

7861.0280 PAPER PULL-TABS.

Subpart 1. **Paper pull-tab restrictions.** In addition to the restrictions and requirements in part 7861.0260, the following apply to the conduct of paper pull-tabs.

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

B. An organization must not award a prize for paper pull-tab tickets that were sold by another organization.

C. An organization must not transfer games in play from one permitted premises to another.

D. At a leased permitted premises, an organization must not transfer paper pull-tab games in play between a booth and bar operation.

E. If an organization owns the permitted premises, the organization may transfer paper pull-tab games in play between its booth and bar operation.

Subp. 1a. **Paper pull-tab sales at premises offering electronic pull-tab sales.** For purposes of Minnesota Statutes, section 349.1721, subdivision 4, paragraph (a), clause (3), the following apply to paper pull-tab sales at premises offering electronic pull-tab sales:

A. At a bar operation premises, paper pull-tabs must be offered for sale during all times electronic pull-tabs are offered for sale.

B. Electronic pull-tab games may be conducted at a booth operation premises only if paper pull-tabs are offered for sale during all times the booth is open.

Subp. 2. **Posting of information and paper pull-tab flare.** In addition to the information required by part 7861.0260, subpart 2, an organization must post the flare for each deal of paper pull-tabs in play.

A. The flare must be attached to the receptacle or pull-tab dispensing device containing the deal of pull-tabs or prominently posted at the point of sale.

B. The entire flare must be visible to players.

C. An organization may not change the flare except:

(1) to post a progressive jackpot amount; or

(2) to record the method of selecting a winning ticket for a paper pull-tab event game.

D. An organization may not use a flare that it receives in an altered or defaced condition except for flares that contain a last sale sticker added by the distributor.

E. If a progressive paper pull-tab game is played, the organization must also post the flare containing the current progressive jackpot amount while the game is in play.

F. If a cumulative paper pull-tab game is played, the organization must also post the prize pool board while the game is in play.

Subp. 3. **Operation of paper pull-tab or event game.** Paper pull-tab games must be conducted in the following manner.

A. A deal of paper pull-tabs may not be placed out for play in the original container in which it was received. When a deal of paper pull-tabs is put into play, all of the paper pull-tabs must be placed out for play at the same time. All of the paper pull-tabs must be randomly removed from the original containers and thoroughly mixed before a deal of paper pull-tabs is offered for sale. Tiered containers may not be used for the sale of paper pull-tabs.

B. An organization may not put into play any paper pull-tab or pull-tab flare that has been marked, defaced, altered, or tampered with, or operate a paper pull-tab game in a manner that tends to deceive the public or affects the chances of winning or losing.

C. Separate cash banks must be maintained for each deal unless a point of sale system that meets the standards in this part is used or the deal is played through a paper pull-tab dispensing device.

D. Each paper pull-tab must be sold for the price on the flare. A paper pull-tab may not be given to a player free of charge or for any other consideration.

E. An organization may not award a prize to a player unless the player redeems a winning paper pull-tab. A prize payout must not be made to any player for a lost, marked, defaced, or altered paper pull-tab, or for any winning paper pull-tab that left the permitted premises where the deal is in play.

F. The pull-tab seller must immediately deface each winning paper pull-tab when it is redeemed by the player.

G. For paper pull-tab event games where a winning ticket is determined by a method other than an instant win the following apply:

(1) if more than one method of selecting the winning ticket or tickets is provided on the flare by the manufacturer, the organization must determine the method to be used and record the determination on the flare prior to making the game available for play;

(2) the organization must prominently post the flare prior to the sale of any tickets; and

(3) a player with a potential winning (hold) ticket is not required to be in attendance to win and must be given a receipt by the seller for notification purposes if the ticket is selected as a winner. If the hold ticket is selected as a winning ticket, the organization must notify the player within two business days of selecting the winning ticket.

Subp. 4. **Operation of cumulative paper pull-tab game.** In addition to the requirements of subpart 3 the following items pertain to the conduct of a cumulative paper pull-tab game.

A. Cumulative paper pull-tab games may only be played with deals having the same form number from the same family and manufacturer.

B. An organization may have more than one deal in a cumulative paper pull-tab game in play at the same time but may not commingle deals.

C. The organization must post the prize pool board until the cumulative game is completed or is discontinued by the organization.

