

CHAPTER 7864
GAMBLING CONTROL BOARD
GAMBLING EQUIPMENT MANUFACTURERS

7864.0010 LICENSED MANUFACTURERS.

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

Subpart 1. [Repealed, 29 SR 443]

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. An application must be made to the board pursuant to this part.

A manufacturer's license application must be completed on a form prescribed by the board. An application must be considered by the board pursuant to this part. The board must not issue a manufacturer's license to an applicant unless the requirements of Minnesota Statutes, sections 349.155, subdivision 3, and 349.163 have been met. For purposes of compliance with Minnesota Statutes, section 349.155, subdivision 3, the following definitions apply:

- A. "director" means a member of the applicant's board of directors;
- B. "officer" means any person elected, appointed, or otherwise designated as an officer by the applicant's board of directors; and
- C. "other person in a supervisory or management position" means any person employed to direct or control the personnel and activities of an applicant's department or division.

Subp. 3. [Repealed, 29 SR 443]

Subp. 4. **Restrictions.** The following restrictions apply to the licensee's activities within Minnesota, or while conducting business with distributors authorized to sell lawful gambling equipment in Minnesota. In addition to the restrictions contained in Minnesota Statutes, sections 349.155, subdivision 3, and 349.163, no manufacturer, or any representative, agent, affiliate, or employee of a manufacturer may:

- A. sell gambling equipment 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 with the same form number sold by the manufacturer for use in Minnesota for a period of 3-1/2 years;
- B. 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 an organization in the purchase of, or influence the purchase of, gambling equipment;
- 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 member of the board;
- F. participate directly or indirectly in the ownership or management of a bingo hall;
- G. lease premises to an organization for the conduct of lawful gambling;
- H. 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 fund-raising event for an organization, provided that the contribution or fund-raising event is unrelated to the organization's conduct of lawful gambling; or

I. 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. 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 complete legal name of the applicant and any other names used, and the legal nature of the applicant (sole proprietorship, partnership, limited liability company, or corporation);

B. the complete address of the applicant's place of business;

C. the complete mailing address, if different than the business address;

D. the telephone number of the applicant;

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

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

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

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

I. the complete 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;

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

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

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

M. an acknowledgment regarding the restrictions contained in subpart 4;

N. the signature, in ink, of the chief executive officer; and

O. additional information to properly identify the applicant and to ensure compliance with Minnesota Statutes, sections 349.11 to 349.23, which may be required by the board or director.

Subp. 7. **Attachments to application.** The following items must be included as attachments to manufacturer's license applications:

A. A manufacturer's personnel form, on a form 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, 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;

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(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 manufacturer personnel form must include the following information:

(1) the complete name and license number, if issued, of the manufacturer;

(2) the complete name and address, date of birth, Social Security number, and telephone number of the individual completing the form;

(3) the complete name of the individual's spouse, if married;

(4) the individual's position with the manufacturer and the individual's work telephone number;

(5) a Minnesota tax identification number, if any, of businesses that the individual has owned during the past ten years;

(6) an employment history for the last ten years;

(7) the places of residence for the last ten years;

(8) the name and 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;

(9) a criminal history statement, except petty misdemeanors;

(10) a statement regarding the provisions of subpart 4;

(11) a signature, in ink, of the person and the date signed; and

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

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

D. The manufacturer must submit an organizational chart illustrating the management structure of the applicant.

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 no later than ten days after the change has taken effect.

Subp. 9. [Repealed, 29 SR 443]

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 4 and Minnesota Statutes, section 349.163.

B. The board shall deny the application of a manufacturer ineligible to hold a license pursuant to subpart 4 or Minnesota Statutes, section 349.163.

C. When the board, or director if authorized to act on behalf of the board, determines that a manufacturer's license 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. [Repealed, 29 SR 443]

Subp. 13. **License effective.** A new license issued by the board pursuant to this part is effective on the first day of the month after board approval.

Subp. 14. **License renewal.**

A. 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 no changes have occurred to the information required by subpart 7 since the original application was submitted, the applicant may submit an affidavit to the board, on a form provided by the board, stating that no changes in the information attached to the original application have occurred.

B. An application for renewal of a manufacturer's license must be denied by the board if the applicant is ineligible for a license pursuant to subpart 4 or Minnesota Statutes, section 349.163.

