

1 Gambling Control Board
2 Adopted Permanent Rules Relating to Lawful Gambling

3 7861.0210 DEFINITIONS.

4 Subpart 1. **Scope.** For the purposes of chapters 7861,
5 7863, 7864, and 7865, the terms in this chapter have the
6 meanings given them in this part or Minnesota Statutes, sections
7 349.11 to 349.23.

8 Subp. 2. **Agent of the organization.** "Agent of the
9 organization" means a person who, by mutual consent of both
10 parties, acts on behalf of the organization.

11 Subp. 3. **Bingo numbers.** "Bingo numbers" means the letter
12 and number that correspond with one of the following letter and
13 number combinations:

14 A. bingo numbers with the letter "B" may only contain
15 numbers 1 through 15;

16 B. bingo numbers with the letter "I" may only contain
17 numbers 16 through 30;

18 C. bingo numbers with the letter "N" may only contain
19 numbers 31 through 45;

20 D. bingo numbers with the letter "G" may only contain
21 numbers 46 through 60; and

22 E. bingo numbers with the letter "O" may only contain
23 numbers 61 through 75.

24 Subp. 4. **Bingo paper package.** "Bingo paper package" means
25 a bingo paper sheet packet to which an organization has added
26 individual bingo paper sheets, or means bingo paper sheets that
27 an organization will sell as a single unit.

1 Subp. 5. **Bingo paper sheet.** "Bingo paper sheet" means a
2 bingo sheet containing a face or faces that is manufactured from
3 paper with or without preprinted numbers. A sealed bingo paper
4 sheet and a linked bingo paper sheet are considered a bingo
5 paper sheet. The following also apply to bingo paper sheets.

6 A. "Face number" refers to the number appearing on
7 each bingo paper sheet face in a series that allows for the
8 verification of a winning bingo paper sheet face against a
9 master record containing all of the faces in the series.

10 B. "Series" means a specific group of cards or faces
11 that has been assigned consecutive card or face numbers by a
12 manufacturer. Series are typically identified by the first and
13 last card number in the group of cards, such as "1 to 9,000
14 series."

15 C. "ON's" means the number of bingo faces contained
16 on a bingo paper sheet. For example, the term "twelve on" in
17 reference to a bingo paper sheet means that the bingo paper
18 sheet contains 12 bingo faces.

19 Subp. 6. **Bingo paper sheet packet.** "Bingo paper sheet
20 packet" means a group of bingo paper sheets that is
21 manufactured, collated, and sold by the manufacturer as a unit.
22 Bingo paper sheet packets must not be sold as individual bingo
23 paper sheets. When used in reference to a bingo paper sheet
24 packet, the term "UP's" means the number of bingo paper sheets
25 contained in a bingo paper sheet packet. For example, the term
26 "twelve up" means that the bingo paper sheet packet contains 12
27 bingo paper sheets.

1 Subp. 7. **Bingo pattern.** "Bingo pattern" means a
2 predetermined and preannounced arrangement of spaces or numbers
3 to be covered on a bingo hard card, bingo paper sheet face, or
4 facsimile of a bingo paper sheet by a player to win a bingo game.

5 Subp. 8. **Breakopen bingo game.** "Breakopen bingo game"
6 means a bingo game in which the organization randomly selects a
7 predetermined quantity of bingo numbers and posts the selected
8 bingo numbers. Sealed bingo paper sheets must be used with a
9 breakopen bingo game.

10 Subp. 9. **Case paper.** "Case paper" means uncollated bingo
11 paper sheets sold by the manufacturer in case lots. Case paper
12 may be provided in either single bingo paper sheets or in a
13 tablet from which the organization removes single bingo paper
14 sheets.

15 Subp. 10. **Cash.** "Cash" means currency, money orders,
16 cashier's checks, or traveler's checks. Cash does not include
17 personal checks, credit cards, or debit cards.

18 Subp. 11. **Civic celebration.** "Civic celebration" means an
19 event conducted in Minnesota that is sponsored by a local unit
20 of government having jurisdiction over the event.

21 Subp. 12. **Compensation.** "Compensation" means wages,
22 salaries, and all other forms of payment for services provided
23 by a person.

24 Subp. 13. **Continuation bingo game.** "Continuation bingo
25 game" means a bingo game where up to three games may be played
26 concurrently on one bingo paper sheet face, bingo hard card, or
27 facsimile of a bingo paper sheet; 7i all completed winning

1 patterns are verified independently⁷ⁱ and no restrictions are
2 placed on the order of completing the required patterns. Each
3 portion of the continuation game is considered a complete game,
4 even though the numbers selected for the previous game or games
5 are not made available again for selection until all of the
6 games have been completed.

7 Subp. 14. **Control number.** "Control number" means a unique
8 alphanumeric or numeral code assigned by the organization to
9 identify a bingo paper sheet, bingo paper sheet packet, or bingo
10 paper package. The control number of the bingo paper sheet may
11 be the serial number printed on the bingo paper by the
12 manufacturer.

13 Subp. 15. **Cumulative pull-tab or tipboard game.**
14 "Cumulative pull-tab or tipboard game" means a pull-tab or
15 tipboard game that is played with two or more deals containing
16 the same form number but unique serial number for each deal, has
17 a portion of each deal's predetermined prize payout designated
18 to a cumulative prize pool, and is packaged by the manufacturer
19 as a cumulative game.

20 Subp. 16. **Event game.** "Event game" means a single
21 pull-tab game in which certain prizes are determined by the
22 selection of a bingo number, the opening of a seal or seals, the
23 spin of a paddlewheel, or by another alternative method approved
24 by the board.

25 Subp. 17. **Facsimile of a bingo paper sheet.** "Facsimile of
26 a bingo paper sheet" means an electronic representation of a
27 bingo paper face with its face number displayed in an electronic

1 bingo device used by a bingo player. The following also apply
2 to a facsimile of a bingo paper sheet.

3 A. "Face number" refers to the number appearing on
4 each facsimile of a bingo paper sheet in a series that allows
5 for the verification of a winning facsimile of a bingo face
6 against a master record containing all of the faces in the
7 series.

8 B. "Series" means a specific group of faces that has
9 been assigned consecutive face numbers by a manufacturer.
10 Series are typically identified by the first and last face
11 number in the group of faces. For purposes of recording the
12 sale of a facsimile of a bingo paper sheet at the point of sale,
13 the range of the series sold may be substituted for the
14 electronic representations of the facsimiles of bingo faces sold.

15 Subp. 18. **Fair market value.** "Fair market value" is what
16 a willing buyer would pay a willing seller when neither has to
17 buy or sell and both are aware of the conditions of the sale.
18 Fair market value for purposes of merchandise prizes must be
19 related to the manufacturer's suggested retail price, list
20 price, advertised price, or actual cost. The price or cost is
21 determined when the merchandise prize is acquired by the
22 organization.

23 Subp. 19. **Family.** "Family" means a group of pull-tab or
24 tipboard games with the same name.

25 Subp. 20. **Family member.** "Family member" means a pull-tab
26 or tipboard game with the same name as another family member but
27 with a different form number.

1 Subp. 21. **Flashboard.** "Flashboard" means an electronic
2 device that displays the numbers and letters of called bingo
3 numbers.

4 Subp. 22. **Form number or part number.** "Form number" or
5 "part number" means an alphanumeric code assigned by the
6 manufacturer to uniquely identify a game as required by the
7 commissioner of revenue.

8 Subp. 23. **Fraternal organization.** "Fraternal
9 organization" means a nonprofit organization that is a branch,
10 lodge, or chapter of a national or state organization and exists
11 for the common business, fraternal, or other interests of its
12 members. The term does not include college or high school
13 fraternities and sororities.

14 Subp. 24. **Fund-raising costs.** "Fund-raising costs" means
15 the total general fund expenses incurred in soliciting gifts,
16 grants, and other contributions and includes but is not limited
17 to expenses for:

18 A. publicizing and conducting fund-raising campaigns
19 or special events;

20 B. soliciting contributions from foundations or other
21 organizations or government grants;

22 C. preparing and distributing fund-raising manuals,
23 instructions, and other related materials;

24 D. conducting special events that generate
25 contributions;

26 E. allocating a portion, if any, of expenses and
27 salaries for the organization's chief officer and that officer's

1 staff that pertain to fund-raising activities; and

2 F. conducting fund-raising meetings.

3 For purposes of this definition, fund-raising costs does not
4 include lawful gambling allowable expenses.

5 Subp. 25. **Gambling bank account.** "Gambling bank account"
6 means all the accounts maintained by an organization at any
7 banks, savings and loans institutions, or credit unions located
8 within Minnesota in which the organization deposits all gambling
9 receipts and over which the organization has any control,
10 including checking and savings accounts, certificates of
11 deposit, and trust and escrow accounts.

12 Subp. 26. **Gambling volunteer.** "Gambling volunteer" means
13 an individual not compensated by an organization but who
14 performs activities in the conduct of that organization's lawful
15 gambling.

16 Subp. 27. **Immediate family.** "Immediate family" means
17 spouse, children, parents, and siblings.

18 Subp. 28. **Jar ticket.** "Jar ticket" means a single
19 pull-tab ticket that is folded and banded.

20 Subp. 29. **Lawful gambling.** "Lawful gambling" is the
21 operation, conduct, or sale of bingo, raffles, paddlewheels,
22 tipboards, and pull-tabs. Lawful gambling does not include the
23 conduct of a combination of any of the five activities listed in
24 this subpart where the outcome of one of the activities is
25 dependent on the outcome of one of the other activities, except
26 as otherwise permitted by law or rule. Lawful gambling does not
27 include betting related to the outcome of an athletic event,

1 except as otherwise permitted by law or rule.

2 Subp. 30. **Leased premises.** "Leased premises" means a
3 building or place of business, or a portion of it, that is not
4 owned by a licensed organization and is leased by the
5 organization only for the conduct of lawful gambling.

6 Subp. 31. **Leased bingo premises.** If bingo and other forms
7 of lawful gambling are conducted during a bingo occasion on a
8 leased premises and the rent amount is based on the square
9 footage of the leased premises, the "leased bingo premises"
10 includes:

- 11 A. sale areas;
- 12 B. lawful gambling receipts accounting areas;
- 13 C. participant playing areas;
- 14 D. prize display areas;
- 15 E. areas to draw, display, and post bingo numbers;
- 16 F. restrooms;
- 17 G. the organization's gambling equipment storage
18 areas; and
- 19 H. entrance foyers used exclusively by bingo players
20 or the organization's gambling employees.

21 Other areas not used exclusively by bingo players or the
22 organizations's gambling employees are not included in leased
23 bingo premises. Measurements of leased areas are taken from
24 internal wall to internal wall.

25 Subp. 32. **Limiting bingo number count.** "Limiting bingo
26 number count" means a bingo game in which a bingo player must
27 complete an announced bingo pattern within a predetermined

1 quantity of called bingo numbers. All limiting bingo number
2 counts must be prominently displayed before the start of the
3 bingo occasion. If not completed within the count, the game
4 continues until a consolation winner is determined and a
5 consolation prize awarded.

6 Subp. 33. **Linked bingo equipment.** "Linked bingo
7 equipment" means the bingo paper sheet used to conduct a linked
8 bingo game.

9 Subp. 34. **Management and general costs.** "Management and
10 general costs" means the total general fund expenses incurred
11 for the function and management of the organization and includes
12 but is not limited to expenses for:

13 A. salaries and expenses of the organization's chief
14 officer and staff, excluding any portion that is allocated to
15 fund-raising or program services;

16 B. meetings of directors or similar groups,
17 committees, and staff but does not include expenses for
18 fund-raising or specific program service meetings;

19 C. general legal services;

20 D. accounting and auditing;

21 E. general liability insurance;

22 F. office management and personnel;

23 G. preparation of annual reports; and

24 H. investment expenses.

25 For purposes of this definition, management and general costs
26 does not include general fund expenses for the direct conduct of
27 fund-raising activities or program services, and does not

1 include lawful gambling allowable expenses.

2 Subp. 35. **Manufacturer's seal.** "Manufacturer's seal"
3 means the sticker placed by the manufacturer on the outside of
4 the box or container of pull-tabs or tipboards but inside the
5 shrink-wrap, ensuring that the game has not been opened or
6 tampered with before delivery to the organization.

7 Subp. 36. **Merchandise prize.** "Merchandise prize" means a
8 prize other than cash awarded to a winner or winners of a bingo
9 game, pull-tab game, tipboard game, paddlewheel game conducted
10 without a paddlewheel table, or raffle.

11 Subp. 37. **Multiple seal pull-tab game.** "Multiple seal
12 pull-tab game" means a pull-tab game in which select tickets are
13 redeemed by players for a predetermined prize amount under a
14 seal number matching the ticket presented by the player.

15 Subp. 38. **Net receipts.** "Net receipts" are gross receipts
16 less prizes awarded.

17 Subp. 39. **Other nonprofit organization.** "Other nonprofit
18 organization" means one of the following:

19 A. an organization other than a fraternal, religious,
20 or veterans organization, whose nonprofit status is evidenced by
21 a current letter of exemption from the Internal Revenue Service
22 recognizing it as a nonprofit organization exempt from payment
23 of income taxes or which is incorporated as a nonprofit
24 corporation and registered with the secretary of state under
25 Minnesota Statutes, chapter 317A; or

26 B. an affiliate, subordinate, or chapter of a
27 statewide parent organization that meets the criteria of item A.

1 This type of other nonprofit organization is recognized only for
2 purposes of conducting lawful gambling under Minnesota Statutes,
3 section 349.166.

4 Subp. 40. **Paddlewheel table.** "Paddlewheel table" is a
5 table described in part 7864.0230 and used in the game of
6 paddlewheels under part 7861.0300.

7 Subp. 41. **Progressive bingo game.** "Progressive bingo game"
8 is a game in which the established prize levels increase from
9 one occasion to the next up to a predetermined amount if the
10 required pattern is not completed within the specified number of
11 bingo numbers selected and called during an occasion.

12 Subp. 42. **Progressive pull-tab or tipboard game.**
13 "Progressive pull-tab or tipboard game" is a pull-tab or
14 tipboard game that has a portion of its predetermined prize
15 payout designated to one progressive jackpot prize. The jackpot
16 prize increases from one deal to the next until the jackpot
17 prize is won or the predetermined jackpot amount printed on the
18 flare by the manufacturer is reached.

19 Subp. 43. **Promotional pull-tab.** "Promotional pull-tab"
20 means a pull-tab for which no purchase or consideration is
21 required. The only prizes available to be won are discounts on
22 goods and services available at the site where the game is
23 played. Cash prizes are not permitted with promotional pull-tab
24 games.

25 Subp. 44. **Random number generator.** "Random number
26 generator" means a device that has an automated method of
27 determining random numbers and meets the standards under part

1 7864.0230, subpart 5.

2 Subp. 45. **Religious organization.** "Religious
3 organization" means a nonprofit organization, church, body of
4 communicants, or group gathered in common membership for mutual
5 support and edification in piety, worship, and religious
6 observances.

7 Subp. 46. **Seal card.** "Seal card" means a board or placard
8 used in conjunction with a deal of pull-tabs or tipboards and
9 contains a seal or seals that when removed or opened reveal
10 predesignated winning numbers, letters, or symbols.

11 Subp. 47. **Sealed bingo paper sheet.** "Sealed bingo
12 paper sheet" means a manufacturer-sealed bingo paper sheet
13 constructed so that the bingo face is sealed in a manner that
14 prevents revealing any part of the bingo face before the seal is
15 opened by a bingo player.

16 Subp. 48. **Shrink-wrap.** "Shrink-wrap" means a clear
17 form-fitting plastic wrapping applied to a box or container of
18 pull-tabs or tipboards by a licensed manufacturer.

19 Subp. 49. **State registration stamp.** "State registration
20 stamp" means the stamp required by Minnesota Statutes, section
21 349.162, subdivision 1, paragraph (a), and attached to a bingo
22 number selection device, pull-tab dispensing device,
23 paddlewheel, or paddlewheel table.

24 Subp. 50. **Veterans organization.** "Veterans organization"
25 means any congressionally chartered organization within
26 Minnesota, or any branch, lodge, or chapter of a nonprofit
27 national or state organization within Minnesota, with a

1 membership consisting of persons who were members of the armed
2 services or forces of the United States.

3 7861.0220 LICENSED ORGANIZATION.

4 Subpart 1. **Organization license required.** An organization
5 may not conduct lawful gambling unless it has received a license
6 or license renewal issued by the board. To be licensed, an
7 organization must submit an application to the board in a format
8 prescribed by the board. The license, when issued, is not
9 transferable from one organization to another.

10 Subp. 2. **Organization licensing qualifications.** In
11 addition to the qualifications in Minnesota Statutes, sections
12 349.155, subdivision 3, and 349.16, subdivision 2, an
13 organization does not qualify for a license if:

14 A. an organization ~~that~~ has not been licensed to
15 conduct lawful gambling within the preceding 12 months ~~if~~ and
16 its current chief executive officer and a person who will be its
17 gambling manager have not completed a gambling manager seminar;

18 B. the organization has not established a permanent
19 location in Minnesota where the gambling records required by
20 this chapter will be kept and has not established a gambling
21 bank account within Minnesota;

22 C. the organization's conduct of lawful gambling is
23 or would be inconsistent with Minnesota Statutes, sections
24 349.11 to 349.23, as indicated by lack of financial
25 responsibility, demonstrated lack of control of lawful gambling,
26 or incomplete consent order or termination plan requirements;

27 D. the organization does not have a gambling manager

1 who will be licensed by the board when the organization obtains
2 its license; and

3 E. the organization will not obtain at least one
4 premises permit when the organization obtains its license.

5 Subp. 3. **Contents of organization license application.**

6 The application must contain the following organization
7 information:

8 A. legal name and any other names used;

9 B. business address and telephone number;

10 C. Minnesota tax identification number, if any;

11 D. names, titles, dates of birth, and daytime
12 telephone numbers of the chief executive officer and treasurer;

13 E. home address of the chief executive officer;

14 F. a designation of whether the organization is a
15 fraternal, veterans, religious, or other nonprofit organization
16 and the number of years the organization has existed;

17 G. number of active members;

18 H. list of lawful purpose expenditures for which the
19 organization proposes to expend net gambling funds;

20 I. list of other sources of income and income
21 activities;

22 J. day and time of regular meetings;

23 K. acknowledgment that the organization will file a
24 license termination plan if the organization terminates lawful
25 gambling;

26 L. for a 501(c)(3) organization or 501(c)(4) festival
27 organization that chooses to make lawful purpose contributions

1 to itself, the total percent of general fund expenditures the
2 organization made in its most recent two fiscal years for:

3 (1) fund-raising costs as defined in part

4 7861.0210, subpart 24; and

5 (2) management and general costs as defined in

6 part 7861.0210, subpart 34;

7 M. an acknowledgment regarding the provisions of part

8 7861.0320, subpart 14; and

9 N. additional information that may be required by the
10 board or director to properly identify the applicant and ensure
11 compliance with Minnesota Statutes, sections 349.11 to 349.23.

