

## CHAPTER 7864

### GAMBLING CONTROL BOARD

### GAMBLING EQUIPMENT MANUFACTURERS

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- Subp. 12. [Repealed, 29 SR 443]
- Subp. 13. [Repealed, 31 SR 1239]
- Subp. 14. [Repealed, 31 SR 1239]

**7864.0020** [Repealed, 19 SR 1854]

**7864.0030** Subpart 1. [Repealed, 31 SR 1239]

- Subp. 2. [Repealed, 31 SR 1239]
- Subp. 3. [Repealed, 31 SR 1239]
- Subp. 4. [Repealed, 29 SR 443]
- Subp. 5. [Repealed, 31 SR 1239]
- Subp. 6. [Repealed, 31 SR 1239]
- Subp. 7. [Repealed, 31 SR 1239]

**7864.0210 MANUFACTURER LICENSES.**

Subpart 1. **Manufacturer license required.** A manufacturer of gambling equipment may not sell or furnish gambling equipment for use in Minnesota to any licensed distributor or linked bingo game provider unless the manufacturer has obtained a manufacturer's license or license renewal issued by the board. To be licensed, a manufacturer must submit an application to the board in a format prescribed by the board.

Subp. 2. **Manufacturer licensing qualifications.** A manufacturer is not eligible for a manufacturer's license unless they have met the requirements of Minnesota Statutes, sections 349.155, subdivision 3, and 349.163. For purposes of compliance with Minnesota Statutes, section 349.155, subdivision 3, the following definitions apply.

A. "Director" means a member of the manufacturer's board of directors.

B. "Officer" means any person elected, appointed, or designated as an officer by the manufacturer's board of directors.

C. "Other person in a supervisory or management position" means any person employed to direct or control the personnel and activities of a manufacturer's department or division.

Subp. 3. **Manufacturer restrictions.** In addition to the prohibitions in Minnesota Statutes, sections 349.155, subdivision 3, and 349.163, the following restrictions apply when conducting business with distributors or linked bingo game providers authorized to sell lawful gambling equipment in Minnesota. A manufacturer, or any representative, agent, affiliate, or employee of a manufacturer may not:

- A. be an officer, director, paid employee, gambling volunteer, or gambling manager of an organization involved in the conduct of lawful gambling;
- B. be involved in or influence the purchase of gambling equipment for an organization;
- C. be an owner, officer, director, or partner of a wholesale alcoholic beverage distributor;
- D. lease or rent storage space in Minnesota from any other licensee or employee of a licensee of the board;
- E. 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 board members;
- F. lease premises to an organization for the conduct of lawful gambling;
- G. 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. A manufacturer, or a representative, agent, affiliate, or employee of a manufacturer may not contribute more than \$250 in any calendar year to an organization or participate in a fund-raising event if the contribution or fund-raising event is related to the organization's conduct of lawful gambling; or
- H. provide any merchandise prize, as part of the sale of any game, either through a gift or sale, to an organization or employees of an organization conducting lawful gambling.

Subp. 4. **Contents of manufacturer license application.** The manufacturer license application must contain the following information:

- A. manufacturer's legal name, any other names used, and the legal nature of the business (sole proprietorship, partnership, limited liability company, or corporation);
- B. business address, telephone number, and mailing address, if different than the business address;
- C. address of each storage facility in Minnesota;
- D. Minnesota tax identification number, if any;
- E. names and titles of the owners, officers, directors, persons in a supervisory or management position, sales employees, and persons or entities with a direct or indirect financial interest of five percent or more in the manufacturer;
- F. type of gambling equipment to be sold in Minnesota;
- G. address and telephone number of each facility where gambling equipment is manufactured;
- H. name, address, and telephone number of the manufacturer's registered agent in Minnesota;
- I. a list of all other states or jurisdictions where the manufacturer is currently licensed;
- J. an acknowledgment regarding licensing qualifications in subpart 2 and restrictions in subpart 3;
- K. date and signature, in ink, of the chief executive officer; and
- L. additional information that may be required by the board or director to properly identify the manufacturer and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

Subp. 5. **Attachments to manufacturer license application.** The manufacturer must attach the following items to the application.

- A. A manufacturer's personnel form, in a format prescribed by the board, 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;
- (6) sales employee who is located in Minnesota, makes sales trips to Minnesota, or makes telephone calls to distributors in Minnesota for sales of gambling equipment;
- (7) person or entity with a direct or indirect financial interest of five percent or more in the manufacturer; and
- (8) consultant who provides advice for the sale or design of gambling equipment for sale in Minnesota.

B. The manufacturer personnel form must include:

- (1) manufacturer's name and license number, if issued;
- (2) name and address, date of birth, Social Security number, and daytime telephone number of the person;
- (3) person's position with the manufacturer;
- (4) Minnesota tax identification number of businesses the person has owned during the past ten years;
- (5) employment history and places of residence for the last ten years;
- (6) name, address, and license number, exempt permit number, or excluded authorization of any organization conducting lawful gambling in Minnesota of which the person is a member;
- (7) criminal history statement, not including petty misdemeanors;
- (8) an acknowledgment regarding the licensing qualifications in subpart 2 and restrictions in subpart 3;
- (9) date and signature, in ink, of the person; and
- (10) additional information that may be required by the board or director to properly identify the person and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23.

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

D. The manufacturer must submit an organizational chart illustrating its management structure.

**Subp. 6. Changes in manufacturer license application information.** If any information submitted in the application changes during the license term, the manufacturer must notify the board within ten days of the change.

**Subp. 7. Issuing or denying a new or renewal manufacturer license.** This subpart applies to a manufacturer license issued or denied by the board.

A. Before issuing or denying a new or renewal manufacturer license, the board must conduct or request the director of alcohol and gambling enforcement to conduct a background investigation that includes a review of the manufacturer's sources of financing, ownership, and organizational structure. Actual costs in addition to the new or renewal application fee must be paid by the manufacturer.