Statutory Authority: *MS s 349.151; 349.163*

History: *16 SR 2116; 19 SR 1854; 19 SR 2380; L 1997 c 129 art 2 s 15; 23 SR 831; 29 SR 443*

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 the following:

(1) Pull-tab tickets must be manufactured in such a manner to detect a ticket that has been tampered with or partially opened prior to its sale to the public. Manufacturers are deemed to be in compliance with this requirement if the processes used to make the tickets tamper-resistant are approved by the board, and all tickets manufactured to be sold in Minnesota are produced using the approved processes. Once approved, a manufacturer may not change its processes for making the tamper-resistant tickets without the prior approval of the board.

(2) For purposes of obtaining board approval for its processes for making pull-tab tickets tamper-resistant, a manufacturer must submit to the director a written description of the processes along with a deal of tickets that has been produced using the processes. 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 manufacturer's processes. A decision to recommend denial, or denial by the board, must be accompanied by a written notice stating with particularity

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the basis for the recommendation or the denial. Within 14 days of receipt of a notice recommending denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14.

(3) The board may rescind its approval of the processes if it is determined that the pull-tab tickets were not manufactured in such a manner to detect that a ticket has been tampered with or partially opened prior to its sale to the public. If the board decides that its approval of the process should be rescinded, the board must issue an order initiating a contested case hearing under Minnesota Statutes, chapter 14.

(4) The minimum information printed on a pull-tab must include the following:

- (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 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 form number for 3-1/2 years from the date of the manufacturer's invoice to the distributor;
- (d) the manufacturer's unique form number for that game;
- (e) the price per individual pull-tab; and
- (f) the number of winners in each tier, and the respective winning numbers or symbols and prize amount.

(5) Pull-tabs with an unopened, overall area of less than 1.6 square inches are exempt from subitem (4), units (b) and (d) through (f).

(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 (4), unit (f).

(7) The front of the flare for each pull-tab game must contain the following information:

- (a) the name of the manufacturer or its board-registered logo;
- (b) the name of the game and the serial number, which must be identical to the name of the game and the serial number 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 or number combinations;
- (f) the cost per play; and
- (g) the language contained in Minnesota Statutes, section 349.163, subdivision 5, paragraph (e).

(8) In addition to subitems (4), (5), and (6), the manufacturer must, for each deal of pull-tabs which is shipped, sold, furnished, or provided for use in Minnesota, affix or imprint a bar code as required by the commissioner of revenue on the bottom front of the flare. The bar code must provide all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2. The manufacturer must also imprint, on the bottom front of the flare, 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, but must not bear the Minnesota geographic boundary symbol. 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, and must be printed in letters at least one-half inch high.

(9) Except for pull-tabs that are folded and banded, pull-tabs must be designed so that the symbol blocks are a minimum of 2.5/32 inch from the die-cut edge of the ticket.

(10) 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.

(11) Each deal must be designed, constructed, glued, and assembled in such a manner that prevents the determination of a winning ticket without removing the tabs or otherwise uncovering the numbers or symbols. The glue must be of sufficient strength and type to prevent the separation or delamination of the ticket.

(12) Each ticket in a deal must bear the same serial number, which must be identical to the serial number appearing on the flare for that deal. There must not be more than one serial number in a deal.

(13) Pull-tabs must be manufactured so that it is not possible to detect or pick out winning or losing pull-tabs due to any manufacturing or color variations in the tickets.

(14) All pull-tabs must have a primary form of identifying a winner. Except for pull-tabs that are folded and banded, all pull-tabs must have a secondary form of identifying a winner. Pull-tabs that have both a primary and secondary win indicator used to identify the winning number or symbol combination must be designed to be a minimum of 3.5/32 inch from the die-cut edge of the ticket. If a win bar is used as a primary or secondary form of winner identification and it extends into the column that is the farthest from the hinged side of the ticket, it must be designed to be 5/32 inch from the die-cut edge of the ticket. If randomly generated alpha-numeric win indicators are used, they must be printed in the space between the hinge and the column that is closest to the hinge, or located in any position except the column that is the farthest from the hinged side of the ticket. Alpha-numeric 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 of the ticket.

(15) The pull-tab ticket dimensions must be the same for all tickets in the deal.

