

CHAPTER 7864

GAMBLING CONTROL BOARD

MANUFACTURERS

7864.0010 LICENSED MANUFACTURERS.

7864.0030 MANUFACTURER OPERATIONS,
ACCOUNTS, AND RECORDS.**7864.0010 LICENSED MANUFACTURERS.**

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

Subp. 2. **License required.** A manufacturer of gambling equipment may not sell or otherwise furnish any gambling equipment for use in Minnesota to any licensed distributor without a valid manufacturer's license. Annual application must be made for a manufacturer's license. No manufacturer may enter into a service contract to perform repair or maintenance services on pull-tab dispensing devices, or no person may otherwise perform repair or maintenance services on a pull-tab dispensing device without one of the following:

- A. a valid manufacturer's license;
- B. a valid distributor's license; or
- C. a valid license or authorization to conduct lawful gambling.

Subp. 3. **Qualifications.** For purposes of this subpart, "director" means a member of the board of directors, "officer" means any person elected, appointed, or otherwise designated as an officer by the board of directors, and "other person in a supervisory or management position" means any person employed to direct and control the personnel and activities of a department or division. A license may not be issued to a person, or to a corporation, limited liability company, firm, or partnership, that has an officer, director, partner, governor, other person in a supervisory or management position, or person eligible to make sales on behalf of the manufacturer, a person 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 engaged in or connected with 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 last 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 within Minnesota, or while conducting business with distributors authorized to sell lawful gambling equipment in Minnesota. No manufacturer, or any representative, agent, affiliate, or employee of a manufacturer may:

- A. sell gambling equipment to any person or entity not licensed as a distributor under part 7863.0010;
- B. sell gambling equipment to a distributor in this state that has the same serial number, which must be a minimum of five and a maximum of eight characters, as another item of gambling equipment of the same type sold by the manufacturer for use in this state for a period of 3-1/2 years;
- C. be directly or indirectly licensed as a distributor unless the manufacturer does not manufacture any gambling equipment other than paddlewheels and was licensed as both a manufacturer and distributor on May 1, 1990;

D. participate in the conduct of lawful gambling or have an owner, officer, director, partner, or employee who is an officer, director, or gambling manager of any organization conducting lawful gambling, or represent a licensed, exempt, or excluded organization in the purchase of, or influence the purchase of, gambling equipment;

E. be an owner, officer, director, or partner of a wholesale alcoholic beverage distributor;

F. provide or permit an affiliate or person acting on behalf of the manufacturer to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a lessor of gambling premises;

G. lease or rent storage space in Minnesota from any other licensee, or employee of a licensee, of the board;

H. provide or permit an affiliate or person acting on behalf of the manufacturer to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a board employee or member of the board;

I. participate directly or indirectly in the ownership or management of a bingo hall;

J. lease premises to an organization for the conduct of lawful gambling;

K. 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 exceeding a value of \$25 per organization in a calendar year. Value means actual market value or suggested market value, whichever is less. Nothing in this part prohibits a manufacturer, or a representative, agent, affiliate, or employee of a manufacturer 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; or

L. no manufacturer may provide any merchandise prize, as part of the sale of any game, either through a gift or sale, to any licensed, exempt, or excluded organization, or employees of a licensed, exempt, or excluded organization conducting lawful gambling.

Subp. 5. [Repealed, 19 SR 1854]

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

A. the business name and other names used, address, and telephone number of the applicant;

B. the complete addresses of all of the applicant's storage facilities in Minnesota;

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

D. the type of business (sole proprietorship, partnership, limited liability company, or corporation);

E. a list of all persons or entities with a direct or indirect financial interest of five percent or more in the applicant;

F. the type of product to be sold in Minnesota;

G. the full names and titles of the owners, officers, directors, persons in a supervisory or management position, and persons eligible to make sales in Minnesota on behalf of the manufacturer;

H. the addresses of all facilities where gambling equipment is manufactured;

I. the name, address, and telephone number of the applicant's registered agent in Minnesota;

J. a list of all other states or jurisdictions where the manufacturer is currently licensed;

K. an organizational chart illustrating the management structure of the applicant; and

L. the signature of the chief executive officer.

Additional information may be required by the board or 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 apply to attachments to manufacturer's license applications:

A. A manufacturer's personnel form must be completed by each:

- (1) owner;
- (2) partner;
- (3) member of the board of directors or board of governors;
- (4) officer, including but not limited to president, vice-president, secretary, treasurer, controller, or general counsel;
- (5) plant manager, if not identified in subitem (4);
- (6) employee or person who makes sales of gambling equipment on behalf of the manufacturer, provided:
 - (a) the employee or person is located in Minnesota;
 - (b) the employee or person travels to Minnesota for the purpose of making sales of gambling equipment; or
 - (c) the employee or person makes telephone calls to distributors in Minnesota for the purpose of making sales of gambling equipment, and derives all or a portion of his or her salary from these sales;
- (7) each person or entity with a direct or indirect financial interest of five percent or more in the applicant; and
- (8) consultant.

B. The form, prescribed by the board, must include the following information:

- (1) full name, full address, telephone number, and license number, if issued, of the manufacturer;
- (2) individual's full name, full address, date of birth, place of birth, social security number, and telephone number;
- (3) full name of the individual's spouse, if married;
- (4) driver's license number, including state of registration;
- (5) branch of military service, if any, and dates of service;
- (6) country of citizenship;
- (7) position with the manufacturer and work telephone number;
- (8) Minnesota tax identification number, if any, of businesses that the individual has owned for the past ten years;
- (9) employment history for the last ten years;
- (10) places of residence for the last ten years;
- (11) name, address, and license number, or exempt permit number of any organization conducting lawful gambling in Minnesota of which the person is a member and/or the name and address of any excluded organization conducting lawful gambling in Minnesota of which the person is a member;
- (12) a criminal history statement, except petty misdemeanors;
- (13) a statement regarding the provisions of subparts 3 and 4; and
- (14) notarized signature of the person and date signed.

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

C. The manufacturer must submit a copy of its logo which will be used to identify the manufacturer on all products sold in Minnesota.

Subp. 8. Changes in application information. If any information submitted in the application changes during the term of the license period, the manufacturer must notify the board in writing within ten days of the change. Manufacturer personnel forms must be submitted within ten days for any new personnel identified in subpart 7, item A, hired by the manufacturer during the term of the license.

Subp. 9. License fee. The annual manufacturer's license fee is as established in Minnesota Statutes, section 349.163, subdivision 2. License fees are not prorated or transferable.

Subp. 10. Investigation. Before issuing or renewing a manufacturer's license, the board shall conduct, or request the director of alcohol and gambling enforcement to conduct,

a background investigation, which may include a review of the applicant's sources of financing, ownership, and organizational structure. Actual costs in addition to the initial and renewal application fees shall be borne by the applicant.

