

CHAPTER 7861
GAMBLING CONTROL BOARD
GENERAL PROVISIONS

7861 0010	DEFINITIONS	7861 0060	CONDUCT OF LAWFUL GAMBLING
7861 0020	LICENSED ORGANIZATION	7861 0070	BINGO
7861 0030	GAMBLING MANAGER	7861 0130	EXCLUDED BINGO AND RAFFLES
7861 0040	PREMISES PERMITS	7861 0140	EXEMPTED LAWFUL GAMBLING
7861 0050	ILLEGAL GAMBLING		

7861.0010 DEFINITIONS.

[For text of subs 1 to 3c, see M R]

Subp. 3d. **Immediate family.** "Immediate family" means spouse, children, parents, siblings.

[For text of subs 4 to 13, see M R]

Statutory Authority: *MS s 349 151*

History: *19 SR 156*

7861.0020 LICENSED ORGANIZATION.

[For text of subs 1 to 7, see M R]

Subp 8. **Renewals.** The following items apply to license renewals:

A To renew a license at the end of a term, an organization must submit to the board a complete renewal application on a form prescribed by the board at least 60 days before the expiration of the organization's existing license. A renewal application is not complete until it contains the information required by subparts 3 and 4 and a completed expense calculation on a form prescribed by the board.

Complete applications received by the board less than 60 days before the expiration of the applicant's existing license will be considered pursuant to this part but, if the applicant is entitled to a renewed license, the license will not be renewed by the director until the first day of the month following the expiration of 60 days after the board has received the complete application. An organization shall not continue gambling after the expiration of its license unless and until it receives a renewed license.

[For text of items B and C, see M R.]

D. An organization that the director determines has failed to submit a complete renewal application at least 60 days before the expiration of its existing license may appeal that determination by filing a written request for a contested case hearing with the board before the expiration of the organization's existing license. The director shall schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14. The hearing must be held less than 30 days after the service of a Notice and Order for Hearing if allowed by the chief administrative law judge pursuant to part 1400 5600, subpart 3. The board must issue its final decision within 30 days after receipt of the administrative law judge's report and subsequent exceptions and argument under Minnesota Statutes, section 14 61. The sole issue at the hearing is whether the applicant submitted a complete application at least 60 days before the expiration of the applicant's existing license.

An organization whose renewal application has been denied may appeal that denial by requesting a contested case hearing pursuant to Minnesota Statutes, chapter 14. The request must be made in writing and received by the board no later than ten days after the organization receives the denial of its renewal application. Upon receipt of the request, the director shall schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14. The hearing must be held less than 30 days after the service of Notice and Order for Hearing if allowed by the chief administrative law judge pursuant to part 1400 5600, subpart 3. The board must issue its final decision within 30 days after receipt of the administrative law judge's report and subsequent exceptions and argument under Minnesota Statutes, section 14 61.

MINNESOTA RULES 1994

5

GENERAL PROVISIONS 7861.0040

[For text of subp 9, see M R.]

Statutory Authority: *MS s 349.151*

History: *18 SR 1189*

7861.0030 GAMBLING MANAGER.

[For text of subps 1 to 10, see M.R.]

Subp 11. **Renewals.** The following items apply to renewals of a gambling manager's license

A To renew a license at the end of a term, a licensed gambling manager must submit a complete renewal application on a form prescribed by the board to the board at least 60 days before the expiration of the gambling manager's existing license. A renewal application is not complete until it contains the information required by subparts 5 and 6

Complete applications received by the board less than 60 days before the expiration of the applicant's existing gambling manager's license will be considered pursuant to this part but, if the applicant is entitled to a renewed license, the license will not be renewed by the director until the first day of the month following the expiration of 60 days after the board has received the complete application. A person shall not continue acting as a gambling manager after the expiration of the person's license and until the person has received a renewed license

[For text of items B and C, see M R.]

D. Appeals

(1) A gambling manager whom the director determines has failed to submit a complete renewal application at least 60 days before the expiration of an existing license may appeal that determination by filing a written request for a contested case hearing with the board before the expiration of the gambling manager's existing license. The director shall schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14. The hearing must be held less than 30 days after the service of a Notice and Order for Hearing if allowed by the chief administrative law judge pursuant to part 1400.5600, subpart 3. The board must issue its final decision within 30 days after receipt of the administrative law judge's report and subsequent exceptions and argument under Minnesota Statutes, section 14.61. The sole issue at the hearing is whether the applicant submitted a complete application at least 60 days before the expiration of the applicant's existing license

[For text of subitem (2), see M R.]