12 **Subp. 4. Attachments to organization license application.**

13 The organization must attach the following to the application:

14 A. proof of Internal Revenue Service income tax
15 exempt status or current certificate of nonprofit status from
16 the Minnesota secretary of state. If the organization is a
17 501(c)(3) organization or 501(c)(4) festival organization, the
18 organization must attach documentation from the Internal Revenue
19 Service showing proof of their income tax exempt status;

20 B. copy of a charter of the parent organization, if
21 chartered;

22 C. registration for each employee receiving
23 compensation for the conduct of lawful gambling, in a format
24 prescribed by the board;

25 D. membership list with the first and last names of
26 at least 15 active members as defined in Minnesota Statutes,
27 section 349.12, subdivision 2, and date of membership;

1 E. affidavit of the chief executive officer and
2 treasurer, in a format prescribed by the board; and

3 F. for a 501(c)(3) organization or 501(c)(4) festival
4 organization that chooses to make lawful purpose contributions
5 to itself, the information required in subpart 3, item L, which
6 may include the organization's unrelated business income tax
7 report provided to the Internal Revenue Service, or in a format
8 prescribed by the board.

9 Subp. 5. **Changes in organization license application**
10 **information.** If any information submitted in the application
11 changes during the license term, the organization must notify
12 the board within ten days of the change.

13 Subp. 6. **Issuing or denying a new or renewal organization**
14 **license.** The following items apply to a new or renewal
15 organization license issued or denied by the director.

16 A. The director must issue a new or renewal license
17 to an organization that:

18 (1) submits the information required in the
19 application and application attachments, and for a renewal
20 application submits a complete application at least 60 days
21 before the expiration of the existing license. The director
22 must consider a renewal application according to Minnesota
23 Statutes, section 349.16, subdivision 9. If the director
24 determines that an organization failed to submit a complete
25 renewal application at least 60 days before the expiration of
26 its existing license, the organization may appeal that
27 determination under part 7865.0260, subpart 3;

1 (2) pays the fee required by Minnesota Statutes,
2 section 349.16, subdivision 6; and

3 (3) and is eligible to receive a license under
4 subpart 2. The license must be issued at the same time as any
5 new or renewal premises permits when the organization is
6 applying for a license.

7 B. The director must deny the new or renewal
8 application if:

9 (1) an organization is ineligible under subpart
10 2;

11 (2) the application has remained incomplete for
12 more than 90 days after it was received by the board; and

13 (3) an organization, for a renewal application:

14 (a) is not in compliance with a law or rule
15 governing lawful gambling;

16 (b) has exceeded the percentages for
17 allowable expenses in violation of Minnesota Statutes, section
18 349.15, subdivision 1, and has not reimbursed its gambling
19 account as required under part 7861.0320, subpart 11 or 12; or

20 (c) is delinquent in filing tax returns or
21 paying taxes required by Minnesota Statutes, chapter 297E.

22 When the director determines that an application should be
23 denied, the director must promptly give a written notice to the
24 organization. The notice must contain the grounds for the
25 action and reasonable notice of the rights of the organization
26 to request an appeal under part 7865.0260, subpart 2 or 4,
27 whichever is applicable.

1 C. An organization that has had its application
2 denied under item B may reapply for renewal of its license once
3 the organization has corrected that portion of its renewal
4 application that resulted in the denial. The reapplication must
5 include an additional fee under Minnesota Statutes, section
6 349.16, subdivision 6. The board may pursue disciplinary action
7 against a licensee for violations of law or rule which warranted
8 the denial of a renewal application but were corrected to allow
9 renewal of the license.

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

12 Subp. 7. **Effective date for organization license.** An
13 organization license is effective on the first day of the month
14 or as otherwise determined by the director.

15 Subp. 8. **Termination of organization license.** If an
16 organization voluntarily or involuntarily terminates all of its
17 gambling activities, it must submit a license termination plan
18 to the board for approval on a form prescribed by the board.
19 The board must require the organization to revise the plan if it
20 does not meet with board approval. The plan must include but is
21 not limited to the following information upon which board
22 approval must be based:

23 A. documentation accounting for the lawful
24 expenditure of all remaining funds in the gambling account;

25 B. documentation of the return or disposal of all
26 unused gambling equipment in the possession of the organization;
27 and

1 C. an acknowledgment of compliance with pending
2 issues as a condition of license reapplication in the future.

3 7861.0230 GAMBLING MANAGER AND ASSISTANT GAMBLING MANAGER.

4 Subpart 1. **Gambling manager license required.** A person
5 may not act as a gambling manager unless the person has obtained
6 a license or license renewal under this part. To be licensed, a
7 person must submit to the board an application on a form or
8 format prescribed by the board. The license, when issued, is
9 not transferable from one person to another.

10 Subp. 2. **Gambling manager licensing qualifications.** In
11 addition to the qualifications in Minnesota Statutes, sections
12 349.155, subdivision 3, and 349.167, a person does not qualify
13 for a license if the person is any of the following:

14 A. the lessor, an employee of the lessor, a member of
15 the lessor's immediate family, or a person residing in the same
16 household as the lessor, if the premises is leased;

17 B. a person who is not an active member of the
18 organization;

19 C. a person who is the chief executive officer or the
20 treasurer of the organization or to a person who was an officer
21 of an organization at a time when an offense occurred that
22 caused that organization's license to be revoked;

23 D. a person who is the gambling manager or an
24 assistant gambling manager for another organization; or

25 E. a person who failed to complete the education
26 requirements in subpart 3.

27 Subp. 3. **Gambling manager seminar and continuing education**

1 requirements.

2 A. To qualify for a new gambling manager license, a
3 person must have attended within the last 12 months a
4 board-authorized gambling manager seminar and passed a board
5 examination that tests the person's knowledge of gambling
6 manager responsibilities, and lawful gambling procedures, laws,
7 and rules. This item does not apply to an emergency gambling
8 manager replacement as allowed under subpart 6, item E.

9 B. To qualify for a gambling manager license renewal,
10 the gambling manager must attend board-authorized continuing
11 education classes as follows.

12 (1) For a gambling manager with a two-year
13 license term the gambling manager must attend a class during
14 each year of the two-year license term. When no other
15 board-approved training is available before the end of the 12th
16 or 24th month of the gambling manager's two-year license, the
17 gambling manager must pass a special gambling manager's
18 examination administered by the board.

19 (2) For a replacement gambling manager whose
20 license term is 13 months or greater but less than 24 months the
21 gambling manager must attend a class in the last 12 months of
22 the license term.

23 (3) For a replacement gambling manager whose
24 license term is 12 months or less, the gambling manager seminar
25 and examination in item A qualifies as a continuing education
26 class for the license term.

27 C. Proof of identification is required for persons

1 taking a gambling manager examination. Attendees at
2 board-authorized seminars and continuing education classes must
3 be prepared to present as proof of identification a valid
4 driver's license or identification card issued by Minnesota, or
5 a state or province of Canada contiguous to Minnesota, that
6 contains the person's photograph and date of birth.

7 Subp. 4. Contents of gambling manager license application.

8 The application must contain the following information for the
9 person who will be the gambling manager:

10 A. name, date of birth, and Social Security number;

11 B. home address and daytime telephone number;

12 C. date the person became a member of the

13 organization;

14 D. organization's name, address, and telephone number
15 and name of the chief executive officer;

16 E. for a new application, dates of attendance at the
17 board-authorized gambling manager's seminar; and for a renewal
18 application, dates the gambling manager attended
19 board-authorized continuing education classes as required under
20 subpart 3, item B;

21 F. name of the provider and contract number for the
22 bond required by Minnesota Statutes, section 349.167,
23 subdivision 1, paragraph (a);

24 G. statement that the applicant is in compliance with
25 the licensing qualifications in subpart 2;

26 H. acknowledgment that suits and actions related to
27 the gambling manager's license, or acts or omissions, may be

1 commenced against the gambling manager;

2 I. acknowledgment authorizing the Departments of
3 Public Safety and Revenue to conduct a criminal background and
4 tax check or review; and

5 J. signature of the gambling manager and the chief
6 executive officer of the organization.

7 Subp. 5. **Changes in gambling manager license application**
8 **information.** If any information submitted in the application
9 changes during the license term, the gambling manager must
10 notify the board no later than ten days after the change has
11 taken effect.

12 Subp. 6. **Issuing or denying a new or renewal gambling**
13 **manager license; license for an emergency gambling manager.** The
14 following items apply to a new or renewal gambling manager
15 license issued or denied by the director:

16 A. The director must issue a new or renewal license
17 to a person who:

18 (1) submits the information required in the
19 gambling manager application, and for a renewal application,
20 submits a complete application at least 60 days before the
21 expiration of the existing license. The director must consider
22 a renewal application according to Minnesota Statutes, section
23 349.16, subdivision 9. If the director determines that a
24 gambling manager has failed to submit a complete renewal
25 application at least 60 days before the expiration of its
26 existing license, the gambling manager may appeal that
27 determination under part 7865.0260, subpart 3;

1 (2) pays the fee as provided in Minnesota
2 Statutes, section 349.167, subdivision 2; and
3 (3) is eligible to receive a license under
4 subpart 2.

5 B. The director must deny the application if:
6 (1) a person is ineligible under subpart 2;
7 (2) the application remains incomplete for more
8 than 90 days after its initial submission; and

9 (3) the organization that employs the gambling
10 manager is no longer licensed or is being denied a renewal
11 license.

12 When the director determines that an application must be denied,
13 the director must promptly give a written notice to the
14 licensee. The notice must contain the grounds for the action
15 and reasonable notice of the rights of the licensee to request
16 an appeal under part 7865.0260, subpart 2 or 4, whichever is
17 applicable.

18 C. A gambling manager whose renewal application was
19 denied may reapply for renewal of the license once the applicant
20 has corrected that portion of the renewal application which
21 resulted in the denial. The reapplication must include an
22 additional fee under Minnesota Statutes, section 349.167,
23 subdivision 2. The board may pursue disciplinary action against
24 a licensee for violations of law or rule which warranted the
25 denial of a renewal application but were corrected to allow
26 renewal of the license.

27 D. A gambling manager whose application was denied

1 for failing to comply with this part may not apply for a license
2 or for an emergency replacement gambling manager's license. The
3 person may apply for a new gambling manager's license if the
4 person attended the board-authorized gambling manager's seminar
5 and passed the examination within the 12 months immediately
6 preceding the effective date of the new license.

7 E. If a gambling manager quits, dies, or is unable to
8 perform the duties, the organization must stop gambling until a
9 replacement emergency gambling manager has applied for and
10 received a license from the board.

11 (1) The replacement emergency gambling manager
12 must attend the board-authorized gambling manager seminar and
13 pass the examination within 90 days of being issued a gambling
14 manager's license.

15 (2) If the person fails to pass the examination
16 or fails to comply with the licensing qualifications contained
17 in subpart 2, the board may summarily suspend the gambling
18 manager's license under Minnesota Statutes, section 349.1641.

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

21 **Subp. 7. Effective date and length of gambling manager**
22 **license.** A gambling manager license issued by the director is
23 effective on the first day of a month or as otherwise determined
24 by the director. The gambling manager's license runs
25 concurrently with the organization's license unless the gambling
26 manager's license is suspended or revoked, or the person quits
27 or is no longer a member of the organization.

1 Subp. 8. **Gambling manager duties.** A gambling manager's
2 duties include but are not limited to:

3 A. determining the product to be purchased and put
4 into play;

5 B. reviewing and monitoring the conduct of games;

6 C. supervising, hiring, firing, and disciplining all
7 gambling employees;

8 D. verifying all receipts and disbursements;

9 E. verifying all inventory;

10 F. supervising all licensing and reporting
11 requirements;

12 G. assuring that the licensed organization is in
13 compliance with all laws and rules related to lawful gambling;

14 H. assuring that illegal gambling is not conducted at
15 any premises where the organization is permitted to conduct
16 lawful gambling; and

17 I. attending a majority of the regular meetings of
18 the organization.

19 Subp. 9. **Assistant gambling manager duties and**
20 **restrictions.** The following items apply to assistant gambling
21 managers.

22 A. An assistant gambling manager is a person who
23 performs any of the following duties:

24 (1) six or more of the functional
25 responsibilities as defined in part 7861.0320, subpart 1, item
26 F;

27 (2) hiring, disciplining, or firing gambling

1 employees;

2 (3) completing the license and permit application
3 requirements;

4 (4) negotiating leases; or

5 (5) determining product to be purchased.

6 B. An organization may employ one or more assistant
7 gambling managers if:

8 (1) each assistant gambling manager is under the
9 direct supervision of the organization's gambling manager;

10 (2) each assistant gambling manager is an active
11 member or employee of the organization; and

12 (3) each assistant gambling manager does not
13 participate in the conduct of lawful gambling for more than one
14 organization except as allowed under item C.

15 C. An assistant gambling manager may be employed by
16 more than one organization if the organizations lease space for
17 the conduct of bingo in the same permitted premises, and the
18 assistant gambling manager is not compensated directly or
19 indirectly by the owner or lessor of the premises.

20 (1) Assistant gambling managers employed by more
21 than one organization under this item may supervise gambling
22 employees of organizations during bingo occasions and assist
23 gambling managers with the duties contained in subpart 8.

24 (2) Assistant gambling managers employed by more
25 than one organization under this item must not:

26 (a) supervise licensing and reporting
27 requirements as required by statute and rule for the

1 organization;

2 (b) hire, fire, or impose permanent
3 discipline on gambling employees of the organization, except for
4 temporary disciplinary action that may be necessary during a
5 bingo occasion. If temporary disciplinary action is taken, the
6 assistant gambling manager may make a recommendation to the
7 gambling manager regarding permanent disciplinary action;

8 (c) determine the program content or prize
9 level requirements for the organization;

10 (d) determine the product to be purchased
11 and put into play;

12 (e) be a gambling employee or volunteer at
13 any other site where the organization conducts lawful gambling;
14 or

15 (f) be a gambling employee or volunteer for
16 any other organization conducting lawful gambling at another
17 site.

18 Nothing in this item diminishes the responsibilities and
19 ultimate supervisory authority of a gambling manager contained
20 in subpart 8.

21 D. A license is not required for an assistant
22 gambling manager.

23 7861.0240 PREMISES PERMITS.

24 Subpart 1. **Premises permit required.** An organization must
25 obtain a premises permit or premises permit renewal for each
26 premises it owns or leases where it will conduct lawful
27 gambling. An organization must apply to the board for a

1 premises permit in a format prescribed by the board.

2 Subp. 2. Contents of premises permit application. A

3 premises permit application must contain the following

4 information:

5 A. organization's legal name;

6 B. name and daytime telephone number of the

7 organization's chief executive officer;

8 C. name and street address of the proposed gambling

9 premises;

10 D. city and county or township and county where the

11 proposed gambling premises is located;

12 E. days and hours of each bingo occasion, if any;

13 F. address in Minnesota of any temporary or permanent

14 storage space for gambling equipment and records, if different

15 than the permitted premises;

16 G. bank name, address, and account number for each

17 bank account in Minnesota into which gross receipts from

18 gambling are deposited;

19 H. authorization permitting the board and agents of

20 the board and the commissioners of revenue and public safety and

21 their agents to inspect the bank records of the gambling

22 account;

23 I. a statement giving consent to local law

24 enforcement officers, the board or its agents, and the

25 commissioners of revenue and public safety and their agents to

26 enter the premises to inspect and enforce the law; and

27 J. acknowledgment signed by the chief executive

1 officer.

2 Subp. 3. Attachments to premises permit application of
3 lease and local government approval. The organization must
4 attach the following to the application.