Subp. 11. **Issuance and denial.** The following items apply to issuance and denial of a manufacturer's license.

A. The board shall issue a license to a manufacturer who submits the information required by subparts 6 and 7, pays the fee required by Minnesota Statutes, section 349.163, subdivision 2, and who is eligible to receive a license pursuant to subpart 3, and Minnesota Statutes, section 349.163.

B. The board shall deny the application of a manufacturer ineligible to hold a license pursuant to subpart 3, or Minnesota Statutes, section 349.163.

C. Notwithstanding items A and B, the board may by order deny a manufacturer's 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 alcohol and 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 license or premises permit application or renewal 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 giving reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held not later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this item must be

conducted in accordance with Minnesota Statutes, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this item, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

Subp. 12. **Length of license.** A manufacturer's license expires one year from the effective date of the license.

Subp. 13. **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. 14. **License renewal.** To renew a license at the end of the term a licensee must submit a complete renewal application on a form prescribed by the board at least 75 days before the expiration of the licensee's existing manufacturer's license. A renewal application is not complete until it contains the information required in subparts 6 and 7, and the fee required by Minnesota Statutes, section 349.163, subdivision 2. If a manufacturer's existing license expires on any day of a month other than the last day of a month, the manufacturer's license renewal shall be effective on the first day of the month preceding the date of expiration of its existing license.

Statutory Authority: *MS s 349.151*

History: *16 SR 2116; 19 SR 1854; 19 SR 2380; L 1997 c 129 art 2 s 15*

7864.0020 [Repealed, 19 SR 1854]

7864.0030 MANUFACTURER OPERATIONS, ACCOUNTS, AND RECORDS.

Subpart 1. **Standards for manufacture of gambling equipment.** The following items apply to lawful gambling equipment manufactured for sale in Minnesota:

A. All pull-tab tickets and deals manufactured for sale in Minnesota must conform to subitems (1) to (10):

(1) pull-tabs must be constructed so that concealed numbers or symbols cannot be viewed or determined from the outside of the pull-tab ticket or when using a high intensity lamp of up to and including 500 watts with or without a focusing lens;

(2) winning pull-tabs must be distributed and mixed among all other pull-tabs in a deal so as to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning pull-tab may be determined. The pull-tab deal must be assembled so that no placement of winning or losing pull-tabs exists that allows the possibility of prize manipulation or pickout;

(3) the minimum information printed on a pull-tab must include:

(a) the name of the manufacturer or its board-registered logo;

(b) the name of the game, which must be identical to the name of the game appearing on the flare for that deal;

(c) the manufacturer's form number;

(d) the price per individual pull-tab;

(e) the game serial number, which must be a minimum of five and a maximum of eight characters, printed on the game information side of the pull-tab, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor; and

(f) the number of winners in each tier, and the respective winning numbers or symbols and prize amounts;

(4) each deal must be designed, constructed, glued, and assembled in such a manner so as to prevent the determination of a winning ticket without removing the tabs or otherwise uncovering the symbols or numbers. The glue must be of sufficient strength and type so as to prevent the separation or delamination of the breakopen. Each ticket in a deal must bear the same serial number. There must not be more than one serial number in a deal;

(5) the symbol or number must be fully visible in the window and must be placed so that no part of the symbol or number remains uncovered when a tab is removed.

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Placement of the number or symbol to the left or right of the center of the window is allowed for increased game security;

(6) it must not be possible to detect or pick out winning pull-tabs due to any manufacturing variations in the tickets;

(7) a winning ticket must be identified as a winner through the use of a unique symbol or printed security device placed in the winning windows;

(8) all winning pull-tabs that award prizes greater than \$50 must utilize a second form of verification to protect against counterfeiting;

(9) the front of the flare for each pull-tab deal must contain the following information:

(a) the name or board-registered logo of the manufacturer;

(b) the name of the game, which must be identical to the name of the game printed on the individual pull-tab tickets in the deal;

(c) the form number;

(d) the ticket count;

(e) the prize structure, including winning pull-tabs by denomination with their respective symbol/number combinations;

(f) the cost per play;

(g) the manufacturer must, for each deal of pull-tabs which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the flare providing all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2, and imprint the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare for each deal of pull-tabs which is sold to a licensed distributor for use by an Indian tribe must bear the bar code required by Minnesota Statutes, section 297E.04, subdivision 2, but must not bear the Minnesota geographic boundary symbol;

(h) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the tickets included for that deal. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(i) the front of the flare must bear the following message, printed in letters large enough to be clearly legible:

"This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters "MN" inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased.";

(10) all pull-tabs manufactured for sale in Minnesota must be packaged as follows:

(a) an extra bar code, as may be required by the commissioner of revenue, must be included inside each deal;

(b) each deal's package, box, or other container must be sealed at the factory with a seal including a warning to the purchaser that the game may have been tampered with if the package, box, or container was received by the purchaser with the seal broken;

(c) each deal's serial number must be clearly and legibly placed on the outside of the deal's package, box, or other container;

(d) for games shipped to Minnesota for sale in Minnesota, the flare must be located on the outside of each game's sealed package, box, or other container;

(e) each deal, including the flare and any other required information, must be sealed in shrink-wrap;

(f) manufacturers must print on the outside of the package, box, or other container of pull-tabs, or affix a label or sticker to the outside of the package, box, or other container, a message in bold print, of sufficient size to be easily read, indicating that the pull-

tabs or tickets in the container must be removed and thoroughly mixed prior to sale to the public; and

(g) the manufacturer must affix to the outside of the box a bar code that contains the information as required by the commissioner of revenue.

B. All jar tickets manufactured for sale in Minnesota must conform to the following standards:

(1) jar tickets must be constructed so that concealed numbers, symbols, or winning colors cannot be viewed or determined from the outside of the jar ticket or when using a high intensity lamp of up to and including 500 watts with or without a focusing lens;

(2) winning jar tickets must be distributed and mixed among all other jar tickets in a deal so as to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning jar ticket may be determined. The jar ticket deal must be assembled so that no placement of winning or losing jar tickets exists that allows the possibility of prize manipulation or pickout;

(3) the minimum information printed on a jar ticket must include:

(a) the name of the manufacturer or its board-registered logo; and

(b) the game serial number, which must be a minimum of five and a maximum of eight characters, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor;

(4) each game or deal must be designed, constructed, glued, and assembled in such a manner so as to prevent the determination of a winning jar ticket without breaking the band, removing the staple, or otherwise uncovering the numbers, symbols, or colors. The glue or staple must be of sufficient strength and type so as to prevent separation of the band. Each ticket in a deal must bear the same serial number. There must not be more than one serial number in a deal;

(5) it must not be possible to isolate winning jar tickets from variations in size or the appearance of a cut edge of the jar ticket;

(6) it must not be possible to detect or pick out winning jar tickets through variations in printing graphics, colors, or serial numbers;

