

1 Gambling Control Board

2

3 Adopted Permanent Rules Relating to Distributors and

4 Manufacturers

5

6 Rules as Adopted

7 7861.0010 DEFINITIONS.

8 [For text of subps 1 and 2, see M.R.]

9 Subp. 2a. **Consultant.** "Consultant" means a person, who is
10 not an employee, who provides expert or professional advice on
11 behalf of a licensed distributor or licensed manufacturer, or
12 who receives compensation in any fashion from a licensed
13 distributor or licensed manufacturer, for the sale or design of
14 its lawful gambling equipment in Minnesota.

15 Subp. 2b- 2d. **Family.** "Family" means a group of pull-tab,
16 tipboard, or jar ticket games with the same name.

17 Subp. 2e- 2e. **Family member.** "Family member" means a
18 pull-tab, tipboard, or jar ticket game with the same name as
19 another family member but with a different form number.

20 Subp. 2d- 2f. **Form number or part number.** "Form number"
21 or "part number" means an alphanumeric code assigned by the
22 manufacturer which serves to uniquely identify those
23 characteristics of a game as required by the commissioner of
24 revenue.

25 [For text of subps 3 to 3b, see M.R.]

26 Subp. 3c. **Gambling equipment.** "Gambling equipment" means
27 bingo hard cards and paper sheets, devices for selecting bingo
28 numbers, pull-tabs, jar tickets, paddlewheels, paddlewheel
29 tables, paddletickets, paddleticket cards, tipboards, tipboard
30 tickets, and pull-tab dispensing devices. Permanent gambling
31 equipment consists of devices for selecting bingo numbers,
32 paddlewheels, paddlewheel tables, and pull-tab dispensing
33 devices.

34 [For text of subp 3d, see M.R.]

35 Subp. 3e. **Jar ticket.** "Jar ticket" means a single-folded

1 ~~or-banded-pull-tab-ticket~~ single pull-tab ticket which is folded
2 and banded.

3 Subp. 4. Lawful gambling. "Lawful gambling" is the
4 operation, conduct, or sale of bingo, raffles, paddlewheels,
5 tipboards, and pull-tabs. Lawful gambling does not include the
6 conduct of a combination of any of the five activities listed in
7 this subpart where the outcome of one of the activities is
8 dependent on the outcome of one of the other activities, except
9 as otherwise permitted by law or rule. Lawful gambling does not
10 include betting related to the outcome of an athletic event.

11 [For text of subps 5 and 5a, see M.R.]

12 Subp. 6. Master flare. "Master flare" has the meaning
13 given it in Minnesota Statutes, section 349.12.

14 [For text of subps 7 and 8, see M.R.]

15 Subp. 9. Paddleticket. "Paddleticket" has the meaning
16 given it in Minnesota Statutes, section 349.12.

17 Subp. 10. Paddleticket card. "Paddleticket card" has the
18 meaning given it in Minnesota Statutes, section 349.12.

19 Subp. 11. Paddleticket card number. "Paddleticket card
20 number" has the meaning given it in Minnesota Statutes, section
21 349.12.

22 [For text of subps 11a to 13, see M.R.]

23 7863.0010 DISTRIBUTORS.

24 [For text of subpart 1, see M.R.]

25 Subp. 2. License required. No person may sell, offer for
26 sale, or otherwise furnish gambling equipment for use in
27 Minnesota to any licensed, exempt, or excluded organization
28 without a valid distributor's license. Annual application must
29 be made for a distributor's license.

30 Subp. 3. Qualifications. For purposes of this subpart,
31 "director" means a member of the board of directors, "officer"
32 means any person elected, appointed, or otherwise designated as
33 an officer by the board of directors, and "other person in a
34 supervisory or management position" means any person employed to
35 direct and control the personnel and activities of a department

1 or division. A license may not be issued to a person or to a
2 corporation, limited liability company, firm, or partnership
3 which has any officer, director, partner, governor, or other
4 person in a supervisory or management position or employee
5 eligible to make sales on behalf of the distributor who:

6 [For text of items A and B, see M.R.]

7 C. has ever been convicted of:

8 [For text of subitems (1) and (2), see M.R.]

9 (3) making terroristic threats;

10 D. is or has ever been engaged in or connected with
11 an illegal business;

12 E. owes \$500 or more in delinquent taxes to the state
13 of Minnesota;

14 [For text of item F, see M.R.]

15 G. after demand, has not filed tax returns required
16 by the commissioner of revenue. The board may deny or refuse to
17 renew a license under this chapter, and may revoke a license
18 under this chapter, if any of the conditions in this item are
19 applicable to an affiliate or direct or indirect holder of more
20 than a five percent financial interest in the applicant or
21 licensee; or

22 [For text of item H, see M.R.]

23 Subp. 4. Restrictions. For purposes of this subpart, the
24 restrictions apply to the licensees' activities within
25 Minnesota, or while conducting business with organizations
26 authorized to conduct lawful gambling in Minnesota. No
27 distributor or any representative, agent, affiliate, or employee
28 of a distributor may:

29 [For text of items A to C, see M.R.]

30 D. provide, or permit an affiliate or person acting
31 on behalf of the distributor to provide, to a lessor of gambling
32 premises any compensation, gift, gratuity, premium, or other
33 thing of value;

34 E. directly or indirectly give gifts, trips, prizes,
35 loans of money, premiums, or other gratuities to gambling
36 organizations, or their employees, other than nominal gifts not

1 to exceed a value of \$25 per organization in a calendar year.
2 Value means actual market value or suggested market value,
3 whichever is less. Nothing in this item prohibits a
4 distributor, or a representative, agent, affiliate, or employee
5 of a distributor from making a contribution of \$250 or less in
6 any calendar year to an organization, or participating in a
7 fundraising event for an organization, provided that the
8 contribution or fundraising event is unrelated to the
9 organization's conduct of lawful gambling;

10 F. participate in any gambling activity at any
11 gambling premises where gambling equipment purchased from that
12 distributor is used in the conduct of lawful gambling;

13 G. alter or modify any gambling equipment, except to
14 add a last sale sticker or to repair registered permanent
15 gambling equipment;

16 H. recruit a person to become a gambling manager or
17 identify to an organization a person as a candidate to become a
18 gambling manager;

19 I. identify for an organization a potential gambling
20 location;

21 J. purchase gambling equipment from any person not
22 licensed as a manufacturer under part 7864.0010;

23 K. lease premises to an organization for the conduct
24 of lawful gambling;

25 L. be an officer, director, paid employee, or
26 volunteer of a licensed, exempt, or excluded organization in its
27 conduct of lawful gambling, or represent a licensed, exempt, or
28 excluded organization in the purchase of, or influence the
29 purchase of, lawful gambling equipment;

30 M. participate directly or indirectly in the
31 ownership or management of a bingo hall;

32 N. provide or permit an affiliate or person acting on
33 behalf of the distributor to provide any compensation, gift,
34 gratuity, premium, contribution, or thing of value to a board
35 employee or member of the board;

36 O. sell or otherwise provide a pull-tab, jar ticket,

1 or tipboard deal with the symbol required by Minnesota Statutes,
2 section 349.163, subdivision 5, paragraph (h), visible on the
3 flare to any person other than in Minnesota to a licensed
4 organization or organization exempt from licensing;

5 P. enter into any agreement with any other
6 distributor that restricts either of them in the sale of
7 gambling equipment; or

8 Q. enter into any agreement with any other
9 distributor to establish the price at which any gambling
10 equipment may be sold.

11 Subp. 5. [See repealer.]

12 Subp. 6. **Contents of application.** The application must be
13 on a form provided by the board, and must contain the following
14 information:

15 [For text of items A to D, see M.R.]

16 E. the legal nature of the applicant (corporation,
17 firm, partnership, limited liability company, or sole
18 proprietorship);

19 [For text of item F, see M.R.]

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

23 H. a list of the owners, partners, officers,
24 directors, managers, supervisors, and employees eligible to make
25 sales on behalf of the applicant. For purposes of this part,
26 "employees eligible to make sales" means persons who represent a
27 distributor in a transaction that results in the sale of
28 gambling equipment in Minnesota;

29 [For text of item I, see M.R.]

30 J. a statement regarding the restrictions contained
31 in subpart 4;

32 [For text of item K, see M.R.]