5 A. For premises not owned by the organization, a copy
6 of the lease must be submitted. A lease must be on a form
7 prescribed by the board and contain at a minimum the following
8 information:

9 (1) name, business address, and telephone number
10 of the legal owner of the premises and the lessor;

11 (2) organization's name, business address,
12 license number, and daytime telephone number;

13 (3) name, address, and telephone number of the
14 leased premises;

15 (4) type of gambling activity to be conducted;

16 (5) monetary consideration, if any, that may not
17 be directly or indirectly supplemented above the amounts in
18 Minnesota Statutes, section 349.18;

19 (6) an irrevocable consent from the lessor that:

20 (a) the board and its agents, the
21 commissioners of revenue and public safety and their agents, and
22 law enforcement personnel have access to the permitted premises
23 at any reasonable time during the business hours of the lessor;

24 (b) the organization has access to the
25 permitted premises during any time reasonable and when necessary
26 for the conduct of lawful gambling on the premises;

27 (c) the owner of the premises or the lessor

1 will not manage the conduct of gambling at the premises;

2 (d) the lessor, the lessor's immediate
3 family, and any agents or gambling employees of the lessor will
4 not participate as players in the conduct of lawful gambling on
5 the premises;

6 (e) the lessor, the lessor's immediate
7 family, any person residing in the same residence as the lessor,
8 and any agents or employees of the lessor will not require the
9 organization to perform any action that would violate statute or
10 rule, with a clause stating that the lessor must not modify or
11 terminate the lease in whole or in part because of a violation
12 of this unit. If there is a dispute as to whether a violation
13 has occurred, the lease will remain in effect pending a final
14 determination by the compliance review group. The lessor agrees
15 to arbitration when a violation is alleged. For purposes of
16 this unit, the arbitrator must be the compliance review group of
17 the board; and

18 (f) the lessor must maintain a record of all
19 money received from the organization, and make the record
20 available to the board and its agents and the commissioners of
21 revenue and public safety and their agents. The record must be
22 maintained for 3-1/2 years;

23 (7) clauses pertaining to illegal gambling
24 stating that:

25 (a) notwithstanding part 7865.0220, subpart
26 3, an organization is required to continue making rent payments,
27 under the terms of the lease, if the organization or its agents

1 are found to be solely responsible for any illegal gambling
2 conducted at the site that is prohibited by part 7861.0260,
3 subpart 1, item H, or Minnesota Statutes, section 609.75, unless
4 the organization's agents responsible for the illegal gambling
5 activity are also agents or employees of the lessor;

6 (b) the lessor must not modify or terminate
7 the lease in whole or in part because the organization reported
8 to a state or local law enforcement authority or the board the
9 conduct at the site of illegal gambling activity in which the
10 organization did not participate;

11 (c) the lessor is aware of the prohibition
12 against illegal gambling in Minnesota Statutes, section 609.75,
13 and the penalties for illegal gambling violations in part
14 7865.0220, subpart 3;

15 (d) to the best of the lessor's knowledge,
16 the lessor affirms that any and all games or devices located on
17 the premises are not being used, and are not capable of being
18 used, in a manner that violates the prohibitions against illegal
19 gambling in Minnesota Statutes, section 609.75, and the
20 penalties for illegal gambling violations in part 7865.0220,
21 subpart 3; and

22 (e) the lessor acknowledges the provisions
23 of Minnesota Statutes, section 349.18, subdivision 1, paragraph
24 (a);

25 (8) a clause stating that the lessor must not
26 impose restrictions on the organization with respect to
27 providers of gambling-related equipment and services or in the

1 use of net profits for lawful purposes; and

2 (9) all other agreements between the organization
3 and the lessor.

4 B. The organization must submit a copy of the
5 resolution from the appropriate local unit of government under
6 Minnesota Statutes, section 349.213, subdivision 2, approving
7 the premises permit. The resolution must have been adopted no
8 more than 90 days before the date the application is received by
9 the board.

10 Subp. 4. **Changes in premises permit application and lease**
11 **information.** The following items pertain to changes in
12 application and lease information during the term of the
13 organization's license.

14 A. Except for items B and C, the organization must
15 notify the board in writing when any information submitted in
16 the application changes, no later than ten days after the change
17 has taken effect.

18 B. For a lease that is amended with no change in the
19 lessor, the organization must submit to the board an amended
20 lease at least ten days before the effective date of the change.

21 C. For a lease that is amended because of a change in
22 ownership of the site, the organization must submit to the board
23 an amended lease within ten days after the new lessor has
24 assumed ownership.

25 Subp. 5. **Issuing or denying a new or renewal premises**
26 **permit; violation of lease agreement.** The following items apply
27 to a new or renewal premises permit issued or denied by the

1 director.

2 A. The director must issue a premises permit when an
3 application is complete and contains:

4 (1) information required in the application and
5 application attachments, and for a renewal application a
6 complete application is submitted at least 60 days before the
7 expiration of the existing permit. The director must consider a
8 renewal application according to Minnesota Statutes, section
9 349.16, subdivision 9. If the director determines that the
10 organization has failed to submit a complete renewal application
11 at least 60 days before the expiration of its existing license,
12 the organization may appeal that determination under part
13 7865.0260, subpart 3;

14 (2) the fee required by Minnesota Statutes,
15 section 349.165, subdivision 3; and

16 (3) local unit of government approval.

17 B. The director must deny the application if:

18 (1) the organization does not or will not have an
19 organization license or licensed gambling manager when the
20 premises permit is issued;

21 (2) the application has been denied by the local
22 unit of government;

23 (3) illegal gambling was conducted at the
24 proposed site within the 90 days immediately preceding the date
25 of the application, and at a time when no licensed organization
26 had a premises permit for the site;

27 (4) another organization's premises permit for

1 the proposed site is under suspension or revocation for illegal
2 gambling under part 7865.0220, subpart 3;

3 (5) a prior premises permit for the proposed site
4 would have been subject to suspension or revocation for illegal
5 gambling under part 7865.0220, subpart 3, and the suspension
6 period or revocation that could have been imposed for that site
7 has not elapsed;

8 (6) the application remains incomplete for more
9 than 90 days after its initial submission; or

10 (7) the lessor, the lessor's immediate family,
11 any person residing in the same household as the lessor, or the
12 lessor's agents or employees have required an organization to
13 perform an action that would violate statute or rule, as
14 referenced in the lease agreement. If such a violation of the
15 lease agreement has occurred, any premises permit application
16 for that site, other than a renewal application from an
17 organization at the site when the violation occurred, will not
18 be considered for the following periods:

19 (a) up to one year from the date of the
20 board's final decision on the matter; or

21 (b) up to two years from the date of the
22 board's final decision on the matter for a second such
23 violation, unless a complete change of ownership of the site
24 occurred at the time of the first or second violation.

25 "Complete change of ownership" has the meaning given in part
26 7865.0210, subpart 3, item C.

27 When the director determines that an application must be

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

6 C. An organization that has had a renewal application
7 denied under item B may reapply for renewal of its permit once
8 it has corrected that portion of its renewal application that
9 resulted in the denial. The reapplication must include an
10 additional fee as provided in Minnesota Statutes, section
11 349.165, subdivision 3, and new approval from the local unit of
12 government.

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

15 Subp. 6. **Permit effective date and length of premises**
16 **permit.** A premises permit issued by the director is effective
17 on the first day of a month or as otherwise determined by the
18 director. A premises permit expires on the expiration date of
19 the organization's license.

20 7861.0260 CONDUCT OF LAWFUL GAMBLING.

21 Subpart 1. **General restrictions.** The following items are
22 general restrictions on the conduct of lawful gambling. The
23 term "employee" includes a "volunteer."

24 A. Persons under age 18 may not:

25 (1) conduct or participate in playing pull-tabs,
26 tipboards, or paddlewheels;

27 (2) purchase a raffle ticket or claim a raffle

1 prize; or

2 (3) purchase a chance to participate in a bingo
3 game, except as allowed by Minnesota Statutes, section 349.2127,
4 subdivision 8.

5 B. All playing of lawful gambling must be on a cash
6 basis, in advance of any play, except that raffle tickets and
7 certificates of participation may be purchased by personal check.

8 C. At each permitted premises, the organization must
9 have:

10 (1) an inventory list of gambling equipment
11 currently at the site;

12 (2) a clear, physical separation or a tangible
13 divider between the organization's gambling equipment and the
14 lessor's business equipment; and

15 (3) the invoices or true and correct copies of
16 the invoices for the purchase of all gambling equipment at the
17 premises and must make the invoices available for inspection by
18 the board and its agents and the commissioners of revenue and
19 public safety and their agents.

20 D. An organization must ensure that its compensated
21 gambling employees are clearly identified by name to the public
22 at all times when conducting lawful gambling.

23 E. An organization or organization employee must not
24 engage in any act, practice, or course of operation that
25 manipulates the outcome of any game.

26 F. An organization must only conduct lawful gambling
27 at times when the premises is open for the conduct of its

1 regular business.

2 G. An organization must not conduct any form of
3 lawful gambling in a manner that tends to deceive the public or
4 affects the chances of winning or losing.

5 H. Illegal gambling may not be conducted at a
6 premises for which a licensed organization has a premises permit
7 to conduct lawful gambling.

8 I. On leased bingo premises, food and beverages may
9 be dispensed within the permitted premises. Gambling employees
10 of the organization working during a bingo occasion may not
11 provide this service. The organization must not pay for the
12 cost of the food and beverages from the organization's gambling
13 accounts.

14 Subp. 2. Posting of information and house rules. A
15 licensed organization must prominently post the following
16 information at each permitted premises in an area visible to
17 players before they purchase a chance to participate in lawful
18 gambling:

19 A. organization name, license number, and premises
20 permit number;

21 B. expiration date of the premises permit;

22 C. notice of problem gambling information that must
23 at a minimum include the toll-free telephone number established
24 by the commissioner of human services;

25 D. statement that illegal gambling is prohibited; and

26 E. house rules that include at a minimum the policies
27 governing the conduct of lawful gambling at the premises. The

1 house rules must be adequately lighted, legible, and at least 18
2 inches by 24 inches.

3 Subp. 3. **Advertising.** Any promotional material, sign, or
4 advertising of lawful gambling must identify the licensed
5 organization permitted to conduct gambling at the premises and
6 its license number.

7 Subp. 4. **Prizes awarded; records required.**

8 A. The value of prizes awarded must not exceed the
9 limits in this subpart or Minnesota Statutes, section 349.211.

10 "Value" means the following:

11 (1) fair market value of merchandise prizes,
12 which must not be an amount less than the organization paid for
13 the prize. Merchandise prizes purchased by the organization at
14 a discount and donated prizes must be valued at their fair
15 market value and included in the determination of compliance
16 with this subpart or Minnesota Statutes, section 349.211;

17 (2) fair market value of certificates for
18 merchandise or service;

19 (3) assessed tax value of real property;

20 (4) dollar amount of the cash prize. For
21 raffles, cash includes currency, coins, and negotiable
22 instruments; and

23 (5) actual amount paid for a savings bond.

24 B. The maximum value of a prize for two or more
25 winning pull-tab combinations including the last sale prize on a
26 single pull-tab must not exceed the limits in Minnesota
27 Statutes, section 349.211, subdivision 2a.

1 C. The total value for all raffle prizes awarded by a
2 licensed organization must not exceed \$100,000 in a calendar
3 year.

4 D. A prize must consist of cash, merchandise,
5 certificates of merchandise, certificates of service, gift
6 certificates, or gift cards with the following exceptions and
7 restrictions:

8 (1) prizes must not consist of lawful gambling
9 equipment;

10 (2) cash must not be substituted for merchandise
11 prizes, certificates of services, gift certificates, or gift
12 cards which have been won. This does not apply to multiple
13 bingo winners for a merchandise prize that cannot be divided;

14 (3) coupons redeemable for bingo hard cards,
15 bingo paper sheets, bingo paper sheet packets, bingo paper
16 packages, and the use of an electronic bingo device may be
17 awarded for bingo;

18 (4) a certificate for merchandise or services
19 must contain:

20 (a) a complete description, including the
21 value of the merchandise or services to be redeemed by the
22 certificate;

23 (b) vendor's name from whom the certificate
24 must be redeemed; and

25 (c) a statement expressly prohibiting the
26 substitution of cash or another type of merchandise or services
27 for the merchandise or services described on the certificate;

1 (5) for a paddlewheel game played with a table,
2 only cash prizes may be awarded and must be awarded and redeemed
3 through the use of chips; and

4 (6) for a paddlewheel game played without a
5 table, a cash prize amount may not be a variable multiple of the
6 standard price of a paddlewheel ticket.

7 E. An organization must pay for in full or otherwise
8 become the owner, without lien or interest of others, of
9 merchandise prizes before winners of the prizes are determined,
10 except as allowed by Minnesota Statutes, section 349.211,
11 subdivision 4, paragraph (b).

12 F. When an organization awards a prize that will
13 require registration or licensure by a government agency as a
14 condition of ownership, the organization must use a merchandise
15 certificate. The winner will be responsible for securing the
16 required registrations or licenses and will be required to give
17 proof of eligibility to receive the prize. An organization is
18 responsible for ensuring that the prize is received by the
19 winner.

20 G. Cash prizes must be awarded when they are won.
21 This item does not pertain to linked bingo jackpots, a
22 progressive pull-tab or tipboard jackpot prize, and raffles.

23 H. Merchandise prizes must be displayed in full view
24 of the players in the immediate vicinity of the game and must
25 not be redeemed for cash or converted into cash. When the
26 winner of a merchandise prize is determined, the organization
27 must immediately remove the prize from the display and award it

1 to the winner. This requirement does not apply to raffles.

2 I. All prizes must be awarded consistent with current
3 federal and state laws.

4 J. All merchandise prizes must be accounted for in a
5 format prescribed by the board that includes at a minimum the
6 following information:

- 7 (1) date the organization acquired the
8 merchandise;
- 9 (2) fair market value of the merchandise;
- 10 (3) complete inventory of prize merchandise; and
- 11 (4) documentation on how the fair market value
12 was determined.

13 K. For leased permitted premises, an organization may
14 not purchase merchandise prizes from the lessor.

15 **Subp. 5. Prize receipts required.**

16 A. When a prize is awarded, the organization must
17 complete a prize receipt in a format prescribed by the board for
18 the following:

- 19 (1) a bingo prize valued at \$100 or more;
- 20 (2) a bingo game where the value of the prize
21 cannot be determined and verbally announced to players prior to
22 the beginning of the game;
- 23 (3) a winning pull-tab or tipboard ticket valued
24 at \$50 or more, or for any prize for redeeming the last ticket
25 sold in a pull-tab or tipboard game for which the distributor
26 has modified the flare to contain a last sale prize of \$20 or
27 more. The winning ticket, and winning seal tab if any, must be

1 stapled to the prize receipt; and

2 (4) a paddlewheel prize valued at \$50 or more,
3 and the winning ticket must be stapled to the prize receipt.

4 B. A prize receipt must include at a minimum the
5 following, in a legible format and in ink:

6 (1) the organization's name and address;

7 (2) the name of the gambling premises;

8 (3) the game serial number of the game from which
9 the prize was won;

10 (4) the name of the game;

11 (5) the date the prize was won;

12 (6) the dollar amount of the cash prize or the
13 fair market value for a merchandise prize;

14 (7) the winner's complete name and address, and
15 driver's license number, including state of license registration:

16 (a) if the winner does not have a driver's
17 license, the winner's complete name and address must be obtained
18 from another form of picture identification belonging to the
19 winner; or

20 (b) if a bingo winner does not have a
21 driver's license or other form of picture identification, the
22 prize receipt must contain the name and address of the winner,
23 and a driver's license or other form of picture identification,
24 including the complete name and address, and the signature in
25 ink, of another person playing bingo during that occasion; and

26 (8) signatures, in ink, of the winner and the
27 gambling employee or volunteer paying the winner.

1 Subp. 6. **Storing and securing equipment.** Gambling
2 equipment may be stored on the leased permitted premises.
3 Gambling equipment must be secured in an area that is under the
4 organization's control.

5 Subp. 7. **Return of defective pull-tab or tipboard game to**
6 **distributor or revenue.**

7 A. If, before being put into play, a pull-tab or
8 tipboard game is determined not to be manufactured according to
9 the standards in part 7864.0230, the organization must return
10 the game to the distributor. The game must be returned within
11 seven business days of determining that the standards, including
12 the following, were not met:

13 (1) serial number or form number of the tickets
14 does not match the serial number or form number on the flare;

15 (2) all tickets do not have the same serial
16 number in a deal;

17 (3) game has the same serial number and form
18 number as another game manufactured by that manufacturer, in the
19 organization's inventory;

20 (4) geographic outline of the state of Minnesota
21 as required by Minnesota Statutes, section 349.163, subdivision
22 5, does not appear on the flare for that game;

23 (5) bar code required by Minnesota Statutes,
24 section 349.163, subdivision 5, does not appear on the flare for
25 that game;

26 (6) prize amount on a ticket does not correspond
27 to the prize amount listed on the flare; or

1 (7) ticket price does not correspond to the price
2 listed on the flare.

3 B. If, during the play of a pull-tab or tipboard
4 game, the game is determined not to be manufactured according to
5 the standards in part 7864.0230, the organization must
6 immediately remove the game from play and report it as a played
7 game on the tax return.

8 (1) The organization must return the game to the
9 distributor with documentation that the game does not meet the
10 standards, including but not limited to item A, subitems (4) to
11 (7).

12 (2) For a game not manufactured in compliance
13 with item A, subitem (1), (2), or (3), the organization must
14 surrender the game to the commissioner of revenue.

15 C. If, after a pull-tab or tipboard game is removed
16 from play, the game is determined not to be manufactured
17 according to the standards in part 7864.0230, the organization
18 must report the game as played on the tax return.

19 (1) The organization must return the game to the
20 distributor with documentation that the game does not meet the
21 standards, including but not limited to item A, subitems (4) to
22 (7).

23 (2) For a game not manufactured in compliance
24 with item A, subitem (1), (2), or (3), the organization must
25 surrender the game to the commissioner of revenue.

26 D. The organization must keep any game that is
27 returned by the distributor as a played game.

1 Subp. 8. Return of defective linked bingo paper to linked
2 bingo game provider. Within seven business days of determining
3 that linked bingo paper was not manufactured according to part
4 7864.0230, the organization must return the linked bingo paper
5 to the linked bingo game provider with documentation that the
6 paper does not meet the standards.

7 7861.0270 BINGO.

8 Subpart 1. Restrictions and definitions. In addition to
9 the restrictions and requirements in part 7861.0260, the
10 following restrictions and definitions apply to the conduct of
11 bingo.

12 A. The term "employee" includes a "volunteer."

13 B. The term "gross receipts from bingo of less than
14 \$150,000" means the gross bingo receipts after any coupon
15 discounts have been applied by the organization.

16 C. The term "bingo paper" means bingo paper sheets,
17 linked bingo paper sheets, bingo paper sheet packets, bingo
18 paper sheet packages, or facsimile of a bingo paper sheet.

19 D. The term "packet" means bingo paper sheet packets.

20 E. The term "package" means bingo paper sheet
21 packages.

22 F. The term "sealed paper" means a sealed bingo paper
23 sheet.

24 G. A gambling employee may not play bingo at a bingo
25 occasion during which the employee works. An organization may
26 adopt in its house rules or internal controls additional
27 restrictions regarding employee participation as a player in

1 bingo conducted by the organization.

2 H. A gambling employee who works during a bingo
3 occasion may not communicate or have direct contact regarding
4 the play of bingo with the employee's immediate family members
5 who participate as players during the bingo occasion. This
6 restriction does not apply to organizations with gross bingo
7 receipts of less than \$150,000 in the last fiscal year.

