

**ACT OF 24 FEBRUARY 1995 NO. 11 RELATING TO LOTTERIES, ETC.
(THE LOTTERY ACT)**

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Chapter 1. Definitions. Territorial extent of the Act

Section 1. *Definitions, etc.*

For the purposes of this Act the following meanings apply:

- a) Lottery: activity in which participants may for a stake acquire a prize as a result of a draw, guesswork, or other procedure which wholly or in part produces a random outcome.
- b) Game of chance: lottery using a tombola, a wheel of fortune, bingo or other mechanical or electronic devices by which means a series of consecutive draws are made.
- c) Prize machine: game of chance in which the draw is made by a mechanical or electronic device that also automatically dispenses prizes.
- d) Merchandise prize machine: prize machine that dispenses prizes in the form of merchandise.
- e) Pay-out machine: prize machine that dispenses prizes in the form of money or value certificates.

In doubtful cases the Ministry will decide with binding effect whether a lottery exists and if so what sort of lottery it is.

The King may by regulation decide that:

- a) activities covered by the first paragraph shall wholly or in part be exempted from this Act.
- b) this Act shall wholly or in part apply to mechanical or electronic devices that for a stake entitle a person to play but offer no chance of a prize (entertainment machines).

This Act does not apply to lotteries covered by the Act of 28 August 1992 No. 103 relating to Money Games, etc. which are otherwise regulated by a special Act.

Section 2. *Special rules regarding the territorial extent of the Act*

The King may decide that this Act shall wholly or in part apply to Svalbard . The Ministry may by regulation establish exemptions from parts of the Act for Norwegian vessels plying a scheduled route between a Norwegian and a foreign port.

This Act does not apply on board Norwegian vessels not calling at a Norwegian port or on Norwegian installations and facilities outside the Norwegian economic zone and the Norwegian sector of the continental shelf.

Section 3. *Regulations*

The Ministry may issue regulations for the implementation of this Act which determine, among other things:

- a) rules for processing applications
- b) general conditions for holding a lottery
- c) financial limits for the various types of lottery
- d) requirements for approval and control of draws and gaming devices
- e) requirements for the provision of security for prizes and disposal of uncollected prizes
- f) requirements for bookkeeping and auditing, including provisions that exceed the requirements of the Accounting Act
- g) requirements for lottery organizers, lottery operators, local owners and producers/suppliers of equipment for lotteries
- h) requirements for game arcades

- i) prohibitions against types of lottery or the possession of lottery devices that can easily be misused or may be difficult to control
- j) further rules regarding revocation, including provisions regarding exclusion for a limited period of time, and issue further provisions regarding procedures for the imposition of orders, administrative writs giving the option of a fine in lieu of prosecution and coercive fines.

The Ministry may by regulation decide that an annual fee shall be payable for the installation of prize and entertainment machines and that a special fee shall be payable for each lottery that is held. The Ministry may decide that the costs incurred by the control authority in connection with the processing of applications, approvals, authorizations, registration, draws and inspection of gaming devices as well as account audits shall be covered by the lottery organizer or other applicant by means of a specially determined fee.

The Ministry may by regulation issue further provisions regarding the content of the Lottery Register, including the information that shall be included in transcripts from the register and the extent to which a fee shall be payable for transcripts.

Chapter II. Lottery authorities - requirements for lottery organizers , etc.

Section 4. *The Lottery Gaming Board*

The Lottery Gaming Board shall monitor compliance with provisions laid down in or pursuant to this Act. The Lottery Gaming Board will decide cases that are assigned to the said Board in or pursuant to this Act, and is the administrative appeal body for decisions made by the police. The Ministry may issue general orders to the Lottery Gaming Board, but may not instruct the Board in individual cases.

The Lottery Gaming Board is headed by a director who is appointed by the King. The Ministry will lay down instructions for the position.

Section 4a. *The Lottery Appeal Board*

The Lottery Appeal Board is the administrative appeal body for decisions made by the Lottery Gaming Board. The Ministry may issue general orders to the Lottery Appeal Board, but may not instruct the Board in individual cases.

