

7863.0260 LINKED BINGO GAME PROVIDER OPERATIONS, ACCOUNTS, REPORTS, AND RECORDS.

Subpart 1. Board approval; purchase or lease of gambling equipment and linked bingo services.

A. To obtain board approval for linked bingo games, a linked bingo game provider must provide the linked bingo game on its system to the director, at no charge, to be used to determine compliance with subparts 1 and 1a and part 7863.0270.

B. Electronic linked bingo games and systems approved prior to June 16, 2014, must become compliant within 180 days of June 16, 2014.

C. A linked bingo game provider may not purchase or obtain gambling equipment or linked bingo services from any other linked bingo game provider.

D. Electronic linked bingo system and device leases must contain:

- (1) the organization's license number;
- (2) the name and address of the permitted premises where the electronic linked bingo system and devices will be used;
- (3) the terms of the lease agreement;
- (4) a clause prohibiting the electronic linked bingo devices from being transferred to another permitted premises unless prior written approval by the board is obtained; and
- (5) a termination clause of not greater than six months.

E. The lease price of an electronic linked bingo system and devices:

- (1) must be based on a predetermined lease amount; and
- (2) must not be based on a percentage of gross receipts.

F. The linked bingo game provider must submit a copy of the lease agreement to the board within ten days of signing or amending a lease agreement.

G. Within ten days of being notified by the board that a manufacturer has terminated its license, the license has expired, or the license was revoked by the board, a licensed linked bingo game provider must submit to the board a certified physical inventory. The certified inventory must include the name, form number, and quantity of all gambling equipment currently in inventory or owned or leased by the linked bingo game provider that was manufactured by the manufacturer.

Subp. 1a. **Linked bingo game system requirements.** The linked bingo game system must meet the following requirements:

A. be capable of recording and printing detailed sales and accounting reports, including the price per face and the number of linked bingo paper sheets or facsimiles of linked bingo sheets sold at each permitted premises;

B. have an automatic or manual backup system to save all sales, financial, and game data;

C. be capable of recording and printing all financial transaction reports, in addition to maintaining, and printing on demand by the board, a log of significant events or exceptions relating to accounting and sales;

D. have secure access, limited to authorized persons only;

E. allow for sales data corrections, if necessary, by authorized personnel through a password-controlled audit menu, and maintain and print on demand by the board, a log of all accounting changes including the name of the person who made the changes, date and time of the change, and the items adjusted;

F. have the capability of supporting remote sales units that must immediately communicate all sales directly to the main linked bingo game system computer;

G. have either a bingo ball blower system or an electronic random number generator to select bingo numbers, have the means to enter the selected numbers into the linked bingo game system for validation purposes, and have the means to correct any input errors up to the time a valid linked bingo game winner is determined;

H. contain a means by which all bingo sheet perm numbers or electronic serial and face numbers are contained within the database for winning face identification. The linked bingo game system must be able to verify winning serial and face numbers, determine if there is more than one bingo, verify that each called bingo is valid, and print a record of all selected numbers and each winning bingo face;

I. possess a database of all bingo perms used in conjunction with the linked bingo game. The linked bingo game system must not allow changes or modifications to the bingo faces. Access to the database must be controlled by password authorization or another secure method;

J. maintain an internal clock with current synchronized time for all components in 24-hour format and date. The clock must be able to provide:

(1) time stamping of significant events, including all sales and draw events;
and

(2) reference clock for reporting;

K. be capable of producing general accounting reports, including the information prescribed by the board; and

L. be tested by a board-approved independent testing laboratory certifying that the system meets the requirements in this subpart, with all costs associated with testing paid by the linked bingo game provider.

Before being implemented, any subsequent changes in the game system must be submitted to the director for review and approval. The linked bingo game provider must modify the system as required by the director to ensure compliance with these requirements.

Subp. 2. Sales of linked bingo paper; sale and lease of linked bingo game system equipment and services. This subpart applies to the sale of linked bingo paper and the sale or lease of linked bingo game system equipment and services.

