

Fact sheet FS3001

# Poker tournaments

How can you legally conduct poker tournaments and other games of skill in NSW? This fact sheet provides guidelines for:

- ▲ organisations and individuals who operate tournaments
- ▲ hotels and clubs where tournaments are played
- ▲ charities
- ▲ players
- ▲ members of the public.

## What is 'playing for stakes'?

This is when players wager money (or something else of value) on an event with the aim of winning additional money. For example, in poker, where a player purchases chips and at the end of the game receives a share of the money based on the chips they hold, this would be considered playing for stakes.

## Groups of private individuals

A group of private individuals can legally play poker and stake money (or chips with a monetary value) on the outcome of each game as long as:

- ▲ the winner of each game takes the whole amount wagered
- ▲ the dealer is a participant in the game (a 'participant' is a person who plays the game)
- ▲ no person other than participants receives a payment or benefit from playing the game
- ▲ no payment is made for the right to participate in the game or enter premises where the game is played.

A game is unlawful if any of these conditions aren't met.

Paying a fee for the right to participate needn't directly relate to the game, but if it's a condition of playing the game, then it would be unlawful. For example, if a player is required to be a member of a poker club in order to play a private game at the venue, or if an

operator or venue charged a rake or other fee at any point in the game.

Breaches carry significant penalties. For organisers, there may be a fine of up to \$11,000 or 2 years imprisonment or both. For participants, there's a fine of up to \$5,500 or 12 months imprisonment or both.

## Poker tournaments in licensed premises like hotels or registered clubs

Although it's legal for private individuals to play poker for stakes on licensed premises, the licensee must ensure that certain things *don't* occur:

- ▲ a dealer must not be a participant in the game
- ▲ no person other than a participant in the game can receive a payment or benefit from playing the game
- ▲ no payment is made for the right to participate in the game or enter premises where the game is played.

Paying a fee for the right to participate doesn't have to be directly related to the game, but if it's a condition of playing the game it would be unlawful. For example, if a player is required to be a member of a poker club in order to play a private game at the venue, then the game would be unlawful. If an operator or venue charged a rake or other fee at any point in the game, this would also be unlawful.

Licensees are encouraged to make sure the only poker tournaments operated on their premises are ones that don't involve gambling. Breaches carry significant penalties. For owners of premises that permit unlawful gambling, there may be a fine of up to \$11,000 or 2 years imprisonment or both. The premises may also be declared an 'unlawful gambling premise', and this would prevent them from operating in any capacity.

However, if there's no gambling involved:

- ▲ the dealer isn't required to be a participant in the game
- ▲ the player can be asked to pay an entry fee as a condition of playing
- ▲ a fee can be charged to enter the premises.

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In return, the player can be allocated a number of chips. The main difference between these chips and the chips used in a game of stakes is that they don't have any monetary value. Their only purpose is to determine the final winner of the game, and any minor placegetters. They can't be redeemed for anything of value, for example, cash, drinks, food or other benefits.

At the end of the tournament, the chips are tallied to determine the winners. The winners receive a predetermined amount, which may be a percentage of the total prize pool. The prize isn't determined by the number of chips a person holds. For example, at the end of a tournament with cash prizes of \$500, \$100 and \$50, the person with the most chips will win \$500, and the person with the second largest number will win \$100, even if the difference in chip holdings is a single chip.

### Chip-chop tournaments

Chip-chop tournaments, or timed tournaments, are often played alongside a main poker tournament. Players play for a predetermined time, and those still in the game when the time limit expires will receive money back based on the number of chips they hold.

As the chips have monetary value, the game is being played for stakes. As a result, the games would be unlawful if:

- ▲ the dealer is not a participant in the game
- ▲ a person other than a participant in the game receives a payment or benefit from the playing of the game
- ▲ a payment is made for the right to participate in the game or to enter premises where the game is played.

Like other poker games played for stakes, the payment or benefit from playing the game doesn't have to relate directly to the game itself.

For example, if a player is only eligible to play in the timed tournament because they have already been knocked out of the main tournament, the game would be unlawful. Or if the player was required to purchase drinks or a meal before, during or after the tournament, the game would be unlawful. If a rake was charged by the venue, the game would also be unlawful. Breaches carry significant penalties. For the organiser, there may be a fine of \$11,000 or 2 years imprisonment for the organiser. For the participant, there may be a fine of \$5,500 or 12 months imprisonment or both.

### Charities and non-profit organisations

Charities and non-profit organisations may conduct poker tournaments to raise funds for their purposes where participants are asked to pay a fee to enter the tournament or the premises on which the tournament is being held. This is provided players do not wager or risk or stake money (or chips with a monetary value) on the outcome of each game. Part of the entry fee may fund the cost of holding the tournament (including prizes), with the balance being a donation to the non-profit organisation.

#### Note:

The *Unlawful Gambling Act 1998* and the *Lotteries and Art Unions Act 1901* do not apply to the conduct and playing of a game and the use of gaming equipment when the game is conducted and the gaming equipment is provided in a casino by or on behalf of the casino operator, except to the extent (if any) that the regulations otherwise provide – s. 4(2) *Casino Control Act 1992*.