33 L. an acknowledgment that the distributor will file
34 the certified physical inventory required in this subpart;

35 M. an organizational chart illustrating the
36 management structure of the applicant; and

1 N. the signature of the chief executive officer.

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

5 Subp. 7. **Attachments to application.** The following items
6 must be included as attachments to a distributor's license
7 application:

8 A. A distributor personnel form must be completed by
9 all employees of a distributor, and by each:

10 (1) owner;

11 (2) partner;

12 (3) member of the board of directors or board of
13 governors;

14 (4) officer (including, but not limited to
15 president, vice-president, secretary, treasurer, controller, or
16 general counsel);

17 (5) manager and/or supervisor of shipping, sales,
18 personnel, governmental relations, and security;

19 (6) person authorized to make sales in Minnesota
20 on behalf of the distributor, including employees or persons who
21 represent a distributor in a transaction that results in the
22 sale of gambling equipment in Minnesota. For purposes of this
23 item, any or all of the following activities shall be considered
24 a sale of gambling equipment;

25 (a) approving orders for gambling equipment;

26 (b) the promotion of gambling equipment; or

27 (c) the solicitation of sales of gambling
28 equipment;

29 (7) person or entity with a direct or indirect
30 financial interest of five percent or more in the applicant; and

31 (8) consultant.

32 B. The form, prescribed by the board, must contain
33 the following information:

34 (1) full name, telephone number, and full address
35 of the distributor and license number, if issued, of the
36 distributor;

1 (2) full name, home address, date of birth, place
2 of birth, social security number, and home telephone number of
3 the individual completing the form;

4 (3) full name of the individual's spouse, if
5 married;

6 (4) driver's license number, including state of
7 registration;

8 (5) branch of military service, if any, and dates
9 of service;

10 (6) country of citizenship;

11 (7) position with distributor and work telephone
12 number;

13 (8) employment history for past ten years;

14 (9) places of residence for past ten years;

15 (10) criminal history statement (except petty
16 misdemeanors);

17 (11) name, address, and license or exempt permit
18 number of any organization conducting lawful gambling in
19 Minnesota of which the person is a member, and/or the name and
20 address of any excluded organization conducting lawful gambling
21 in Minnesota of which the person is a member;

22 (12) Minnesota tax identification number of
23 businesses that the individual has owned for the past ten years;

24 (13) a statement regarding the provisions of
25 subparts 3 and 4;

26 (14) notarized signature of person and date
27 signed; and

28 (15) additional information as necessary to
29 properly identify the person and ensure compliance with
30 Minnesota Statutes, section 349.11 to 349.23.

31 Subp. 8. **Identification card.** Before a person may perform
32 employment services, including sales, for a distributor, the
33 board must issue the person an identification card. The
34 identification card must be in the possession of the employee at
35 all times the employee is performing services on behalf of the
36 distributor. The identification card must be on a form

1 prescribed by the board and submitted with the personnel form,
2 and must contain:

3 A. a one inch by 1-1/4 inches head and shoulders
4 photograph, taken not longer than 18 months before the date of
5 application, of the person;

6 [For text of items B to D, see M.R.]

7 E. the address and business telephone number of the
8 distributor;

9 F. the signature of the distributor; and

10 G. the date of issue and the signature of the board
11 director.

12 The picture identification card is the property of the
13 state of Minnesota and the bearer must return the card to the
14 board if the bearer is no longer eligible to conduct sales or is
15 no longer employed by the distributor.

16 No person may be employed by or possess a picture
17 identification card from more than one licensed distributor.

18 Any temporary personnel working for a distributor must be
19 registered with the board prior to performing any duties on
20 behalf of the distributor.

21 Subp. 9. Changes in application information. If any
22 information submitted in the application changes during the term
23 of the license period, the distributor must notify the board in
24 writing within ten days of the change.

25 Subp. 10. License fee. The annual fee for a distributor's
26 license is as established by Minnesota Statutes, section
27 349.161, subdivision 4. License fees are not prorated or
28 transferable.

29 Subp. 11. Investigation. Before issuing or renewing a
30 distributor's license, the board shall conduct or request the
31 director of gambling enforcement to conduct a background
32 investigation, which may include a review of the applicant's
33 sources of financing, ownership, and organizational structure.
34 Actual costs in addition to the initial and renewal application
35 fees shall be borne by the applicant.

36 Subp. 12. Issuance and denial. The following items apply

1 to issuance and denial of a distributor's license.

2 A. The board shall issue a license to a distributor
3 who submits the information required by subparts 6, 7, and 8,
4 pays the fee required by Minnesota Statutes, section 349.161,
5 subdivision 4, and who is eligible to receive a license pursuant
6 to subpart 3, and Minnesota Statutes, section 349.161.

7 B. The board shall deny the application of a
8 distributor ineligible to hold a license pursuant to subpart 3,
9 or Minnesota Statutes, section 349.161.

10 C. Notwithstanding items A and B, the board may, by
11 order, deny a distributor's license if it finds that the order
12 is in the public interest and that the applicant or licensee, or
13 a director, officer, partner, governor, person in a supervisory
14 or management position of the applicant or licensee, or employee
15 eligible to make sales on behalf of the applicant or licensee,
16 or direct or indirect holder of more than a five percent
17 financial interest in the applicant or licensee:

18 (1) has violated or failed to comply with any
19 provision of Minnesota Statutes, chapter 297E, 299L, or 349, or
20 any rule adopted or order issued thereunder;

21 (2) has filed an application for a license that
22 is incomplete in any material respect, or contains a statement
23 that, in light of the circumstances under which it was made, is
24 false, misleading, fraudulent, or a misrepresentation;

25 (3) has made a false statement in a document or
26 report required to be submitted to the board or the commissioner
27 of revenue, or has made a false statement to the board, the
28 compliance review group, or the director;

29 (4) has been convicted of a crime in another
30 jurisdiction that would be a felony if committed in Minnesota;

31 (5) is permanently or temporarily enjoined by any
32 gambling regulatory agency from engaging in or continuing any
33 conduct or practice involving any aspect of gambling;

34 (6) has had a gambling-related license revoked or
35 suspended, or has paid or been required to pay a monetary
36 penalty of \$2,500 or more, by a gambling regulator in another

1 state or jurisdiction;

2 (7) has been the subject of any of the following
3 actions by the director of gambling enforcement or commissioner
4 of public safety:

5 (a) had a license under Minnesota Statutes,
6 chapter 299L, denied, suspended, or revoked;

7 (b) been censured, reprimanded, has paid or
8 been required to pay a monetary penalty or fine; or

9 (c) has been the subject of any other
10 discipline by the director or commissioner;

11 (8) has engaged in conduct that is contrary to
12 the public health, welfare, or safety, or to the integrity of
13 gambling; or

14 (9) based on past activities or criminal record
15 poses a threat to the public interest or to the effective
16 regulation and control of gambling, or creates or enhances the
17 dangers of unsuitable, unfair, or illegal practices, methods,
18 and activities in the conduct of gambling or the carrying on of
19 the business and financial arrangements incidental to the
20 conduct of gambling.

21 D. When the board, or director if authorized to act
22 on behalf of the board, determines that a license or premises
23 permit application or renewal should be denied under Minnesota
24 Statutes, section 349.155, subdivision 3 or 4, the board or
25 director shall promptly give a written notice to the licensee or
26 applicant stating the grounds for the action and giving
27 reasonable notice of the rights of the licensee or applicant to
28 request a hearing. A hearing must be held not later than 30
29 days after the board receives the request for the hearing,
30 unless the licensee or applicant and the board agree on a later
31 date. If no hearing is requested within 30 days of the service
32 of the notice, the denial becomes final. Hearings under this
33 item must be conducted in accordance with Minnesota Statutes,
34 chapter 14. After the hearing, the board may enter an order
35 making the disposition the facts require. If the applicant
36 fails to appear at the hearing after having been notified of it

1 under this item, the applicant is considered in default and the
2 proceeding may be determined against the person on consideration
3 of the written notice of denial, the allegations of which may be
4 considered to be true. All fees accompanying the license or
5 renewal application are considered earned and are not refundable.

6 Subp. 13. Length of license. A distributor license
7 expires one year from the effective date of the license.

8 Subp. 14. License effective. A new license issued by the
9 board pursuant to this part shall be effective on the first day
10 of the month after board approval.

11 Subp. 15. License renewal. To renew a license at the end
12 of the term a licensee must submit a complete renewal
13 application on a form prescribed by the board at least 75 days
14 before the expiration of the licensee's existing distributor's
15 license. A renewal application is not complete until it
16 contains the information required in subparts 6, 7, and 8, and
17 the fee required by Minnesota Statutes, section 349.161,
18 subdivision 4. If a distributor's existing license expires on
19 any day of a month other than the last day of a month, the
20 distributor's license renewal shall be effective on the first
21 day of the month preceding the date ~~or~~ of expiration of its
22 existing license.