8 Subp. 2. **Posting of information and house rules.** In
9 addition to the information required by part 7861.0260, subpart
10 2, an organization must prominently post at the point of sale
11 the following information.

12 A. An organization must post clear and legible house
13 rules which include, at a minimum, the following information:

14 (1) policy on declaring bingo and last bingo
15 number called;

16 (2) reasons for potentially canceling bingo
17 occasions; and

18 (3) name of the state agency from which a player
19 may get a copy of the Gambling Control Board's rules governing
20 bingo.

21 B. An organization must post at the point of sale, in
22 letters large enough to be clearly legible, a notice that
23 includes:

24 (1) the price for each bingo hard card, bingo
25 paper, and electronic bingo device;

26 (2) a statement that only cash sales are
27 permitted;

1 (3) if duplicate bingo hard cards are in play,
2 unless the organization has otherwise notified all players
3 before purchase of bingo hard cards for a game or number of
4 games; and

5 (4) if breakopen bingo games are conducted, that
6 identical sealed bingo paper sheet faces may occur during the
7 game, the color of all original sealed paper, and the price at
8 which the original and trade-in, if any, sealed paper must be
9 sold.

10 Subp. 3. Bingo equipment to be used. An organization must
11 comply with the following for the conduct of bingo.

12 A. A device used to select bingo numbers must have
13 been approved by the board.

14 B. If bingo balls are used, the 75 bingo balls must
15 be available for inspection and inspected by at least one player
16 before a bingo occasion begins to determine that all are present
17 and in operating condition. Each bingo ball may bear no more
18 than one letter and one number. Each bingo ball in the set must
19 be equal in size, weight, shape, balance, and all other
20 characteristics that control their selection, and must be free
21 from any defects. Except for continuation bingo games, each
22 bingo ball must be present in the bingo ball selection device
23 before each bingo game begins.

24 C. Video cameras and monitors may be used.

25 D. An organization must maintain in sound working
26 condition all equipment used in the conduct of a bingo game.

27 E. Linked bingo paper sheets must not be included as

1 part of a packet or package. All linked bingo paper sheets must
2 be sold as a separate item.

3 F. An organization must not reserve bingo cards,
4 bingo paper, or an electronic bingo device for any person.

5 G. An organization must not use sets of bingo paper
6 sheets or packets containing identical faces during a single
7 bingo game, except that identical faces may occur on sealed
8 bingo paper sheet faces during a breakopen bingo game.

9 H. Sealed paper sheets must be used for any bingo
10 game for which, prior to the selection of the first bingo
11 number, a person could determine whether a particular bingo face
12 is more likely to win the game than another bingo face.

13 I. An organization must not:

14 (1) duplicate or make copies of bingo hard cards
15 or bingo paper;

16 (2) cut bingo paper sheets (case paper); or

17 (3) separate or cut packets (collated paper).

18 J. An organization with annual gross bingo receipts
19 exceeding \$150,000 in its last fiscal year may not use bingo
20 hard cards. This restriction does not apply to the use of
21 Braille bingo hard cards.

22 K. An organization may permit a player who is legally
23 blind to bring and use a Braille hard card. A Braille hard card
24 must contain the letters and numbers required by part 7861.0210,
25 subpart 3, in a format that can be verified by sight by a person
26 who is not able to read Braille. An organization may disallow
27 the use of a Braille hard card that does not comply with

1 requirements for bingo hard cards or linked bingo paper. For
2 the use of a personal Braille hard card, an organization may
3 charge a person who is visually impaired the same price charged
4 for a bingo hard card or bingo paper sheet face.

5 L. An organization may offer electronic bingo
6 devices, as defined by Minnesota Statutes, section 349.12,
7 subdivision 12a, to be used by players to monitor bingo paper if
8 the following requirements are met.

9 (1) The number of bingo faces that may be played
10 per game must be limited to 36 for each device.

11 (2) A player must be limited to the use of one
12 device.

13 (3) The device must be used with a facsimile of a
14 bingo paper sheet or corresponding bingo paper. If a facsimile
15 is used, the date and time of the sale, the date of the bingo
16 occasion, the range of the series sold, and "for use only with
17 an electronic bingo device" must be printed on the sales receipt
18 at the point of sale. If corresponding bingo paper is used, the
19 organization must mark the bingo paper to indicate that it is
20 used only with a corresponding electronic bingo device for that
21 occasion.

22 (4) Automatic electronic daubing by a player is
23 prohibited, but manual electronic "catch-up" daubing by a player
24 is allowed.

25 (5) The device must be used as part of a bingo
26 occasion and must have no added function as a gambling,
27 entertainment, or advertising device according to part

1 7864.0230, subpart 6.

2 (6) The organization must offer the use of an
3 electronic bingo device for the same price options to all
4 players.

5 (7) The organization must record all voids before
6 the start of the second bingo game in a bingo occasion. For a
7 malfunction that occurs after the start of the second bingo
8 game, the organization must record and document the reason for
9 the void and report the voids to the board within three business
10 days.

11 (8) The organization must not transfer an
12 electronic bingo device to another permitted premises, unless
13 approved in writing by the board's director.

14 M. Only licensed manufacturers, distributors, or
15 authorized organization employees may perform service or
16 maintenance on an electronic bingo device. An organization must
17 not modify the assembly or operational functions of an
18 electronic bingo device or any of its components, except to
19 activate the audio function for a player who is visually
20 impaired.

21 Subp. 4. Bingo programs, statutes, and rules made
22 available. An organization must make available at each bingo
23 premises the most recent copy of the statutes and rules
24 governing bingo. Bingo programs must be made available to all
25 players before the start of each bingo occasion.

26 A. Bingo programs must include at a minimum the
27 following information:

1 (1) organization's name, address, and license
2 number;

3 (2) for each game, a written description and
4 illustration of the winning bingo pattern;

5 (3) a description of the bingo paper to be used,
6 including:

7 (a) color of the paper, and a description of
8 the border, if any;

9 (b) number of bingo faces on each sheet;

10 (c) for packets, the number of sheets in
11 each packet; and

12 (d) for packages, the number and type of
13 bingo paper sheets added by the organization to the packets;

14 (4) prizes to be offered, including consolation
15 prizes, and any factors used by an organization to determine the
16 prize payout structure for each game;

17 (5) date the program is implemented; and

18 (6) explanation of limiting bingo number counts,
19 if used.

20 B. At least 24 hours before using a new or amended
21 bingo program, the organization must submit to the board the
22 program and the list of occasions at which the program will be
23 used or whether the program will be used in the event of reduced
24 attendance due to bad weather. The program must be included
25 with the minutes of the organization's next monthly meeting.

26 Subp. 5. Sales to bingo players; use of coupons. An
27 organization must comply with the following for sales made to

1 bingo players.

2 A. Coupons may be used to reduce the selling price of
3 bingo paper to the players from the price stated on the
4 distributor invoice or to reduce the selling price of hard cards
5 to the players if the following information is maintained for
6 each redeemed coupon:

7 (1) person's name, address, and driver's license
8 number. If the person does not have a driver's license or other
9 form of picture identification, the coupon must include:

10 (a) name and address of the person redeeming
11 the coupon; and

12 (b) driver's license or other form of
13 picture identification, including the name, telephone number,
14 address, and signature of another person playing bingo during
15 that occasion who can verify the identity of the person
16 redeeming the coupon;

17 (2) monetary difference between the price of the
18 bingo paper as listed on the distributor's invoice and the price
19 paid by the person redeeming the coupon; and

20 (3) printed name and signature, in ink, of the
21 person redeeming the coupon.

22 B. Coupons must not be used for a linked bingo game.

23 C. The sale of bingo hard cards or bingo paper and
24 the rental of electronic bingo devices must comply with the
25 following.

26 (1) The sales must be on a cash basis and take
27 place at the permitted premises during or immediately preceding

1 the bingo occasion for which they are sold. Sales of gift
2 certificates for bingo hard cards, bingo paper, or for the use
3 of an electronic bingo device may be conducted at any time.

4 (2) All linked bingo paper sheets must be sold
5 for the same price to all players.

6 (3) Before the start of a specific bingo game,
7 players must pay for bingo hard cards and bingo paper. This
8 restriction does not pertain to the sale of sealed paper used in
9 a breakopen bingo game.

10 (4) Before selling packets or packages after the
11 first game in a bingo occasion has started, an organization must
12 deface the bingo paper for games already played or in play.

13 (5) Bingo paper is valid only for the bingo
14 occasion for which it was purchased by a player.

15 (6) The price of a bingo face played on a device
16 may not be less than the price of a face on a bingo paper sheet
17 sold at the same occasion.

18 (7) An organization must not offer free or
19 discounted bingo hard cards or bingo paper, unless the price is
20 reduced with a coupon.

21 **Subp. 6. Beginning a bingo game.** Except for breakopen
22 bingo games, a bingo game begins with the first letter and
23 number called.

24 A. Before the start of a bingo game, the bingo
25 pattern must be described and verbally announced to the players.

26 ~~{1}~~ In games where players fill in the numbers on bingo
27 paper sheet faces, the numbers must correspond to the

1 appropriate columns on a bingo paper sheet face and the required
2 pattern. Only the numbers 1 to 15 may be placed in the "B"
3 column, 16 to 30 in the "I" column, 31 to 45 in the "N" column,
4 46 to 60 in the "G" column, and 61 to 75 in the "O" column. An
5 electronic bingo device may not be used for these games.

6 B. Before the start of a bingo game, the prize amount
7 must be verbally announced to players. For games with
8 alternative prize levels, the factors determining the prize
9 amount must be verbally announced to players before the start of
10 the game.

11 C. All numbers and letters announced must be clearly
12 and audibly called.

13 D. Immediately following the selection of each bingo
14 number:

15 (1) if a bingo ball selection device is used, the
16 caller must display that portion of the bingo ball that shows
17 the letter and the number to the players. After a bingo ball
18 has been drawn, it must not be returned to the receptacle until
19 the game is completed;

20 (2) the caller must make sure that the majority
21 of players are able to see the selected letter and number during
22 the game; and

23 (3) the corresponding letter and number on the
24 flashboard, if used, must be lit.

25 E. If the bingo caller discovers a wrong number has
26 been called, the caller must:

27 (1) announce that a wrong number has been called;

1 (2) call the correct number; and
2 (3) correct the flashboard, if used, and continue
3 the game.

4 F. The letter and number selected must be called
5 before the next bingo number is selected, except when conducting
6 a bingo game where the selected letter and number do not pertain
7 to the pattern being played.

8 G. In a bingo game with a pattern that does not
9 require all available bingo numbers, the caller must verbally
10 state before the game begins that selected bingo numbers not
11 pertaining to the pattern will not be called. If a bingo ball
12 selection device is used, the caller must, after the conclusion
13 of the game or continuation game, make the bingo balls available
14 for inspection by at least one neutral player before the bingo
15 balls are returned to the receptacle for the next game.

16 H. When bingo numbers are selected and announced to
17 the players, each player must cover the numbers on the bingo
18 hard card, permanently mark with a liquid dauber the numbers on
19 the bingo paper sheet, or electronically daub the numbers if
20 using an electronic bingo device.

21 Subp. 7. **Closing a bingo game.** Except for linked bingo
22 games, an organization must close each bingo game with the
23 following procedure.

24 A. The game must be stopped after a player has
25 declared bingo.

26 B. The next bingo ball out of the device for
27 selecting bingo numbers must be removed from the device before

1 shutting the device off, and must be the next bingo ball called
2 if the bingo is not valid.

3 (1) In a continuation bingo game, the next bingo
4 ball out of the device must be held and used as the first bingo
5 ball called for the next game.

6 (2) In a bingo game where a drawn ball does not
7 pertain to the pattern being played, the bingo ball must be
8 removed from the device before shutting the machine off. If the
9 drawn ball pertains to the pattern being played, the bingo ball
10 must be the next bingo ball called if the bingo is not valid.

11 C. When a player declares a bingo, an organization
12 floor employee must read aloud and verify the serial number and
13 face number of the bingo paper face, or the face number of the
14 hard card. Every winning bingo hard card or bingo paper face
15 must also be verified by:

16 (1) at least one neutral player who is not an
17 immediate family member of the player declaring bingo; or

18 (2) an electronic verification device. If an
19 electronic verification device is used, a player may request at
20 a bingo occasion to see the actual winning bingo card, bingo
21 paper face, or in the case of an electronic bingo device, the
22 facsimile of the bingo face.

23 D. After a bingo winner has been determined and
24 verified, the bingo caller must ask the players at least twice
25 if there are any other bingos. If no one answers, the caller
26 must announce that the game is completed.

27 Subp. 8. Awarding bingo prizes. When awarding bingo

1 prizes, an organization must comply with the following.

2 A. An organization must award a prize if:

3 (1) the serial number and face number of the
4 winning bingo paper or the face number on the winning bingo hard
5 card was sold at that occasion;

6 (2) the player completed a predetermined bingo
7 pattern with the letters and numbers called; and

8 (3) the bingo is verified by the organization.

9 An organization may not award a prize or consolation prize based
10 upon any other method, including any element of chance.

11 B. If there are multiple winners for a cash prize,
12 the organization must divide the cash amount into equal amounts
13 and award the divided amount for each verified winning bingo
14 face. The organization may round fractional dollars to the
15 nearest higher dollar.

16 C. If there are multiple winners for a merchandise
17 prize that cannot be divided, the organization must award
18 substitute prizes of equal value for each verified winning
19 bingo. Cash may be awarded as a substitute prize.

20 Subp. 9. **Breakopen bingo game.** In addition to other
21 requirements contained in this part, a breakopen bingo game must
22 also comply with the following.

23 A. At the start of the breakopen bingo game an
24 organization must announce:

25 (1) the color of all original sealed paper; and

26 (2) the price of original sealed paper, and the
27 price of trade-in sealed paper, if used.

1 B. A breakopen bingo game begins when, in the
2 presence of players, the organization calls and posts, either
3 manually or by use of a flashboard, a predetermined quantity of
4 bingo numbers.

5 C. For each breakopen game held during a bingo
6 occasion, the organization must use a separate set of bingo
7 balls and one of the following:

8 (1) a separate bingo ball selection device;
9 (2) a separate tray within a bingo ball selection
10 device; or

11 (3) a separate bingo ball container.

12 If an organization uses a separate tray or bingo ball container,
13 the bingo balls must be in view of the players at all times
14 during the game.

15 D. Sealed paper for the breakopen bingo game may be
16 sold throughout the bingo occasion. However, no sealed paper
17 for the game may be sold after the organization has resumed
18 calling bingo numbers for the breakopen game.

19 E. After the predetermined quantity of bingo numbers
20 has been called and posted and immediately before the selection
21 of the next bingo number, the caller must ask if any player has
22 completed the designated pattern.

23 (1) All players who complete the pattern within
24 the predetermined quantity of bingo numbers called are
25 considered winners, regardless of the last number called.

26 (2) If a player or players declare bingo based on
27 the predetermined quantity of numbers selected and the bingo is

1 verified, the player or players must be awarded the designated
2 prize and the game ends.

3 (3) If no bingo is declared and verified, the
4 organization must resume calling bingo numbers until one or more
5 players declare bingo, the bingo is verified, and the designated
6 prize or consolation prize is awarded.

7 F. Except for progressive breakopen bingo games, a
8 breakopen bingo game must be played at a bingo occasion until
9 the game is completed.

10 G. An organization may allow players to trade in
11 sealed paper. The organization must account for the trade-in of
12 sealed paper in the following manner.

13 (1) If a trade-in sealed paper is used, the
14 organization must use two sets of sealed paper for each game.
15 One set, known as the "original set," must be a different color
16 than the second set, known as the "trade-in set."

17 (2) All sealed paper in the original set must be
18 sold for the same price. All sealed paper in the trade-in set
19 must be sold for the same price as other sealed paper in the
20 trade-in set.

21 (3) After purchasing sealed paper from the
22 original set, players may continue to purchase sealed paper from
23 the original set. Players may trade in sealed paper from the
24 original set for sealed paper from the trade-in set.

25 H. An electronic bingo device may not be used for a
26 breakopen bingo game.

27 Subp. 10. **Linked bingo game.** In addition to other

1 requirements in part 7861.0270 and in conjunction with a
2 licensed linked bingo game provider under parts 7863.0250 and
3 7863.0260, an organization must also comply with the following
4 for the conduct of a linked bingo game.

5 A. An organization must not conduct more than one
6 linked bingo game at each bingo occasion.

7 B. Linked bingo prize pools must not be carried over
8 from one bingo occasion to another.

9 C. An organization must only sell approved linked
10 bingo paper sheets for a linked bingo game. Duplicate linked
11 bingo paper sheet faces are not allowed in the same linked bingo
12 game. An electronic bingo device may not be used for a linked
13 bingo game.

14 D. All bingo numbers must be selected at a location
15 approved by the board.

16 E. The device used to select the bingo numbers for a
17 linked bingo game must remain in operation until all bingo
18 numbers are selected. The bingo numbers must be recorded in the
19 order in which they were selected.

20 F. An organization must be registered and approved by
21 the linked bingo game provider before participating in any
22 linked bingo game.

23 G. Before the first bingo number is selected, the
24 linked bingo game provider must announce the jackpot amount.

25 H. Sales of linked bingo paper sheets must be stopped
26 at least 15 minutes before the first bingo number is selected.
27 The organization must report the sales to the linked bingo game

1 provider before the first bingo number is selected.

2 I. After a winning combination of bingo numbers has
3 been declared by a player, the winning linked bingo paper sheet
4 face must be verified by the participating organization and
5 confirmed by the linked bingo game provider.

6 J. After a winner has been declared and verified, the
7 participating organization at the permitted premises where the
8 win occurred must notify the linked bingo game provider of the
9 winner's name, address, and any information required for federal
10 and Minnesota tax requirements before any payment is issued.
11 The participating organization may continue play of the game at
12 the permitted premises and award a consolation prize.

