

CHAPTER 7862
GAMBLING CONTROL BOARD
BINGO HALL LICENSES

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Subpart 1. **Definitions.** For purposes of this chapter, the definitions contained in part 7861.0010 apply.

Subp. 2. **License required.** No person, including a licensed organization or a local unit of government, may lease a facility in Minnesota to more than one organization to conduct bingo without a valid bingo hall license. A person may obtain a bingo hall license by making an application to the board. An application must be considered by the board pursuant to this part. Annual application must be made for a bingo hall license.

Subp. 3. **Qualifications.** For purposes of this subpart, "director" means a member of the applicant's board of directors, "officer" means any person elected, appointed, or otherwise designated as an officer by the applicant's board of directors, and "other person in a supervisory or management position" means any person employed to direct or control the personnel and activities of an applicant's department or division. A license shall not be issued to a person, or to an organization, corporation, limited liability company, firm, or partnership that is not the legal owner of the bingo hall or which has any officer, director, partner, governor, or other person in a supervisory or management position who:

- A. has ever been convicted of a felony;
- B. has ever been convicted of a crime involving gambling;
- C. has ever been convicted of:
 - (1) assault,
 - (2) a criminal violation involving the use of a firearm; or
 - (3) making terroristic threats;
- D. is or has ever been connected with or engaged in an illegal business;
- E. owes \$500 or more in delinquent taxes to the state of Minnesota;
- F. has had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or
- G. after demand, has not filed tax returns required by the commissioner of revenue.

The board may deny or refuse to renew a license under this chapter, and may revoke a license under this chapter, if any of the conditions in this item are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

Subp. 4. **Restrictions.** For purposes of this subpart, the restrictions apply to the licensee's activities in Minnesota, or while conducting business with organizations authorized to conduct lawful gambling in Minnesota. For purposes of this subpart, the restrictions contained in items B, D, E, F, G, H, I, K, M, N, and P pertain only to organizations to whom the licensee may lease space for the conduct of lawful gambling, and not to the licensee's own organization that may also conduct lawful gambling activities at the licensed bingo hall. No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or any agent, affiliate, or employee of a bingo hall licensee may:

- A. be a licensed distributor or manufacturer of lawful gambling equipment or an affiliate of such distributor or manufacturer;
- B. be an officer, director, paid employee, or volunteer of a licensed, exempt, or excluded organization in its conduct of lawful gambling, or represent a licensed, exempt, or excluded organization in the purchase of, or influence the purchase of, lawful gambling equipment;
- C. be a wholesale distributor of alcoholic beverages, or an employee of a wholesale distributor of alcoholic beverages;

D. provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling on the premises;

E. acquire gambling equipment for use by an organization conducting lawful gambling on the premises;

F. provide inventory control of gambling equipment used by an organization conducting lawful gambling on the premises;

G. prepare or assist in the preparation of the reports required to be submitted under part 7861.0120, subpart 3, for an organization conducting lawful gambling on the premises;

H. provide accounting services to an organization conducting lawful gambling on the premises;

I. solicit, suggest, encourage, or make any expenditure of an organization's gross receipts from lawful gambling;

J. charge any fee without which a person could not play bingo or participate in another form of lawful gambling on the premises;

K. provide assistance or participate in the conduct of lawful gambling on the premises;

L. permit more than 21 bingo occasions to be conducted on the premises in any week;

M. recruit a person to become a gambling manager or an assistant gambling manager, or identify to an organization a person as a candidate to become a gambling manager or assistant gambling manager;

N. be involved in the procurement of, or influence the procurement of, lawful gambling equipment for an organization which conducts lawful gambling on the licensee's premises,

O. provide or permit an affiliate or person acting on behalf of the bingo hall licensee to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a gambling control board employee or member of the gambling control board; or

P. directly or indirectly give gifts, trips, prizes, loans of money, premiums, or other gratuities to gambling organizations, or their employees, other than nominal gifts not to exceed a fair market value of \$25 per organization in a calendar year. Nothing in this item prohibits a bingo hall licensee or employee of a bingo hall licensee from making a contribution of \$250 or less in any calendar year to an organization, or participating in a fundraising event for an organization, provided that the contribution or fundraising event is unrelated to the organization's conduct of lawful gambling.