The Lottery Appeal Board shall consist of a chairman and two members, all of whom shall have personally appointed deputies. The Lottery Appeal Board is appointed by the King. Members of the Board are appointed for a term of four years. They may be reappointed once. The office is voluntary. Any supplementary appointments in the course of the term shall be made by the Ministry. The Ministry may relieve a member of the Board of his office if the member has not observed his duty of secrecy, has grossly breached other duties pertaining to his office or himself so requests.

The Lottery Appeal Board shall have a secretariat, which prepares matters for presentation to the Board.

The Lottery Appeal Board may only make decisions when all members are present. Matters shall be decided by majority decision.

The Ministry may issue rules regarding the organization of the Lottery Appeal Board's work, including determining that certain types of cases may be decided by the chairman of the Board or by the secretariat of the Board.

Section 4b. *Approval*

The Lottery Gaming Board grants permits and approvals pursuant to section 6 and section 10, first paragraph.

The Ministry may give individual police districts the authority to grant approval to local organizations or associations that propose to organize an isolated bingo event on their own account.

Section 4c. *Authorization*

Operators who are to organize a lottery on behalf of an organization or association must be authorized. If a lottery for which permission is required pursuant to sections 6 and 10 is to be held in fixed premises, the owner of the premises must be authorized.

Authorization is granted by the Lottery Gaming Board. The Ministry may give individual police districts the authority to grant local owners authorization to hold specific lotteries.

Section 4d. *The Lottery Register*

Approval and authorization granted pursuant to sections 4b and 4c and permits to install prize machines and entertainment machines shall be recorded in a central register. Administrative decisions to revoke approval, authorization or a permit to install a machine shall be recorded in the register.

Section 4e. *Ownership and distribution of profit*

If an organization or association with a humanitarian or socially beneficial aim acts as local owner or operator, the two activities shall be clearly separate in terms of organization and accounting, etc.

Local owners, operators and organizations and associations with a humanitarian or socially beneficial aim have a duty to report to the Lottery Gaming Board any proprietary right they may have in activities covered by this Act. The same applies to changes in such ownership.

Section 4f. *Duty to keep accounts and have them audited*

Any person who is approved or authorized pursuant to sections 4b and 4c has a duty to keep accounts pursuant to the Accounting Act unless a corresponding duty to keep accounts derives from other legislation. If an activity such as is mentioned in the first sentence is part of other business activity, the revenues and expenses of the lottery activity shall be shown separately in the accounts.

Any person who has a duty to keep accounts pursuant to this section also has a duty to have the accounts audited pursuant to the provisions of the Audit and Auditor Act. This does not apply, however, to any person who merely acts as local owner.

The Lottery Gaming Board may grant exemptions from the rules regarding the duty to keep accounts and have them audited which are laid down in this section.

Chapter III. Lottery activities

Section 5. *Aim of lotteries*

A lottery may only be held for the benefit of a humanitarian or socially beneficial aim.

The first paragraph shall not, however, apply to lotteries at meetings to which the general public is not admitted when the lottery is not the prime purpose of a meeting.

Section 6. *Lottery permits*

Subject to such exceptions as are mentioned in section 7, it is prohibited to hold a lottery without a permit.

A permit to hold a lottery may be granted to nation-wide, regional or local organizations or associations which in their activities promote such aims as are mentioned in section 5, first paragraph, within the area in which the lottery is held. Such organizations and associations may also be granted a permit to hold lotteries for the benefit of humanitarian activities outside this area. Where special circumstances so indicate, other institutions or groups may also be granted a permit to hold a lottery for the benefit of humanitarian activities.

In deciding whether a permit shall be granted, a socially justifiable distribution of the income derivable from the lottery activity is a factor that may be taken into account.

Section 7. *Lotteries not requiring a permit*

The following lotteries do not require a permit:

- a) Lotteries held within a limited area where acquisition of the prizes and the draw take place in the presence of the ticket buyers in immediate connection with the ticket sales (bazaar).
- b) Merchandise prize machines and small local lotteries as further provided by the Ministry in regulations.
- c) Lotteries mentioned in section 5, second paragraph.

If the implementation of such lotteries as are mentioned in the first paragraph is entrusted to an assistant in return for payment, a permit is nonetheless required.

