

**CHAPTER 7864**  
**GAMBLING CONTROL BOARD**  
**GAMBLING EQUIPMENT MANUFACTURERS**

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**7864.0010** Subpart 1. [Repealed, 29 SR 443]

Subp. 2. [Repealed, 31 SR 1239]

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Subp. 4. [Repealed, 31 SR 1239]

Subp. 5. [Repealed, 19 SR 1854]

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Subp. 9. [Repealed, 29 SR 443]

Subp. 10. [Repealed, 31 SR 1239]

Subp. 11. [Repealed, 31 SR 1239]

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**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.

Subp. 2. **Manufacturer licensing qualifications.**

A. 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.

(1) "Director" means a member of the manufacturer's board of directors.

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

(3) "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.

B. All employees, contract employees, and independent contractors working on behalf of the manufacturer involved in the installation or maintenance of an electronic game system are subject to a background investigation as determined by the board.

C. Any entity providing application software not developed internally by the licensee is subject to a background investigation as determined by the board.

D. Any independent contractor providing application software is subject to the requirements of Minnesota Statutes, section 349.155, subdivisions 3 and 4; and 349.1635.

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, the legal nature of the business (sole proprietorship, partnership, limited liability company, or corporation), Minnesota tax identification number, and federal employer identification number;

B. business address, telephone number, and mailing address, if different than the business address;

C. address and telephone number 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. identification of any person who or entity that develops or provides application software to the manufacturer;

G. copies of licensing agreements with other entities for all software, except for operating system software, and hardware developed specifically for the purpose of conducting gambling on an electronic device. Operating system software agreements must be maintained by the manufacturer, be current, and be available to the board upon request;

H. type of gambling equipment to be sold in Minnesota;

I. address and telephone number of each facility where gambling equipment is manufactured;

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

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

L. an acknowledgment regarding licensing qualifications in subpart 2 and restrictions in subpart 3;

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

N. additional information that may be required by the board 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 contacts distributors or linked bingo game providers 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, contract employee, or independent contractor who provides advice or services for the sale or design of gambling equipment for sale or lease 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 held ownership interest in 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 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:

- (1) is ineligible under subparts 2 and 3; and
- (2) failed to submit all information required by subparts 4 and 5.

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; 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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#### **7864.0230 MANUFACTURER STANDARDS FOR LAWFUL GAMBLING EQUIPMENT OTHER THAN ELECTRONIC PULL-TABS.**

Subpart 1. **Prior board approval required for paper pull-tab games, tipboard games, and promotional paper pull-tab or tipboard tickets; conformance with standards for previously approved games.** The following pertain to prior board approval required for paper pull-tab games, tipboard games, and promotional paper pull-tab or tipboard tickets manufactured for sale in Minnesota, and conformance with standards for previously approved games.

A. To obtain prior board approval for paper pull-tab and tipboard games and promotional paper pull-tab or tipboard tickets, a manufacturer must submit to the director a deal of tickets, flare, and prize pool board, if any, that has been produced to comply with the manufacturing standards prescribed in this chapter.

B. Within 14 days of receipt of the deal, the director must notify the manufacturer in writing of the director's decision to recommend approval or recommend denial of the game.

(1) The written notice of the director's recommended denial must state the basis for the director's recommendation of denial. Within 14 days of receipt of a notice of the director's recommended denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14.

(2) The written notice of the board's denial must state the basis for the board's denial.

C. Manufacturers are in compliance if the game is approved by the board, and all tickets, flares, and any prize pool boards are produced in compliance with the manufacturing standards prescribed in this chapter. Once approved, a manufacturer may not change a game without prior approval of the board, in compliance with subpart 11.

The board may withdraw its approval if it determines that the paper tickets, flares, 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 will notify the manufacturer of its right to request a contested case hearing under Minnesota Statutes, chapter 14.

D. All paper pull-tab and tipboard deals and promotional paper pull-tab or tipboard tickets submitted for approval and approved in Minnesota after July 1, 2011, must be in compliance with the standards by July 1, 2011.

E. All paper pull-tab and tipboard deals and promotional paper pull-tab or tipboard tickets approved for sale in Minnesota prior to July 1, 2011, and manufactured after July 1, 2011, must be in compliance by December 31, 2011.

Subp. 1a. **Manufacturing standards for paper pull-tab and tipboard ticket information.** Paper pull-tab and tipboard tickets manufactured for sale in Minnesota must, at a minimum, include the following information printed on the front of a ticket and be the same for all tickets in a deal:

- A. manufacturer's name or its board-registered logo;
- B. game name, which must be identical to the game name on the flare for that deal;
- C. 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;
- D. unique form number for that game;
- E. cost per play, not to exceed the limit under Minnesota Statutes, section 349.211;
- F. quantity of winners in each tier, and the respective winning numbers or symbols and prize amount;
- G. paper tickets with an unopened, overall area of 1.6 square inches or less are exempt from items D, E, and F; and
- H. paper tickets with an overall area of less than 2.5 square inches but more than 1.6 square inches are exempt from item F.

Subp. 1b. **Manufacturing standards for design and manufacture of paper pull-tab and tipboard tickets.** The design and manufacture of paper pull-tab and tipboard tickets must comply with the following.

- A. 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.
- B. To be tamper-resistant, tickets must be designed, constructed, glued, and assembled to prevent the determination of a winning or losing ticket before its sale to the public:
  - (1) from the outside of the ticket in any manner;
  - (2) without removing the tabs or opening the tickets to reveal the numbers or symbols;
  - (3) when using a light; or
  - (4) due to any manufacturing or color variations in the tickets.

The glue must be of sufficient strength and type to prevent the separation or delamination of the ticket.

C. 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.

D. Winning tickets must comply with the following:

(1) 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;

(2) 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

(3) 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.

E. Dimensions must be the same for all tickets in the deal.

F. Tickets must not contain coupons or discounts.

G. The winning tickets for a multiple seal or cumulative game must specify the seal to be opened or uncovered by the seller.