13 K. The linked bingo game provider must do the
14 following:

15 (1) establish and maintain audio, video, and
16 secured data transmission as necessary. At least five minutes
17 before the first bingo number is selected, the linked bingo game
18 provider must verify the link status between all participating
19 organizations and the location where the bingo numbers are being
20 selected;

21 (2) establish and maintain an appropriate back-up
22 system if primary transmission of audio, video, or data fails;

23 (3) record and keep for a minimum of 60 days all
24 activity related to the video or electronic transmission of a
25 linked bingo game;

26 (4) provide for all players a free player's guide
27 that must contain information about the linked bingo game

1 mechanics and prize structure of linked bingo games;

2 (5) award linked bingo prizes within three
3 business days of verification of the winning bingo. Linked
4 bingo prizes are considered awarded when mailed payment is
5 postmarked. If payment is transmitted in any other manner,
6 linked bingo prizes are considered awarded upon receipt by the
7 player. If there are multiple winners, the jackpot amount must
8 be equally divided and awarded for each verified winning bingo
9 face. Fractional dollars may be rounded to the nearest higher
10 dollar; and

11 (6) prepare and submit to the appropriate state
12 and federal agencies all relevant tax information pertaining to
13 winners of linked bingo game jackpots.

14 **Subp. 11. Records and reports.** Records and reports must
15 be completed in ink by the organization, and kept for 3-1/2
16 years following the end of the month in which the occasion was
17 conducted and reported on the tax return. Each organization
18 using bingo paper must maintain inventory records in a format
19 prescribed by the board. Any changes or amendments made to
20 bingo records and reports must contain the initials, in ink, of
21 the person making the changes or amendments. The records and
22 reports must be made available to the board, the commissioner of
23 revenue, the commissioner of public safety, or their agents.

24 **Subp. 12. Perpetual inventory records required for case**
25 **paper.** For each case of bingo paper sheets, the organization
26 must include in its inventory records, at a minimum, the
27 following information:

- 1 A. organization name and premises permit number;
- 2 B. serial number;
- 3 C. control number assigned by the organization;
- 4 D. color;
- 5 E. series;
- 6 F. number of faces per sheet (ON's);
- 7 G. description of face patterns, if any;
- 8 H. distributor name, invoice number, and date of
- 9 invoice;
- 10 I. distributor's invoiced bingo paper price, and
- 11 number of bingo paper sheets being invoiced;
- 12 J. retail selling price for each bingo paper sheet;
- 13 and
- 14 K. perpetual inventory information for each case of
- 15 bingo paper sheets (case paper).

16 Subp. 13. Perpetual inventory records required for linked

17 bingo paper. For linked bingo paper sheets, the organization

18 must include in its inventory records, at a minimum, the

19 following information:

- 20 A. organization name and premises permit number;
- 21 B. serial number;
- 22 C. control number assigned by the organization;
- 23 D. color;
- 24 E. linked bingo game provider name, invoice number,
- 25 and date of invoice;
- 26 F. linked bingo game provider's invoiced bingo price
- 27 and number of bingo paper sheets being invoiced;

1 G. retail selling price for each linked bingo paper
2 sheet; and

3 H. perpetual inventory information for linked bingo
4 paper sheets.

5 Subp. 14. Perpetual inventory records required for
6 packets. For each set of packets, the organization must include
7 in its inventory records, at a minimum, the following
8 information:

9 A. organization name and premises permit number;

10 B. serial number;

11 C. control number assigned by the organization to the
12 packet. The control number may be the serial number of each
13 bingo sheet in the packet, or the serial number from the top
14 sheet in each packet if the invoice shows that only the serial
15 number from the top sheet is provided;

16 D. distributor name, invoice number, and date of
17 invoice;

18 E. distributor's invoiced bingo paper price, and
19 number of packets being invoiced;

20 F. number of sheets per packet (UP's);

21 G. number of faces per sheet (ON's);

22 H. description of face patterns, if any;

23 I. color of each sheet in the packet, in the order of
24 collation;

25 J. retail selling price for each packet; and

26 K. perpetual inventory information for each set of
27 packets.

1 Subp. 15. Perpetual inventory records required for
2 packages. For each package, the organization must assign a
3 control number and account for all components of the package.
4 The organization must include in its inventory records, at a
5 minimum, the following information:

- 6 A. organization name and premises permit number;
- 7 B. serial number;
- 8 C. control numbers of the paper used to build the
9 package;
- 10 D. for each component of the package, the color,
11 series number, number of faces per sheet (ON's), number of
12 sheets per packet (UP's), and distributor invoiced cost;
- 13 E. retail selling price for the package;
- 14 F. control number assigned to the package; and
- 15 G. perpetual inventory information for each type of
16 package.

17 Subp. 16. Physical inventory records and discrepancy
18 report required for all bingo paper. For bingo paper, the
19 organization must include in its monthly physical inventory
20 summary, at a minimum, the following information:

- 21 A. organization name and premises permit number;
- 22 B. by type, the quantity of bingo paper sheets,
23 packets, and packages;
- 24 C. control numbers;
- 25 D. distributor's invoiced cost for bingo paper sheets
26 and packets; and
- 27 E. date and signature, in ink, of the person

1 completing the form.

2 The organization must reconcile the monthly physical inventory
3 to the perpetual inventory. Any discrepancies of more than \$50
4 in the selling price of inventory must be reported to the board,
5 in a format prescribed by the board, by the 20th of the month
6 following the completion of month-end physical inventory records.

7 Subp. 17. **Bingo occasion records required for hard cards.**

8 For bingo hard cards, the organization must maintain the
9 following information for each bingo occasion:

10 A. copy of the caller verification form prescribed by
11 the board;

12 B. total number of bingo hard cards sold for each
13 game and the selling price of each card;

14 C. total amount of cash collected for all sales of
15 bingo hard cards, and the total dollar amount of all redeemed
16 coupons;

17 D. dollar amount of the cash prize, or the actual
18 cost of the merchandise prize awarded for each bingo game and
19 the face number of each winning card;

20 E. cash on hand at the beginning and end of the
21 occasion;

22 F. completed prize receipts and redeemed coupons;

23 G. copy of the checker's record that includes the
24 number of cards played in each game, the face number of each
25 winning card, and prizes awarded to the winning card, with the
26 date and signature, in ink, of the checker; and

27 H. name of each volunteer or employee working at the

1 occasion.

2 Subp. 18. **Bingo occasion records required for all bingo**
3 **paper and facsimiles of bingo paper sheets.** For bingo paper,
4 including facsimiles of bingo paper sheets, the organization
5 must maintain the following information for each bingo occasion
6 and include:

7 A. the total amount by control number of packages,
8 packets, or sheets available for sale at the occasion and
9 returned to inventory at the end of the occasion. Each seller
10 working at the bingo occasion must complete a separate form;

11 B. a summary of total admission sales, including
12 total cash on hand at the beginning of the occasion, total cash
13 receipts from admission sales, quantity by dollar value of all
14 coupons redeemed and gift certificates sold and redeemed, and
15 net admission sales;

16 C. for each bingo game conducted, the number of bingo
17 paper sheets and selling price of each bingo paper sheet sold by
18 each floor seller;

19 D. a summary of income from the rental of electronic
20 bingo devices, including quantity rented and amount charged per
21 unit;

22 E. the total value of prizes awarded for each game
23 and the serial number and face number of each winning bingo
24 paper sheet face, and for linked bingo games the amount
25 contributed to the jackpot prize;

26 F. a copy of the caller verification form prescribed
27 by the board;

1 G. a bingo occasion summary, including total gross
2 and net sales, total value of coupons redeemed, and total value
3 of prizes awarded; and

4 H. completed prize receipts and redeemed coupons.

5 Subp. 19. **Gross receipt and discrepancy report required**
6 **for bingo hard cards and bingo paper.** An organization must
7 prepare a gross receipt and discrepancy report for each bingo
8 occasion in a format prescribed by the board.

9 A. For bingo hard cards, an organization employee
10 must compare the gross receipts to the checker's records. The
11 gambling manager must verify the records. If a discrepancy of
12 more than \$50 is found, the organization must submit a
13 discrepancy report to the board within five days of the bingo
14 occasion.

15 B. For bingo paper, an organization employee must
16 reconcile the gross receipts of each bingo occasion to the
17 occasion records. The gambling manager must verify the
18 records. If a discrepancy of more than \$50 is found, the
19 organization must submit a discrepancy report to the board
20 within five days of the bingo occasion.

21 Subp. 20. **Records required for electronic bingo devices.**
22 For electronic bingo devices, the following information, at a
23 minimum, must be maintained:

24 A. the quantity of devices in inventory;

25 B. the quantity of devices rented for each occasion,
26 amount charged for each device, number of voids, and total
27 amount collected which must be reported as prescribed by the

1 commissioner of revenue; and

2 C. the distributor name, invoice date, and invoice
3 number for the ~~purchase-or~~ lease of electronic bingo devices.

4 Subp. 21. **Disposal of bingo records.** The following items
5 apply to the disposal and destruction of records.

6 A. An organization is required to keep records for
7 3-1/2 years following the end of the month in which the occasion
8 was conducted and reported on the tax return.

9 B. The organization may destroy bingo records after
10 the retention period in item A expires, except as required in
11 item C.

12 C. An organization must keep the records after the
13 retention period in item A expires if they are notified by the
14 board, commissioner of revenue, commissioner of public safety,
15 or their agents that an audit, compliance review, or
16 investigation is being conducted.

17 7861.0280 PULL-TABS.

18 Subpart 1. **Restrictions.** In addition to the restrictions
19 and requirements in part 7861.0260, the following apply to the
20 conduct of pull-tabs.

21 A. A gambling employee or volunteer who is involved
22 in the sale of pull-tabs may not purchase pull-tabs at the
23 premises where the person is employed. The sale of pull-tabs
24 includes but is not limited to the sale of pull-tabs to players,
25 auditing pull-tab games, redeeming winning pull-tabs, performing
26 inventory of pull-tab games, and making deposits of receipts
27 from pull-tab games.

1 B. The pull-tab seller must not assist players in the
2 opening of purchased pull-tabs.

3 C. If an organization receives a pull-tab game from a
4 distributor with the manufacturer's seal broken, the
5 organization must not put the game into play. The game must be
6 returned to the distributor.

7 D. An organization must not award a prize for
8 pull-tab tickets that were sold by another organization.

9 E. An organization must not transfer games in play
10 from one permitted premises to another, or between a booth and
11 bar operation.

12 Subp. 2. Posting of information and flare. In addition to
13 the information required by part 7861.0260, subpart 2, an
14 organization must post the flare for each deal of pull-tabs in
15 play.

16 A. The flare must be attached to the receptacle or
17 pull-tab dispensing device containing the deal of pull-tabs or
18 prominently posted at the point of sale.

19 B. The entire flare must be visible to players.

20 C. An organization may not change the flare except to
21 post a progressive jackpot amount. An organization may not use
22 a flare that it receives in an altered or defaced condition
23 except for flares that contain a last sale sticker added by the
24 distributor.

25 D. If a progressive pull-tab game is played, the
26 organization must also post the flare containing the current
27 progressive jackpot amount while the game is in play.

1 E. If a cumulative pull-tab game is played, the
2 organization must also post the prize pool board while the game
3 is in play.

4 Subp. 3. **Operation of pull-tab or event game.** Pull-tab
5 games must be conducted in the following manner.

6 A. A deal of pull-tabs may not be placed out for play
7 in the original container in which it was received. When a deal
8 of pull-tabs is received, all of the pull-tabs must be placed
9 out for play at the same time. All of the pull-tabs must be
10 randomly removed from the original containers and thoroughly
11 mixed before a deal of pull-tabs is offered for sale. Tiered
12 containers may not be used for the sale of pull-tabs.

13 B. An organization may not put into play any pull-tab
14 or pull-tab flare that has been marked, defaced, altered,
15 tampered with, or operated in a manner that tends to deceive the
16 public or affects the chances of winning or losing.

17 C. Separate cash banks must be maintained for each
18 deal unless a cash register that meets the standards in this
19 part is used or the deal is played through a pull-tab dispensing
20 device.

21 D. Each pull-tab must be sold for the price on the
22 flare. A pull-tab may not be given to a player free of charge
23 or for any other consideration.

24 E. An organization may not award a prize to a player
25 unless the player redeems a winning pull-tab. A prize payout
26 must not be made to any player for a lost, marked, defaced, or
27 altered pull-tab, or for any winning pull-tab that left the

1 permitted premises where the deal is in play.

2 F. The pull-tab seller must immediately deface each
3 winning pull-tab when it is redeemed by the player.

4 G. For pull-tab event games where a winning ticket is
5 determined by a method other than an instant win the following
6 apply:

7 (1) the method of selecting the winning ticket or
8 tickets must be announced and prominently posted prior to the
9 sale of any tickets; and

10 (2) a player with a potential winning (hold)
11 ticket is not required to be in attendance to win and must be
12 given a receipt by the seller for notification purposes if the
13 ticket is selected as a winner. If the hold ticket is selected
14 as a winning ticket, the organization must notify the player
15 within two business days of selecting the winning ticket.

16 Subp. 4. **Operation of cumulative pull-tab game.** In
17 addition to the requirements of subpart 3 the following items
18 pertain to the conduct of a cumulative pull-tab game.

19 A. Cumulative pull-tab games may only be played with
20 deals having the same form number from the same family and
21 manufacturer.

22 B. An organization may have more than one deal in a
23 cumulative pull-tab game in play at the same time but may not
24 commingle deals.

25 C. The organization must post the prize pool board
26 until the cumulative game is completed or is discontinued by the
27 organization.

1 D. When a seal winner is determined for a deal, the
2 seller must open the seal on the prize pool board and award the
3 prize.

4 E. When closing or discontinuing a deal within a
5 cumulative pull-tab game, the organization must immediately open
6 the seal for that deal to determine a prize pool winner, if any.

7 Subp. 5. Operation of multiple seal game. In addition to
8 the requirements of subpart 3, the following items pertain to
9 the conduct of a pull-tab game with multiple seals.

10 A. When a ticket with a seal number is presented to a
11 seller, the seller must open the seal as designated on the
12 ticket and award the prize.

13 B. When the game is closed, all unclaimed and unsold
14 seals must remain sealed.

15 Subp. 6. Operation of progressive pull-tab game. In
16 addition to the requirements of subpart 3, the following items
17 pertain to the conduct of a progressive pull-tab game.

18 A. A progressive pull-tab game may only be played
19 with deals having the same form number from the same family and
20 manufacturer.

21 B. Each deal in a progressive pull-tab game must
22 contribute the same amount towards the progressive jackpot.
23 When the progressive jackpot reaches the jackpot amount listed
24 on the flare, no additional contribution may be made to the
25 progressive jackpot.

26 C. The holder of a pull-tab ticket that allows the
27 player to be a potential jackpot winner must also complete a

1 contact information form that includes the organization and game
2 information, holder's name, address, telephone number, and the
3 selected progressive jackpot window or windows to be opened if
4 the player is the seal prize winner.

5 D. If the seal prize winner is present, the winner
6 must select a progressive jackpot window or windows to be opened
7 by the seller. If the winner is not present, the seller opens
8 the window or windows the player has selected and recorded on
9 the contact information form.

10 E. If there is no seal prize winner or the
11 progressive jackpot is not won, the next deal may be put in play
12 or the progressive pull-tab game may be closed.

13 F. When the progressive jackpot is won, the
14 organization must:

15 (1) have the winner complete and sign a
16 progressive pull-tab jackpot prize receipt. If the winner is
17 not present when the jackpot window or windows are opened, the
18 organization must send the prize receipt and notification letter
19 to the winner by certified mail within two business days. If
20 the jackpot winner does not claim the prize within 30 days of
21 the date the certified letter was mailed, the prize will be
22 forfeited by the player;

23 (2) pay the winner by check within two business
24 days of receipt of the signed prize receipt. The organization
25 may pay the winner with cash if the jackpot prize is \$599 or
26 less and the seal prize winner is present when the winning seal
27 is opened; and

1 (3) furnish the winner with appropriate federal
2 and state tax forms.

3 Subp. 7. Use of a pull-tab dispensing device. If a
4 pull-tab dispensing device is used, the organization must comply
5 with the following.

6 A. No more than three pull-tab dispensing devices in
7 total may be installed or operated at a permitted premises by
8 all organizations at the premises.

9 B. An organization may not install or operate a
10 pull-tab dispensing device at a permitted premises that does not
11 have a valid license for on-premises sales of intoxicating
12 liquor or 3.2 percent malt beverages, except as allowed by
13 Minnesota Statutes, section 349.151, subdivision 4b, paragraph
14 (c).

15 C. An organization may not install or operate a
16 pull-tab dispensing device at a permitted premises where persons
17 under age 18 are allowed to participate as players in bingo
18 occasions conducted by exempt or excluded organizations.

19 D. The pull-tab dispensing device must be located
20 within view of a gambling employee or volunteer.

21 E. An organization may not use in a pull-tab
22 dispensing device any pull-tab game that has a last sale prize.

23 F. An organization must assign a unique
24 identification code to every person authorized to access a
25 pull-tab dispensing device. An organization must maintain an
26 access log, in a format prescribed by the board, for each
27 pull-tab dispensing device that it operates. The active access

1 log must be kept in an interior compartment and when completed
2 must be removed and kept with the organization's records.

3 G. An organization must identify for players the
4 pull-tab games that are placed in the individual columns of each
5 pull-tab dispensing device.

6 H. When adding games to a pull-tab dispensing device,
7 an organization must randomly put the entire deal into a minimum
8 of two columns and divide the pull-tabs equally among the
9 columns.

10 I. An organization must maintain complete control of
11 its pull-tab dispensing devices. The gambling manager is
12 responsible for all keys to each pull-tab dispensing device with
13 the following requirements.

14 (1) For each pull-tab dispensing device, the
15 organization must maintain a key log on a form prescribed by the
16 board. The key log must contain, at a minimum, the following
17 information:

18 (a) names of organization employees who are
19 assigned custody of one or more keys and the dates the keys were
20 assigned; and

21 (b) any instance in which the custody of any
22 key changes from one organization employee to another, including
23 the date of the change and the name of the organization employee
24 accepting the key.

25 (2) If one or more keys is lost or stolen, the
26 organization must have the entire lockset replaced by a licensed
27 distributor or the licensed manufacturer of the pull-tab

1 dispensing device.