(7) a winning jar ticket must be identified as a winner through the use of a unique symbol or printed security device placed in the winning windows;

(8) the front of the flare for each jar ticket deal must include:

(a) the name or board-registered logo of the manufacturer;

(b) the name of the game, which must be identical to the name of the game printed on the individual jar tickets in the deal;

(c) the form number;

(d) the ticket count;

(e) the prize structure, including winning jar tickets by denomination with their respective symbol, color, number combination;

(f) the actual cost per play;

(g) the manufacturer must, for each deal of jar tickets which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the flare providing all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2, and imprint the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters "MN" inside the outline. The flare for each deal of jar tickets which is sold to a licensed distributor for use by an Indian tribe must bear the bar code required by Minnesota Statutes, section 297E.04, subdivision 2, but must not bear the Minnesota geographic boundary symbol;

(h) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the jar tickets included for that deal. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(i) the front of the flare must bear the following message, printed in letters large enough to be clearly legible:

“This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters “MN” inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased.”;

(9) all jar tickets manufactured for sale in Minnesota must be packaged as follows:

(a) an extra bar code as may be required by the commissioner of revenue must be included in each deal;

(b) each deal's package, box, or other container must be sealed at the factory with a seal including a warning to the purchaser that the game may have been tampered with if the package, box, or container was received by the purchaser with the seal broken;

(c) each deal's serial number must be clearly and legibly placed on the outside of the deal's package, box, or other container;

(d) for games shipped to Minnesota for sale in Minnesota, the flare must be visible from the outside of each game's sealed package, box, or other container;

(e) each deal, including the flare and any other required information, must be sealed inside the deal's package, box, or other container;

(f) manufacturers must place on the outside of the package, box, or other container of jar tickets, or affix a label or sticker to the outside of the package, box, or other container, a message in bold print, of sufficient size to be easily read, indicating that the tickets in the container must be removed and thoroughly mixed prior to sale to the public; and

(g) the manufacturer must affix to the outside of the package, box, or other container a bar code that contains the information as required by the commissioner of revenue.

C. All tipboards and tipboard tickets manufactured for sale in Minnesota must conform to the following standards:

(1) for tipboard games using multi-ply tickets, the manufacturing standards in item A, apply;

(2) for tipboard games using folded or banded tickets, the manufacturing standards in item B, apply;

(3) the minimum information imprinted on the front of a tipboard flare must include:

(a) the name of the manufacturer, or its board-registered logo;

(b) the serial number, which must be identical to the serial number of each tipboard ticket in the deal;

(c) the seal prize;

(d) the consolation prize or prizes, if any;

(e) the ticket count;

(f) the form number; and

(g) the cost per ticket;

(4) deals of tipboard tickets must be manufactured, assembled, and packaged so that none of the winning tipboard tickets, or the location or approximate location of any of the winning tipboard tickets, can be determined in advance of opening the tipboard tickets in any manner or by any device, including but not limited to any pattern in manufacture, assembly, packaging, markings, or by the use of a light;

(5) the manufacturer must, for each deal of tipboards which is shipped, sold, furnished, or provided for use in Minnesota, affix a bar code as required by the commissioner of revenue on the bottom front of the tipboard providing all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2, and imprint the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5. The symbol must be at least one inch high and one inch wide consisting of an outline of the geographic boundaries of Minnesota with the letters “MN” inside the

outline. All tipboards which are sold to a licensed distributor for use by an Indian tribe must bear the bar code required by Minnesota Statutes, section 297E.04, but must not bear the Minnesota geographic boundary symbol;

(6) the serial number included in the bar code as required by the commissioner of revenue must be the same as the serial number on the tickets included on that tipboard. The serial number imprinted on the bar code as required by the commissioner of revenue must be printed in numerals at least one-half inch high; and

(7) the front of the tipboard must bear the following message, printed in letters large enough to be clearly legible:

“This pull-tab (or tipboard) game is not legal in Minnesota unless an outline of Minnesota with the letters “MN” inside the outline is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull-tab (or tipboard) ticket that you have purchased.”

D. All bingo hard cards, bingo paper sheets, bingo paper sheet packets, and breakopen bingo paper sheets manufactured for sale in Minnesota must conform to the following standards:

(1) except as provided in subitem (4), each bingo face must have 25 squares arranged in five vertical and five horizontal rows. The letters “B, I, N, G, O” must be preprinted above the five vertical columns, with one letter appearing above each column. The center space must be marked “free.” The printed numbers on the bingo hard card or bingo paper sheet face must correspond with the numbers and letters of the bingo balls, as follows:

- (a) numbers 1 to 15 in the “B” column;
- (b) numbers 16 to 30 in the “I” column;
- (c) numbers 31 to 45 in the “N” column;
- (d) numbers 46 to 60 in the “G” column; and
- (e) numbers 61 to 75 in the “O” column;

(2) bingo hard cards, bingo paper sheets, and breakopen bingo paper sheets must not have repeating numbers on the same face;

(3) each bingo paper sheet face must have imprinted on its face both its face number and serial number;

(4) all bingo paper sheets not preprinted but completed by the player must contain five horizontal rows of spaces with each row containing five spaces. The central row must have the word “free” marked in the center space. All spaces must be of uniform size and color; and

(5) each breakopen bingo paper sheet must be constructed so that the bingo face or faces are concealed by being sealed in such a manner that prevents revealing any part of the bingo face, and so that all of the 24 numbers on each face cannot be determined from the outside of the breakopen bingo paper sheet by using a high intensity lamp of up to and including 500 watts, or cannot be determined by the naked eye.

E. All bingo ball selection devices manufactured for sale in Minnesota must conform to the following standards:

(1) each bingo ball selection device must ensure random selection of all 75 bingo balls;

(2) each bingo ball selection device must be manufactured so as not to be capable of manipulation by the operator; and

(3) each bingo ball selection device must be manufactured solely for the purpose of conducting a bingo game.

F. All paddlewheels intended for use without a paddlewheel table must be manufactured according to the following standards:

(1) each paddlewheel must be a mechanically-operated vertical wheel which does not utilize any device or mechanism, other than the free spinning bearing system and the natural contact of the paddle with pegs, to aid in the acceleration or breaking of the spin once initiated by the operators hand;

(2) each paddlewheel must be marked off into equally spaced sections which contain a different number, or number/symbol combination;

(3) a protruding peg or pin must be located on the face of the paddlewheel within two inches of the circumference of the paddlewheel, at least at the dividing line between each of the sections of the wheel. The pegs or pins must be uniform in diameter and made of the same material. No two pegs or pins on the paddlewheel shall vary by more than one-eighth inch in distance from the center of the paddlewheel shaft. The distance between any two adjacent pegs or pins may not vary by more than one-eighth inch from the distance between any two other adjacent pins or pegs on the paddlewheel; and

(4) there must be positioned above the paddlewheel a pointer which, when the wheel is spun, strikes the pins or pegs on the wheel, bringing the wheel to an eventual stop indicating the winning number or symbol, or combination numbered/symbolized section of the paddlewheel.

