

7861.0300 PADDLEWHEELS.

Subpart 1. **Restrictions.** In addition to the restrictions and requirements in part 7861.0260, the following apply to the conduct of paddlewheels.

A. Paddlewheels must be played using paddletickets, paddleticket cards, and a paddlewheel. A game of paddlewheels may be conducted with or without a paddlewheel table.

B. 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.

C. An organization must use paddletickets that are attached to a paddleticket card.

D. All 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 must refund the cost of the paddletickets to the players. The unplayed paddletickets must be returned to and defaced by the organization.

E. The mechanical paddlewheel must be spun by the paddlewheel operator and make at least four complete revolutions before stopping. If four complete revolutions are not made, the spin is not valid 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.

F. The winning number is determined by the position of the pointer when the paddlewheel stops spinning. If the pointer stops on top of a peg, the number preceding the peg is the winning number.

G. Prizes may only be awarded to a holder of a winning paddleticket.

H. An organization must not transfer paddlewheel games in play to another permitted premises.

Subp. 2. **Balancing, opening, closing, maintenance, and inspection of mechanical 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.

B. The paddlewheel operator must check 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. The paddlewheel operator must 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 must balance the paddlewheel before conducting paddlewheels.

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

Subp. 2a. **Testing and maintenance of an electronic paddlewheel.** The following requirements for the testing and maintenance of an electronic paddlewheel apply to all paddlewheel games.

A. Prior to initial operation, the organization must register the electronic paddlewheel with the board and receive board approval of the electronic paddlewheel.

B. The organization must secure the electronic paddlewheel when not in use to prevent any tampering or unauthorized use.

C. The organization must restrict log-in access to the operation of the electronic paddlewheel to the operator of the game, the gambling manager, and the distributor.

D. Prior to the acceptance of any wager, the operator of the game shall run a test game to verify the electronic paddlewheel is operating according to the manufacturing standards for the device.

E. The organization must maintain a log-in report identifying the time and date of each instance the electronic paddlewheel was accessed for testing purposes or for actual play. The log-in report must include start and end times of access.

Subp. 3. **Posting of information for paddlewheels without a paddlewheel table.** In addition to the information required by part 7861.0260, subpart 2, an organization must prominently post at the point of sale:

A. clear and legible house rules that include, at a minimum, the following information:

(1) all paddletickets on a card must be sold before the paddlewheel is spun;

(2) the paddlewheel must make at least four complete revolutions before the pointer stops. If the pointer stops on top of a peg, the number preceding the peg is the winning number;

(3) the winner is not required to be present when the paddlewheel is spun;
and

(4) the winner must claim the prize by the conclusion of the activity for the day;

B. the master flare for the paddlewheel game, which the organization may not change; and

C. a clear and legible sign stating the amount of any cash prize and the fair market value of all merchandise prizes to be awarded for each spin.

Subp. 4. **Conduct of paddlewheels without a paddlewheel table.** The following items apply to the conduct of paddlewheels without a paddlewheel table.

A. The sale of paddletickets must comply with the following:

(1) Each ticket on a paddlecard must be sold for the same price and must be a separate and equal chance to win as all other paddletickets with the same paddleticket card number.

(2) In order to play, a person may not be required to purchase more than one paddleticket or pay for anything other than the ticket.

(3) The paddletickets must be sold on the permitted premises on the same day the paddlewheel is spun.

B. The redemption of a winning paddleticket and the awarding of a prize must comply with the following.

(1) To be eligible for the prize, a player is not required to be present when the paddlewheel is spun.

(2) All winning tickets must be redeemed before the conclusion of the activity for that day. Otherwise, the player forfeits the prize.

(3) For each redeemed winning paddleticket, an organization must keep a record of the date played and the cash prize amount or merchandise prize awarded.

(4) In addition to the prize awarded to the winning number, prizes may be awarded to the numbers immediately adjacent to the winning number on the paddlewheel.