2 (3) Keys to any compartment must not be assigned
3 to more than one organization employee at a time.

4 (4) A duplicate key to any exterior door or
5 interior compartment must not be made.

6 (5) Keys to the cash compartment may not be
7 assigned to the lessor or lessor's employees unless the pull-tab
8 dispensing device has a separate locked cash box within the cash
9 compartment, and the lessor or lessor's employees needs the key
10 to remove and secure the cash box at the close of business for
11 the day. The lessor or lessor's employees must record the
12 currency meter readings in the access log whenever they open the
13 cash compartment to remove the cash box. An organization may
14 not assign the keys to the cash box to a lessor or lessor's
15 employees.

16 J. If there is a catastrophic failure of a pull-tab
17 dispensing device, the organization must notify the board and
18 receive its approval before clearing, erasing, or replacing the
19 access and accounting indicators.

20 K. An organization employee opening the cash
21 compartment must remove all the cash and record the currency
22 meter readings in the access log.

23 L. Only licensed manufacturers, distributors, or
24 authorized organization employees may perform service or
25 maintenance on pull-tab dispensing devices. An organization
26 must not modify the assembly or operational functions of a
27 pull-tab dispensing device or any of its components.

1 Subp. 8. **Commingled deals in a pull-tab dispensing**
2 **device.** The following items apply to commingled deals of
3 pull-tabs.

4 A. An organization may commingle two or more single
5 deals of pull-tabs in a pull-tab dispensing device if:

6 (1) the deals are identical in the type of game,
7 ticket, color, form number, and quantity of pull-tabs per deal;

8 (2) each deal has a separate flare displaying the
9 bar code and serial number; and

10 (3) the flares have the same ticket price, amount
11 of prizes, and prize denominations.

12 B. An organization must remove commingled deals from
13 play at the end of each month for the purpose of reporting the
14 sales from the deals on that month's tax return as prescribed by
15 the commissioner of revenue. The organization must report on
16 the tax return the deals for which all tickets have been sold or
17 the deals that the organization chooses not to return to play.
18 The organization may return commingled deals to play when the
19 required information has been determined.

20 C. The board may prohibit an organization from
21 commingling deals of pull-tabs if it determines that the
22 organization cannot account for the amount of actual cash profit
23 from each commingled deal of pull-tabs.

24 Subp. 9. **Standards for cash registers.** If an organization
25 uses a cash register in the conduct of pull-tabs, the cash
26 register must:

27 A. be protected by a surge protector so that all

1 existing data is preserved if electrical power to the cash
2 register is interrupted;

3 B. have at least one keyed lock with a multiple
4 function position capable of restricting access to accounting
5 and auditing functions;

6 C. have an operating switch or lock that will allow
7 the cash register to operate only when a unique identification
8 code has been entered;

9 D. create a paper or magnetic media duplicate
10 transaction journal following each transaction;

11 E. be capable of accepting a game's serial number and
12 ticket price before that game is put into play;

13 F. have a screen that will display the value of
14 currency given by the player and the amount of currency, if any,
15 to be returned to the player;

16 G. be capable of recording the following information
17 for each sale of a pull-tab:

18 (1) date of the sale;

19 (2) operator's unique identification code;

20 (3) serial number of the game from which the
21 pull-tab is purchased;

22 (4) quantity of pull-tabs purchased; and

23 (5) ticket price;

24 H. be capable of recording the following information
25 for each redeemed winning pull-tab:

26 (1) date of the prize payout;

27 (2) operator's unique identification code;

1 (3) serial number of the winning pull-tab; and
2 (4) amount of the prize payout;

3 I. be capable of recording and maintaining the
4 information required for each game of pull-tabs in play, and be
5 capable of producing a printout for any or all of the games in
6 play at any time; and

7 J. be capable of printing out the final game record
8 and deleting the game from its transaction records after a
9 pull-tab game is closed.

10 Subp. 10. Use of cash register; monthly audit and
11 reconciliation report. If an organization uses a cash register
12 in the conduct of pull-tabs, the organization must:

13 A. use the cash register exclusively for the conduct
14 of lawful gambling;

15 B. be able to identify, by transaction, each employee
16 or volunteer who uses a cash register to sell and redeem
17 pull-tabs;

18 C. have sole responsibility for all keys used to
19 operate the cash register;

20 D. enter the following information into the cash
21 register before placing a pull-tab deal into play:

22 (1) the game's serial number; and

23 (2) the ticket price, which must be identical to
24 the ticket price on the flare;

25 E. ensure that the gambling employee or volunteer:

26 (1) ~~use~~ uses the cash register key that

27 corresponds to the game from which the player is purchasing the

1 pull-tab;

2 (2) ~~enter~~ enters the number of pull-tabs

3 purchased; and

4 (3) ~~enter~~ enters the dollar value of the currency
5 given by the player;

6 F. ensure that when redeeming a winning pull-tab the
7 gambling employee or volunteer:

8 (1) uses the cash register key that corresponds
9 to the game from which the winning pull-tab is being redeemed;
10 and

11 (2) enters the prize payout amount;

12 G. record as a pull-tab sale and as a redeemed
13 pull-tab a transaction in which a player chooses to receive a
14 pull-tab instead of a cash prize payout;

15 H. count cash at the end of each work period and
16 record it in a format prescribed by the board. If the cash
17 amount does not reconcile to the cash register totals for each
18 game in play, the organization must prepare a cash register
19 discrepancy report in a format prescribed by the board; and

20 I. on the last day of the month, perform an audit of
21 all pull-tab games in play and reconcile the results to the cash
22 register bank on a form prescribed by the board.

23 (1) For each game in play, the information must
24 include:

25 (a) game name and serial number;

26 (b) ideal and actual gross receipts;

27 (c) total value of unsold tickets;

- 1 (d) total value of prizes paid; and
2 (e) net receipts.

3 (2) The reconciliation of the cash bank must
4 include:

- 5 (a) total amount of cash in the cash
6 register less the starting cash bank amount, if any;
7 (b) amount of cash long or short, if any;
8 and
9 (c) the adjustments made, if any, to balance
10 the amount of cash in the register to the total net receipts for
11 the games in play.

12 The board may prohibit an organization from using a cash
13 register if it determines that the organization cannot account
14 for the amount of the actual gross receipts from sales, the
15 actual value of prizes awarded, and cash short or cash long from
16 each deal of pull-tabs.

17 Subp. 11. **Records and reports.** An organization must keep
18 all records, reports, and prize receipts relating to a pull-tab
19 game for 3-1/2 years and upon request make them available to the
20 board.

21 A. While a pull-tab deal is in play, an organization
22 must keep all records, reports, and prize receipts for the deal
23 at the permitted premises.

24 B. For each deal of pull-tabs the organization must
25 keep the flare, with the bar code attached, and all redeemed and
26 unsold pull-tabs separated by game serial number. Commingled
27 deals of pull-tabs that were commingled while in play must be

1 separated by game serial number after being removed from play.
2 The organization must not open any unsold or defective pull-tabs.

3 C. For each deal of pull-tabs removed from play
4 during that month, an organization must complete a monthly
5 report in a format prescribed by the commissioner of revenue, as
6 required by Minnesota Statutes, section 297E.06.

7 D. When using cash registers, an organization must
8 keep all cash count, discrepancy, and reconciliation reports,
9 along with all other records for the game.

10 E. When using a pull-tab dispensing device, an
11 organization must keep all access logs along with all other
12 records for each pull-tab game dispensed from the device.

13 Subp. 12. Disposal of pull-tab games and records. The
14 following items apply to the disposal and destruction of games
15 and records.

16 A. The organization must keep a played pull-tab game,
17 flare, prize pool boards that contain unopened seals, and all
18 records for that game for 3-1/2 years following the end of the
19 month in which the pull-tab game was played and reported as a
20 played game on the tax return.

21 B. The organization may destroy a played pull-tab
22 game and the records for that game when the retention period in
23 item A expires, except as required by item C. The game must be
24 completely destroyed using a method such as shredding or burning.

25 C. An organization must keep the pull-tab game and
26 records after the retention period in item A expires if the
27 organization is notified by the board, commissioner of revenue,

1 commissioner of public safety, or their agents that an audit,
2 compliance review, or investigation is being conducted.

3 7861.0290 TIPBOARDS.

4 Subpart 1. Restrictions. In addition to the restrictions
5 and requirements in part 7861.0260, the following apply to
6 conduct of tipboards.

7 A. A gambling employee or volunteer who is involved
8 in the sale of tipboards may not purchase tipboards at the
9 premises where the person is employed. The sale of tipboards
10 includes but is not limited to the sale of tipboard tickets to
11 players, auditing tipboard games, redeeming winning tipboard
12 tickets, performing inventory of tipboard games, and making
13 deposits of receipts from tipboard games.

14 B. An organization may not purchase, obtain, have, or
15 allow upon a site a tipboard or any part of a tipboard with the
16 same serial number and form number as any other tipboard or any
17 part of a tipboard in its possession.

18 C. Each tipboard and each tipboard ticket in a deal
19 must have the same serial number.

20 D. An organization must not change the prizes printed
21 on the tipboard by the manufacturer except to post a progressive
22 jackpot amount. The organization must not use a tipboard that
23 is altered or defaced except for flares that contain a last sale
24 sticker added by the distributor. The prize awarded must be the
25 prize printed on the tipboard.

26 E. An organization must not redeem tickets that were
27 sold by another organization.

1 F. An organization must not transfer games in play
2 from one site to another, or between a booth and bar operation.

3 Subp. 2. **Posting of information and flare.** In addition to
4 the information required by part 7861.0260, subpart 2, an
5 organization must prominently post at the point of sale the
6 flare of a tipboard deal. If a progressive tipboard game is
7 played, the organization must also post the flare containing the
8 current progressive jackpot amount while the game is in play.

9 Subp. 3. **Operation of tipboard game.** The following items
10 apply to the game of tipboards.

11 A. All tipboard tickets for a tipboard deal must be
12 placed out for play at the same time.

13 B. An organization must sell the tipboard tickets for
14 the price printed on the flare. A tipboard ticket or group of
15 banded tickets may not be sold for more than \$2. A tipboard
16 ticket may not be given to a player free of charge or for any
17 other consideration.

18 C. An organization may not pay a player unless the
19 player redeems a winning tipboard ticket.

20 D. A prize may not be awarded to any player for a
21 lost, marked, defaced, or altered ticket, or for any winning
22 tipboard ticket that left the permitted premises where the game
23 is in play.

24 E. The seller must immediately deface a winning
25 tipboard ticket when it is redeemed by the player.

26 F. When discontinuing or closing a tipboard deal, an
27 organization must immediately open the seal to determine a seal

1 winner, if any.

2 Subp. 4. Operation of progressive tipboard game. In
3 addition to the requirements of subpart 3, the following items
4 pertain to the conduct of a progressive tipboard game.

5 A. A progressive tipboard game may only be played
6 with deals having the same form number from the same family and
7 manufacturer.

8 B. Each deal in a progressive tipboard game must
9 contribute the same amount towards the progressive jackpot.
10 When the progressive jackpot reaches the jackpot amount listed
11 on the flare, no additional contribution may be made to the
12 progressive jackpot.

13 C. The holder of a tipboard ticket that allows the
14 player to sign a predesignated line on the tipboard flare must
15 also complete a contact information form that includes the
16 organization and game information, holder's name, address,
17 telephone number, and the progressive jackpot window selected to
18 be opened if the player is the seal prize winner.

19 D. If the seal prize winner is present, the winner
20 must select a progressive jackpot window or windows to be opened
21 by the seller. If the winner is not present, the seller opens
22 the window or windows the player has selected and recorded on
23 the contact information form.

24 E. If there is no seal prize winner or the
25 progressive jackpot is not won, the next deal may be put in play
26 or the progressive tipboard game may be closed.

27 F. When the progressive jackpot is won, the

1 organization must:

2 (1) have the winner complete and sign a
3 progressive tipboard jackpot prize receipt. If the winner is
4 not present when the jackpot window or windows are opened, the
5 organization must send the prize receipt and notification letter
6 to the winner by certified mail within two business days. If
7 the jackpot winner does not claim the prize within 30 days of
8 the date the certified letter was mailed, the prize will be
9 forfeited by the player;

10 (2) pay the winner by check within two business
11 days of receipt of the signed prize receipt. The organization
12 may pay the winner with cash if the jackpot prize is \$599 or
13 less and the seal prize winner is present when the winning seal
14 is opened; and

15 (3) furnish the winner with appropriate federal
16 and state tax forms.

17 **Subp. 5. Operation of tipboard game with multiple seals.**
18 In addition to the requirements of subpart 3, the following
19 items pertain to the conduct of a tipboard game with multiple
20 seals.

21 A. An organization may not commingle deals of
22 tipboard games with multiple seals.

23 B. When a player presents a winning ticket for a
24 predesignated seal, the seller must immediately open the
25 predesignated seal on the flare and award the prize.

26 C. An organization may discontinue the play of a
27 tipboard game with multiple seals before all tickets are sold in

1 a deal.

2 Subp. 6. **Operation of cumulative tipboard game.** In
3 addition to the requirements of subpart 3 the following items
4 pertain to the conduct of a cumulative tipboard game.

5 A. Cumulative tipboard games may only by be played
6 with deals having the same form number from the same family and
7 manufacturer.

8 B. An organization may have more than one deal in a
9 cumulative tipboard game in play at the same time but may not
10 commingle deals.

11 C. The organization must post the prize pool board
12 until the cumulative game is completed or is discontinued by the
13 organization.

14 D. When a seal winner is determined for a deal, the
15 seller must open the seal on the prize pool board and award the
16 prize.

17 E. When closing or discontinuing a deal within a
18 cumulative tipboard game, the organization must open the seal
19 for that deal to determine a prize pool winner, if any.

20 Subp. 7. **Records and reports.** An organization must keep
21 all records, reports, and prize receipts for a tipboard game for
22 3-1/2 years and upon request make them available to the board.

23 A. While a tipboard deal is in play, an organization
24 must keep all records, reports, and prize receipts for the deal
25 at the permitted premises.

26 B. For each tipboard game an organization must keep
27 the flare, with bar code attached, and all redeemed and unsold

1 tipboard tickets separated by game serial number. The
2 organization must not open any unsold or defective tipboard
3 tickets.

4 C. For each progressive tipboard game, an
5 organization must record at a minimum the following information
6 in a format prescribed by the board:

7 (1) date that each deal was placed into play;

8 (2) deal information, including serial number,
9 total quantity of tickets, quantity and denomination of winning
10 tickets, quantity of winning tickets that allow a player to
11 progress to the jackpot round, and quantity of tickets sold for
12 that deal;

13 (3) amount contributed to the progressive
14 jackpot;

15 (4) date the winner of the progressive jackpot
16 was determined and notified; and

17 (5) date the progressive jackpot was redeemed.

18 D. For each tipboard game removed from play during
19 that month, an organization must complete a monthly report in a
20 format prescribed by the commissioner of revenue, as required by
21 Minnesota Statutes, section 297E.06.

22 Subp. 8. Disposal of played tipboards and records. The
23 following items apply to the disposal and destruction of games
24 and records.

25 A. An organization must keep a played tipboard game,
26 flare, and all records for that game for 3-1/2 years following
27 the end of the month in which the tipboard was played and

1 reported as a played game on the tax return.

2 B. An organization may destroy a played tipboard game
3 and the records for that game when the retention period in item
4 A expires, except as required by item C. The game must be
5 completely destroyed using a method such as shredding or burning.

6 C. An organization must keep the tipboard game and
7 records after the retention period in item A expires if the
8 organization is notified by the board, commissioner of revenue,
9 commissioner of public safety, or their agents that an audit,
10 compliance review, or investigation is being conducted.

11 7861.0300 PADDLEWHEELS.

12 Subpart 1. Restrictions. In addition to the restrictions
13 and requirements in part 7861.0260, the following apply to the
14 conduct of paddlewheels.

15 A. Paddlewheels must be played using paddletickets,
16 paddleticket cards, and a paddlewheel. A game of paddlewheels
17 may be conducted with or without a paddlewheel table.

18 B. An organization must use a paddlewheel that has
19 been approved by the board and has a state registration stamp
20 permanently attached to it.

21 C. Each paddleticket card must have a paddleticket
22 card number preprinted on the stub and on each attached
23 paddleticket. Each paddleticket card must have a different
24 paddleticket card number. An organization must not have two
25 paddleticket cards with the same number in its possession.

26 D. An organization must use paddletickets that are
27 attached to a paddleticket card.

1 E. A gambling employee or volunteer may not purchase
2 paddletickets at the site of the employee's place of employment.

3 F. All paddletickets on a paddleticket card must be
4 sold before the paddlewheel is spun. If all the paddletickets
5 on the card cannot be sold, the organization must refund the
6 cost of the paddletickets to the players. The unplayed
7 paddletickets must be returned to and defaced by the
8 organization.

9 G. The paddlewheel must be spun by the paddlewheel
10 operator and make at least four complete revolutions before
11 stopping. If four complete revolutions are not made, the spin
12 is not valid and the paddlewheel must be spun again. An
13 organization may not have multiple spins of the paddlewheel to
14 award multiple prizes for one paddleticket card.

15 H. The winning number is determined by the position
16 of the pointer when the paddlewheel stops spinning. If the
17 pointer stops directly on top of a peg, the number to the left
18 of the peg seen when facing the wheel is the winning number.

19 I. A prize may only be awarded to the holder of a
20 winning paddleticket.

21 J. An organization must not transfer paddlewheel
22 games in play to another permitted premises.

23 **Subp. 2. Balancing, opening, closing, maintenance, and**
24 **inspection of paddlewheels.** The following requirements for the
25 balancing, opening, closing, maintenance, and inspection of
26 paddlewheels apply to all paddlewheel games.

27 A. To open a paddlewheel, the paddlewheel operator

1 must inspect each peg and the pointer for uneven wear and
2 replace any worn peg or worn pointer.