B. The board must issue a new or renewal license to a manufacturer who:

- (1) submits the information required in the application and attachments, and for a renewal application submits a complete application at least 75 days before the expiration of the existing license;
- (2) pays the fee required by Minnesota Statutes, section 349.163, subdivision 2; and
- (3) is eligible to receive a license under item A and subparts 2 and 3.

C. The board must deny the application if a manufacturer is ineligible under subparts 2 and 3. When the board determines that an application must be denied, the board must

promptly give a written notice to the manufacturer. The notice must contain the grounds for the action and reasonable notice of the rights of the manufacturer to request an appeal under part 7865.0260, subpart 2 or 4, whichever is applicable.

D. All fees submitted with a new or renewal license application are considered earned and are not refundable.

Subp. 8. **Manufacturer license effective date.** A manufacturer license issued by the board is effective on the first day of the month after board approval or as otherwise determined by the board.

**Statutory Authority:** *MS s 14.055; 394.151; 349.154; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

**History:** *31 SR 1239*

#### **7864.0230 MANUFACTURER STANDARDS FOR LAWFUL GAMBLING EQUIPMENT.**

Subpart 1. **Manufacturing standards for pull-tab tickets and deals.** Pull-tab tickets and deals manufactured for sale in Minnesota must comply with the following standards.

A. Pull-tab tickets must be tamper-resistant so that a ticket that has been tampered with or partially opened before its sale to the public can be detected. Flares with seals and prize pool boards must be manufactured so that none of the information under the seals can be determined in advance of opening the seals in any manner or by any device including but not limited to any pattern in manufacture, assembly, packaging, markings, or by use of a light. Manufacturers are in compliance if the processes are approved by the board, and all tickets, flares with seals, and prize pool boards are produced using the approved processes. Once approved, a manufacturer may not change its processes without prior approval of the board.

B. To obtain board approval for its processes required by item A, a manufacturer must submit to the director a description of the processes along with a deal of tickets, flare, and prize pool board, if any, that has been produced using the processes.

(1) Within 14 days of receipt of the description and the deal, the director must notify the manufacturer in writing of the director's decision to recommend approval or denial of the processes.

(2) The written notice to recommend denial, or denial by the board, must state the basis for the recommendation or the denial.

(3) Within 14 days of receipt of a notice recommending denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14.

(4) The board may withdraw its approval if it determines that the tickets, flares with seals, and prize pool boards, if any, were not manufactured in such a manner to be tamper-resistant. If the board decides that its approval should be withdrawn, the board must issue an order initiating a contested case hearing under Minnesota Statutes, chapter 14.

C. The minimum information printed on a pull-tab ticket must include:

(1) manufacturer's name or its board-registered logo;

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

(3) 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, and must not be repeated on gambling equipment of the same form number for 3-1/2 years from the date of the manufacturer's invoice to the distributor. There must not be more than one serial number in a deal;

(4) unique form number for that game;

(5) cost per play, not to exceed the limit under Minnesota Statutes, section 349.211, subdivision 2a;

(6) quantity of winners in each tier, and the respective winning numbers or symbols and prize amount; and

(7) pull-tabs with an unopened, overall area of less than 1.6 square inches are exempt from subitems (4) to (6). Pull-tabs with an overall area of less than 2.5 square inches but more than 1.6 square inches are exempt from subitem (6).

D. The front of the pull-tab flare must include:

- (1) manufacturer's name or board-registered logo;
- (2) game name and serial number, which must be identical to the same information printed on the pull-tab tickets in the deal;
- (3) form number;
- (4) ticket count;
- (5) prize structure, including the quantity of symbols or numbers for winning pull-tabs by denomination, with their respective winning symbol or number combinations. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211, subdivision 2a;

(6) cost per play, not to exceed the limit under Minnesota Statutes, section 349.211, subdivision 2a;

(7) language contained in Minnesota Statutes, section 349.163, subdivision 5, paragraph (e);

(8) Minnesota geographic boundary symbol, required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (d), which must be printed on the bottom front of the flare;

(9) bar code affixed or printed on the bottom front of the flare, as required by the commissioner of revenue under Minnesota Statutes, section 297E.04, subdivision 2. The serial number in the bar code must be printed in numbers and letters at least one-half inch high and must be the same as the serial number on the tickets for that deal and on the flare;

(10) for each deal of pull-tabs sold to a licensed distributor for use by an Indian tribe, the flare must contain the bar code but must not contain the Minnesota geographic boundary symbol;

(11) for progressive, multiple seal, and cumulative pull-tab flares containing a seal or seals, the information required by subitems (1) to (10) and:

(a) the flare must be constructed so that concealed numbers, symbols, or win indicators cannot be viewed or determined from the outside of the seal in any manner or when using a light;

(b) the flare must be designed, constructed, glued, and assembled to prevent the determination of a winning seal without removing the tabs or uncovering the numbers or symbols. The glue must be of sufficient strength and type to prevent the separation or delamination of the flare; and

(c) the individually numbered seals which, when opened, must identify the seal prize on the back of the seal tab; and

(12) a seal card that meets all of the requirements of this item may serve as the flare for the game.

E. The front of a prize pool board for a cumulative pull-tab game must include, at a minimum:

- (1) information required in item D, subitems (1), (3), (5), (6), (7), and (8);
- (2) game name;
- (3) seal prizes;
- (4) individually numbered seals which, when opened, identify the seal prize on the back of the seal tab; and
- (5) a prize pool board that meets all of the requirements of item D may be used as the flare for the game.

