

CHAPTER 7861
GAMBLING CONTROL BOARD
GAMBLING; GENERAL PROVISIONS

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7861.0010 DEFINITIONS.

Subpart 1. **Scope.** The terms used in this chapter have the meanings given them in this part. Where not otherwise defined in this chapter, terms have the meanings given them in Minnesota Statutes, sections 349.11 to 349.23.

Subp. 1a. **Agent of the organization.** "Agent of the organization" means a person who, by mutual consent of both parties, acts for the benefit of the organization.

Subp. 1b. **Bar bingo.** "Bar bingo" means a game or games of bingo, conforming to all applicable statutes and rules, that is conducted at a place of business where a licensed organization leases space to conduct lawful gambling, where the lessor's business is the sale of intoxicating liquor or 3.2 percent malt beverages, and where the organization conducts another form of lawful gambling on the premises for which it could pay rent.

Subp. 2. [Repealed, 29 SR 443]

Subp. 3. **Bingo leased premises.** "Bingo leased premises" means the area leased by an organization solely for the conduct of bingo and other forms of lawful gambling that an organization may be authorized to conduct. Bingo leased premises include sales areas, lawful gambling receipts accounting areas, participant playing areas, prize display areas, areas for the organization to draw, display, and post bingo numbers, restrooms, and the organization's gambling equipment storage areas, and entrance foyers when used exclusively by bingo hall patrons or the organization's gambling employees. Other areas not used exclusively by bingo patrons or the organization's gambling employees are not included in bingo leased premises. Measurements of leased areas are to be taken from internal wall to internal wall.

Subp. 4. **Bingo occasion.** "Bingo occasion" means a single gathering at which 15 or more bingo games must be conducted, and which must continue for at least 1-1/2 hours but not more than four consecutive hours. A bingo occasion may have intermissions.

Subp. 5. **Bingo paper package.** "Bingo paper package" means a bingo paper sheet packet to which an organization has added individual bingo paper sheets or bingo paper sheets that an organization has fastened together to form a bingo paper package.

Subp. 6. **Bingo paper sheet.** "Bingo paper sheet" means a bingo sheet containing a face or faces that is manufactured from paper with or without preprinted numbers. A broken bingo paper sheet is considered a bingo paper sheet. A linked bingo paper sheet is considered a bingo paper sheet. The following also apply to bingo paper sheets:

A. "Face number" refers to the number appearing on each bingo paper sheet face in a series, that allows for the verification of a winning bingo paper sheet face against a master book containing all of the faces in the series.

B. "Series" means a specific group of cards or faces that has been assigned consecutive card or face numbers by a manufacturer. Series are typically identified by the first and last card number in the group of cards, such as "1 to 9,000 series."

C. "ON's" means the number of bingo faces contained on a bingo paper sheet. For example, the term "twelve on" in reference to a bingo paper sheet means that the bingo paper sheet contains 12 bingo faces.

D. "Bingo permutation" (perm) means a proprietary ordered arrangement of numbers on a bingo sheet face.

Subp. 7. **Bingo paper sheet packet.** "Bingo paper sheet packet" means a group of bingo paper sheets that is manufactured, collated, and sold by the manufacturer as a unit. Bingo paper sheet packets must not be sold as individual bingo paper sheets. When used in reference to a bingo paper sheet packet, the term "UP's" means the number of bingo paper sheets contained in a bingo paper sheet packet. For example, the term "twelve up" in reference to a bingo paper sheet packet means that the packet contains 12 bingo paper sheets.

Subp. 8. **Bingo pattern.** "Bingo pattern" means a predetermined and preannounced arrangement of spaces to be filled in on a bingo hard card or bingo paper sheet face by a player to win a game of bingo.

Subp. 9. **Bingo program.** "Bingo program" means a printed listing of all bingo games offered by an organization for a specific bingo occasion.

Subp. 10. **Bingo session.** "Bingo session" means a group of bingo games conducted within a single bingo occasion that may be separated by an intermission.

Subp. 11. **Breakopen bingo.** "Breakopen bingo" means a form of bingo in which the organization calls and posts a predetermined quantity of randomly selected bingo balls. The bingo balls must be drawn from a bingo ball selection device not being used for other bingo games at that occasion, a separate tray within a bingo ball selection device being used for other bingo games at that occasion, or a separate bingo ball container before the actual playing of the game. Only sealed breakopen bingo paper sheets are sold and used for breakopen bingo games.

Subp. 12. **Case paper.** "Case paper" means uncollated bingo paper sheets provided by the manufacturer in case lots. Case paper may be provided in either single bingo paper sheets or in a tablet from which the organization removes single bingo paper sheets.

Subp. 13. **Cash.** "Cash" means currency, money orders, cashier's checks, or traveler's checks. Cash does not include personal checks or credit cards.

Subp. 13a. **Civic celebration.** "Civic celebration" means an event conducted in Minnesota that is sponsored by a local unit of government having jurisdiction over the event.

Subp. 14. **Column.** "Column" means a container in the interior of a pull-tab dispensing device that holds pull-tabs prior to dispensing.

Subp. 15. **Compensation.** "Compensation" means wages, salaries, and all other forms of remuneration for services rendered.

Subp. 16. **Consultant.** "Consultant" means a person, who is not an employee, who provides expert or professional advice on behalf of a licensed distributor or licensed manufacturer, or who receives compensation in any fashion from a licensed distributor or licensed manufacturer, for the sale or design of its lawful gambling equipment in Minnesota.

Subp. 17. **Continuation bingo game.** "Continuation bingo game" means a bingo game where more than one pattern may be played concurrently on one bingo paper sheet face or bingo hard card, with the requirement that all completed winning patterns must be verified independently and no restrictions must be placed on the order of completing the required patterns.

Subp. 18. **Control number.** "Control number" means a unique alphanumeric or numeral code assigned by the organization which serves to identify a bingo paper sheet, bingo paper sheet packet, or bingo paper package. The control number of the bingo paper sheet may be the serial number printed on the bingo paper sheet by the manufacturer. The control number of the bingo paper sheet packet may be the serial number printed on the top sheet of the bingo paper sheet packet by the manufacturer. The control number of the bingo paper package may be the serial number printed by the manufacturer on the top sheet of the bingo paper sheet packet used to assemble

the bingo paper package, provided that the serial number on the top sheet of the bingo paper packet being used in the bingo paper package has not been previously used as a control number by the organization.

Subp. 19. [Repealed, 29 SR 443]

Subp. 20. **Electronic currency validator.** "Electronic currency validator" means an electronic device in the interior of a pull-tab dispensing device that accepts valid currency, rejects invalid currency, and transmits the value of all currency accepted to the pull-tab dispensing device which permits the vending of pull-tabs from the pull-tab dispensing device.

Subp. 20a. **Exclusive game.** "Exclusive game" means a pull-tab, tipboard, or jar ticket game designed or manufactured by a licensed manufacturer that is manufactured for and sold to only one licensed distributor, and for which a valid written exclusivity agreement exists.

Subp. 21. **Fair market value.** "Fair market value" is what a willing buyer would pay a willing seller when neither has to buy or sell and both are aware of the conditions of the sale. Fair market value for purposes of merchandise prizes must be related to the manufacturer's suggested retail price, list price, advertised price, or actual cost. For purposes of this subpart, the price or cost is determined at the time the merchandise prize was purchased by the organization.

Subp. 22. **Family.** "Family" means a group of pull-tab, tipboard, or jar ticket games with the same name.

Subp. 23. **Family member.** "Family member" means a pull-tab, tipboard, or jar ticket game with the same name as another family member but with a different form number.

Subp. 24. **Flashboard.** "Flashboard" means an electronic device which displays the numbers and letters of called bingo balls.

Subp. 25. **Form number or part number.** "Form number" or "part number" means an alphanumeric code assigned by the manufacturer which serves to uniquely identify those characteristics of a game as required by the commissioner of revenue.

Subp. 26. **Fraternal organization.** "Fraternal organization" means a nonprofit organization which is a branch, lodge, or chapter of a national or state organization and exists for the common business, fraternal, or other interests of its members. The term does not include college and high school fraternities and sororities.

Subp. 27. **Fund raising costs.** "Fund raising costs" has the meaning given it in Minnesota Statutes, section 309.50, subdivision 12.

Subp. 28. **Gambling bank account.** "Gambling bank account" means all the accounts maintained by an organization at any banks, savings and loans, or credit unions located within Minnesota in which the organization deposits all gambling receipts and over which the organization has any control, including checking and savings accounts, certificates of deposit, and trust and escrow accounts.

Subp. 29. [Repealed, 29 SR 443]

Subp. 30. **Gambling volunteer.** "Gambling volunteer" means an individual not compensated by an organization but who performs activities in the conduct of that organization's lawful gambling.

Subp. 31. **Immediate family.** "Immediate family" means spouse, children, parents, siblings.

Subp. 32. **Jar ticket.** "Jar ticket" means a single pull-tab ticket which is folded and banded.

Subp. 33. **Lawful gambling.** "Lawful gambling" is the operation, conduct, or sale of bingo, raffles, paddlewheels, tipboards, and pull-tabs. Lawful gambling does not include the conduct of a combination of any of the five activities listed in this subpart where the outcome of one of the activities is dependent on the outcome of one of the other

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activities, except as otherwise permitted by law or rule. Lawful gambling does not include betting related to the outcome of an athletic event.

Subp. 34. **Leased premises.** “Leased premises” means a building or place of business, or a portion of a building or place of business not owned by a gambling organization, that is leased in its entirety by a gambling organization for the sole purpose of conducting lawful gambling.

Subp. 35. **Limiting ball count.** “Limiting ball count” means a bingo game in which a bingo player must complete an announced bingo pattern within a predetermined number of bingo balls drawn and called by the organization.

Subp. 35a. **Linked bingo equipment.** “Linked bingo equipment” means the bingo paper sheet used to conduct a linked bingo game.

Subp. 36. **Management and general costs.** “Management and general costs” has the meaning given it in Minnesota Statutes, section 309.50, subdivision 11.

Subp. 36a. **Manufacturer’s seal.** “Manufacturer’s seal” means the sticker that is placed by the manufacturer on the outside of the box or container of pull-tabs but inside the shrink-wrap, and that serves to ensure that the game has not been opened or tampered with prior to delivery to the organization.

Subp. 37. [Repealed, 29 SR 443]

Subp. 37a. **Merchandise prize.** “Merchandise prize” means a tangible good, existing and moveable, other than cash or real property, awarded by an organization to a winner or winners of a bingo game, pull-tab game, tipboard game, paddlewheel game conducted without a paddlewheel table, or raffle. Merchandise prize includes merchandise, certificates for merchandise, and donated prizes. Merchandise prize does not include services or service-related items, except that raffle prizes may consist of certificates for services.

Subp. 38. **Net receipts.** “Net receipts” are gross receipts less prizes actually paid out.

Subp. 39. **Other nonprofit organization.** “Other nonprofit organization” means one of the following:

A. an organization other than a fraternal, religious, or veterans organization, whose nonprofit status is evidenced by a current letter of exemption from the Internal Revenue Service recognizing it as a nonprofit organization exempt from payment of income taxes or which is incorporated as a nonprofit corporation and registered with the secretary of state under Minnesota Statutes, chapter 317A; or

B. an affiliate, subordinate, or chapter of a statewide parent organization that meets the criteria of item A. This type of other nonprofit organization is recognized only for purposes of conducting lawful gambling pursuant to Minnesota Statutes, section 349.166.

Subp. 40. [Repealed, 29 SR 443]

Subp. 41. [Repealed, 29 SR 443]

Subp. 42. [Repealed, 29 SR 443]

Subp. 43. **Paddlewheel.** “Paddlewheel” is a mechanical, manually operated vertical wheel marked off into sections containing numbers and which, after being spun, uses a pointer to indicate the winning number.

Subp. 44. **Paddlewheel table.** “Paddlewheel table” is a table described in part 7864.0030 and used in the game of paddlewheels governed by part 7861.0100.

Subp. 44a. **Player’s guide.** “Player’s guide” means the publication required to be issued by a linked bingo game provider free of charge to all players. The guide must contain information about the linked bingo game mechanics and prize structure of linked bingo games.

Subp. 45. [Repealed, 29 SR 443]

Subp. 45a. **Progressive tipboard game.** “Progressive tipboard game” is a game that is played with a seal card and that has a portion of its predetermined prize payout designated to a progressive jackpot. The jackpot value may accumulate from one tipboard game to the next until won or a maximum of \$2,500 is reached. The jackpot contribution amount from each tipboard game may not exceed \$500.

Subp. 45b. **Promotional pull-tab.** “Promotional pull-tab” means a pull-tab for which no purchase or consideration is required. The only prizes available to be won are discounts on goods and services available at the site where the game is being played. Cash prizes are not permitted with promotional pull-tab games.

Subp. 46. [Repealed, 29 SR 443]

Subp. 47. [Repealed, 29 SR 443]

Subp. 47a. **Random number generator.** “Random number generator” means a piece of electronics that plugs into a computer and produces genuine random numbers rather than pseudorandom numbers that are produced by computer programs.

Subp. 48. **Religious organization.** “Religious organization” means a nonprofit organization, church, body of communicants, or group gathered in common membership for mutual support and edification in piety, worship, and religious observances.

Subp. 48a. **Shrink-wrap.** “Shrink-wrap” means a clear form-fitting plastic wrapping that is applied to a box or container of pull-tabs by a licensed manufacturer.

Subp. 49. **Stacker box.** “Stacker box” means a component of the electronic currency validator that holds currency that has been accepted and validated by the electronic currency validator in the interior of a pull-tab dispensing device.

Subp. 49a. **State registration stamp.** “State registration stamp” means the stamp required by Minnesota Statutes, section 349.162, subdivision 1, paragraph (a), and attached to a bingo ball selection device, pull-tab dispensing device, paddlewheel, or paddlewheel table.

Subp. 50. **Test vend.** “Test vend” means the intentional accepting of currency or vending of pull-tabs through a pull-tab dispensing device in order to properly calibrate a pull-tab dispensing device’s columns to accept currency and vend paper pull-tabs of varying lengths, widths, and thicknesses.

Subp. 51. **Veterans organization.** “Veterans organization” means any congressionally chartered organization within this state, or any branch, lodge, or chapter of a nonprofit national or state organization within this state, the membership of which consists of individuals who were members of the armed services or forces of the United States.

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 17 SR 1279; 17 SR 2711; 17 SR 2712; 19 SR 156; 19 SR 1854; 19 SR 2380; 20 SR 2624; 23 SR 831; 29 SR 443*

7861.0020 LICENSED ORGANIZATION.

Subpart 1. **License required.** No person shall engage in the conduct of lawful gambling without having obtained a license under this part. An organization shall make application to the board to be licensed to conduct lawful gambling. An application must be considered by the director pursuant to the provisions of this part. A license must be applied for on a form prescribed by the board and, after issuance, is not transferable from one entity to another.

Subp. 2. **Licensing qualifications.** In addition to the qualifications in Minnesota Statutes, sections 349.155, subdivision 3, and 349.16, subdivision 2, the director shall not issue a license to:

A. an organization that has not been licensed to conduct lawful gambling within the preceding 12 months if its current chief executive officer and individual who will be its gambling manager have not completed a gambling manager seminar;

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B. an organization that has not established a permanent location in Minnesota where the gambling records required to be maintained by this chapter will be kept and that has not established a gambling bank account within Minnesota;

C. an organization whose conduct of lawful gambling is or would be inconsistent with Minnesota Statutes, sections 349.11 to 349.23, as indicated by (i) lack of financial responsibility, (ii) demonstrated lack of control of lawful gambling, or (iii) incomplete consent order or termination plan;

D. an organization that does not have a gambling manager who will be licensed by the board at the time the organization obtains its license; or

E. an organization that will not obtain at least one premises permit at the time the organization obtains its license.

Subp. 3. Contents of organization application. The application must contain the following information:

A. the official legal name of the organization and any other names used;

B. the business address and telephone number of the organization;

C. a Minnesota tax identification number, if any;

D. the complete names, titles, dates of birth, and daytime telephone numbers of the organization's chief executive officer, treasurer, and other members of the organization's governing body;

E. the home address of the organization's chief executive officer;

F. a designation of whether the organization is a fraternal, veterans, religious, or other nonprofit organization and the number of years the organization has been in existence;

G. the number of active members in the organization;

H. a list of lawful purpose expenditures for which the organization proposes to expend net gambling funds;

I. a list of the organization's other sources of income and income activities;

J. the day and time of the regular meetings of the organization;

K. an acknowledgment that the organization will file an appropriate license termination plan in the event the organization terminates lawful gambling; and

L. such additional information as is necessary to properly identify the applicant and to ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 4. Attachments to application. The applicant must attach the following to the application:

A. a copy of its internal control system on a form prescribed by the board must be included with the initial license application filed by the organization;

B. proof of nonprofit status as evidenced by:

(1) proof of Internal Revenue Service income tax exempt status; or

(2) a current certificate of nonprofit status from the Minnesota secretary of state;

C. a copy of a charter of the parent organization, if chartered;

D. a completed registration on a form prescribed by the board for each employee receiving compensation for the conduct of lawful gambling;

E. the membership list of the organization with the first and last names of at least 15 active organization members and date of membership; and

F. a signed affidavit of the chief executive officer, treasurer, and members of the governing body of the organization on a form prescribed by the board.

Subp. 5. Changes in application information. If any information submitted in the application changes, the organization must notify the board within ten days of the change.

Subp. 6. [Repealed, 29 SR 443]

Subp. 7. **Issuance and denial.** The following items apply to the issuance and denial of licenses:

A. The director shall issue a license to an organization which submits the information required by subparts 3 and 4, pays the organization license fee required by Minnesota Statutes, section 349.16, subdivision 6, and is eligible to receive a license pursuant to subpart 2 and Minnesota Statutes, section 349.16. The license must be issued at the same time as any premises permits being renewed or applied for at the time the organization is applying for a license. Licenses issued by the director pursuant to this part are effective on the first day of a month.

B. The director shall deny the application of an organization ineligible to hold a license pursuant to subpart 2 or Minnesota Statutes, section 349.16.

C. The director shall deny the application of an organization if it has remained incomplete for more than 90 days after it was received by the board.

D. An organization that has never been licensed to conduct lawful gambling or an organization whose application for renewal of its license was submitted after the expiration of its license may appeal the denial of a license application. To appeal the denial of a license, the organization shall notify the board within 15 days of the date it receives notice that its application has been denied. The appeal must be made in writing and must contain a complete copy of the application and a statement describing the reasons the license should not be denied. The appeal is not a contested case under Minnesota Statutes, chapter 14.

The board shall refer the appeal to the executive committee which shall review the appeal within ten days of receipt. The executive committee shall issue a written decision within ten days of its consideration of the appeal. If the committee reverses the director's decision, it shall instruct the director to issue a license to the organization *effective the first day of the month following the committee's written decision*. The executive committee's decision is a final agency decision.

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 the license fee or waiver required by Minnesota Statutes, section 349.16, subdivision 6.

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. 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 30 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.

B. An application for renewal of a license must be denied if:

(1) the applicant is ineligible for a license pursuant to subpart 2 or Minnesota Statutes, section 349.16, subdivision 2;

(2) the applicant has expended a greater portion of its gross profits from lawful gambling on allowable expenses than is permitted by Minnesota Statutes, section 349.15;

(3) the director determines that the organization applying for renewal is:

(a) not in compliance with a law or rule governing lawful gambling;

or

(b) delinquent in filing tax returns or paying taxes required by Minnesota Statutes, chapter 349; or

(4) the application remains incomplete for more than 90 days after its initial submission.

C. An organization that has had its application denied pursuant to item B may reapply for renewal of its license once it has remedied that portion of its renewal application which resulted in the denial. If the renewal application was denied because the organization has exceeded the limits set forth in Minnesota Statutes, section 349.15, subdivision 1, the organization may deposit sufficient funds from a nongambling source into its gambling account to bring it into compliance with Minnesota Statutes, section 349.15, subdivision 1. Nothing in this subpart prevents the board from pursuing disciplinary action against a licensee for violations of law or rule which warranted the denial of a renewal application but were subsequently remedied in a sufficient manner to allow renewal of the organization's license.

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. To appeal the director's determination, the organization must file 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.