23 Subp. 16. License termination. To terminate a license, a
24 certified physical inventory on a form prescribed by the board
25 must be received by the board and the commissioner of revenue
26 prior to such proposed termination. Termination of a license
27 may occur due to revocation by the board, voluntary
28 relinquishment, or nonrenewal of a distributor license. The
29 certified physical inventory must include the following
30 information:

31 A. a certified physical inventory of all gambling
32 equipment at the time the form is prepared;

33 B. plans for disposal of all gambling equipment by
34 the date of termination of the distributor's license. After the
35 date on which a distributor's license is terminated, it is
36 illegal for a distributor to have gambling equipment in its

1 possession; and

2 C. the distributor or designated agent shall retain
3 all invoices and other required documentation related to the
4 sale of gambling equipment for 3-1/2 years after cessation of
5 business.

6 Subp. 17. License suspension. When a license is suspended
7 pursuant to part 7865.0020, the licensee must provide to the
8 commissioner of revenue a certified physical inventory of
9 registered gambling equipment in inventory on the day the
10 suspension begins.

11 7863.0020 DISTRIBUTOR OPERATIONS, ACCOUNTS, AND REPORTS.

12 Subpart 1. Purchase of gambling equipment. A distributor
13 may not purchase or otherwise obtain gambling equipment from any
14 manufacturer unless the manufacturer selling or otherwise
15 providing the gambling equipment has a valid license issued by
16 the board. A distributor may not purchase or otherwise obtain
17 gambling equipment for use or sale in Minnesota from any other
18 distributor.

19 A distributor may not purchase gambling equipment from a
20 manufacturer unless the equipment meets the requirements in part
21 7864.0030.

22 Within ten days of notification by the board of the
23 termination or expiration of a manufacturer's license, a
24 licensed distributor shall provide to the board a certified
25 physical inventory, including name, form number, and quantity of
26 all gambling equipment currently maintained in inventory or
27 otherwise owned by the distributor which was manufactured by
28 that manufacturer.

29 Subp. 2. Sale of gambling equipment. The following items
30 apply to sales of gambling equipment:

31 A. Sales to organizations:

32 (1) A distributor may not sell or furnish to any
33 organization any gambling equipment unless the organization has
34 a valid license issued by the board, is exempt from licensing
35 and holds a valid exempt permit issued by the board, or is

1 excluded from licensing under Minnesota Statutes, section
2 349.166, and has a valid authorization issued by the board.

3 (2) A distributor may not sell or furnish to any
4 organization any gambling equipment before the effective date of
5 the organization's license. This item does not pertain to
6 exempt or excluded organizations provided that the distributor
7 has in its possession a copy of the exempt permit or exclusion
8 authorization for that organization.

9 (3) A distributor may not sell or furnish to any
10 organization any gambling equipment unless the gambling
11 equipment has been approved by the board and meets all the
12 requirements in part 7864.0030.

13 B. Rebates of purchase prices or discounts offered by
14 a distributor must be separately stated on the original purchase
15 invoice or separately invoiced on a credit memo referencing the
16 original sales invoice.

17 C. Gambling equipment sold for in-state use must be
18 delivered only to the licensed, exempt, or excluded organization
19 that ordered the equipment.

20 D. All gambling equipment ~~sold~~ designated for sale by
21 a licensed distributor to an Indian tribe must be stored in a
22 separate area of the distributor's warehouse, and cannot bear
23 the symbol required by Minnesota Statutes, section 349.163,
24 subdivision 5.

25 E. No mechanical or coin-operated pull-tab dispensing
26 device shall be sold or otherwise furnished to any organization
27 in this state except as otherwise permitted by law or rule.

28 F. No distributor may provide any merchandise prize,
29 as part of the sale of any game, either through a gift or sale
30 to any licensed, exempt, or excluded organization, or employee
31 of a licensed, exempt, or excluded organization, conducting
32 lawful gambling.

33 Subp. 3. **Registration of gambling equipment.** The
34 following items apply to the registration of gambling equipment:

35 A. Pull-tabs, jar tickets, tipboards, tipboard
36 tickets, paddletickets, and paddleticket cards.

(1) A distributor may not sell, transfer, furnish, or otherwise provide any pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards to a licensed, exempt, or excluded organization unless the pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards have been approved for sale in Minnesota by the board; and

(a) have a state disposable registration stamp and bar code affixed to each flare; or

(b) have a Minnesota geographic symbol, as required by Minnesota Statutes, section 349.163, subdivision 5, paragraph (h), and bar code affixed to each flare.

After February 1, 1996, a distributor may only have in inventory and sell pull-tabs, jar tickets, tipboards, tipboard tickets, paddletickets, or paddleticket cards with the Minnesota geographic symbol and bar code affixed.

(2) Until June 30, 1995, the board shall sell consecutively numbered state disposable registration stamps to each distributor, for use on paddletickets only, at the cost of five cents each.

(3) A distributor may not transfer or furnish Minnesota disposable registration stamps to any person, distributor, or manufacturer.

(4) A distributor shall return to the board any and all unused state disposable registration stamps in its possession by the date of termination of the distributor's license or by February 1, 1996, whichever date occurs first.

(5) After February 1, 1996, no distributor may possess any pull-tab, jar ticket, or tipboard deals with a registration stamp affixed to the flare, or any paddleticket cards with a registration stamp affixed to the master flare.

B. One year from the effective date of this rule, a ~~distributor may only have in inventory and sell bingo paper sheet-packets with the top sheet colored blue, except for bingo paper sheet-packets designated for sale to an Indian tribe,--The rest of the sheets in the packet may be of any color except~~

1 ~~blue~~ all bingo paper sheet packets in any distributor's
2 inventory, and all bingo paper sheets sold by any distributor,
3 except that designated for sale to an Indian tribe, must have
4 solid blue colored top sheets. The rest of the sheets in the
5 packet may be any color except the solid blue that is used on
6 the top sheet.

7 C. Permanent gambling equipment.

8 (1) A distributor may not sell, transfer,
9 furnish, or otherwise provide any permanent gambling equipment
10 unless the equipment has been approved by the board and has a
11 permanent registration stamp affixed.

12 (2) A distributor shall place a state permanent
13 registration stamp on the front of each paddlewheel, on the
14 front of each paddlewheel table, and on each device for
15 selecting bingo numbers. A distributor may not sell to a
16 licensed, exempt, or excluded organization any permanent
17 gambling equipment that does not have a permanent state
18 registration stamp affixed to it.

19 (3) A distributor may not transfer or furnish
20 Minnesota permanent registration stamps to any person,
21 distributor, or manufacturer.

22 Subp. 3a. Return of gambling equipment. The following
23 items pertain to the return of gambling equipment not
24 manufactured in accordance with the standards in part 7864.0030,
25 subpart 1.

26 A. Equipment returned prior to being put into play.

27 (1) Gambling equipment not manufactured in
28 accordance with the standards in part 7864.0030, subpart 1, must
29 be returned by the distributor to the manufacturer within seven
30 business days of accepting receipt of the gambling equipment
31 from an organization, provided that the organization has
32 provided the distributor with written proof that the gambling
33 equipment does not meet the standards in part 7864.0030, subpart
34 1.

35 (2) The distributor must issue a credit invoice
36 to the organization within seven business days of receiving

1 credit from the manufacturer for the returned equipment, unless
2 the distributor notifies the commissioner of revenue in writing
3 that a legitimate business dispute regarding the returned
4 equipment exists. A copy of the credit invoice must be filed
5 electronically, as required by the commissioner of revenue.

6 (3) If the distributor ships new gambling
7 equipment to the organization as replacement for the returned
8 gambling equipment, the distributor shall prepare a sales
9 invoice consistent with the requirements of part 7863.0020,
10 subpart 4, item A.

11 (4) Upon receipt of the returned equipment from
12 the organization, the distributor shall void the state
13 disposable registration stamp attached to the flare for the
14 returned gambling equipment, if applicable, and make the
15 appropriate entry in the registration stamp number log
16 maintained by the distributor. After February 1, 1996, this
17 subitem shall no longer apply.

18 B. Gambling equipment returned during play or after
19 being removed from play.

20 (1) Gambling equipment not manufactured in
21 accordance with the standards in part 7864.0030, subpart 1, must
22 be immediately removed from play and, within seven business days
23 of discovering that the gambling equipment does not meet the
24 standards in part 7864.0030, subpart 1, returned by the
25 organization to the distributor along with written proof that
26 the gambling equipment does not meet the standards in part
27 7864.0030, subpart 1. Within seven business days of receipt of
28 the returned gambling equipment from an organization, the
29 distributor shall return the gambling equipment to the
30 manufacturer for a determination as to whether the gambling
31 equipment was manufactured in accordance with the standards in
32 part 7864.0030, subpart 1. After a determination by the
33 manufacturer, the game shall be returned through the distributor
34 to the organization and retained as a played game.