F. For a separate progressive jackpot flare, the minimum information printed on the front of the flare must include:

- (1) manufacturer's name or board-registered logo;
- (2) cost per play, which may not exceed \$2;
- (3) form number which must be identical to all games related to the specific progressive jackpot;

(4) jackpot seals, with consolation prizes, if any. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211, subdivision 2a;

(5) section used by operators to record the current progressive jackpot amount; and

(6) amount to be contributed to the progressive jackpot from each deal in the game.

G. The design and manufacture of pull-tab tickets must comply with the following.

(1) Except for folded and banded tickets, symbol blocks must be a minimum of 2.5/32 inch from the die-cut edge of the ticket.

(2) Tickets must be constructed so that concealed numbers, symbols, or win indicators cannot be viewed or determined from the outside of the ticket in any manner or when using a light.

(3) Each ticket must be designed, constructed, glued, and assembled to prevent the determination of a winning ticket without removing the tabs or uncovering the numbers or symbols. The glue must be of sufficient strength and type to prevent the separation or delamination of the ticket.

(4) It must not be possible to detect or pick out winning or losing tickets due to any manufacturing or color variations in the tickets.

(5) All winning tickets must have a primary and secondary form of identifying a winner. A secondary form of identifying a winner is not required for folded and banded tickets. Winning tickets must comply with the following:

(a) tickets with both a primary and secondary win indicator must be designed so the win indicators are a minimum of 3.5/32 inch from the die-cut edge of the ticket;

(b) if a win bar is used and extends into the column farthest from the hinged side of the ticket, it must be 5/32 inch from the die-cut edge; and

(c) if randomly generated alphanumeric win indicators are used, they must be printed in the space between the hinge and the column closest to the hinge, or located in any position except the column farthest from the hinged side. Alphanumeric win indicators must be designed so that the code numbers, or any color used to highlight the code numbers, are a minimum of 3.5/32 inch from the die-cut edge.

(6) Dimensions must be the same for all tickets in the deal.

(7) Pull-tab tickets offered for sale to the public in Minnesota must not contain coupons or discounts.

(8) The winning tickets for a multiple seal or cumulative game must specify the seal to be opened by the seller.

(9) Tickets for an event game must be designed in such a way to avoid duplicate winning hold tickets.

H. The packaging of pull-tab tickets for each deal must comply with the following.

(1) Winning tickets must be distributed and mixed among all other tickets in a deal to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning tickets may be determined. The pull-tab deal must be assembled so that placement of winning or losing tickets does not allow for the possibility of prize manipulation or selection of winning tickets. Subsets of a deal are not allowed. A cumulative game may not contain more than 10,000 tickets in total for all deals in the game.

(2) An extra self-adhesive bar code must be included inside each deal.

(3) Each deal's container must be sealed with a manufacturer's seal including a warning to the purchaser that the game may have been tampered with if the container was received by the purchaser with the manufacturer's seal broken. The manufacturer's seal must be under the container's shrink-wrap. If a heat-sealed process is used to package the tickets, the manufacturer's seal must be printed on the plastic wrap including a warning to the purchaser that the game may have been tampered with if the container was received by the purchaser with the heat seal broken.

(4) The serial number must be clearly and legibly placed on the outside of the deal's container.

(5) Each deal, including the flare and any other required information, must be sealed in shrink-wrap.

(6) The manufacturer must attach to the outside of the container a bar code that contains information required by the commissioner of revenue according to Minnesota Statutes, section 297E.04, subdivision 2.

(7) Each deal must contain the same number of tickets and winning combinations in the same denomination as listed on the flare.

(8) Payout information, including any multiple winners, must be packaged with the deal. Each deal of pull-tabs must have an ideal sales and prize payout structure designed to result in a profit for the game.

(9) For event games, the manufacturer must include the method of selecting the winning ticket.

**Subp. 2. Manufacturing standards for pull-tab dispensing devices.** Pull-tab dispensing devices used to dispense pull-tab tickets and manufactured to be sold or leased in Minnesota must have the manufacturer's name or board-registered logo, serial number, model number, and date of manufacture permanently attached to it, and conform to the following standards.

A. The electrical, electronic, and programming features of the pull-tab dispensing device must:

(1) have an electrical power source, be protected by a surge protector, and safely withstand static electricity;

(2) have an illuminated display of the monetary value of currency validated and must not be capable of displaying advertising messages or graphics;

(3) have a time and date generator to record, display on an illuminated display, and maintain, at a minimum, the last 25 instances in which the ticket door and cash compartment were opened;

(4) have a tamper-resistant component that contains a programming code identical to the equipment specification approved for use in Minnesota by an independent testing laboratory; and

(5) not produce audio sounds other than a security alarm and must not have an electronic display screen, other than illuminated displays required by this subpart.

B. The column and dispensing features of a pull-tab dispensing device must comply with the following.

(1) The pull-tab dispensing device must have at least two columns, located in a separately locking compartment, and the columns must accommodate tickets of varying lengths, widths, and thicknesses.

(2) Tickets in each deal must be randomly dispensed from a minimum of two columns, and tickets must be accurately dispensed based on the amount of currency validated. If one of the columns is emptied before all of the tickets for that deal are sold, the deal must be able to be played until all credits have been used.

(3) Cash or tickets may not be dispensed to pay a player for a winning ticket.

(4) A shatterproof covering must be placed directly in front of the columns, and the pull-tab dispensing device must contain an outlet or tray to catch dispensed tickets.

(5) The pull-tab dispensing device must have at least one player button on the front which, when pressed, activates the dispensing of a ticket.

(6) If a malfunction occurs when the pull-tab dispensing device contains only one deal in one column, the device must become inoperable for that deal until the columns are adjusted or a new game is added.

(7) If a malfunction occurs when the pull-tab dispensing device contains more than one deal and the malfunction occurs in one of the columns containing a particular game, all of the columns containing tickets for that game must become inoperable until the malfunction is cleared.

