













Isn't this Gambling?

THE INDUSTRY POINT OF VIEW

What is a Sweepstakes? How are sweepstakes softwares legal, and are they legal in my state?

United States consumer sales promotion known as a sweepstake (also known by its inflected forms which are both single and plural: sweepstakes and sweeps) has become associated with marketing promotions targeted toward both generating enthusiasm and providing incentive reactions among customers by enticing consumers to submit free entries into drawings of chance (and not skill) that are tied to product or service awareness wherein the featured prizes are given away by sponsoring companies. Prizes can vary in value from less than one dollar to more than one million U.S. dollars and can be in the form of cash, cars, homes, electronics, etc. Sweepstakes Softwares are legal because of the element of free entry. Sweepstakes Softwares can be played for free. Therefore, it is not a lottery.

The 3 elements of a lottery are: Prize, Chance and Consideration. Remove the element of Consideration (Payment) and no lottery exists. Where in the world can you get a lottery ticket for free? Almost every state in the United States allows Sweepstakes Promotions if all rules are followed correctly.

Georgia Constitution Art. 1, Sec. 2, Para. VIII

Except as herein specifically provided in this Paragraph VIII, all lotteries, and the sale of lottery tickets, and all forms of pari-mutuel betting and casino gambling are hereby prohibited; and this prohibition shall be enforced by penal laws.

O.C.G.A. Sec. 16-20-21

- A person commits the offense of gambling when he:
 - Makes a bet upon the partial or final result of any game or contest or upon the performance of any participant in such game or contest;
 - Makes a bet upon the result of any political nomination, appointment, or election or upon the degree of success of any nominee, appointee, or candidate; or
 - Plays and bets for money or other thing of value at any game played with cards, dice, or balls.
- A person who commits the offense of gambling shall be guilty of a misdemeanor.

Sweepstakes

Bona-fide amusement devices

- Skeeball
- Claw game
- Georgia lottery
- Bingo

"Our Constitution prohibits gambling, Art. I, Sec. II, Par. VIII(a), and our statutes outlaw illegal gambling devices. OCGA § 16-12-20 et seq. The Legislature, however, has chosen to exclude from these constitutional and statutory bans certain poorly-defined games and deem them 'bona fide amusement' games that are legal to play notwithstanding the questionable amusement value of the games, the low level of skill required to play them and the players' potential to amass multiple 'rewards' each worth \$5 for very little consideration. However, 'the courts are not permitted to concern themselves with the wisdom of an act ...'"

<u>Ultra Telecom, Inc. v. State</u>, 288 Ga. 65 (2010).

What are some of the things I need to make sure of when choosing a sweepstakes software company as far as compliance goes?

Compliance is often looked over when choosing a Sweepstakes Software provider, when it should be the most important. Our legal council specializes in the legalities of promotional games in the United States, and has helped Figure Eight create our Sweepstakes System to be the most compliant on the market today, if operated correctly. Beware of companies that use gambling-type words in their marketing pitches or even in their games. For example, if a Sweepstakes Software company uses the word Casino or even lottery in the same sentence as Sweepstakes, then this shows their lack of knowledge and experience in the business. We are here to help guide you to operate a compliant sweepstakes promotion.

Types of Games - What are some of the types and styles of sweepstakes games?

We have found that the most popular sweepstakes games are casino-style games. These games are everything from a 1-line game to a 100-line game, from Keno and Card Games to Bingo games. Figure 8's very own Lucky's Loot(TM) and Searing Sevens(TM) are just 2 of many casino-style games that our players cannot get enough of. The interactive Bonus Games in Lucky's Loot(TM) is second to none, and the Free Games Bonus in Searing Sevens(TM) is Scorching Hot! Sweepstakes Games Odds of Winning - Do the Sweepstakes Participants Really Win?

If you do NOT award a lot of prizes for Sweepstakes Participants, then why have a promotion to begin with? We want to create as much buzz about your Internet Café as possible. We want people to know and understand that when they buy your computer time, they also can win Prizes when they reveal their sweepstakes entries. We at Figure Eight have years of experience in knowing which payouts work best and deliver long-term results. The predetermined number of winners are carefully determined to achieve the best possible result for our customers and sweepstakes entrants.

Is the location of my Internet Café important? What are the main things to look for in a location?