H. Pull-tab tickets for an event game must be designed in such a way to avoid duplicate winning hold tickets. This item pertains to event games allowed by Minnesota Statutes, section 349.1721, subdivision 2.

I. Each deal must have an ideal sales and prize payout structure designed to result in a profit for the game, not to exceed the limit under Minnesota Statutes, section 349.2113.

Subp. 1c. **Manufacturing standards for packaging of paper pull-tab and tipboard tickets.** The packaging of paper pull-tab and tipboard tickets for each deal must comply with the following.

A. 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 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.

B. Subsets of a deal are not allowed.

C. A cumulative game may not contain more than 10,000 tickets in total for all deals in the game.

D. 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.

(1) The seal must be of sufficient strength to prevent the seal from breaking when shipped to a purchaser.

(2) The seal must be:

(a) under the container's shrink-wrap; or

(b) if tickets are packaged using a heat-sealed process with plastic with a minimum thickness of 2 mil, the seal must be printed or affixed on the plastic.

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

F. Except for deals packaged using a heat-sealed process with plastic with a minimum thickness of 2 mil, each pull-tab deal, including the flare and any other required information, must be sealed in shrink-wrap. Each case of individual tipboard games in which the tipboard tickets are affixed to the flare must be sealed in shrink-wrap.

G. The manufacturer must:

(1) 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; and

(2) include an extra self-adhesive bar code inside each deal.

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

Subp. 1d. **Manufacturing standards for paper pull-tab and tipboard flares.** The front of the paper pull-tab and tipboard flare must include:

A. manufacturer's name or board-registered logo;

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

C. unique form number for that game;

D. ticket count;

E. prize structure, including the quantity of symbols or numbers for winning tickets by denomination, with their respective winning symbol or number combinations. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211;

F. cost per play, not to exceed the limit under Minnesota Statutes, section 349.211;

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

H. Minnesota geographic boundary symbol printed on the bottom front of the flare, as required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (d);

I. 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;

J. for each deal 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;

K. for flares containing a seal or seals, including progressive, multiple seal, and cumulative flares, the information required by items A to J, and:

(1) the flare must be manufactured so that none of the information under the seals can be determined in advance of opening or uncovering 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. The glue must be of sufficient strength and type to prevent the separation or delamination of the flare;

(2) individually numbered seals that:

(a) when opened, identify the seal prize on the back of the seal tab; or



- (b) when uncovered, identify the seal prize under the seal; and
- (3) for progressive games:
  - (a) a seal that determines the seal prize winner who chooses one or more seals for a chance to win the progressive jackpot prize;
  - (b) a section where names are recorded for all ticket holders entitled to a chance on the jackpot seal prizes;
  - (c) a section used by operators to record the current progressive jackpot amount;
  - (d) an amount to be contributed to the progressive jackpot flare from each deal in the game; and
  - (e) the maximum progressive jackpot amount for the game, not to exceed the limit under Minnesota Statutes, section 349.211;

L. for pull-tab event games allowed by Minnesota Statutes, section 349.1721, subdivision 2, the alternative methods of selecting a winning ticket or tickets;

M. a seal card that meets all of the requirements of this subpart may serve as the flare for the game; and

N. a placard or flare for a tipboard game must also meet the requirements in Minnesota Statutes, section 349.1711.

Subp. 1e. **Manufacturing standards for prize pool board for cumulative paper pull-tab or tipboard game.** The front of a prize pool board for a cumulative paper pull-tab or tipboard game must include, at a minimum:

- A. manufacturer's name or board-registered logo;
- B. game name;
- C. form number, which must be identical to all deals related to the cumulative game;
- D. prize structure, including the quantity of symbols or numbers for winning tickets by denomination, with their respective winning symbol or number combinations. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211;
- E. cost per play, not to exceed the limit under Minnesota Statutes, section 349.211;
- F. language contained in Minnesota Statutes, section 349.163, subdivision 5, paragraph (e);
- G. Minnesota geographic boundary symbol printed on the bottom front of the flare, as required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (d);
- H. individually numbered seals that:
  - (1) when opened, identify the seal prize on the back of the seal tab; or
  - (2) when uncovered, identify the seal prize under the seal; and
- I. be manufactured so that none of the information under the seals can be determined in advance of opening or uncovering 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.

A prize pool board that meets all of the requirements of this subpart may be used as the flare for the game.

Subp. 1f. **Manufacturing standards for separate progressive paper pull-tab or tipboard jackpot flare.** For a separate progressive jackpot flare for a paper pull-tab game, the minimum information printed on the front of the flare must include:

- A. manufacturer's name or board-registered logo;
- B. game name and serial number, which must be identical to the same information printed on the tickets in the deal;
- C. cost per play, which may not exceed the limit under Minnesota Statutes, section 349.211;
- D. form number which must be identical to all games related to the specific progressive jackpot;
- E. ticket count;
- F. 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;
- G. section used by operators to record the current progressive jackpot amount; and
- H. amount to be contributed to the progressive jackpot from each deal in the game.

The flare must be manufactured so that none of the information under the seals can be determined in advance of opening or uncovering 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.

Subp. 1g. **Manufacturing standards for promotional paper pull-tab or tipboard tickets.** Promotional tickets that mimic paper pull-tab and tipboard tickets, as defined by part 7861.0210, subpart 43, and Minnesota Statutes, section 349.12, subdivisions 18 and 31, must contain:

- A. manufacturer's name or board-registered logo;
- B. name of the promotional tickets;
- C. unique form number;
- D. unique serial number;
- E. the following statements:
  - (1) no purchase necessary; and
  - (2) for promotional use only.

A manufacturer may not duplicate the design of an approved pull-tab or tipboard game on any promotional pull-tab or tipboard ticket.

Subp. 2. **Manufacturing standards for paper pull-tab dispensing devices.** Paper pull-tab dispensing devices used to dispense paper 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 paper 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;

(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; and

(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.

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

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

(2) Based on the amount of currency validated, all tickets must be accurately dispensed.

(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 paper pull-tab dispensing device must contain an outlet or tray to catch dispensed tickets.