(8) If electrical power is interrupted after currency has been validated but prior to pull-tabs being dispensed, the dollar amount of validated currency must be accurately redisplayed immediately after electrical power is restored.

(9) The pull-tab dispensing device must be manufactured so that it cannot be tampered with in a manner that would affect random selection of tickets disbursed.

C. The accounting and access features must comply with the following.

(1) Accounting meters must redundantly and perpetually track the total currency validated and the total number of pull-tabs dispensed.

(2) One accounting meter must perpetually track the number of tickets dispensed from each column.

(3) Accounting meters must not be cleared, erased, or replaced unless the board is notified and has given its approval.

(4) Accounting information must be at least six numbers in length, and information must be retained for at least six months after electrical power to the pull-tab dispensing device has been disconnected or turned off.

(5) When any nonresettable accounting meter or any component essential to the secure operation is disconnected, operation must automatically discontinue.

(6) When in a test-vend or audit mode, test-vends of tickets or currency acceptances must not be recorded on the accounting meters. "Test-vend" means the intentional accepting of currency or vending of pull-tabs to properly calibrate columns to accept currency and vend pull-tabs of varying lengths, widths, and thicknesses. The pull-tab dispensing device must not perform test-vends of tickets or currency acceptances unless it is in a test-vend or audit mode and the exterior door of the pull-tab dispensing device is open.

(7) The manufacturer must not furnish more than four keys to the exterior locking door, and not more than four keys to each separate locking compartment. The keys to the cash compartment may not be the same as the keys to the cash box.

D. The electronic currency validator must:

(1) accept and validate only United States currency in denominations of \$20 or less, and be capable of preventing acceptance of known manipulations of the currency and returning invalid currency to a player;

(2) transmit the value of currency validated;

(3) ensure that tickets will not be dispensed unless the validator has accepted and retained currency;

(4) 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; and

(5) have at least one removable stacker box that can stack at least 600 United States currency bills or have at least one removable drop box. The box must be located in a separately locking compartment.

E. Each pull-tab dispensing device must be designed and constructed so that it can be securely attached to a floor, wall, or counter, and the appearance or design must not resemble a slot machine or other gambling device.

F. Any pull-tab dispensing device provided to a licensed distributor for demonstration purposes must be clearly and permanently marked for use as a demonstration device only.

**Subp. 3. Manufacturing standards for tipboards and tipboard tickets.** Tipboards and tipboard tickets manufactured for sale in Minnesota must conform to the following standards.

A. Tipboard flares and prize pool boards must be manufactured so that none of the information under the seals can be determined in advance of opening the seals in any manner or by any device, including but not limited to any pattern in manufacture, assembly, packaging, markings, or by use of a light. Manufacturers are in compliance if the processes are approved by the board and all tipboard flares and prize pool boards with seals are produced using the processes. Once approved, a manufacturer may not change its processes without prior approval of the board.

B. To obtain board approval for its processes required by item A, a manufacturer must submit to the director a description of the processes along with a tipboard flare and prize pool board, if any, that has been produced using the processes.



(1) Within 14 days of receipt of the description and the tipboard flare and prize pool board, if any, the director must notify the manufacturer in writing of the director's decision to recommend approval or denial of the processes.

(2) The written notice to recommend denial, or denial by the board, must state the basis for the recommendation or the denial.

(3) Within 14 days of receipt of a notice recommending denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14.

(4) The board may withdraw its approval if it determines that the tipboard flare and prize pool board, if any, was not manufactured in such a manner to be tamper-resistant. If the board decides that its approval should be withdrawn, the board must issue an order initiating a contested case hearing under Minnesota Statutes, chapter 14.

C. Tipboard tickets must be manufactured and packaged according to the following:

(1) the standards in subpart 1, item C. The cost per play must not exceed \$2;

(2) each deal of tipboard tickets must include an ideal sales and prize payout structure designed to result in a profit for the game;

(3) tickets must be manufactured, assembled, and packaged so that none of the winning tickets, or the location or approximate location of any of the winning tickets, can be determined in advance of opening the 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; and

(4) an extra self-adhesive bar code must be included inside each deal.

D. The front of a tipboard flare must include:

(1) manufacturer's name or board-registered logo;

(2) game name and serial number, which must be identical to the same information printed on the tickets in the deal;

(3) form number;

(4) ticket count;

(5) seal prize, for a tipboard game with a single seal, and consolation prize or prizes, if any;

(6) prize amounts which may not exceed the limit under Minnesota Statutes, section 349.211, subdivision 2c;

(7) cost per play, which may not exceed \$2;

(8) language contained in Minnesota Statutes, section 349.163, subdivision 5, paragraph (e);

(9) Minnesota geographic boundary symbol required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (d);

(10) bar code affixed or printed on the bottom front of the flare, as required by the commissioner of revenue under Minnesota Statutes, section 297E.04, subdivision 2. The serial number in the bar code must be printed in numbers and letters at least one-half inch high and must be the same as the serial number on the tickets for that deal and on the flare;

(11) for each deal of tipboards sold to a licensed distributor for use by an Indian tribe, the bar code but must not contain the Minnesota geographic boundary symbol; and

(12) a seal card that meets all of the requirements of this item may serve as the flare for the game.

E. The front of a tipboard flare with multiple seals and no progression must include, at a minimum:

(1) individually numbered seals which, when opened, identify the seal prize on the back of the seal tab; and

(2) the information in item D.

F. The front of a prize pool board for a cumulative tipboard game must include, at a minimum:

(1) information required in item D. subitems (1), (3), (6), (7), (8), and (9);

- (2) game name;
- (3) seal prizes;
- (4) individually numbered seals which, when opened, identify the seal prize on the back of the seal tab; and
- (5) a prize pool board that meets all of the requirements of item D may be used as the flare for the game.

