

7861.0260 CONDUCT OF LAWFUL GAMBLING.

Subpart 1. **General restrictions.** The following items are general restrictions on the conduct of lawful gambling.

A. The term "employee" includes a "volunteer."

B. All playing of lawful gambling must be on a cash basis, in advance of any play. "Cash" means currency, money orders, cashier's checks, or traveler's checks. Cash does not include personal checks, credit cards, or debit cards, except that raffle tickets and certificates of participation may be purchased by personal check or debit card.

C. In addition to the restrictions in Minnesota Statutes, section 349.181, the following restrictions apply to persons involved in the conduct of lawful gambling:

(1) an organization's gambling manager may not participate in any form of lawful gambling at any of the organization's permitted premises;

(2) employees and volunteers involved in the conduct of paper or electronic pull-tabs, tipboards, paddlewheels, and electronic linked bingo may not participate in those games at the permitted premises. This restriction remains in effect until two weeks after the employee or volunteer is no longer involved in the conduct of lawful gambling;

(3) employees and volunteers may participate in paper bingo at the permitted premises if not working that occasion;

(4) volunteers involved in paddlewheels without a table and tipboards with 32 numbers or fewer may, if not working on that day, participate in paper and electronic pull-tabs, tipboards, paddlewheels, and paper and electronic linked bingo at the permitted premises;

(5) lessors of licensed lawful gambling premises may not participate in paper or electronic pull-tabs, tipboards, raffles, paddlewheels, or paper and electronic linked bingo at that permitted premises. A lessor's immediate family, as defined in part 7861.0210, subpart 27, may not participate in paper or electronic pull-tabs, tipboards, paddlewheels, and electronic linked bingo at that permitted premises; and

(6) except for the organization's gambling manager, organization employees and volunteers involved in the conduct of lawful gambling may participate in raffles.

D. 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 disposable gambling equipment stored at the premises 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 other than invoices for the purchase of electronic pull-tab games, and must make the invoices available for inspection by the board and its agents and the commissioners of revenue and public safety and their agents.

E. An organization must ensure that its compensated gambling employees are clearly identified by name to the public at all times when conducting lawful gambling.

F. An organization or organization employee must not engage in any act, practice, or course of operation that manipulates the outcome of any game.

G. An organization employee or volunteer may not share or allow others to use the employee's or volunteer's password or unique identifying code.

H. An organization must only conduct lawful gambling at times when the premises is open for the conduct of its regular business.

I. An organization must not conduct any form of lawful gambling in a manner that tends to deceive the public or affects the chances of winning or losing.

J. Illegal gambling may not be conducted at a premises for which a licensed organization has a premises permit to conduct lawful gambling.

K. On leased bingo premises, food and beverages may be dispensed within the permitted premises. Gambling employees of the organization working during a bingo occasion may not provide this service. The organization must not pay for the cost of the food and beverages from the organization's gambling accounts.

Subp. 2. **Posting of information and house rules.** A licensed organization must prominently post the following information at each permitted premises in an area visible to players before they purchase a chance to participate in lawful gambling:

A. organization name, license number, and premises permit number;

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

C. statement that illegal gambling is prohibited;

D. house rules that include at a minimum the policies governing the conduct of lawful gambling at the premises, including any restrictions in addition to those imposed by Minnesota Statutes, section 349.181, on who may not participate in the conduct of lawful gambling at the premises. The house rules must be adequately lighted, legible, and at least 11 inches by 17 inches; and

E. for the conduct of bingo, the information required by this subpart may be contained in the bingo program as an alternative to posting the information.

Subp. 3. **Advertising.**

A. Any promotional material, sign, or advertising of lawful gambling must identify the licensed organization permitted to conduct gambling at the premises and its license number, if the cost is paid by a licensed organization from its gambling account.

B. Electronic linked bingo devices and electronic pull-tab devices may only contain advertising directly related to the organization's lawful gambling activity.

C. There may be no advertising on electronic devices during actual game play.

Subp. 4. Prizes awarded; records required.

A. The value of prizes awarded must not exceed the limits in this subpart or Minnesota Statutes, section 349.211. "Value" means the following:

(1) fair market value of merchandise prizes, which must not be an amount less than the organization paid for the prize. Merchandise prizes purchased by the organization at a discount and donated prizes must be valued at their fair market value and included in the determination of compliance with this subpart or Minnesota Statutes, section 349.211;

(2) fair market value of certificates for merchandise or service;

(3) assessed tax value of real property;

(4) dollar amount of the cash prize. For raffles, cash includes currency, coins, and negotiable instruments; and

(5) actual amount paid for a savings bond.