(5) The paper 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 paper 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 paper 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 paper pull-tabs being dispensed, the dollar amount of validated currency must be accurately redisplayed immediately after electrical power is restored.

(9) When tickets in a deal are dispensed from two or more columns and tickets remain in only one column, the tickets may continue to be dispensed without further splitting into multiple columns.

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 paper 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 paper 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 paper pull-tabs to properly calibrate columns to accept currency and vend paper pull-tabs of varying lengths, widths, and thicknesses. The paper 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 paper 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 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 paper 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 paper 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 paper 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. [Repealed, 35 SR 1276; 35 SR 1528]

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. Each bingo face, including bingo paper sheets not containing preprinted numbers, may contain color variations or predetermined patterns, and must have:

(1) 25 squares of uniform size arranged in five vertical and five horizontal rows;

(2) the letters "B, I, N, G, O" preprinted above the five vertical columns, with one letter appearing above each column; and

(3) the center space marked "free."

B. Numbers that are preprinted on the bingo hard card or bingo paper sheet face must not be repeated and 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.

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

D. 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.

E. 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, 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, or with corresponding bingo paper sheets;
- C. may be designed to be used with facsimiles of bingo paper sheets not containing predesignated numbers, for which a player will select bingo numbers for each required pattern, and the numbers are secured and printed on the receipt at the point of sale;
- D. may be designed to be used with facsimiles of bingo paper sheets for a breakopen bingo game, for which duplicate facsimiles are not allowed in a single breakopen bingo game;
- E. must ensure that any other bingo faces other than those purchased by a player are not available for play on the device;
- F. must not have any other games or entertainment programs stored in or on the device, except for electronic pull-tabs;
- G. must not mimic or appear to be a video game of chance as defined in Minnesota Statutes, section 609.75, subdivision 8;
- H. may have an audio component, in addition to a visual component, that notifies a player when a winning face has been completed, with a feature to allow an organization to activate the component;

I. 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; and

J. must have, for a site used by an organization for the conduct of bingo, a central system that has 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 that prints 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 facsimiles of bingo paper sheets or bingo paper purchased;

(c) sequential transaction number;

(d) the range of the face numbers of the facsimiles sold to the player; and

(e) if facsimiles not containing predesignated numbers are sold, the bingo numbers selected by a player; and

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

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 mechanical 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 mechanical paddlewheels intended for use with a paddlewheel table.** Mechanical 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. 9a. **Manufacturing standards for electronic paddlewheels.** Electronic paddlewheels must conform to the following standards:

A. The electronic paddlewheel operating system and any local or central server must have a password log-in with two level codes comprised of a personal identification code and a personal password.

B. The electronic paddlewheel operating system must provide comprehensive password security or other secure means of ensuring data integrity and enforcing user permission.

C. Log-in access to the operation of the electronic paddlewheel is restricted to the operator of the game, the gambling manager of the organization, and the system distributor.

D. The electronic paddlewheel must be secured when not in use to prevent any tampering or unauthorized use.

E. Prior to the acceptance of any wager, the operator of the game must conduct a test game to verify the electronic paddlewheel is operating according to the manufacturing standards of the device.

F. A log-in report must be maintained by the organization identifying the time and date the electronic paddlewheel was accessed for testing purposes or for actual play. The log-in report must include the start and end time of access.

G. Electronic paddlewheels must use a random number generator which conforms to part 7861.0210, subpart 44.

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. 10a. **Manufacturing standards for programmable electronic devices.** Programmable electronic devices, as defined in Minnesota Statutes, section 349.12, subdivision 18, must include the manufacturer's name or board-registered logo and conform to the following standards.

- A. Each device must have no effect on the outcome of a lawful gambling game.
- B. Each device is solely used to provide a visual or auditory enhancement of a lawful gambling game.
- C. Each device must not be able to be manipulated by a person to alter the outcome of a lawful gambling game.

Subp. 11. **Prior board approval of all gambling equipment required; independent testing required for certain 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. The manufacturer must include information on any equipment that will be sold or leased on an exclusive basis according to part 7864.0240, subpart 1a.
- (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, prize pool boards, or tickets for approved games and for changes to approved gambling equipment, the manufacturer must submit the changes to the director for review and, if required by the director, the game or equipment must be submitted for review and approval by the board.

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;
- (4) payout structure; and
- (5) for new members of a previously approved family of games, the date when that family of games was previously approved by the board.

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 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; and
- (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.

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; and
- (2) five sheets of each color and format of sealed bingo paper sheets.

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.

F. Permanent gambling equipment, including bingo number selection devices, electronic bingo devices, paddlewheels, paddlewheel tables, pull-tab dispensing devices, and programmable electronic 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;
- (2) a description of the item and its features;
- (3) the board may require the manufacturer to make the equipment available to the board for inspection; and
- (4) in addition to the requirements of subitems (1) to (3), manufacturers submitting a bingo number selection device, an electronic bingo device, or a 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. The board may require that a programmable electronic device must be tested and certified by an independent testing laboratory approved by the board.

G. Independent testing requirements for gambling equipment when required by the board shall include a certification from a board-approved testing laboratory that the gambling equipment tested meets

the manufacturing standards established in Minnesota Statutes and Minnesota Rules and is in conformance with the game procedures provided by the manufacturer. The certification must include:

(1) a detailed description of the equipment and related software applications that were tested including applicable model numbers of specific equipment and the software version of application used for tests; and

(2) the specific reference to the standard being tested and a statement that the equipment meets the standard; and

(3) any additional findings or issues of concern that might affect the performance or play of the equipment.

H. Independent testing of electronic gambling equipment includes:

(1) electronic pull-tab devices;

(2) electronic bingo devices;

(3) electronic pull-tab systems;

(4) electronic linked bingo game systems;

(5) electronic paddlewheels;

(6) upgrades or changes to previously approved and tested equipment;

(7) other technical hardware devices used in conjunction with lawful gambling equipment; and

(8) software applications and version upgrades used in conjunction with lawful gambling equipment.