G. For a progressive tipboard flare, the minimum information printed on the front of the flare must include:

- (1) the information in item D, subitems (1), (2), (4), (7), (8), (9), (10), and (11);
- (2) a seal that determines the seal prize winner who chooses one or more seals for a chance to win the progressive jackpot prize;
- (3) a section where names are recorded for all ticket holders entitled to a chance on the jackpot seal prizes;
- (4) form number which must be identical to all games related to the specific progressive jackpot;
- (5) seals for the progressive jackpot round, and consolation prize amounts, if any. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211, subdivision 2c;
- (6) a section used by operators to record the current progressive jackpot amount;
- (7) the maximum progressive jackpot prize amount for the game, not to exceed the limit under Minnesota Statutes, section 349.211, subdivision 2c;
- (8) an amount to be contributed to the progressive jackpot from each deal in the game; and
- (9) for a separate progressive jackpot flare, the minimum information printed on the front of the flare must include:
  - (a) information in item D, subitems (1) and (7); and
  - (b) information in item G, subitems (4), (5), (6), and (8).

**Subp. 4. Manufacturing standards for bingo hard cards, bingo paper sheets, bingo paper sheet packets, and sealed bingo paper sheets.** Bingo hard cards, bingo paper sheets, bingo paper sheet packets, and sealed bingo paper sheets manufactured to be sold in Minnesota must include the manufacturer's name or board-registered logo and conform to the following standards.

A. Except for bingo sheets described in item D, 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." Numbers printed on the bingo hard card or bingo paper sheet face must correspond with the following:

- (1) numbers 1 to 15 in the "B" column;
- (2) numbers 16 to 30 in the "I" column;
- (3) numbers 31 to 45 in the "N" column;
- (4) numbers 46 to 60 in the "G" column; and
- (5) numbers 61 to 75 in the "O" column.

B. A bingo face must not have repeating numbers.

C. The serial number and face number must be printed on each bingo sheet face.

D. All bingo paper sheets not containing preprinted numbers 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.

E. Each sealed bingo paper sheet must be constructed so that the bingo face or faces is sealed to prevent revealing any part of the bingo face before the seal is opened by a bingo player, and so that all of the bingo numbers on each face cannot be determined from the outside of the sheet by using a light or by the naked eye.

F. A “bingo permutation” or “perm” means a proprietary set of an arrangement of numbers on a bingo sheet face.

Subp. 5. **Manufacturing standards for bingo number selection devices.** Bingo number selection devices manufactured to be sold in Minnesota must include the manufacturer’s name or its board–registered logo and conform to the following standards.

A. Each device must ensure random selection of all 75 bingo numbers.

B. Each device must not be able to be manipulated by a person to alter the outcome of a bingo game.

C. Each device must be manufactured solely for the purpose of conducting lawful gambling.

Subp. 6. **Manufacturing standards for electronic bingo devices.** In addition to the requirements of Minnesota Statutes, section 349.12, subdivision 12a, portable, handheld electronic bingo devices manufactured for sale or lease in Minnesota must include the manufacturer’s name or board–registered logo and conform to the following standards:

A. the number of bingo faces that may be played using a single electronic bingo device is limited to 36 per bingo game;

B. must be designed to be used solely with facsimiles of bingo paper sheets printed at the point of sale, or with corresponding bingo paper sheets, and ensure that any other bingo faces other than those purchased by a player are not available for play on the device. The device must not have any other games, information, entertainment programs, or advertising stored in or on the device, and must not mimic or appear to be a video game of chance as defined in Minnesota Statutes, section 609.75, subdivision 8;

C. except when used by players who are visually impaired, the device must have a silent system that notifies a player when a winning face has been completed;

D. must have adequate security to ensure that the device is not capable of being accessed in any manner by unauthorized personnel to change or control the program and has not been marked, defaced, tampered with, or which is otherwise intended to deceive the public or affect a person’s chances of winning;

E. the electronic bingo device must be part of a central system at a site used by an organization for the conduct of bingo and must have, at a minimum:

(1) dial–up capability to permit the board to remotely monitor the operation, compliance, and the internal accounting systems at any time. The internal accounting system device must maintain accounting information for at least six months;

(2) a point of sale station capable of printing a receipt for each sale, void, or reload that includes, at a minimum:

(a) date and time of transaction;

(b) total dollar amount of the transaction and quantity of bingo paper purchased;

(c) sequential transaction number;

(d) date of bingo occasion for which the bingo paper was sold;

(e) facsimile of the bingo paper, which may be the range of serial numbers of the bingo paper sold to the player; and

(f) serial number of the device;

(3) ability to print the winning bingo face; and

(4) ability to provide accounting and revenue reports as required by the board and the commissioner of revenue; and

F. must allow for manual electronic “catch–up” daubing by a player, but must not have an automatic electronic daub feature.

Subp. 7. **Manufacturing standards for paddletickets.** Paddletickets manufactured to be sold in Minnesota must conform to the following standards.

A. The minimum information printed on a paddleticket must include:

(1) manufacturer’s name or its board–registered logo; and

(2) game serial number, which must be a minimum of five and a maximum of eight characters. The serial number 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.

B. Paddletickets must be preprinted, detachable from a paddleticket card, and correspond with the colored numbers on the paddlewheel and every available wager shown by a colored number or numbers on the paddlewheel.

C. A paddleticket may not have the same numbers as any other paddleticket on the same card.

D. The serial number on each paddleticket must be identical to the serial number on the paddleticket card.

E. An individual master flare with each sealed grouping of 100 or fewer sequentially numbered paddleticket cards must include the following information on the front of the flare:

- (1) manufacturer's name or its board-registered logo;
- (2) same serial number as the serial number appearing on the paddleticket cards;
- (3) first paddleticket card number in the group;
- (4) form number;
- (5) ticket count;
- (6) cost per play, which may not exceed the limit under Minnesota Statutes, section 349.211, subdivision 2b; and
- (7) a bar code attached or imprinted at the bottom of the master flare, with all information required by the commissioner of revenue under Minnesota Statutes, section 297E.04, subdivision 3. An extra self-adhesive bar code must be included.