G. Paddlewheels intended to be used with the paddlewheel tables and paddlewheel chips must be manufactured according to the following standards:

(1) each paddlewheel must be a mechanically-operated vertical wheel which does not utilize any device or mechanism, other than the free spinning bearing system and the natural contact of the paddle with pegs, to aid in the acceleration or breaking of the spin once initiated by the operator's hand;

(2) each paddlewheel must be round in shape and at least 30 inches in diameter;

(3) the outer circle of each paddlewheel may contain up to 40 numbers, or up to 40 number/symbol combinations;

(4) the numbers of each circle on the paddlewheel must be sequential, starting with the number one, but they may be placed randomly on that circle;

(5) each circle of the paddlewheel must be divided into equally spaced sections. Each section must contain a sequential section number beginning with the number one. The section numbers may be randomly placed among the sections, but no number in the sequence may be missing or repeated. A section, in addition to the section number, may include a graphic symbol or symbols including stylized numerals which must be clearly different from the type style used for the section number;

(6) each circle of the paddlewheel must be of a different color which must correspond to the colored numbers or colored number/symbol combinations, or sets of colored numbers, or sets of number/symbol combinations, of a paddlewheel table playing surface;

(7) each paddlewheel may have specially designated house numbers, or number/symbol combinations, in regard to an optional "odd" or "even" bet;

(8) a protruding peg or pin must be located on the face of the paddlewheel within two inches of the circumference of the paddlewheel, at least at the dividing line between each of the sections of the wheel. The pegs or pins must be uniform in diameter and made of the same material. No two pegs or pins on the paddlewheel shall vary by more than one-eighth inch in distance from the center of the paddlewheel shaft. The distance between any two adjacent pegs or pins may not vary by more than one-eighth inch from the distance between any two other adjacent pins or pegs on the paddlewheel;

(9) the colored numbers or number/symbol combinations on the paddlewheel must be at least five-eighths inch high;

(10) there must be positioned above the paddlewheel a pointer which, when the wheel is spun, strikes the pins or pegs on the wheel, bringing the wheel to an eventual stop indicating the winning colored numbers or colored number/symbol combinations, or sets of colored numbers or sets of colored number/symbol combinations;

(11) each paddlewheel table playing surface must be clearly and permanently imprinted with colored numbers or symbols, or colored number/symbol combinations, corresponding to the sets of colored numbers, or sets of number/symbol combinations, of each concentric circle;

(12) each paddlewheel table must have a stop opening or other retaining device for each single colored number or number/symbol combination, or set of colored numbers, or sets of number/symbol combinations;

(13) each paddlewheel table must accommodate the placement of bets by players on the front and both sides of the table;

(14) each paddlewheel table must have a rail for holding a player's paddlewheel chips;

(15) including the rail, each paddlewheel table may be no longer than nine feet and no wider than four feet;

(16) each paddlewheel table must be equipped with a double-locking or triple-locking removable metal container known as a drop box, into which must be deposited all coin or currency received from players for the purchase of paddlewheel chips; and

(17) each paddlewheel table must have one lock that secures the drop box to the table, and one or two separate locks which secure the contents placed into the drop box. The key to each of the two or three different locks must be different from each of the other locks.

H. All paddletickets manufactured for sale in Minnesota must conform to the following standards:

(1) the minimum information printed on a paddleticket must include:

(a) the name of the manufacturer or its board-registered logo, which must be identical to the name or logo of the manufacturer; and

(b) the unique game serial number, which must be a minimum of five and a maximum of eight characters, which must not be repeated on gambling equipment of the same type for 3-1/2 years from the date of the manufacturer's invoice to the distributor;

(2) all paddletickets must be preprinted, detachable from a paddleticket card, and must correspond with the colored numbers on the paddlewheel and every available wager expressed by a colored number or set of colored numbers on the paddlewheel;

(3) the numbers on a paddleticket cannot be duplicated on any other paddleticket on the same card;

(4) each paddleticket must bear a serial number identical to the paddleticket card serial number;

(5) the manufacturer must provide an individual master flare with each sealed grouping of 100 paddleticket cards. After June 30, 1995, the flare shall have affixed or imprinted at the bottom a bar code, as required by the commissioner of revenue, that provides all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 3; and

(6) the front of the master flare for each sealed grouping of 100 paddleticket cards shall contain the following information:

(a) the name or board-registered logo of the manufacturer, which must be identical to the manufacturer's name or logo which appears on the individual paddletickets;

(b) the first paddleticket card number in the group;

(c) the price per play of a paddleticket in the group;

(d) the wagers that may be placed with a paddleticket in the group;

(e) the form number;

(f) the ticket count;

(g) the prizes and consolation prizes;

(h) the same serial number as the serial number appearing on the paddleticket cards; and

(i) the odds.

I. No manufacturer or distributor may sell, offer for sale, or furnish a pull-tab dispensing device within Minnesota and no organization may purchase a pull-tab dispensing device in Minnesota unless it conforms to the following standards and has been approved by the board pursuant to this part.

(1) The pull-tab dispensing device shall have a three-prong ground at the male end of the cord. The pull-tab dispensing device shall be protected by a surge protector. The pull-tab dispensing device must safely withstand static electricity.

(2) The pull-tab dispensing device's columns shall accommodate pull-tabs of varying lengths, widths, and thicknesses.

(3) A shatterproof covering shall be placed directly in front of the columns and shall enable a player to see a majority of the pull-tabs in the pull-tab dispensing device.

(4) The pull-tab dispensing device shall contain a pull-tab dispensing outlet or tray to catch dispensed pull-tabs.

(5) The pull-tab dispensing device shall accommodate pricing of up to two dollars and accurately dispense the correct number of pull-tabs based on the amount of currency played.

(6) There shall be one or more player buttons located on the front of the pull-tab dispensing device that, when pressed, activate the dispensing of a pull-tab.

(7) The pull-tab dispensing device shall have a minimum of two and a maximum of eight columns. The columns must be located in a separately locking compartment of the pull-tab dispensing device.

(8) The pull-tab dispensing device shall not exceed a maximum of 48 inches in width.

(9) The pull-tab dispensing device shall ensure that the pull-tabs in each game are randomly dispensed. Each game shall be placed into a minimum of two columns.

(10) The pull-tab dispensing device shall have a luminated electronic display (LED) which shall display the value of currency available as a monetary value only. The luminated electronic display (LED) shall not be able to display advertising messages or graphics.

(11) If a malfunction occurs in the pull-tab dispensing device or electrical power is temporarily interrupted after currency has been validated but prior to pull-tabs being fully dispensed, the remaining credit shall be accurately redisplayed immediately after the malfunction is cleared or electrical power is restored.