Subp. 5. [Repealed, 20 SR 2624]

Subp. 6. **Contents of application.** The application must be on a form provided by the board and must contain the following information:

A. the complete name of the bingo hall, including any name that the bingo hall may be "doing business as," and the legal nature of the applicant (corporation, firm, partnership, limited liability company, or sole proprietorship);

B. the telephone number of the bingo hall;

C. the street address of the bingo hall;

D. the mailing address of the bingo hall if different than the street address;

E. the name of the township or city, and county in which the bingo hall is located;

F. the names and telephone numbers of the legal owners of the bingo hall,

G. the Minnesota tax identification number, if any, of the applicant;

H. if the bingo hall is owned by an organization, corporation, firm, or partnership, a list of the officers, partners, directors, managers, supervisors, and persons or entities with a direct or indirect financial interest of five percent or more in the applicant;

I. a statement regarding the restrictions contained in subpart 4;

J. a statement that a lease agreement between the bingo hall licensee and a lawful gambling organization will specifically identify any goods or services that the organization is required to purchase from the lessor or a third-party vendor, and that all goods and services furnished as part of the lease agreement will be valued at their fair market value;

- K. an acknowledgment that the appropriate local unit of government under Minnesota Statutes, section 349.213, subdivision 2, received the license application;
- L. the status of the bingo hall license; and
- M. the signature of the chief executive officer of the applicant.

Additional information as is necessary may be required by the Gambling Control Board or executive director to properly identify the applicant and to ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 7. Attachments to application. The following items must be included as attachments to a bingo hall license application:

A. The bingo hall occasion list, which must be on a form provided by the board and which must contain at a minimum the following information:

- (1) the name of the bingo hall;
- (2) the names and license numbers, exclusion authorizations, or exempt permit numbers of the organizations conducting bingo on the premises;
- (3) each organization's premises permit or number; and
- (4) the days and hours of all bingo occasions, including starting and ending times for each organization conducting bingo on the premises.

B. A bingo hall personnel form must be completed by the owners of the bingo hall and, if the bingo hall is owned by an organization, corporation, firm, limited liability company, sole proprietorship, or partnership, by each:

- (1) partner;
- (2) member of the board of directors or board of governors;
- (3) officer, including, but not limited to, president, vice-president, secretary, treasurer, controller, or general counsel;
- (4) manager, and/or supervisor of personnel or security; and
- (5) person or entity with a direct or indirect financial interest of five percent or more in the applicant.

The bingo hall personnel form provided by the board must contain the following information:

- (a) the full name, telephone number, and full address of the bingo hall and license number, if issued, of the bingo hall;
- (b) full name, home address, home telephone number, date of birth, place of birth, and social security number of the individual completing the form;
- (c) driver's license number, including state of registration;
- (d) branch of military service, if any, and dates of service;
- (e) country of citizenship;
- (f) position with bingo hall and work telephone number;
- (g) employment history for past ten years;
- (h) places of residence for past ten years;
- (i) criminal history statement, except petty misdemeanors;
- (j) name, address, and license number or exempt permit number of any organization conducting lawful gambling in Minnesota of which the person is a member, or the name and address of any excluded organization conducting lawful gambling in Minnesota of which the person is a member;
- (k) Minnesota tax identification number of businesses that the individual has owned for the past ten years;
- (l) a statement regarding the provisions of subparts 3 and 4; and
- (m) notarized signature of person and date signed.

Additional information may be required by the Gambling Control Board or executive director to properly identify the person and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

C. A copy of the resolution of the local unit of government approving the application pursuant to subpart 10.

Subp. 8. Changes in application information. If any information submitted in the application changes during the term of the license period, the bingo hall applicant or licensee must notify the board and the appropriate local unit of government under Minnesota Statutes, section 349.213, subdivision 2, in writing within ten days of the change.

Subp. 9. License fee. The annual fee for a bingo hall license is as established by Minnesota Statutes, section 349.164, subdivision 4. License fees are not prorated or transferable.

[For text of subp 10, see M.R.]

Subp. 10a. Investigation. Before issuing or renewing a bingo hall license, the board shall conduct or request the director of gambling enforcement to conduct a background investigation which may include a review of the applicant's sources of financing, ownership, and organizational structure.

Subp. 11. Issuance and denial. The following items apply to the issuance and denial of bingo hall licenses:

A. The board shall issue a license to a bingo hall that submits the information required by subparts 6 and 7, and pays the fee required by Minnesota Statutes, section 349.164, subdivision 4, and who is eligible to receive a license pursuant to subpart 3, and Minnesota Statutes, section 349.164.

B. The board shall deny the application of a bingo hall ineligible to hold a license pursuant to subpart 3, or Minnesota Statutes, section 349.164.