[For text of subp 12, see M R.]

Statutory Authority: *MS s 349.151*

History: *18 SR 1189*

7861.0040 PREMISES PERMITS.

[For text of subps 1 to 3, see M.R.]

Subp. 4. **Attachments to application.** The following must be attached to the premises permit application

A A copy of the lease must be submitted. A lease must be on a form prescribed by the board and must contain at a minimum the following information.

- (1) the name, business address, and telephone number of the lessor;
- (2) the name, business address, and license number of the licensed organization;

- (3) the name and street address of the leased premises,

- (4) the term of the agreement, which must be concurrent with the term of the premises permit, unless terminated sooner by mutual consent of the parties or pursuant to subitem (11),

- (5) the type of gambling activity to be conducted;

- (6) the monetary consideration, if any, expressed in terms of number of dollars per month or number of dollars per bingo occasion, whichever is applicable;

- (7) the dimensions of the leased premises and the total number of square feet leased;

MINNESOTA RULES 1994

7861.0040 GENERAL PROVISIONS

6

(8) the days and hours of each bingo occasion, if any,
(9) all obligations between the organization, its employees or agents, and the lessor and its employees or agents,

(10) an irrevocable consent from the lessor that

(a) the board and its agents, the commissioners of revenue and public safety and their agents, and law enforcement personnel have access to the permitted premises at any reasonable time during the business hours of the lessor,

(b) the organization has access to the permitted premises during any time reasonable and when necessary for the conduct of lawful gambling on the premises,

(c) the owner of the premises or the lessor will not manage the conduct of gambling at the premises,

(d) the lessor, the lessor's immediate family, and any agents or gambling employees of the lessor will not participate as players in the conduct of lawful gambling on the premises;

(11) a clause that provides for the termination of the lease if the premises is the site where illegal gambling has occurred,

(12) a clause stating that the lessor shall not modify, terminate, or refuse to renew the lease in whole or in part because the organization reported to a state or local law enforcement authority or the board the occurrence at the site of illegal gambling activity in which the organization did not participate, and

(13) any other agreements between the organization and the lessor.

B A copy of the sketch of the floor plan with dimensions showing what portion is being leased and the total square footage

C A copy of the resolution from the appropriate local unit of government under Minnesota Statutes, section 349 213, subdivision 2, approving the premises permit

[For text of subs 5 to 8, see M R]

Subp 9 **Issuance and denial.** The following items apply to the issuance or denial of premises permits

[For text of item A, see M R]

B Notwithstanding the provisions of item A, the director shall deny a premises permit application when

(1) the applying organization does not have a licensed gambling manager or person who will be issued a gambling manager's license at the time the premises permit is issued,

(2) the applying organization does not have a license to conduct lawful gambling or will not have a license to conduct lawful gambling at the time the premises permit is issued,

(3) illegal gambling was conducted at the proposed site within the 90 days immediately preceding the date of the premises permit application, and at a time when no licensed organization had a premises permit for the site,

(4) another organization's premises permit for the proposed site is under suspension or revocation pursuant to part 7861 0050, or

(5) a prior premises permit for the proposed site would have been subject to suspension or revocation under part 7861 0050 and the suspension period or revocation that could have been imposed for that site has not elapsed

[For text of item C, see M R]

Subp 10 **Renewals.** The following items apply to renewals of premises permits

A To renew a permit at the end of a term, an organization must submit to the board a complete renewal application on a form prescribed by the board at least 60 days before the expiration of the organization's existing permit. A renewal application is not complete until it contains the information required by subparts 3 and 4, the fee required by subpart 7, and local approval in the manner required by subpart 8

Complete applications received by the board less than 60 days before the expiration of the applicant's existing permit will be considered pursuant to this part but the permit will not

be renewed by the director until the first day of the month following the expiration of 60 days after the board has received the complete application. An organization shall not conduct gambling at a site where an existing permit has expired unless and until it receives a renewed permit.

[For text of items B and C, see M R.]

D Appeals

(1) An organization that the board determines has failed to submit a complete renewal application at least 60 days before the expiration of its existing premises permit may appeal that determination by filing a written request for a contested case hearing with the board no later than 30 days before the expiration of the organization's existing premises permit. The director shall schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14. The hearing must be held less than 30 days after the service of a Notice and Order for Hearing if allowed by the chief administrative law judge pursuant to part 1400.5600, subpart 3. The board must issue its final decision within 30 days after receipt of the administrative law judge's report and subsequent exceptions and argument under Minnesota Statutes, section 14.61. The sole issue at the hearing is whether the applicant submitted a complete application at least 60 days before the expiration of the applicant's existing premises permit.