Subp. 5. **Posting of information for paddlewheels with a paddlewheel table.** In addition to the information required by part 7861.0260, subpart 2, an organization must prominently post at the point of sale clear and legible information including, at a minimum, the following:

A. information required by subpart 3, item A, subitems (1) and (2);

- B. the master flare for the paddlewheel game, which the organization may not change;
- C. cash denominations at which paddlewheel chips issued by the organization are sold and redeemed;
- D. a player must first purchase paddlewheel chips from the paddlewheel operator;
- E. chips must be safeguarded. A chip dropped into a table betting slot must be retrieved by authorized organization employees;
- F. a player must purchase with chips only as many paddletickets as the player desires to bet on the immediate next spin of the paddlewheel;
- G. a player is assigned a unique identification number that the player must write on the back of purchased paddletickets;
- H. the player places a bet by inserting a paddleticket in a selected betting slot on the paddlewheel table. Jammed tickets are void;
- I. a player may not touch a paddleticket after the paddlewheel operator announces "bets closed" and until the operator announces "place bets";
- J. 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;
- K. a prize payout is made in chips that must be redeemed through the cashier; and
- L. a player must be present to win.

Subp. 6. **Conduct of paddlewheels with a paddlewheel table.** The following items pertain to the conduct of paddlewheels with a paddlewheel table.

A. Before conducting a paddlewheel game with a paddlewheel table, the organization's gambling manager must attend a board-authorized class on the conduct of paddlewheels with a paddlewheel table. Thereafter a replacement gambling manager must attend a board-authorized class on the conduct of paddlewheels with a paddlewheel table within 60 days of the effective date of the new gambling manager's license. If a gambling manager fails to meet board-authorized class requirements, the organization must discontinue the conduct of paddlewheels with a paddlewheel table until the replacement gambling manager has attended the board-authorized class.

B. No more than two paddlewheel tables may be at a permitted premises. If there are two paddlewheel tables at a permitted premises, each table and its drop boxes must have a separate and unique paddlewheel table identification number.

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

D. For the sale of paddlewheel chips and paddletickets the organization must comply with the following.

(1) All paddletickets must be sold on the permitted premises immediately before a spin to be valid for that spin.

(2) Each ticket on the paddlecard must be sold for the same price and must be a separate and equal chance to win with all other paddletickets sold for the spin.

(3) The player must purchase paddlewheel chips and paddletickets from the paddlewheel operator at the paddlewheel table.

(4) A player must purchase paddletickets 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.

(5) When a player first purchases paddlewheel chips, the operator must give the player a card containing a unique identification number. The player must return the card to the operator when the player stops playing.

(6) Only chips may be used that comply with the standards in subpart 9.

E. Upon receiving currency from a player for the purchase of paddlewheel chips or paddletickets, the operator must:

(1) spread each bill of currency face down 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 the currency is within the camera's view;

(2) spread the paddlewheel chips or purchased paddletickets out on the playing surface, and momentarily move the operator's hands away from the chips or paddletickets so that the chips or paddletickets are within the camera's view;

(3) restack the chips and push them to the player; and

(4) place the currency in the drop box after giving the player the chips or paddletickets.

F. The placement of bets must comply with the following.

(1) Each player must write the player's assigned identification number on the back of the player's paddletickets before placing the tickets in a betting slot on the paddlewheel table.

(2) A player must bet all of the player's purchased paddletickets on the immediate next spin. Any purchased but unplayed tickets are not valid, must not be used on any other spin of the paddlewheel, and must be given back to the operator who must treat them as losing tickets.

(3) To bet, a player must place the purchased paddleticket in a betting slot on the paddlewheel table. If the player forces the ticket all the way through the slot into the cavity of the table, the paddleticket is not valid and must be treated as a losing ticket.

(4) The paddlewheel operator must announce "bets closed" when the paddlewheel operator has determined that:

- (a) no other player wants to purchase a paddleticket for the immediate next spin;
- (b) there is no partially sold paddleticket card; and
- (c) the players have bet all their tickets.

After that, a player may not 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.

(5) The paddlewheel operator may assist a player with a disability if the operator first verbally announces to all players at the table that assistance is being given.

G. The paddlewheel operator must record each spin in the following manner.

(1) The paddlewheel operator must sequentially number each paddlewheel spin for each day of activity beginning with "one" for the first spin of the day, progressing until activity for the day is completed.

(2) The spin number must be written with a nonerasable marker in a consistent manner either on:

- (a) the face of the first paddleticket card stub for which paddletickets have been sold for a particular spin; or
- (b) the back of the last stub from which tickets have been sold for a particular spin.

(3) All spin numbers must be recorded in the same location on the stub.

(a) When the sale of tickets for a particular spin continues into a new sealed grouping of paddleticket cards, the sequential spin number must then be written on the face of the first stub of the group from which tickets are continuing to be sold.

(b) For each subsequent spin of the same group of paddleticket cards, the spin number must be written in a consistent manner on either 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.

