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BAO # 2007-0417-0014

June 15, 2007

Ms. Loretta Geick, President
Montgomery County Auxiliary to Post No. 4709
Veterans of Foreign Wars of the U.S.
P.O. Box 1807
Conroe, TX 77305

Re: Interest Earned on a CD

Dear Ms. Geick:

This advisory opinion responds to your request received on April 17, 2007, specifically:

Our Auxiliary has a Charitable Bingo Account. We are writing to ask a question concerning any interest earned on a CD with money taken out of the Charitable Bingo Account.

We want to know if, when we cash out the CD, we can put the interest earned on the CD into our General Account or does the original amount taken out of the Charitable Bingo Account and **the interest earned** have to be put back into that account.

ANSWER:

The principal amount and the interest earned on a certificate of deposit must be returned to the Bingo Account from which it originated. Texas Occupations Code §2001.451 provides that an organization that conducts bingo may maintain an interest-bearing savings account. The interest becomes part of the bingo account and is subject to all requirements and restrictions that apply to funds in a bingo account. Attorney General Opinion JC-463 (2002) (common-law rule is that interest becomes part of the fund to which it accrues). The Bingo Enabling Act contains no provision permitting interest to be separated from the principal in a bingo account.

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,

Philip D. Sanderson, Director
Charitable Bingo Operations Division

cc: James A. Cox, Jr., Chairman
C. Tom Clowe, Jr., Commissioner
Anthony J. Sadberry, Executive Director
Kimberly L. Kiplin, General Counsel