35 (2) Within 14 business days of receiving a
36 written determination from the manufacturer that the gambling

1 equipment is not in compliance with the standards in part
2 7864.0030, subpart 1, and a credit from the manufacturer, the
3 distributor shall issue a credit invoice to the organization for
4 the cost of the equipment and any bona fide losses incurred and
5 documented by the organization over which the organization had
6 no control or ability to prevent. A copy of the credit invoice
7 must be filed electronically, as required by the commissioner of
8 revenue.

9 C. Within 30 business days of receipt of returned
10 gambling equipment, the distributor shall file with the board a
11 returned equipment report, in accordance with the requirements
12 in ~~part-7863-0020~~, subpart 6 4, item E.

13 Subp. 3b. Corrective action. The following items apply to
14 a board mandated or manufacturer initiated recall of gambling
15 equipment.

16 A. Pursuant to the terms of part 7864.0030, subpart
17 6, licensed distributors shall assist licensed manufacturers
18 with a gambling equipment recall that has been mandated by the
19 board or initiated by the manufacturer.

20 B. Within three business days of receiving
21 notification from the manufacturer, or the board director
22 pursuant to an order of the board, the distributor shall
23 initiate the gambling equipment recall from licensed, exempt, or
24 excluded organizations to which it has sold the subject gambling
25 equipment.

26 C. Within 15 business days of initiation of the
27 recall proceedings, the recall shall be completed by the
28 distributor, and the distributor shall notify the board and the
29 commissioner of revenue in writing that it has obtained all the
30 recalled product from the licensed, exempt, or excluded
31 organizations, except for games already in play, which must be
32 retained by the organization as played games. Such notification
33 shall include the following:

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

36 (2) complete bar code information, as required by

1 the commissioner of revenue;

2 (3) state disposable registration stamp numbers,
3 if applicable; and

4 (4) a complete listing, including license or
5 exempt numbers, of all organizations that the gambling equipment
6 was recalled from.

7 D. Within seven business days of receipt of credit
8 from the manufacturer, the distributor shall issue credit
9 invoices to all organizations returning product under the
10 recall. Credit invoices shall include the cost of freight paid
11 by the organization and any bona fide losses incurred and
12 documented by the organization over which the organization had
13 no control or ability to prevent. Copies of the credit invoices
14 must be filed electronically as required by the commissioner of
15 revenue.

16 Subp. 4. Records and reports required. The following
17 items apply to records and reports of distributors:

18 A. Sales invoice.

19 [For text of subitem (1), see M.R.]

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

23 (a) the name and address of the distributor;

24 (b) the license number of the distributor;

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

27 (d) the license number of the licensed
28 organization or the exempt permit number of the organization and
29 the expiration date of the permit, or if the organization is
30 excluded the name and address of the organization and the
31 expiration date of the authorization;

32 (e) the invoice number;

33 (f) the identification of the distributor's
34 salesperson making the sale;

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

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

3 (i) the local sales tax and the state sales
4 tax;

5 (j) unit price; and

6 (k) the state disposable registration stamp
7 number for each deal of pull-tabs, jar tickets, tipboards,
8 tipboard tickets, paddletickets, or paddleticket cards which are
9 required to have a state disposable registration stamp.

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

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

14 (b) a complete description of each pull-tab
15 deal, jar ticket deal, or tipboard, which includes the name of
16 the game, the manufacturer identification, the part number, and
17 the serial number;

18 (c) the last sale amount;

19 (d) the total ideal gross receipts; and

20 (e) the total gambling tax due.

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

23 (a) the number of sealed groupings for
24 paddletickets;

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

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

32 (5) For bingo paper sheets, hard cards, and
33 breakopen bingo paper sheets, the following information must
34 appear on the sales invoice:

35 (a) the serial number and color of each set
36 of breakopen bingo paper sheets sold to an organization, and the

1 price for which the breakopen bingo paper sheet must be sold by
2 the conducting organization;

3 (b) for bingo sheets the serial number from
4 the top sheet in each packet or the serial number per series for
5 uncollated paper, the color, cut, and the quantity or series;
6 and

7 (c) for bingo hard cards the price per ~~100~~
8 cards face.

9 (6) For permanent gambling equipment, such as
10 bingo ball selection devices, paddlewheels, and paddlewheel
11 tables, the following information must appear on the sales
12 invoice:

13 (a) a complete description of the equipment
14 being sold, including the make, model number, and serial number
15 of the permanent gambling equipment; and

16 (b) the permanent state registration stamp
17 number affixed to the permanent gambling equipment.

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

23 B. Registration stamp number log.

24 ~~{1}~~ A registration stamp number log in which the
25 state disposable registration stamp numbers and the
26 manufacturer's game serial numbers are recorded must be
27 maintained by the distributor until February 1, 1996, on a
28 standard form prescribed by the board, retained by the
29 distributor for 3-1/2 years thereafter, and furnished to the
30 board upon demand. After February 1, 1996, this item pertains
31 only to permanent gambling equipment stamped by the distributor.

32 C. Monthly pricing reports.

33 (1) A licensed distributor must submit a monthly
34 pricing report to the board in a format approved by the board
35 and at a minimum must include:

36 (a) the name, license number, and full

1 address of distributor;

2 (b) the month and year of the report;

3 (c) for pull-tabs and jar tickets, the name
4 of the game, form number, price per deal, whether the equipment
5 is subject to rebate, and volume discounted price, exclusive of
6 transportation costs;

7 (d) for tipboards and tipboard tickets the
8 name of the game, form number, price per deal, whether the
9 equipment is subject to rebate, and volume discounted price,
10 exclusive of transportation costs;

11 (e) for bingo paper sheets and breakopen
12 bingo paper sheets the price per thousand faces, whether the
13 paper sheets are collated or uncollated, whether the equipment
14 is subject to rebate, and volume discounted price, exclusive of
15 transportation costs;

16 (f) for bingo hard cards the price per
17 100 faces;

18 (g) for bingo ball selection devices, the
19 price per device, exclusive of transportation costs;

20 (h) for paddlewheels the price per
21 paddlewheel and for replacement parts, exclusive of
22 transportation costs;

23 (i) for paddlewheel tables the price per
24 table, exclusive of transportation costs; and

25 (j) for paddletickets the price per sealed
26 grouping, whether the equipment is subject to rebate, and volume
27 discounted price, exclusive of transportation costs.

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

36 (3) A computer-generated form may be used with

1 the approval of the board director if it complies with the
2 requirements of this part.

3 D. For each item of permanent gambling equipment such
4 as bingo ball selection devices, paddlewheels, and paddlewheel
5 tables, sold in Minnesota to a licensed, exempt, or excluded
6 organization, the distributor must provide the following
7 information to the board by the 20th of the month following the
8 month in which the sale was made:

9 (1) the name, address, and license number of the
10 distributor;

11 (2) the name, address, and license number of the
12 manufacturer that the distributor purchased the equipment from;

13 (3) the name and address of the licensed, exempt,
14 or excluded organization that purchased the equipment;

15 (4) the license number or exempt permit number of
16 the organization that purchased the equipment;

17 (5) the make, model number, and serial number of
18 the permanent gambling equipment; and

19 (6) the permanent state registration stamp number
20 affixed to the permanent gambling equipment.

21 This item applies to the records and reports required for
22 the sale and lease of permanent gambling equipment.

23 E. Returned gambling equipment report.

24 (1) A distributor who accepts returns from
25 licensed, exempt, or excluded organizations of gambling
26 equipment not manufactured in compliance with the standards in
27 part 7864.0030, subpart 1, shall file a monthly report with the
28 board. The report must be in a format approved by the board,
29 and include the following information:

30 (a) the name, license number, and full
31 address of distributor;

32 (b) the month and year of the report;

33 (c) for pull-tabs, jar tickets, and
34 tipboards the number of deals, the form numbers, the standards
35 in part 7864.0030, subpart 1, which were not met, the
36 manufacturer's name, and the name and license number or exempt

1 number of the organization returning the equipment;

2 (d) for bingo hard cards, paper sheets, and
3 broken open bingo paper sheets the number of cases, the serial
4 number or series number, the standards in part 7864.0030,
5 subpart 1, which were not met, the manufacturer's name, and the
6 name and license number or exempt number of the organization
7 returning the equipment;

8 (e) for paddletickets the number of
9 paddleticket cards, the form number, the standards in part
10 7864.0030, subpart 1, which were not met, the manufacturer's
11 name, and the name and license number or exempt number of the
12 organization returning the equipment; and

13 (f) for permanent gambling equipment such as
14 bingo ball selection devices, paddlewheels, and paddlewheel
15 tables, the quantity of equipment returned, the make, model, and
16 serial number of the permanent gambling equipment, the
17 manufacturer's name, and the permanent state registration stamp
18 number affixed to the equipment.

