Progressive Raffles Compliance

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Why Progressive Raffles Require Different Compliance Controls Than Standard Raffles

Progressive raffles are among the most popular and profitable fundraising formats used by nonprofit organizations. They are also among the most highly regulated. Unlike standard raffles, progressive raffles introduce ongoing prize accumulation, recurring drawings, and extended participant engagement—all of which significantly increase compliance requirements.

This article explains why progressive raffles are treated differently by regulators and what nonprofits must understand before offering them.

Definition: What Is a Progressive Raffle?

A **progressive raffle** is a raffle in which all or part of the prize carries over from one drawing to the next if a predefined winning condition is not met.

Common progressive raffle characteristics include:

- Recurring drawings on a fixed schedule
- Carryover or accumulating prize pools
- Increasing odds over time
- Long-running raffle cycles rather than single events

Well-known examples include Queen of Hearts raffles and other jackpot-style formats.

How Progressive Raffles Differ From Standard Raffles

Standard raffles are typically single-event activities:

- Tickets are sold for a defined period
- A drawing occurs once
- Prizes are awarded immediately
- The raffle concludes after the draw

Progressive raffles differ in several material ways:

- Ticket sales may reopen repeatedly
- Prize funds may accumulate over weeks or months
- Drawings may occur even when no prize is awarded
- Participants may enter multiple times across the raffle lifecycle

These differences fundamentally change the compliance profile.

Increased Regulatory Oversight

Because progressive raffles involve ongoing prize growth, regulators often apply additional oversight to prevent:

- Misrepresentation of odds
- Improper jackpot accumulation
- Indefinite or open-ended raffles
- Misuse or delayed distribution of funds

As a result, progressive raffles may require:

- Separate approval from standard raffle licenses
- Explicit authorization for carryover prizes
- Disclosure of jackpot caps or termination rules
- More frequent reporting to regulators

Approval to conduct a standard raffle does not automatically authorize a progressive raffle.

Disclosure Requirements Are More Complex

Progressive raffles require enhanced transparency due to their extended duration.

Common required disclosures include:

- How the progressive prize is funded
- How and when the prize increases
- The specific winning condition
- Draw frequency and schedule
- What happens if the jackpot is not won by a certain date

Disclosures must remain accurate over time and update as conditions change.

Fund Flow and Prize Segregation

Progressive raffles often involve larger prize pools that grow across multiple drawing periods.

Regulators may require:

- Segregation of prize funds from operating funds
- Clear accounting of carryover balances
- Restrictions on interim use of raffle proceeds
- Timely distribution once a jackpot is won

Improper fund handling is one of the most common compliance failures in progressive raffles.

Reporting and Recordkeeping Requirements

Because progressive raffles span longer timeframes, recordkeeping obligations increase.

Nonprofits may be required to track:

- Ticket sales by drawing period
- Prize pool growth over time
- Unsold or voided tickets
- Winner eligibility verification
- Cumulative financial totals

Some jurisdictions require periodic reporting during the raffle, not just after it concludes.

Online and Multi-Jurisdiction Challenges

Progressive raffles are frequently conducted online, which increases jurisdictional complexity.

Additional considerations include:

- Residency or location restrictions for each drawing
- Enforcement of geographic eligibility rules
- Consistency of disclosures across digital channels
- Auditability of random draw processes

Online execution does not reduce regulatory requirements and often increases enforcement expectations.

Why Technology Matters More for Progressive Raffles

Due to their complexity, progressive raffles are difficult to administer manually or with tools designed only for single-event raffles.

Nonprofits must ensure that any systems used can:

- Support recurring drawings
- Track progressive prize accumulation accurately
- Update disclosures dynamically
- Maintain historical records for audits
- Enforce eligibility rules automatically

Manual workarounds increase compliance risk over time.

Summary

- Progressive raffles differ materially from standard raffles
- Regulators apply heightened scrutiny due to prize accumulation
- Disclosure and reporting obligations increase over time
- Fund segregation and accounting accuracy are critical
- Online execution adds additional compliance layers

Progressive raffles can be powerful fundraising tools, but only when supported by processes and systems designed to meet their unique compliance requirements.