D. When a seal winner is determined for a deal, the seller must open or uncover the seal on the prize pool board and award the prize.

E. When closing or discontinuing a deal within a cumulative paper pull-tab game, the organization must immediately open or uncover the seal for that deal to determine a winner, if any.

Subp. 5. **Operation of multiple seal paper pull-tab game.** In addition to the requirements of subpart 3, the following items pertain to the conduct of a paper pull-tab game with multiple seals.

A. When a ticket with a seal number is presented to a seller, the seller must open or uncover the seal as designated on the ticket and award the prize.

B. When the game is closed, all unclaimed and unsold seals must remain sealed or covered.

Subp. 6. **Operation of progressive paper pull-tab game.** In addition to the requirements of subpart 3, the following items pertain to the conduct of a progressive paper pull-tab game.

A. A progressive paper pull-tab game may only be played with deals having the same form number from the same family and manufacturer.

B. Each deal in a progressive paper pull-tab game must contribute the same amount towards the progressive jackpot. When the progressive jackpot reaches the jackpot amount listed on the flare, no additional contribution may be made to the progressive jackpot.

C. The holder of a paper pull-tab ticket that allows the player to be a potential jackpot winner must also complete a contact information form that includes the organization and game information, holder's name, address, telephone number, and the selected progressive jackpot window or windows to be opened or uncovered if the player is the seal prize winner.

D. If the seal prize winner is present, the winner must select a progressive jackpot window or windows to be opened or uncovered by the seller. If the winner is not present, the seller opens or uncovers the window or windows the player has selected and recorded on the contact information form.

E. If there is no seal prize winner or the progressive jackpot is not won, the next deal may be put in play or the progressive paper pull-tab game may be closed.

F. When the progressive jackpot is won, the organization must:

(1) have the winner complete and sign a progressive paper pull-tab jackpot prize receipt. If the winner is not present when the jackpot window or windows are opened or uncovered, the organization must send the prize receipt and notification letter to the winner by certified mail within two business days. If the jackpot winner does not claim the prize within 30 days of the date the certified letter was mailed, the prize will be forfeited by the player;

(2) pay the winner by check within four business days of receipt of the signed prize receipt. The organization may pay the winner with cash if the jackpot prize is less than \$600 and the seal prize winner is present when the winning seal is opened or uncovered;

(3) furnish the winner with appropriate federal and state tax forms;

(4) collect completed federal and state tax forms from the winner; and

(5) process payment after withholding taxes.

Subp. 7. **Use of a paper pull-tab dispensing device.** If a paper pull-tab dispensing device is used, the organization must comply with the following.

A. No more than three paper pull-tab dispensing devices in total may be installed or operated at a permitted premises by all organizations at the premises.

B. An organization may not install or operate a paper pull-tab dispensing device 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 allowed by Minnesota Statutes, section 349.151, subdivision 4b, paragraph (c).

C. An organization may not install or operate a paper pull-tab dispensing device at a permitted premises where persons under age 18 are allowed to participate as players in bingo occasions conducted by exempt or excluded organizations.

D. The paper pull-tab dispensing device must be located within view of a gambling employee or volunteer.

E. An organization may not use in a paper pull-tab dispensing device any paper pull-tab game that has a last sale prize.

F. An organization must assign a unique identification code to every person authorized to access a paper pull-tab dispensing device. An organization must maintain an access log, in a format prescribed by the board, for each paper pull-tab dispensing device that it operates. The active access log must be kept in an interior compartment and when completed must be removed and kept with the organization's records.

G. An organization must identify for players the paper pull-tab games that are placed in the individual columns of each pull-tab dispensing device.

H. When adding games to a paper pull-tab dispensing device, an organization must randomly put the entire deal into one or more columns. When tickets remain in only one column, the tickets may continue to be sold without further splitting into multiple columns.

I. An organization must maintain complete control of its paper pull-tab dispensing devices. The gambling manager is responsible for all keys to each paper pull-tab dispensing device with the following requirements.

(1) For each paper pull-tab dispensing device, the organization must maintain a key log on a form prescribed by the board. The key log must contain, at a minimum, the following information:

(a) names of organization employees who are assigned custody of one or more keys and the dates the keys were assigned; and

(b) any instance in which the custody of any key changes from one organization employee to another, including the date of the change and the name of the organization employee accepting the key.