The Ministry may by regulation determine the maximum value of prizes and impose a prohibition against certain forms of games and gaming devices for use in such lotteries as are mentioned in the first paragraph.

Section 8. *Draws*

Lotteries may be drawn either in advance or after the close of ticket sales. The draw may also be carried out on a continuous basis as a game of chance.

The draw in predrawn and postdrawn lotteries shall be made by the Lottery Gaming Board, the police or another authority as decided by the Ministry. For such lotteries as are mentioned in section 7, the draw is made by the organizer.

Section 8a. *Age limit*

The age limit for playing prize machines is 18 years.

The Ministry may by regulation determine age limits for participation in other lotteries.

Section 9. *Prizes*

The use of live animals and alcoholic beverages as prizes is prohibited. Alcoholic beverages as an award or prize in small private lotteries are nonetheless permitted insofar as this is provided for in section 8-6 of the Act of 2 June 1989 no. 27 regarding the Sale of Alcoholic Beverages, etc. It is likewise prohibited to offer money or money's worth as prizes, unless the Ministry has by regulation determined exceptions.

The prohibition against offering money as a prize does not apply to pay-out machines pursuant to section 10.

Section 10. *Pay-out machines*

It is prohibited for any person other than organizations and associations that have been granted approval by the Lottery Gaming Board to hold a lottery by installing pay-out machines. Such approval may only be granted to such organizations and associations as are mentioned in section 6. When granting approval, a maximum limit may be set for the number of machines that may be installed, and provisions may be laid down as to the kind of machines that may be used.

The police may only grant a permit for installation of pay-out machines to organizations and associations that have been approved by the Ministry pursuant to the first paragraph.

Section 11. *Marketing lotteries.*

With the exception of such lotteries as are mentioned in section 7, it is prohibited to engage in the marketing of or mediating lotteries for which no permit has been granted pursuant to section 6, second paragraph.

Section 12. *Access to accounts, etc.*

The control authority shall, upon request, be granted access to the accounts of the associations, organizations, etc. which hold lotteries pursuant to this Act, or have applied to do so.

The same applies to the accounts of any person who has undertaken, for remuneration, to organize a lottery for another person.

The control authority is at any time permitted:

- a) to have access to a place where ticket sales are effected to check that the lottery is being conducted in accordance with statutes, regulations and conditions laid down pursuant to statute.
- b) to inspect the devices used for games or draws in lotteries covered by this Act and may demand that they be inspected at the expense of the owner or user.

Section 13. *Determination and amendment of conditions*

The control authority may determine conditions for the lottery.

New or amended conditions may be determined after the permit has been granted if the lottery is held in breach of provisions laid down in or in pursuance of this Act, or if the activity otherwise causes a disturbance of the peace and public order.

Under such circumstances as are mentioned in the second paragraph, the control authority may determine conditions for continued operation of such lotteries as are mentioned in section 7.

Section 14. *Revocation of approvals, authorizations and permits*

Approvals, authorizations and lottery permits may be revoked in the event of repeated or serious breaches of provisions of this Act or provisions or conditions laid down in pursuance of this Act.

Revocation may also be effected if the lottery activity has caused repeated or serious breaches of the peace and public order or generated an environment harmful to children and young people.

Where there exist such breaches as are mentioned in the first paragraph in connection with such lotteries as are mentioned in section 7, first paragraph, or where such lottery activity has led to such circumstances as are mentioned in the second paragraph, the Lottery Gaming Board or the person so authorized by the Ministry may impose a prohibition on continued operation.

When revoking an approval, an authorization or a permit, the lottery authorities may set a time limit for termination of the lottery.

If a device used for games or lottery draws is not functioning satisfactorily, the lottery permit must be revoked immediately.

If the conditions for revoking an approval, an authorization or a permit pursuant to the first paragraph are otherwise present, the lottery authorities may decide that the lottery shall be terminated by a specially appointed administrator and in this connection demand that the necessary materials are surrendered by the lottery organizer. Any person who has had an

approval, an authorization or a permit revoked may be held liable for the public expense of termination.