F. An individual master flare for paddletickets that are used for paddlewheels with a paddlewheel table must contain the following information:

- (1) all information required in item E;
- (2) prizes;
- (3) wagers that may be placed with a paddleticket in the group; and
- (4) the odds.

Subp. 8. **Manufacturing standards for paddlewheels intended for use without a paddlewheel table.** Paddlewheels used without a paddlewheel table and manufactured to be sold in Minnesota must include the manufacturer's name or board-registered logo and conform to the following standards:

A. be a manually operated vertical wheel that operates only with a free-spinning bearing system and the contact of the pointer with pegs;

B. be marked off into equally spaced sections with each section containing a different number or number and symbol combination;

C. have protruding pegs located on the face of the paddlewheel within two inches of the outside edge and at each line which divides the paddlewheel into equally spaced sections:

- (1) the pegs must be uniform in diameter and made of the same material;
- (2) any two pegs may not vary by more than one-eighth inch in distance from the center of the paddlewheel shaft; and
- (3) the distance between any two adjacent pegs may not vary by more than one-eighth inch from that of any two adjacent pegs; and

D. have a pointer positioned above the paddlewheel. When the wheel is spun, the pointer must strike the pegs on the wheel to bring the wheel to a final stop.

Subp. 9. **Manufacturing standards for paddlewheels intended for use with a paddlewheel table.** Paddlewheels used with paddlewheel tables and manufactured to be sold in Minnesota must include the manufacturer's name or its board-registered logo, and must conform to the following standards:

- A. standards in subpart 8;
- B. diameter must be at least 30 inches;
- C. outer circle may contain up to 40 numbers or number and symbol combination;
- D. numbers of each circle must be sequential, starting with the number one, but they may be placed randomly on that circle;

E. each circle must be divided into equally spaced sections and contain a sequential section number with the first section 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 may also include a graphic symbol or symbols including stylized numbers. If stylized numbers are used, they must be clearly different from the type style used for the section number;

F. each circle must be of a different color to correspond with the colored numbers or number and symbol combinations of a paddlewheel table playing surface;

G. may have specially designated house numbers, or number and symbol combinations, for use with an optional odd or even bet; and

H. have colored numbers or number and symbol combinations on the paddlewheel that are at least five-eighths inch high.

Subp. 10. **Manufacturing standards for paddlewheel tables.** Paddlewheel tables used with a paddlewheel as described in subpart 9 must include the manufacturer's name or board-registered logo and conform to the following standards:

A. have a playing surface that is clearly and permanently printed with the colored numbers or number and symbol combinations that correspond to the same information of each concentric circle on the paddlewheel;

B. have a stop opening for each colored number or numbers and symbol combinations;

C. allow the placement of bets by players on the front and both sides of the table;

D. be no longer than nine feet and no wider than four feet, including the chip rail used to hold a player's paddlewheel chips;

E. be equipped with a double or triple locking removable metal drop box; and

F. have one lock that secures the drop box to the table, and at least one separate lock that secures the contents placed into the drop box. The key to each of the locks must be different from each of the other locks.

Subp. 11. **Prior board approval of all gambling equipment required; independent laboratory testing required for certain permanent gambling equipment.** This subpart applies to board approval of gambling equipment.

A. Before the sale, lease, or distribution of any gambling equipment in Minnesota, the manufacturer must submit to the board a sample of the equipment.

(1) The submission must be in an electronic format or other format approved by the board.

(2) Samples must be received by the board on or before the 15th day of the month to ensure consideration at the board's meeting the following month.

(3) The board must 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 is not considered approval of the bar code required by the commissioner of revenue.

(4) For changes to the payout structure or ticket count for any approved game or for any game within a family of games, the manufacturer must assign a new game form number and submit the game to the board for approval before being offered for sale in Minnesota.

(5) For changes to flares, tickets, or payout slips for approved games, the manufacturer must submit the game changes to the board for review and, if required by the board, submitted for approval.

B. Pull-tab deals submitted for approval of a new family of games proposed for production or already in production but not yet approved for sale in Minnesota or new members to a previously approved family of games must include:

(1) front of the flare, prize pool board, if any, ticket for each game, and any cumulative or progressive jackpot flare;

(2) inside of the ticket showing the symbols in the boxes and the win indicators;

- (3) winning and losing symbols; and
- (4) payout structure.

If a game is approved by production copies, the manufacturer must submit to the board, simultaneously with the first shipment of the game into Minnesota, one complete deal of one family member to verify conformance with the previously approved production copies, and attach a high tier winning ticket and a losing ticket to a flare for all other game family members.

If the seal of a deal submitted to the board is broken or resealed to cover a broken seal, the deal will not be approved by the board.

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

- (1) one tipboard for each family;
- (2) for a new tipboard game proposed for production or already in production but not yet approved or new members to a previously approved family of games, production copies of the tipboard, the tickets, and the numbered sign-up sheet for the seal prize;
- (3) if the tipboard is approved by production copies, the manufacturer must submit to the board, simultaneously with the first shipment of the game into Minnesota, one tipboard game for each family to verify conformance with the previously approved production copies; and
- (4) any changes to approved tipboards must be submitted to the board for review, and if required by the board, submitted for approval according to subitems (1) and (2).

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

- (1) a copy of the catalog or brochure illustrating that the equipment meets the standards in subpart 4;
- (2) five sheets of each color and format of sealed bingo paper sheets; and
- (3) any changes to approved bingo hard cards, bingo paper sheets, bingo paper sheet packets, or sealed bingo paper sheets must be submitted to the board for review and, if required by the board, submitted for approval according to subitems (1) and (2).