19 (2) The report covering the preceding month must
20 be filed with the board by no later than the tenth day of the
21 following month.

22 F. Report of delinquent organization required:

23 (1) A distributor shall notify the board in
24 writing if a licensed, exempt, or excluded organization has not
25 paid the distributor within 30 days of shipment of gambling
26 equipment for the gambling equipment, or for tax obligations.
27 The notification shall include:

28 (a) the name, address, and license number or
29 exempt number of the organization;

30 (b) the distributor's invoice date;

31 (c) the distributor's invoice number; and

32 (d) the total dollar amount of the invoice.

33 Upon receipt of the notice, the board shall notify all
34 distributors that until further notice from the board, they may
35 sell gambling equipment to the delinquent organization only on a
36 cash basis with no credit extended. For purposes of this item,

1 cash means a check drawn on the organization's gambling account.

2 (2) The board shall notify the organization of
3 the delinquency and direct the organization to eliminate the
4 delinquency, if one exists.

5 (3) If a distributor who has notified the board
6 under subitem (1) has not received payment in full from the
7 delinquent organization within 60 days of the notification to
8 the board under subitem (1), the distributor must then notify
9 the board of the continued delinquency. Upon receipt of a
10 notice under subitem (3), the board shall notify all
11 distributors not to sell any gambling equipment to the
12 delinquent organization.

13 (4) When the delinquency is paid, the distributor
14 must immediately notify the board and the board shall notify all
15 licensed distributors. No distributor may extend credit or sell
16 gambling equipment to an organization in violation of an order
17 under subitem (3) until the board has authorized such credit or
18 sale.

19 G. The board, the commissioner of revenue, the
20 commissioner of public safety, and their agents may examine the
21 books and records of any distributor without notice at any time
22 during normal business hours.

23 H. Each distributor shall maintain records of the
24 purchase and sale, lease, rental, or loan of gambling equipment
25 for 3-1/2 years.

26 I. A distributor shall notify the board within 30
27 days of such action, if the distributor has had a
28 gambling-related license revoked or suspended or has been
29 required to pay a monetary penalty of \$2,500 or more by a
30 gambling regulator in another state or jurisdiction.

31 7864.0010 LICENSED MANUFACTURERS.

32 [For text of subpart 1, see M.R.]

33 Subp. 2. License required. A manufacturer of gambling
34 equipment may not sell or otherwise furnish any gambling
35 equipment for use in Minnesota to any licensed distributor

1 without a valid manufacturer's license. Annual application must
2 be made for a manufacturer's license.

3 Subp. 3. Qualifications. For purposes of this subpart,
4 "director" means a member of the board of directors, "officer"
5 means any person elected, appointed, or otherwise designated as
6 an officer by the board of directors, and "other person in a
7 supervisory or management position" means any person employed to
8 direct and control the personnel and activities of a department
9 or division. A license may not be issued to a person, or to a
10 corporation, limited liability company, firm, or partnership,
11 that has an officer, director, partner, governor, other person
12 in a supervisory or management position, or person eligible to
13 make sales on behalf of the manufacturer, a person who:

14 [For text of items A and B, see M.R.]

15 C. has ever been convicted of:

16 (1) assault;

17 (2) a criminal violation involving the use of a
18 firearm; or

19 (3) making terroristic threats;

20 D. is or has ever been engaged in or connected with
21 an illegal business;

22 E. owes \$500 or more in delinquent taxes to the state
23 of Minnesota;

24 F. has had a sales and use tax permit revoked by the
25 commissioner of revenue within the last two years; or

26 G. after demand, has not filed tax returns required
27 by the commissioner of revenue. The board may deny or refuse to
28 renew a license under this chapter, and may revoke a license
29 under this chapter, if any of the conditions in this item are
30 applicable to an affiliate or direct or indirect holder of more
31 than a five percent financial interest in the applicant or
32 licensee.

33 Subp. 4. Restrictions. For purposes of this subpart, the
34 restrictions apply to the licensee's activities within
35 Minnesota, or while conducting business with distributors
36 authorized to sell lawful gambling equipment in Minnesota. No

1 manufacturer, or any representative, agent, affiliate, or
2 employee of a manufacturer may:

3 A. sell gambling equipment to any person or entity
4 not licensed as a distributor under part 7863.0010;

5 B. sell gambling equipment to a distributor in this
6 state that has the same ~~unique~~ serial number, which must be a
7 minimum of five and a maximum of eight characters, as another
8 item of gambling equipment of the same type sold by the
9 manufacturer for use in this state for a period of 3-1/2 years;

10 [For text of item C, see M.R.]

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

17 [For text of item E, see M.R.]

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

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

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

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

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

32 K. directly or indirectly give gifts, trips, prizes,
33 loans of money, premiums, or other gratuities to gambling
34 organizations or their employees, other than nominal gifts not
35 exceeding a value of \$25 per organization in a calendar year.
36 Value means actual market value or suggested market value,

1 whichever is less. Nothing in this part prohibits a
2 manufacturer, or a representative, agent, affiliate, or employee
3 ~~or~~ of a manufacturer from making a contribution of \$250 or less
4 in any calendar year to an organization, or participating in a
5 fundraising event for an organization, provided that the
6 contribution or fundraising event is unrelated to the
7 organization's conduct of lawful gambling; or

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

13 Subp. 5. [See repealer.]

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

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

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

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

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

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

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

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

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

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

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

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

5 L. the signature of the chief executive officer.

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

9 Subp. 7. **Attachments to application.** The following items
10 apply to attachments to manufacturer's license applications:

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

13 (1) owner;

14 (2) partner;

15 (3) member of the board of directors or board of
16 governors;

17 (4) officer, including but not limited to
18 president, vice-president, secretary, treasurer, controller, or
19 general counsel;

20 (5) plant manager, if not identified in subitem
21 (4);

22 (6) employee or person who makes sales of
23 gambling equipment on behalf of the manufacturer, provided:

24 (a) the employee or person is located in
25 Minnesota;

26 (b) the employee or person travels to
27 Minnesota for the purpose of making sales of gambling equipment;
28 or

29 (c) the employee or person makes telephone
30 calls to distributors in Minnesota for the purpose of making
31 sales of gambling equipment, and derives all or a portion of his
32 or her salary from these sales;

33 (7) each person or entity with a direct or
34 indirect financial interest of five percent or more in the
35 applicant; and

36 (8) consultant.

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

3 (1) full name, full address, telephone number,
4 and license number, if issued, of the manufacturer;

5 (2) individual's full name, full address, date of
6 birth, place of birth, social security number, and telephone
7 number, ~~and full name of the spouse~~;

8 (3) full name of the individual's spouse, if
9 married;

10 (4) driver's license number, including state of
11 registration;

12 (5) branch of military service, if any, and dates
13 of service;

14 (6) country of citizenship;

15 (7) position with the manufacturer and work
16 telephone number;

17 (8) Minnesota tax identification number, if any,
18 of businesses that the individual has owned for the past ten
19 years;

20 (9) employment history for the last ten years;

21 (10) places of residence for the last ten years;

22 (11) name, address, and license number, or
23 ~~exemption~~ exempt permit number of any organization conducting
24 lawful gambling in Minnesota of which the person is a member
25 and/or the name and address of any excluded organization
26 conducting lawful gambling in Minnesota of which the person is a
27 member;

28 (12) a criminal history statement, except petty
29 misdemeanors;

30 (13) a statement regarding the provisions of
31 subparts 3 and 4; and

32 (14) notarized signature of the person and date
33 signed.

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

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

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

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

14 Subp. 10. Investigation. Before issuing or renewing a
15 manufacturer's license, the board shall conduct, or request the
16 director of gambling enforcement to conduct, a background
17 investigation, which may include a review of the applicant's
18 sources of financing, ownership, and organizational structure.
19 Actual costs in addition to the initial and renewal application
20 fees shall be borne by the applicant.

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

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

28 B. The board shall deny the application of a
29 manufacturer ineligible to hold a license pursuant to subpart 3,
30 or Minnesota Statutes, section ~~349.161~~ 349.163.