3 B. The paddlewheel operator must check the balance of
4 the paddlewheel by:

5 (1) inspecting the back of the paddlewheel for a
6 foreign object that may affect the paddlewheel's balance;

7 (2) positioning the pointer so it does not
8 interfere with the spin of the paddlewheel; and

9 (3) slowly rotating the paddlewheel 45 to 90
10 degrees at a time in one direction. The paddlewheel operator
11 must determine whether there is any abnormality in the rotation
12 or any reverse rotation after the paddlewheel stops. The wheel
13 must continue to be rotated until the entire wheel has been
14 evaluated by this method in both directions. If the paddlewheel
15 is out of balance, the organization must balance the paddlewheel
16 before conducting paddlewheels.

17 C. To close a paddlewheel, the paddlewheel operator
18 must place a cover over the paddlewheel or otherwise make it
19 inoperable.

20 Subp. 3. Posting of information for paddlewheels without a
21 paddlewheel table. In addition to the information required by
22 part 7861.0260, subpart 2, an organization must prominently post
23 at the point of sale:

24 A. clear and legible house rules that include, at a
25 minimum, the following information:

26 (1) all paddletickets on a card must be sold
27 before the paddlewheel is spun;

1 (2) the paddlewheel must make at least four
2 complete revolutions before the pointer stops. If the pointer
3 stops directly on top of a peg, the number to the left of the
4 peg seen when facing the wheel is the winning number;

5 (3) the winner is not required to be present when
6 the paddlewheel is spun; and

7 (4) the winner must claim the prize by the
8 conclusion of the activity for the day;

9 B. the master flare for the paddlewheel game; and

10 C. a clear and legible sign stating the amount of any
11 cash prize and the fair market value of all merchandise prizes
12 to be awarded for each game.

13 Subp. 4. Conduct of paddlewheels without a paddlewheel
14 table. The following items apply to the conduct of paddlewheels
15 without a paddlewheel table.

16 A. The sale of paddletickets must comply with the
17 following:

18 (1) Each ticket on a paddlecard must be sold for
19 the same price and must be a separate and equal chance to win as
20 all other paddletickets with the same paddleticket card number.

21 (2) In order to play, a person may not be
22 required to purchase more than one paddleticket or pay for
23 anything other than the ticket.

24 (3) All the paddletickets sold for a spin of the
25 paddlewheel must have the same paddleticket card number.

26 (4) The paddletickets must be sold on the
27 permitted premises on the same day the paddlewheel is spun.

1 B. The redemption of a winning paddleticket and the
2 awarding of a prize must comply with the following.

3 (1) To be eligible for the prize, a player is not
4 required to be present when the paddlewheel is spun.

5 (2) All winning tickets must be redeemed before
6 the conclusion of the activity for that day. Otherwise, the
7 player forfeits the prize.

8 (3) For each redeemed winning paddleticket, an
9 organization must keep a record of the date played and the cash
10 prize amount or merchandise prize awarded.

11 Subp. 5. Posting of information for paddlewheels with a
12 paddlewheel table. In addition to the information required by
13 part 7861.0260, subpart 2, an organization must prominently post
14 at the point of sale clear and legible information including, at
15 a minimum, the following:

16 A. information required by subpart 3, item A,
17 subitems (1) and (2);

18 B. the master flare for the paddlewheel game;

19 C. cash denominations at which paddlewheel chips
20 issued by the organization are sold and redeemed;

21 D. a player must first purchase paddlewheel chips
22 from the paddlewheel operator;

23 E. chips must be safeguarded. A chip dropped into a
24 table betting slot must be retrieved by authorized organization
25 employees;

26 F. a player must purchase with chips only as many
27 paddletickets as the player desires to bet on the immediate next

1 spin of the paddlewheel;

2 G. a player is assigned a unique identification
3 number that the player must write on the back of purchased
4 paddletickets;

5 H. the player places a bet by inserting a
6 paddleticket in a selected betting slot on the paddlewheel
7 table. Jammed tickets are void;

8 I. a player may not touch a paddleticket after the
9 paddlewheel operator announces "bets closed" and until the
10 operator announces "place bets";

11 J. a winning "odd" or "even" bet is determined by a
12 winning number of only the designated colored circle. However,
13 a player loses all "odd" and "even" bets if the pointer stops on
14 a specially designated "house number." This rule must be posted
15 only if an "odd" or "even" bet is accepted;

16 K. a prize payout is made in chips that must be
17 redeemed through the cashier; and

18 L. a player must be present to win.

19 Subp. 6. **Conduct of paddlewheels with a paddlewheel**
20 **table.** The following items pertain to the conduct of
21 paddlewheels with a paddlewheel table.

22 A. Before conducting a paddlewheel game with a
23 paddlewheel table, the organization's gambling manager must
24 attend a board-authorized class on the conduct of paddlewheels
25 with a paddlewheel table.

26 B. No more than two paddlewheel tables may be at a
27 permitted premises. If there are two paddlewheel tables at a

1 permitted premises, each table and its drop boxes must have a
2 separate and unique paddlewheel table identification number.

3 C. To open a paddlewheel for use, a gambling employee
4 or volunteer must inspect the cavity of the table for any
5 paddleticket, paddlewheel chip, or foreign object that may have
6 fallen through the slots, and must attach a paddlewheel chip
7 tray and lock a paddlewheel drop box to the table.

8 D. For the sale of paddlewheel chips and
9 paddletickets the organization must comply with the following.

10 (1) All paddletickets must be sold on the
11 permitted premises immediately before a spin to be valid for
12 that spin.

13 (2) Each ticket on the paddlecard must be sold
14 for the same price and must be a separate and equal chance to
15 win with all other paddletickets sold for the spin.

16 (3) The player must purchase paddlewheel chips
17 and paddletickets from the paddlewheel operator at the
18 paddlewheel table.

19 (4) A player must purchase paddletickets only
20 with paddlewheel chips, except that paddletickets for the
21 immediate next spin may be purchased directly with cash in an
22 amount equal to the value of the tickets.

23 (5) When a player first purchases paddlewheel
24 chips, the operator must give the player a card containing a
25 unique identification number. The player must return the card
26 to the operator when the player stops playing.

27 (6) Only chips may be used that comply with the

1 standards in subpart 9.

2 E. Upon receiving currency from a player for the
3 purchase of paddlewheel chips or paddletickets, the operator
4 must:

5 (1) spread each bill of currency face down and
6 flat, in sequence of denomination, in the inner table area
7 perpendicular to the chip tray, and momentarily move the
8 operator's hands away from the currency so the currency is
9 within the camera's view;

10 (2) take the paddlewheel chips from the chip
11 tray, equal in value to the currency, spread the paddlewheel
12 chips out on the playing surface, and momentarily move the
13 operator's hands away from the chips so that the chips are
14 within the camera's view;

15 (3) restack the chips and push them to the
16 player; and

17 (4) immediately place the currency in the drop
18 box.

19 F. The placement of bets must comply with the
20 following.

21 (1) Each player must write the player's assigned
22 identification number on the back of the player's paddletickets
23 before placing the tickets in a betting slot on the paddlewheel
24 table.

25 (2) A player must bet all of the player's
26 purchased paddletickets on the immediate next spin. Any
27 purchased but unplayed tickets are not valid, must not be used

1 on any other spin of the paddlewheel, and must be given back to
2 the operator who must treat them as losing tickets.

3 (3) To bet, a player must place the purchased
4 paddleticket in a betting slot on the paddlewheel table. If the
5 player forces the ticket all the way through the slot into the
6 cavity of the table, the paddleticket is not valid and must be
7 treated as a losing ticket.

8 (4) The paddlewheel operator must announce "bets
9 closed" when the paddlewheel operator has determined that:

10 (a) no other player wants to purchase a
11 paddleticket for the immediate next spin;

12 (b) there is no partially sold paddleticket
13 card; and

14 (c) the players have bet all their tickets.

15 After that, a player may not bet a paddleticket, change a
16 bet of a previously placed ticket, touch any ticket, or place
17 the player's hands on top of the paddlewheel table.

18 (5) The paddlewheel operator may assist a player
19 with a disability if the operator first verbally announces to
20 all players at the table that assistance is being given.

21 G. The paddlewheel operator must record each spin in
22 the following manner.

23 (1) The paddlewheel operator must sequentially
24 number each paddlewheel spin for each day of activity beginning
25 with "one" for the first spin of the day, progressing until
26 activity for the day is completed.

27 (2) The spin number must be written with a

1 nonerasable marker in a consistent manner either on:

2 (a) the face of the first paddleticket card
3 stub for which paddletickets have been sold for a particular
4 spin; or

5 (b) the back of the last stub from which
6 tickets have been sold for a particular spin.

7 (3) All spin numbers must be recorded in the same
8 location on the stub.

9 (a) When the sale of tickets for a
10 particular spin continues into a new sealed grouping of
11 paddleticket cards, the sequential spin number must then be
12 written on the face of the first stub of the group from which
13 tickets are continuing to be sold.

14 (b) For each subsequent spin of the same
15 group of paddleticket cards, the spin number must be written in
16 a consistent manner on either the face of the first stub for
17 which paddletickets have been sold or on the back of the last
18 stub from which tickets have been sold.

19 (4) All tickets sold for a spin must have the
20 same prize payout. If more than one group of paddletickets is
21 sold for a spin, the master flare for each group of tickets must
22 be posted. At the end of the spin, the old flare must be
23 removed.

24 (5) The paddlewheel operator must initial each
25 paddleticket card stub with a nonerasable marker.

26 (6) After each spin, the paddlewheel operator
27 must record with a nonerasable marker the winning number or

1 numbers on:

2 (a) the face of the paddleticket card stub
3 with the lowest serial number of the cards related to that spin
4 of the paddlewheel; or

5 (b) the back of the paddleticket card stub
6 with the highest serial number of the cards related to that spin
7 of the paddlewheel.

8 H. When redeeming a winning paddleticket and awarding
9 a prize, the organization must comply with the following.

10 (1) The paddlewheel operator must remove all
11 losing paddletickets from the slots on the paddlewheel table and
12 in view of the players tear in half and discard the torn tickets
13 in a container that is not easily accessible by a player.

14 (2) Next, the operator must pay off the winning
15 tickets, if any, slot by slot. To pay off the winning tickets,
16 the operator must:

17 (a) circle or record, in ink, the winning
18 number or set of numbers on the face or on the back of the
19 winning ticket;

20 (b) pay off the winning ticket in chips to
21 the player who has the card containing the unique identification
22 number written on the back of the ticket; and

23 (c) record the prize amount in ink on the
24 face or on the back of the winning ticket.

25 I. To close a paddlewheel, a paddlewheel operator
26 must tell the players that their paddlewheel chips must be
27 redeemed through the cash bank cashier. A paddlewheel operator

1 must collect all identification cards from the players.

2 Subp. 7. Use of paddlewheel surveillance system for
3 paddlewheels with a paddlewheel table. The following items
4 apply to the conduct of paddlewheels with a paddlewheel table.

5 A. Within 14 days of the initial operation of a
6 paddlewheel table, the organization must send to the board a
7 video recording of at least one day's activity. The board must
8 review the videotape to verify that the organization is
9 complying with rule requirements. If the board determines the
10 video recording does not meet rule requirements, the
11 organization must make immediate corrections before resuming
12 paddlewheel activity.

13 B. An organization must use a video surveillance
14 system that meets, at a minimum, the following requirements:

15 (1) be capable of filming at the same time the
16 paddlewheel table rail to rail and a small picture of the wheel
17 pointer and number within a big picture of the paddlewheel
18 table;

19 (2) not have an audio recorder;

20 (3) record real date and time of activity;

21 (4) allow for immediate verification of the value
22 of chips, placement and payment of bets, the pointer, the
23 winning number on the paddlewheel, and drop box slot; and

24 (5) show the identification number of the
25 paddlewheel table when an organization conducts more than one
26 paddlewheel table.

27 C. When using a video surveillance system, the

1 paddlewheel table and paddlewheel must be in plain view and not
2 be blocked.

3 D. The organization must maintain the video
4 surveillance equipment to ensure the quality of the recording of
5 activity at the paddlewheel table. The organization must close
6 the paddlewheel table if the video surveillance system is not
7 properly operating or fails to comply with this subpart.

8 E. Only a gambling manager, shift manager, or an
9 independent person are authorized to do the following:

10 (1) start and stop the video surveillance system
11 from the time a paddlewheel table is open for the day to the
12 closing of the paddlewheel table. The system may be
13 preprogrammed to start and stop at set times;

14 (2) access an organization's video surveillance
15 system and recordings. The system must be locked and
16 inaccessible to the paddlewheel table operator; and

17 (3) change a videotape in the video surveillance
18 system at the beginning, during, or at the end of a day's
19 paddlewheel activity.

20 F. Each week an independent person must review at a
21 minimum one day's activity per table. A log must be kept
22 showing who conducted the review and when it was conducted.

23 G. The organization must keep the recordings in a
24 safe and secure storage place for 30 days. The recordings may
25 not be accessible to the paddlewheel table operator.

26 H. For purposes of this subpart, an "independent
27 person" does not include the paddlewheel cashier or operator,

1 and if the premises is leased does not include the lessor,
2 lessor's immediate family, or lessor's employees.

3 Subp. 8. Operating procedures and internal controls for
4 paddlewheels with a paddlewheel table. The following operating
5 procedures and internal controls apply to the conduct of
6 paddlewheels with a paddlewheel table.

7 A. An organization is responsible for the
8 safeguarding and secure storage of paddleticket cards and
9 paddlewheel chips.

10 B. An organization must redeem paddlewheel chips for
11 cash at the value for which they were sold. The chips must be
12 redeemed only through the paddlewheel chip and cash bank
13 cashier. The organization must keep the cash bank used to
14 redeem paddlewheel chips separate from all other organization
15 cash. Until the organization completes the records for the time
16 period during which the chips were redeemed, the organization
17 must keep redeemed chips separate and apart from the chip bank.

18 C. All tips must be made only with paddlewheel
19 chips. A paddlewheel operator must redeem paddlewheel chips
20 received as tips through the paddlewheel chip and cash bank
21 cashier and may not exchange those chips for other chips from
22 any chip tray.

23 D. An organization may not transfer or make change of
24 chips directly from one table to another table.

25 E. When paddlewheel chips are distributed to a
26 paddlewheel table from the chip bank, the paddlewheel chip and
27 cash bank cashier must prepare a fill slip. The fill slip must

1 be at least a two-part carbonless form and include at a minimum
2 the following information:

- 3 (1) date and time;
4 (2) denomination of chips;
5 (3) quantity and total dollar value, by
6 denomination, of chips;
7 (4) total dollar value of chips; and
8 (5) if there is more than one paddlewheel table
9 located at the permitted premises, the table identification
10 number.

11 The cashier must keep the original copy of the fill slip. The
12 paddlewheel operator must deposit the duplicate copy of the fill
13 slip in the paddlewheel table drop box.

14 F. When paddlewheel chips are returned from the
15 paddlewheel table to the chip bank, the paddlewheel operator
16 must prepare a credit slip which must be at least a two-part
17 carbonless form. The same information must be recorded on the
18 original and duplicate credit slip as on a fill slip. The
19 paddlewheel operator must deposit the original copy of the
20 credit slip in the paddlewheel table drop box, and the cashier
21 must keep the duplicate copy of the credit slip.

22 G. After play has started, the paddlewheel operator
23 must keep the money plunger in the paddlewheel table drop box
24 slot while the drop box is attached to the table. The
25 paddlewheel operator must remove the money plunger when coin,
26 currency, or forms are being inserted into the drop box.

27 H. The paddlewheel operator must immediately place

1 all cash received for paddlewheel chips into the drop box. The
2 contents of the drop box may not be accessed by any person
3 before the drop box cash count.

4 I. An organization employee or volunteer, who is not
5 the paddlewheel operator or paddlewheel chip and cash bank
6 cashier, must keep and control the key to at least one lock
7 securing the contents of the paddlewheel drop box during the
8 time a paddlewheel is in play.

9 J. At the end of the activity, the paddlewheel
10 operator must remove and secure the unopened drop box.

11 K. The drop box must be opened and the cash counted
12 by two organization employees or volunteers, only one of which
13 may be the paddlewheel operator or the chip and cash bank
14 cashier. The cash count must be verified by a third person.

15 Subp. 9. **Standards for paddlewheel chips for paddlewheels**
16 **with a paddlewheel table.** The following standards apply to
17 paddlewheel chips used with a paddlewheel table.

18 A. Paddlewheel chips must not be made of plastic,
19 wood, or paper.

20 B. An organization must issue paddlewheel chips in
21 denominations of \$1, \$2, \$5, or \$25. \$1 chips must be white, \$2
22 chips must be yellow, \$5 chips must be red, and \$25 chips must
23 be green.

24 C. Each chip must have permanent edge spots that are
25 different in color than the rest of the chip.

26 D. Each paddlewheel chip must be clearly and
27 permanently impressed, engraved, or imprinted with the

1 organization's license number and the dollar value of the chip.

2 Subp. 10. **Bet and prize payout restrictions for**
3 **paddlewheels with a paddlewheel table.** The following bet and
4 prize payout restrictions apply to the conduct of paddlewheels
5 with a paddlewheel table.

6 A. A player must not place a bet that exceeds one or
7 more of the following limits:

8 (1) \$50 in aggregate for a spin of the
9 paddlewheel;

10 (2) \$10 on a single number;

11 (3) \$25 for a line bet; and

12 (4) \$25 on either "odd" or "even."

13 A bet is void if it exceeds one or more of these limits. The
14 paddletickets used to make the excess portion of the bet must be
15 treated as losing tickets.

16 B. The prize payout must be a predetermined variable
17 multiple of the amount wagered, must be made in paddlewheel
18 chips, and must not exceed the following ratios:

19 (1) 40 to 1 for a bet on a single number in the
20 outer concentric circle of the paddlewheel;

21 (2) 20 to 1 for a bet on a single number in the
22 middle concentric circle of the paddlewheel;

23 (3) 10 to 1 for a bet on a single number in the
24 inner concentric circle of the paddlewheel;

25 (4) 5 to 1 for a line bet; or

26 (5) 2 to 1 for an "odd" or "even" bet.