Location, Location, Location. This classic saying applies to the Internet Café Business also. Other than the physical location, other traits of the location need to be noted. For example, there has to be plenty of parking for the customers, and the property needs to be well lighted. Preferably in a busy shopping center with similar demographic anchor tenants. Depending on the traffic and demographics of the city, the square footage of spaces can range from 1,500 sq. feet up to 5,000 sq. feet. Growing into a space is much easier than outgrowing a space and losing customers because the waiting list is too long.

Unless your ordinance specifically defines internet cafés, it is likely a general commercial use.

What should local governments do?

Moratorium

- 1. Limited in duration.
- 2. Limited in scope.
- 3. Reasonable in purpose.

To Ban or Regulate?

Fees?

- What are appropriate zones? Should you segregate or aggregate?
- Special use permit?
 - Who is the owner / operator?
 - Where are they located?

Other issues to consider regulating:

Age restrictions.

Hours of operation.

Number of machines.

Alcohol.

Criminal history of employees.

Coin-operated devices.

- The skee-ball loophole.
- HB 462
 - Limits such machines to 9, except at "amusement and recreation establishment."
 - A new bill is in the works.
- Local governments can close the loophole.

Bona fide amusement device games.

This term has the same meaning ascribed to it by state law at O.C.G.A. § 16-12-35 and O.C.G.A. § 48-17-1, as they may be amended from time to time, except that, for any game or device which accumulates points or winnings over multiple plays of a game, in no case shall such game or device be allowed to award tokens, vouchers, or tickets for noncash merchandise, prizes, toys, gift certificates, or novelties having a wholesale value in excess of \$5.00, regardless of the number of plays during which points or winnings are accumulated.

PILL MILLS

"An analysis of autopsies performed by the GBI Medical Examiner's Office in 152 counties which drug overdose was the cause of death or a significant contributing factor in the death found there was a 10% increase in the number of prescription overdose deaths in 2010 compared to 2009. Of the 729 drug overdose deaths in 2010, there were 560 deaths which involved only prescription drugs. The analysis also showed that 101 drug overdose deaths in 2010 involved only illicit drugs and sixty-eight (68) deaths were attributed to a combination of both prescription and illicit drugs".

PMP

- Georgia was the last state in the Southeast to adopt, and it is still not in effect.
- Georgia has become a haven for disreputable drug prescribers and drug addicts.

Pill mill versus the legitimate pain management clinic.

- Walk-in clients, sometimes carpooling from out-of-state.
- Short meetings with the doctor, who then writes a prescription for alzoprolam, hydrocodone or similar narcotic.
- Patient pays cash, and often fills the prescription at the pill mill (also for cash).

What can the local government do?

Adopt restrictions that are acceptable to pain management clinics, but not pill mills.

1. Identify ownership and doctors.

 Background checks on employees.
Don't allow employees with felony, drug or moral turpitude records.

3. No cash transactions.

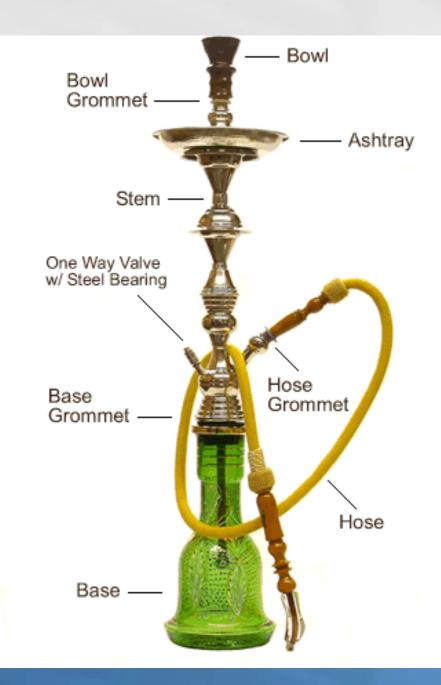
4. No on-site narcotic prescription filling.

5. Provide the local government the right to review records.

Define pain management clinic to avoid hospitals, doctors offices and pharmacies.

HOOKAH BARS





May or may not sell alcohol.

- Would be subject to smoking law and ordinance.
 - -Retail tobacco establishments
 - -Bars and restaurants not allowing admittance to kids under 18.

Since the customer base will be similar to that of a bar, the local government may want to require hookah bars to be located in the district where bars would normally be located.