



## Georgia Legislature Passes Bill Banning Electronic Sweepstakes

The Georgia legislature approved [Senate Bill 431](#) and sent the bill to Governor Nathan Deal for his signature. The bill is intended to regulate Internet cafes – establishments where people can use computer terminals to play games and enter sweepstakes. Opponents of these establishments claim that they promote gambling and violate state lottery laws. However, members of the promotions industry are concerned because the bill is ambiguous and broadly drafted and on its face appears to prohibit, among other things, cash prizes in all types of sweepstakes.

The six-page bill would amend Georgia's existing consumer protection statute by providing that "any promotion involving an element of chance which involves the playing of a game on a computer, mechanical device, or electronic device at a place of business in this state shall be considered an unlawful lottery" and "any promotion involving the playing of a no-skill game on a computer, mechanical device, or electronic device at a place of business in this state shall be considered an unlawful lottery." The bill also provides "All prizes offered and awarded shall be noncash prizes only and shall not be redeemable for cash."

The bill would also amend Georgia's lottery statute. Georgia's existing lottery statute provides some exceptions from the definition of lottery including a "scheme whereby a business gives away prizes to persons selected by lot if such prizes are made on the following conditions:

(i) Such prizes are conducted as advertising and promotional undertakings in good faith solely for the purpose of advertising the goods, wares, and merchandise of such business;

(ii) No person to be eligible to receive such prize shall be required to (I) pay any tangible consideration to the operator of such business in the form of money or other property or thing of value; (II) purchase any goods, wares, merchandise, or anything of value from such business; or (III) be present or be asked to participate in a seminar, sales presentation, or any other presentation, by whatever name denominated, in order to win such prizes."

Senate Bill 431 would amend this exception to the definition of lottery by adding "and (iii) The prizes awarded shall be noncash prizes and cannot be awarded based upon the playing of a game on a computer, mechanical device, or electronic device at a place of business in this state."

The bill would also add a new paragraph explaining that the following is not a lottery:

"(D) National or regional promotion, contest, or sweepstakes conducted by any corporation or wholly owned subsidiary or valid franchise of such corporation, either directly or through another entity, provided that, at the time of such promotion, contest, or sweepstakes, such corporation:

- (i) Is registered under the federal Securities Exchange Act of 1934; and
- (ii) Has total assets of not less than \$100 million."

We are monitoring the status of this bill and will notify you if it is enacted.

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