E. Paddletickets 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 for the master flare; and
- (3) any changes to approved paddleticket cards or paddletickets must be submitted to the board for review and, if required by the board, submitted for approval according to subitems (1) and (2).

F. Permanent gambling equipment, including bingo number selection devices, electronic bingo devices, paddlewheels, paddlewheel tables, and pull-tab dispensing devices, that are submitted for approval must consist of the following:

- (1) a copy of the manufacturer's catalog or brochure illustrating that the item meets board-prescribed manufacturing standards for the equipment; 3I2> (2) a description of the item and its features;
- (3) any changes to approved equipment must be submitted to the board for review and, if required by the board, submitted for approval according to subitems (1) and (2);

(4) the board may require the manufacturer to make the equipment available to the board for inspection; and

(5) in addition to the requirements of subitems (1) to (4), manufacturers submitting a bingo number selection device, electronic bingo device, or pull-tab dispensing device for approval must also include a certificate from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested, analyzed, and meets the standards required in this chapter.

**Statutory Authority:** *MS s 14.055; 394.151; 349.154; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

**History:** *31 SR 1239*

**7864.0240 MANUFACTURER OPERATIONS, ACCOUNTS, REPORTS, AND RECORDS.**

**Subpart 1. Sales restrictions and requirements; exclusive lawful gambling equipment and agreements.** This subpart does not pertain to gambling equipment designated for sale to an Indian tribe. In addition to the requirements of Minnesota Statutes, section 349.163, a manufacturer must comply with the following.

A. A manufacturer must be able to identify the person to whom gambling equipment is sold and provide the buyer's identity upon the board's request.

B. A manufacturer must include a copy of the invoice with each shipment of gambling equipment.

C. A manufacturer may not sell or provide a partial series of bingo paper sheets or bingo paper sheet packets.

D. The lease or sale agreement of a pull-tab dispensing device must be recorded on a form prescribed by the board. If a distributor's license is suspended, revoked, denied by the board, not renewed, or terminated, the lease agreement must be canceled.

E. "Exclusive lawful gambling equipment" means a pull-tab or tipboard game or electronic bingo device designed or manufactured by a licensed manufacturer and sold to only one licensed distributor, and for which a valid written exclusivity agreement exists.

**Subp. 2. Sales invoices and report required.** A manufacturer who sells, leases, or provides gambling equipment must electronically report the sales or leases made each month to the commissioner of revenue by the 20th of the following month, as required under Minnesota Statutes, section 297E.04. A manufacturer must record the transaction on a sales invoice containing the information required by the commissioner of revenue:

A. manufacturer's name, address, and license number; and name, address, and license number of the distributor or linked bingo game provider to whom the sale was made;

B. invoice number and date of shipment;

C. unit price or monthly lease price of each item, the total amount invoiced, and for permanent gambling equipment, a description of the equipment being sold or leased, including the make, model number, and serial number;

D. statement whether the gambling equipment is designated for sale to an Indian tribe;

E. for pull-tabs and tipboards, the number of deals and a description of each pull-tab deal or tipboard, including game name, manufacturer identification, form number, part number, and serial number;

F. for sealed bingo paper sheets, the serial number and color of each set;

G. for each set of bingo paper sheet packets, the following information:

(1) color of each sheet in the packet in the order of collation;

(2) number of sheets per packet (UP's);

(3) number of faces per sheet (ON's);

(4) series; and

(5) serial number from each sheet in the packet if the serial numbers are not uniform throughout the packet. If the serial numbers are uniform throughout the packet, the serial number from the top sheet in the packet must be recorded on the sales invoice. The serial numbers may be recorded on a separate document attached to the invoice, if the invoice states that the serial number listing is attached;

H. for bingo paper sheets (case paper), the following information:

(1) color;

(2) number of sheets per case;

(3) number of faces per sheet (ON's);

(4) series; and

(5) serial number from the top sheet in the case;

I. for bingo hard cards, the price per face; and

J. for paddleticket cards;

(1) number of sealed groupings and ideal gross receipts for each sealed grouping; and

(2) for each sealed grouping of 100 or fewer sequentially numbered paddle-tickets, a description including the game name, manufacturer identification, form number, part number, and serial number.

**Subp. 3. Pricing and rebate reports required.** A pricing report must be filed annually in an electronic format prescribed by the board. Records of rebates must be available for board review upon demand. For each type of gambling equipment offered for sale or lease by the manufacturer, the pricing report must include:

A. manufacturer's name;

B. product code, description, and form number;

C. for pull-tabs and tipboard tickets:

(1) cost per play;

(2) ticket count;

(3) payout percent;

(4) top prize; and

(5) original and current price per ticket and per deal, and date the original and current prices were established;

D. for all other gambling equipment, the unit of measure, original and current price per unit, and date the original and current prices were established;

E. unit pricing detail must not include:

(1) shipping or handling costs;

(2) discounts, including but not limited to volume and prompt payment; or

(3) rebates;

F. adjustments for shipping, discounts, and rebates must be reported separately on the annual pricing report, are subject to review and approval or denial by the director, and include:

(1) shipping costs or handling charges, if any, which must be itemized;

(2) discounts which must be clearly defined and uniformly applied; and

(3) rebates which must be based on total dollar volume of purchases for a time period determined by the manufacturer and uniformly applied; and

G. only changes or additions to the previously filed report must be reported to the board at least two days before the date the new price will take effect. For products no longer available for sale, the current pricing must be reported as \$0.

**Subp. 4. Return of pull-tab and tipboard games; determination of defective game; credit invoice issued.** A manufacturer must accept the return of a game of pull-tabs or tipboards from a distributor if the game was not manufactured according to the standards in part 7864.0230 and take the following corrective actions.