(12) The pull-tab dispensing device shall not dispense credits in the form of cash or pull-tabs to redeem a winning pull-tab.

(13) The pull-tab dispensing device shall be capable of being securely attached to a floor, wall, or counter.

(14) The pull-tab dispensing device shall not have a video display screen, other than the luminated digital display (LED) for displaying the value of currency validated and the accounting information required in subitems (21) to (23) and the luminated digital display (LED) for displaying the door access information required in subitem (30).

(15) The pull-tab dispensing device shall not produce audio sounds other than sounds associated with security alarms.

(16) The appearance or design of the pull-tab dispensing device shall not resemble a slot machine or other gambling device.

(17) The manufacturer's name or board-registered logo, the pull-tab dispensing device's serial number, model number, and the date of manufacture of the pull-tab dispensing device shall be permanently affixed to the top right-hand side of the pull-tab dispensing device's exterior side panel.

(18) The pull-tab dispensing device shall have an on/off switch located in an inconspicuous place on the exterior of the device.

(19) The exterior door of the pull-tab dispensing device shall have no more than four keys to the exterior locking door of the device, and no more than four keys to each separate locking compartment of the device.

(20) When in a test-vend or audit mode, test-vends of pull-tabs or currency acceptances shall not be recorded on the pull-tab dispensing device's accounting meters. The pull-tab dispensing device shall not perform test-vends of pull-tabs or currency acceptances unless the pull-tab dispensing device is placed in a test-vend or audit mode. The pull-tab dispensing device shall not perform test-vends of pull-tabs or currency acceptances when the exterior door of the pull-tab dispensing device is closed.

(21) The pull-tab dispensing device shall have a nonresettable electronic accounting meter and a nonresettable mechanical accounting meter which shall track the total

currency validated by the currency validator. The nonresettable electronic accounting meter shall maintain accounting information of at least six digits in length and retain the information for at least six months after electrical power to the pull-tab dispensing device has been disconnected, or the electrical current used to operate the pull-tab dispensing device is turned off. The nonresettable electronic accounting meter must not be cleared, erased, or replaced unless the board is notified and approval has been given pursuant to part 7861.0080, subpart 2, item N, subitem (8).

(22) The pull-tab dispensing device shall have a nonresettable electronic accounting meter and a nonresettable mechanical accounting meter which shall track the total number of pull-tabs dispensed from the pull-tab dispensing device. The nonresettable electronic accounting meter shall maintain accounting information of at least six digits in length and retain the information for at least six months after electrical power to the pull-tab dispensing device has been disconnected, or the electrical current used to operate the pull-tab dispensing device is turned off. The nonresettable electronic accounting meter must not be cleared, erased, or replaced unless the board is notified and approval has been given pursuant to part 7861.0080, subpart 2, item N, subitem (8).

(23) The pull-tab dispensing device shall have one nonresettable electronic accounting meter per column which tracks the number of pull-tabs dispensed from that column. The nonresettable electronic accounting meter shall maintain accounting information of at least six digits in length and retain the information for at least six months after electrical power to the pull-tab dispensing device has been disconnected, or the electrical current used to operate the pull-tab dispensing device is turned off. The nonresettable electronic accounting meter must not be cleared, erased, or replaced unless the board is notified and approval has been given pursuant to part 7861.0080, subpart 2, item N, subitem (8).

(24) The pull-tab dispensing device shall be equipped with an Erasable Programmable Read Only Memory (E-PROM) microchip which holds the pull-tab dispensing device's programming code.

(25) The manufacturer shall ensure that the E-PROM microchip installed in pull-tab dispensing devices manufactured for sale in Minnesota is identical in all respects to the manufacturer's E-PROM microchip approved for use in Minnesota by an independent testing laboratory.

(26) The pull-tab dispensing device shall be equipped with a Random Access Memory (RAM) microchip, or E-PROM microchip equipped with a RAM microchip. The RAM microchip shall maintain accounting information of at least six digits in length, and retain the information for at least six months after electrical power to the pull-tab dispensing device has been disconnected, or the electrical current used to operate the pull-tab dispensing device is turned off.

(27) The RAM microchip shall permanently record the same information as required in subitems (21) to (23).

(28) The manufacturer shall ensure the integrity of the E-PROM microchip and RAM microchip by means of a tamper proof seal, and by placing the E-PROM microchip and RAM microchip in a compartment within the interior of the pull-tab dispensing device.

(29) The pull-tab dispensing device shall automatically discontinue operation when any nonresettable accounting meter, RAM microchip, or E-PROM microchip is disconnected.

(30) The pull-tab dispensing device shall have a time and date generator which will record and maintain, at a minimum, the last 25 instances in which the ticket door or cash door to the pull-tab dispenser was accessed. The information recorded on the time and date generator must be capable of being displayed on an LED.

(31) The pull-tab dispensing device shall be equipped with at least one electronic currency validator. The electronic currency validator shall:

- (a) only validate United States currency;
- (b) not validate United States currency in denominations in excess of \$20;
- (c) transmit the value of currency validated to the pull-tab dispenser;

(d) be equipped with mechanisms to ensure that pull-tabs will not be dispensed unless the validator has accepted and retained currency;

(e) be capable of preventing acceptance of known manipulations of United States currency;

(f) return any invalid currency to a player;

(g) have at least one removable stacker box, that is capable of stacking at least 600 United States currency bills, or a removable drop box. The stacker box or removable drop box must be located in a separately locking compartment in the pull-tab dispensing device; and

(h) automatically discontinue accepting or validating currency if a malfunction should occur or if electrical power to the pull-tab dispensing device or currency validator is interrupted.

Subp. 2. Prior approval of gambling equipment required. The following items apply to the approval of gambling equipment prior to sale in Minnesota. Before the sale of any gambling equipment in Minnesota, the manufacturer must submit to the board a sample of such equipment. All gambling equipment submitted for consideration must be received in the board's office on or before the 15th day of the month in order to ensure consideration at the board's meeting the following month. The board shall notify the manufacturer in writing no later than five days after a board meeting of the board's decision on whether the product is approved for sale in Minnesota. Board approval for sale of gambling equipment in Minnesota does not constitute approval of the bar code required by the commissioner of revenue.

A. Pull-tabs submitted for approval must consist of the following:

(1) a new family of games already in production must include one complete deal of a family member, and a flare and 20 tickets for each additional member of that family. Of the 20 additional tickets, five tickets must be opened winners;

(2) new members to a family of games previously approved for distribution and sale in Minnesota must consist of a flare and 20 tickets for each new family member. Of the 20 additional tickets, five tickets must be opened winners;

(3) a new family of games proposed for production must include the production copies/thermals for the flare, production copies/thermals for the tickets, and payout slips;

(4) if a game is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit one complete deal of one family member, and a flare, 20 tickets, and a payout slip for each additional member of that family. Of the 20 tickets, five must be opened winners. This will be compared to the production copies/thermals previously approved to verify conformance;

(5) if the seal of a deal submitted to the board for approval is broken, the deal will not be approved by the board; and

(6) any changes to flares, tickets, or payout slips for approved games must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) to (5).