A. A linked bingo game provider may not provide any linked bingo paper or linked bingo game system equipment or services to a licensed distributor or a licensed organization before the effective date of the linked bingo game provider's license.

B. The terms and conditions of an agreement to provide linked bingo game system equipment or services to a licensed organization must be in a form approved by the board. The agreement must include details on the operation of the linked bingo game and distribution of costs and proceeds. A copy of the agreement must be submitted to the board or director before the first linked bingo game is conducted by the organization. Before being implemented, any subsequent changes to an agreement must be submitted to the director for review and approval.

C. If an organization's license is revoked, lapsed, or terminated, or if the premises permit is revoked, the linked bingo game agreement is canceled without further obligations on the part of the organization, except that all linked bingo equipment must be returned by the organization to the linked bingo game provider.

D. Linked bingo paper sold for use in Minnesota must be delivered only to the licensed distributor that ordered the linked bingo paper.

E. A linked bingo game provider may not provide a merchandise prize to a licensed organization conducting linked bingo.

F. The following apply to the lease of electronic bingo devices used for linked bingo games:

(1) A linked bingo game provider may only lease electronic bingo devices to a licensed organization and is prohibited from selling electronic bingo devices to a licensed organization.

(2) A linked bingo game provider may lease electronic bingo devices to more than one licensed organization at the same permitted premises.

(3) The lease agreement must contain the organization's license number, name and address of the permitted premises where the electronic bingo devices will be used, and terms of the lease agreement, including a prohibition that the electronic bingo devices must not be transferred to another permitted premises unless approved in writing by the board.

(4) The lease price of an electronic bingo device:

(a) must be based on a predetermined monthly amount or based on the per unit lease amount for the previous calendar week; and

(b) must not be based on a percentage of gross receipts.

(5) The linked bingo game provider must submit a copy of the lease agreement to the board within ten days of signing or amending a lease agreement.

Subp. 2a. **Conduct of linked bingo game.** When conducting a linked bingo game in conjunction with the requirements of part 7861.0270, subpart 10, a linked bingo game provider must:

A. comply with the management plan required by part 7863.0250, subpart 5, item D, and approved by the board, with any subsequent changes to be reviewed, modified if necessary, and approved by the director;

B. ensure that the linked bingo system operates as required by subparts 1 and 1a and part 7863.0270;

C. establish and maintain audio, video, and secured data transmission as necessary. Before the first bingo number is selected, the linked bingo game provider must verify the link status between all participating organizations and the location where the bingo numbers are being selected. Before the first bingo number is selected, the linked bingo game provider must announce or display to the players the jackpot amount;

D. if the primary transmission of audio, video, or data fails, the linked bingo game provider must have procedures in place for game reconciliation;

E. record and keep for a minimum of 60 days all activity related to the transmission of a linked bingo game;

F. award linked bingo prizes of \$600 or more within three business days of verification of the winning bingo. Linked bingo prizes of less than \$600 may be awarded as determined by the linked bingo game provider and approved by the board. Linked bingo prizes are considered awarded when mailed payment is postmarked. If payment is transmitted in any other manner, linked bingo prizes are considered awarded upon receipt

by the player. If there are multiple winners, the jackpot amount must be equally divided and awarded for each verified winning bingo face. Fractional dollars may be rounded to the nearest higher dollar; and

G. prepare and submit to the appropriate state and federal agencies all relevant tax information pertaining to winners of linked bingo game jackpots.

Subp. 2b. Seeding of progressive prize jackpots.

A. All prize money from a progressive series of games must be awarded to players once the jackpot prize is won.

(1) No portion of a player's wager may be used for supplementing the prizes offered for future progressive games.

(2) The prize amount may not be reduced for the purpose of supplementing the prizes offered for future progressive games.

B. If a progressive jackpot prize amount to be awarded exceeds the amount players have contributed toward that jackpot prize, the linked bingo game provider must fund the difference between the amount contributed by players and the amount awarded. Amounts paid by the linked bingo game provider for this purpose may not be recovered from proceeds of another current or subsequent series of progressive games.