Subp. 9. License termination. If an organization voluntarily or involuntarily terminates all of its gambling activities, it shall submit a license termination plan to the board for approval on a form prescribed by the board. The board shall require the organization to revise the plan if it does not meet with board approval. The plan must include, but is not limited to, the following information, upon which, board approval must be based:

A. documentation accounting for the lawful expenditure of all remaining funds in the gambling account; and

B. documentation of the return or disposal of all unused gambling equipment in the possession of the organization.

Statutory Authority: *MS s 349.151; 349.19*

History: *16 SR 2116; 18 SR 1189; 22 SR 291; 29 SR 443*

7861.0030 GAMBLING MANAGER.

Subpart 1. License required. No person may act as a gambling manager without having obtained a license under this part. An individual must make application to the board to be licensed as a gambling manager. Applications must be considered by the director pursuant to this part. A license must be applied for on a form prescribed by the board and, after issuance, is not transferable.

Subp. 2. Licensing qualifications. In addition to the qualifications in Minnesota Statutes, sections 349.155, subdivision 3, and 349.167, the director must not issue or renew a gambling manager's license to:

A. a member of the immediate family or an employee of a person from whom the organization leases a gambling premises;

B. a person who is not an active member of the organization;

C. a person who is the chief executive officer or the treasurer of the organization;

D. a person who is the gambling manager or an assistant gambling manager for another organization;

E. a person who has not completed at least one of the following education requirements:

(1) for gambling manager license renewal applications:

(a) attendance at a board-authorized continuing education class each year of the individual's two-year license period; or

(b) the passing of a special gambling manager's examination administered by the board when no other training is available prior to the end of the 12th or 24th month of the individual's two-year license period; or

(2) for new gambling manager license applicants, within the last 12 months attended board-authorized gambling manager training and passed an examination prepared and administered by the board that tests the gambling manager's knowledge of the responsibilities of gambling managers and lawful gambling procedures, laws, and rules; or

F. a person who was an officer of an organization at a time when an offense occurred which caused that organization's license to be revoked.

Subp. 2a. **Emergency gambling manager.** In the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the board-authorized gambling manager training and pass the examination within 90 days of being issued a gambling manager's license. The board must revoke the replacement gambling manager's license if the replacement gambling manager fails to pass the examination as required in this subpart or fails to comply with the licensing qualifications of subpart 2.

Subp. 3. [Repealed, 29 SR 443]

Subp. 4. **Length of license.** The gambling manager's license runs concurrently with the license of the organization unless the gambling manager's license is suspended or revoked. If a licensed gambling manager discontinues employment or affiliation with the licensed organization, the gambling manager's license expires on the date that the employment or affiliation terminates.

Subp. 5. **Contents of gambling manager application.** The application must contain the following information with respect to the applicant:

A. the applicant's complete name, date of birth, and social security number;

B. the applicant's complete home address and daytime telephone number;

C. the date the applicant became a member of the organization;

D. the name, address, and telephone number of the organization and the name of the chief executive officer of the organization;

E. the current status of the gambling manager's license and the dates of attendance at the board-authorized gambling manager's training;

F. the name of the insurance company and the bond number for the gambling manager's \$10,000 fidelity bond;

G. a statement attesting that the applicant is in compliance with the restrictions in subpart 2;

H. an acknowledgment that the applicant agrees that suits and actions related to the gambling manager's license, or acts or omissions, may be commenced against the gambling manager;

I. an acknowledgment that the applicant authorizes the department of public safety to conduct a criminal background check;

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J. for renewal applications, the date the applicant completed the board-authorized continuing education classes for each license year of the gambling manager's current license; and

K. the signature of the gambling manager and the chief executive officer of the organization.

Subp. 6. [Repealed, 20 SR 2625]

Subp. 7. **Changes in application information.** If any information submitted in the application changes during the term of the license, the gambling manager must notify the board no later than ten days after the change has taken effect.

Subp. 8. [Repealed, 29 SR 443]

Subp. 9. **Gambling manager duties.** A gambling manager's duties include but are not limited to:

- A. determining the product to be purchased and put into play;
- B. reviewing and monitoring the conduct of games;
- C. supervising, hiring, firing, and disciplining all gambling employees;
- D. verifying all receipts and disbursements;
- E. verifying all inventory;
- F. supervising all licensing and reporting requirements;

G. assuring that the licensed organization is in compliance with all laws and rules related to lawful gambling;

H. assuring that illegal gambling is not conducted at any premises where the organization is permitted to conduct lawful gambling; and

I. attending a majority of the regular meetings of the organization.

Subp. 10. **Issuance and denial.** The following items apply to the issuance and denial of a gambling manager's license:

A. The director shall issue a gambling manager's license to a person who submits the information required by subpart 5 and pays the fee as provided in Minnesota Statutes, section 349.167, subdivision 2, and is eligible to receive a license pursuant to subpart 2, and Minnesota Statutes, section 349.167. A license issued by the director pursuant to this part is effective on the first day of a month.

B. The director must deny the issuance of a license to a person ineligible to hold a gambling manager's license pursuant to subpart 2, or Minnesota Statutes, section 349.167.

C. A person who has never been licensed as a gambling manager or a person whose application for renewal of a gambling manager's license was submitted after the expiration of the license may appeal the denial of a gambling manager's license. To appeal the denial of a license, the applicant must notify the board within 15 days of the date the applicant receives notice that the application has been denied. The appeal must be in writing and must contain a complete copy of the application and a statement describing the reasons the license should not be denied. The appeal is not a contested case under Minnesota Statutes, chapter 14.

The board must refer the appeal to the executive committee which must review the appeal within ten days of receipt. The executive committee must issue a written decision within ten days of its consideration of the appeal. If the committee reverses the director's decision, it must instruct the director to issue a license to the gambling manager effective the first day of the month following the committee's written decision. *The executive committee's decision is a final agency decision.*

D. When the board, or director if authorized to act on behalf of the board, determines that issuance of a license renewal should be denied under Minnesota Statutes, section 349.167, or board rules, the board or director shall promptly give a written notice to the licensee. The notice must contain the grounds for the action and reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held not later than 30 days after the board receives the request for the

hearing unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this subpart must be conducted according to Minnesota Statutes, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this subpart, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

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

A. To renew a gambling manager's license, the licensee must submit a complete renewal application to the board at least 60 days before the expiration of the existing license. The renewal application must be made on a form prescribed by the board. A renewal application is not complete until it contains the information required by subpart 5, and the fee required by Minnesota Statutes, section 349.167, subdivision 2.

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. 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 30 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 unless and until the person has received a renewed license.

B. The issuance of a renewal of a license must be denied if:

(1) the applicant is ineligible for a license pursuant to subpart 2 or Minnesota Statutes, section 349.167;

(2) the organization which employs the gambling manager is no longer licensed or is being denied a renewed license; or

(3) the application remains incomplete for more than 90 days after its initial submission.

C. A gambling manager who has had the issuance of a renewal license denied pursuant to item B may reapply for renewal of the license once the applicant has remedied that portion of the renewal application which resulted in denial. The reapplication must be accompanied by an additional fee pursuant to Minnesota Statutes, section 349.167, subdivision 2. The board may pursue disciplinary action against a licensee for violations of law or rule which warranted the denial of a renewal application but were later remedied in a sufficient manner to allow renewal of the gambling manager's license.

D. A gambling manager who has had an application denied for failing to comply with the requirements in subpart 2, item E, may not apply for a renewal of a gambling manager's license or for an emergency replacement gambling manager's license. The person may apply for a new gambling manager's license provided the person has taken the board-authorized gambling manager's training and passed the examination within the 12 months immediately preceding the effective date of the new license.

A gambling manager whom the director determines has failed to submit a complete renewal application at least 60 days before the expiration of his or her existing license may appeal that determination. To appeal the director's determination, the gambling manager must file a written request for a contested case hearing with the board before the expiration of the gambling manager's existing license. The director must schedule a contested case hearing before an administrative law judge according 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 according to part 1400.5600, subpart 3. The board must issue its final decision

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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 after being duly notified of the incomplete application and prior to the director determining the application was incomplete.

Subp. 12. **Assistant gambling managers.** The following items apply to assistant gambling managers:

A. An assistant gambling manager is a person who performs any of the following duties:

- (1) six or more of the functional responsibilities as defined in part 7861.0120, subpart 1, item F;
- (2) hiring, disciplining, or firing gambling employees;
- (3) completing the license and permit application requirements;
- (4) negotiating leases; or
- (5) determining product to be purchased.

B. An organization may employ one or more assistant gambling managers if:

- (1) each assistant gambling manager is subject to the direct supervision and direction of the organization's licensed gambling manager;
- (2) each assistant gambling manager is an active member or employee of the organization; and
- (3) no assistant gambling manager participates in the conduct of lawful gambling for more than one organization except as provided in item C.

C. An assistant gambling manager may be employed by more than one organization if the organizations concurrently lease space for the conduct of bingo in the same licensed bingo hall, and if the assistant gambling manager is not compensated directly or indirectly by the licensed bingo hall or its owner. Assistant gambling managers employed by more than one organization according to this item may oversee gambling employees of organizations during bingo occasions, and assist organizations' gambling managers with the duties contained in subpart 9. Nothing in this item diminishes the responsibilities and ultimate supervisory authority of a gambling manager contained in subpart 9.

An organization employing an assistant gambling manager according to this part shall submit to the board a list of the duties that the assistant gambling manager is authorized to perform on behalf of the organization. The list must be signed by the organization's chief executive officer and gambling manager, and must reflect that it conforms to the requirements of this part. Any changes to the list of authorized duties must be submitted to the board in writing 24 hours in advance of implementation of the change.

D. Notwithstanding items A and B, assistant gambling managers employed by more than one organization under item C shall not:

- (1) supervise licensing and reporting requirements as required by statute and rule for the organization;
- (2) hire, fire, or impose permanent discipline on gambling employees of the organization, except for temporary disciplinary action that may be necessary during a bingo occasion. If temporary disciplinary action is taken, the assistant gambling manager may make a recommendation to the gambling manager regarding permanent disciplinary action;
- (3) determine the program content or prize level requirements for the organization;
- (4) determine the product to be purchased and put into play;
- (5) be a gambling employee or volunteer at any other site where the organization conducts lawful gambling; or

(6) be a gambling employee or volunteer for any other organization conducting lawful gambling.

E. No license is required for an assistant gambling manager.

Subp. 13. **Proof of identification.** Proof of identification shall be required for all gambling manager examinations. Attendees at all board-authorized training and continuing education classes shall be prepared to present proof of identification. Proof of identification may be established only by one of the following:

A. a valid driver's license or identification card issued by Minnesota, another state, or province of Canada, that includes the photograph and date of birth of the licensed person;

B. a valid passport; or

C. a valid military identification card issued by the United States Department of Defense.

Statutory Authority: *MS s 349.151; 349.167*

History: *16 SR 2116; 18 SR 1189; 20 SR 2625; 22 SR 291; 29 SR 443*

7861.0040 PREMISES PERMITS.

Subpart 1. **Premises permit required.** An organization may conduct lawful gambling only on premises it owns or leases. A premises permit must be obtained by an organization for each premises where lawful gambling is to be conducted. An organization shall make application to the board for a premises permit on a form prescribed by the board. An application must be considered by the director pursuant to this part.

Subp. 2. **Length of permit.** A premises permit expires on the expiration date of the organization's license.

Subp. 3. **Contents of premises permit application.** A premises permit application must include:

A. the legal name of the organization;

B. the name and daytime telephone number of the organization's chief executive officer;

C. the name and street address of the proposed gambling premises;

D. the city and county or township and county where the proposed gambling premises is located;

E. the days and hours of each bingo occasion, if any;

F. the address in Minnesota of any storage space for gambling equipment and records, if different than the permitted premises;

G. the bank name, address, and account number for the bank account or accounts in Minnesota into which gross receipts from gambling are deposited;

H. an authorization permitting the board and agents of the board, and the commissioners of revenue and public safety and their agents, to inspect the bank records of the gambling account;

I. a statement providing consent to local law enforcement officers, the board or its agents, and the commissioners of revenue and public safety and their agents to enter the premises to inspect and enforce the law; and

J. an acknowledgment signed by the chief executive officer.

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

A. For premises not owned by the organization, 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 legal owner of the premises and the lessor;

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

(3) the name, address, and telephone number of the leased premises;

(4) the type of gambling activity to be conducted;

(5) the monetary consideration, if any;

(6) for bingo leased premises an itemized listing, including the cost of any goods or services that the lessee purchases from the lessor or purchases from a third-party vendor pursuant to the items of the lease, including but not limited to, trash removal, snow removal, parking lot maintenance, or building maintenance. All goods or services included in the lease agreement shall be valued at their fair market value;

(7) 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;

(e) the lessor, the lessor's immediate family, any person residing in the same residence as the lessor, and any agents or employees of the lessor will not require the organization to perform any action that would violate statute or rule;

(f) if there is a dispute as to whether a violation of unit (e) has occurred, the lease will remain in effect pending a final determination by the compliance review group;

(g) the lessor agrees to arbitration when a violation of unit (e) is alleged. For purposes of this subpart, the arbitrator shall be the compliance review group of the board; and

(h) in addition to the requirements of subitem (6), the lessor shall maintain a record of all money received from the organization, and make the record available to the board and its agents, the commissioners of revenue and public safety and their agents upon demand. The record shall be maintained for a period of 3-1/2 years;

(8) notwithstanding part 7861.0050, subpart 3, a clause that requires an organization to continue making rent payments, pursuant to the terms of the lease, if the organization or its agents are found to be solely responsible for any illegal gambling conducted at the site that is prohibited by part 7861.0050, subpart 1, or Minnesota Statutes, section 609.75, unless the organization's agents responsible for the illegal gambling activity are also agents or employees of the lessor;

(9) a clause stating that the lessor shall not modify or terminate 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;

(10) a clause stating that the lessor shall not modify or terminate the lease in whole or in part because of a violation of subitem (7), unit (e);

(11) a clause stating that the lessor is aware of the prohibition against illegal gambling in Minnesota Statutes, section 609.75, and the penalties for illegal gambling violations in part 7861.0050, subpart 3;

(12) a clause stating that, to the best of the lessor's knowledge, the lessor affirms that any and all games or devices located on the premises are not being used, and are not capable of being used, in a manner that violates the prohibitions against

illegal gambling in Minnesota Statutes, section 609.75, and the penalties for illegal gambling violations in part 7861.0050, subpart 3; and

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

B. A copy of the resolution from the appropriate local unit of government under Minnesota Statutes, section 349.213, subdivision 2, approving the premises permit.

Subp. 5. Changes in application information. If any information submitted in the application changes, the organization must notify the board and the appropriate local unit of government under Minnesota Statutes, section 349.213, subdivision 2, in writing no later than ten days after the change has taken effect.

Subp. 6. Renegotiated leases. A lease that is renegotiated with no change in the lessor during the term of the premises permit must be furnished to the board at least ten days before the effective date of the lease. A lease that is renegotiated because of a change in ownership of the site must be furnished to the board within ten days after the new lessor has assumed ownership of the site.

Subp. 7. [Repealed, 29 SR 443]

Subp. 8. Local approval or denial. The following items apply to local approval or denial of premises permits:

A. The organization must take the premises permit application to the appropriate local unit of government under Minnesota Statutes, section 349.213, subdivision 2, and request that the local unit of government pass a resolution approving the premises permit application.

B. The resolution must have been adopted no more than 90 days before the date the application is received by the board.

C. The organization must attach a copy of the resolution approving the premises permit to the application when submitting the application to the board.

D. The director must not issue a premises permit to an applicant that has been denied by the local unit of government.

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

A. The director shall issue a premises permit to any organization that submits the information required in subparts 3 and 4, pays the premises permit fee required by Minnesota Statutes, section 349.165, subdivision 3, and obtains local approval in the manner required by subpart 8. A permit issued by the director pursuant to this part is effective on the first day of a month.

B. Notwithstanding the provisions of item A, the director must deny a premises permit application when:

(1) the applying organization does not or will not have a licensed gambling manager at the time the premises permit is issued;

(2) the applying organization does not 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;

(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; or

(6) the lessor, the lessor's immediate family, person residing in the same household as the lessor, or any agents or employees of the lessor have required an organization to perform an action that would violate statute or rule, as referenced in the board-prescribed lease agreement between the lessor and the organization. If such

a violation of the lease agreement has occurred, no premises permit applications, other than a renewal application from an organization at the site when the violation occurred, will be considered for a period of up to one year from the date of the board's final decision on the matter, or up to two years from the date of the board's final decision on the matter for a second such violation, unless a complete change of ownership of the site has occurred. For purposes of this part, the term "complete change of ownership" means that no person or member of the immediate family of the lessor or owner of the site, or person residing in the same household as an owner or lessor of the site at the time the first or second violation occurred, is currently the owner or lessor of the site, or currently holds a direct or indirect financial interest in the 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.

C. An organization that has never obtained a premises permit for the proposed site or whose application for renewal of a premises permit was submitted after the expiration of its permit may appeal the denial of a permit application. To appeal, the applicant must notify the board within ten days of the date it receives notice that its application has been denied. The appeal must be made in writing and must contain a complete copy of the application and a statement describing the reasons the permit should not be denied. The appeal is not a contested case under Minnesota Statutes, chapter 14.

The board must refer the appeal to the executive committee which must review the appeal within ten days of receipt. The executive committee must issue a written decision within ten days of its consideration of the appeal. If the committee reverses the director's decision, it must instruct the director to issue a premises permit to the organization effective the first day of the month following the committee's written decision. The executive committee's decision is a final agency decision.

D. When the board, or director, if authorized to act on behalf of the board, determines that a license or premises permit application or renewal should be denied under Minnesota Statutes, section 349.155, subdivision 4, the board or director must promptly give a written notice to the licensee or applicant. The notice must provide the grounds for the action and provide reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held no later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this item must be conducted in accordance with Minnesota Statutes, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this item, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

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 Minnesota Statutes, section 349.165, subdivision 3, 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 30 days after the board has received the complete application. An

organization must not conduct gambling at a site where an existing permit has expired unless and until it receives a renewed permit.

B. An application for renewal of a premises permit must be considered in the same manner as an application for an initial permit pursuant to subpart 9. In addition, any application for renewal of a premises permit must be denied if it remains incomplete for more than 90 days after its initial submission.

C. An organization that has had a premises permit renewal application denied pursuant to item B may reapply for a renewal of its permit once it has remedied that portion of its renewal application which resulted in its denial. A reapplication must be accompanied by an additional fee as provided in Minnesota Statutes, section 349.165, subdivision 3, and new local approval pursuant to subpart 8.

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. To file an appeal, the organization must submit 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 must schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14.

(2) 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.

(3) 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 must 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.

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 18 SR 1189; 19 SR 156; 19 SR 2380; 20 SR 2624; 22 SR 291; 29 SR 443*

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 must 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, the board must suspend or revoke an organization's premises permit as follows:

A. for the first violation of subpart 1 at a site, the board must suspend each premises permit for the site for a period of up to 90 days from the date of the board's final resolution or determination on the violation. No organization may pay rent for the

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site during the term of the suspension. When suspending an organization's premises permit pursuant to this item, the board must consider the following factors:

(1) whether or not the organization notified the lessor, in writing, that illegal gambling was being conducted on the premises, including providing specific information regarding the conduct of the illegal gambling, and requesting that the lessor take appropriate action;

(2) whether or not the organization, or any of its agents, knew that the game or device that violated subpart 1 was used, or was designed to be capable of being used, in a manner that causes illegal gambling or violates subpart 1 or Minnesota Statutes, section 609.75;

(3) the degree to which the organization cooperated with law enforcement authorities, the Department of Public Safety gambling enforcement division, or the board;

(4) whether the organization or any of its agents participated in the illegal gambling; and

(5) the nature or severity of the violation;

B. for the second violation of subpart 1 at a site, the board must 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. No organization may pay rent for the site during the term of the suspension. 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 must suspend each premises permit for the site for a period of up to 90 days in accordance with item A and prohibit any organization from paying rent during the term of the suspension; and

C. for the third violation of subpart 1 at a site, the board must 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. Revocation shall continue unless and until a complete change of ownership occurs after the third violation. No organization may obtain a premises permit for the site during the term of the revocation. 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 must suspend each premises permit for the site for a period of up to 90 days in accordance with item A and prohibit any organization from paying rent for the site during the term of the suspension.

Subp. 4. Complete change of ownership. The term "complete change of ownership" means a change of ownership of the site that results in no person, or immediate family member of any person who was an owner or lessor of the site, residing in the same household as an owner or lessor of the site, or who otherwise held a direct or indirect financial interest of five percent or more in the site at the time of a prior illegal gambling occurrence, remaining under the new ownership as:

A. an owner or lessor of the site;

B. a holder of a direct or indirect financial interest of five percent or more in the site;

C. a participant in business employment activity at or for the licensed site;

D. an immediate family member of the new lessor or owner of the site; or

E. a person residing in the same household as an owner or lessor of the site.

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 19 SR 156; 22 SR 291; 29 SR 443*

7861.0060 CONDUCT OF LAWFUL GAMBLING.

Subpart 1. General restrictions. The following items are general restrictions on the conduct of lawful gambling. For purposes of this part, the term "employee" includes a "volunteer."