B. Jar tickets submitted for approval must consist of the following:

(1) a new family of games already in production must include a flare and 20 tickets for each family member. Of the 20 additional tickets, five tickets must be opened winners;

(2) new members to a family of games previously approved for distribution and sale in Minnesota must consist of a flare and 20 tickets for each new family member. Of the 20 additional tickets, five tickets must be opened winners;

(3) a new family of games proposed for production must include the production copies/thermals for the flare, production copies/thermals for the tickets, and payout slips;

(4) if a game is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit a flare and 20 tickets for each family member. Of the 20 additional tickets, five must be opened winners. This will be compared to the production copies/thermals previously approved to verify conformance;

(5) if the seal of a deal submitted to the board for approval is broken, the deal will not be approved by the board; and

(6) any changes to flares, tickets, or payout slips for approved games must be submitted to the board for approval and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) to (5).

C. Tipboards submitted for approval must consist of the following:

(1) one tipboard for each family;

(2) in the case of a new tipboard game not yet in production, the manufacturer must submit:

(a) production copies/thermals of the tipboard;

(b) production copies/thermals of the tickets used in the tipboard game; and

(c) the numbered sign-up sheet for the seal prize;

(3) if the tipboard is approved by production copies/thermals, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit one tipboard game for each family; and

(4) any changes to approved tipboards must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

D. Bingo hard cards, bingo paper sheets, bingo paper sheet packets, and breakopen bingo paper sheets submitted for approval must consist of the following:

(1) a copy of the manufacturer's catalog or brochure illustrating that the product meets the standards in subpart 1, item D;

(2) five sheets of each color and format of breakopen bingo paper sheets; and

(3) any changes to approved bingo hard cards, bingo paper sheets, bingo paper sheet packets, or breakopen bingo paper sheets must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

E. Devices for selecting bingo numbers being submitted for approval must consist of the following:

(1) a catalog or brochure illustrating that the product meets the standards in this item;

(2) a description of the device which lists all features of the device; and

(3) any changes to approved devices for selecting bingo numbers must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

The board may require the manufacturer to make the device available to the board for inspection.

F. Paddlewheels and paddlewheel tables being submitted for approval must consist of the following:

(1) a catalog or brochure illustrating that the product meets the standards in this item;

(2) a description of the paddlewheel or paddlewheel table which lists all features of the device; and

(3) any changes to paddlewheels or paddlewheel tables must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

The board may require the manufacturer to make the paddlewheel or paddlewheel table available to the board for inspection.

G. Paddleticket cards submitted for approval must consist of the following:

(1) two paddleticket cards and accompanying tickets for each series or form of paddletickets;

(2) production copies/thermals for the master flare; and

(3) any changes to approved paddleticket cards or paddletickets must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) and (2).

H. If the manufacturer changes the percentage payback or ticket count for any game, or creates a different percentage payback or ticket count for any game within a family of games, a new game form number must be assigned to reflect the percentage payback or ticket count, and the game must be resubmitted to the board for approval before being offered for sale in Minnesota. Each deal of pull-tabs, jar tickets, and tipboards must include an ideal sales and prize payout structure which is designed to result in a profit for the game.

I. Pull-tab dispensing devices being submitted for approval shall consist of the following:

- (1) a catalog or brochure illustrating the pull-tab dispensing device;
- (2) a description of the pull-tab dispensing device which lists all the features of the device and provides evidence that the minimum technical standards required in subpart 1, item I, have been met;
- (3) a notarized certificate from an independent testing laboratory which has entered into a contract with the state of Minnesota to perform testing services stating that the E-PROM microchip installed in the pull-tab dispensing device has been tested, analyzed, and recommended for approval for use in Minnesota; and
- (4) any other information that may be required by the board.

Any changes to previously approved pull-tab dispensing devices must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to subitems (1) to (4). The manufacturer shall make available to the board upon demand any pull-tab dispensing device for inspection by the board or its agents.

Subp. 3. Sale of approved gambling equipment. The following items pertain to the sale of approved gambling equipment in Minnesota:

A. a manufacturer may not sell or make available to any distributor any gambling equipment unless the distributor has a valid license issued by the board;

B. a manufacturer may not sell or provide any gambling equipment to a distributor unless the equipment meets the standards established in subpart 1, except for gambling equipment designated for an Indian tribe;

C. the following items apply to leases or sales of pull-tab dispensing devices by licensed manufacturers to licensed distributors:

(1) the terms of a lease or sale of a pull-tab dispensing device shall be completely set forth in a form or forms provided by the board;

(2) the minimum monthly lease cost of the pull-tab dispensing device shall be five percent of the purchase price of the pull-tab dispensing device that is reported on the manufacturer's monthly pricing report required by subpart 7, item A;

(3) if a default in the lease agreement occurs on the part of the licensed distributor, the credit provisions contained in subpart 7, item D, shall apply; and

(4) if a distributor's license is suspended, revoked, not renewed, or otherwise terminated, the lease agreement shall be canceled pursuant to the terms of the lease agreement required by subitem (1);

D. no manufacturer may sell or otherwise provide a pull-tab or tipboard deal with the Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5, imprinted on the flare to any person or Indian Tribe other than a licensed Minnesota distributor without first rendering that symbol permanently invisible;

E. a manufacturer must be capable of identifying the person to whom gambling equipment is sold and must provide the identity of the buyer to the board upon request;

F. all gambling equipment which is sold by a licensed manufacturer to a licensed distributor for use in Minnesota must bear a legible and discernible logo or identification of the licensed manufacturer, which has been previously registered with the board;

G. any pull-tab dispensing devices provided by a licensed manufacturer to a licensed distributor for demonstration purposes must be clearly and permanently marked for use as a demonstration device only;

H. a manufacturer shall not provide more than four keys to any door or interior compartment of a pull-tab dispensing device. After the manufacturer has leased or sold a pull-tab dispensing device to a licensed distributor, no additional keys to that pull-tab dispensing device shall be provided; and

I. effective December 1, 1996, no manufacturer may sell or otherwise provide a partial series of bingo paper sheets or bingo paper sheet packets to a licensed distributor.

Subp. 4. Storage of gambling equipment in Minnesota.

A. A licensed manufacturer may ship into Minnesota, or cause to be shipped into Minnesota, approved or unapproved gambling equipment or gambling equipment which does not bear the imprint of the Minnesota geographic boundary as required by Minnesota statutes, section 349.163, subdivision 5, provided that the equipment is shipped directly to a Minnesota storage facility that is:

- (1) owned or leased by the licensed manufacturer; and
- (2) registered, in writing and advance, with the director of alcohol and gambling enforcement.