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

(a) Winning pull-tabs must be distributed and mixed among all other pull-tabs in a deal to eliminate any pattern between deals or portions of deals from which the location or approximate location of any winning pull-tabs 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 of winning tickets.

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

(c) Each deal's container must be sealed by the manufacturer 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.

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

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

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

(g) Each deal must contain the same number of tickets as listed on the flare, and must contain the same number of winning combinations in the same denomination as identified on the flare for that deal.

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(h) Each deal's payout information, including multiple winners, if any, must be packaged with the deal.

(17) All pull-tab deals submitted for approval and approved in Minnesota after November 1, 2004, must be in compliance with the standards by November 1, 2004.

(18) All pull-tab deals approved for sale in Minnesota prior to November 1, 2004, and manufactured after November 1, 2004, must be in compliance by June 1, 2005.

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

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

(1) for tipboard tickets, the manufacturing standards in item A apply;

(2) for tipboard games with a single seal, the minimum information printed 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;

(3) for tipboard games with multiple seals and no progression, the minimum information printed 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) individually identifiable seals;

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

(e) the ticket count;

(f) the form number; and

(g) the cost per ticket;

(4) for progressive tipboard games, the minimum information printed on the front of a progressive 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 seals for the qualifying tickets;

(d) the jackpot seals with consolation prizes, if any;

(e) the ticket count;

(f) the form number which must be identical to all games related to the specific progressive jackpot;

(g) the cost per ticket;

(h) a section that shall record the names of all holders of tickets that entitle the bearer to a chance on the jackpot seal prizes;

(i) a section for operators to identify the current amount of the progressive jackpot;

(j) the statutory limit of progressive jackpots contained in Minnesota Statutes, section 349.211, subdivision 2c; and

(k) the amount dedicated to the progressive jackpot.

The minimum information printed on a separate jackpot flare must include the information required in units (a), (d), (f), (g), (i), (j), and (k);

(5) deals of tipboard 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;

(6) tipboard flares must be manufactured, assembled, and packaged so that none of the seals can be tampered with or the information under the seal 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 deemed to be in compliance with this requirement if the processes used to make the tamper-resistant seals are approved by the board and all tipboard flares with seals are produced using the processes. Once approved, a manufacturer may not change its processes for making the tamper-resistant seals without the prior approval of the board;

(7) for purposes of obtaining board approval for its processes for making seals on tipboard flares tamper-resistant, a manufacturer must submit to the director a written description of the processes along with a tipboard flare that has been produced using the process. Within 14 days of receipt of the description and the tipboard flare, the director must notify the manufacturer in writing of the director's decision to recommend approval or denial of the manufacturer's process. A decision to recommend denial, or denial by the board, must be accompanied by a written notice stating with particularity the basis for the recommendation or the denial. Within 14 days of receipt of a notice recommending denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14;

(8) the board may rescind its approval of the process if the tipboard flare was not manufactured in such a manner to detect that a seal on the tipboard has been tampered with or partially opened prior to the sale of the tipboard tickets to the public. If the board decides that its approval of the process should be rescinded, the board shall issue an order initiating a contested case hearing under Minnesota Statutes, chapter 14;

(9) the manufacturer must, for each deal of tipboards which is shipped, sold, furnished, or provided for use in Minnesota, affix or imprint a bar code as required by the commissioner of revenue on the bottom front of the tipboard. The bar code must provide all information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 2. The manufacturer must also imprint, on the bottom front of the tipboard, 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;

(10) 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 in that tipboard game and must be printed in numerals at least one-half inch high; and

(11) the front of the tipboard must contain the language in Minnesota Statutes, section 349.163, subdivision 5, paragraph (e).

C. All bingo hard cards, bingo paper sheets, bingo paper sheet packets, and broken bingo paper sheets manufactured to be sold in Minnesota must conform to the following standards:

(1) except for bingo sheets described 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

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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) a bingo face must not have repeating numbers;

(3) the serial number and face number must be imprinted on each bingo sheet face;

(4) 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; and

(5) each breakopen bingo paper sheet must be constructed so that the bingo face or faces is sealed in 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 sheet by using a high intensity lamp of up to and including 500 watts, or by the naked eye.