31 C. Notwithstanding items A and B, the board may by
32 order deny a manufacturer's license if it finds that the order
33 is in the public interest and that the applicant or licensee, or
34 a director, officer, partner, governor, person in a supervisory
35 or management position of the applicant or licensee, or direct
36 or indirect holder of more than a five percent financial

1 interest in the applicant or licensee:

2 (1) has violated or failed to comply with any
3 provision of Minnesota Statutes, chapter 297E, 299L, or 349, or
4 any rule adopted or order issued thereunder;

5 (2) has filed an application for a license that
6 is incomplete in any material respect, or contains a statement
7 that, in light of the circumstances under which it was made, is
8 false, misleading, fraudulent, or a misrepresentation;

9 (3) has made a false statement in a document or
10 report required to be submitted to the board or the commissioner
11 of revenue, or has made a false statement to the board, the
12 compliance review group, or the director;

13 (4) has been convicted of a crime in another
14 jurisdiction that would be a felony if committed in Minnesota;

15 (5) is permanently or temporarily enjoined by any
16 gambling regulatory agency from engaging in or continuing any
17 conduct or practice involving any aspect of gambling;

18 (6) has had a gambling-related license revoked or
19 suspended, or has paid or been required to pay a monetary
20 penalty of \$2,500 or more, by a gambling regulator in another
21 state or jurisdiction;

22 (7) has been the subject of any of the following
23 actions by the director of gambling enforcement or commissioner
24 of public safety:

25 (a) had a license under Minnesota Statutes,
26 chapter 299L, denied, suspended, or revoked;

27 (b) been censured, reprimanded, has paid or
28 been required to pay a monetary penalty or fine; or

29 (c) has been the subject of any other
30 discipline by the director or commissioner;

31 (8) has engaged in conduct that is contrary to
32 the public health, welfare, or safety, or to the integrity of
33 gambling; or

34 (9) based on past activities or criminal record
35 poses a threat to the public interest or to the effective
36 regulation and control of gambling, or creates or enhances the

1 dangers of unsuitable, unfair, or illegal practices, methods,
2 and activities in the conduct of gambling or the carrying on of
3 the business and financial arrangements incidental to the
4 conduct of gambling.

5 D. When the board, or director if authorized to act
6 on behalf of the board, determines that a license or premises
7 permit application or renewal should be denied under Minnesota
8 Statutes, section 349.155, subdivision 3 or 4, the board or
9 director shall promptly give a written notice to the licensee or
10 applicant stating the grounds for the action and giving
11 reasonable notice of the rights of the licensee or applicant to
12 request a hearing. A hearing must be held not later than 30
13 days after the board receives the request for the hearing,
14 unless the licensee or applicant and the board agree on a later
15 date. If no hearing is requested within 30 days of the service
16 of the notice, the denial becomes final. Hearings under this
17 item must be conducted in accordance with Minnesota Statutes,
18 chapter 14. After the hearing, the board may enter an order
19 making the disposition the facts require. If the applicant
20 fails to appear at the hearing after having been notified of it
21 under this item, the applicant is considered in default and the
22 proceeding may be determined against the person on consideration
23 of the written notice of denial, the allegations of which may be
24 considered to be true. All fees accompanying the license or
25 renewal application are considered earned and are not refundable.

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

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

31 Subp. 14. **License renewal.** To renew a license at the end
32 of the term a licensee must submit a complete renewal
33 application on a form prescribed by the board at least 75 days
34 before the expiration of the licensee's existing manufacturer's
35 license. A renewal application is not complete until it
36 contains the information required in subparts 6 and 7, and the

1 fee required by Minnesota Statutes, section 349.163, subdivision
2 2. If a manufacturer's existing license expires on any day of a
3 month other than the last day of a month, the manufacturer's
4 license renewal shall be effective on the first day of the month
5 preceding the date of expiration of its existing license.

6 7864.0030 MANUFACTURER OPERATIONS, ACCOUNTS, AND RECORDS.

7 Subpart 1. Standards for manufacture of gambling equipment.

8 The following items apply to lawful gambling equipment
9 manufactured for sale in Minnesota:

10 A. All pull-tab tickets and deals manufactured for
11 sale in Minnesota must conform to subitems (1) to ~~(3)~~ (10):

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

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

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

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

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

31 (c) the manufacturer's form number;

32 (d) the price per individual pull-tab;

33 (e) the ~~unique~~ game serial number, which

34 must be a minimum of five and a maximum of eight characters,

35 printed on the game information side of the pull-tab, which must

1 not be repeated on gambling equipment of the same type for 3-1/2
2 years from the date of the manufacturer's invoice to the
3 distributor; and

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

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

14 (5) the symbol or number must be fully visible in
15 the window and must be placed so that no part of the symbol or
16 number remains uncovered when a tab is removed. Placement of
17 the number or symbol to the left or right of the center of the
18 window is allowed for increased game security;

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

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

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

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

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

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

35 (c) the form number;

36 (d) the ticket count;

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

4 (f) the cost per play;

5 (g) the manufacturer must, for each deal of
6 pull-tabs which is shipped, sold, furnished, or provided for use
7 in Minnesota, affix a bar code as required by the commissioner
8 of revenue on the bottom front of the flare providing all
9 information required by the commissioner of revenue pursuant to
10 Minnesota Statutes, section 297E.04, subdivision 2, and imprint
11 the Minnesota geographic boundary symbol required by Minnesota
12 Statutes, section 349.163, subdivision 5. The symbol must be at
13 least one inch high and one inch wide consisting of an outline
14 of the geographic boundaries of Minnesota with the letters "MN"
15 inside the outline. The flare for each deal of pull-tabs which
16 is sold to a licensed distributor for use by an Indian tribe
17 must bear the bar code required by Minnesota Statutes, section
18 297E.04, subdivision 2, but must not bear the Minnesota
19 geographic boundary symbol;

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

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

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

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

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

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

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

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

14 (e) each deal, including the flare and any
15 other required information, must be sealed in shrinkwrap;

16 (f) manufacturers must print on the outside
17 of the package, box, or other container of pull-tabs, or affix a
18 label or sticker to the outside of the package, box, or other
19 container, a message in bold print, of sufficient size to be
20 easily read, indicating that the pull-tabs or tickets in the
21 container must be removed and thoroughly mixed prior to sale to
22 the public; and

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

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

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

33 (2) winning jar tickets must be distributed and
34 mixed among all other jar tickets in a deal so as to eliminate
35 any pattern between deals or portions of deals from which the
36 location or approximate location of any winning jar ticket may

1 be determined. The jar ticket deal must be assembled so that no
2 placement of winning or losing jar tickets exists that allows
3 the possibility of prize manipulation or pickout;

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

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

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

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

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

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

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

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

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

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

1 (c) the form number;

2 (d) the ticket count;

3 (e) the prize structure, including winning

4 jar tickets by denomination with their respective symbol, color,

5 number combination;

6 (f) the actual cost per play;

7 (g) the manufacturer must, for each deal of

8 jar tickets which is shipped, sold, furnished, or provided for

9 use in Minnesota, affix a bar code as required by the

10 commissioner of revenue on the bottom front of the flare

11 providing all information required by the commissioner of

12 revenue pursuant to Minnesota Statutes, section 297E.04,

13 subdivision 2, and imprint the Minnesota geographic boundary

14 symbol required by Minnesota Statutes, section 349.163,

15 subdivision 5. The symbol must be at least one inch high and

16 one inch wide consisting of an outline of the geographic

17 boundaries of Minnesota with the letters "MN" inside the

18 outline. The flare for each deal of ~~pull-tabs~~ jar tickets which

19 is sold to a licensed distributor for use by an Indian tribe

20 must bear the bar code required by Minnesota Statutes, section

21 297E.04, subdivision 2, but must not bear the Minnesota

22 geographic boundary symbol;

23 (h) the serial number included in the bar

24 code as required by the commissioner of revenue must be the same

25 as the serial number on the jar tickets included for that deal.