B. No gambling equipment may be shipped to the manufacturer's registered storage facility in Minnesota unless the shipment is reported to the commissioner of revenue in the manner prescribed by the commissioner of revenue. No gambling equipment may be removed from the storage facility unless the equipment is properly reported to the commissioner of revenue in a manner prescribed by the commissioner of revenue.

Subp. 5. Return of equipment. The following items pertain to the return of gambling equipment not manufactured in accordance with the standards in subpart 1:

A. A manufacturer must issue a credit invoice to a distributor within 30 business days of receipt of the returned equipment, provided that the distributor has provided the manufacturer with written proof that the gambling equipment does not meet the standards in subpart 1, and unless the manufacturer notifies the commissioner of revenue in writing that a legitimate business dispute regarding the returned equipment exists. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue:

(1) if the manufacturer ships new gambling equipment to the distributor as replacement for the returned gambling equipment, the manufacturer shall prepare a sales invoice consistent with the requirements of subpart 7, item B; and

(2) if the returned gambling equipment was not manufactured in accordance with the standards in subpart 1, and the returned gambling equipment cannot be brought into conformance with those standards, the returned gambling equipment shall be destroyed by the manufacturer and the manufacturer shall, at the board's request, furnish documentation attesting to the destruction of the gambling equipment. If the gambling equipment is destroyed in-house by the manufacturer, an affidavit certifying the destruction shall be considered proper documentation.

B. Gambling equipment returned during play or after being removed from play must be returned to the manufacturer by the distributor for a determination as to whether the gambling equipment was manufactured in accordance with the standards in subpart 1. After determination by the manufacturer, the game shall be returned to the organization and retained by the organization as a played game:

(1) within 30 business days of receipt of the returned gambling equipment, the manufacturer shall determine whether the gambling equipment was manufactured in accordance with the standards in subpart 1 and, if it was not manufactured in accordance with those standards, issue a credit invoice to the distributor for the cost of the gambling equipment, and include any bona fide losses incurred and documented by the organization, and reimbursed by the distributor to the organization, over which the organization had no control or ability to prevent; and

(2) within 30 business days of determination that the returned gambling equipment was or was not manufactured in accordance with the standards in subpart 1, the manufacturer shall return the gambling equipment to the distributor for return to the organization as a played game.

C. Within 30 business days of receipt of returned gambling equipment, the manufacturer shall file with the board a returned equipment report, in accordance with the requirements in subpart 7, item C.

Subp. 6. **Corrective action.** If a manufacturer sells gambling equipment that is not in conformance with the standards in subpart 1, the board may require the manufacturer to take corrective action, which may include a recall of the nonconforming gambling equipment.

A. The board may order a recall of nonconforming gambling equipment if the non-compliance of the product is of such severity that:

- (1) the integrity of the game is harmed; or
- (2) the area of noncompliance is capable of being used to adversely affect the fair play of the game.

B. Within three business days of the receipt of notification from the board, the manufacturer shall initiate the recall. The manufacturer must recall the nonconforming gambling equipment at the distributor level. The manufacturer shall instruct the distributors to initiate recall proceedings from gambling organizations.

C. Within 25 business days of initiation of recall proceedings, all recalled gambling equipment shall have been returned to the manufacturer, and the manufacturer shall notify the board in writing that the recall has been completed. Such notification shall include the following:

- (1) a complete inventory of the recalled gambling equipment;
- (2) complete bar code information, as required by the commissioner of revenue;
- (3) state disposable registration stamp numbers, if applicable; and
- (4) a complete listing, including license numbers, of all distributors from whom the gambling equipment was recalled.

D. Within 45 business days of completion of the recall, the manufacturer shall issue credit invoices to distributors for the cost of the gambling equipment, including any bona fide losses incurred and documented by organizations which were reimbursed to organizations by distributors and over which the organization had no control or ability to prevent. Copies of the credit invoices must be filed electronically, as required by the commissioner of revenue.

E. If the recalled gambling equipment cannot be brought into conformance with the standards in subpart 1, the recalled gambling equipment shall be destroyed by the manufacturer and the manufacturer shall, at the board's request, furnish documentation attesting to the destruction of the equipment. If the equipment is destroyed in-house by the manufacturer, an affidavit certifying the destruction shall be considered proper documentation.

Subp. 7. **Records and reports.** The following items apply to manufacturer records and reports:

A. Pricing reports.

(1) A licensed manufacturer must submit a monthly pricing report to the board. The report must be in a format approved by the board and, at a minimum, include:

- (a) the name, license number, and full address of the manufacturer;
- (b) the month and year of the report;
- (c) for pull-tabs and jar tickets the name of the game, price per deal, form number, whether the equipment is subject to a rebate, and volume discounted price;
- (d) for tipboards and tipboard tickets the name of the game, form number, price per case, whether the equipment is subject to a rebate, and volume discounted price;
- (e) for bingo hard cards, bingo paper sheets, bingo paper sheet packets, and breakopen bingo paper sheets, the price per thousand faces, whether the equipment is subject to a rebate, and volume discounted price;
- (f) for bingo ball selection devices, the price per device;
- (g) for paddlewheels the price per paddlewheel and for replacement parts;

(h) for paddlewheel tables the price per table;

(i) for paddleticket cards the serial number, price per individual paddleticket, whether the equipment is subject to a rebate, and volume discounted price; and

(j) for pull-tab dispensing devices the purchase price per pull-tab dispensing device, and/or the monthly lease cost of the pull-tab dispensing device, and the cost of service agreements to licensed distributors and/or lawful gambling organizations.

(2) The report must be filed no later than the first day of each month. Amendments must be filed within five days of the filing. A manufacturer may file a pricing report any time during a month for gambling equipment approved by the board after the first of the month. Once a manufacturer has filed its first pricing report with the board, future pricing reports need only reflect changes, additions, or deletions to the previous month's report.

(3) A computer-generated form may be used with the approval of the board director if it complies with the requirements of this part.

B. Sales invoice.

(1) A manufacturer who sells or otherwise provides gambling equipment must record the transaction on a sales invoice.

(2) A sales invoice must contain at a minimum the following information as prescribed by the commissioner of revenue:

(a) the name and address of the manufacturer;

(b) the license number of the manufacturer;

(c) the complete business name and address of the distributor to whom the sale was made;

(d) the license number of the distributor;

(e) the invoice number;

(f) the identification of the manufacturer's salesperson making the sale;

(g) the date of shipment of the gambling equipment;

(h) the identification of the person who ordered the gambling equipment;

(i) the unit price or monthly lease price;

(j) the state disposable registration stamp number for each deal of pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards which have a state disposable registration stamp; and

(k) a statement regarding whether the gambling equipment is designated for sale to an Indian tribe.