**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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## **7864.0235 ELECTRONIC PULL-TAB GAME SYSTEM STANDARDS AND REQUIREMENTS.**

Subpart 1. **Manufacturing standards for design and manufacture of electronic pull-tab tickets, electronic pull-tab devices, and electronic pull-tab game systems.** In addition to the provisions of Minnesota Statutes, sections 349.12, subdivisions 12b, 12c, and 12d; 349.1721, subdivision 4; and 349.211, subdivision 2a, electronic pull-tab tickets, devices, and game systems must meet the requirements contained in this part.

Subp. 2. **Initial screen required features.** An initial screen displaying a main menu must show:

A. the manufacturer's logo;

B. the compulsive gambling hotline telephone number;

C. all board-approved electronic pull-tab games available for play; and

D. electronic linked bingo games, if applicable.

Subp. 3. **Electronic pull-tab flare required features.** The following features are required on an electronic pull-tab flare:

- A. The base game flare must contain the:
  - (1) manufacturer's name or board-registered logo;
  - (2) game name and serial number, which must be identical to the same information that appears on the tickets in the deal;
  - (3) unique form number for that game;
  - (4) ticket count;
  - (5) prize structure, including the quantity of symbols or numbers for winning tickets by domination with their respective winning symbol or number combinations. The prize amounts may not exceed the limit under Minnesota Statutes, section 349.211; and
  - (6) cost per play, not to exceed the limit under Minnesota Statutes, section 349.211.
- B. The bonus game flare must contain the:
  - (1) manufacturer's name or board-registered logo;
  - (2) game name;
  - (3) ticket price;
  - (4) number of bonus plays;
  - (5) quantity and denominations of bonus plays; and
  - (6) form number.
- C. The summary flare must contain the:
  - (1) manufacturer's name or board-registered logo;
  - (2) game name;
  - (3) ticket price;
  - (4) combined total quantity and denominations of tickets and bonus plays; and
  - (5) form number.
- D. If there is no bonus play, the base game flare information is sufficient.

Subp. 4. **Electronic pull-tab ticket required features.** The following features are required on an electronic pull-tab ticket:

- A. manufacturer's name or its board-registered logo;
- B. game name, which must be identical to the game name on the flare for that deal;
- C. game serial number, which must be a minimum of five and a maximum of eight characters, 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;
- D. unique form number for that game;
- E. cost per play, not to exceed the limit under Minnesota Statutes, section 349.211;

- F. quantity of winners in each tier, and the respective winning numbers or symbols and prize amount;
- G. ability to access the ticket and base flare;
- H. player account balance;
- I. primary and secondary win indicators;
- J. a defined area on the face of the ticket for the windows or seals covering the numbers or symbols; and
- K. winning numbers or symbols in a straight, consecutive pattern under the windows or seals.

For winning tickets, the symbol combination for each denomination must be identical in the base game for all deals within that form number.

A winning ticket which includes a bonus prize must not exceed statutory prize limits under Minnesota Statutes, section 349.211.

Subp. 5. **Bonus screen required features.** The following features are required on a bonus screen:

- A. manufacturer's name or board-registered logo;
- B. game name;
- C. form number;
- D. seal or animation;
- E. number of seals to select;
- F. winning prize amounts; and
- G. total win amount from bonus prizes.

Subp. 6. **Application software.** All application software must be owned by the manufacturer. Software developed by the manufacturer must also meet the requirements of this subpart.

A. For purposes of this subpart, application software is developed by the manufacturer if the manufacturer designs the central system, database, user interface, the program architecture, and programs the source code.

B. A licensed manufacturer may jointly develop application software for an electronic linked bingo system or an electronic pull-tab system with a licensed linked bingo game provider if the jointly developed application software permits the operation of electronic linked bingo or electronic pull-tab games on the same electronic linked bingo or electronic pull-tab device.

C. Any application software to be used by the manufacturer must be wholly owned free and clear and without any further obligation or condition by any entity other than the licensed manufacturer.

D. The electronic pull-tab game system manufacturer must provide documentation establishing ownership of the intellectual property rights to the entire game application software and system.

Subp. 7. **Changes in software or hardware.** If there is any change in software or hardware by a manufacturer, the manufacturer must assign a new version or code build number and must submit the new software version or code build number to the board for approval. The new version or code build number must be approved by a certified independent testing laboratory.

Subp. 8. **Electronic monitoring by board.** Electronic monitoring of the operation of the electronic pull-tab system by the board will be limited to read-only access of transaction logs and status of the system. The board is not allowed to alter any data or game play.

Subp. 9. **Secured data transmission.** An electronic pull-tab game system must provide secured data transmission to all participating locations.

Subp. 10. **Changes in version of system or game.**

A. If there is a change in the version or code build number of a system or game, the manufacturer must assign a new version or code build number for any changes or upgrades to the electronic pull-tab system or game to indicate a change of the version or code build number of the system or game according to standard practices.

B. Any changes to the electronic pull-tab game or system must be approved by the director before the game or system is placed into operation.

C. Any changes in a version or code build number that have an effect on the outcome of a previously approved game must be retested by a certified independent testing laboratory.

Subp. 11. **Secure communication.** Connections between all components of the electronic game system must only be through the use of secure communication protocols which are designed to prevent unauthorized access or tampering, employing Advanced Encryption Standard (AES) specifications as defined by the National Institute of Standards and Technology (NIST).

Subp. 12. **Independent verification check.** The electronic pull-tab game system and all devices that communicate with the electronic pull-tab game system must have the ability to allow for an independent verification check of the system's software from an authorized source approved by the board. The independent verification check ability is required for all application software that the board determines may affect the integrity of the game. The verification check must provide a means for on-site and off-site field verification of the software and applicable device to identify and validate the program. All Minnesota board-approved games must be identical to the games presented to a certified independent testing laboratory.

Subp. 13. **Electronic accounting data.** Electronic accounting data must be at least ten digits in length and must be maintained in credit units equal to dollars and cents.

Subp. 14. **Cash and inventory verification.** The system must record value of cash in, tickets played, credits won, credits played, cash out, and unredeemed credits.