[For text of subitem (2), see M R.]

Statutory Authority: *MS s 349.151*

History: *18 SR 1189, 19 SR 156*

7861.0050 ILLEGAL GAMBLING.

Subpart 1 **Prohibition.** Illegal gambling may not be conducted at a site for which a licensed organization has a premises permit to conduct lawful gambling.

Subp 2 **Discipline against license.** The board shall suspend or revoke an organization's license if the organization or its agents participated in the illegal gambling prohibited by subpart 1, or knowingly permitted it at a site owned or on premises leased by an organization.

Subp 3 **Discipline against premises permit.** The suspension or revocation of a premises permit is a contested case under Minnesota Statutes, chapter 14. For violations of subpart 1 which occur after July 25, 1994, the board shall suspend or revoke an organization's premises permit as follows:

A for the first violation of subpart 1 at a site, the board shall suspend each premises permit for the site for a period of 90 days from the date of the board's final resolution or determination on the violation,

B for the second violation of subpart 1 at a site, the board shall suspend each premises permit for the site for a period of two years from the date of the board's final resolution or determination on the violation. If a complete change of ownership of the site occurred between the first and second violations, the second violation is considered a first violation for purposes of this subpart and the board shall suspend each premises permit for the site for a period of 90 days, and

C for the third violation of subpart 1 at a site, the board shall revoke each premises permit for the site for a minimum period of five years from the date of the board's final resolution or determination on the violation, which permanent revocation shall continue unless and until a complete change of ownership occurs after the third violation. If a complete change of ownership occurred between the second and third violations, the third violation is considered a first violation for purposes of this subpart and the board shall suspend each premises permit for the site for a period of 90 days from the date of the board's final resolution or determination on the violation.

Subp 4 **Complete change of ownership.** For purposes of this part, the term "complete change of ownership" means that no person or member of the immediate family of the person who, at the time of the prior violation was an owner or lessor of the site or otherwise held a direct or indirect financial interest in the site, is at the time of the subsequent violation an owner or lessor of the site, holds a direct or indirect financial interest of more than five percent in the site, or is a participant in business or employment activity at and for the licensed

site. An appropriately recorded contract for deed does not constitute a prohibited direct or indirect financial interest for purposes of this part. The existence of a complete change of ownership is an affirmative defense of an organization that has, or is applying for, a premises permit for the site

Statutory Authority: *MS s 349.151*

History: *19 SR 156*

7861.0060 CONDUCT OF LAWFUL GAMBLING.

[For text of subps 1 to 3, see M.R.]

Subp 4 **Posting of information.** A licensed organization must prominently post the following information at the permitted premises.

- A. the name of the licensed organization,
- B. the license number of the licensed organization and the premises permit number,
- C. the expiration date of the premises permit,
- D. the notice of compulsive gambling information which must at a minimum include the toll-free telephone number established by the commissioner of human services for the Minnesota hotline for compulsive gambling,
- E. a statement, on a form prescribed by the board, that illegal gambling is prohibited, and
- F. the house rules governing the conduct of gambling at the premises. The sign on which this information is posted must be adequately lighted, legible, and must be at least 18 inches by 24 inches in size

[For text of subps 5 to 7, see M.R.]

Statutory Authority: *MS s 349 151*

History: *19 SR 156*

7861.0070 BINGO.

[For text of subps 1 to 4, see M.R.]

Subp 5 **Manner of conducting bingo.** A bingo game must be conducted in the following manner:

[For text of items A to D, see M.R.]

E. Bmgo cards or sheets must be sold and paid for on the premises immediately before the start of a specified game or specified number of games, except that break-open bmgo sheets may be sold after the first ball in the break-open game has been drawn

F. Two or more sets of disposable bingo cards or sheets may not be used at the same time if they have identical faces, except that identical faces may occur during a break-open bmgo game

[For text of items G to T, see M.R.]

[For text of subps 6 and 7, see M.R.]