A. No person under the age of 18 may conduct or participate in playing the games of pull-tabs, tipboards, or paddlewheels and no person under the age of 18 may purchase a raffle ticket or purchase a chance to participate in a bingo game unless the organization conducting the bingo occasion is exempt or excluded from licensing.

B. All playing of lawful gambling must be on a cash basis, in advance of any play, except that raffle tickets may be purchased by personal check.

C. At each permitted premises, the organization must have:

(1) an inventory list of gambling equipment currently at the site;

(2) a clear, physical separation or a tangible divider between the organization's gambling equipment and the lessor's business equipment; and

(3) the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the premises.

D. An organization shall ensure that its compensated gambling employees are clearly identifiable, by name, to the public at all times when conducting lawful gambling.

Subp. 2. Restrictions for gambling on leased premises. The following items are restrictions for gambling on leased premises. These restrictions also apply to an organization that leases space from another licensed organization for the conduct of lawful gambling.

A. An organization shall not enter into a lease agreement which imposes restrictions on the organization with respect to providers of gambling-related equipment and services or in the use of net profits for lawful purposes.

B. An organization may not pay rent to itself for the conduct of gambling.

C. The amount of rent an organization may pay:

(1) for bingo and all other gambling activities which occur during that bingo occasion may not exceed: \$200 for leased premises of not more than 6,000 square feet, \$300 for leased premises of not more than 12,000 square feet, \$400 for leased premises of more than 12,000 square feet, and \$25 per occasion for bar bingo, and as provided in Minnesota Statutes, section 349.17, subdivision 7; and

(2) may not be directly or indirectly supplemented above the amounts provided in this subpart or as provided in Minnesota Statutes, section 349.18.

D. Food and beverages may be dispensed within the bingo leased or permitted premises. Gambling employees of the organization working during that bingo occasion shall not provide this service. The organization shall not pay for the cost of the food and beverages from the organization's gambling accounts.

E. An organization shall not permit the lessor's business activities to be conducted on the leased premises, except for those activities permitted under item D.

F. An organization shall not permit the lessor, the lessor's immediate family, or the lessor's employees to participate as players in the conduct of lawful gambling on the leased premises.

G. An organization may not employ as a gambling manager the lessor, a member of the lessor's immediate family, a person residing in the same household as the lessor, or an employee of the lessor.

H. No more than three pull-tab dispensing devices shall be installed or operated at any permitted premises. For purposes of this part, "permitted premises" means an establishment where lawful gambling is conducted.

I. Pull-tab dispensing devices must not be installed or operated at a permitted premises that does not have a valid license for on-premises sales of intoxicating liquor or 3.2 percent malt beverages, except as provided in Minnesota Statutes, section 349.151, subdivision 4b, paragraph (c).

J. Pull-tab dispensing devices must not be installed or operated at licensed bingo halls that allow persons under the age of 18 to participate as players in bingo occasions conducted by exempt or excluded organizations.

K. Lawful gambling may only be conducted at times when the premises is open for the conduct of its regular business.

Subp. 3. **Posting of flare.** The odds, payout percentages, or number of tickets must be displayed on the flare accompanying each deal of pull-tabs, tipboards, or the master flare for a group of 100 or fewer sequentially numbered paddleticket cards.

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

A. the name, license number, and premises permit number of the licensed organization;

B. the expiration date of the premises permit;

C. the notice of problem gambling information which must at a minimum include the toll-free telephone number established by the commissioner of human services;

D. a statement that illegal gambling is prohibited; and

E. 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.

Subp. 5. **Advertising.** Any promotional material, sign, or advertising of lawful gambling must identify the licensed organization permitted to conduct gambling at the premises, its license number, and the premises permit number for the premises.

Subp. 6. **Storage of equipment.** Gambling equipment may be stored on the leased premises. The gambling equipment must be stored in an area that is under the control of the organization.

Subp. 7. **Exchange or transfer of gambling equipment prohibited.** A licensed organization may not exchange, sell, or otherwise provide gambling equipment to any other organization. An organization must not redeem pull-tab tickets that were sold by any other organization. An organization must not transfer a pull-tab dispensing device from site to site without prior written notification to the board. An organization must not transfer games in play from one site to another.

Subp. 8. **Return of gambling equipment to distributor.**

A. If, prior to being put into play, gambling equipment is determined not to be manufactured according to the standards in part 7864.0030, subpart 1, the game must be returned by the organization to the distributor within seven business days of determining that the gambling equipment does not meet the standards in part 7864.0030, subpart 1, including, but not limited to:

(1) the serial number or form number of the tickets does not match the serial number or form number on the flare;

(2) the geographic outline of the state of Minnesota as required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the flare for that deal;

(3) the bar code required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the flare for that deal;

(4) the prize amount on a winning ticket does not correspond to the prize amount listed on the flare; or

(5) the game possesses the same serial number and form number as another game manufactured by that manufacturer in the organization's possession.

B. If, during the play of a game, gambling equipment is determined not to be manufactured according to the standards in part 7864.0030, subpart 1, the game must immediately be removed from play, reported as a played game on the tax return, and returned by the organization to the distributor along with documentation that the gambling equipment does not meet the standards in part 7864.0030, subpart 1, including, but not limited to, item A, subitems (2) to (4). For gambling equipment not manufactured in compliance with item A, subitem (1) or (5), the gambling equipment

must not be returned to the distributor but must be surrendered to the commissioner of revenue.

C. If, after a game is removed from play, gambling equipment is determined not to be manufactured according to the standards in part 7864.0030, subpart 1, the game must be reported as played on the tax return and returned by the organization to the distributor along with documentation that the gambling equipment does not meet the standards in part 7864.0030, subpart 1, including, but not limited to, item A, subitems (2) to (4). For gambling equipment not manufactured in compliance with item A, subitem (1) or (5), the gambling equipment must be surrendered to the commissioner of revenue.

D. For games returned to the distributor as required under items A, B, and C, the gambling equipment must be returned to the organization by the distributor if the gambling equipment was returned by the manufacturer, after a determination has been made as to whether the gambling equipment was manufactured according to the standards in part 7864.0030, subpart 1. The organization shall retain the game as a played game.

Statutory Authority: *MS s 349.151*

History: 16 SR 2116; 17 SR 2711; 19 SR 156; 19 SR 2380; 20 SR 2624; 23 SR 831; 29 SR 443

7861.0070 BINGO.

Subpart 1. **Restrictions.** The following items are restrictions on the conduct of bingo. For purposes of this part, the term "employee" includes a "volunteer." For purposes of this part, the term "gross receipts from bingo of less than \$150,000" means the gross receipts from bingo after any coupon discounts have been applied by the organization.

A. A gambling employee of an organization shall not play bingo at a bingo occasion during which the employee works. An organization may adopt in its house rules, internal controls, or otherwise, additional restrictions regarding employee participation as a player in bingo occasions conducted by the organization.

B. Except for organizations with gross receipts from bingo of less than \$150,000 in the last fiscal year, a gambling employee who works during a bingo occasion may not communicate or have direct contact regarding the play of bingo with the employee's immediate family members who participate as players during the bingo occasion.

C. An organization shall not duplicate or otherwise make copies of bingo hard cards or bingo paper sheet faces.

D. An organization shall not cut bingo paper sheets (case paper), and an organization shall not separate or cut bingo paper sheet packets (collated paper).

E. An organization with annual gross receipts from bingo exceeding \$150,000 in its last fiscal year shall not use bingo hard cards, except for braille bingo hard cards as authorized in item F.

F. An organization may permit a legally blind player to bring and use a braille hard card. A braille hard card must reflect the letters and numbers required pursuant to Minnesota Statutes, section 349.17, subdivision 6, paragraph (a), in braille, and in a form that can be verified by sight by a person who is not able to read braille. An organization may disallow the use of a braille hard card which does not comply with applicable requirements for bingo hard cards or a linked bingo game. An organization may charge a blind person the same price for the use of a personal braille hard card as that which is charged for use of a bingo hard card or bingo paper sheet face provided by the organization.

G. An organization shall not reserve bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages for any person.

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H. Sets of bingo paper sheets or bingo paper sheet packets bearing identical faces may not be used during a single bingo game, except that identical faces may occur on broken bingo paper sheet faces during a broken bingo game.

I. An organization must not offer for sale any bingo paper sheets, bingo paper sheet packets, or bingo paper packages that were sold at a previous bingo occasion or bingo session.

J. An organization must not offer free or discounted bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages and an organization must not offer or redeem coupons for bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages except as provided in subpart 5a.

K. An organization or employee of an organization must not engage in or permit any person on its premises to engage in any act, practice, or course of operation that manipulates the outcome of any bingo game.

Subp. 2. **Bingo equipment to be used.** The conduct of bingo must include the following items:

A. A bingo ball selection device approved by the board.

B. A set of 75 bingo balls bearing the numbers 1 to 75 and the letters B, I, N, G, O;

(1) bingo balls bearing the letter "B" may only bear numbers 1 through 15;

(2) bingo balls bearing the letter "I" may only bear numbers 16 through 30;

(3) bingo balls bearing the letter "N" may only bear numbers 31 through 45;

(4) bingo balls bearing the letter "G" may only bear numbers 46 through 60; and

(5) bingo balls bearing the letter "O" may only bear numbers 61 through 75.

Each bingo ball may bear no more than one letter and one number. The 75 bingo balls must be available for inspection and inspected by at least one player before a bingo occasion begins to determine that all are present and in operating condition. Each bingo ball in the set must be equal in size, weight, shape, balance, and all other characteristics that control their selection, and must be free from any defects. Except for continuation bingo games, each bingo ball must be present in the bingo ball selection device before each bingo game begins.

C. Video cameras and displays may be utilized.

D. An organization must purchase all bingo hard cards, bingo paper sheets, and bingo paper sheet packets from a licensed distributor, except as provided for in item F.

E. All equipment used in the conduct of a bingo game must be maintained in sound working condition.

F. An organization must purchase all bingo paper sheets used in the conduct of a linked bingo game from a licensed linked bingo game provider.

G. Linked bingo paper sheets must be sold as a separate item by the organization and must not be included as part of a bingo paper packet or bingo paper package.

Subp. 3. [Repealed, 20 SR 2624]

Subp. 4. [Repealed, 20 SR 2624]

Subp. 5. [Repealed, 20 SR 2624]

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

A. An organization must prominently post a notice on each premises where bingo is conducted which includes the price for each bingo hard card, bingo paper

sheet, bingo paper sheet packet, or bingo paper package. The notice must include a statement indicating that only cash sales are permitted. The notice must be printed in letters large enough to be clearly legible.

B. An organization must prominently post its house rules for the conduct of bingo. Players must be able to see and read the house rules prior to purchasing any bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages. The house rules for bingo must include, at a minimum, the following information:

- (1) the organization's policy on declaring bingo and last number called;
- (2) the reasons for potentially canceling bingo occasions; and
- (3) a statement indicating the state agencies from which a player may obtain a copy of the Gambling Control Board's rules governing bingo.

C. An organization must make available at each bingo premises the most recent copy of the applicable statutes and rules governing bingo.

D. Bingo programs must be made available to all players prior to the start of the first game at each bingo occasion or bingo session. The programs must include, at a minimum, the following information:

- (1) a written description, including an illustration of the winning pattern, for each bingo game to be offered;
- (2) a description of the bingo paper sheets, bingo paper sheet packets, and bingo paper packages to be used, including:
 - (a) the color of the paper, and a description of the border, if any;
 - (b) the number of bingo faces on each sheet;
 - (c) for bingo paper sheet packets, the number of sheets in each packet; and
 - (d) for bingo paper packages, the number and type of bingo paper sheets added by the organization to the bingo paper sheet packets;
- (3) the prizes to be offered, including consolation prizes, and any factors used by an organization to determine the prize payout structure for the occasion;
- (4) the date of implementation of the program;
- (5) an organization with gross receipts from bingo of less than \$150,000 in its last fiscal year must include in its bingo programs the methods used to determine the value of prizes when the value of prizes will be less than the values listed in the program; and
- (6) an organization participating in a linked bingo game must identify the linked bingo game in its program.

E. Each new bingo program and the list of occasions or sessions at which that program will be used, must be approved in advance by the membership of the organization. Previously approved bingo programs that are being amended, and the list of occasions or sessions at which that amended program will be used, must be approved by the organization's membership in advance of the changes or at the next membership meeting. A copy of the approved or amended bingo program, including the list of occasions or sessions at which that program will be used, must be included with the minutes of the meeting. A copy of the approved or amended bingo program, including the list of occasions or session at which that program will be used, must also be submitted to the board and postmarked or delivered to the board office at least 24 hours in advance of implementation of the program.

F. In the event of reduced attendance caused by bad weather, an organization may implement a substitute bingo program, if the substitute bingo program has been previously approved by the board, and the organization notifies the board within 48 hours of making the bingo program substitution.

G. Organizations may adjust the price of bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages through the use of coupons provided that the organization maintains a record of each person redeeming a coupon

for each bingo occasion that it conducts. Coupons must not be used for a linked bingo game. Any coupon issued by an organization must bear a specific dollar value. The record must be maintained for a period of 3-1/2 years. The record must include, at a minimum, the following information:

(1) an impression or photocopy of the person's driver's license or other form of picture identification including the person's full name and full address. If the person does not have such form of identification, the organization must obtain an impression or photocopy of a driver's license or other form of picture identification, including the full name and address, telephone number, and the signature of another person playing bingo during that occasion or session who can verify the identity of the person redeeming the coupon;

(2) except for organizations using bingo hard cards, the monetary difference between the price of the bingo paper sheets or bingo paper sheet packets appearing on the distributor's invoice for that bingo paper sheet or bingo paper sheet packets and the price being paid by the person redeeming the coupon; and

(3) the printed name and signature, in ink, of the person redeeming the coupon.

H. All sales of bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages must be on a cash basis and take place at the organization's leased or owned premises during or immediately preceding the bingo occasion or bingo session for which they are being sold. All linked bingo paper sheets offered for sale must be sold for the same price to all players. Bingo hard cards, bingo paper sheets, bingo paper sheet packets, or bingo paper packages must be paid for prior to the start of a specific bingo game, except in the case of a breakopen bingo game as authorized by subpart 8, item D. An organization which sells bingo paper sheet packets or bingo paper packages after the first game in a bingo occasion or bingo session has begun shall deface those games which have already been played or are in play, prior to the sale of the bingo paper sheet packet or bingo paper package.

I. Bingo paper sheets, bingo paper sheet packets, and bingo paper packages are valid only for the bingo occasion or bingo session for which they were purchased.

J. An organization using bingo hard cards must:

(1) use one or more checkers for each bingo occasion or bingo session that it conducts. The checker or checkers must record on a form prescribed by the board the number of cards played in each game, the face number of each winning card, and the prizes awarded to the winning cards. Each checker must certify that the figures are correct to the best of the checker's knowledge; and

(2) if an organization has duplicate bingo hard cards in play, the organization must prominently post that fact or notify all players before purchase of bingo hard cards for a game or number of games.

K. An organization must require a predetermined pattern to be completed in order to win a bingo game. The particular arrangement of spaces in the predetermined pattern must be clearly described and verbally announced to the players immediately before each game is begun. In bingo games where players fill in the numbers on bingo paper sheet faces sold by the organization, the numbers filled in by the players must correspond to the appropriate columns on a bingo paper sheet face and the required pattern as designated by the organization. Only the numbers 1 to 15 can be placed in the "B" column, 16 to 30 in the "I" column, 31 to 45 in the "N" column, 46 to 60 in the "G" column, and 61 to 75 in the "O" column.

L. Continuation bingo games are permitted. For example, up to three patterns may be played on one bingo face. Each portion of the continuation game shall be considered a single bingo game, even though the bingo balls are not returned to the receptacle until all of the games have been completed.

M. Progressive bingo games are permitted. A progressive bingo game is one in which the established prize levels and/or number of bingo balls called may be increased

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from one occasion to the next occasion if the required pattern is not completed within the specified number of bingo balls drawn and called during that occasion.

N. Bingo games with limiting ball counts are permitted. Limiting ball counts may be used by an organization for bingo games to establish prize levels in compliance with subpart 6a. All limiting ball counts must be prominently displayed prior to the start of the particular bingo occasion. An explanation for the limiting ball counts must be included in the bingo program for that bingo occasion or session. Bingo games which use limiting ball counts to determine prize levels must be played until the game is completed and a prize is awarded.

O. Except for breakopen bingo games, a game of bingo begins with the first letter and number called. Each player must cover on the bingo hard card or mark with a liquid dauber the numbers on the bingo paper sheet face when bingo balls are randomly drawn, announced, and displayed to the players. A bingo game is completed and won when:

- (1) a previously designated pattern has been completed;
- (2) one or more players have declared bingo;
- (3) the winning bingo hard card or bingo paper sheet face has been verified by an organization employee; and
- (4) a prize has been awarded.

P. The letter and number of a drawn bingo ball must be called out before the next bingo ball is drawn, except when conducting bingo games where the drawn bingo ball does not pertain to the pattern of the bingo game being played. If a bingo game with a designated pattern that does not require all available bingo balls is being played, the caller must verbally state before the game begins that drawn bingo balls not pertaining to the pattern being played will not be called. After a bingo ball has been drawn, it must not be returned to the receptacle until after the conclusion of the game. Bingo balls that are drawn but not called must be made available for inspection by at least one neutral player after the conclusion of the game or continuation game before being returned to the receptacle for the next game. In a linked bingo game after a bingo ball has been drawn and called, the ball must not be returned to the receptacle until all balls are drawn or, in the case of an automated drawing, be removed from the method of random selection until all the letters and numbers have been drawn and all drawn bingo balls have been inspected by an independent verifier.

Q. All numbers and letters announced shall be clearly and audibly called.

R. Immediately following the drawing of each bingo ball in a bingo game, the caller shall display that portion of the bingo ball which shows the letter and the number to the players and ensure that the majority of players are at all times able to see the letter and number of each drawn bingo ball.

S. If the bingo caller discovers that a wrong letter or number has been called, the caller must announce that a wrong letter or number has been called, must call the correct letter or number, then correct the flashboard, if any, and continue with the game.

T. After the letter and number are called, the corresponding letter and number on the flashboard, if any, must be lit for player viewing.

U. When a player declares a winning bingo, the serial number and face number of the bingo paper sheet face, or the face number of the winning bingo hard card must be read aloud by an employee of the organization. Every winning bingo hard card or bingo paper sheet face must be verified by an organization employee, and:

- (1) at least one neutral player who is not an immediate family member of the player declaring bingo; or
- (2) an electronic verification device.

V. Except for linked bingo games, each bingo game must be closed with the following procedure:

- (1) the game shall be stopped after a player has declared bingo;

(2) the next bingo ball out of the machine must be removed from the machine before shutting the machine off, and must be the next bingo ball called in the event the bingo is declared not valid. In the case of a continuation bingo game, the next bingo ball out of the machine must be held and used as the first bingo ball drawn for the next game. In the case of a bingo game where a drawn ball may not pertain to the pattern being played, the bingo ball must be removed from the machine before shutting the machine off and, if the drawn ball pertains to the pattern being played, must be the next bingo ball called in the event the bingo is declared not valid;

(3) the organization must verify that the declared bingo is valid;

(4) an organization employee on the floor must read off the manufacturer's serial number and face number on the winning bingo paper sheet or the face number on the winning bingo hard card. A prize must not be awarded unless the serial number and face number of the winning bingo paper sheet or the face number on the winning bingo hard card was among those offered for sale at that occasion; and

(5) the bingo caller must then ask the players at least twice if there are any other bingos. If no one answers, the caller must announce that the game is completed and the prize must be immediately awarded to the winner.

Subp. 6. [Repealed, 20 SR 2624]

Subp. 6a. **Bingo prizes.** Except for the jackpot prize won for linked bingo games, prizes for games won at a bingo occasion or session must be awarded at that bingo occasion or session according to Minnesota Statutes, section 349.211, and the following procedures.

A. Prizes for a bingo game may consist of cash, a merchandise prize, or coupons used to redeem bingo hard cards, bingo paper sheets, bingo paper sheet packets, and bingo paper packages. A merchandise prize may include a certificate for merchandise, which must include the following information:

(1) a complete description of the merchandise to be redeemed by the certificate;

(2) the name of the vendor from whom the certificate must be redeemed;

(3) the value of the merchandise described on the certificate; and

(4) a statement expressly prohibiting the substitution of cash or another item or type of merchandise for the merchandise described on the certificate.

