necessary, might not be the most prudent use of tax dollars. A possible solution would be to give the organization something to lose; something more than their application fee, which at most is twenty-five dollars, and a slap on the wrist. As an additional requirement to the application process, the charity could be required to post a bond somewhere in the amount of \$1,000. This way if the organization violates any of the laws surrounding charitable lotteries, they would immediately forfeit their bond and the State would be able to limit its exposure in a prosecution. Likewise, once the charity has completed its obligations and filed its financial reports, the bond would be refunded and the charity would not be out any money.

Recommendation number five deals with the record keeping requirements of the participating charitable organizations. Currently, there are no requirements for organizations to keep records of winning recipients of these games, but there should be. This would ensure that no conflict of interest would exist between the principal agents of the organization and the winners of the raffles and bingo games. It is feasible to accept

the notion that someone with close ties to the organization will on occasion win a large prize offered at one of these events. It is the intent of this recommendation to prevent this from occurring on a regular basis and thus maintaining the integrity of the charitable games and the organizations themselves, not to mention maintaining the credibility of the laws that made these games legal.

The sixth recommendation deals with the fees related to the various applications for charitable lottery and bingo. While the intent of the legislation regarding these two issues was not to unduly burden nonprofit organizations with overly restrictive regulations and procedures, a need to adjust the fee schedule seems apparent. With the average time to process any one of these applications being two days,¹ an application fee of twenty-five dollars, at most, hardly accounts for all of the time and expense required by the State. From a practical standpoint this makes sense. The fees involved in the application process should cover the costs the State must expend in order to complete it or at least come close. In order to accomplish this the fees should be raised. Without knowing the actual costs (salary, administration, etc.), a flat fee of fifty dollars for all applications for both lotteries and bingo would do well to close the gap. The laws themselves and the opportunity to raise funds for these types of organizations are major benefits in themselves. The State of Nevada should not have to provide the additional benefit of subsidizing the application process. If an organization anticipates in raising thousands of dollars, then a fee of fifty dollars does not seem too restrictive.

With the issue of repealing the entire constitutional ban on lotteries in Nevada seemingly picking up momentum, it would seem likely that in the not so distant future, that it would become a reality. As a state, if we expect to someday operate a lottery on a

statewide basis, it would make sense if we would have an understanding of the intricacies and pitfalls of operating a lottery. Today we have the perfect test case with which to work out the bugs in the system- charitable lotteries. Currently, charitable lotteries (and bingo) are seen primarily as a means for small charities to raise much-needed funds. While the laws in place are there to ensure this, more could be done to monitor these activities without bogging down these charitable enterprises in bureaucratic red tape. The recommendations presented here are by no means the only ones, but are meant to begin an open discussion on this issue. It is the intent of these recommendations to strengthen the vigilance required to maintain the integrity of charitable gambling as the authors of the legislation intended.

NOTES

CHAPTER I

1. Author Unknown, "Election '90," Las Vegas Review-Journal, November 7, 1990: 2B.

CHAPTER II

1. Rex M, Rogers, Seducing America: Baker Book House Company, 31.

2. Rex M, Rogers, Seducing America: Baker Book House Company, 40.

3. Nevada Legislature, Assembly, Assembly Committee on Judiciary, Exhibit A, March 11, 1981.

4. Nevada, Secretary of State, Official Returns of the General Election of 1990.

5. Legislative Counsel Bureau of Nevada, Legislation Pertaining to Lotteries by the Nevada Legislature, 1975 to 2003, Chart.

CHAPTER III

1. Legislative Counsel Bureau of Nevada, State Lotteries, Background Paper 83-8.

2. Nevada Legislature, Assembly, Assembly Committee on Judiciary, Exhibit A, March 11, 1981.

3. Author Unknown, "Laxalt Reiterates Anti-Lottery Stand," Las Vegas Sun, November 4, 1968: 2.

4. Nevada, Secretary of State, Official Returns of the General Election of 1968.

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6. Nevada Legislature, Assembly, Assembly Committee on Judiciary, Exhibit 1A, 1991.