D. All bingo ball selection devices manufactured to be sold 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 that it is not able to be manipulated by a person to alter the outcome of a bingo game; and

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

E. All paddlewheels intended for use without a paddlewheel table and manufactured to be sold in Minnesota must conform to the following standards:

(1) each paddlewheel must be a manually operated vertical wheel which operates only with a free spinning bearing system and the natural contact of the pointer with pegs;

(2) each paddlewheel must be marked off into equally spaced sections with each section containing a different number or number/symbol combination;

(3) protruding pegs must be located on the face of the paddlewheel within two inches of the outside edge of the paddlewheel, and at least at each line which divides the paddlewheel into equally spaced sections. The pegs must be uniform in diameter and made of the same material. No two pegs may vary in placement by more than one-eighth inch in distance from the center of the paddlewheel shaft. The distance between any two adjacent pegs may not vary by more than one-eighth inch from that of any two other adjacent pegs on the paddlewheel; and

(4) a pointer must be positioned above the paddlewheel. When the wheel is spun, the pointer must strike the pegs on the wheel to bring the wheel to an eventual stop.

F. In addition to conforming to the requirements of item E, paddlewheels manufactured to be sold in Minnesota and that are intended for use with paddlewheel tables and chips must conform 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 pointer 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 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 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;

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

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

(8) a protruding peg 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 must be uniform in diameter and made of the same material. No two pegs 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 may not vary by more than one-eighth inch from the distance between any two other adjacent 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 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 the colored numbers, symbols, or number/symbol combinations that correspond to the sets of colored numbers, symbols, or 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 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) each paddlewheel table may be no longer than nine feet and no wider than four feet, including the chip rail;

(16) each paddlewheel table must be equipped with a double-locking or triple-locking removable metal container known as a drop box; and

(17) each paddlewheel table must 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.

G. All paddletickets manufactured to be sold 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; and

(b) the unique game serial number, which must be a minimum of five and a maximum of eight characters. The serial number must not be repeated on

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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) a paddleticket cannot have the same numbers as any other paddleticket on the same card;

(4) the serial number on each paddleticket must be identical to the serial number on the paddleticket card;

(5) the manufacturer must provide an individual master flare with each sealed grouping of 100 or fewer sequentially numbered paddleticket cards. All information required by the commissioner of revenue pursuant to Minnesota Statutes, section 297E.04, subdivision 3, must be included in the bar code affixed or imprinted at the bottom of the master flare. An extra self-adhesive bar code must be included with each master flare; and

(6) the front of the master flare for each sealed grouping of 100 or fewer sequentially numbered paddleticket cards must contain the following information:

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

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

(c) the price of a paddleticket;

(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.

H. Pull-tab dispensing devices manufactured to be sold or leased in Minnesota must conform to the following standards:

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

(2) The columns in the pull-tab dispensing device must accommodate pull-tabs of varying lengths, widths, and thicknesses.

(3) A shatterproof covering shall be placed directly in front of the columns.

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

(5) The pull-tab dispensing device must accurately dispense the correct number of pull-tabs based on the amount of currency validated.

(6) There must be at least one player button on the front of the pull-tab dispensing device that, when pressed, activates the dispensing of a pull-tab.

(7) The pull-tab dispensing device must have at least two columns. The columns must be located in a separately locking compartment of the pull-tab dispensing device.

(8) The pull-tab dispensing device must randomly dispense the pull-tabs in each game. Each game must be placed into a minimum of two columns. A game may continue to be played until all credits in the device have been redeemed if one of the columns containing pull-tabs for that game is emptied prior to all of the pull-tabs for that game being sold.

(9) If a malfunction occurs when the pull-tab dispensing device is in use:

(a) when the pull-tab dispensing device contains only one game in one column, the device must become inoperable for that particular game until the columns are adjusted or a new game is added; or

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

After currency has been validated but before the pull-tabs have been dispensed, the dollar value of validated currency must be accurately displayed after the malfunction is cleared.

(10) The pull-tab dispensing device must have an illuminated display of the monetary value of currency validated and must not be capable of displaying advertising messages or graphics.

(11) 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.

(12) The pull-tab dispensing device must not dispense cash or pull-tabs to redeem a winning pull-tab.

(13) The pull-tab dispensing device must be constructed so that it can be securely attached to a floor, a wall, or a counter.

(14) The pull-tab dispensing device must not have a video display screen, other than any illuminated display that may be required by this subpart.