B. Except for breakopen bingo games and linked bingo games, the dollar amount of a cash prize or the fair market value of a merchandise prize which may be won in a bingo game must be verbally announced to players prior to the start of a bingo game and included in the bingo program for that occasion. Value means the dollar amount of the cash prize or the fair market value for merchandise prizes. Merchandise prizes purchased by the organization at a discount and prizes donated to an organization must be valued at fair market value and must be included in the determination of compliance with the prize limitations in Minnesota Statutes, section 349.211. For purposes of subpart 7, the organization must use the actual cost paid by the organization for the merchandise prizes. All merchandise prizes must be accounted for in a format prescribed by the board. For all merchandise prizes, the organization must maintain documentation on how the fair market value was determined. The fair market value of a merchandise prize must not be established at an amount less than the organization paid for the merchandise prize. Unless a prize receipt is completed, a bingo prize must not have its value established by any method where the value of the bingo prize cannot be determined and verbally announced to players at the beginning of a bingo game. A bingo prize shall not consist of lawful gambling equipment, except as provided in this part.

C. A bingo prize must only be awarded after a player has successfully completed a designated pattern of spaces on a bingo hard card or bingo paper sheet face with the letters and numbers called by an organization employee.

D. A prize for a progressive bingo game must be established according to Minnesota Statutes, section 349.211, subdivision 2. If the progressive prize is not

awarded at a particular bingo occasion, the progressive bingo game must be continued at a future bingo occasion until such time as a winner is determined. The winning prize in a progressive bingo game does not have to be the full amount of the jackpot, but may be a consolation prize established in accordance with Minnesota Statutes, section 349.211, subdivision 2. If the progressive prize is not awarded at a particular occasion, it may be carried over to a future bingo occasion and increased in value, provided that the prize never exceeds the amount established in Minnesota Statutes, section 349.211, subdivision 2, for any progressive bingo game.

E. In bingo games where players have the opportunity to win one of various, alternative prize levels, the organization will not be able to identify and announce at the beginning of the bingo game the value of the prize that will be won until the game is completed. Such bingo games are permitted only if the organization completes a prize receipt form upon completion of the bingo game. The organization must describe in its bingo program any bingo games where players have the opportunity to win one of various, alternative prize levels, including the factors that will be used to determine the prize level that is won and the value of the alternative prize levels.

F. Merchandise prizes awarded in any bingo game must be displayed in full view of the players in the immediate vicinity of the bingo game. When the winner of a merchandise prize is determined, the organization must immediately remove the prize from the display and award it to the winner.

G. An organization conducting bingo in which any merchandise prizes are awarded must have paid for in full or otherwise become the owner without lien or interest of others of all the merchandise prizes prior to the time when the winners of the merchandise prizes are determined. For purposes of this subpart, savings bonds are not considered merchandise prizes and must be reported and announced at their purchase price value.

H. All prizes available to be won at a bingo occasion or session must be won by a player based upon winning a bingo game and not by any other method which incorporates an element of chance. No prizes based on the result of a bingo game must be awarded to anyone other than a player who has achieved the winning pattern of letters and numbers in the bingo game. An organization must not award a secondary prize to a person based upon an outcome other than the selection of letters and numbers in a bingo game.

I. If there are multiple winners in any bingo game, the following shall apply:

(1) if the designated prize consists of cash, the total amount of the prize must be divided equally, with an equal amount being awarded for each verified winning bingo face. The organization has the option of rounding fractional dollars to the nearest higher dollar. The total amount of the awarded prizes must not exceed limits in Minnesota Statutes, section 349.211;

(2) if the designated prize consists of a merchandise prize and cannot be divided, the organization must award substitute prizes to each verified winning bingo face. The substitute prizes must be of equal value to one another, with an equal prize awarded for each verified winning bingo face. The total value of the prizes must not exceed the prize limitations in Minnesota Statutes, section 349.211.

J. A prize receipt form must be completed for a winning bingo prize valued at \$100 or more. A prize receipt form must also be completed for all bingo games where the value of the prize is determined by the selling price of the bingo paper sheet packet or bingo paper package, and for all bingo games where players have the opportunity to win various, alternative prize levels. The prize receipt form must include, at a minimum, the following information:

(1) an impression or photocopy of the winner's driver's license or other form of picture identification including the person's complete name and address. If the winner does not have such form of picture identification, an impression or photocopy of a driver's license or other form of picture identification, including the complete name and address, and the signature, in ink, of another person playing bingo during that occasion or session must be obtained to verify the receipt of the prize;

- (2) the face number of the winning bingo hard card, or the serial number and face number of the winning bingo paper sheet face;
- (3) the dollar amount of the cash prize, or the fair market value for a merchandise prize;
- (4) the signature, in ink, of the gambling employee or volunteer making the payment;
- (5) the signature, in ink, of the winner; and
- (6) the name, address, license number, and premises permit number or exempt number of the organization sponsoring the occasion.

Subp. 7. **General bingo records and reports.** The following records and reports must be completed in ink by the organization, and maintained for a period of 3-1/2 years following the end of the month in which the occasion was conducted and reported to the commissioner of revenue. Any changes or amendments made to bingo records and reports must bear the initials, in ink, of the person making the changes or amendments. The records and reports must be made available to the board, the commissioner of revenue, the commissioner of public safety, or their agents upon demand:

A. Inventory records.

(1) Each organization using bingo paper sheets, bingo paper sheet packets, or bingo paper packages must maintain inventory records in a format prescribed by the board. A computer-generated form may be used with the approval of the board director if it complies with the requirements of this part. An organization using bingo paper sheets, bingo paper sheet packets, or bingo paper packages must:

- (a) record the serial number of each bingo paper sheet for case paper and the serial number of each bingo paper sheet in a bingo paper packet; or
- (b) assign a control number to each case of bingo paper sheets and each bingo paper sheet packet;
- (c) if the serial numbers of the bingo paper sheets in a bingo paper sheet packet are not tracked on the distributor's invoice, the organization must attach a bingo paper sheet packet from that shipment to the distributor's invoice. The distributor's invoice, with the bingo paper sheet packet attached, must be retained by the organization according to Minnesota Statutes, section 349.18, subdivision 1a, paragraph (a).

(2) For each case of bingo paper sheets (case paper), the inventory records must include, at a minimum, the following information:

- (a) the serial number of the bingo paper sheets in the case;
- (b) the color;
- (c) the series;
- (d) the number of faces per sheet (ON's);
- (e) a description of the face patterns;
- (f) the organization name and premises permit number;
- (g) the distributor's name, invoice number, and date of invoice;
- (h) the distributor's invoiced bingo paper price, and number of bingo paper sheets being invoiced;
- (i) the retail selling price for each bingo paper sheet; and
- (j) perpetual inventory information for each case of bingo paper sheets (case paper).

(3) For each set of bingo paper sheet packets, the inventory records must include, at a minimum, the following information:

- (a) the serial number of each bingo sheet in the bingo paper packet, or the serial number from the top sheet in each bingo paper sheet packet if the distributor's invoice indicates that only the serial number from the top sheet is

provided, and the control number the organization may have assigned to the bingo paper sheet packet;

- (b) the organization's name and premises permit number;
- (c) the distributor's name, invoice number, and date of invoice;
- (d) the distributor's invoiced bingo paper price, and number of bingo paper sheet packets being invoiced;
- (e) the number of sheets per packet (UP's);
- (f) the number of faces per sheet (ON's);
- (g) the color of each sheet in the packet, in the order of collation;
- (h) the retail selling price for each bingo paper sheet packet; and
- (i) perpetual inventory information for each set of bingo paper sheet packets.

(4) For each bingo paper package, a control number must be assigned and all components of the bingo paper package must be accounted for. The inventory records for bingo paper packages must include, at a minimum, the following information:

- (a) the serial number of each bingo paper sheet in the bingo paper sheet packet that was used to build the bingo paper package, or the control number assigned to the bingo paper sheet packet, or the serial number from the top sheet in the bingo paper sheet packet used to build the bingo paper package if the distributor's invoice indicates that only the top serial number is being tracked;
- (b) the color of each component of the bingo paper package;
- (c) the series number of each component of the bingo paper package;
- (d) the number of faces per sheet (ON's) for each component of the bingo paper package;
- (e) the number of sheets per packet (UP's) for each component of the bingo paper package;
- (f) the distributor's invoiced cost for each component of the bingo paper package;
- (g) the organization's retail selling price for the bingo paper package;
- (h) the organization's name and premises permit number;
- (i) the control number assigned to the bingo paper package; and
- (j) perpetual inventory information for each type of bingo paper package.

(5) For bingo paper sheets, bingo paper sheet packets, and bingo paper packages, a monthly physical inventory control summary in a format prescribed by the board, must be completed. The summary must include, at a minimum, the following information:

- (a) quantity, by type, of bingo paper sheets, bingo paper sheet packets, and bingo paper packages;
- (b) control numbers, if assigned, or the serial number from the top sheet in every case of bingo paper sheets;
- (c) the control number, if assigned, or the serial number of each bingo paper sheet in each bingo paper packet, or the serial number from the top sheet in each bingo paper package;
- (d) distributor invoiced cost for bingo paper sheets and bingo paper sheet packets;
- (e) organization name and premises permit number; and
- (f) the date and signature, in ink, of the person completing the form.

(6) For bingo paper sheets, bingo paper sheet packets, or bingo paper packages, the monthly physical inventory must be reconciled to the perpetual inventory, and any discrepancies of more than \$50 in the selling price of inventory must be

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reported to the board, on a form prescribed by the board, by the 20th of the month following the completion of month-end physical inventory records.

B. Bingo occasion record information must be recorded for each bingo occasion conducted by an organization.

(1) For organizations using bingo hard cards:

(a) a copy of the caller verification form must be attached to the bingo occasion record;

(b) the total number of bingo hard cards sold for the occasion and the selling price of each card;

(c) the total amount of cash collected for all sales of bingo hard cards at the occasion;

(d) the dollar amount of the cash prize, or the actual cost of merchandise prizes awarded for each bingo game, and the face number and series number of each winning bingo hard card;

(e) for any bingo game with a prize valued at \$100 or more that is awarded to one individual, a prize receipt must be completed;

(f) cash on hand at the beginning of the occasion, and cash on hand at the end of the occasion;

(g) all coupons redeemed at the occasion;

(h) the date and signature, in ink, of the checker for the occasion;

and

(i) the name of each volunteer or employee working at the occasion.

(2) For organizations using bingo paper sheets, bingo paper sheet packets, or bingo paper packages, the following information must be recorded in a format prescribed by the board for each bingo occasion. A computer-generated form may be used with the approval of the board director if it complies with this part:

(a) the total amount, by control number or serial number, of bingo paper packages, bingo paper sheet packets, or bingo paper sheets available for sale at the occasion and the total amount, by control number or serial number, of bingo paper packages, bingo paper sheet packets, or bingo paper sheets which are returned to inventory at the end of the occasion. A separate form must be completed by each seller working at the bingo occasion;

(b) a summary of total admission sales for the occasion, including total cash on hand at the beginning of the occasion, total cash receipts from admission sales, the quantity by dollar value of all coupons redeemed at the occasion, and the net admission sales for each occasion;

(c) for each bingo game conducted, the number of bingo paper sheets and the selling price of each bingo paper sheet, sold by each floor seller;

(d) the total value of prizes awarded for each game, including the dollar amount of the cash prizes and the actual cost for merchandise prizes, and the serial number and face number of each winning bingo paper sheet face;

(e) a copy of the caller verification form;

(f) a copy of the occasion's bingo program must be attached to the bingo occasion record;

(g) a bingo occasion summary, including total gross and net sales, total value of coupons redeemed, and total value of prizes, including the dollar amount of the cash prizes and the actual cost for merchandise prizes awarded at the occasion;

(h) for any bingo game with a cash or merchandise prize valued at \$100 or more, a prize receipt must be completed; and

(i) for any bingo game where the value of the prize is determined by the selling price of the bingo paper sheet packet or bingo paper package, a prize receipt must be completed.

C. A gross receipt and discrepancy report, in compliance with Minnesota Statutes, section 349.19, subdivision 4, must be prepared for each bingo occasion. The report must be prepared on a form prescribed by the board:

(1) For organizations using bingo hard cards, the gross receipts of each bingo occasion must be compared to the checker's records by an employee or volunteer of the organization and verified by the organization's gambling manager. If a discrepancy of more than \$20 is found between the gross receipts as reported by the checkers and the gross receipts, reduced by the value of coupons redeemed, if any, determined by totaling the cash receipts, the discrepancy report must be provided to the board within five days of the bingo occasion.

(2) For organizations using bingo paper sheets, bingo paper sheet packets, or bingo paper packages, the gross receipts of each bingo occasion shall be reconciled to the occasion records by an employee or volunteer of the organization, and verified by the organization's gambling manager. If a discrepancy of more than \$20 is found between the gross receipts as verified, reduced by the value of coupons redeemed, if any, the discrepancy report must be provided to the board within five days of the bingo occasion.

Subp. 8. **Breakopen bingo.** In addition to complying with subparts 1 to 7, breakopen bingo is a bingo game that must also comply with the following:

A. A breakopen bingo paper sheet is a single bingo paper sheet which is factory sealed in a manner that prevents revealing any part of the bingo face prior to opening of the seal by the player. Breakopen bingo paper sheets must be constructed so that all 24 numbers on each face cannot be determined from the outside of a breakopen bingo paper sheet using a high intensity lamp of up to and including 500 watts.

B. Only breakopen bingo paper sheets may be sold for a breakopen bingo game.

C. A breakopen bingo game begins when, in the presence of players, the organization calls and posts, either manually or by use of a flashboard, a predetermined quantity of randomly selected bingo balls. The organization must use a separate set of bingo balls and either a separate bingo ball selection device, separate tray within a bingo ball selection device, or a separate bingo ball container for a breakopen bingo game. If an organization uses a separate tray within a bingo ball selection device or a separate bingo ball container, the bingo balls must be in view of the players at all times during the conduct of the breakopen bingo game.

D. Breakopen bingo paper sheets for a breakopen bingo game may be sold throughout the bingo occasion, however no additional breakopen bingo paper sheets may be sold after the organization has resumed 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 the caller 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, the bingo is verified, and the designated prize or consolation prize is awarded.

F. A breakopen bingo game must be played in its entirety at a bingo occasion, except for progressive breakopen bingo games.

G. An organization may allow players to trade in breakopen bingo paper sheets. The conducting organization must account for the trade-in of breakopen bingo paper sheets in the following manner:

(1) The conducting organization must maintain two sets of breakopen bingo paper sheets for each breakopen bingo game conducted. One set, known as the "original set," shall be a different color than the second set, known as the "trade-in set."

(2) All breakopen bingo paper sheets in the original set are of equal value and must be sold to players for the same price as other breakopen bingo paper sheets in the original set. All breakopen bingo paper sheets in the trade-in set are of equal value and must be sold to players for the same price as other breakopen bingo paper sheets in the trade-in set.

(3) After purchasing a breakopen bingo paper sheet from the original set, players may continue to purchase breakopen bingo paper sheets from the original set. Players may trade in breakopen bingo paper sheets from the original set for breakopen bingo paper sheets from the trade-in set.

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

(5) An organization must announce at the start of the breakopen bingo game and state in its house rules the color of all original breakopen bingo paper sheets. The organization must also announce and state in its house rules the price at which the original and trade-in, if any, breakopen bingo paper sheets must be sold.

Subp. 9. Linked bingo. In addition to other requirements contained in this chapter, a linked bingo game must also comply with the following:

A. Only licensed organizations may participate in linked bingo games. Organizations that conduct only exempt or excluded bingo occasions may not participate in the conduct of linked bingo.

B. An organization may not conduct more than one linked bingo game at each bingo occasion.

C. Linked bingo prize pools must not be carried over from one bingo occasion to another bingo occasion.

D. Only approved linked bingo paper sheets may be used for a linked bingo game.

E. All letters and numbers called for a linked bingo game must be drawn and called at a location approved by the board.

F. Duplicate linked bingo paper sheet faces are not allowed in the same linked bingo game.

G. The bingo ball selection device used to select the letters and numbers for a linked bingo game must remain in operation until all letters and numbers are removed from the bingo ball selection device. The letters and numbers must be recorded in the order in which they were removed.

H. Organizations participating in a linked bingo game must be registered and approved by the linked bingo game provider prior to participating in any linked bingo game.

I. The linked bingo game provider must announce the jackpot amount for the linked bingo game before the first letter and number are drawn and called for the linked bingo game.

J. Sales of linked bingo paper sheets must be stopped at least 15 minutes before the first letter and number are drawn and called for the linked bingo game.

K. After a winning combination of letters and numbers has been declared by a player, the winning linked bingo paper sheet face must be verified by the participating organization and confirmed by the linked bingo game provider.

L. After a winner has been declared and the winning bingo paper sheet face has been verified, the participating organization at the site where the win occurred shall notify the linked bingo game provider of the winner's name, address, and any

information required for federal and Minnesota tax requirements prior to any payment being issued.

M. If there are multiple winners in a linked bingo game, the jackpot amount must be divided equally, with an equal amount being awarded for each verified winning bingo face. Fractional dollars may be rounded to the nearest higher dollar.

N. After a winner has been declared and verified by the linked bingo game provider, the participating organization may continue play of the game at the permitted premises and award a consolation prize, provided that the amount of the consolation prize is described in the organization's bingo program for that occasion.

O. Linked bingo prizes must be awarded by the linked bingo game provider within two business days of verification of the winning bingo. For purposes of this item, linked bingo prizes are considered awarded when mailed payment is postmarked. When payment is transmitted in any other manner, linked bingo prizes are considered awarded upon receipt by the player.

P. The linked bingo game provider is responsible for preparing and submitting to the appropriate state and federal agencies all relevant tax information pertaining to winners of linked bingo game jackpots.

Q. All activity related to the video or electronic transmission of a linked bingo game must be recorded by the linked bingo game provider and retained for a minimum of 60 days.

R. The linked bingo game provider is responsible for establishing and maintaining audio, video, and secured data transmission as necessary, and must verify, at least five minutes before the first letter and number are drawn, the link status between all participating organizations and the location where the bingo letters and numbers are being drawn and called. The linked bingo game provider is responsible for establishing and maintaining an appropriate back-up system if primary transmission of audio, video, or data fails.

S. The player's guide must be made available to all players.

Statutory Authority: *MS s 349.151; 349.17*

History: *16 SR 2116; 18 SR 1848; 20 SR 2624; 23 SR 831; 29 SR 443*

7861.0080 PULL-TABS.

Subpart 1. Restrictions. The following items are restrictions on pull-tabs:

A. A gambling employee or gambling volunteer of an organization may not purchase pull-tabs at the site of the employee's or gambling volunteer's place of employment unless:

(1) the organization posts the major prizes for pull-tab or tipboard games pursuant to Minnesota Statutes, section 349.172; and

(2) the gambling employee or gambling volunteer is not involved in the sale of pull-tabs at the site of the employee's or gambling volunteer's place of employment. For purposes of this part, the sale of pull-tabs includes, but is not limited to, the sale of pull-tabs to players, auditing pull-tab games, redeeming winning pull-tabs, performing inventory of pull-tab games, and making deposits of receipts from pull-tab games.

B. An organization may not change the flare or use a flare that it receives in an altered or defaced condition. A pull-tab deal may not be placed out for play when the value of the prizes or the cost of the pull-tabs differs from the prizes or cost of pull-tabs printed on the flare.

C. The pull-tab seller must not assist players in the opening of purchased pull-tabs.

D. An organization shall not modify the assembly or operational functions of a pull-tab dispensing device or any of its components.

E. Pull-tab games offering free plays or pull-tab games with a last sale feature shall not be dispensed through pull-tab dispensing devices.

F. Pull-tab games received by an organization from a distributor with the manufacturer's seal broken must not be put into play and must be returned to the distributor.

Subp. 2. **Operation of pull-tab game.** The following rules apply to the game of pull-tabs:

A. The bar code and Minnesota geographic symbol appearing on the flare must not be altered or removed from the flare.

B. No deal of pull-tabs may be placed out for play in the original container in which it was received. When a deal of pull-tabs is received, all of the pull-tabs must be placed out for play at the same time. All of the pull-tabs must be randomly removed from the original containers and thoroughly mixed before a deal of pull-tabs is offered for sale. For pull-tab games played with a pull-tab dispensing device, the pull-tabs must be randomly loaded from the original containers into the columns of the pull-tab dispensing device. Tiered containers may not be used for the sale of pull-tabs.