B. The maximum value of a prize for two or more winning pull-tab combinations including the last sale prize on a single pull-tab must not exceed the limits in Minnesota Statutes, section 349.211, subdivision 2a.

C. A prize must consist of cash, merchandise, certificates for merchandise, certificates for services, gift certificates, or gift cards with the following exceptions and restrictions:

(1) prizes must not consist of lawful gambling equipment;

(2) cash must not be substituted for merchandise prizes, certificates for services, gift certificates, or gift cards which have been won. This does not apply to multiple bingo winners for a merchandise prize that cannot be divided;

(3) coupons redeemable for bingo hard cards, bingo paper sheets, bingo paper sheet packets, bingo paper packages, and the use of an electronic bingo device may be awarded for bingo;

(4) a certificate for merchandise or services must contain:

(a) a complete description, including the value of the merchandise or services to be redeemed by the certificate;

(b) the vendor's name from whom the certificate must be redeemed; and

(c) a statement expressly prohibiting the substitution of cash or another type of merchandise or services for the merchandise or services described on the certificate;

(5) for a paddlewheel game played with a table, only cash prizes may be awarded and must be awarded and redeemed through the use of chips; and

(6) for a paddlewheel game played without a table, a cash prize amount may not be a variable multiple of the standard price of a paddlewheel ticket.

D. An organization must pay for in full or otherwise become the owner, without lien or interest of others, of merchandise prizes before winners of the prizes are determined, except as allowed by Minnesota Statutes, section 349.211, subdivision 4, paragraph (b), or for raffles with gross receipts of \$60 or less.

E. When an organization awards a prize that will require registration or licensure by a government agency as a condition of ownership, the organization must use a certificate for merchandise. The winner will be responsible for securing the required registrations or licenses and will be required to give proof of eligibility to receive the prize. An organization is responsible for ensuring that the prize is received by the winner.

F. Cash prizes must be awarded when they are won. This item does not pertain to a progressive bingo prize, linked bingo jackpots, a progressive pull-tab or tipboard jackpot prize, and raffles.

G. Merchandise prizes must be displayed in full view of the players in the immediate vicinity of the game and must not be redeemed for cash or converted into cash. 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. This requirement does not apply to raffles.

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

I. All merchandise prizes must be accounted for in a format prescribed by the board that includes at a minimum the following information:

- (1) date the organization acquired the merchandise;
- (2) fair market value of the merchandise;
- (3) complete inventory of prize merchandise; and
- (4) documentation on how the fair market value was determined.

J. For leased permitted premises, an organization may not purchase merchandise prizes from the lessor, except that an organization may purchase from the lessor a certificate for merchandise or gift card to be redeemed for food or beverages at the premises if:

- (1) the certificate or card value has a redeemable monetary cash value;
- (2) the certificate or card does not contain restrictions on its redemption, such as requiring a purchase of food or beverage of equal or greater value or redeemable for a specific item;
- (3) the certificate or card may be redeemed at any time during the regular business hours of the permitted premises; and

(4) the cost to the organization is 50 percent or less of the redeemable cash value of the certificate or card.

Subp. 5. Prize receipt or winner verification form required.

A. When a prize is awarded, the organization must complete a prize receipt in a format prescribed by the board for the following:

(1) a bingo prize valued at \$100 or more;

(2) a bingo game where the value of the prize cannot be determined and verbally announced to players prior to the beginning of the game;

(3) a winning paper pull-tab or tipboard ticket valued at \$100 or more, or for any prize for redeeming the last ticket sold in a paper pull-tab or tipboard game for which the distributor has modified the flare to contain a last sale prize of \$20 or more. The winning ticket, and winning seal tab if any, must be stapled to the prize receipt;

(4) cashing out an electronic linked bingo device with \$600 or more in credits;

(5) cashing out an electronic pull-tab device with \$600 or more in credits; and

(6) a paddlewheel prize valued at \$100 or more, and the winning ticket must be stapled to the prize receipt.