Subp. 3. Return of defective linked bingo paper; issuing credit invoice. This subpart pertains to the return of linked bingo paper that was not manufactured in compliance with the standards in part 7864.0230 and was returned to the linked bingo game provider according to part 7861.0260, subpart 8.

A. Within 14 business days of accepting the return of linked bingo paper and making a determination that the linked bingo paper was not manufactured according to part 7864.0230, subpart 4, the linked bingo game provider must issue a credit invoice to the organization. A copy of the credit invoice must be filed electronically, as required by the commissioner of revenue.

B. If the linked bingo game provider ships replacement linked bingo paper to the organization, the linked bingo game provider must prepare a sales invoice as required in subpart 5.

Subp. 3a. Defective electronic linked bingo game.

A. If an electronic linked bingo game is found to be defective, the linked bingo game provider must immediately:

- (1) remove the game from play;
- (2) notify the Gambling Control Board; and

(3) file with the board a report of games pulled from play and removed from inventory.

B. The linked bingo game provider may resolve the defect and, if determined by the board to be a change affecting the outcome of an electronic linked bingo game, must assign the game a new form number and resubmit the game for recertification by an independent testing laboratory and board approval.

C. If the defect does not have an effect on the outcome of an electronic linked bingo game, the director must first approve the resolution of the defect.

D. If the resolution of the defect does not have an effect on the outcome of an electronic linked bingo game, the director may approve the amended game as defined in subpart 1a and part 7863.0270, subpart 36.

Subp. 3b. Defective, altered, lost, or stolen electronic linked bingo device.

A. If an organization notifies an electronic bingo game provider of a defective or an altered electronic linked bingo device, the linked bingo game provider must immediately notify the board. If the organization has not removed the device from play, the linked bingo game provider must immediately ensure the device is removed from play.

B. If an organization notifies a linked bingo game provider of a lost or stolen electronic linked bingo device, the linked bingo game provider must immediately disable the device and notify the board.

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

Subp. 4. Recall of gambling equipment; issuing credit invoice. A linked bingo game provider must participate in a gambling equipment recall mandated by the board or initiated by the manufacturer, or initiate a recall when it has determined that linked bingo paper does not meet the standards of part 7864.0230, subpart 4, and comply with the following requirements.

A. Within three business days of receiving notification from the manufacturer or board director, the linked bingo game provider must initiate the recall from licensed organizations to which it sold the linked bingo paper.

B. The linked bingo game provider must complete the recall within 15 business days of initiation and notify the board and the commissioner of revenue in writing that it has completed the recall. The notification must include the following:

- (1) an inventory of the recalled linked bingo paper; and

(2) a list of all organizations, including license numbers, from which the linked bingo paper was recalled.

C. Within seven business days of receiving a credit invoice from the manufacturer, the linked bingo game provider must issue credit invoices to all organizations returning linked bingo paper under the recall. Credit invoices must include the cost of freight paid by the organization and any valid and documented losses incurred 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.

Subp. 5. **Sales invoice; linked bingo game provider of other than electronic linked bingo equipment.** A linked bingo game provider who sells, leases, or provides linked bingo equipment must record the transaction on a sales invoice that contains the following:

A. linked bingo game provider's name, address, telephone number, and license number;

B. name, address, and license number of the organization or distributor to whom the sale was made, and premises permit number of the site;

C. invoice number;

D. name of the person who ordered the linked bingo paper, and name of the linked bingo game provider's salesperson who sold the linked bingo paper;

E. date of shipment and shipping charges, if any;

F. any applicable sales tax;

G. color and serial number, unit price, and total amount being invoiced;

H. unit price or lease cost of each item and total amount being invoiced;

I. any value for discount, rebate, or other incentive affecting the unit price which must be separately stated; and

J. price for which the linked bingo paper must be sold by the organization.

Subp. 5a. **Sales invoice; linked bingo game provider of electronic linked bingo equipment.** A linked bingo game provider who sells, leases, or provides electronic linked bingo equipment must record the transaction on a sales invoice that contains the following:

A. the linked bingo game provider's name, address, telephone number, and license number;

B. the name, address, and license number of the organization or distributor to whom the sale was made, and premises permit number of the site;

C. an invoice number;

D. the date of shipment and shipping charges, if any;

- E. any applicable sales tax;
- F. the serial number, unit price, and total amount being invoiced;
- G. the unit price or lease cost of each item and total amount being invoiced; and
- H. any value for discount, rebate, or other incentive affecting the unit price which must be separately stated.