C. An organization shall not put into play any pull-tab that has been marked, defaced, altered, tampered with, or otherwise operated in a manner which tends to deceive the public or affects the chances of winning or losing.

D. No deal of pull-tabs may be placed out for play unless the cost to the player for each pull-tab is clearly posted on the flare.

E. Each pull-tab must be sold for the price indicated on the flare and no pull-tab may be provided to a player free of charge or for any other consideration. This item does not apply to the winning of a free play.

F. The organization must clearly identify the play of pull-tabs as a single deal or a commingled deal.

G. House rules governing the sale of pull-tabs must be posted in such a manner that players have access to the house rules before buying any pull-tabs.

H. An organization may not pay a player any prize unless the player redeems an actual winning pull-tab. A prize payout must not be made to any player for a lost, marked, defaced, or altered pull-tab.

I. An organization may not pay a player a prize when the winning pull-tab has left the site where the deal is in play.

J. The pull-tab seller shall deface each winning pull-tab which is redeemed.

K. A prize receipt form must be completed according to subpart 6, item C.

L. At each permitted premises the organization shall keep a copy of the distributor's invoice for each pull-tab deal in play and for all other deals on the premises. The organization shall make the invoices available for inspection by the board and its agents and the commissioners of revenue and public safety and their agents.

M. When a pull-tab dispensing device is used, the following must apply:

(1) The pull-tab dispensing device must be located within the organization's leased space and within view of a gambling employee or gambling volunteer.

(2) An organization shall assign a unique identification code to every person authorized to access a pull-tab dispensing device.

(3) An organization shall identify for players the pull-tab games that are placed in the individual columns of each pull-tab dispensing device.

(4) When adding games to a pull-tab dispensing device, an organization shall place the entire deal into a minimum of two columns within the pull-tab dispensing device and ensure that the pull-tabs are divided equally among the columns to which the game is being added.

(5) When adding games to a pull-tab dispensing device, the entire deal shall be placed out for play at one time.

(6) An organization shall maintain complete control of its pull-tab dispensing devices. The organization's gambling manager shall be responsible for all keys to each pull-tab dispensing device as follows:

(a) for each pull-tab dispensing device that it operates, the organization shall maintain a key log on a form prescribed by the board. The key log must contain, at a minimum, the following information:

(i) the names of any organization employees who are assigned custody of one or more keys to a pull-tab dispensing device;

(ii) the dates that the keys were assigned to the organization employees; and

(iii) any instance in which the custody of any key or keys to a pull-tab dispensing device changes from one organization employee to another, including the date of the change of custody, and the name of the organization employee accepting custody of the key;

(b) if one or more keys to a pull-tab dispensing device is lost or stolen, the organization shall have the entire lockset replaced by a licensed distributor or the licensed manufacturer of the pull-tab dispensing device;

(c) keys to any compartment of a pull-tab dispensing device must not be assigned to more than one organization employee at a time;

(d) a duplicate key to any exterior door or interior compartment of a pull-tab dispensing device must not be made;

(e) keys to the cash compartment of a pull-tab dispensing device must not be assigned to the lessor or any employees of the lessor.

(7) In the event of a catastrophic failure of a pull-tab dispensing device, the organization shall notify the board and receive its approval prior to clearing, erasing, or replacing the pull-tab dispensing device's access and accounting indicators.

(8) The organization shall clearly post the Minnesota problem gambling hotline telephone number on the front of each pull-tab dispensing device.

(9) An organization employee entering the cash compartment of a pull-tab dispensing device shall remove all the cash from the pull-tab dispensing device and enter the currency meter readings in the access log.

(10) Only licensed manufacturers, distributors, organizations, or their employees may perform service or maintenance on pull-tab dispensing devices.

Subp. 3. **Single deals.** The following items apply to single deals of pull-tabs:

A. The flare, with the bar code affixed, for the deal of pull-tabs in play must be affixed to or located in close proximity to the receptacle containing the entire deal of pull-tabs, or to the pull-tab dispensing device containing the entire deal of pull-tabs. If the flare does not fit on the pull-tab dispensing device, it may be posted in close proximity to the pull-tab dispensing device so that the information contained on the flare can be clearly identified with the pull-tab tickets in the pull-tab dispensing device.

B. Separate cash banks must be maintained for each deal, unless the organization is using a cash register which meets the standards set in this part by the board or unless the deal is being played through a pull-tab dispensing device.

Subp. 4. **Commingled deals.** The following items apply to commingled deals of pull-tabs:

A. Two or more single deals of pull-tabs may be commingled, provided that they are commingled in a pull-tab dispensing device, subject to the following:

(1) the deals must be identical as to a particular type of game, ticket, color, form number, and as to the number of pull-tabs per game;

(2) each deal must have a separate flare displaying the bar code and manufacturer's serial number; and

(3) the flares must be identical as to the price per ticket, the amount of prizes, and the denominations of prizes.

B. The flares of all the deals in play must be attached to the pull-tab dispensing device containing the pull-tabs, or posted in close proximity to the pull-tab

dispensing device so that the information contained on the flares can be clearly identified with the pull-tabs in the pull-tab dispensing device.

C. Commingled deals must be removed from play at the end of each month for the purpose of reporting the sales from the deals on that month's tax return. Commingled deals may be returned to play once the information required has been determined. Only the deals for which all of the tickets have been sold or the deals that the organization chooses not to return to play must be reported as played games on the tax return as prescribed by the commissioner of revenue.

D. The board may prohibit an organization from commingling deals of pull-tabs if it determines that the organization cannot account for the amount of actual cash profit from each commingled deal of pull-tabs.

Subp. 4a. **Use of cash registers.** An organization using a cash register in the conduct of pull-tabs shall use a cash register that meets the technical standards established in item A, follows the procedures in item B, and performs a monthly reconciliation pursuant to the requirements in item C.

A. Cash registers used in the conduct of pull-tabs must meet the following minimum technical standards:

(1) The cash register must be protected by a surge protector so that all existing data is preserved whenever electrical power to the cash register is interrupted.

(2) The cash register must have at least one keyed lock with a multiple function position which is capable of restricting access to accounting and auditing functions of the cash register.

(3) The cash register must have an operating switch, or lock, that will allow the cash register to operate only when a unique identification code has been entered.

(4) The cash register must create a paper or magnetic media duplicate transaction journal following each transaction.

(5) The cash register must separately record all pull-tab sales and prize payouts for each game of pull-tabs in play.

(6) The cash register must be capable of accepting a game's serial number and ticket price before that game is put into play.

(7) The cash register must have a display screen that will display the value of currency tendered, and the amount of currency to be returned to the purchaser, if any.

(8) For each sale of a pull-tab, the cash register must record the following information:

(a) the date of the sale;

(b) the operator's unique identification code;

(c) the serial number of the game from which the pull-tab is being purchased;

(d) the number of pull-tabs purchased; and

(e) the ticket price.

(9) For each redemption of a winning pull-tab, the cash register must record the following information:

(a) the date of the prize payout;

(b) the operator's unique identification code;

(c) the serial number of the winning pull-tab; and

(d) the amount of the prize payout.

(10) The cash register must record and maintain the information required in this item for each game of pull-tabs in play, and be capable of producing a printout for any or all of the games in play at any time.

(11) After a pull-tab game is closed by the organization, the cash register shall be capable of printing out the final game record and deleting the game from its transaction records.

B. Procedures for use of a cash register are as follows:

(1) The cash register must be located in the space leased or owned by the organization, and must be used exclusively for the conduct of lawful gambling.

(2) The organization shall be able to identify, by transaction, each employee or volunteer who uses a cash register to sell and redeem pull-tabs.

(3) The organization shall have sole responsibility for all keys used to operate the cash register.

(4) Before placing a pull-tab deal into play, the organization shall enter the following information into the cash register's memory:

(a) the serial number of the game; and

(b) the ticket price, which must be identical to the ticket price appearing on the flare for that game.

(5) When selling a pull-tab through the use of a cash register, the gambling employee or volunteer shall:

(a) use the key on the cash register that corresponds to the game from which the player is purchasing the pull-tab;

(b) enter the number of pull-tabs purchased; and

(c) enter the dollar value of the currency tendered by the player.

(6) When redeeming a winning pull-tab through the use of a cash register, the gambling employee or volunteer shall:

(a) use the key on the cash register that corresponds to the game from which the winning pull-tab is being redeemed;

(b) enter the prize payout amount of the winning pull-tab; and

(c) complete a prize receipt form for any winning pull-tab valued at \$50 or more or for any prize for redeeming the last ticket sold in a pull-tab game for which the distributor has modified the flare to contain a last sale value of \$20 or more.

(7) The organization shall record as both a pull-tab sale and a pull-tab redemption any transaction in which a player chooses to receive a pull-tab in lieu of a cash prize payout.

(8) Cash must be counted at the end of each work period. The cash count must be recorded in a format prescribed by the board. If the amount of cash does not reconcile to the cash register totals for each game in play, the organization shall prepare a cash short/long form, in a format prescribed by the board.

C. On the last day of each month the organization must perform a reconciliation of all pull-tab games in play or played during the month which were sold or redeemed through the use of a cash register. The following procedure shall be used to perform the reconciliation:

(1) The organization shall prepare cash register tape printouts for each game in play or played showing all activity for each game.

(2) The organization shall perform a ticket count for each game remaining in play at the end of the month. The organization shall verify that the number of sold and unsold tickets for each game equal the total number of tickets in the game.

(3) If a discrepancy in ticket count is discovered, the organization shall compare all completed cash short/long forms to the cash register totals of pull-tabs sold and redeemed for each game to determine the game in which the error occurred.

(4) The organization shall prepare a reconciliation report for all games in play during the month, on a form prescribed by the board. The form shall contain at a minimum the following information:

(a) the form number of the game;

(b) the serial number of the game;

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- (c) the total value of remaining unsold pull-tabs in the game;
- (d) the total value of cash prizes paid out in the game and/or the total fair market value of merchandise prizes paid out in the game;
- (e) total cash receipts for the game from the cash register printout;
- (f) the amount of cash long or short; and
- (g) an explanation of adjustments made to the record of any game in order to bring the game into balance with the cash register totals.

(5) The organization shall retain the reconciliation report, the cash register printouts for each deal, and all cash short/long forms, along with all other records of the game required by subpart 6, for a period of 3-1/2 years.

D. The board may prohibit an organization from using a cash register if it determines that the organization cannot account for the amount of cash short or cash long from each deal of pull-tabs.

Subp. 5. Pull-tab prize limits. Prizes must be awarded pursuant to the following:

A. The maximum value of a prize for a winning pull-tab must not exceed the limits set forth in Minnesota Statutes, section 349.211, subdivision 2a. If two or more winning combinations are possible, including the last sale prize on a single pull-tab, the total value of all winning combinations must not exceed the limits set forth in Minnesota Statutes, section 349.211, subdivision 2a. "Value" means the dollar amount of a cash prize or the fair market value for a merchandise prize. For purposes of subpart 6, the organization must use the actual cost paid by the organization for the merchandise prizes. All merchandise prizes must be accounted for in a format prescribed by the board. The organization must maintain documentation on how the fair market value was determined for all merchandise prizes. The fair market value of a merchandise prize must not be established at an amount less than the organization paid for the merchandise prize.

B. All prizes must be awarded in cash, merchandise, or in free plays as designated on the flare. A merchandise prize may include a certificate for merchandise. The certificate must contain the following information:

- (1) a complete description of the merchandise to be redeemed by the certificate;
- (2) the name of the vendor from whom the certificate must be redeemed;
- (3) the value of the merchandise described on the certificate; and
- (4) a statement expressly prohibiting the substitution of cash or another item or type of merchandise for the merchandise described on the certificate.

C. All merchandise prizes must be displayed in full view of the players in the immediate vicinity of the pull-tab game.

When a winner of a merchandise prize is determined, the organization shall remove that prize from any display and award it to the winner immediately.

D. When a player wins a cash prize of \$50 or more or receives a cash prize for redeeming the last ticket sold in a pull-tab game for which the distributor has modified the flare to contain a last sale value of \$20 or more, the organization shall complete a prize receipt.

E. An organization conducting pull-tab games in which any merchandise prizes are awarded shall have paid for in full or otherwise become the owner without lien or interest of others of all the merchandise prior to the time when the winners of the prizes are determined.

Subp. 6. Records. An organization shall maintain the following information for a period of 3-1/2 years.

A. All records, reports, and prize receipts relating to a deal of pull-tabs in play must be kept at the gambling premises while the deal is in play. After the deal has been removed from play, the organization must retain all records, reports, and prize receipts relating to that deal for a period of 3-1/2 years. All records, reports, and prize receipts

relating to a deal of pull-tabs in play or in storage must be made available to the board upon demand.

B. For each deal of pull-tabs the flare, with the bar code affixed, and all redeemed and unsold pull-tabs segregated by game serial number. Commingled deals of pull-tabs must be segregated by game serial number. The organization shall not open any unsold or defective pull-tabs.

C. All completed prize receipts for any winning pull-tab valued at \$50 or more or for any prize for redeeming the last ticket sold in a pull-tab game for which the distributor has modified the flare to contain a last sale value of \$20 or more. Completed prize receipts must be stored with the closed game. A prize receipt must include at a minimum the following information:

(1) the name and address of the organization;

(2) the pull-tab seller must legibly print in ink on the receipt, or scan, the following:

(a) the name of the gambling premises;

(b) the game serial number of the deal of pull-tabs from which the prize was won;

(c) the name of the game of that deal of pull-tabs;

(d) the date the prize was won;

(e) the dollar amount of the cash prize won or the fair market value for a merchandise prize won; and

(f) the winner's complete name and address and driver's license number including state of license registration. If the winner does not have a driver's license, the winner's complete name and address must be obtained from another form of a picture identification belonging to the winner;

(3) the receipt must contain the signature, in ink, of the pull-tab seller paying the winner and the signature of the winner.

D. An organization must complete a detailed monthly report in a standard format prescribed by the commissioner of revenue for each deal of pull-tabs removed from play during that month, as required by Minnesota Statutes, section 297E.06.

E. Reports must provide sufficient detail to determine the actual net receipts, actual cash profit, and the cash long and short for each deal of pull-tabs.

F. An organization shall maintain an access log, on a form prescribed by the board, for each pull-tab dispensing device that it operates. The active access log must be kept in an interior compartment of the pull-tab dispensing device and an access log, when completed, must be removed and kept in compliance with this part.

Subp. 7. **Disposal of pull-tabs.** Played pull-tab games and accompanying flares must be retained for 3-1/2 years following the end of the month in which the pull-tab game was played and reported as a played game on the tax return prescribed by the commissioner of revenue. The organization may dispose of a played pull-tab game when the retention period expires unless the organization is notified to retain the pull-tab game because an audit, compliance review, or investigation is being conducted. The disposal must result in complete destruction, such as by shredding or burning.

Statutory Authority: *MS s 349.151; 349.19*

History: *16 SR 2116; 19 SR 2222; 19 SR 2380; 23 SR 831; 29 SR 443*

7861.0090 TIPBOARDS.

Subpart 1. **Restrictions.** The following items are restrictions on tipboards:

A. A gambling employee of an organization shall not purchase tipboards at the site of the employee's place of employment. For purposes of this part, the term "employee" includes a volunteer.

B. An organization may not purchase, obtain, possess, or allow upon a site a tipboard or portion thereof with the same serial number and form number as any other tipboard or portion thereof in its possession.

C. Each tipboard and each tipboard ticket in that game must bear the same serial number.

D. An organization shall not pay a player unless the player presents a winning tipboard ticket for redemption. A prize must not be awarded to any player for a lost, marked, defaced, or altered ticket.

E. A tipboard must not be played unless the flare for that tipboard is posted in the area of the permitted premises where the tipboard tickets are offered for sale.

F. An organization shall not modify the designation of prizes printed by the manufacturer on the tipboard or use a tipboard that is altered or defaced. The prize awarded must be the prize printed on the tipboard.

Subp. 2. **Operation of tipboards.** The following items apply to the game of tipboards:

A. All tipboard tickets for a tipboard game must be placed out for play at the same time.

B. The tipboard must have printed on it the cost per ticket, the value of the prizes for the winning tickets, the number of prizes, the seal prizes and consolation prize or prizes, if any, and the total number of tickets available to be purchased.

C. House rules governing the conduct of tipboards must be posted so that the players have access to the house rules before buying a tipboard ticket.

D. At each permitted premises the organization shall have a copy of the distributor's invoice for each tipboard deal in play and for each tipboard on the premises. The invoices must be made available for inspection by the board and its agents and by the commissioners of revenue and public safety and their agents.

E. A tipboard must not be put out for play unless the serial number on the tipboard matches the serial number printed on the tipboard tickets. If the serial numbers do not correspond, the organization shall return the tipboard to the distributor.

F. The following subitems pertain to the conduct of a progressive tipboard game.

(1) Progressive tipboard games can only be played with games from the same family and manufacturer, and bearing the same form number. The amount that each progressive tipboard game can contribute to the jackpot must be the same for each game contributing to the jackpot, in accordance with the requirements in Minnesota Statutes, section 349.211.

(2) The holder of a predetermined ticket allowing a player to advance to the jackpot round must register the holder's name on the line corresponding to that ticket on the tipboard. Each holder is also required to complete a form that includes the holder's name, address, and telephone number and the method by which the holder may be contacted when the jackpot round is complete.

(3) When all of the tickets have been sold, or all of the lines on the tipboard for that tipboard game have been filled in, the organization will begin progressive play. Play will continue from one game to the next, with the jackpot accumulating in the same increments, until it reaches \$2,500 or a winner is declared, whichever occurs first. If the maximum amount of \$2,500 is reached without a winner being determined, it must be carried over without any additional contribution by the organization until the jackpot is won.

(4) If the winner of the jackpot round is not present when the windows of the tipboard are opened, the organization must notify the winner by certified mail within two business days of the jackpot being won.

(5) If the jackpot winner does not claim the prize within 30 days of receiving notification from the organization, the prize will be forfeited by the players.

(6) All played games, including the flare, with winning tickets eligible to advance to a jackpot round, including winning prize receipts for each game, must be kept at the premises while the progressive tipboard game is in play.

(7) Merchandise prizes are not permitted with progressive tipboard games.

(8) Winners of jackpot prizes must be given a receipt for the winning ticket when it is presented, paid within two business days in the form of a check from the organization's gambling account, and must be furnished with appropriate federal tax forms at the time the prize is paid out.

(9) The organization shall prominently post the current cumulative jackpot value of the progressive game on the tipboard while the game is in play. The jackpot amount must be modified each time the jackpot prize amount increases.

(10) The flare containing the amount of the jackpot prize for a progressive tipboard game must be posted until the jackpot prize is won.

(11) The jackpot prize must not be paid out by the organization unless the serial number of the winning ticket matches the serial number of the game in a progressive tipboard game.

(12) The organization must maintain a record of the serial numbers of each deal in a progressive tipboard game.

(13) The organization must have sufficient funds available in its gambling bank account at all times to pay the jackpot if it is won.

Subp. 3. Tipboard prizes and cost per ticket limits. The cost per ticket and the value of the prizes must be as follows:

A. Each tipboard ticket may not be sold for more than \$2.

B. Each tipboard ticket must be sold for the single ticket price indicated on the flare and no tipboard ticket may be provided to a player free of charge or for any other consideration.

C. A prize or any combination of prizes may not have a value exceeding the limits contained in Minnesota Statutes, section 349.211. The winner is determined by removing the seal on the tipboard.

D. Except for progressive tipboards, a prize must be awarded in cash or merchandise as indicated on the tipboard and the flare. A merchandise prize may include a certificate for merchandise. The certificate must contain the following information:

(1) a complete description of the merchandise to be redeemed by the certificate;

(2) the name of the vendor from whom the certificate must be redeemed;

(3) the value of the merchandise described on the certificate; and

(4) a statement expressly prohibiting the substitution of cash or another item or type of merchandise for the merchandise described on the certificate.

"Value" means the dollar amount of a cash prize or the fair market value for a merchandise prize. For purposes of subpart 4, the organization must use the actual cost paid by the organization for the merchandise prizes.

All merchandise prizes must be accounted for in a format prescribed by the board. The organization must maintain documentation on how the fair market value was determined for all merchandise prizes. The fair market value of a merchandise prize must not be established at an amount less than the organization paid for the merchandise prize.

E. Merchandise prizes awarded in any tipboard game must be displayed in full view of the players in the immediate vicinity of the tipboard game. When the winner of a merchandise prize is determined, the organization shall immediately remove the prize from the display and award it to the winner.

