

ADVISORY

Distribution of Funds When Offering a “Dealer Add-on”

Unlike cash poker games, poker tournament dealers are tipped at the end of the tournament. To ensure their dealers receive a guaranteed tip, a game room may institute a “Dealer Add-on” policy. A Dealer Add-on gives players the choice, before the tournament starts, to add to their stack by purchasing more chips for a set fee. Typically, instead of going into the prize pool, or to the game room, the fee is given to the dealers as a “tip”. In New Hampshire, game operators seeking to implement a “Dealer Add-on” must do so in a manner that complies with RSA 287-D and Lot 7200.

RSA 287-D Dictates the Following Requirements for the Dispersion of Funds:

RSA 287-D limits prize payout to no more than 80% of the total amount collect from player. The law also requires that 3% of all funds collected be paid to the State. In both cases, the amount collected from player includes all entrance fees, buy-ins, re-buys and add-ons.

The law also requires that the charity receive no less than 35% of the gross revenues minus any prizes paid. The Game Operator Employer (GOE) receives whatever funds remain after prizes, taxes and the Charity are paid. The GOE may also receive payment from the charity for rent, if applicable. The examples below do not address rental payments.

Lastly, the statute limits the amount a player may spend per game to \$150, including buy-ins and re-buys (and add-ons), except for one game per event in which players may spend up to \$250. The amount paid by a player for the Dealer Add-on must be included in the total amount spent by the player.

Examples of How Funds May Be Dispersed

As demonstrated in the examples below, the amounts dispersed may vary depending on how the Game Operator Employer applies the “Dealer-Add on”, but in all cases, the “tip” paid to the dealer must come from the GOE’s portion of the revenue. The Lottery Commission does not regulate how the GOE spends its allotment, so the GOE is free to share its portion the revenue with the dealer in any manner it chooses.

The key points to remember are:

- (1) Dealer Add-on purchases must be included in the total funds collected from players.
- (2) Dealer Add-ons must comply with the player spending limits set by statute.
- (3) The charity must receive 35% of the revenue that remain after prizes are paid; and
- (4) Dealer Add-on “tips” given to dealers must come from the GOE’s share of the revenue.

When implementing a Dealer Add-on at a New Hampshire game room, the game operator must ensure that such a policy is done in compliance with the requirements noted above. In other words, the Dealer Add-on must not exceed the amount a player is allowed to spend or impact the portion of the gaming revenue due to the hosting charity or the State of New Hampshire. The following describes 3 ways that this can be accomplished.

Example A: Traditionally, if a player pays \$150 to enter a tournament, up to 80% of the total funds collected would be paid out in prize, and 3% of total funds collected would be paid to the State. The charity would receive 35% of the gross revenue (after prizes) and the Game Operator Employer would receive the balance.

EXAMPLE A

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and	\$150.00
2	PRIZES PAID (80% of Line 1)	\$120.00
3	RAKE/REVENUE (Lines 1 minus Line 2)	\$30.00
4	STATE TAX (3% of Line 1)	\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)	\$10.50
6	GOE's SHARE OF REVENUE (Line 3 minus Lines 4 and 5)	\$15.00

Example B: If the Game Operator Employer wants to maintain an 80% prize payout and award the \$10 Dealer Add-on fee to the dealer, then the amounts noted above remain the same except that the Game Operator Employer would divide its portion, so that \$10.00 goes to the dealer. Although a Dealer Add-on has been described as a “tip”, it is not a “tip” in the traditional sense, because it is tied to the player receiving chips. Therefore, Dealer Add-on fees must be included in the total “amount collected from players”, and payment to the dealer cannot be taken from funds due to the charity or to the State.

EXAMPLE B

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and re-buys)	\$150.00
2	PRIZES PAID (80% of Line 1)	\$120.00
3	RAKE/REVENUE (Lines 1 minus Line 2)	\$30.00
4	STATE TAX (3% of Line 1)	\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)	\$10.50
6	GOE's SHARE OF REVENUE (Line 3 minus Lines 4 and 5)	\$15.00
6-a	Dealer Add-On	\$10.00
6-b	Portion Retained by GOE (Line 6 minus Line 6-a)	\$5.00

Example C: If the Dealer Add-on will not be included in the prize payout, then the total collected from players is still \$150, but the percentage returned in prizes would be a less. In the following example, the prize payout is based only on 80% of the \$140 tournament fee. This equates to 74.7% of the total amount collected from the player. RSA 287-D:14, XVII caps the prize payout to no more than 80% of the total amount collect from player, so it is within the law to pay less in prizes.

EXAMPLE C

1	TOTAL COLLECTED FROM PLAYERS (including buy-ins and re-buys)		\$150.00
	1-a	Tournament Fee	\$140.00
	1-b	Dealer Add-on Fee	\$10.00
2	PRIZES PAID (80% of Line 1-a)		\$112.00
3	RAKE/REVENUE (Lines 1 minus Line 2)		\$38.00
4	STATE TAX (3% of Line 1)		\$4.50
5	CHARITY ALLOCATION (Line 3 x 0.35)		\$13.30
6	GOE's SHARE OF REVENUE (Line 3 minus lines 4 and 5)		\$20.20
	6-a	Dealer Add-On	\$10.00
	6-b	Portion Retained by GOE (Line 6 minus 6-a)	\$10.20

For more information regarding these requirements, please contact Auditing Unit of the New Hampshire Lottery Commission, Investigation and Compliance Division at 271-7613.