B. A prize receipt must include at a minimum the following, in a legible format and in ink:

(1) the organization's name;

(2) the name of the gambling premises;

(3) the game serial number of the game from which the prize was won;

(4) the name of the game;

(5) the date and time the prize was won or, for electronic pull-tabs and electronic linked bingo, the date and time credits of \$600 or more were cashed out;

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

(7) the winner's complete name and address, and driver's license number, including state of license registration:

(a) if the winner does not have a driver's license, the winner's complete name and identification number must be obtained from another form of government-issued picture identification belonging to the winner; or

(b) if a bingo winner does not have a driver's license or other form of government-issued picture identification, the prize receipt must contain the name and address of the winner, and a driver's license or other government-issued picture identification, including the

complete name, identification number, and the signature in ink, of another person playing bingo during that occasion; and

(8) signatures, in ink, of the winner and the gambling employee or volunteer paying the winner.

C. For an electronic progressive pull-tab prize of \$600 or more, the organization must:

(1) have the winner immediately complete and sign a winner verification form that contains the winner's name, address, phone number, and player eligibility verification;

(2) furnish the winner with applicable federal and state tax forms, if any;

(3) collect completed federal and state tax forms, if any, from the winner;

(4) after withholding taxes, if applicable, process payment;

(5) pay the winner by check, cash, or a combination of check and cash within four business days of receipt of the signed winner verification form and all applicable federal and state tax forms, if any; and

(6) maintain the winner verification form as part of the organization's records for 3-1/2 years.

D. For an electronic linked bingo prize of \$600 or more, the organization must:

(1) have the winner complete and sign a winner verification form that contains the winner's name, address, phone number, and player eligibility verification, within one business day of the prize win;

(2) furnish the winner with applicable federal and state tax forms;

(3) collect completed federal and state tax forms, if any, from the winner; and

(4) provide the electronic linked bingo winner verification form to the linked bingo game provider.

E. The player eligibility verification form must state:

(1) that the player is age 18 or older;

(2) that the player is eligible to participate in the conduct of lawful gambling pursuant to subpart 1, item C, and Minnesota Statutes, section 349.181, subdivisions 3 to 5;

(3) that the player will not claim a prize on behalf of another person, or by means of fraud, deceit, or misrepresentation; and

(4) that the player will report the winnings to the Internal Revenue Service, if required.

F. The winner verification form required for electronic games with prizes of \$600 or more must include the following, in a legible format and in ink:

- (1) the organization's name;
- (2) the name of the gambling premises;
- (3) the winner's complete name, address, and driver's license number, including the state of license registration and:
 - (a) if the winner does not have a driver's license, the winner's complete name and identification number must be obtained from another form of government-issued picture identification belonging to the winner; or
 - (b) if the winner does not have a driver's license or other form of government-issued picture identification, the winner verification form must contain the name and address of the winner, and a driver's license or other government-issued picture identification, including the complete name, identification number, and the signature in ink, of another person playing electronic linked bingo during that occasion; and
- (4) signatures, in ink, of the winner and the seller.

Subp. 6. **Storing and securing equipment.** Gambling equipment may be stored on the leased permitted premises. Gambling equipment must be secured in an area that is under the organization's control.

Subp. 7. **Return of defective paper pull-tab or tipboard game and raffle boards to distributor or revenue.**

A. If, before being put into play, a paper pull-tab or tipboard game or raffle board is determined not to be manufactured according to the standards in part 7864.0230, the organization must return the game to the distributor. The game or raffle board must be returned within seven business days of determining that the standards, including the following, were not met:

- (1) serial number or form number of the tickets or raffle board does not match the serial number or form number on the flare or raffle board stubs;
- (2) all tickets in a deal or raffle board stubs do not have the same serial number in a deal;
- (3) a pull-tab or tipboard game has the same serial number and form number as another pull-tab or tipboard game manufactured by that manufacturer, or a raffle board has the same serial number and form number as another raffle board manufactured by that manufacturer, in the organization's inventory;
- (4) geographic outline of the state of Minnesota as required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the raffle board or on the flare for that game;
- (5) bar code required by Minnesota Statutes, section 349.163, subdivision 5, does not appear on the raffle board or flare for that game;
- (6) prize amount on a pull-tab or tipboard ticket does not correspond to the prize amount listed on the flare;

(7) pull-tab or tipboard ticket price does not correspond to the price listed on the flare;
or

(8) a game or raffle board was received from a distributor with the manufacturer's seal broken.

B. If, during the play of a paper pull-tab or tipboard game or raffle board, the game or board is determined not to be manufactured according to the standards in part 7864.0230, the organization must immediately remove the game or raffle board from play and report it as a played game on the tax return.

(1) The organization must return the game or raffle board to the distributor with documentation that the game does not meet the standards, including but not limited to item A, subitems (4) to (7).