(4) All tickets sold for a spin must have the same prize payout. If more than one group of paddletickets is sold for a spin, the master flare for each group of tickets must be posted. At the end of the spin, the old flare must be removed.

(5) The paddlewheel operator must initial each paddleticket card stub with a nonerasable marker.

(6) After each spin, the paddlewheel operator must record with a nonerasable marker the winning number or numbers on:

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

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

H. When redeeming a winning paddleticket and awarding a prize, the organization must comply with the following.

(1) The paddlewheel operator must 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.

(2) Next, the operator must pay off the winning tickets, if any, slot by slot. To pay off the winning tickets, the operator must:

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

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

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

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

Subp. 7. Use of digital video recorder (DVR) system for paddlewheels with a paddlewheel table. The following items apply to the conduct of paddlewheels with a paddlewheel table.

A. Within 14 calendar days of the initial operation of a paddlewheel table or within 14 calendar days of switching to a DVR system, the organization must send to the board a video recording of at least one day's activity. The board must review the

video recording to verify that the organization is complying with rule requirements. If the board does not receive a video recording or if the board determines the video recording does not meet rule requirements, the organization must make corrections before resuming paddwheel activity.

B. An organization must use a DVR system that meets, at a minimum, the following requirements:

(1) record at the same time the operator, paddwheel table rail to rail, and a picture of the wheel pointer and number of the paddwheel table;

(2) not have an audio recorder;

(3) record real date and time of activity in a location on the video that does not obscure the view of the paddwheel table or the wheel pointer;

(4) allow for immediate verification of the value of chips, placement and payment of bets, the pointer, the winning number on the paddwheel, and drop box slot;

(5) show the identification number of the paddwheel table when an organization conducts more than one paddwheel table;

(6) record in color and be capable of variable focus;

(7) have sufficient clarity to distinguish the numbers on the table and the denominations of chips and bills;

(8) record at a rate of at least 30 frames per second; and

(9) be programmable with a seven-day memory backup

C. When using a DVR system, the paddwheel table and paddwheel must be in plain view and not be blocked.

D. Security of the DVR system must meet the following:

(1) the DVR must be in a locked cabinet;

(2) the DVR and camera must not be plugged into an outlet that can be switched off;

(3) the DVR and camera must be plugged into a surge protector; and

(4) the DVR monitor, if any, will not be visible to the customers or operators.

E. The organization must maintain the DVR equipment to ensure the quality of the recording of activity at the paddwheel table. The organization must close the paddwheel table if the DVR system is not properly operating or fails to comply with this subpart.

F. Only a gambling manager or an authorized organization member or organization employee may start and stop the DVR system from the time a paddlewheel table is open for the day to the closing of the paddlewheel table or access an organization's DVR system and recordings.

A paddlewheel table operator or cashier, lessor, lessor's immediate family, and lessor's employees are specifically excluded from the activities in this item.

The system may be preprogrammed to start and stop at set times. The system must be locked and inaccessible to the paddlewheel table operator.

G. Each week the gambling manager or an authorized organization member or organization employee, excluding the paddlewheel table operator or cashier, lessor, lessor's immediate family, or lessor's employees, must review at a minimum one day's activity per table. A log must be kept showing who conducted the review and when it was conducted.

H. The organization must keep the recordings of each day's paddlewheel with a paddlewheel table activity in a safe and secure storage place for 90 days. The recordings may not be accessible to the paddlewheel table operator.

I. The organization must submit the recordings to the board upon request in a format approved by the board. The recordings must be viewable frame by frame and at high speed.

Subp. 8. **Operating procedures and internal controls for paddlewheels with a paddlewheel table.** The following operating procedures and internal controls apply to the conduct of paddlewheels with a paddlewheel table.

A. An organization is responsible for the safeguarding and secure storage of paddleticket cards and paddlewheel chips.

B. An organization must redeem paddlewheel chips for cash at the value for which they were sold. The chips must be redeemed only through the paddlewheel chip and cash bank cashier. The organization must keep the cash bank used to redeem paddlewheel chips separate from all other organization cash. Until the organization completes the records for the time period during which the chips were redeemed, the organization must keep redeemed chips separate and apart from the chip bank.

C. All tips must be made only with paddlewheel chips. A paddlewheel operator must redeem paddlewheel chips received as tips through the paddlewheel chip and cash bank cashier and may not exchange those chips for other chips from any chip tray.