Subp. 15. **Restricted use.**

A. Local and central servers and electronic pull-tab devices must not be capable of being used as stand-alone units for the purposes of engaging in any function or use not permitted by these standards at any time.

B. External ports on the device, if any, will be secured or disabled from unauthorized use.

Subp. 16. **Memory backup.** Local and central servers must have nonvolatile backup memory or its equivalent, which must be maintained in a secure compartment on each local and central server for the purpose of storing and preserving a redundant set of critical data which include:

A. error corrections that may have occurred on electronic pull-tab devices or local and central servers, such as an invalid PIN or a game interrupt;

- B. program error check and verification and authentication of any mismatch;
- C. recall of all wagers and other play information associated with the last 100 plays on each device, including the electronic pull-tab ticket and the serial number of the game;
- D. electronic accounting data capturing the record of transactions for electronic pull-tab devices in use for each local and central server including:
  - (1) current credits;
  - (2) electronic device and game configuration data;
  - (3) software state (the last normal state or last status before interruption); and
  - (4) a log of the last 100 transactions on each device;
- E. comprehensive checks of critical memory for each device in operation following game initiation but prior to display of game outcome to the player; an unrecoverable corruption of critical memory must result in an error notification and cause all electronic pull-tab devices in play to cease further function. An unrecoverable critical memory error report must be immediately generated to the Gambling Control Board and must include the name of the authorized person who performs any recapture or memory clear of the local or central server;
- F. the system must have the ability to immediately, accurately, and securely cash out all players who have funds in the system in the event of power or communications network loss or other time of game or play interruption; and
- G. all game play records must be kept for 3-1/2 years.

Subp. 17. **Randomization.** An electronic pull-tab game system must use randomizing procedures in the distribution of electronic pull-tabs. The randomizing process for each pull-tab game must take place prior to the use of the game at the sales location. As used in this section, unless the context requires a different meaning, "pull-tab position" means the first pull-tab dealt, second pull-tab dealt, in sequential order. Any random number generation, shuffling, or randomization of outcomes used in connection with an electronic pull-tab system must be by use of a random number generation application that has successfully passed standard tests for randomness and unpredictability as defined in part 7861.0210, subpart 44.

Subp. 18. **Game information.** Prior to the commencement of an electronic pull-tab game, the following data must be maintained and be viewable electronically on the electronic pull-tab game system device:

- A. a unique form number identifying each game;
- B. a description of the game sufficient to categorize the game relative to other games;
- C. the number of total electronic tickets in the game;
- D. the overall payout percentage for the game and the number of electronic tickets at each award amount;
- E. the purchase price per electronic ticket assigned to the game;
- F. flare information listing quantity and denominations of winning tickets for the base game and bonus games, and a total for the game; and
- G. bonus play, if any.

Subp. 19. **Electronic pull-tab generation.** Upon request from a pull-tab device, the electronic pull-tab system must display an electronic facsimile of a pull-tab ticket. Once dispensed, such ticket must not be reused.

Subp. 20. **System testing at sites.** The communications network system must be available for and have the capability of being tested by the board on site.

Subp. 21. **Data access by board.** The system must include on-demand remote access at all times by the board to all electronic reporting data without participation of the manufacturer or the distributor.

Subp. 22. **Game status and auditing.**

A. Only upon the game termination shall the finite details of that game be revealed to the persons performing the game audit or status check.

B. If an audit or other game determination is conducted while a game is in play, termination of the entire game must immediately occur. An audit or game determination includes a determination of the individual prizes won or individual prizes remaining to be won.

C. Daily reports will be made available to the licensed organization's authorized personnel which contain data relating to gross ticket sales and gross prizes paid on a per-game basis.

D. An electronic pull-tab game system must allow for the early termination of games as determined by the licensed organization's authorized personnel.

Subp. 23. **Game definition.** All game definition files must contain the following information:

- A. game ID;
- B. game type;
- C. game version;
- D. manufacturer;
- E. game name;
- F. form number;
- G. purchase price per electronic ticket;
- H. game ticket count; and
- I. prize values with an associated index and frequency associated with how many of that particular prize exist.

Subp. 24. **System security and access.**

A. The electronic pull-tab game system must be located in Minnesota and in a secure location with limited, authorized access.

B. Any system elements that hold game data, other than the electronic pull-tab devices, must be in a locked area or in a locked case or compartment with access limited to designated personnel.

C. The manufacturer must register employees having authorized system access with the board.

D. The system must be in a secure location and provide electronic security for the games against alteration, tampering, or unauthorized access.



E. The system must allow the board and other authorized state representatives real-time access to data and equipment, including all accounting for sales, prizes, and credits per device, per site.

Subp. 25. **Data alteration.** The electronic pull-tab game system must not permit the alteration of any accounting or significant event log information that was communicated from the electronic pull-tab device without board-approved access controls. In the event financial data is changed, the electronic pull-tab system must be able to produce an automated audit log documenting the:

- A. data element altered;
- B. data element value prior to alteration;
- C. data element value after alteration;
- D. time and date of alteration; and
- E. user log-in of personnel that performed alteration.

Subp. 26. **Backup and recovery.**

A. An electronic pull-tab system must have a separate physical medium for securely storing games on the computer, which must be backed up in real time by a backup medium.

B. A disaster recovery plan detailing the system backup features including physical location for medium storage and procedures for periodic testing and recovery must be provided to the board as a condition of equipment approval.

C. All data required to be available or reported by this provision must be retained for a period of not less than 3-1/2 years.

D. All storage of critical data must use error checking and be stored on a nonvolatile physical medium.

E. The database must be stored on redundant media so that no single failure of any portion of the system would result in the loss or corruption of data.

F. In the event of a catastrophic failure when the electronic pull-tab game system cannot be restarted in any other way, it must be possible to reload the electronic pull-tab game system from the last viable backup point and fully recover the contents of that backup, to consist of at least the following information:

(1) all date and time indicators associated with data failure and pull-tab game system reload;

(2) all accounting information;

(3) auditing information, including all open games and the summary of completed games; and

(4) employee files with access levels.

