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TOM RAMSAY
TEXAS HOUSE OF REPRESENTATIVES

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SEP 28 2001

OFFICE OF THE ATTORNEY GENERAL
EXECUTIVE ADMINISTRATION

September 19, 2001

RQ-0443-JC

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2425

SEP 28 2001

OPINION COMMITTEE

The Honorable John Cornyn
Attorney General
209 West 14th St.
Austin, Texas 78711-2548

FILE # ML-42195-01
I.D. # 42195

Dear Attorney General Cornyn:

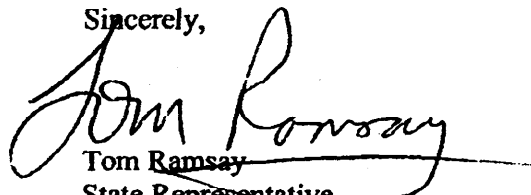
As you can see from the enclosed information, I have raised some questions which should be expressed in an opinion from your office.

- (1) Even if the US Tax code is complied with in all respects, is this sweepstakes fundraising program legal in Texas?
- (2) Are the devices or machines used in such a sweepstakes legal in Texas if used only for the sweepstakes?
- (3) Are the proceeds from the sweepstakes distributed in a proper manner?
- (4) Considering the sweepstakes proceeds go entirely to a charitable organization, is the money used to play the game tax deductible?

General, I think these questions need to be answered for several reasons. (1) To ensure the integrity of the game, and (2) to make sure no one is in violation of Texas law.

Your prompt response to this opinion request would be greatly appreciated.

Sincerely,


Tom Ramsay
State Representative
District 2

Enclosure

DISTRICT 2
COMMITTEES: CHAIRMAN, COUNTY AFFAIRS • WAYS & MEANS

TEXAS TAX MANAGEMENT ASSOCIATES
Professional Cash & Tax Managers
8400 Rusk, - P.O. Box 3346
Houston, Texas 77253-3346
Tel: 713-465-1121 - Fax: 281-752-8980

September 8th 2001

Attention: Chief Screaming Eagle Clyde V. Bouse, CEO
Cherokee Indian Nation of Texas, Inc.
4801 Baldwin Blvd.
Corpus Christi, Texas 78409
Tel: 361-767-7787 Fax: 361-767-3977

Dear Chief Bouse,

1. **SUBJECT: The proposed Charitable Sweepstakes Fundraising Program of the Cherokee Indian Nation of Texas, Inc.;**

2. Enabling Tax Opinions:

This Accounting and Tax Management Firm specializes in unique and complex tax opinion(s). In this connection, our professional staff was retained to analyze those procedures as required by the Internal Revenue Code as a Charitable Sweepstake Fundraising Program and the Rules and Regulations thereunder.

In our professional opinion the Cherokee Indian Nation of Texas, Inc. and their Charitable Sweepstake Fundraising Program, as stated in EXHIBIT "A" Rules and Regulations in Paragraph Number:

3. The Location Owner or Manager will Display a Notice that: Any person may enter the Cherokee Indian Nation of Texas, Inc. Fundraising Charitable Sweepstake Drawing without any purchase or without any donation and is not required to be present to enter.
4. The location Owner or Manager will have a roll of the Charitable Sweepstake Tickets Available for any one to enter the Cherokee Indian nation of Texas, Inc. Charitable Sweepstake drawing that will be held every week from the proceeds of the prior week. The person will be given a numbered Ticket they must print their name, address and phone number on half the ticket placing it in the Container, and keep the other numbered half.
5. The holder of the Winning Ticket Number will win a Percentage of the Total Revenue Donated the prior week from all of the Charitable Sweepstake Machines that Participate in the Cherokee Nation Indian of Texas, Inc. Charitable Sweepstake, at that location.
6. The winning Ticket of the Charitable Sweepstakes Drawing will win (Without

making any purchase and without any donation and without putting money in any of the Charitable Sweepstake Machines) approximately 1% from each US Dollar inserted and Donated into the Sponsoring Charitable Sweepstake Machines at that location from the prior Week.

This complies with requirements of the Internal Revenue Service of the United States Government as a Non-profit Charitable Sweepstakes Fundraising Program.

Attached hereto and made apart thereof, for all purposes, are those selected parts of the Code which reflect the data required to successfully complete a Registration Statement with the appropriate State as a Non-profit Charitable Organization and properly registered as a domestic Tax Exempt Foundation under Section 501 (c) (3) Code of the Internal Revenue Service allowing your submittal and application to maintain and operate a Charitable Sweepstakes Fundraising Program forthwith.

Best Regards,

Ralph Freedson - Senior Tax Manager