

October 31, 2016

Harry Schlegel
VIA E-MAIL

RE: Texas Hold'em Tournament at Club

Dear Mr. Schlegel:

ISSUE: This correspondence is in response to your e-mail dated September 28, 2016, wherein you indicate that you are affiliated with a club license and ask whether hosting a Texas Hold'em Tournament ("Tournament") is legal. You indicate that there is no buy-in or cash reward, and players "play for points" to win a trip to Atlantic City, New Jersey "after [twenty-six] weeks." Further, you indicate that you spoke with the "[Pennsylvania] State Police" who stated the Tournament is legal, so long as "there is no money involved."

OPINION: In accordance with section 5.32 of the Board's Regulations, retail licensees, including clubs, are permitted to hold self-sponsored events, tournaments or contests on their licensed premises. Self-sponsored means paid for and carried out by the licensee. 40 Pa. Code § 5.32. A licensee's self-sponsored events, tournaments or contests may only be conducted under certain conditions. One of the conditions is that no unlawful gambling may be directly or indirectly associated with any event, tournament or contest or activity on the licensed premises. 40 Pa. Code § 5.32(e). If there is unlawful gambling, the licensee will be held strictly liable for such activity and could be cited for violations of the Liquor Code and the Board's Regulations. 40 Pa. Code § 5.32(e)(2); however, some gambling activities, while generally unlawful, are considered to be lawful if conducted by an entity that holds a small games of chance permit.

Please be advised that the Pennsylvania Liquor Control Board ("PLCB") does not regulate the Local Option Small Games of Chance ("SGOC") Act, and the interpretation of laws regarding the SGOC Act falls outside the PLCB's scope of authority. 10 P.S. §§ 311-327. Accordingly, the PLCB is unable to address your question as to the legality of the Tournament, insofar as it falls under the authority of the SGOC Act to determine whether the Tournament constitutes gambling.

It is recommended that you contact your County Treasurer's Office and/or the Department of Revenue, Miscellaneous Tax Division, at (717) 787-8275 with any questions about small games of chance. In addition, please note that the Pennsylvania Department of Revenue publishes a "Small Games of Chance Overview" that may be helpful to you. This overview can be obtained through the Department of Revenue's website, located at <http://www.revenue.state.pa.us/SGOC>.

Further, the PLCB's Regulations requires a club licensee to adhere to the provisions of its constitution and/or bylaws. 40 Pa. Code § 5.81. Thus, if the club's constitution and/or bylaws address tournaments, the club must follow those provisions. Failure to do so may subject the club to a citation by the Bureau of Liquor Control Enforcement.

Please do not hesitate to contact this office should you have additional questions.

THIS OPINION APPLIES ONLY TO THE FACTUAL SITUATION DESCRIBED HEREIN AND DOES NOT INSULATE THE LICENSEE OR OTHERS FROM CONSEQUENCES OF CONDUCT OCCURRING PRIOR TO ITS ISSUANCE. THE PROPRIETY OF THE PROPOSED CONDUCT HAS BEEN ADDRESSED ONLY UNDER THE LIQUOR CODE AND REGULATIONS. THE LAWS AND POLICIES ON WHICH THIS OPINION IS BASED ARE SUBJECT TO CHANGE BY THE LEGISLATURE OR THE PENNSYLVANIA LIQUOR CONTROL BOARD.

Sincerely,



RODRIGO J. DIAZ
CHIEF COUNSEL

cc: Pennsylvania State Police, Bureau of Liquor Control Enforcement
Jerry W. Waters, Director of Office of Regulatory Affairs
Tisha Albert, Director, Bureau of Licensing
Jeffrey Lawrence, Assistant Director, Bureau of Licensing

PLCB Advisory Opinion No. 16-435