F. Merchandise prizes purchased by the organization at a discount and prizes donated to an organization must be valued at their fair market value and must be included in the determination of compliance with Minnesota Statutes, section 349.211.

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G. An organization shall have paid for in full or otherwise become the owner without lien or interest of others of all the merchandise prizes prior to the time when the winners of the prizes are determined.

Subp. 4. Records.

A. At each permitted premises, the organization shall maintain a copy of the distributor's invoice for each tipboard in play and for each tipboard on the premises and shall make the invoices available for inspection by the board and its agents and by the commissioners of revenue and public safety and their agents. Information pertaining to the sale of tipboards must be recorded in the same manner as for pull-tabs, according to part 7861.0080.

B. All records, reports, and prize receipts relating to a tipboard in play must be kept at the gambling premises while the tipboard is in play, and thereafter retained by the organization and made available to the board.

C. The organization shall complete a prize receipt, in a format prescribed by the board, for any tipboard prize valued at \$50 or more. A prize receipt must include, at a minimum, the following information:

- (1) the name and address of the organization;
- (2) the name of the gambling premises;
- (3) the game serial number of the tipboard from which the prize was won;
- (4) the name of the tipboard game;
- (5) the date the prize was won;
- (6) the dollar amount of the cash prize won or the fair market value for a merchandise prize won; and
- (7) the winner's complete name and address, and driver's license number, including state of license registration. If the winner does not have a driver's license, the winner's complete name and address must be obtained from another form of picture identification belonging to the winner.

The receipt must contain the signature, in ink, of the gambling employee or volunteer paying the winner and the signature, in ink, of the winner.

D. In addition to the reporting requirements contained in this part, organizations conducting progressive tipboard games must record the following information, in a format prescribed by the board, for each progressive tipboard game. The record must contain, at a minimum, the following information:

- (1) the date that each game was placed into play;
- (2) complete game information, including the total number of tickets, the number and denomination of winning tickets, the number of winning tickets that allow a player to progress to the jackpot round, and the number of tickets sold for that deal;
- (3) the dates that the winners of progressive jackpot tickets were determined;
- (4) the amount that was contributed to the progressive jackpot;
- (5) the date the winner of the progressive jackpot amount was determined;
- (6) the date the progressive jackpot winner was notified; and
- (7) the date the progressive jackpot was redeemed.

E. An organization must complete a detailed monthly report in a standard format prescribed by the commissioner of revenue for each progressive tipboard removed from play during that month, as required by Minnesota Statutes, section 297E.06.

F. An organization must complete a detailed monthly report in a standard format prescribed by the commissioner of revenue for each tipboard removed from play during that month, as required by Minnesota Statutes, section 297E.06.

Subp. 5. **Disposal of played tipboards.** A played tipboard and the accompanying flare must be retained for 3-1/2 years following the end of the month in which the tipboard was played and reported as a played game on the tax return prescribed by the commissioner of revenue. The organization may dispose of a played tipboard when the retention period expires, unless the organization is notified to retain the tipboard because an audit, compliance review, or investigation is being conducted. The disposal must result in complete destruction, such as by shredding or burning.

Statutory Authority: *MS s 349.151; 349.1711*

History: *16 SR 2116; 23 SR 831; 29 SR 443*

7861.0100 PADDLEWHEELS.

Subpart 1. [Repealed, 17 SR 2711]

Subp. 1a. **Two versions of paddlewheel game.** The game of paddlewheels may be conducted with or without a paddlewheel table.

Subp. 2. **General conduct of paddlewheels.** The following items apply to the conduct of all paddlewheel games:

A. Paddlewheels must be played using paddletickets, paddleticket cards, and a paddlewheel.

B. An organization must not use a paddlewheel that has not been approved by the board pursuant to Minnesota Statutes, section 349.163, subdivision 6, or that does not have a state registration stamp affixed to it.

C. Each paddleticket card must have a paddleticket card number preprinted on the stub and on each attached paddleticket. Each paddleticket card must have a different paddleticket card number. An organization must not have two paddleticket cards with the same number in its possession. An organization may not use paddletickets which are not attached to a paddleticket card.

D. A paddleticket card must not be played unless the master flare for that card is posted in a conspicuous place on the permitted premises for the paddlewheel being played.

E. An organization must deface all unsold paddletickets and all winning paddletickets which have been redeemed.

F. Each ticket on a paddleticket card must be sold for the same price. No person shall be required to purchase more than one paddleticket, or pay for anything other than the ticket, in order to play.

G. No gambling employee shall purchase paddletickets at the site of the employees's place of employment. For purposes of this part, the term "employee" includes a volunteer.

Subp. 3. [Repealed, 29 SR 443]

Subp. 4. [Repealed, 17 SR 2711]

Subp. 5. [Repealed, 17 SR 2711]

Subp. 6. [Repealed, 29 SR 443]

Subp. 7. **Balancing, opening, closing, maintenance, and inspection of paddlewheels.** The following requirements for the balancing, opening, closing, maintenance, and inspection of paddlewheels apply to all paddlewheel games:

A. To open a paddlewheel, the paddlewheel operator must inspect each peg and the pointer for uneven wear and replace any worn peg or worn pointer, and shall evaluate the balance of the paddlewheel by:

(1) inspecting the back of the paddlewheel for a foreign object that may affect the paddlewheel's balance;

(2) positioning the pointer so it does not interfere with the spin of the paddlewheel; and

(3) slowly rotating the paddlewheel 45 to 90 degrees at a time in one direction. While the paddlewheel is spinning, the paddlewheel operator shall determine

whether there is any abnormality in the rotation or any reverse rotation after the paddlewheel stops. The wheel must continue to be rotated until the entire wheel has been evaluated by this method in both directions. If the paddlewheel is out of balance, the organization shall balance the paddlewheel before conducting paddlewheels.

B. To close a paddlewheel, the paddlewheel operator shall place a cover over the paddlewheel or otherwise make it inoperable.

Subp. 8. **Conduct of paddlewheels without a paddlewheel table.** The following items apply to the conduct of paddlewheels without a paddlewheel table:

A. Each paddleticket must be sold separately and must constitute a separate and equal chance to win as all other paddletickets with the same paddleticket card number.

B. All the paddletickets sold for a spin of the paddlewheel must bear the same paddleticket card number. All the paddletickets on a paddleticket card must be sold before the paddlewheel is spun. If all the paddletickets on the card cannot be sold, the organization shall refund the cost of the paddletickets to the players. The unplayed paddletickets must be returned to and defaced by the organization. The organization shall report the tickets as unsold tickets in a manner prescribed by the commissioner of revenue. The unsold tickets must be retained by the organization for a period of 3-1/2 years.

C. The paddlewheel must be spun by the paddlewheel operator. The winning number is determined by the position of the pointer when the paddlewheel stops spinning. The paddlewheel must make at least four complete revolutions before stopping. If four complete revolutions are not made, the spin is void and the paddlewheel must be spun again. An organization may not have multiple spins of the paddlewheel to award multiple prizes for one paddleticket card.

D. The paddletickets must be sold on the permitted premises and must be sold on the same day the paddlewheel is spun. No person may be required to be present when the paddlewheel is spun in order to be eligible for the prize. No person may be required to keep a paddleticket on the permitted premises in order to be eligible for the prize. The player with the winning paddleticket must redeem the ticket on the permitted premises before the conclusion of the organization's lawful gambling activity for that day on the premises. Otherwise, the player forfeits the prize.

E. A prize must be awarded in cash or merchandise. No cash prize amount may be a variable multiple of the standard price of a paddlewheel ticket. Merchandise prizes must be valued at their fair market value. An organization must pay for in full or otherwise become the owner, without lien or interest of others, of merchandise to be awarded as a prize prior to the sale of paddletickets eligible for the prize. The organization must keep records showing its ownership of the merchandise, the fair market value of the merchandise, and its complete inventory of paddlewheel prize merchandise. An organization may not substitute cash for merchandise prizes which have been won. A merchandise prize may include a certificate for merchandise. A certificate for merchandise must contain the following information:

- (1) a complete description of the merchandise to be redeemed by the certificate;
- (2) the name of the vendor from whom the certificate must be redeemed;
- (3) the value of the merchandise described on the certificate; and
- (4) a statement expressly prohibiting the substitution of cash or another item or type of merchandise for the merchandise described on the certificate.

"Value" means the dollar amount of a cash prize or the fair market value for a merchandise prize. For purposes of subpart 16, the organization must use the actual cost paid by the organization for the merchandise prizes.

All merchandise prizes must be accounted for in a format prescribed by the board. The organization must maintain documentation on how the fair market value was determined for all merchandise prizes. The fair market value of a merchandise prize

must not be established at an amount less than the organization paid for the merchandise prize.

F. Merchandise prizes awarded in any paddlewheel game must be displayed in full view of the players in the immediate vicinity of the paddlewheel game and must not be redeemed for cash or converted into cash. When the winner of a merchandise prize is determined, the organization shall immediately remove the prize from the display and award it to the winner.

G. Merchandise prizes purchased by the organization at a discount and merchandise prizes donated to the organization must be valued at their fair market value and must be included in the determination of compliance with Minnesota Statutes, section 349.211.

H. For all winning paddletickets which have been redeemed, an organization shall keep records of the date played, the winning number, and the cash prize amount or merchandise prize awarded.

I. An organization must post clear and legible house rules on the play of paddlewheels in a conspicuous place on the permitted premises for the paddlewheel being played. The rules must include, at a minimum, the following information:

- (1) a paddlewheel is used for the selection of the winner;
- (2) all paddletickets on a card must be sold before the paddlewheel is spun;
- (3) no person is required to purchase more than one paddleticket, or pay for anything other than the ticket, in order to play;
- (4) the paddlewheel must make at least four complete revolutions; and
- (5) the winner is not required to be present when the paddlewheel is spun. The winner must claim the prize by the conclusion of the lawful gambling activity for the day.

J. An organization must post in a conspicuous place at the permitted premises a clear and legible sign stating the prize to be awarded to the winning paddleticket. The sign must be at least 18 inches by 24 inches in size.

Subp. 9. **Standards for paddlewheel chips.** Paddlewheel chips must not be made of plastic, wood, or paper. An organization must issue paddlewheel chips in denominations of \$1, \$2, \$5, or \$25. \$1 chips must be white, \$2 chips must be yellow, \$5 chips must be red, and \$25 chips must be green. Each chip must have permanent edge spots which are different in color than the rest of the chip. Each paddlewheel chip must also be clearly and permanently impressed, engraved, or imprinted on at least one side with the license number of the organization holding the premises permit for the premises at which the chips are being used and on at least the opposite side with the specific dollar value of the chip.

Subp. 10. [Repealed, 29 SR 443]

Subp. 11. **Conduct of paddlewheels with a paddlewheel table.** The following items apply to the conduct of paddlewheels with a paddlewheel table:

A. An organization using a paddlewheel table shall use a video surveillance system which must meet, at a minimum, the following requirements:

- (1) be capable of simultaneously filming the table, play area, and the pointer on the paddlewheel;
- (2) must not have an audio recorder;
- (3) must allow for immediate verification of the value of chips, placement and payment of bets, the pointer, and the winning number on the paddlewheel; and
- (4) visibly show the identification number of the paddlewheel table when an organization conducts more than one paddlewheel table.

B. When using a video surveillance system, the view of the paddlewheel table and paddlewheel must be unobstructed.

C. The organization is responsible for maintenance of video surveillance equipment to ensure the quality of the recording of activity at the paddlewheel table. If the video surveillance system is not properly operating, the paddlewheel table must be closed.

D. Only a gambling manager, shift manager, or an independent person may:

(1) start and stop the video surveillance system from the time a paddlewheel table is open for the day to the closing of the paddlewheel table. The system may be preprogrammed to start and stop at set times;

(2) access an organization's video surveillance system and recordings. The system must be locked and inaccessible to the paddlewheel table operator; or

(3) change a videotape in the video surveillance system at the beginning, during, or at the end of a day's paddlewheel activity.

E. A qualified independent person shall review each week, at a minimum, one day's activity per table that the organization operates. A person who is a paddlewheel operator for the organization is not a qualified independent person for that organization. A log must be kept showing when the review was done and who did the review.

F. The organization must retain the recordings in a safe and secure storage place for 30 days. The recordings may not be accessible to the paddlewheel table operator.

G. To open a paddlewheel for use, a gambling employee or volunteer of the organization shall inspect the cavity of the table for any paddleticket, paddlewheel chip, or foreign object that may have fallen through the slots, and must affix a paddlewheel chip tray to the table and lock a paddlewheel drop box to the table.

H. Only cash prizes are allowed.

I. The paddlewheel must be spun by the paddlewheel operator. The winning paddleticket card is determined by the position of the pointer when the paddlewheel stops spinning. The paddlewheel must make at least four complete revolutions after being spun by the paddlewheel operator.

J. Paddlewheel chips and paddletickets must be purchased only at the paddlewheel table from the organization's paddlewheel operator. Paddletickets must be purchased only with paddlewheel chips except that paddletickets for the immediate next spin may be purchased directly with cash in an amount equal to the value of the tickets.

K. Upon receiving currency from a player for the purchase of paddlewheel chips or paddletickets, the operator shall spread each bill of currency facedown and flat, in sequence of denomination, in the inner table area perpendicular to the chip tray, and momentarily move the operator's hands away from the currency so it is in the camera's view. The operator shall then take the paddlewheel chips from the chip tray, equal in value to the currency, spread the paddlewheel chips out on the playing surface, and momentarily move the operator's hands away from the chips so that the chips are within the camera's view. The operator shall then restack the chips and push them to the player.

L. All paddletickets must be sold on the permitted premises immediately preceding a spin to be valid for that spin. Each paddleticket must be sold separately and must constitute a separate and equal chance to win with all other paddletickets sold for the spin. If all the tickets on a card cannot be sold, the organization shall refund the cost of the paddletickets to the players. The players must return the unplayed tickets to the operator, who must immediately deface the tickets. The organization must report the tickets as unsold tickets in a manner prescribed by the commissioner of revenue. The organization must retain the unsold tickets for a period of 3-1/2 years.

M. When a player first purchases paddlewheel chips, the operator shall provide the player with a card containing a unique identification number. The player shall return the card to the operator when the player stops playing. Each player must

write the player's assigned identification number on the back of the player's paddleticket prior to placing the tickets in a betting slot on the paddlewheel table.

N. A player shall bet all of the player's purchased paddletickets on the immediate next spin. Any purchased but unplayed tickets are considered void and must not be used on any other spin of the paddlewheel. Unplayed tickets must be surrendered to the operator, who shall treat them as losing tickets.

O. To bet, a player shall place the player's purchased paddleticket in a betting slot on the paddlewheel table. A paddleticket is void and must be treated as a losing ticket if the player forces it all the way through the slot into the cavity of the table. The paddlewheel operator may assist a player with a disability provided that the operator first verbally announces to all the players at the table that assistance is being rendered.

P. The paddlewheel operator shall sequentially number each spin of the paddlewheel for each day of activity beginning with "one" for the first spin of the day. The spin number must be written, with a nonerasable marker, either on:

(1) the face of the first paddleticket card stub for which paddletickets have been sold for a particular spin; or

(2) on the back of the last stub from which tickets have been sold for a particular spin.

All spin numbers must be consistently recorded in the same location on the stub. However, when the sale of tickets for a particular spin continues into a new sealed grouping of paddleticket cards, then the sequential spin number must be written on the face of the first stub of the group from which tickets are continuing to be sold. For each subsequent spin of the same group of paddleticket cards, the spin number must be recorded consistent with the organization's standard practice, written either on the face of the first stub for which paddletickets have been sold or on the back of the last stub from which tickets have been sold. The paddlewheel operator may not continue the sale of tickets for any particular spin into a new group of paddleticket cards unless the master flare for the group reflects the same prize payout as the master flare associated with the previous group. The master flare of the new group for which the sale of tickets is continuing and the master flare of the finished group from which tickets were sold for the same spin must be posted until the end of the spin, after which the old master flare must be removed. The paddlewheel operator must initial each paddleticket card stub. Both this initialing and the recording of spin numbers on card stubs must be done with a nonerasable marker.

Q. When the organization's paddlewheel operator has determined that no other player desires to purchase a paddleticket for the immediate next spin of the paddlewheel, that there is no partially sold paddleticket card, and that the players have bet all their tickets, the operator shall announce "bets closed." Thereafter, no player may bet a paddleticket, change a bet of a previously placed ticket, touch any ticket, or place the player's hands on top of the paddlewheel table.

R. After the winner is determined, the paddlewheel operator shall record with a nonerasable marker the winning number or numbers on:

(1) the face of the paddleticket card stub with the lowest serial number of the cards related to that spin of the wheel; or

(2) on the back of the paddleticket card stub with the highest serial number, of the cards related to that spin of the paddlewheel.

S. The paddlewheel operator shall then remove all losing paddletickets from the slots on the paddlewheel table and in view of the players tear in half and discard the torn tickets in a container that is not easily accessible by a player. The operator shall next pay off the winning tickets, if any, slot by slot. To pay off the winning tickets, the operator shall:

(1) circle or record, in ink, the winning number or set of numbers on the face or on the back of the winning ticket;

(2) pay off the winning ticket directly to the player who has the card containing the unique identification number written on the back of the ticket; and

(3) record the prize amount in ink on the face or on the back of the winning ticket.

T. An organization must conspicuously post clear and legible house rules on the play of paddlewheels. The rules must include the following information:

(1) The cash denominations at which paddlewheel chips issued by the organization are sold and redeemed.

(2) A player must first purchase paddlewheel chips from the paddlewheel operator.

(3) Chips must be safeguarded. A chip dropped into a table betting slot must be retrieved by authorized personnel.

(4) Purchase, with chips, only as many paddletickets as the player desires to bet on the immediate next spin of the paddlewheel.

(5) A player is assigned a unique identification number that the player must write on the back of purchased paddletickets.

(6) Place a bet by carefully inserting a paddleticket in a selected betting slot on the paddlewheel table. Jammed tickets are void.

(7) A player shall not touch a paddleticket after the paddlewheel operator announces "bets closed" and until the operator announces "place bets."

(8) A paddlewheel must make at least four complete revolutions.

(9) If the pointer stops directly on top of a peg, the number preceding the peg is the winning number.

(10) A winning "odd" or "even" bet is determined by a winning number of only the designated colored circle. However, a player loses all "odd" and "even" bets if the pointer stops on a specially designated "house number." This rule must be posted only if an "odd" or "even" bet is accepted.

(11) A prize payout is made in chips which must be redeemed through the cashier.

(12) A player must be present to win.

U. To close a paddlewheel, a paddlewheel operator shall notify the players that their paddlewheel chips must be redeemed through the cash bank cashier. A paddlewheel operator must collect all outstanding identification cards from the players.

Subp. 12. **Operating procedures and internal controls.** The following operating procedures and internal controls apply to the conduct of paddlewheels with a paddlewheel table:

A. An organization must keep records adequate to account for the cash won or lost for each sealed grouping of 100 or fewer sequentially numbered paddleticket cards. An organization shall keep records adequate to account for the paddletickets, paddleticket cards, paddlewheel chips, gross receipts, actual net receipts, actual cash profit, and cash long or short for each separate time period on each day that a paddlewheel table is open for play.

B. For each separate time period that a paddlewheel table is in use, an organization must maintain a record that contains the following information:

(1) the premises permit number for the premises at which the table is located;

(2) the state registration stamp numbers for the paddlewheel table and the paddlewheel used;

(3) the dates and times that the paddlewheel was open for play;

(4) the starting and ending cash bank amount;

(5) the starting and ending paddlewheel chip inventories by denomination and total dollar value; and

(6) the denomination and total dollar value of paddlewheel chips taken to the table from inventory, taken from the table to inventory, and redeemed for cash.

C. An organization shall be responsible for the safeguarding and secure storage of paddleticket cards and paddlewheel chips.

D. Paddlewheel chips must be redeemed only through an organization's paddlewheel chip and cash bank cashier. The cash bank used by the organization to redeem its paddlewheel chips must be kept completely separate and apart from all other cash of the organization. Paddlewheel chips must be redeemed for cash at the value for which they were sold. Redeemed chips must be kept completely separate and apart from the chip bank until after the organization completes the records for the time period during which the chips were redeemed.

E. A paddlewheel operator shall redeem paddlewheel chips received as tips through the organization's paddlewheel chip and cash bank cashier and shall not exchange those chips for other chips from any chip tray. This item does not preclude the pooling of tips.