26 The serial number imprinted on the bar code as required by the

27 commissioner of revenue must be printed in numerals at least

28 one-half inch high; and

29 (i) the front of the flare must bear the

30 following message, printed in letters large enough to be clearly

31 legible:

32 "This pull-tab (or tipboard) game is not legal in Minnesota

33 unless an outline of Minnesota with the letters "MN" inside the

34 outline is imprinted on this sheet, and the serial number

35 imprinted on the bar code at the bottom of this sheet is the

36 same as the serial number on the pull-tab (or tipboard) ticket

1 that you have purchased.";

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

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

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

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

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

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

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

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

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

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

34 (2) for tipboard games using folded or banded
35 tickets, the manufacturing standards set in subpart 1, item B,
36 apply;

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

(a) the name of the manufacturer, or it's board-registered logo;

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

(c) the seal prize;

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

(e) the ticket count;

(f) the form number; and

(g) the cost per ticket;

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

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

(6) the serial number included in the bar code as required by the commissioner of revenue must be the same as the

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

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

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

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

17 (1) except as provided in item D, subitem (4),
18 ~~all each~~ bingo hard-cards, paper-sheets, and breakopen-bingo
19 ~~paper-sheets~~ face must have 25 squares arranged in five vertical
20 and five horizontal rows. The letters "B, I, N, G, O" must be
21 preprinted above the five vertical columns, with one letter
22 appearing above each column. The center space must be marked
23 "free." The printed numbers on the card must correspond with
24 the numbers and letters of the bingo balls, as follows:

- 25 (a) numbers 1 to 15 in the "B" column;
26 (b) numbers 16 to 30 in the "I" column;
27 (c) numbers 31 to 45 in the "N" column;
28 (d) numbers 46 to 60 in the "G" column; and
29 (e) numbers 61 to 75 in the "O" column;

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

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

35 (4) all bingo paper sheets not preprinted but
36 completed by the player must contain five horizontal rows of

spaces with each row containing five spaces. The central row must have the word "free" marked in the center space. All spaces must be of uniform size and color;

(5) for packets of bingo paper sheets, the top sheet must be solid blue. The rest of the sheets in the packet may be of any color except the solid blue that is used on the top sheet. This item does not apply to packets of bingo paper sheets designated for an Indian tribe; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) each circle of the paddlewheel must be divided into equally spaced sections. Each section must contain a sequential section number beginning with the number one. The section numbers may be randomly placed among the sections, but

1 no number in the sequence may be missing or repeated. A
2 section, in addition to the section number, may include a
3 graphic symbol or symbols including stylized numerals which must
4 be clearly different from the typestyle used for the section
5 number;

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

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

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

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

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

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

1 combinations, of each concentric circle;

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

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

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

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

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

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

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

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

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

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

35 (2) all paddletickets must be preprinted,
36 detachable from a paddleticket card, and must correspond with

1 the colored numbers on the paddlewheel and every available wager
2 expressed by a colored number or set of colored numbers on the
3 paddlewheel;

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

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

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

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

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

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

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

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

27 (e) the form number;

28 (f) the ticket count;

29 (g) the prizes and consolation prizes;

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

32 (i) the odds.

33 **Subp. 2. Prior approval of gambling equipment required.**

34 The following items apply to the approval of gambling equipment
35 prior to sale in Minnesota. Before the sale of any gambling
36 equipment in Minnesota, the manufacturer must submit to the

1 board a sample of such equipment. All gambling equipment
2 submitted for consideration must be received in the board's
3 office on or before the 15th day of the month in order to ensure
4 consideration at the board's meeting the following month. The
5 board shall notify the manufacturer in writing no later than
6 five days after a board meeting of the board's decision on
7 whether the product is approved for sale in Minnesota. Board
8 approval for sale of gambling equipment in Minnesota does not
9 constitute approval of the bar code required by the commissioner
10 of revenue.

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

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

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

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

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

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

35 (6) any changes to flares, tickets, or payout
36 slips for approved games must be submitted to the board for

1 review and, if deemed appropriate by the board, submitted for
2 approval pursuant to subitems (1) to (5).

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

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

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

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

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

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

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

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

31 (1) one tipboard for each family;

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

34 (a) production copies/thermals of the
35 tipboard;

36 (b) production copies/thermals of the

1 tickets used in the tipboard game; and

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

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

8 (4) any changes to approved tipboards must be
9 submitted to the board for review and, if deemed appropriate by
10 the board, submitted for approval pursuant to subitems (1) and
11 (2).

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

15 (1) a copy of the manufacturer's catalog of or
16 brochure illustrating that the product meets the standards in
17 subpart 2 1, item D;

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

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

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

26 (1) a catalog of brochure illustrating that the
27 product meets the standards in subpart 2, item E;

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

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

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

36 F. Paddlewheels and paddlewheel tables being

1 submitted for approval must consist of the following:

2 (1) a catalog or brochure illustrating that the
3 product meets the standards in subpart 2, item F;

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

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

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

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

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

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

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

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

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

35 A. a manufacturer may not sell or make available to
36 any distributor any gambling equipment unless the distributor

1 has a valid license issued by the board;

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

6 C. a manufacturer may not sell, offer for sale, or
7 otherwise provide a coin-operated or mechanical pull-tab
8 dispensing device to any distributor in Minnesota unless
9 otherwise permitted by law or rule;

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

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

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

24 **Subp. 4. Storage of gambling equipment in Minnesota.**

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

32 (1) owned or leased by the licensed manufacturer;
33 and

34 (2) registered, in writing and advance, with the
35 director of gambling enforcement.

36 B. No gambling equipment may be shipped to the

1 manufacturer's registered storage facility in Minnesota unless
2 the shipment is reported to the commissioner of revenue in the
3 manner prescribed by the commissioner of revenue. No gambling
4 equipment may be removed from the storage facility unless the
5 equipment is properly reported to the commissioner of revenue in
6 a manner prescribed by the commissioner of revenue.

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

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

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

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

34 B. Gambling equipment returned during play or after
35 being removed from play must be returned to the manufacturer by
36 the distributor for a determination as to whether the gambling

1 equipment was manufactured in accordance with the standards in
2 subpart 1. After determination by the manufacturer, the game
3 shall be returned to the organization and retained by the
4 organization as a played game:

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

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

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

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

29 A. The board may order a recall of nonconforming
30 gambling equipment if the noncompliance of the product is of
31 such severity that:

32 (1) the integrity of the game is harmed; or

33 (2) the area of noncompliance is capable of being
34 used to adversely affect the fair play of the game.

35 B. Within three business days of the receipt of
36 notification from the board, the manufacturer shall initiate the

1 recall. The manufacturer must recall the nonconforming gambling
2 equipment at the distributor level. The manufacturer shall
3 instruct the distributors to initiate recall proceedings from
4 gambling organizations.

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

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

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

14 (3) state disposable registration stamp numbers,
15 if applicable; and

16 (4) a complete listing, including license
17 numbers, of all distributors from whom the gambling equipment
18 was recalled.

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

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

35 Subp. 7. **Records and reports.** The following items apply
36 to ~~manufacture~~ manufacturer records and reports:

1 A. Pricing reports.

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

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

7 (b) the month and year of the report;

8 (c) for pull-tabs and jar tickets the name
9 of the game, price per deal, form number, whether the equipment
10 is subject to a rebate, and volume discounted price;

11 (d) for tipboards and tipboard tickets the
12 name of the game, form number, price per case, whether the
13 equipment is subject to a rebate, and volume discounted price;

14 (e) for bingo hard cards, paper sheets, and
15 breakopen bingo paper sheets, the price per thousand faces,
16 whether the equipment is subject to a rebate, and volume
17 discounted price;

18 (f) for bingo ball selection devices, the
19 price per device;

20 (g) for paddlewheels the price per
21 paddlewheel and for replacement parts;

22 (h) for paddlewheel tables the price per
23 table; and

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

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

35 (3) A computer-generated form may be used with
36 the approval of the board director if it complies with the

1 requirements of this part.

2 B. Sales invoice.

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

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

9 (a) the name and address of the manufacturer:

10 (b) the license number of the manufacturer;

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

13 (d) the license number of the distributor;

14 (e) the invoice number;

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

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

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

21 (i) the unit price;

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

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

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

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

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

36 (4) For paddleticket cards, the following

1 information must appear on the sales invoice:

2 (a) the number of sealed groupings for
3 paddletickets;

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

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

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

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

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

19 (6) For bingo hard cards, the price per ~~100~~ face.

20 (7) For permanent gambling equipment such as
21 bingo ball selection devices, paddlewheels, and paddlewheel
22 tables, the sales invoice must include a complete description of
23 the equipment being sold, including the make, model number, and
24 serial number of the permanent gambling equipment.

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

30 C. Returned gambling equipment report.

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

36 (a) the name, license number, and full

1 address of the manufacturer;

2 (b) the month and year of the report;

3 (c) for pull-tabs, jar tickets, and

4 tipboards the number of deals, the form numbers, the standards

5 in subpart 1 which were not met, the actions taken by the

6 manufacturer to bring the returned equipment into compliance

7 with the standards in subpart 1 or a statement that the returned

8 equipment was destroyed, and the name and license number of the

9 distributor returning the equipment;

10 (d) for bingo hard cards, paper sheets, and

11 breakopen bingo paper sheets, the number of cases, the serial

12 number, the series number for uncollated paper, the standards in

13 subpart 1 which were not met, the actions taken by the

14 manufacturer to bring the returned equipment into compliance

15 with the standards in subpart 1 or a statement that the returned

16 equipment was destroyed, and the name and license number of the

17 distributor returning the equipment;

18 (e) for bingo ball selection devices,

19 paddlewheels, and paddlewheel tables, the make, model, and

20 serial number of the equipment, the state permanent registration

21 stamp number affixed to the equipment, the standards in subpart

22 1, which were not met, the actions taken by the manufacturer to

23 bring the equipment into compliance with the standards in

24 subpart 1 or a statement that the equipment was destroyed, and

25 the name and license number of the distributor returning the

26 equipment; and

27 (f) for paddletickets, the number of

28 paddleticket cards, the form number, the standards in subpart 1

29 which were not met, the actions taken by the manufacturer to

30 bring the equipment into compliance with the standards in

31 subpart 1 or a statement that the equipment was destroyed, and

32 the name and license number of the distributor returning the

33 equipment.