(2) If one or more keys is lost or stolen, the organization must have the entire lockset replaced by a licensed distributor or the licensed manufacturer of the paper pull-tab dispensing device.

(3) A duplicate key to any exterior door or interior compartment must not be made.

(4) Keys to the cash compartment may not be assigned to the lessor or lessor's employees unless the paper pull-tab dispensing device has a separate locked cash box within the cash compartment, and the lessor or lessor's employees needs the key to remove and secure the cash box at the close of business for the day. The lessor or lessor's employees must record the currency meter readings in the access log whenever they open the cash compartment to remove the cash box. An organization may not assign the keys to the cash box to a lessor or lessor's employees.

J. If there is a catastrophic failure of a paper pull-tab dispensing device, the organization must notify the board and receive its approval before clearing, erasing, or replacing the access and accounting indicators.

K. An organization employee opening the cash compartment must remove all the cash and record the currency meter readings in the access log.

L. Only licensed manufacturers, distributors, or authorized organization employees may perform service or maintenance on paper pull-tab dispensing devices. An organization must not modify the assembly or operational functions of a pull-tab dispensing device or any of its components.

Subp. 8. **Commingled deals in a paper pull-tab dispensing device.** The following items apply to commingled deals of paper pull-tabs.

A. An organization may commingle two or more single deals of paper pull-tabs in a paper pull-tab dispensing device if:

(1) the deals are identical in the type of game, ticket, color, form number, and quantity of paper pull-tabs per deal;

(2) each deal has a separate flare displaying the bar code and serial number;
and

(3) the flares have the same ticket price, amount of prizes, and prize denominations.

B. An organization must remove commingled deals from play at the end of each month for the purpose of reporting the sales from the deals on that month's tax return as prescribed by the commissioner of revenue. The organization must report on the tax return the deals for which all tickets have been sold or the deals that the organization chooses not to return to play. The organization may return commingled deals to play when the required information has been determined.

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

Subp. 9. **Standards for point of sale systems for paper pull-tab games.** If an organization uses a point of sale system in the conduct of paper pull-tabs, the point of sale system must:

A. be protected by a surge protector and an uninterruptible power supply so that all existing data is preserved if electrical power to the point of sale system is interrupted;

B. have at least one keyed lock with a multiple function position capable of restricting access to accounting and auditing functions;

C. have an operating switch or lock that will allow the point of sale system to operate only when a unique identification code has been entered;

D. create a paper or magnetic media duplicate transaction journal following each transaction;

E. be capable of accepting a game's serial number and ticket price before that game is put into play;

F. have a screen that will display the value of currency given by the player and the amount of currency, if any, to be returned to the player;

G. be capable of recording the following information for each sale of a paper pull-tab:

- (1) date of the sale;
- (2) operator's unique identification code;
- (3) serial number of the game from which the paper pull-tab is purchased;
- (4) quantity of paper pull-tabs purchased; and
- (5) ticket price;

H. be capable of recording the following information for each redeemed winning paper pull-tab:

- (1) date of the prize payout;
- (2) operator's unique identification code;
- (3) serial number of the winning paper pull-tab; and
- (4) amount of the prize payout;

I. be capable of recording and maintaining the information required for each game of paper pull-tabs in play, and be capable of producing a printout for any or all of the games in play at any time; and

J. be capable of printing out the final game record and deleting the game from its transaction records after a paper pull-tab game is closed.

Subp. 10. **Use of point of sale system; monthly audit and reconciliation report for paper pull-tabs.** If an organization uses a point of sale system in the conduct of paper pull-tabs, the organization must:

- A. use the point of sale system exclusively for the conduct of lawful gambling;
- B. be able to identify, by transaction, each employee or volunteer who uses a point of sale system to sell and redeem paper pull-tabs;
- C. have sole responsibility for all keys used to operate the point of sale system;

D. enter the following information into the point of sale system before placing a paper pull-tab deal into play:

- (1) the game's serial number; and
- (2) the ticket price, which must be identical to the ticket price on the flare;

E. ensure that the gambling employee or volunteer:

(1) uses the point of sale system key that corresponds to the game from which the player is purchasing the paper pull-tab;

- (2) enters the number of paper pull-tabs purchased; and
- (3) enters the dollar value of the currency given by the player;