D. An organization may not transfer or make change of chips directly from one table to another table.

E. When paddlewheel chips are distributed to a paddlewheel table from the chip bank, the paddlewheel chip and cash bank cashier must prepare a fill slip. The fill slip must be at least a two-part carbonless form and include at a minimum the following information:

- (1) date and time;
- (2) denomination of chips;
- (3) quantity and total dollar value, by denomination, of chips;
- (4) total dollar value of chips; and

(5) if there is more than one paddlewheel table located at the permitted premises, the table identification number.

The cashier must keep the original copy of the fill slip. The paddlewheel operator must deposit the duplicate copy of the fill slip in the paddlewheel table drop box.

F. When paddlewheel chips are returned from the paddlewheel table to the chip bank, the paddlewheel operator must prepare a credit slip which 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 paddlewheel operator must deposit the original copy of the credit slip in the paddlewheel table drop box, and the cashier must keep the duplicate copy of the credit slip.

G. After play has started, the paddlewheel operator must keep the money plunger in the paddlewheel table drop box slot while the drop box is attached to the table. The paddlewheel operator must remove the money plunger when coin, currency, or forms are being inserted into the drop box.

H. The paddlewheel operator must immediately place all cash received for paddlewheel chips into the drop box. The contents of the drop box may not be accessed by any person before the drop box cash count.

I. An organization employee or volunteer, who is not the paddlewheel operator or paddlewheel chip and cash bank cashier, must keep and control the key to at least one lock securing the contents of the paddlewheel drop box during the time a paddlewheel is in play.

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

K. The drop box must be opened and the cash counted by two organization employees or volunteers, only one of which may be the paddlewheel operator or the chip and cash bank cashier. The cash count must be verified by a third person.

Subp. 9. **Standards for paddlewheel chips for paddlewheels with a paddlewheel table.** The following standards apply to paddlewheel chips used with a paddlewheel table.

- A. Paddlewheel chips must not be made of plastic, wood, or paper.
- B. 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.
- C. Each chip must have permanent edge spots that are different in color than the rest of the chip.
- D. Each paddlewheel chip must be clearly and permanently impressed, engraved, or imprinted with the organization's license number and the dollar value of the chip.

Subp. 10. **Bet and prize payout restrictions for paddlewheels with a paddlewheel table.** The following bet and prize payout restrictions apply to the conduct of paddlewheels with a paddlewheel table.

- A. A player must 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 if 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. The prize payout must be a predetermined variable multiple of the amount wagered, must be made in paddlewheel chips, and 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. 11. Paddlewheel records and reports.

A. An organization must keep all records, reports, and prize receipts for a paddlewheel game for 3-1/2 years following the end of the month in which the lawful gambling occasion was conducted and reported on the tax return.

B. An organization must complete records, reports, and prize receipts for paddlewheel games in ink.

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

D. For each paddlewheel game, an organization must keep the master flare, all redeemed and unsold paddletickets, and all paddlecard stubs.

E. When using a paddlewheel with a table, an organization must complete forms prescribed by the board that account for cash banks, chips, receipts, operator sales, prize receipts, and operator percent of hold. An organization must keep records 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.

F. For each separate time period that a paddlewheel table is in use, an organization must keep a record of the following information:

- (1) premises permit number;
- (2) table identification when the organization uses more than one table;
- (3) dates and times that the paddlewheel was open for play;
- (4) starting and ending cash bank amount;
- (5) starting and ending paddlewheel chip inventories by denomination and total dollar value; and
- (6) denomination and total dollar value of paddlewheel chips taken to the table from inventory, taken from the table to inventory, and redeemed for cash.

G. The organization must deface all unsold paddleticket cards when closing a grouping of paddleticket cards.

H. At the end of the month, the organization must close from play all partially played groupings of paddleticket cards and report as unsold any unplayed paddleticket cards.

I. For each sealed grouping of 100 or fewer sequentially numbered paddleticket cards from which paddletickets were sold that month and closed from play, an organization must complete a monthly report in a format prescribed by the commissioner of revenue, as required by Minnesota Statutes, section 297E.06.

Subp. 12. **Disposal of played paddlewheel tickets and records.** The following items apply to the disposal and destruction of tickets and records.

A. An organization must keep redeemed paddlewheel tickets, unsold tickets, and master flares for 3-1/2 years following the end of the month in which the game was played and reported as a played game on the tax return.

B. An organization may destroy paddlewheel records, redeemed paddletickets, unsold tickets, and master flares 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 the game and records after the retention period in item A expires if they are 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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