Subp. 27. **System access; password requirements.**

A. The manufacturer must maintain password access for the manufacturer; the distributor must maintain password access for the distributor; and the organization must maintain password access for the gambling manager and sellers.

B. The operating system software and application software must have multiple security access levels to control and restrict different classes of access to the system. The accounts for the access levels must be unique when assigned to the authorized personnel and only one user per account is allowed.

C. The manufacturer, the distributor, and the organization must register employees with authorized system access with the board.

D. The operating system software and application software must provide comprehensive password security or other secure means of ensuring data integrity and enforcing user permission. It is required that:

(1) all programs and data files must only be accessible via the entry of passwords, that will be known only to the manufacturer, distributor, and gambling manager, based on respective level-of-access criteria;

(2) the storage of passwords must be in an encrypted, nonreversible form;

(3) a program must be available that will list all registered users on the system including their privilege level;

(4) the password must have a length of at least six alphanumeric characters; and

(5) the system must automatically log out after a period of inactivity in excess of five minutes.

Subp. 28. **System log-in and log-out requirements.** System log-in and log-out requirements apply to manufacturers, distributors, gambling managers, assistant gambling managers, and sellers.

A. The operating system and any local and central servers must have a password log-in with two level codes comprising of a personal identification code and a personal password.

B. The system must include log-in and log-out procedures for system and point of sale devices.

Subp. 29. **Time signature.** The time signature generated by the electronic device, the local server, and the central server must be identical.

Subp. 30. **Electronic accounting and reporting; record of daily system transactions.**

A. One or more electronic accounting systems must perform reporting and other functions in support of the electronic pull-tab game system. The electronic accounting system must not interfere with the outcome of any gaming function.

B. A permanent record of daily transactions played on the electronic pull-tab system and device must be maintained by the electronic pull-tab game system on a database other than on the local server. The database and central server must be accessible to the Gambling Control Board at all times.

Subp. 31. **Reporting requirements of electronic accounting system.** The electronic pull-tab game system must provide the following reports to the Gambling Control Board and the Department of Revenue.

A. An electronic pull-tab game report must be available to the board on demand for each game currently in play. The report must contain the following information:

(1) a unique serial number identifying each game;

(2) a description of the game sufficient to categorize the game relative to other games;

(3) the total number of electronic pull-tab tickets in the game;

- (4) the actual payout percentage of the entire game;
- (5) cost per electronic pull-tab ticket assigned to the game;
- (6) the time and date that the game became available for play; and
- (7) the location where the game is being played.

B. An electronic pull-tab game report must be available to the board on demand for each completed game. The report must contain the following information:

- (1) a unique serial number identifying each game;
- (2) a description of the game sufficient to categorize the game relative to other games;
- (3) the total number of unsold electronic pull-tab tickets per game;
- (4) the total number of electronic pull-tabs purchased;
- (5) prizes awarded;
- (6) the time and date that the game became available for play;
- (7) net receipts;
- (8) the time and date that the game was completed or removed from play;
- (9) the location where the game was played;
- (10) the final payout percentage of the game when removed from play; and
- (11) the purchase price per electronic pull-tab ticket assigned to the game.

C. Other electronic pull-tab game reports that must be available to the board on demand are:

- (1) Active site reports:
  - (a) site name, address, and telephone number;
  - (b) licensed organization name and license number;
  - (c) premises permit number and number of devices at site; and
  - (d) must be able to distinguish sites that are not active.
- (2) Revenue reports:
  - (a) daily activity by site, by organization, and for all sites;
  - (b) site name and license number;
  - (c) premises permit number;
  - (d) number of devices in use at the site;
  - (e) pull-tab tickets sold and the gross receipts;
  - (f) prizes awarded;
  - (g) net receipts;
  - (h) payout percentage;
  - (i) actual cash sales (dollar amount);
  - (j) actual cash redeemed (dollar amount); and

- (k) unredeemed cash credits.
- (3) Month-end reports for each site totaling all daily sales activity, detail of all games closed during the month, and status of games remaining in play.
- (4) Inventory reports:
  - (a) current site inventory, if any, including games in play, unplayed games, and closed games; and
  - (b) month-end reports for each site showing games received, put into play, and removed from play.
- (5) Games purchased, sold, and maintained by distributor.
- (6) Real-time site activity report with the ability to:
  - (a) view live activity at site;
  - (b) view each active device noting the device number, current credits, and game being played; and
  - (c) view each transaction with date and time stamp, including seller log-in and log-off, device load, game play, device redeemed, and any malfunction.
- (7) System user list:
  - (a) full name of sellers, assistant gambling managers, and gambling managers;
  - (b) position (seller, assistant gambling manager, gambling manager, distributor, manufacturer, or Gambling Control Board investigator);
  - (c) site name, organization name, or other description;
  - (d) user ID of all persons with system access;
  - (e) access level; and
  - (f) contact telephone number and e-mail.
- (8) Point of sale reports. A seller's system access must be limited to the following information within the end of shift reports and end of day reports:
  - (a) gross receipts;
  - (b) prizes paid; and
  - (c) net receipts.

D. Other statistical and activity reports as required by the board and maintained by the manufacturer and the distributor must be provided in a format prescribed by the board upon request.

Subp. 32. **Test system and equipment.** Manufacturers must provide a test system and equipment to the Gambling Control Board, at the manufacturer's expense, to test pending and approved games.

Subp. 33. **Test software.**

A. Manufacturers must provide identical software to the board as part of system approval by an independent testing laboratory and must disable the ability to write to the hard drive.

B. Manufacturers must allow regulatory test software to be added to an electronic game system to verify approved product.

Subp. 34. **Electronic game system.**

A. Each component of an electronic game system must function as indicated by the communication protocol implemented by the licensed manufacturer of the electronic pull-tab game system.

B. All communication between a server and the electronic pull-tab devices must use authentication and encryption protection employing Advanced Encryption Standard (AES) specifications as defined by the National Institute of Standards and Technology (NIST) to provide secure authentication of the device and the server, ensuring the integrity of the data communicated, and for confidentiality.