(15) The pull-tab dispensing device must not produce audio sounds other than a sound from a security alarm.

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

(17) The manufacturer's name or board-registered logo and the serial number, model number, and date of manufacture of the pull-tab dispensing device must be permanently affixed to the device.

(18) The manufacturer must not furnish more than four keys to the exterior locking door of the device, and not more than four keys to each separate locking compartment of the device.

(19) When in a test-vend or audit mode, test-vends of pull-tabs or currency acceptances must 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.

(20) The pull-tab dispensing device must have:

(a) accounting meters that redundantly and perpetually track the total currency validated by the currency validator and the total number of pull-tabs dispensed from the device; and

(b) one accounting meter that perpetually tracks the number of pull-tabs dispensed from each column in that device.

(21) The pull-tab dispensing device's accounting meters must not be cleared, erased, or replaced unless the board is notified and has given its approval.

(22) The pull-tab dispensing device shall be equipped with a component which contains the pull-tab dispensing device's programming code, and which must be identical in all respects to the manufacturer's equipment specification that has been approved for use in Minnesota by an independent testing laboratory. The component must be tamper-resistant.

(23) The pull-tab dispensing device must maintain accounting information of at least six digits in length, and retain the information for at least six months

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after electrical power to the pull-tab dispensing device has been disconnected, or the electrical current has been turned off.

(24) The manufacturer shall ensure that the pull-tab dispensing device cannot be tampered with in a manner that would affect random selection of disbursement of tickets from the device.

(25) The pull-tab dispensing device must automatically discontinue operation when any nonresettable accounting meter or any component essential to the secure operation of the device is disconnected.

(26) The pull-tab dispensing device must have a time and date generator which will record and maintain, at a minimum, the last 25 instances in which the ticket door and cash door to the pull-tab dispensing device was opened. The information recorded on the time and date generator must be able to be displayed on an illuminated display.

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

(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 dispensing device;

(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 able to stack 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. Before the sale, lease, or distribution 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. If the manufacturer changes the percentage payout or ticket count for any approved game, or for any game within a family of games, a new game form number must be assigned and the game must be submitted to the board for approval before being offered for sale in Minnesota. Each deal of pull-tabs and tipboards must include an ideal sales and prize payout structure which is designed to result in a profit for the game.

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

(1) a new family of games already in production, but not yet approved for sale in Minnesota, must include a complete deal of one family member, and a flare and 20 tickets for each additional member of that family, as follows:

(a) one unopened ticket attached to the back of the flare;

(b) one opened high tier winner attached to the back of the flare;

(c) five additional opened winners; and

(d) 13 additional unopened tickets;

(2) new members to a family of games previously approved for sale in Minnesota must consist of a flare and 20 tickets for that new family member, as follows:

- (a) one unopened ticket attached to the back of the flare;
- (b) one opened high tier winner attached to the back of the flare;
- (c) five additional opened winners; and
- (d) 13 additional unopened tickets;

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

(4) if a game is approved by production copies, 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 to verify conformance with the previously approved production copies. The submittal must include:

- (a) one unopened ticket attached to the back of the flare for each game;
- (b) one opened high tier winner attached to the back of the flare for each game;
- (c) five additional opened winners for each game; and
- (d) 13 additional unopened tickets for each game;

(5) if the seal of a deal submitted to the board for approval is broken or resealed to cover a broken seal, 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 necessary by the board, submitted for approval pursuant to subitems (1) to (5).

B. 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 production copies of the tipboard, the tickets, and the numbered sign-up sheet for the seal prizes;
- (3) if the tipboard is approved by production copies, the manufacturer must, simultaneously with the first shipment of the game into Minnesota, submit 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 deemed necessary by the board, submitted for approval pursuant to subitems (1) and (2).

C. 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;
- (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 necessary by the board, submitted for approval pursuant to subitems (1) and (2).

D. Bingo ball selection devices, paddlewheels, paddlewheel tables, and pull-tab dispensing devices being submitted for approval must consist of the following:

- (1) a copy of the manufacturer's catalog or brochure illustrating that the item meets the standards in subpart 1;
- (2) a description of the item which lists all features of the item;

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(3) any changes to approved equipment must be submitted to the board for review and, if deemed necessary by the board, submitted for approval pursuant 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) through (4), manufacturers submitting a pull-tab dispensing device to the board 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 or exceeds the standards required in subpart 1 for use in Minnesota.