(2) For a game or raffle board not manufactured in compliance with item A, subitem (1), (2), or (3), the organization must surrender the game or raffle board to the commissioner of revenue.

C. If, after a paper pull-tab or tipboard game or raffle board is removed from play, the game or raffle board is determined not to be manufactured according to the standards in part 7864.0230, the organization must report the game or raffle board as played on the tax return.

(1) The organization must return the game or raffle board to the distributor with documentation that the game or raffle board does not meet the standards, including but not limited to applicable standards in item A, subitems (4) to (7).

(2) For a game or raffle board not manufactured in compliance with item A, subitem (1), (2), or (3), the organization must surrender the game or raffle board to the commissioner of revenue.

D. The organization must keep any game or raffle board that is returned by the distributor as a played game.

Subp. 8. Return of defective linked bingo paper to linked bingo game provider. Within seven business days of determining that linked bingo paper was not manufactured according to part 7864.0230, the organization must return the linked bingo paper to the linked bingo game provider with documentation that the paper does not meet the standards.

Subp. 8a. Return of defective bingo boards. Within seven business days of determining that a bingo board was not manufactured according to part 7864.0230, the organization must return the bingo board to the distributor with documentation that the bingo board does not meet the standards.

Subp. 9. Electronic game occasion; records and reports.

A. If the cumulative net value of credits available for deposit at the close of an electronic game occasion reaches \$2,000 or more, the electronic game cash on hand less the starting cash bank amount must be removed from the cash drawer and secured in a safe until taken for deposit.

B. After the close of business on the last day of each month, but before the start of business on the first day of the next month, the electronic game cash on hand less the starting cash bank amount must be separated from the starting cash and secured in a safe until taken for deposit.

C. At the end of each electronic game occasion, the point-of-sale system must produce:

(1) for devices that play both electronic pull-tab games and electronic linked bingo games, a record of the total value of credits purchased during the occasion, the total value of credits redeemed during the occasion, the electronic net value of credits, and any unredeemed credits;

(2) a record of the electronic pull-tab gross receipts, the electronic pull-tab prizes redeemed during the occasion, and the electronic pull-tab net value of credits for the electronic game occasion;

(3) a record of the electronic linked bingo gross receipts, the electronic linked bingo prizes awarded at premises, and the electronic linked bingo net proceeds awarded at premises for the electronic game occasion; and

(4) separate summaries for all bar operation and booth operation electronic game activity conducted on the same day at the same premises.

D. If the lessor provides the starting cash bank, the lessor must transfer the electronic net value of credits from the electronic game occasion to the licensed organization upon demand.

E. If the organization provides the starting cash bank, the following information must be entered on a form or in a format prescribed by the board:

(1) the amount of cash in the electronic game cash drawer before the start of each electronic game occasion and the initials or the unique identifying code of the person who counted the amount in the cash drawer;

(2) the amount of cash in the electronic game cash drawer after the conclusion of each electronic game occasion and the initials or the unique identifying code of the person who counted the amount in the cash drawer;

(3) any amount removed from the cash drawer for deposit or to reduce the original starting cash bank amount and the initials or the unique identifying code of the person who removed the cash from the drawer; and

(4) any amount added to the cash drawer to reimburse due to negative net proceeds or cash shortages, or to increase the original starting cash bank amount, and the initials or the unique identifying code of the person who added the cash to the drawer.

F. An organization must keep electronic game occasion records and reports for 3-1/2 years following the end of the month in which the electronic game occasion was conducted and reported on the tax return. 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.

Subp. 10. **Defective electronic pull-tab game or electronic linked bingo game.** If an electronic pull-tab game or an electronic linked bingo game is found to be defective, the organization must immediately:

- A. suspend the electronic pull-tab game or electronic linked bingo game from play;
- B. close the game; and
- C. notify the distributor or the linked bingo game provider and the board of the defective electronic pull-tab game or defective electronic linked bingo game within one business day.

Subp. 11. **Defective, altered, lost, or stolen electronic pull-tab device or electronic linked bingo device.**

A. If an electronic pull-tab device or an electronic linked bingo device is found to be defective or altered, the organization must immediately remove the device from play and notify the distributor or the linked bingo game provider and the board.

B. If an electronic pull-tab device or an electronic linked bingo device is lost or stolen, the organization must immediately notify the distributor or the linked bingo game provider and the board.

C. The organization must report to the board any removal of a defective or an altered electronic pull-tab device or electronic linked bingo device, or any lost or stolen device, at a site within one business day.

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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