

LEGALLY SPEAKING

TAKING A GAMBLE WITH YOUR LICENSE?

It may only be February, but one sign that spring is just around the corner is the excitement that comes with the culmination of the college basketball season known as “March Madness.” Many people throughout the country strategically make their hopeful winning picks, all the while knowing that their wager may be lost if they are not accurate in their selections. This seemingly acceptable practice of placing wagers on “March Madness” games is not without consequence however. With wagering activities such as this taking place in bars and restaurants where beer and liquor is sold, licensees should be aware of what is permissible under Iowa law.

Whether it’s a restaurant conducting a sports betting pool or a bar allowing customers to play a game of Texas Hold’em, on-premises licensees are required to obtain a social gambling license. An establishment with a social gambling license may permit two types of gambling on its premises; gambling between individuals and sports betting pools.

Gambling Between Individuals

In establishments with a social gambling license, gambling may occur between patrons who are together for purposes other than gambling. Therefore, a social relationship must exist beyond that apparent in the gambling situation. Gambling on small stakes card and parlor games such as cribbage, darts and pool is allowed with a social gambling license. No casino-style games, other than poker, are permissible but poker tournaments are never authorized with a social gambling license. A licensee or its employees cannot sponsor, conduct or promote any game. A participant cannot win or lose more than a total of \$50 in a

24-hour time period.

Sports Betting Pools

An establishment with a social gambling license may conduct a sports betting pool if the game is publicly displayed and the rules of the game, including the cost per participant and the amount of the prizes, are clearly displayed on or near the pool. A participant cannot wager more than \$5 and the maximum winnings to all participants in the pool cannot exceed \$500. All money wagered must be awarded to participants. The sports betting pool can only be used for one sporting event and must consist of a grid compliant with Iowa statute. Because of this requirement, the NCAA Basketball Tournament brackets are not legal at liquor establishments. For additional information on how to conduct a sports betting pool in grid format please refer to Iowa Code section 99B.6(7).

Poker Tournaments, Poker Runs and Raffles

A social gambling license does not allow licensees to conduct poker tournaments, poker runs or raffles. These activities can only be conducted by a licensed charitable organization. A poker run is an organized event where participants must visit checkpoints, drawing a playing card at each one. The object is to have the best poker hand at the end of the run. Raffles are defined as a lottery where each patron buys a ticket for a chance at a prize, with the winner determined by a random method. The winner does not have to be present to win.

Already Hold a Social Gambling License?

If you have a social gambling license, please check your license to ensure it

has not expired. The Department of Inspections and Appeals (DIA) currently does not provide notice to licensees of their renewal date. Social gambling occurring on a premise with an expired license subjects the licensee to the same penalties as not having one at all.

Penalties

Gambling that occurs at an establishment licensed for on-premises consumption without a social gambling license is a violation of Iowa law. First offense violators may face fines up to \$1,000 and suspensions lasting up to 21 days.

Don’t Take a Gamble with Your Alcohol License!

DIA recommends that all on-premises licensees obtain a social gambling license. To apply for a social gambling license, complete a paper or online application, both of which are accessible on DIA’s website. Along with the application, applicants must provide a letter on official letterhead from a financial institution or other entity, stating the establishment has an account in good standing. If conducting a sports betting pool, a copy of the grid and an explanation of how the pool will be conducted must also accompany the application. A social gambling license costs \$150 and is valid for two years from the date issued. Applications must be submitted at least 30 days before the beginning date requested.

Visit <https://dia.iowa.gov/food-consumer-safety/social-and-charitable-gambling> for rules and regulations regarding social gambling. If you have further questions, please contact the Social and Charitable Gambling Unit at (515) 281-6848. 