Subp 8. **Break-open bingo.** In addition to complying with subparts 1 to 7, break-open bmgo is a bingo game that must also comply with the following:

A. A sealed bingo paper sheet is lawful gambling equipment in which the bingo face or faces are concealed by being sealed in a manner that prevents revealing any part of the bmgo face. Break-open bmgo sheets must be constructed so that all 24 numbers on each face cannot be determined from the outside of a break-open bmgo sheet using a high intensity lamp of up to 500 watts

B. Only individually sealed bingo paper sheets may be sold for a break-open bingo game

C. A break-open bmgo game begins when, in the presence of players attending the bmgo occasion, the conducting organization calls and posts, either manually or by use of a flashboard, a predetermined quantity of randomly selected bingo balls from a bingo ball selection device. The organization must use a separate set of bingo balls and a separate bingo ball selection device for a break-open bmgo game

D Sealed bingo paper sheets for a break–open game may be sold throughout the bingo occasion, however no additional sealed bingo paper sheets may be sold after the conducting organization resumes calling letters and numbers after the predetermined quantity has been called and posted

E After the predetermined quantity of randomly selected bingo balls has been called and posted, and immediately prior to the selection of the next bingo ball from the bingo ball selection device, a conducting organization must ask if any player has completed the required bingo pattern All players who complete the game pattern within the predetermined number of balls called are considered winners, regardless of the last ball called. If a player or players declare bingo based on the predetermined quantity of balls selected and the bingo is verified, the player or players must be awarded the designated prize and the game ends If no bingo is declared and verified, the organization must resume calling letters and numbers, and continue calling until one or more players declare bingo and the bingo is verified and the designated prize or consolation prize is awarded

F A break–open bingo game must be played in its entirety within the bingo occasion

G A conducting organization must mark each break–open bingo sheet to be used during the bingo occasion by validating the sheet with a unique symbol by using a device, rubber stamp, or other marking method The symbol must be placed on the break–open bingo sheet in such a manner that the symbol appears on the part of the break–open bingo sheet that is in play The organization must maintain a record that identifies the symbol with the particular date and bingo occasion for which the symbol was used.

H A conducting organization may allow players to trade in break–open bingo sheets The conducting organization must account for the trade–in of break–open bingo sheets in the following manner

(1) The conducting organization must maintain two sets of break–open bingo sheets for each break–open bingo game conducted. One set, known as the “original set,” must be blue The other set, known as the “trade–in set,” may be of any color except blue

(2) All break–open bingo sheets in the original set are of equal value and must be sold to players for the same price as other sheets in the original set All break–open bingo sheets in the trade–in set are of equal value and must be sold to players for the same price as other sheets in the trade–in set

(3) After purchasing a break–open bingo sheet from the original set, players may continue to purchase sheets from the original set Players may trade in break–open bingo sheets from the original set for break–open bingo sheets from the trade–in set Players may also trade in break–open bingo sheets from the trade–in set for more trade–in sheets

(4) An organization must post a notice in its house rules stating that identical break–open bingo sheet faces may occur during the break–open bingo game

(5) An organization must announce at the start of the break–open bingo game and state in its house rules that all original break–open bingo sheets are blue The organization must also announce and state in its house rules the price at which the original and trade–in, if any, break–open bingo sheets must be sold

I. Distributor invoices must identify the serial number of each set of break–open bingo paper sold to a conducting organization and whether each set is an original set or a trade–in set. The invoice must also state the price for which each break–open bingo sheet must be sold by the conducting organization

Statutory Authority: *MS s 349 151*

History: *18 SR 1848*

7861.0130 EXCLUDED BINGO AND RAFFLES.

[For text of subpart 1, see M R]

Subp 2 **Restrictions.** An organization may not conduct excluded bingo if it has been licensed to conduct lawful gambling in the current calendar year The director shall deny an excluded bingo application when the premises permit for the site of the proposed excluded bingo is subject to suspension or revocation pursuant to part 7861 0050

MINNESOTA RULES 1994

7861.0130 GENERAL PROVISIONS

10

The organization conducting lawful gambling must comply with Minnesota Statutes, section 349 166

Statutory Authority: *MS s 349 151*

History: *19 SR 156*

7861.0140 EXEMPTED LAWFUL GAMBLING.

[For text of subps 1 to 3, see M R]

Subp 4 **Restrictions.** An organization conducting exempted lawful gambling must comply with Minnesota Statutes, section 349 166, subdivision 2 An organization that is licensed may not receive an exemption permit during the same calendar year it has a license The director shall deny an exempted lawful gambling application when the premises permit for the site of the proposed exempted lawful gambling is subject to suspension or revocation pursuant to part 7861 0050

Statutory Authority: *MS s 349 151*

History: *19 SR 156*