A. For games returned before being put into play, the following apply.

(1) Within 15 business days of receiving a game from a distributor, a manufacturer must issue a credit invoice if the distributor provided written proof that the game does not meet the standards, unless the manufacturer has notified the commissioner of revenue in writing that a business dispute exists regarding the returned game. A copy of the credit invoice must be filed electronically as required by the commissioner of revenue.

(2) If the manufacturer ships a new game to replace the returned game, the manufacturer must prepare a new invoice for the new game.

(3) If the returned game was not manufactured according to the standards in part 7864.0230 and cannot be brought into compliance, the manufacturer must destroy the game. At the board's request, the manufacturer must furnish documentation stating that the game was destroyed.

B. For games returned during play or after being removed from play, the following apply.

(1) Within 15 business days of receiving a game from a distributor, the manufacturer must determine whether the game was manufactured according to the stan-



dards. The manufacturer must return the game to the distributor, who will return it to the organization to keep as a played game.

(2) Within 15 business days of determining that the game was not manufactured according to the standards, the manufacturer must issue a credit invoice to the distributor for the cost of the game, including any valid and documented losses over which the organization had no control or ability to prevent and which were reimbursed by the distributor. A copy of the credit invoice must be filed electronically as required by the commissioner of revenue.

**Subp. 5. Returned gambling equipment report required.** A manufacturer who accepts returns of gambling equipment not manufactured according to the standards in part 7864.0230 must file a report with the board no later than the 10th day of the following month. The report must be in a format approved by the board and include the following information:

A. manufacturer's name and license number, and name and license number of the distributor returning the equipment;

B. month and year of the report;

C. standards which were not met, actions taken to bring the equipment into compliance, and for pull-tab or tipboard games, a statement that the games were destroyed if they could not be brought into compliance;

D. for pull-tabs and tipboards, the number of deals and the form numbers;

E. for bingo hard cards, bingo paper sheets, bingo paper sheet packets, and sealed bingo paper sheets, the number of cases, serial number, and series number for uncollated paper;

F. for paddletickets, the number of paddleticket cards and the form number; and

G. for bingo number selection devices, electronic bingo devices, paddlewheels, paddlewheel tables, and pull-tab dispensing devices, the make, model, and serial number; and except for electronic bingo devices, the state registration stamp number attached to the equipment.

**Subp. 6. Recall of gambling equipment; credit invoices.** If a manufacturer sells gambling equipment that is not in compliance with part 7864.0230, the board may require the manufacturer to take corrective action, including a recall, if the integrity of the game is harmed or the fair play of the game may be adversely affected. These provisions also apply to a recall initiated by a manufacturer.

A. Within three business days of receipt of notification from the director, the manufacturer must initiate the recall of gambling equipment from licensed distributors or linked bingo game providers.

B. Within 25 business days of initiating the recall, the manufacturer must complete the recall and notify the board in writing that the recall has been completed. The notification must include:

(1) an inventory listing of the gambling equipment which was returned or not returned;

(2) bar code information as required by the commissioner of revenue; and

(3) listing of all distributors or linked bingo game providers, including license numbers, from whom the gambling equipment was recalled.

C. Within 15 business days of notifying the board as required by item B, the manufacturer must issue credit invoices to distributors or linked bingo game providers for the cost of the gambling equipment returned, including any valid and documented losses over which the organization had no control or ability to prevent and which were reimbursed by distributors or linked bingo game providers. Copies of the credit invoices must be filed electronically as required by the commissioner of revenue.

D. If a recalled pull-tab or tipboard game cannot be brought into compliance with the standards, the manufacturer must destroy the game. At the board's request, the manufacturer must submit an affidavit stating that the equipment was destroyed.

**Subp. 7. Report of delinquent distributor or linked bingo game provider required.** This subpart pertains to the notice to the board of a distributor or linked bingo game provider that is delinquent in payment of an invoice or lease agreement.

A. If a manufacturer has not received payment from a distributor or linked bingo game provider within 35 days of the invoice or lease agreement date, the manufacturer must report the delinquency to the board in writing, by e-mail, or by facsimile. The manufacturer must ensure that the board will receive the notice by the 36th day, or the next business day, after the invoice date for the sale or lease of the gambling equipment. The notice must include:

(1) the distributor's or linked bingo game provider's name and license number; and

(2) an invoice or lease agreement date, invoice number, and total dollar amount of the invoice or lease agreement.

B. If a manufacturer has not received payment in full within 60 days of its initial notice to the board, the manufacturer must notify the board of the continued delinquency. The manufacturer must ensure that the board will receive the notice on the 61st day, or the next business day, after the manufacturer's initial report to the board.

C. When the delinquency is paid, the manufacturer must notify the board immediately.

D. Upon receipt of the initial notice under item A, the board must:

(1) notify and direct the distributor or linked bingo game provider to eliminate the delinquency; and

(2) notify all manufacturers that until further notice they may only sell or lease gambling equipment to the delinquent distributor or linked bingo game provider on a cash basis. "Cash" means a check, money order, or cashier's check.

E. Upon receipt of the second notice under item B, the board must notify:

(1) the distributor or linked bingo game provider that the sale and lease of gambling equipment to the distributor or linked bingo game provider will not be authorized until the delinquency is eliminated; and

(2) all manufacturers that they may not sell or lease any gambling equipment to the delinquent distributor or linked bingo game provider.

F. When the board has been notified that the delinquency is paid in full, the board must notify all manufacturers that the delinquency has been paid and that the sale or lease of gambling equipment to the distributor or linked bingo game provider is authorized.

G. Until authorized by the board, a manufacturer may not extend credit or sell or lease gambling equipment to a distributor or linked bingo game provider in violation of an order under items D and E.

**Subp. 8. Examination of books and records.** 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.

**Statutory Authority:** *MS s 14.055; 394.151; 349.154; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

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