7. Enforcement Agent, Nevada State Gaming Control Board, telephone interview, Las Vegas, Nevada, March 10, 2005.

CHAPTER IV

1. Nevada Revised Statutes: Chapter 462.015.

2. Enforcement Agent, Nevada State Gaming Control Board, interview at Grant Sawyer Building, Las Vegas, Nevada, February 23, 2005.
3. Nevada Revised Statutes: Chapter 462.125.
4. Nevada Revised Statutes: Chapter 462.075.
5. Nevada Revised Statutes: Chapter 462.105.
6. Nevada Revised Statutes: Chapter 462.160.
7. Nevada Revised Statutes: Chapter 462.140.
8. Nevada Revised Statutes: Chapter 462.180.
9. Nevada Revised Statutes: Chapter 462.150.
10. Enforcement Agent, Nevada State Gaming Control Board, telephone interview, Las Vegas, Nevada, March 17, 2005.
11. Nevada Revised Statutes: Chapter 462.200.
12. Nevada Revised Statutes: Chapter 462.170.
13. Enforcement Agent, Nevada State Gaming Control Board, telephone interview, Las Vegas, Nevada, March 10, 2005.
14. Nevada Revised Statutes: Chapter 462.190.
15. Nevada Revised Statutes: Chapter 462.300.
16. Nevada Revised Statutes: Chapter 462.290.
17. Nevada Revised Statutes: Chapter 462.270.
18. Nevada Revised Statutes: Chapter 462.310.
19. Nevada Revised Statutes: Chapter 462.330.
20. Nevada Revised Statutes: Chapter 463.4095.
21. Nevada Revised Statutes: Chapter 463.4096.
22. Nevada Revised Statutes: Chapter 463.40965.
23. Nevada Revised Statutes: Chapter 463.40955.

CHAPTER V

1. Legislative Counsel Bureau of Nevada, State Lotteries, Background Paper 83-8.
2. Nevada Legislature, Assembly, Assembly Committee on Judiciary, Exhibit A, March 11, 1981.
3. Rex M, Rogers, Seducing America: Baker Book House Company, Chapter 3.

CHAPTER VI

1. Legislative Counsel Bureau of Nevada, State Lotteries, Background Paper 83-8.
2. Legislative Counsel Bureau of Nevada, February 14, 1983, to Nevada State Senator Wilbur Faiss.
3. Richard H. Wells, “A Position Paper for the Nevada Gaming Industry and the Nevada Resort Association in Opposition to S.J.R. 10,” (Senate Committee on Judiciary, 1991).
4. Author Unknown, “A Position Paper Presented by the Gaming Industry Association of Nevada and the Nevada Resort Association in Opposition to A.J.R. 8,” (Assembly Committee on Judiciary, March 18, 1984).
5. Richard H. Wells, “Position Paper: S.J.R. 1,” Senate Committee on Judiciary, Exhibit I, 1983.

CHAPTER VII

1. Nevada Revised Statutes: Chapter 462.160.
2. Nevada Revised Statutes: Chapter 463.4095.
3. Nevada, State Gaming Control Board, Charitable Lottery and Bingo Logbook, 1991-2004.

CHAPTER VIII

1. Erin Neff, “Democrats to Propose Lottery for Nevada,” Las Vegas Review-Journal, January 22, 2005: 1B.

2. Ed Vogel, "Lottery Opinion Sought," Las Vegas Review-Journal, February 15, 2005: 8B.

3. Howard Stutz, "State Lottery Faces Usual Obstacles," Las Vegas Review-Journal, January 27, 2005: 1A.

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1. Enforcement Agent, Nevada State Gaming Control Board, telephone interview, Las Vegas, Nevada, March 10, 2005.

2. Enforcement Agent, Nevada State Gaming Control Board, telephone interview, Las Vegas, Nevada, March 17, 2005.

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