Section 14a. *Order to rectify unlawful conditions and to cease and close down an unlawful activity*

In the event of conditions contrary to provisions laid down in or pursuant to this Act, the Lottery Gaming Board may issue an order to the person responsible to rectify the unlawful condition, or that the unlawful activity shall cease or close down. When preparing an order, a time limit shall be set for compliance and it shall be stated that the administrative decision may be followed up by a writ giving the option of a fine in lieu of prosecution which can have the effect of a legally enforceable judgment.

Section 14b. *Administrative writs relating to the duty to comply with orders*

The Lottery Gaming Board may issue administrative writs giving the option of a fine in lieu of prosecution in respect of any person who fails to comply with an order issued pursuant to section 14a within the established time limit. If more than six months have elapsed since the order was issued, the person to whom the writ is addressed shall be given an opportunity to make a statement before the writ is issued. The writ shall give information regarding the provision in the second paragraph and shall as far as possible be served on the person to whom it is addressed.

The person to whom the writ is addressed may bring legal action against the State in order to have the writ tried. If no legal action is brought within 30 days of service, the writ has the same effect as a legally enforceable judgment and may be executed pursuant to the rules regarding judgments.

The writ may not be appealed.

Section 14c. *Coercive fines*

In the event of conditions contrary to provisions laid down in or pursuant to this Act, the Lottery Gaming Board may determine a coercive fine in order to ensure that the order issued is implemented within a specified time limit. A coercive fine may be determined at the same time as an order and runs from the expiry of the time limit for complying with the order. When a coercive fine is not determined at the same time as an order, a new time limit may be established in the event of an infringement of the order. It may be determined that the fine shall run as long as the unlawful condition subsists and/or that it shall be imposed as a lump sum. The coercive fine shall be imposed on the person responsible for the unlawful condition.

The lottery authorities may reduce or waive an imposed fine when special reasons so warrant.

Section 14d. *Enforced recovery*

Fees and charges pursuant to section 3, second paragraph, and coercive fines pursuant to section 14c are enforceable by execution.

When the State Agency for the Recovery of Fines, Damages and Costs is ordered to recover such claims as are mentioned in the first paragraph, it may recover the claims by means of

deductions in pay and other similar benefits pursuant to the provisions of section 2-7 of the Satisfaction of Claims Act. The said Agency may also recover the claims by creating an execution lien for the claim if the lien can be given legal protection by recording it in a register or by notifying it to a third party, cf. Chapter 5 of the Mortgages and Pledges Act, and the execution proceedings may be held at the office of the said Agency pursuant to section 7-9, first paragraph, of the Enforcement Act.

Chapter IV. Miscellaneous provisions

Section 15. Repealed by Act of 21 December 2000 No. 119 (entry into force 1 January 2001 pursuant to Resolution of 21 December 2000 No. 1356)

Section 16. *Luck chains, etc.*

It is prohibited to establish or participate in pyramid systems, luck chains, chain transactions or similar enterprises where money or other values are ultimately traded among an indeterminate circle of people.

Section 17. *Penalties*

Any person who wilfully or negligently contravenes the provisions of this Act or provisions or conditions laid down in pursuance of this Act shall be liable to fines or imprisonment for a term not exceeding one year. An accomplice is liable to the same penalty. Attempts are punishable.

Serious contraventions are punishable by fines or imprisonment for a term not exceeding three years. In deciding whether a contravention shall be regarded as serious, special emphasis shall be placed on whether the act concerns a significant amount, is directed against children or for other reasons must be deemed to be particularly harmful. In the event of contravention of regulations pursuant to section 3, first paragraph, letter i, and contravention of section 16, the offence shall always be regarded as serious.

Such contraventions as are mentioned in the first paragraph are misdemeanours. Such contraventions as are mentioned in the second paragraph are felonies.

In the event of contravention of section 4f¹, section 8-5 of the Accounting Act shall apply.

Section 18. *Commencement of the Act*

This Act shall come into force on the date decided by the King. From the same date the Act of 12 May 1939 no. 3 relating to Lotteries etc is repealed. The King may prescribe transitional provisions.

¹ The reference to section 4f may appear to be due to an oversight. The reference should probably have been to section 3, first paragraph, f.