F. The organization's paddlewheel chip and cash bank cashier must prepare a fill slip whenever paddlewheel chips are distributed to a paddlewheel table from the chip bank. An organization may not transfer or make change of chips directly from one table to another table. The fill slip must be at least a two-part carbonless form. The fill slip must include, at a minimum, the following information:

- (1) the date and time;
- (2) the denomination of chips;
- (3) the quantity and total dollar value, by denomination, of chips;
- (4) the total dollar value of chips; and
- (5) if there is more than one paddlewheel table located at the premises, the table identification number.

The original copy of the fill slip must be retained by the cashier. The duplicate copy of the fill slip must be deposited in the paddlewheel table drop box by the paddlewheel operator.

G. The paddlewheel operator must prepare a credit slip whenever paddlewheel chips are returned from the paddlewheel table to the chip bank. The credit slip must be at least a two-part carbonless form. The same information must be recorded on the original and duplicate credit slip as on a fill slip. The original copy of the credit slip must be deposited in the paddlewheel table drop box by the paddlewheel operator. The duplicate copy of the credit slip must be retained by the cashier.

After play has commenced, a money plunger must remain in the paddlewheel table drop box slot while the drop box is attached to the table. The money plunger must be removed when coin, currency, or forms are being inserted into the drop box. All cash received by the paddlewheel operator for paddlewheel chips must be placed immediately into the drop box. The contents of the drop box shall not be accessed by any person prior to the drop box cash count.

During the time when a paddlewheel is in play, the key to at least one lock securing the contents of the paddlewheel drop box must be kept and controlled by an employee or volunteer of the organization who is not acting as a paddlewheel operator or paddlewheel chip and cash bank cashier.

At the end of the activity, the paddlewheel operator must remove the unopened drop box from the paddlewheel table and secure it.

Two employees or volunteers of the organization must open the drop box and count the cash which must be verified by a third person. The paddlewheel operator and the chip and cash bank cashier may not count the cash together, however, one of them may count the cash.

Subp. 13. **Bet and prize pay out restrictions.** The following bet and prize pay out restrictions apply to the conduct of paddlewheels with a paddlewheel table:

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A. A person shall not place a bet that exceeds one or more of the following limits:

- (1) \$50 in aggregate for a spin of the paddlewheel;
- (2) \$10 on a single number;
- (3) \$25 for a line bet; and
- (4) \$25 on either "odd" or "even."

A bet is void to the extent it exceeds one or more of these limits. The paddletickets used to make the excess portion of the bet must be treated as losing tickets.

B. An organization must post near the paddlewheel table a clear and legible sign stating the prize pay out for the paddlewheel game being conducted. The sign must be at least 18 inches by 24 inches in size.

C. The prize pay out must be a predetermined variable multiple of the amount wagered and must be made in paddlewheel chips. The prize pay out must not exceed the following ratios:

- (1) 40 to 1 for a bet on a single number in the outer concentric circle of the paddlewheel;
- (2) 20 to 1 for a bet on a single number in the middle concentric circle of the paddlewheel;
- (3) 10 to 1 for a bet on a single number in the inner concentric circle of the paddlewheel;
- (4) 5 to 1 for a line bet; or
- (5) 2 to 1 for an "odd" or "even" bet.

Subp. 14. **Restrictions.** The following restrictions apply to the conduct of paddlewheels with a paddlewheel table:

A. No more than two paddlewheel tables may be located at a lawful gambling site. If there are two paddlewheel tables at a site, each table and its paddlewheel drop boxes must bear a paddlewheel table identification number that distinguishes them from the other table and its drop boxes.

B. All tips must be made only with paddlewheel chips.

C. An organization shall not allow the use of any paddlewheel chip that does not bear the organization's license number.

Subp. 15. **Disposal of paddletickets.** Played paddlewheel tickets and master flares must be retained for 3-1/2 years following the end of the month in which the game was played and reported as a played game as prescribed by the commissioner of revenue. The organization may dispose of played paddletickets and master flares when the retention period expires, unless the organization is notified to retain the paddletickets and master flares because an audit, compliance review, or investigation is being conducted. The disposal must result in complete destruction, such as by shredding or burning.

Subp. 16. **Reports.** The use of paddletickets must be reported in the same manner as for pull-tabs under part 7861.0080. An organization using a paddlewheel with a table must complete forms prescribed by the board, including but not limited to, accounting for cash banks, chips, receipts, operator sales, and operator percent of hold. An organization must complete a detailed monthly report in a standard format prescribed by the commissioner of revenue for each sealed grouping of 100 or fewer sequentially numbered paddleticket cards from which paddletickets were sold that month. The reports must provide sufficient detail to determine the actual net receipts, actual cash profit, and the cash long and short for each sealed grouping of 100 or fewer sequentially numbered paddleticket cards.

Subp. 17. [Repealed, 23 SR 831]

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 17 SR 2711; 23 SR 831; 29 SR 443*

7861.0110 RAFFLES.

Subpart 1. **Conducting raffles.** The following items apply to the conduct of raffles:

A. Each ticket for entry in a raffle must have an equal chance to win in the raffle.

B. No person shall be required to purchase more than one ticket, or to pay for anything other than the ticket, in order to enter a raffle.

C. No person shall be required to be present at a raffle drawing in order to be eligible to win the prize(s).

D. Each ticket seller shall return to the organization all unsold tickets and the stubs or other detachable section of all tickets sold before the drawing.

E. Tickets must not be sold after the organization has commenced drawing for the prize(s).

F. Before the first drawing for a prize in a raffle, the organization shall place all the stubs or other detachable section of every ticket sold into a receptacle from which the winning tickets must be drawn.

G. The receptacle must be designed so that each ticket placed in it has an equal chance to be drawn.

Subp. 2. **Raffle prizes.**

A. A prize must consist of one of the following:

- (1) cash;
- (2) merchandise;
- (3) a certificate for merchandise;
- (4) a certificate for services; or
- (5) real property.

All prizes must be awarded consistent with current federal and/or state laws.

B. "Value" means the dollar amount of the cash prize, the fair market value for merchandise, the fair market value for certificates for merchandise, and the fair market value for certificates for service. For real property prizes, "value" means the assessed tax value. For purposes of this part, cash means currency, coins, and negotiable instruments.

C. For reporting purposes, the organization must use the actual cost it paid for the merchandise, certificates for merchandise, certificates for services, or real property prizes.

D. A merchandise or service prize may include a certificate for merchandise or a certificate for services provided that the certificate contains the following information:

- (1) a complete description, including the value, of the merchandise or services to be redeemed by the certificate;
- (2) the name of the vendor from whom the merchandise or services must be redeemed; and
- (3) a statement expressly prohibiting the substitution of cash or another type of merchandise or services for the merchandise or services described on the certificate.

E. All merchandise and service prizes must be accounted for in a format prescribed by the board. For all merchandise and service prizes, the organization must maintain documentation on how the fair market value was determined. The fair market value of a merchandise or service prize must not be established at an amount less than the organization paid for the merchandise or service prize.

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F. Merchandise or service prizes purchased by the organization at a discount and any merchandise or service prizes donated to an organization must be valued at their fair market value and must be included in the determination of compliance with Minnesota Statutes, section 349.211. Real property prizes must be valued at their assessed tax value and must be included in the determination of compliance with Minnesota Statutes, section 349.211.

G. An organization conducting raffles in which any merchandise, service, or real property prizes are awarded shall have paid for in full or otherwise become the owner without lien or interest of others of all the merchandise, services, or real property prior to the time when the winners of the prizes are determined. Organizations awarding prizes that will require registration or licensure by a government agency as a condition of ownership must use a merchandise certificate. The winner will be responsible for securing the required registrations or licenses and will be required to provide proof of eligibility to receive the prize. An organization conducting raffles in which any merchandise or service prizes are awarded is responsible for insuring that the merchandise or service prize is received by the winner of the prize.

Subp. 3. **Raffle ticket requirements.** The following items are raffle ticket requirements:

A. Except for raffle tickets that can be used only by exempt or excluded organizations pursuant to Minnesota Statutes, section 349.173, raffle tickets must have a detachable section and both parts must be sequentially numbered, starting with the number "1" and continuing through the maximum number of tickets to be sold. Raffle tickets must not bear the words "suggested donation" or any other implied request for money, other than the predetermined price of the raffle ticket. The detachable section of the ticket must contain spaces for the purchaser's name, complete address, and telephone number. The following information must be printed on each ticket:

- (1) the date and time of the drawing;
- (2) the location of the drawing;
- (3) the name of the organization conducting the raffle;
- (4) the license number, if any, or exemption number;
- (5) the price of the ticket; and
- (6) the prize or prizes to be awarded, including a statement regarding the winner's responsibility for any applicable fees or taxes.

B. A raffle log must be maintained, which at a minimum includes the following:

- (1) the name of the organization;
- (2) the total number of tickets printed;
- (3) the price per ticket;
- (4) the date of the raffle drawing;
- (5) the names and telephone numbers of all persons to whom tickets were given to be sold;
- (6) the quantity of tickets given to each person for sale;
- (7) the sequential numbers of the tickets given to each person for sale;
- (8) the quantity of tickets each person sold;
- (9) the quantity of tickets and sequential numbers of the tickets each person returned unsold;
- (10) the actual gross receipts reported by each person to whom tickets were given to be sold;
- (11) the actual cash received from each person to whom tickets were given to be sold; and
- (12) the cash long or short reported by each person to whom tickets were given to be sold.

Subp. 4. **Prize and cost per ticket limits.** Prizes and cost per ticket for a raffle must not exceed the following limits:

A. Total prizes for all raffles conducted by a licensed organization must not exceed a total value of \$100,000 per organization in a calendar year.

B. Each ticket must be sold for the same predesignated price imprinted on the ticket and no ticket may be provided free of charge or for any other consideration.

Subp. 4a. **Multiple pricing levels.** A raffle may consist of multiple sets of tickets sold at different prices provided each price level has a separate set of sequentially numbered tickets and provided the organization can accurately account for all proceeds and unsold tickets. The following items are required for a raffle that has multiple pricing levels of tickets:

A. Each set of tickets for each price level must be numbered sequentially starting with number "1" through the maximum number of tickets to be sold at that price level.

B. A separate raffle log must be kept for each set of tickets sold for a different sale price.

C. Each set of tickets must be clearly identifiable from other tickets for the same raffle sold at a different price level.

D. The invoice for the printing of the tickets must clearly identify the quantity of tickets printed for each price level and list their sequential numbers.

E. All ticket stubs for a raffle with multiple price levels must be the same size and thickness.

Subp. 5. **Raffle drawing date.** All raffle winners must be drawn at the date, time, and location printed on the raffle tickets. An organization may request that the board extend the date for the drawing if:

A. weather has caused a postponement of the event at which the drawing was to occur; or

B. not enough tickets were sold to cover the cost of the prizes, and an extension will enable the organization conducting the raffle to sell enough tickets to cover the cost of the prizes. The fact that a desired level of profit will not be attained is not a basis for an extension of the date of the drawing.

If an extension is granted by the board, the organization shall publicize that fact to purchasers of the tickets, and must document the granting of the extension in its monthly meeting minutes or other organization records.

Subp. 6. **Records.** An organization shall keep the following records for each raffle conducted for a period of 3-1/2 years from the end of the month on which the raffle was reported as played on the tax return prescribed by the commissioner of revenue:

A. the total amount of proceeds received from a raffle;

B. all allowable expenses deducted from the net receipts of a raffle;

C. the winning ticket stubs;

D. the raffle log;

E. a copy of the complete raffle ticket for each price level of the tickets, displaying the information required by subpart 3, item A;

F. all unsold tickets from the raffle;

G. the total value of all prizes awarded in each raffle, including the dollar amount of the cash prizes, the actual cost for merchandise prizes, the actual cost for certificates for merchandise and certificates for services, and the assessed tax value or actual cost paid by the organization for real property prizes; and

H. for licensed organizations, a copy of the invoice for the printing of the tickets detailing the number of tickets printed, the sequential numbers used, and the price printed on the tickets.

Subp. 7. **Disposal of raffle tickets.** The organization may dispose of raffle tickets and records after 3-1/2 years from the date the raffle was reported on the tax return to

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the commissioner of revenue, unless the organization is notified to retain the tickets and records because an audit, compliance review, or investigation is being conducted. The disposal must result in complete destruction such as shredding or burning.

Statutory Authority: *MS s 349.151; 349.211*

History: *16 SR 2116; 23 SR 831; 29 SR 443*

7861.0120 ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS.

Subpart 1. Internal accounting and administrative controls required.

A. An organization must establish, implement, and have available for review a written system of internal accounting and administrative controls relative to its lawful gambling operations.

B. The system of accounting and administrative controls for the gambling operations must provide a description of the procedures and records so that the following objectives will be met:

- (1) transactions are made with management's authorization;
- (2) gambling revenue transactions are recorded properly and completely to maintain accountability for assets;
- (3) assets are secured and access to assets is only permitted with management's authorization;
- (4) the recorded gambling funds and equipment are monitored on an ongoing basis and discrepancies are resolved;
- (5) separation of duties, functions, and responsibilities to protect the organization from theft and fraudulent reporting and ensure compliance with all lawful gambling reporting requirements; and
- (6) fair play of the games to the public is not restricted.

C. The organization's members, gambling employees, or gambling volunteers must perform, at a minimum, the following duties:

- (1) preparing source documents which include:
 - (a) inventory records for daily tracking of game inventory, site inventory, monthly physical inventory, and merchandise inventory. The person who maintains the perpetual inventory must not be the same person who performs the physical inventory;
 - (b) gambling deposit slips;
 - (c) gambling occasion and daily activity records; and
 - (d) authorization for disbursements of gambling funds;
- (2) provide oversight of lawful gambling including but not limited to:
 - (a) the conduct of lawful gambling;
 - (b) assuring that illegal gambling is not conducted at any premises where the organization is permitted to conduct lawful gambling;
 - (c) investigating cash variances;
 - (d) determining product to be purchased;
 - (e) ordering product;
 - (f) presenting the gambling report to members at the regular monthly meeting of the organization; and
 - (g) ensuring compliance with expense calculations;
- (3) hire, discipline, or fire employees;
- (4) train employees;
- (5) deposit gambling receipts into the bank accounts;
- (6) verify cash banks; and
- (7) verify that all gambling expenditures, equipment, assets, and receipts are properly accounted for.

D. The organization is responsible for verifying the accuracy of records and reports, including but not limited to:

- (1) the check register;
- (2) monthly bank statement reconciliation;
- (3) all tax returns and schedules;
- (4) the final audit of closed games;
- (5) bank deposit reconciliation to game and bank records; and
- (6) reconciliation of physical and perpetual inventories.

E. The internal accounting and administrative control system must include, at a minimum, written procedures for all items in items A, B, C, and D.

F. The segregation of functional responsibilities relative to the organization's gambling operations must be on a document maintained by the organization and made available to the board for review. The document must contain the names or titles of persons who are responsible for:

- (1) presenting the monthly gambling report to the organization membership;
- (2) ensuring that prior authorization for all gambling expenditures is obtained;
- (3) recording in the organization meeting minutes the monthly gambling report and authorization of expenditures;
- (4) preparing checks for signatures and maintaining the check register;
- (5) signing checks from the gambling account;
- (6) maintaining perpetual inventory records, and/or comparing the physical inventory to the perpetual inventory;
- (7) conducting and verifying the physical inventory;
- (8) maintaining merchandise inventory;
- (9) preparing bank deposits;
- (10) depositing receipts into the gambling account;
- (11) reconciling bank statements to the checks and deposits listed in the check register;
- (12) auditing closed games;
- (13) verifying and resolving profit carryover variances;
- (14) preparing reports required to be submitted to the board and the commissioner of revenue;
- (15) monitoring the organization's compliance with expense calculations;
- (16) investigating and resolving fund losses of missing inventory, tickets, or receipts; and
- (17) investigating and resolving cash shortages.

G. The board shall require that the organization revise its internal accounting and administrative control systems if they do not meet the requirements in this subpart. Failure to respond to the board's notice that the organization must revise its internal accounting and administrative control systems shall result in the board taking disciplinary action.

H. Changes in internal controls must be submitted to the board ten days before their effective date.

Subp. 2. **Method of accounting.** The following items are general accounting considerations:

- A. Gross receipts must be determined using the cash basis method.
- B. Allowable expenses must be determined using the cash basis method, except:

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(1) Deals of pull-tabs, paddletickets, and tipboards must be determined on the accrual basis.

(2) The tax imposed by Minnesota Statutes, section 349.212, must be deducted on the accrual basis.

Subp. 3. **Records and reports required.** The following items apply to records and reports:

A. Each organization shall maintain complete, accurate, and legible general records with detailed documentation sufficient to support all gambling transactions. All inventory records, including perpetual, physical, site, and merchandise prize records, must be recorded on forms prescribed by the board or in a format approved by the board. All records must adequately reflect gross receipts, prizes, net receipts, expenses, and all other accounting transactions. All records and reports must be kept by the organization for 3-1/2 years, pursuant to Minnesota Statutes, section 349.19, subdivision 6.

B. A monthly report must be made by the gambling manager to the members of the organization and incorporated into the minutes of the meeting at which the report was provided. The monthly report must contain the following information:

- (1) the gross receipts from each form of lawful gambling conducted;
- (2) the dollar amount of all prizes paid out, and the total value of all merchandise prizes awarded, for each form of lawful gambling conducted;
- (3) complete details on all allowable expenses related to each form of lawful gambling conducted;
- (4) records that document in detail how the net receipts from gambling activity were expended for lawful purpose;

(5) detailed records of gambling equipment purchases, including:

- (a) type of equipment;
- (b) quantity of equipment purchased;
- (c) unit cost of equipment; and
- (d) the licensed distributor from whom the equipment was purchased;

(6) a physical inventory, prepared according to item A, taken at the end of each month, which includes a list of all gambling equipment, including games in play, identified by:

- (a) manufacturer's identification, part number, and serial number;
- (b) the name of the game;
- (c) the cost for each game; and
- (d) the date and signature, in ink, of the person completing the inventory;

(7) a bank reconciliation that balances with the organization's profit carryover for each month, and lists:

- (a) outstanding checks, including check number, payee, and amount;
- (b) electronic payments;
- (c) deposits in transit; and
- (d) beginning and ending bank balances for each month; and

(8) any correspondence received or sent relating to the organization's lawful gambling operations.

C. The following information, as required by Minnesota Statutes, section 349.154, subdivision 2, must be filed with the board monthly on forms prescribed by the board or quarterly in the case of a licensed organization that does not report more than \$1,000 in gross receipts from lawful gambling in any calendar quarter:

- (1) a record of lawful purpose expenditures; and
- (2) a record of board-approved expenditures.

The reports required by this item are due on or before the 20th day of the month following the close of the month in which the activity being reported took place. The report must be signed by the gambling manager and the chief executive officer of the organization. The organization may appoint a designee to sign the report for either the gambling manager or the chief executive officer, but not more than one designee signature is allowed on the report for any month.

D. The following information must be filed monthly with the Department of Revenue on forms prescribed by the commissioner of revenue:

- (1) lawful gambling monthly activity summary and tax return;
- (2) the unpaid liabilities of the licensee on allowable expenses;
- (3) summary of receipts and expenses for each permitted premises;
- (4) summary of pull-tab games played, tipboard games played, or paddleticket groupings played and receipts per game;
- (5) combined receipts tax schedule; and
- (6) gambling fund reconciliation.

E. The procedures contained in this subpart must be followed when an organization has a fund loss by questionable means of its inventory or cash.

(1) Within five days of discovery of the loss, or within 24 hours of discovery of a loss from a pull-tab dispensing device, the organization shall file a report with local law enforcement authorities.

(2) Within 60 days of discovery of the loss, the organization shall either:

(a) provide documentation to the board demonstrating that its gambling account was reimbursed for the amount of the fund loss from a source of nongambling funds; or

(b) file a fund loss request with the board requesting an adjustment to its profit carryover.

(3) The fund loss request must be submitted within 60 days of discovery of the loss, or the request will not be considered by the board. The request must be filed on a form prescribed by the board and contain, at a minimum, the following information:

(a) the name and address of the organization;

(b) the organization's license number, premises permit number, and effective date of the premises permit;

(c) the monetary value of the loss;

(d) a complete description of how and when the loss occurred;

(e) a statement describing how the assets were secured at the time the loss occurred;

(f) whether the current status of the law enforcement investigation is active, inactive, or closed;

(g) whether any portion of the loss has been, or will be, paid by insurance or restitution and, if so, the anticipated amount to be paid and the anticipated dates of payment;

(h) a description of the internal controls in place at the time of the loss and any changes made to the organization's internal controls and personnel to prevent future losses;

(i) the date the loss was reported to the membership; and

(j) signatures of the chief executive officer and the gambling manager.