Subp. 6. **Monthly sales report to revenue required.** A linked bingo game provider who sells, leases, or provides gambling equipment must electronically report the transactions made each month to the commissioner of revenue as required under Minnesota Statutes, section 297E.05. The report is due by the 20th of the next month.

Subp. 7. **Delinquent organization notice to board required.** This subpart pertains to the notice to the board that an organization is delinquent in payment of an invoice.

A. If a linked bingo game provider has not received payment from an organization within 30 days of the day immediately following the invoice date or lease agreement, the linked bingo game provider must report the delinquency to the board in writing in an electronic format authorized by the board. The linked bingo game provider must ensure that the board will receive the notice by the 31st 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 organization'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 linked bingo game provider has not received payment in full within 60 days of its initial notice to the board, the linked bingo game provider must notify the board of the continued delinquency. The linked bingo game provider must ensure that the board will receive the notice on the 61st day, or the next business day, after the linked bingo game provider's initial report to the board.

C. When the delinquency is paid, the linked bingo game provider must notify the board immediately.

- D. Upon receipt of the initial notice under item A, the board must:
- (1) notify and direct the organization to eliminate the delinquency; and
 - (2) notify all linked bingo game providers and distributors that until further notice they may sell or lease gambling equipment to the delinquent organization on a cash basis only. "Cash" means a debit card payment, electronic transaction, or check drawn on the organization's gambling account.

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

(1) the organization that the sale and lease of gambling equipment to the organization will not be authorized until the delinquency is eliminated; and

(2) all linked bingo game providers and distributors that they may not sell or lease any gambling equipment to the delinquent organization.

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

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

Subp. 8. **Game records required for linked bingo conducted with linked bingo paper sheets.** The linked bingo game provider must keep a record of each linked bingo game conducted with linked bingo paper sheets. The record must include, at a minimum, the following information for each linked bingo game:

A. names and license numbers of all organizations participating, the date the linked bingo game was conducted, and a list of all permitted premises, including name and city;

B. price per face for linked bingo paper sheets and the quantity of linked bingo paper sheets sold at each permitted premises, including serial numbers and face numbers;

C. bingo pattern played; a list of all selected letters and numbers, in order selected, and the letter and number called that produced the winning bingo; and a copy of each winning face;

D. jackpot amount and any progressive jackpot prize winnings;

E. winner's information, including:

(1) name, address, and Social Security number;

(2) amount of the jackpot won;

(3) date the check was mailed to the jackpot winner and a certified mail receipt;

(4) copy of the check; and

(5) all correspondence related to any returned, unclaimed, or voided checks;

F. name and city of each permitted premises where each winning bingo was won;

G. amount of money collected from each licensed organization for each jackpot;

and

H. amount of fees collected for each linked bingo game.

All linked bingo game information, including game sales, must be recorded in a manner that allows it to be electronically transmitted to the board's computer system upon demand by the board, and at the expense of the linked bingo game provider.

Subp. 9. **Records and reports maintained.** The linked bingo game provider must maintain reports and records of the sale of linked bingo paper, the sale or lease of linked bingo game system equipment, the conduct of each linked bingo game, and linked bingo game agreements as required by this part and by Minnesota Statutes, section 297E.05, for 3-1/2 years.

Statutory Authority: *MS s 14.055; 349.12; 349.151; 349.154; 349.155; 349.16; 349.162; 349.163; 349.1635; 349.165; 349.166; 349.167; 349.169; 349.17; 349.1711; 349.1721; 349.173; 349.19; 349.191; 349.211*

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