(3) For pull-tabs, tipboards, and jar tickets, the following information must appear on the sales invoice:

(a) the quantity by the number of deals for pull-tabs, jar tickets, and tipboards; and

(b) a full description of each pull-tab deal, jar ticket deal, or tipboard, which must include the name of the game, the manufacturer identification, the form number, and the serial number.

(4) For paddleticket cards, the following information must appear on the sales invoice:

(a) the number of sealed groupings for paddletickets;

(b) the ideal gross receipts for each sealed grouping; and

(c) for each sealed grouping of paddletickets purchased from a manufacturer after June 30, 1995, a complete description of each sealed grouping of paddletickets, which will include the name of the game, the manufacturer identification, the form number, and the serial number.

(5) For bingo paper sheets and breakopen bingo paper sheets, the following information must appear on the sales invoice:

(a) the serial number and color of each set of breakopen bingo paper sheets sold to a distributor; and

(b) for bingo paper sheets, the serial number from the top sheet in each packet, the serial number per series for uncollated paper, the color, cut, and the quantity.

Effective December 1, 1996, this subitem shall no longer apply.

(6) For bingo paper sheets and bingo paper sheet packets, effective December 1, 1996, the following information must appear on the sales invoice:

(a) for breakopen bingo paper sheets, the serial number and color of each set of breakopen bingo paper sheets sold to a distributor;

(b) for each set of bingo paper sheet packets:

i. the color of each sheet in the packet in the order of collation;

ii. the number of sheets per packet (UP's);

iii. the number of faces per sheet (ON's);

iv. the series; and

v. the serial number from each sheet in the packet if the serial numbers are not uniform throughout the packet, or the serial number from the top sheet in each packet if the serial numbers are uniform throughout the packet. The serial numbers may be recorded on a separate document which is attached to the invoice, provided that the invoice clearly states that the serial number listing is attached as a separate document; or

vi. the serial number from the top sheet in each packet. The serial numbers may be recorded on a separate document which is attached to the invoice, provided that the invoice clearly states that the serial number listing is attached as a separate document. If the serial numbers are not uniform throughout the packet, the invoice must clearly indicate that only the serial number from the top sheet in the packet is being provided.

Effective June 1, 1997, subunit vi shall no longer apply;

(c) for bingo paper sheets (case paper):

i. the color;

ii. the number of sheets per case;

iii. the number of faces per sheet (ON's);

iv. the series; and

v. the serial number from the top sheet in the case.

(7) For bingo hard cards, the price per face.

(8) For permanent gambling equipment such as bingo ball selection devices, paddlewheels, paddlewheel tables, and pull-tab dispensing devices, the sales invoice must include a complete description of the equipment being sold or leased, including the make, model number, and serial number of the permanent gambling equipment.

(9) Each manufacturer who sells, leases, or otherwise provides gambling equipment must electronically report the sales made each month to the commissioner of revenue. The report is due by the 20th of the month following the month in which the sale was completed.

C. Returned gambling equipment report.

(1) A manufacturer who accepts returns from a distributor of gambling equipment not manufactured in accordance with the standards in subpart 1, shall file a monthly report with the board. The report must be in a format approved by the board, and include the following information:

(a) the name, license number, and full address of the manufacturer;

(b) the month and year of the report;

(c) for pull-tabs, jar tickets, and tipboards the number of deals, the form numbers, the standards in subpart 1 which were not met, the actions taken by the manufacturer to bring the returned equipment into compliance with the standards in subpart 1 or a statement that the returned equipment was destroyed, and the name and license number of the distributor returning the equipment;

(d) for bingo hard cards, bingo paper sheets, bingo paper sheet packets, and breakopen bingo paper sheets, the number of cases, the serial number, the series number for uncollated paper, the standards in subpart 1 which were not met, the actions taken by the

manufacturer to bring the returned equipment into compliance with the standards in subpart 1 or a statement that the returned equipment was destroyed, and the name and license number of the distributor returning the equipment;

(e) for bingo ball selection devices, paddlewheels, paddlewheel tables, and pull-tab dispensing devices, the make, model, and serial number of the equipment, the state permanent registration stamp number affixed to the equipment, the standards in subpart 1, which were not met, the actions taken by the manufacturer to bring the equipment into compliance with the standards in subpart 1 or a statement that the equipment was destroyed, and the name and license number of the distributor returning the equipment; and

(f) for paddletickets, the number of paddleticket cards, the form number, the standards in subpart 1 which were not met, the actions taken by the manufacturer to bring the equipment into compliance with the standards in subpart 1 or a statement that the equipment was destroyed, and the name and license number of the distributor returning the equipment.

(2) A report of returned gambling equipment transactions completed during the preceding month must be filed with the board by no later than the tenth day of the following month.

D. Report of delinquent distributor required.

(1) A licensed manufacturer shall notify the board in writing if a licensed distributor has not paid the manufacturer in full for gambling equipment within 30 days of shipment. Such notification shall include:

- (a) the name, address, and license number of the distributor;
- (b) the manufacturer's invoice date;
- (c) the manufacturer's invoice number; and
- (d) the total dollar amount of the invoice.

Upon receipt of such notice, the board shall notify all manufacturers that, until further notice from the board, they may sell gambling equipment to the delinquent distributor only on a cash basis with no credit extended. For purposes of this item, cash means a check, money order, or cashiers' check.

(2) The board shall notify the licensed distributor of the delinquency and direct the distributor to eliminate the delinquency, if one exists.

(3) If a manufacturer who has notified the board under subitem (1) has not received payment in full from the distributor within 60 days of the notification to the board under subitem (1), the manufacturer must notify the board of the continuing delinquency. Upon receipt of the notice, the board shall notify all licensed manufacturers not to sell any gambling equipment to the delinquent distributor.

(4) No manufacturer may extend credit or sell gambling equipment to a distributor in violation of an order under subitem (1) or (3) until the board has authorized such credit or sale.

(5) When the delinquency is paid, the board shall notify all licensed manufacturers.

E. Examination of books and records.

(1) The board, the commissioner of revenue, or the commissioner of public safety or their agents may examine the books and records of any manufacturer without notice at any time during normal business hours.

(2) If the manufacturer fails to comply with this part, the board shall notify the manufacturer in writing that the manufacturer is responsible for the reasonable travel and living expenses of board staff while examining the manufacturer's books and records.

(3) A manufacturer must maintain records which fully account for its receipt and use of all state disposable registration stamps for a period of 3-1/2 years.

F. A manufacturer shall notify the board within 30 days of such action, if the manufacturer has had a gambling-related license revoked or suspended or has been required

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to pay a monetary penalty of \$2,500 or more by a gambling regulator in another state or jurisdiction.

Statutory Authority: *MS s 349.151*

History: *19 SR 1854; 19 SR 2380; 20 SR 2624; L 1997 c 129 art 2 s 15*