C. Notwithstanding items A and B, the board may, by order, deny a bingo hall license if it finds that the order is in the public interest and that the applicant or licensee, or a director, officer, partner, governor, person in a supervisory or management position of the applicant or licensee, or direct or indirect holder of more than a five percent financial interest in the applicant or licensee:

(1) has violated or failed to comply with any provision of Minnesota Statutes, chapter 297E, 299L, or 349, or any rule adopted or order issued thereunder;

(2) has filed an application for a license that is incomplete in any material respect, or contains a statement that, in light of the circumstances under which it was made, is false, misleading, fraudulent, or a misrepresentation;

(3) has made a false statement in a document or report required to be submitted to the board or the commissioner of revenue, or has made a false statement to the board, the compliance review group, or the director;

(4) has been convicted of a crime in another jurisdiction that would be a felony if committed in Minnesota;

(5) is permanently or temporarily enjoined by any gambling regulatory agency from engaging in or continuing any conduct or practice involving any aspect of gambling;

(6) has had a gambling-related license revoked or suspended, or has paid or been required to pay a monetary penalty of \$2,500 or more, by a gambling regulator in another state or jurisdiction;

(7) has been the subject of any of the following actions by the director of gambling enforcement or commissioner of public safety:

(a) had a license under Minnesota Statutes, chapter 299L, denied, suspended, or revoked;

(b) been censured, reprimanded, has paid or been required to pay a monetary penalty or fine; or

(c) has been the subject of any other discipline by the director or commissioner;

(8) has engaged in conduct that is contrary to the public health, welfare, or safety, or to the integrity of gambling; or

(9) based on past activities or criminal record, poses a threat to the public interest or to the effective regulation and control of gambling, or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to the conduct of gambling.

D. When the board, or director if authorized to act on behalf of the board, determines that a bingo hall license application or renewal application should be denied under Minnesota Statutes, section 349.155, subdivision 3 or 4, the board or director shall promptly give a written notice to the licensee or applicant stating the grounds for the action and give 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 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 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. 11a. **Length of license.** A bingo hall license expires one year from the effective date of the license.

Subp. 11b. **License effective.** A new license issued by the board pursuant to this part shall be effective on the first day of the month after board approval.

Subp. 12. **License renewals.**

A. To renew a license at the end of a term, a licensee must submit a complete renewal application on a form provided by the board at least 75 days before the expiration of the licensee's existing bingo hall license. A renewal application is not complete until it contains the information required in subparts 6 and 7, the fee required by Minnesota Statutes, section 349.164, subpart 4, and the proof of local approval required by subpart 10. If a bingo hall's existing license expires on any day of a month other than the last day of a month, the bingo hall's license renewal shall be effective on the first day of the month preceding the date of expiration of its existing license.

Complete applications received by the board less than 75 days before the expiration of the applicant's existing license will be considered pursuant to this part but, if the applicant is entitled to a renewed license, the board will not issue that renewed license until the first day of the month following the expiration of 75 days after the board has received the complete application. A bingo hall shall not continue to operate after the expiration of its license unless and until it receives a renewed license.

[For text of item B, see M.R.]

C. An applicant that the board determines has failed to submit a complete renewal application at least 75 days before the expiration of an existing bingo hall license may appeal that determination by filing a written request for a contested case hearing with the board before the expiration of the existing bingo hall 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 75 days before the expiration of the applicant's existing license.

Subp. 13 **Records and reports required.**

A. In addition to complying with the notice requirements of subpart 8, a bingo hall licensee shall notify the board within 30 days of such action, if the bingo hall owner has:

(1) had a gambling-related license revoked or suspended or has been required to pay a monetary penalty of \$2,500 or more by a gambling regulator in another state or jurisdiction pursuant to Minnesota Statutes, section 349.155, subdivision 4, clause (6);

(2) been convicted of a crime in another jurisdiction which would be a felony if committed in Minnesota pursuant to Minnesota Statutes, section 349.155, subdivision 4, clause (4), or

(3) has been convicted of a felony or a crime involving gambling, pursuant to Minnesota Statutes, section 349.155, subdivision 3, paragraph (a), clause (1)

B. Each bingo hall licensee shall maintain and preserve for at least 3-1/2 years records of all remuneration it receives from organizations conducting lawful gambling on its premises. These records shall be made available to the board upon demand and include, at a minimum, the following information:

- (1) a report of the days and times of all bingo occasions held at the bingo hall and the licensed, exempt, or excluded organizations which conducted the occasions; and
- (2) all payments received by the bingo hall licensee from licensed, exempt, or excluded organizations who rent the bingo hall for the conduct of lawful gambling bingo occasions; and
- (3) any and all other money received from licensed, exempt, or excluded organizations.

Statutory Authority: *MS s 349.151*

History: *20 SR 2624*