F. ensure that when redeeming a winning paper pull-tab the gambling employee or volunteer:

(1) uses the point of sale system key that corresponds to the game from which the winning paper pull-tab is being redeemed; and

- (2) enters the prize payout amount;

G. record as a paper pull-tab sale and as a redeemed paper pull-tab a transaction in which a player chooses to receive a paper pull-tab instead of a cash prize payout;

H. count cash at the end of each work period and record it in a format prescribed by the board. If the cash amount does not reconcile to the point of sale system totals for each game in play, the organization must prepare a point of sale system discrepancy report in a format prescribed by the board; and

I. on the last day of the month, perform an audit of all paper pull-tab games in play and reconcile the results to the cash register bank on a form prescribed by the board.

(1) For each game in play, the information must include:

- (a) game name and serial number;
- (b) ideal and actual gross receipts;
- (c) total value of unsold tickets;
- (d) total value of prizes paid; and
- (e) net receipts.

(2) The reconciliation of the cash bank must include:

(a) total amount of cash in the point of sale system less the starting cash bank amount, if any;

- (b) amount of cash long or short, if any; and

(c) the adjustments made, if any, to balance the amount of cash in the register to the total net receipts for the games in play.

The board may prohibit an organization from using a point of sale system for paper pull-tabs if it determines that the organization cannot account for the amount of the actual gross receipts from sales, the actual value of prizes awarded, and cash short or cash long from each deal of paper pull-tabs.

Subp. 11. Paper pull-tab records and reports.

A. An organization must keep all records, reports, and prize receipts relating to a paper pull-tab game for 3-1/2 years following the end of the month in which the game was removed from play.

B. An organization must complete records, reports, and prize receipts for paper pull-tab games in ink.

C. With the exception of completed prize receipt forms and unsold and winning tickets and stubs, an organization may maintain or convert and store records and reports in an electronic format.

D. The organization must make records and reports available in paper format to the board, the commissioner of revenue, the commissioner of public safety, or their agents upon request.

E. While a paper pull-tab deal is in play, an organization must keep all records, reports, and prize receipts for the deal at the permitted premises.

F. For each deal of paper pull-tabs the organization must keep the flare, with the bar code attached, and all redeemed and unsold pull-tabs separated by game serial number. Commingled deals of paper pull-tabs that were commingled while in play must be separated by game serial number after being removed from play. The organization must not open any unsold or defective paper pull-tabs.

G. For each deal of paper pull-tabs removed from play during that month, an organization must complete a monthly report in a format prescribed by the commissioner of revenue, as required by Minnesota Statutes, section 297E.06.

H. When using point of sale systems for paper pull-tab games, an organization must keep all cash count, discrepancy, and reconciliation reports, along with all other records for the game.

I. When using a paper pull-tab dispensing device, an organization must keep all access logs along with all other records for each paper pull-tab game dispensed from the device.

J. When separate cash drawers are used for each deal of paper pull-tabs in play, the organization must record the following information for each paper pull-tab deal on a form or in a format prescribed by the board:

- (1) the daily beginning and ending cash drawer balance;
- (2) the initials of all pull-tab sellers on each date;
- (3) any additions to or reductions in the starting cash bank;
- (4) the date put in play and date closed;
- (5) the signature of the person putting the game in play and removing the game from play;
- (6) the total cash on hand at closing of game;
- (7) the amount of bank deposit;
- (8) the dated signature of person preparing and making deposit;
- (9) the total value of prizes paid for the game;
- (10) the total value of unsold tickets for the game; and
- (11) the dated signature of the person who audited the game to determine the amounts in subitems (9) and (10).

Subp. 12. **Disposal of paper pull-tab games and records.** The following items apply to the disposal and destruction of paper games and records.

A. The organization must keep a played paper pull-tab game, flare, prize pool boards that contain unopened seals, and all records for that game 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.

B. The organization may destroy a played paper pull-tab game and the records for that game when the retention period in item A expires, except as required by item C. The game must be completely destroyed using a method such as shredding or burning.

C. An organization must keep paper pull-tab games and records after the retention period in item A expires if the organization is notified by the board, commissioner of revenue, commissioner of public safety, or their agents that an audit, compliance review, or investigation is being conducted.

Statutory Authority: *MS s 14.055; 349.12; 349.151; 349.154; 349.155; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.166; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

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