C. The communicated data must be encrypted. The certified testing laboratory must examine each submitted electronic game system to ensure that the proposed field configuration is secure. The certified testing laboratory may provide additional security recommendations to maintain the integrity of the configuration.

D. The electronic game system must be capable of being tested by the board to verify approved product.

Subp. 35. **Electronic game system security.**

A. The electronic game system security must be designed or programmed in such a way that it may only communicate with authorized electronic devices using a nonbroadcasting encrypted system.

B. The electronic game system security must include the ability to automatically disable an electronic pull-tab device if the device goes beyond a physical property restriction at a sales location. The device must remain disabled until reactivated at the point of sale.

C. The electronic game system must be secure from all other site communication systems and users at a gambling site.

Subp. 36. **Firewall protection.** Communications must pass through at least one application-level firewall recognized by the certified testing laboratory. Alternative network paths are allowed if equally protected by a firewall. The firewall application must maintain an audit log of the following information and must disable all communications if unauthorized access is detected:

- A. all changes to configuration of the firewall;
- B. all successful and unsuccessful connection attempts through the firewall; and
- C. the source and destination IP addresses and port numbers.

Subp. 37. **Remote access.** Where permitted by the board, remote access must authenticate all computer systems based on the authorized settings or firewall application. The following are additional requirements:

- A. no unauthorized remote user administration functionality;
- B. no unauthorized access to any database other than information retrieval using existing functions;
- C. no unauthorized access to the operating system and application software; and
- D. maintenance of an activity log that includes:
  - (1) the IP address where any change originated;
  - (2) log-in name;

- (3) time and date the connection was made;
- (4) duration of connections;
- (5) activity while logged in, including the specific areas accessed and changes made; and
- (6) accurate time and date on all components of each system at each site.

Subp. 38. **Prior board approval required for electronic gambling equipment; conformance with standards for previously approved electronic gambling equipment; independent laboratory testing required for certain electronic gambling equipment.** This subpart applies to board approval of electronic gambling equipment, conformance with standards for previously approved electronic gambling equipment, and independent laboratory testing required for certain electronic gambling equipment.

A. Before the sale, lease, or distribution of any electronic gambling equipment in Minnesota, a manufacturer must obtain prior board approval for the electronic gambling equipment. The manufacturer must provide to the director at no charge the following:

- (1) the list of proposed equipment in an electronic format or other format approved by the board;
- (2) the electronic pull-tab games and flare information; and
- (3) the electronic pull-tab game test system and equipment to be used to determine compliance with this part.

B. Electronic 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) the front of the flare, prize pool board if any, ticket for each game, and any cumulative or progressive jackpot flare;
- (2) the inside of the ticket showing the symbols in the boxes and the win indicators;
- (3) the winning and losing symbols;
- (4) the payout structure; and
- (5) for new members of a previously approved family of games, the date when that family of games was previously approved by the board.

C. Electronic gambling equipment 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. The manufacturer must include information on any equipment that will be sold or leased on an exclusive basis according to part 7864.0240, subpart 1a.

D. 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.

E. 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.

F. For changes to approved electronic gambling equipment, the manufacturer must submit the changes to the director for review and, if required by the director, the equipment must be submitted for

review and approval by the board. Electronic gambling equipment approved prior to the effective date of this part must become compliant within 180 days of the effective date of this part.

G. Within 14 days of receipt of a deal, the director must notify the manufacturer in writing of the director's decision to recommend approval or recommend denial of a game.

(1) The written notice of the director's recommended denial must state the basis for the director's recommendation of denial. Within 14 days of receipt of a notice of the director's recommended denial, the manufacturer may request a contested case hearing under Minnesota Statutes, chapter 14.

(2) The written notice of the board's denial must state the basis for the board's denial.

H. Manufacturers are in compliance if the electronic gambling equipment is approved by the board and is produced in compliance with the manufacturing standards prescribed in this part. Once approved, a manufacturer may not change the equipment without prior approval of the board, in compliance with this part.

The board may withdraw its approval if it determines that the electronic gambling equipment was not manufactured in such a manner to be tamper-resistant. If the board decides that its approval should be withdrawn, the board will notify the manufacturer of its right to request a contested case hearing under Minnesota Statutes, chapter 14.

I. Electronic gambling equipment, including electronic bingo devices, electronic pull-tab devices, electronic systems, and programmable electronic 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; and

(2) a description of the item and its features.

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

In addition to the requirements of subitems (1) and (2), manufacturers submitting electronic bingo devices, electronic pull-tab devices, electronic systems, or programmable electronic devices for approval must also include a certification from an independent testing laboratory approved by the board to perform testing services, stating that the equipment has been tested and analyzed and meets the standards required in this chapter. The board may require that a programmable electronic device must be tested and certified by an independent testing laboratory approved by the board.

J. Independent testing requirements for electronic gambling equipment when required by the board shall include a certification from a board-approved testing laboratory that the electronic gambling equipment tested meets the manufacturing standards and requirements as established in Minnesota Statutes and Minnesota Rules and in conformance with game procedures as provided by the manufacturer. The certification must include:

(1) a detailed description of the equipment and related software applications that were tested, including applicable model numbers of specific equipment and the software version of the application used for testing;

(2) the specific reference to the standard being tested and a statement that the equipment meets the standard; and

(3) any additional findings or issues of concern that might affect the performance or play of the equipment.

- K. Independent testing of electronic gambling equipment includes:
- (1) electronic pull-tab systems;
  - (2) electronic pull-tab devices;
  - (3) programmable electronic devices;
  - (4) upgrades or changes to previously approved and tested equipment;
  - (5) other technical hardware devices used in conjunction with lawful gambling equipment; and
  - (6) software applications and version upgrades used in conjunction with lawful gambling equipment.

**Statutory Authority:** *MS s 349.163; 349.1635*

**History:** *38 SR 1613*

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

Subpart 1. **Sales and lease restrictions and requirements.** 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 or leased and provide the recipient'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. For electronic bingo devices, a manufacturer must provide:
  - (1) a monthly sales invoice based on a predetermined lease amount; or
  - (2) a weekly sales invoice based on the per unit lease amount for the previous calendar week.