E. Paddletickets submitted for approval must consist of the following:

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

(2) production copies for the master flare.

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

Subp. 3. Sale or lease of approved gambling equipment to licensed distributors.

A. A manufacturer may not sell, lease, or make available to any distributor any gambling equipment unless the equipment meets the standards in subpart 1 and the distributor has a valid license issued by the board. This subpart does not pertain to gambling equipment designated for sale to an Indian tribe.

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

(1) the lease or sale of a pull-tab dispensing device must be recorded on a form or forms prescribed by the board;

(2) if a default in the lease agreement occurs on the part of the licensed distributor, the credit provisions contained in Minnesota Statutes, section 349.191, subdivision 1b, shall apply;

(3) 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); and

(4) any pull-tab dispensing device 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.

C. 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.

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

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

F. No manufacturer may sell or otherwise provide a partial series of bingo paper sheets or bingo paper sheet packets to a licensed distributor.

G. A manufacturer must include a copy of the invoice or shipping manifest for that shipment with each shipment of gambling equipment to a licensed distributor which is designated for sale to an organization conducting lawful gambling.

Subp. 4. [Repealed, 29 SR 443]

Subp. 5. Return of equipment.

A. Gambling equipment returned during play or after being removed from play:

(1) Within 30 business days of receiving gambling equipment not manufactured in compliance with the standards in subpart 1 from a distributor, the manufacturer shall make a determination as to whether the gambling equipment was manufactured in compliance with the standards. After the manufacturer has made its determination, the gambling equipment must be returned to the distributor, who will return it to the organization to be retained as a played game.

(2) Within 30 business days of making a determination that the gambling equipment was not manufactured in compliance with the standards in subpart 1, the manufacturer shall issue a credit invoice to the distributor. The credit invoice must include the cost of the equipment and any bona fide losses documented by the organization over which the organization had no control or ability to prevent. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue.

B. Gambling equipment returned prior to being put into play:

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

(2) If the manufacturer ships new gambling equipment to the distributor as replacement for the returned equipment, the manufacturer must prepare a new sales invoice for the replacement equipment.

(3) If the returned gambling equipment was not manufactured in compliance with the standards in subpart 1, and it cannot be brought into conformance with those standards, it must be destroyed by the manufacturer. The manufacturer must, at the board's request, furnish documentation attesting to the destruction of the gambling equipment. If the gambling equipment is destroyed in-house at the manufacturer's facility by the manufacturer, an affidavit attesting to the destruction will be considered proper documentation.

Subp. 6. Corrective action. If a manufacturer sells gambling equipment that is not in compliance 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 noncompliance 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 receipt of notification from the board, the manufacturer must initiate the recall. The manufacturer must recall the nonconforming gambling equipment from licensed distributors or linked bingo game providers.

C. Within 25 business days of initiation of recall proceedings, the recall must be complete and the manufacturer shall notify the board in writing that the recall has been completed. The notification must include the following information:

(1) a complete inventory listing of the recalled gambling equipment;

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

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

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D. Within 45 business days of completion of the recall, the manufacturer must issue credit invoices to distributors or linked bingo game providers for the cost of the gambling equipment, including any bona fide losses incurred and documented by organizations which were reimbursed to organizations by distributors or linked bingo game providers, 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 compliance with the standards in subpart 1, it must be destroyed by the manufacturer. The manufacturer must, 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 will be considered proper documentation.

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

A. Pricing reports. Reports must be filed annually in an electronic format prescribed by the board. The report must include the following information for each type of gambling equipment offered for sale or lease by the manufacturer:

- (1) the name of the manufacturer;
- (2) the product code;
- (3) the product description;
- (4) the form number;
- (5) for pull-tabs and tipboard tickets:
 - (a) the cost per play;
 - (b) the ticket count;
 - (c) the payout percent;
 - (d) the top prize;
 - (e) the original price per ticket;
 - (f) the original price per deal;
 - (g) the date the original price was established;
 - (h) the current price per ticket;
 - (i) the current price per deal; and
 - (j) the date the current price was established;
- (6) for all other gambling products:
 - (a) the unit of measure;
 - (b) the original price per unit;
 - (c) the date the original price was established;
 - (d) the current price per unit; and
 - (e) the date the current price was established;
- (7) unit pricing detail must not include:
 - (a) transportation or handling costs;
 - (b) discounts, including but not limited to volume and prompt payment; or
 - (c) rebates;

