

BAO 2004-0604-00016	Date Issued: 08/30/2004	View Request RO 2004-0604-00016
Summary:	If an organization voluntarily withdraws membership from an association, the association may continue unless the association's organization agreement provides otherwise. If the association continues, its license would remain effective. If an organization's license were revoked or its renewal license denied, the association's license would be subject to revocation if the organization that lost its license continued to be a member of the association	

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RETURN RECEIPT REQUESTED**

BAO # 2004-0604-016

August 30, 2004

Thurman Reynolds
Coordinator
Palm Plaza Bingo Association
9740 Dyer Street
El Paso, Texas 78761-6630

Re: Request for Advisory Opinion Relating to Associations

Dear Mr. Reynolds:

On June 4, 2004, the Texas Lottery Commission (Commission) received your e-mail requesting an advisory opinion related to licensing of associations. On June 28, 2004, the Commission received additional information that you submitted in response to our request dated June 14, 2004. In your June 4, 2004 e-mail, you provide background information about the Palm Plaza Bingo Association (the association), and explain that the association obtained a commercial lessor license. Your questions relate to the association. Below is your inquiry followed by the Commission's response.

Recently I asked the question, "What happens if an organization decides to quit or losses (sic) their license?" I was informed that this would negate the association and the remaining members would have to re-file for a new Commercial Lessor's license. This would entail closing down our Bingo operation, paying another \$1200 fee and getting another bond.

This does not sound right to us.

Your question has two parts. The first part concerns an organization that decides to quit an association. The second part concerns an organization that loses its license.

ANSWER:

This opinion is limited to the facts you have provided as they relate to the Bingo Enabling Act (Texas Occupations Code §2001). First, if a licensed authorized organization decides to quit an association, the association may continue unless an agreement among the members of the association provides otherwise. If the association continues, its license would remain in effect. The association would not need to apply for a new commercial lessor's license.

Second, if a licensed authorized organization loses its license, the association's license would be subject to revocation if the organization that lost its license continued to be a member of the association. Below in pertinent part is Texas Occupations Code §2001.152 (a):

- (a) The commission may issue a commercial lessor license only to:
- (1) . . . an association of **licensed authorized** organizations . . . (emphasis added)

In either event, the association must notify the Commission about a change in association membership within ten working days of the change. 16 TAC §401.540 provides the following:

(p) Notification of changes. Each licensee must promptly notify the commission in writing within 10 working days of any change to information contained in a filed application regardless of whether the cause of the change is because information filed with the commission has become inaccurate, or additions or deletions are necessary to reflect changes in the circumstances of the licensee.

SUMMARY

If an organization voluntarily withdraws membership from an association, the association may continue unless the association's organization agreement provides otherwise. If the association continues, its license would remain effective. If an organization's license were revoked or its renewal license denied, the association's license would be subject to revocation if the organization that lost its license continued to be a member of the association

This advisory opinion cannot be construed as a tax ruling or otherwise interpretive of the Internal Revenue Code. The information provided is completely limited to the context of the Bingo Enabling Act and the Charitable Bingo Administrative Rules.

This advisory opinion is based on the laws, rules and regulations in effect at the time of its issuance. All of the information provided herein is subject to change in law.

This opinion is purely advisory in nature and is limited to the particular questions at issue and to the facts presented in the request. Therefore, this opinion must not be relied upon as a previous determination regarding any conduct which is not substantially consistent with the opinions and facts stated in the request.

Yours truly,

William L. Atkins, Director
Charitable Bingo Operations Division

cc: C. Tom Clowe, Jr., Chairman
Jim Cox, Jr., Commissioner
Rolando Olvera, Commissioner
Kimberly L. Kiplin, General Counsel
Sandra Joseph, Assistant General Counsel
Bruce Miner, Licensing Manager