The lease amount must not be based on a percentage of gross receipts.

F. For electronic pull-tab devices, a manufacturer must provide a monthly invoice based on a predetermined lease amount.

G. A lease for an electronic pull-tab system and devices between a manufacturer and a distributor must include:

- (1) the distributor's license number;
- (2) the terms of the lease agreement;



(3) a clause prohibiting electronic pull-tab devices from being transferred to another permitted premises unless prior written approval by the board is obtained; and

(4) a termination clause.

H. The lease amount of an electronic pull-tab system and devices:

(1) must be based on a predetermined lease amount; and

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

I. The manufacturer must submit a copy of a lease agreement to the board within ten days of signing or amending a lease agreement.

Subp. 1a. **Lawful gambling equipment sold or leased on an exclusive basis; restrictions and agreements.** This subpart pertains to gambling equipment designed or manufactured by a licensed manufacturer for sale or lease on an exclusive basis to a distributor or linked bingo game provider.

A. Gambling equipment with a proprietary name of an organization that owns its permitted premises may be sold or leased on an exclusive basis.

B. Gambling equipment with a proprietary name for a leased site may not be sold or leased on an exclusive basis.

C. To sell gambling equipment on an exclusive basis to only one licensed distributor, the manufacturer must document the terms in a valid, written exclusivity agreement. The written agreement must contain, at a minimum, the following:

(1) effective date and termination date of the agreement;

(2) escape clause, if any;

(3) the game name and form number, if any;

(4) a statement that the gambling equipment will not be sold by the manufacturer to any other distributor unless the agreement has expired or is otherwise terminated;

(5) a statement that if the agreement is terminated and the gambling equipment is sold by the manufacturer to other distributors, the distributor is not entitled to any royalty or sales residuals of that gambling equipment;

(6) a statement that if a distributor's license is terminated for any reason, the agreement becomes null and void, and any gambling equipment in the distributor's inventory that were purchased or leased on an exclusive basis must be returned to the manufacturer or destroyed by the distributor. If the gambling equipment is returned to the manufacturer upon termination of the distributor's license, that gambling equipment may be resold by the manufacturer to other distributors; and

(7) signatures of both parties to the agreement.

This item does not apply to written agreements in effect prior to the effective date of this rule.

D. To sell or lease a specific type and model of permanent gambling equipment on an exclusive basis to only one licensed distributor or linked bingo game provider, the manufacturer must document the terms in a valid, written exclusivity agreement. The written agreement must contain, at a minimum, the following:

(1) effective date and termination date of the agreement;

- (2) escape clause, if any;
- (3) the type of permanent gambling equipment and model number;
- (4) a statement that the permanent gambling equipment will not be sold or leased to any other distributor or linked bingo game provider unless the agreement has expired or is otherwise terminated;
- (5) a statement that if the agreement is terminated and the permanent gambling equipment is sold or leased by the manufacturer to other distributors or linked bingo game providers, the distributor or linked bingo game provider is not entitled to any royalty or sales or lease residuals;
- (6) a statement that if a distributor's or linked bingo game provider's license is terminated for any reason, the agreement becomes null and void, and any permanent gambling equipment in the distributor's or linked bingo game provider's inventory that was purchased or leased on an exclusive basis must be returned to the manufacturer or destroyed by the distributor or linked bingo game provider. If the permanent gambling equipment is returned to the manufacturer upon termination of the distributor's or linked bingo game provider's license, that equipment may be resold by the manufacturer to other distributors or linked bingo game providers; and
- (7) signatures of both parties to the agreement.

This item does not apply to written agreements in effect prior to the effective date of this rule.

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, Minnesota tax identification number, federal employer identification number, and license number; and name, address, Minnesota tax identification number, federal employer identification number, 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 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, including promotional pull-tab and tipboard tickets as defined in part 7861.0210, subpart 43, and Minnesota Statutes, section 349.12, subdivisions 18 and 31, 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 paddletickets, 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 director. Records of rebates must be available for director 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 director 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 paper pull-tab and tipboard games; determination of defective game; credit invoice issued.** A manufacturer must accept the return of a game of paper 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 standards. 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. 4a. **Defective electronic pull-tab game.** This subpart applies if an electronic pull-tab game is found to be defective but not in play.

A. The manufacturer must remove the game from the system and notify the Gambling Control Board of the defective electronic pull-tab game within one business day. If the defect does not affect the outcome of the game, the director must first approve resolution of the defect.

B. The manufacturer may resolve the defect:

(1) If the resolution is determined by the board to not have an effect on the outcome of an electronic pull-tab game, the director may approve the amended game as defined in part 7864.0235, subpart 38, item F.

(2) If the resolution is determined by the board to be a change affecting the outcome of an electronic pull-tab game, the manufacturer must assign the game a new form number and resubmit the game for recertification by an independent testing laboratory and Gambling Control Board approval.

C. In addition to the reports required in subparts 5 and 6, the manufacturer must file monthly with the board a report of games pulled from play and removed from inventory.

**Subp. 4b. Defective, altered, lost, or stolen electronic pull-tab device.**

A. If a distributor notifies a manufacturer that an electronic pull-tab device is defective or has been altered, lost, or stolen, the manufacturer must immediately disable the device and notify the board.

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

**Subp. 5. Returned gambling equipment report required.** A manufacturer who accepts returns of gambling equipment not manufactured according to the standards in parts 7864.0230 and 7864.0235 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 paper and electronic pull-tab games and tipboard games, a statement that the games were destroyed if they could not be brought into compliance;

D. for paper and electronic pull-tab games and tipboard games, 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 parts 7864.0230 and 7864.0235, 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 board, 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 paper 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 that a distributor or linked bingo game provider 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 30 days of the day immediately following the date of invoice or lease agreement, the manufacturer must report the delinquency to the board in writing in an electronic format authorized by the board. The manufacturer 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 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 debit card payment, check, electronic transaction, 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; 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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