(4) The organization shall provide the following information before a fund loss request will be considered:

(a) a copy of the local law enforcement report, or a copy of a letter indicating that the organization has requested a copy of the local law enforcement report;

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(b) a copy of the organization's completed Schedule B2 that describes how the amount of the loss was verified by the organization;

(c) a copy of the organization's completed Schedule F that describes how the loss was reported to the Department of Revenue; and

(d) a copy of the minutes from the meeting at which the fund loss was reported to the membership.

(5) The board shall consider the following items when approving or denying fund loss requests:

(a) the security procedures in effect at the time the loss occurred;

(b) how the assets were secured at the time the loss occurred;

(c) the internal controls in effect at the time the loss occurred;

(d) whether or not the internal controls were followed by the organization's employees;

(e) the timely filing of the local law enforcement report;

(f) the completeness of the information submitted on and with the fund loss request;

(g) if the fund loss consisted of cash:

i. whether or not an organization employee was in control of the cash at the time the loss occurred;

ii. how the cash was protected;

iii. whether or not the cash was accessible to nonorganization employees; and

iv. if the loss occurred after business hours, how the cash was protected and controlled by the organization;

(h) if the fund loss consisted of inventory:

i. whether or not an organization employee was in control of the inventory at the time the loss occurred;

ii. whether the inventory was in play or locked in a secured area;

iii. whether or not the inventory was accessible to nonorganization employees; and

iv. if the loss occurred after business hours, whether the inventory was protected in a secured area controlled by the organization.

(6) The board shall approve or deny the organization's request for an adjustment to its profit carryover. If the board makes a determination that the request should be denied, the organization must reimburse its gambling account for the amount of the fund loss. Proof of reimbursement shall be submitted within 90 days of the board's final determination or resolution on the matter.

(7) The board shall reconsider fund loss requests when an organization presents new information or facts that the organization could not, by due diligence, have discovered prior to the board's initial consideration of the fund loss request.

Subp. 4. Bank accounts. The following items apply to bank accounts:

A. Each organization must maintain a separate gambling bank account at banks, savings and loans, or credit unions located within Minnesota.

(1) All expenditures of gambling funds must be made from the gambling checking accounts with the following exceptions:

(a) emergency expenditures may be made from a source other than the organization's gambling account, provided that the expenditure has been approved by the organization's membership. "Emergency expenditure" means a financial obligation due and payable which, if not met, would require the organization to immediately stop gambling;

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(b) licensed organizations classified as tax exempt under United States Code, title 26, section 501(c)(3) or 501(c)(4) festival organization who make lawful purpose expenditures to themselves may either:

i. deposit those lawful purpose expenditures directly into their general account and make expenditures directly to the recipient as permitted under subpart 5, item C, subitem (2); or

ii. deposit those expenditures into a separate account established within their general fund for the exclusive deposit of gambling funds, and make expenditures directly to the recipient as permitted under subpart 5, item C, subitem (2). All lawful purpose contributions made by an organization to itself must be deposited directly into a separate account under this subunit. All gambling source lawful purpose contributions from other organizations must be deposited directly into a separate account under this subunit. Finally, all expenditures must be made directly to the recipient and funds from a nongambling source must not be deposited into this separate account under this subunit.

(2) All gambling receipts must be deposited into the organization's gambling bank account. This subitem does not prevent an organization from transferring gambling funds to a nonchecking account included in its gambling bank account.

(3) Except for lawful purpose expenditures by a 501(c)(3) organization or 501(c)(4) festival organization pursuant to subpart 5, item C, subitem (2), gambling funds must not be transferred to the organization's general bank accounts for any expenditures without prior board approval.

(4) Funds from a nongambling source must not be deposited in the gambling bank account unless the organization is:

(a) required by the board to reimburse its gambling account for the following reasons, including but not limited to:

i. unlawful expenditures or expenses;

ii. cash shortages;

iii. a fund loss;

iv. negative expense calculations; or

v. gambling receipts that the organization failed to deposit into the account;

(b) depositing a rebate or credit refund for an expenditure originally paid out of gambling funds; or

(c) required by the commissioner of revenue to bring the organization into compliance with Minnesota Statutes, chapter 297E.

(5) All checks for expenditures from the gambling bank account and the initial authorization for electronic transfers permitted by statute must contain two signatures of active members of the organization. The treasurer of the organization may not sign the checks or the initial authorization for electronic transfers.

(6) Interest income from gambling proceeds must be included in gross receipts.

B. Deposits of gambling receipts:

(1) Deposit tickets showing receipts from deals of pull-tabs and tipboards must contain the:

(a) game serial number;

(b) amount of actual cash deposited from each game; and

(c) premises permit number.

(2) Deposit tickets showing receipts from bingo occasions must contain the:

(a) date of each separate bingo occasion;

(b) amount of actual cash deposited from each occasion; and

(c) premises permit number.

- (3) Deposit tickets showing receipts from raffles must contain the:
 - (a) date of the raffle drawing;
 - (b) actual amount of deposit from the sale of raffle tickets; and
 - (c) premises permit number.
- (4) Deposit tickets showing receipts from paddlewheel activity must contain the:
 - (a) actual amount of cash deposited from each day's paddlewheel activity;
 - (b) series number of all paddletickets sold during that day's paddlewheel activity; and
 - (c) premises permit number.

Subp. 5. **Expenditures.** The following items apply to expenditures of gambling funds:

A. The expenditure of gambling funds, including electronic payments when allowed by statute or rule, must be authorized by the members of the organization at a regular meeting of the organization and recorded in the minutes of that meeting before the expenditure or electronic payment is made. Copies of the authorization must be sent to the board upon request.

B. Allowable expenses:

(1) Except as provided in this subpart, an organization may expend gambling gross profits for expenses directly related to the conduct of lawful gambling, provided the total percentage does not exceed the percentages specified in Minnesota Statutes, section 349.15.

(2) Percentage of profit to be used for allowable expenses:

(a) A licensed organization must maintain an allowable expense calculation report on a form prescribed by the commissioner of revenue. Compliance is determined for the organization as a whole based on its cumulative past expenditures for allowable expenses. Compliance is determined using the information reported to the commissioner of revenue on the organization's lawful gambling monthly summary and tax return for the 12th month of the organization's current license.

(b) If an organization is not in compliance with the allowable expense calculation on the date the organization's lawful gambling monthly summary and tax return for the 12th month of the organization's license is required to be filed with the commissioner of revenue, the organization must notify the board and immediately stop gambling.

(c) The organization must not resume gambling until it has deposited sufficient funds from a nongambling source into its gambling account to bring it into compliance with the percentage limits on allowable expenses, and until the organization has provided the board with a copy of the check and a copy of the bank-generated deposit receipt as proof of the reimbursement, or a bank document showing evidence of an electronic payment. The board may request additional documentation from the organization to verify that the funds did not originate from gambling proceeds.

(d) In order to renew its license, the organization's compliance with the maximum percentage of profits expended for allowable expenses must be determined using the information reported to the commissioner of revenue covering the period ending on the organization's monthly tax return for the 21st month after the effective date of the organization's current license. Compliance is determined for the organization as a whole based on the organization's cumulative past expenditures for allowable expenses. If the organization's expense calculation is negative, it must submit to the board the allowable expense calculation report completed through the 21st month of its current license. Submission of the report must be made by the end of the 22nd month of its current license. The organization must provide proof of compliance prior to its renewal license being issued.

(e) Reimbursements for negative expense calculations must only be made once on an annual basis to comply with units (c) and (d).

(3) Organizations which elect to comply with Minnesota Statutes, section 349.15, subdivision 4, in lieu of Minnesota Statutes, section 349.12, subdivision 25, paragraph (a), clause (9), must make the determination at the beginning of a calendar year and must not change until the beginning of the following year.

C. In addition to lawful purpose as defined in Minnesota Statutes, section 349.12, subdivision 25, "lawful purpose" means any of the following:

(1) A contribution to an organization which:

(a) is classified as a 501(c)(3) organization or 501(c)(4) festival organization;

(b) spent in its most recently completed calendar or fiscal year, whichever is the year basis on which its books are kept, 30 percent or less of its total revenue on fund-raising costs and management and general costs, provided that for purposes of this subitem, total revenue shall not include the organization's own gambling gross profits, if any;

(c) does not exist primarily for the purpose of receiving and distributing gambling profits;

(d) does not have more than 49 percent of its membership in common with the contributing organization; and

(e) does not have an officer, director, or other person in a managerial position who is also an officer, director, or management person in the contributing organization.

(2) Expenditures of gambling gross profits, excluding allowable expenses, made by a licensed organization which is a 501(c)(3) organization or 501(c)(4) festival organization, to the extent that during the calendar or fiscal year, whichever is the year basis on which the organization's books are kept, in which the expenditures are made, at least 70 percent of the expenditures are for program services related to the organization's primary purpose and 30 percent or less of the expenditures are for fund-raising costs and management and general costs. The board may request additional documentation from the organization to verify that lawful purpose expenditures to its general account do not exceed the limits prescribed in this item. For purposes of this subitem, expenditures for program services shall include expenditures that are otherwise lawful purpose under this subpart.

(3) A contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, provided the contribution is reasonably calculated to relieve the effects of that poverty, homelessness, or disability, or a contribution to a nonprofit corporation that exists exclusively for these relief purposes. If the contribution is made to a nonprofit corporation, the entire amount of the contribution must be used to relieve one or more of these effects. Disability for purposes of this subitem includes, but is not limited to, physical or mental difficulties in accomplishing daily tasks and activities such as personal care, meal preparation, cleaning, transportation, or athletic activities.

(4) A contribution to an individual for treatment of delayed posttraumatic stress syndrome if the individual has documentation that the individual has been diagnosed by a licensed medical doctor as suffering from posttraumatic stress syndrome.

(5) A contribution to or an expenditure on a public or private nonprofit educational institution registered with or accredited in Minnesota or any other state. The contribution, if made to a public educational institution, must be documented on a form prescribed by the board and maintained by the organization showing the request from or acknowledgment of the institution to expend or receive gambling funds.

(6) A contribution to a scholarship fund for defraying the cost of education to individuals, if:

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(a) the funds are awarded through an open and fair selection process that does not discriminate based on race, gender, religion, national origin, marital status, disability, or age;

(b) the scholarship is not limited to members of the organization or their immediate families;

(c) the criteria for the selection process is communicated to all participants and to all members of the organization; and

(d) the names of the individuals awarded scholarships are public and communicated to all members of the sponsoring organization.

(7) A contribution to an organization or governmental entity, or an expenditure by an organization, for the cost of activities recognizing humanitarian or military service to the United States, the state of Minnesota, or a community provided:

(a) the contribution or expenditure does not result in any member of the organization making the contribution or expenditure, or any person in the member's immediate family, receiving any money or money equivalent, or receiving any goods or services with:

i. a market value greater than \$10; or

ii. a market value greater than \$100 based on the aggregate of contributions and expenditures in any 12-month period; and

(b) the contribution, if made to a unit of government, must be documented on a form prescribed by the board and maintained by the organization showing the request from or acknowledgment of the unit of government to expend or receive gambling funds; and

(c) for purposes of this subitem, activities recognizing humanitarian service include the provision of transportation, food, and beverages to persons making blood donations.

(8) A contribution of recreational, community, and athletic facilities and activities intended primarily for the use of persons under the age of 21 provided that the facilities and activities do not discriminate on the basis of gender, and the opportunity to participate reflects each gender's demonstrated interest in the activity. "Primarily" is demonstrated by written documentation that programs for persons under the age of 21 are given priority scheduling consideration. This subitem does not apply to educational institutions or other entities as identified in the Higher Education Act amendments of 1976, United States Code, title 20, section 1681. Equal opportunity must be provided for:

(a) the provision of equipment and supplies;

(b) the scheduling of activities, including games and practice times;

(c) the supply and assignment of coaches or other adult supervisors;

and

(d) the provision and availability of support facilities.

(9) Real estate taxes and assessments on permitted gambling premises wholly owned by the licensed organization or licensed veterans organization, or wholly leased by a licensed veterans organization, provided the expenditure does not exceed:

(a) for organizations which conduct pull-tabs, tipboards, raffles, and/or paddlewheels, \$35,000 per year; and

(b) for organizations which conduct bingo, \$200 for premises of not more than 6,000 square feet, \$300 for owned bingo premises of not more than 12,000 feet, and \$400 for premises of more than 12,000 square feet times the number of bingo occasions conducted in a calendar year, based on the space actually used for bingo.

(10) A contribution to the United States, the state of Minnesota or any of its political subdivisions, or any agency or instrumentality thereof, provided the contribution is documented on a form prescribed by the board and maintained by the organization showing the request from or acknowledgment of the unit of government to expend or receive gambling funds.

(11) Expenditures approved by the commissioner of natural resources for grooming and maintaining snowmobile and all-terrain vehicle trails that are open to public use or are designated as grant-in-aid trails. For purposes of this subitem, grant-in-aid trails are trails which have been designated as such by the commissioner of natural resources under Minnesota Statutes, section 85.019. This subitem includes the repair of equipment used exclusively for the grooming and maintenance of public use snowmobile or all-terrain vehicle trails not within the Department of Natural Resources grant-in-aid program or other reimbursement program. Lawful purpose expenditures made pursuant to Minnesota Statutes, section 349.12, subdivision 25, paragraph (a), clause (14), and paragraph (b), clause (3)(i), are not eligible for reimbursement under the grant-in-aid program. The expenditure must be acknowledged on a form provided by the board and maintained by the organization.

(12) Repair or maintenance of real property or capital assets when the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and no rental fee is charged for the use. "Extensively" must be demonstrated by written documentation that the facility has been used free of charge by at least one group as described in this subitem, and documentation that the facility's availability for this purpose has been communicated to the community at large. This documentation must include examples of public service announcements, notices printed in local newspapers, or flyers displayed or distributed throughout the community. A board-prescribed form providing details on the proposed expenditure must be completed and submitted to the board. The expenditure must not be made until it has been approved by the board.

(13) The erection or acquisition of a comparable building to:

(a) replace a building owned by the organization that was insured at replacement cost value that was destroyed or made uninhabitable by fire or other catastrophic event; or

(b) replace a building owned by the organization that was taken by eminent domain or was sold under the threat of eminent domain.

The expenditure, mortgage payment, or other debt service payment must be only for that part of the replacement cost not reimbursed by insurance, or not compensated to the organization under eminent domain proceedings. The replacement structure must be used for the same or similar purposes as the building being replaced, and must have essentially the same square footage as the building being replaced. Additional costs for landscaping, building code, or parking lot requirements enacted by the local unit of government after the original building was built may also be included. A board-prescribed form providing details on the proposed expenditure must be completed and submitted to the board for consideration for approval. The expenditure must not be made until it has been approved by the board.

(14) An organization that has received board approval to make an expenditure of gambling gross profits for debt service or other payments under subitem (12) or (13) must obtain prior board approval for any increase in the expenditure, including any increase due to a refinancing or other restructuring of a debt that results in an increase in the present value of the balance of the debt. Any equity withdrawn from real property or a capital asset as part of the refinancing or other restructuring of the debt constitutes gambling gross profits and must be deposited in the organization's gambling bank account. No closing costs are included within subitem (12) or (13).

(15) An organization that has received board approval to make an expenditure of gambling gross profits under subitem (12) to bring an existing building into compliance with the Americans with Disabilities Act may apply the amount of the board-approved expenditure to the erection or acquisition of a replacement building, provided that the replacement building is in compliance with the Americans with Disabilities Act.

D. In addition to Minnesota Statutes, section 349.12, subdivision 25, paragraph (b), lawful purpose does not include any of the following:

(1) interest on taxes, tax penalties, or interest on tax penalties;

(2) any expenditure, contribution, or other disposition of gambling gross profits by an organization after which the organization retains any control over the funds, except for expenditures by a 501(c)(3) organization or 501(c)(4) festival organization pursuant to item C, subitem (2);

(3) a contribution to a 501(c)(3) organization or 501(c)(4) festival organization that does not meet the criteria in item C, subitem (1);

(4) expenditures by a licensed organization that is a 501(c)(3) organization or 501(c)(4) festival organization if the expenditures do not meet the criteria in item C, subitem (2);

(5) any contribution or expenditure to the extent it results in any net monetary gain or other pecuniary benefit to the organization making the contribution or expenditure;

(6) any contribution or expenditure that is void or voidable under the conflict of interest provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, section 317A.255; and

(7) the purchase of any intoxicating liquor, wine, or 3.2 percent malt beverages.

E. A contribution by a licensed organization to a parent organization, foundation, or affiliate of the contributing licensed organization is allowed under the following conditions: the contributing licensed organization must submit a written statement that the parent organization, foundation, or affiliate has not provided to the contributing licensed organization a contribution of any money, grants, property, or other thing of value within one year of the contribution.

F. Notwithstanding item E, a licensed organization may contribute gambling gross profits to a parent organization at the Minnesota state level provided:

(1) the parent organization has submitted to the board a comprehensive list of the lawful purposes for which the parent organization will use the contributions; and

(2) the parent organization uses the entire amount of the contributions for one or more of the lawful purposes listed in item C or Minnesota Statutes, section 349.12, subdivision 25.

G. A licensed organization may not contribute gambling gross profits to another licensed organization unless:

(1) the contributing organization receives the prior approval of the board;

(2) a board-prescribed form is completed; and

(3) the contributing organization demonstrates that the contribution meets one or more of the lawful purposes identified in item C or Minnesota Statutes, section 349.12, subdivision 25, and that the contribution is not for the purpose of avoiding taxes or circumventing the restrictions placed on lawful purpose expenditures by item C or Minnesota Statutes, section 349.12, subdivision 25.

H. An organization shall maintain documentation sufficient to show that each of its expenditures of gambling gross profits constitute either an allowable expense or a lawful purpose.

Statutory Authority: *MS s 349.151; 349.154; 349.19*

History: *16 SR 2116; 16 SR 2945; 17 SR 2712; 19 SR 2380; 22 SR 291; 23 SR 831; 29 SR 443*

7861.0130 EXCLUDED BINGO AND RAFFLES.

Subpart 1. Registration. An organization that conducts excluded bingo or raffles as allowed by Minnesota Statutes, section 349.166, must register with the board before the conduct of the lawful gambling. An organization conducting bingo as allowed by Minnesota Statutes, section 349.166, subdivision 1, paragraph (a), clause (1) or (2), must obtain prior approval of the local governing body of the city or county in which the bingo will be conducted. The registration must be on a form prescribed by the board, which must include the following information:

- A. the name, address, and county of the organization;
 - B. the name of the person in charge of the bingo occasion and/or raffles and that person's phone number;
 - C. the type of organization (fraternal, veterans, religious, or other nonprofit).
- A copy of the proof of nonprofit status must be attached to the registration;
- D. the dates that bingo has been conducted by the organization in the present calendar year;
 - E. the date that the organization proposes to conduct the bingo;
 - F. the dates of the raffle drawing, if any, and the total market value of the raffle prizes;
 - G. the name and address, including city or township, and county of the premises where the gambling will be conducted;
 - H. the telephone number and signature of the organization's chief executive officer; and
 - I. the local government approval for excluded bingo registrations.

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.

The organization conducting lawful gambling must comply with Minnesota Statutes, section 349.166.

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 19 SR 156; 29 SR 443*

7861.0140 EXEMPTED LAWFUL GAMBLING.

Subpart 1. **Registration required.** An organization that conducts exempted lawful gambling as allowed by Minnesota Statutes, section 349.166, subdivision 2, must submit an application to the board at least 30 days before the gambling activity is to be conducted. The application must be on a form prescribed by the board and must contain the following information and attachments:

- A. the name, address, and county of the organization;
 - B. the current or previous license number or exempt number, if any;
 - C. the name and telephone number of the chief executive officer;
 - D. the type of organization (fraternal, veterans, religious, or other nonprofit).
- A copy of the proof of the nonprofit status must be attached to the application;
- E. the dates of activity;
 - F. the types of lawful gambling to be conducted;
 - G. the name, address, including city or township, and county where the activity will be conducted;
 - H. local government approval; and

I. an acknowledgment that the organization will complete and file with the board the financial report portion of the application within 30 days of concluding its lawful gambling activity.

Subp. 2. [Repealed, 29 SR 443]

Subp. 3. [Repealed, 29 SR 443]

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: *16 SR 2116; 19 SR 156; 29 SR 443*

7861.0150 [Repealed, 29 SR 443]