(8) adjustments for transportation, discounts, and rebates may be allowed but must be reported separately on the annual pricing report and are subject to review and approval or disapproval by the director. Transportation costs or handling charges, if any, must be itemized. Discounts must be clearly defined and uniformly applied. Rebates must be based on total dollar volume of purchases during a period of time determined by the manufacturer, uniformly applied, and reported to the board when paid;

- (9) only changes or additions to the previously filed report are required;

(10) changes or additions must be reported to the board by the first day of each month for which the price is effective; and

(11) for products that are no longer available for sale, the current pricing must be reported as \$0.

B. Sales invoice. A manufacturer who sells or provides gambling equipment in any manner must record the transaction on a sales invoice, which must contain the following information as prescribed by the commissioner of revenue:

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

(2) the name, address, and license number of the distributor to whom the sale was made;

(3) the invoice number;

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

(5) the unit price or monthly lease price of each item of gambling equipment and the total amount being invoiced for each type of gambling equipment;

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

(7) for pull-tabs and tipboards, the following information must appear on the sales invoice:

(a) the number of deals for pull-tabs and tipboards; and

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

(8) for paddleticket cards, the following information must appear on the sales invoice:

(a) the number of sealed groupings;

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

(c) for each sealed grouping of 100 or fewer sequentially numbered paddletickets, a complete description of each sealed grouping including the name of the game, the manufacturer identification, the form number, the part number, and the serial number;

(9) for bingo paper sheets and bingo paper sheet packets, 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;

(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. 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 which is attached to the invoice, if the invoice clearly states that the serial number listing is attached as a separate document;

(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;

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(10) for bingo hard cards, the price per face must also appear on the sales invoice;

(11) for permanent gambling equipment, 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 equipment;

(12) each manufacturer who sells, leases, or otherwise provides gambling equipment must electronically report the sales or leases 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 or lease is completed.

C. Returned gambling equipment report.

(1) A manufacturer who accepts returns from a distributor or linked bingo game provider of gambling equipment not manufactured in compliance 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 complete address of the manufacturer;

(b) the month and year of the report;

(c) for pull-tabs 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 broken 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 or linked bingo game provider 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 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 or linked bingo game provider 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 or linked bingo game provider required.

(1) Pursuant to Minnesota Statutes, section 349.191, subdivision 1, a licensed manufacturer shall notify the board in writing, by e-mail, or by facsimile, if the manufacturer has not received payment from a licensed distributor or linked bingo game provider for gambling equipment within 35 days of the invoice date for the sale of gambling equipment. The notification must be received by the board on the 36th day, or the next business day, after the invoice date for the sale of the gambling equipment. The notification must include:

(a) the name, address, and license number of the distributor or linked bingo game provider; and

(b) the manufacturer's invoice date, the invoice number, and the total dollar amount of the invoice.

Upon receipt of the notice, the board shall notify all manufacturers that, until further notice from the board, they may only sell gambling equipment to the delinquent distributor or linked bingo game provider on a cash basis. For purposes of this item, cash means a check, money order, or cashiers' check.

(2) The board shall notify the licensed distributor or linked bingo game provider of the delinquency and direct the distributor or linked bingo game provider to eliminate the delinquency.

(3) If a manufacturer who has notified the board under subitem (1) has not received payment in full from the delinquent distributor or linked bingo game provider within 60 days of its initial notification to the board, it must then notify the board of the continuing delinquency. The notification must be received by the board on the 61st day, or the next business day, after the manufacturer's initial notification to the board. Upon receipt of the second notice, the board must notify all manufacturers not to sell any gambling equipment to the delinquent distributor or linked bingo game provider.

(4) No manufacturer may extend credit or sell gambling equipment to a distributor or linked bingo game provider 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 manufacturer must immediately notify the board, and 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 cooperate with this requirement, the board must 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.

Statutory Authority: *MS s 349.151; 349.162; 349.163; 349.191*

History: *19 SR 1854; 19 SR 2380; 20 SR 2624; L 1997 c 129 art 2 s 15; 23 SR 831; 29 SR 443*