34 (2) The A report covering of returned gambling

35 equipment transactions completed during the preceding month must

36 be filed with the board by no later than the tenth day of the

1 following month.

2 D. Report of delinquent distributor required.

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

7 (a) the name, address, and license number of
8 the distributor;

9 (b) the manufacturer's invoice date;

10 (c) the manufacturer's invoice number; and

11 (d) the total dollar amount of the invoice.

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

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

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

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

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

33 E. Examination of books and records.

34 (1) The board, the commissioner of revenue, or
35 the commissioner of public safety or their agents may examine
36 the books and records of any manufacturer without notice at any

1 time during normal business hours.

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

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

10 F. A manufacturer shall notify the board within 30
11 days of such action, if the manufacturer has had a
12 gambling-related license revoked or suspended or has been
13 required to pay a monetary penalty of \$2,500 or more by a
14 gambling regulator in another state or jurisdiction.

15 7865.0020 SUSPENSIONS OR REVOCATIONS.

16 Subpart 1. Definitions. For purposes of this chapter,
17 "suspension" means that the licensee retains ownership rights in
18 its license, even though its lawful gambling activities in
19 Minnesota must cease during the time of license suspension; and
20 "revocation" means that ownership of the license is terminated
21 on the effective date of revocation.

22 Subp. 1a. Grounds for suspension. The board may, by
23 order, suspend or refuse to renew any license or premises permit
24 issued pursuant to Minnesota Statutes, chapter 349, impose a
25 civil fine, or censure a licensee or applicant, if it finds that
26 the order is in the public interest and that the licensee or
27 applicant, or a director, officer, partner, governor, person in
28 a supervisory or management position of the applicant or
29 licensee, an employee eligible to make sales on behalf of the
30 applicant or licensee, or direct or indirect holder of more than
31 a five percent financial interest in the applicant or licensee
32 after a contested case hearing under Minnesota Statutes, chapter
33 14, if the licensee has:

34 A. violated or failed to comply with any provision of
35 Minnesota Statutes, chapter 297E, 299 299L, or 349 or any rule

1 adopted or order issued thereunder;

2 B. ~~has~~ filed an application for a license that is
3 incomplete in any material respect, or contains a statement
4 that, in light of the circumstances under which it was made, is
5 false, misleading, fraudulent, or a misrepresentation;

6 C. made a false statement in a document, application,
7 or report required to be submitted to the board or the
8 commissioner of revenue or has made a false statement in
9 testimony to the board, the compliance review group, an agent of
10 the board conducting an investigation on behalf of the board, or
11 the director;

12 D. been convicted of a crime in another jurisdiction
13 that would be a felony if committed in Minnesota;

14 E. ~~is~~ been permanently or temporarily enjoined by any
15 gambling regulatory agency from engaging in or continuing any
16 conduct or practice involving any aspect of gambling;

17 F. had a gambling-related license revoked or
18 suspended, or has paid or been required to pay a monetary
19 penalty of \$2,500 or more, by a gambling regulator in another
20 state or jurisdiction;

21 G. ~~has~~ been the subject of any of the following
22 actions by the director of gambling enforcement or commissioner
23 of public safety:

24 (1) had a license under Minnesota Statutes,
25 chapter 299L denied, suspended, or revoked;

26 (2) been censured, reprimanded, has paid or been
27 required to pay a monetary penalty or fine; or

28 (3) ~~has~~ been the subject of any other discipline
29 by the director or commissioner;

30 H. ~~has~~ engaged in conduct that is contrary to the
31 public health, welfare, or safety, or to the integrity of
32 gambling; or

33 I. based on past activities or criminal record poses
34 a threat to the public interest or the effective regulation and
35 control of gambling, or creates or enhances the dangers of
36 unsuitable, unfair, or illegal practices, methods, and

1 activities in the conduct of gambling or the carrying on of the
2 business and financial arrangements incidental to the conduct of
3 gambling.

4 The civil fines referred to in this subpart do not include
5 citations issued by the board.

6 [For text of subp 2, see M.R.]

7 Subp. 3. Grounds for revocation. The board may revoke the
8 license of any organization, distributor, manufacturer, or bingo
9 hall owner after a hearing pursuant to Minnesota Statutes,
10 chapter 14, or impose a civil fine, for what it determines to be
11 a willful violation of laws or rules related to lawful gambling.

12 The board may revoke the license of any gambling manager
13 after a hearing pursuant to Minnesota Statutes, chapter 14, or
14 impose a civil fine, for any violation of laws or rules related
15 to lawful gambling after considering the factors identified in
16 subpart 2.

17 The civil fines referred to in this subpart do not include
18 citations issued by the board.

19 The board may, by order, revoke the license of an
20 organization, distributor, manufacturer, or bingo hall owner if
21 it finds that the order is in the public interest and that the
22 applicant or licensee, or a director, officer, partner,
23 governor, person in a supervisory or management position of the
24 applicant or licensee, an employee eligible to make sales on
25 behalf of the applicant or licensee, or direct or indirect
26 holder of more than a five percent financial interest in the
27 applicant or licensee has:

28 A. violated or failed to comply with any provision of
29 Minnesota Statutes, chapter 297E, 299L, or 349, or any rule
30 adopted or order issued thereunder;

31 B. filed an application for a license that is
32 incomplete in any material respect, or contains a statement
33 that, in light of the circumstances under which it was made, is
34 false, misleading, fraudulent, or a misrepresentation;

35 C. made a false statement in a document or report
36 required to be submitted to the board or the commissioner of

1 revenue, or has made a false statement to the board, the
2 compliance review group, or the director;

3 D. ~~has~~ been convicted of a crime in another
4 jurisdiction that would be a felony if committed in Minnesota;

5 E. ~~is~~ been permanently or temporarily enjoined by any
6 gambling regulatory agency from engaging in or in continuing any
7 conduct or practice involving any aspect of gambling;

8 F. had a gambling-related license revoked or
9 suspended, or has paid or been required to pay a monetary
10 penalty of \$2,500 or more, by a gambling regulator in another
11 state or jurisdiction;

12 G. been the subject of any of the following actions
13 by the director of gambling enforcement or commissioner of
14 public safety:

15 (1) had a license under Minnesota Statutes,
16 chapter 299L denied, suspended, or revoked;

17 (2) been censured, reprimanded, has paid or been
18 required to pay a monetary penalty or fine; or

19 (3) ~~has~~ been the subject of any other discipline
20 by the director or commissioner;

21 H. engaged in conduct that is contrary to the public
22 health, welfare, or safety, or to the integrity of gambling; or

23 I. based on past activities or criminal record poses
24 a threat to the public interest or to the effective regulation
25 and control of gambling, or creates or enhances the dangers of
26 unsuitable, unfair, or illegal practices, methods, and
27 activities in the conduct of gambling or the carrying on of the
28 business and financial arrangements incidental to the conduct of
29 gambling.

30 In the case of licenses for manufacturers, distributors,
31 bingo hall owners, and gambling managers, the board shall revoke
32 a license under this chapter, if the applicant or licensee, or a
33 director, officer, partner, governor, person in a supervisory or
34 management position of the applicant or licensee, or an employee
35 eligible to make sales on behalf of the applicant or licensee
36 has:

(1) ever been convicted of a felony or a crime involving gambling;

(2) ever been convicted of:

(a) assault;

(b) a criminal violation involving the use of a firearm; or

(c) making terroristic threats;

(3) ~~is-or-has~~ ever been connected with or engaged in an illegal business;

(4) owes \$500 or more in delinquent taxes as defined in Minnesota Statutes, section 270.72;

(5) had a sales and use tax permit revoked by the commissioner of revenue within the past two years; or

(6) after demand ~~has~~has, not filed tax returns required by the commissioner of revenue.

The board may revoke a license under this chapter, if any of the conditions in this subpart are applicable to an affiliate or direct or indirect holder of more than a five percent financial interest in the applicant or licensee.

[For text of subps 4 and 5, see M.R.]

REPEALER. Minnesota Rules, parts 7863.0010, subpart 5; 7864.0010, subpart 5; and 7864.0020, are repealed.