27 Subp. 11. **Records and reports.** An organization must keep

1 all records, reports, and prize receipts for a paddlewheel game
2 for 3-1/2 years and upon request make them available to the
3 board.

4 A. For each paddlewheel game, an organization must
5 keep the master flare, all redeemed and unsold paddletickets,
6 and all paddlecard stubs.

7 B. When using a paddlewheel with a table, an
8 organization must complete forms prescribed by the board that
9 account for cash banks, chips, receipts, operator sales, prize
10 receipts, and operator percent of hold. An organization must
11 keep records to account for the paddletickets, paddleticket
12 cards, paddlewheel chips, gross receipts, actual net receipts,
13 actual cash profit, and cash long or short for each separate
14 time period on each day that a paddlewheel table is open for
15 play.

16 C. For each separate time period that a paddlewheel
17 table is in use, an organization must keep a record of the
18 following information:

19 (1) premises permit number;

20 (2) table identification when the organization
21 uses more than one table;

22 (3) dates and times that the paddlewheel was open
23 for play;

24 (4) starting and ending cash bank amount;

25 (5) starting and ending paddlewheel chip
26 inventories by denomination and total dollar value; and

27 (6) denomination and total dollar value of

1 paddlewheel chips taken to the table from inventory, taken from
2 the table to inventory, and redeemed for cash.

3 D. The organization must deface all unsold
4 paddleticket cards when closing a grouping of paddleticket cards.

5 E. At the end of the month, the organization must
6 close from play all partially played groupings of paddleticket
7 cards and report as unsold any unplayed paddleticket cards.

8 F. For each sealed grouping of 100 or fewer
9 sequentially numbered paddleticket cards from which
10 paddletickets were sold that month and closed from play, an
11 organization must complete a monthly report in a format
12 prescribed by the commissioner of revenue, as required by
13 Minnesota Statutes, section 297E.06.

14 Subp. 12. **Disposal of played paddlewheel tickets and**
15 **records.** The following items apply to the disposal and
16 destruction of tickets and records.

17 A. An organization must keep redeemed paddlewheel
18 tickets, unsold tickets, and master flares for 3-1/2 years
19 following the end of the month in which the game was played and
20 reported as a played game on the tax return.

21 B. An organization may destroy paddlewheel records,
22 redeemed paddletickets, unsold tickets, and master flares when
23 the retention period in item A expires, except as required by
24 item C. The game must be completely destroyed using a method
25 such as shredding or burning.

26 C. An organization must keep the game and records
27 after the retention period in item A expires if they are

1 notified by the board, commissioner of revenue, commissioner of
2 public safety, or their agents that an audit, compliance review,
3 or investigation is being conducted.

4 7861.0310 RAFFLES.

5 Subpart 1. Raffle ticket requirements. Raffle ticket
6 requirements are as follows.

7 A. Raffle tickets must have a detachable section and
8 both parts must be sequentially numbered, starting with the
9 number "1" and continuing through the maximum number of tickets
10 to be sold. This does not pertain to raffle tickets that may be
11 used only by exempt or excluded organizations under Minnesota
12 Statutes, section 349.173, paragraph (a).

13 B. The detachable section must contain spaces for the
14 purchaser's name, complete address, and telephone number.

15 C. The following information must be printed on each
16 ticket:

17 (1) organization name and license or exemption
18 number;

19 (2) date, time, and location of the selection of
20 winning entries;

21 (3) sequential number of the ticket;

22 (4) ticket price; and

23 (5) at a minimum the three most valuable prizes

24 to be awarded, including a statement regarding the winner's
25 responsibility for any applicable fees or taxes. If all prizes
26 are not listed on the raffle ticket, the ticket must contain the
27 statement "A complete list of additional prizes is available

1 upon request."

2 D. Raffle tickets must not contain the words
3 "suggested donation" or any other implied request for money,
4 other than the price printed on the raffle ticket.

5 E. The invoice for the printing of the tickets must
6 show the quantity of tickets printed for each price level and
7 list their sequential numbers.

8 F. All raffle tickets must be the same size, shape,
9 and thickness.

10 Subp. 2. **Multiple pricing levels of raffle tickets.** A
11 raffle may consist of multiple sets of tickets sold at different
12 prices if the tickets comply with the following requirements.

13 A. Each price level of tickets must have a separate
14 set of sequentially numbered tickets starting with number "1"
15 through the maximum number of tickets to be sold at that price
16 level.

17 B. Each set of tickets must be clearly identifiable
18 from other tickets for the same raffle sold at a different price
19 level.

20 C. All raffle tickets must be the same size, shape,
21 and thickness.

22 D. The invoice for the printing of the tickets must
23 show the quantity of tickets printed for each price level and
24 list their sequential numbers.

25 E. The organization must keep a separate raffle log
26 for each set of tickets.

27 Subp. 3. **Posting of information and house rules.** In

1 addition to the information required by part 7861.0260, subpart
2 2, items A, B, and C, an organization must prominently post
3 clear and legible house rules at the point where winners are
4 determined. The house rules must include, at a minimum, the
5 following:

6 A. method and policy of selecting or determining
7 winners;

8 B. statement that the winner need not be present;

9 C. policy on accepting checks;

10 D. statement that the purchase of only one ticket or
11 certificate of participation is required to enter the raffle;

12 E. explanation of multiple pricing levels, if any;

13 and

14 F. persons under age 18 may not purchase a raffle
15 ticket or certificate of participation or win a prize.

16 Subp. 4. **Conducting a raffle.** The following items apply
17 to the conduct of raffles as allowed under Minnesota Statutes,
18 section 349.173.

19 A. Each entry in a raffle must have an equal chance
20 to win in the raffle.

21 B. The organization may not require a person to
22 purchase more than one ticket or certificate of participation,
23 or to pay for anything else to enter a raffle.

24 C. An organization must sell each ticket for the
25 price printed on the ticket. The organization must not give a
26 player any ticket free of charge or for any other consideration.

27 D. The organization may not require a person to be

1 present at a raffle to be eligible to win a prize.

2 E. Each seller must return to the organization all
3 unsold tickets and the stubs or other detachable section of all
4 tickets sold before the drawing.

5 F. Tickets or certificates of participation must not
6 be sold after the organization has started the prize selection
7 process.

8 G. When tickets are used, the following apply:

9 (1) before the first drawing for a prize, the
10 organization must place all the stubs or other detachable
11 section of every ticket sold into a receptacle from which the
12 winning tickets must be drawn; and

13 (2) the receptacle must be designed so that each
14 ticket placed in it has an equal chance to be drawn.

15 H. The organization must account for all proceeds and
16 unsold tickets.

17 Subp. 5. **Conducting a calendar raffle.** An organization
18 may conduct a calendar raffle in which the raffle ticket is a
19 calendar containing a detachable stub.

20 A. A licensed organization may conduct drawings for a
21 calendar raffle on more than one date.

22 B. An exempt organization must conduct drawings for a
23 calendar raffle on the date or dates authorized by the board in
24 compliance with Minnesota Statutes, section 349.166.

25 Subp. 6. **Conducting an alternative raffle.** If an
26 organization uses an alternative method of selecting winners
27 other than as prescribed in subpart 4, item G, the organization

1 must obtain prior approval of the board. The request must
2 include at a minimum:

3 A. organization's name and license or exemption
4 number;

5 B. premises name and address where the raffle will be
6 conducted;

7 C. type of random selection process to be used for
8 determining winners;

9 D. details of the operation and conduct of the
10 raffle, including method for selling certificates of
11 participation;

12 E. record-keeping and accounting procedures for the
13 raffle;

14 F. date organization membership approved the raffle
15 and alternative method of selecting winners; and

16 G. signature of chief executive officer.

17 In considering the request, the board must ensure that the
18 raffle and the alternative method of selecting winners comply
19 with statutory and rule requirements for raffles. If approved,
20 the alternative method may be used for future raffles by all
21 organizations without additional board approval. The approval
22 or denial must be made available upon request and must be posted
23 on the board's Web site.

24 Subp. 7. **Conducting a button raffle.** An organization may
25 conduct a "button raffle" allowed under Minnesota Statutes,
26 section 349.173, paragraph (b), clause (2).

27 A. When a button is used as a certificate of

1 participation, the button:

2 (1) must be sequentially numbered and have a
3 corresponding ticket for the drawing;

4 (2) may be used by the holder for a free or
5 reduced entry fee to an event that is sponsored by the
6 organization or community, if there is no cost to the
7 organization for the additional value of the button; and

8 (3) may not be used at the event to obtain
9 trademarked merchandise for a reduced price or free.

10 The organization must account for all sold and unsold buttons
11 and keep all unsold buttons.

12 B. When a button is provided with a certificate of
13 participation:

14 (1) the certificate of participation must contain
15 the information required in subpart 1, item C, and comply with
16 subpart 1, items D, E, and F;

17 (2) the provisions of item A, subitem (2), apply;
18 and

19 (3) the organization must account for all sold
20 and unsold certificates. Unsold buttons may be discarded.

21 Subp. 8. **Raffle date.** An organization must select all
22 raffle winners at the date, time, and location printed on the
23 raffle tickets or certificates of participation.

24 A. An organization may request that the board's
25 director allow the organization to change the raffle date if:

26 (1) weather has caused a postponement of the
27 event at which the selection of raffle winners was to occur;

1 (2) not enough tickets were sold to cover the
2 cost of the prizes. The fact that a desired level of profit
3 will not be reached is not a basis for extending the date; or

4 (3) other circumstances exist beyond the
5 organization's control.

6 B. If a raffle date change is approved by the board's
7 director, the organization must publicize that fact to
8 purchasers of the tickets and document the approved date change
9 in its monthly meeting minutes.

10 Subp. 9. **Canceling a raffle; issuing refunds.** To cancel a
11 raffle an organization must comply with the following.

12 A. A raffle may only be canceled with approval of the
13 board's director.

14 B. After receiving approval, the organization must
15 return all money to persons who purchased a chance to
16 participate in the raffle. If the organization is unable to
17 locate a person within 30 days after reasonable attempts via
18 mail and telephone, the organization must deposit the receipts
19 and report them on the monthly tax return.

20 C. The organization must keep documentation with the
21 raffle records showing the attempts made to reach all persons
22 who purchased a chance to participate in the raffle.

23 D. A person is entitled to claim a refund for up to
24 one year from the date of the canceled raffle.

25 Subp. 10. **Raffle log required.** An organization must
26 maintain a raffle log including, at a minimum:

27 A. organization name;

- 1 B. total quantity of tickets printed;
- 2 C. price per ticket;
- 3 D. date of the raffle; and
- 4 E. information for each person given tickets to sell,
- 5 including:
- 6 (1) person's name and telephone number;
- 7 (2) quantity and sequential number of tickets
- 8 given to each person for sale;
- 9 (3) quantity of tickets sold;
- 10 (4) quantity and sequential numbers of the
- 11 tickets returned unsold;
- 12 (5) actual gross receipts reported by each
- 13 person;
- 14 (6) actual cash received from each person; and
- 15 (7) cash long or short reported by each person.
- 16 Subp. 11. **Records and reports.** For each raffle conducted,
- 17 an organization must keep the following records for 3-1/2 years
- 18 from the end of the month on which the raffle was reported as
- 19 played on the tax return:
- 20 A. total amount of gross receipts;
- 21 B. total value of all prizes awarded in each raffle;
- 22 C. when tickets are used, the winning ticket stubs;
- 23 D. raffle log;
- 24 E. copy of the raffle ticket for each price level;
- 25 F. all unsold tickets;
- 26 G. for licensed organizations, a copy of the invoice
- 27 for the printing of the tickets showing the quantity of tickets

1 printed, sequential numbers used, and selling price printed on
2 the tickets; and

3 H. if certificates of participation were used,
4 records that comply with the information required in this
5 subpart.

6 Subp. 12. Disposal of raffle tickets and records. The
7 following items apply to the disposal and destruction of tickets
8 and records.

9 A. A licensed organization may dispose of raffle
10 tickets or certificates of participation and records after 3-1/2
11 years from the date the raffle was reported on the tax return.

12 B. An exempt organization authorized to conduct a
13 raffle under Minnesota Statutes, section 349.166, subdivision 2,
14 may dispose of raffle tickets or certificates of participation
15 and records after 3-1/2 years from the date the financial
16 information for the raffle was reported to the board.

17 C. An organization must keep the tickets or
18 certificates of participation and records after the retention
19 period in item A expires if they are notified by the board,
20 commissioner of revenue, commissioner of public safety, or their
21 agents that an audit, compliance review, or investigation is
22 being conducted.

23 7861.0320 ORGANIZATION OPERATIONS, ACCOUNTS, REPORTS, AND
24 RECORDS.

25 Subpart 1. Internal accounting and administrative controls
26 required.

27 A. An organization must establish, implement, and

1 have available for review a written system of internal
2 accounting and administrative controls for its lawful gambling
3 operations.

4 B. The organization must document the procedures and
5 records required for its system of accounting and administrative
6 controls for the lawful gambling operations so that the
7 following objectives are met:

8 (1) transactions are made with management's
9 authorization;

10 (2) gambling revenue transactions are recorded
11 properly and completely to maintain accountability for assets;

12 (3) assets are secured and access to assets is
13 only permitted with management's authorization;

14 (4) recorded gambling funds and equipment are
15 monitored on an ongoing basis and discrepancies are resolved;

16 (5) separation of duties, functions, and
17 responsibilities to protect the organization from theft and
18 fraudulent reporting and ensure compliance with all lawful
19 gambling reporting requirements; and

20 (6) fair play of the games to the public is not
21 restricted.

22 C. The organization's members, gambling employees, or
23 gambling volunteers must perform, at a minimum, the following
24 duties:

25 (1) prepare source documents that include:

26 (a) inventory records for daily tracking of
27 game inventory, site inventory, monthly physical inventory, and

1 merchandise inventory. The person who maintains the perpetual
2 inventory must not be the same person who performs the physical
3 inventory;

4 (b) gambling deposit slips;

5 (c) gambling occasion and daily activity
6 records; and

7 (d) authorization for disbursements of
8 gambling funds;

9 (2) provide oversight of lawful gambling
10 including but not limited to:

11 (a) conduct of lawful gambling;

12 (b) assuring that illegal gambling is not
13 conducted at any premises where the organization is permitted to
14 conduct lawful gambling;

15 (c) investigating cash variances;

16 (d) determining product to be purchased;

17 (e) ordering product;

18 (f) presenting the gambling report to

19 members at the regular monthly meeting of the organization; and

20 (g) ensuring compliance with expense
21 calculations;

22 (3) hire, discipline, or fire employees;

23 (4) train employees;

24 (5) deposit gambling receipts into the bank
25 accounts;

26 (6) verify cash banks; and

27 (7) verify that all gambling expenditures,

1 equipment, assets, and receipts are properly accounted for.

2 D. The organization is responsible for verifying the
3 accuracy of records and reports, including but not limited to:

4 (1) check register;

5 (2) monthly bank statement reconciliation;

6 (3) all tax returns and schedules;

7 (4) final audit of closed games;

8 (5) bank deposit reconciliation to game and bank
9 records; and

10 (6) reconciliation of physical and perpetual
11 inventories.

12 E. For its internal accounting and administrative
13 control system, the organization must include, at a minimum,
14 written procedures for all items in items A, B, C, and D.

15 F. The organization must maintain a document that
16 outlines the segregation of functional responsibilities for the
17 organization's gambling operations and must make the document
18 available to the board. The document must contain the names or
19 titles of persons who are responsible for:

20 (1) presenting the monthly gambling report to the
21 organization membership;

22 (2) ensuring that prior authorization for all
23 gambling expenditures is obtained;

24 (3) recording the monthly gambling report and
25 authorization of expenditures in the organization meeting
26 minutes;

27 (4) preparing checks for signatures and

1 maintaining the check register;

2 (5) signing checks from the gambling account;

3 (6) maintaining perpetual inventory records, and

4 comparing the physical inventory to the perpetual inventory;

5 (7) conducting and verifying the physical

6 inventory;

7 (8) maintaining merchandise inventory;

8 (9) preparing bank deposits;

9 (10) depositing receipts into the gambling

10 account;

11 (11) reconciling bank statements to the checks,

12 electronic transfers and payments, and deposits listed in the

13 check register;

14 (12) auditing closed games;

15 (13) verifying and resolving profit carryover

16 variances;

17 (14) preparing reports required to be submitted

18 to the board and the commissioner of revenue;

19 (15) monitoring the organization's expense

20 calculations;

21 (16) investigating and resolving fund losses of

22 missing inventory, tickets, or receipts; and

23 (17) investigating and resolving cash shortages.

24 G. The board must require that the organization

25 revise its internal accounting and administrative control

26 systems if they do not meet the requirements in this subpart.

27 Failure to respond to the board's notice that the organization

1 must revise its internal accounting and administrative control
2 systems must result in the board taking disciplinary action.

3 **Subp. 2. Method of accounting.** An organization must use
4 the cash basis method to report gross receipts and allowable
5 expenses on the tax return except as provided in this subpart.

6 A. The organization must use the accrual basis method
7 to report the cost of pull-tabs, paddletickets, tipboards, bingo
8 paper, raffle tickets, and certificates of participation.

9 B. The organization must use the accrual basis method
10 to report the tax required by Minnesota Statutes, section
11 297E.02, and the monthly regulatory fee required by Minnesota
12 Statutes, section 349.165, subdivision 3, paragraph (b).

13 **Subp. 3. Gambling bank accounts; expenditures of gambling**
14 **funds; emergency expenditures.** Each organization must maintain
15 a separate gambling bank account at banks, savings and loans
16 institutions, or credit unions located within Minnesota and
17 comply with the following.

18 A. The organization must maintain a gambling checking
19 account that complies with the requirements of Minnesota
20 Statutes, section 297E.06, subdivision 2, as prescribed by the
21 commissioner of revenue.

22 B. Two signatures of active organization members are
23 required on all checks from the gambling bank account and for
24 the initial authorization for electronic transfers permitted by
25 statute. The treasurer of the organization may not sign the
26 checks or the initial authorization for electronic transfers
27 from the gambling bank account.

1 C. The organization must make all expenditures or
2 contributions of gambling funds from the gambling checking
3 accounts. This item does not pertain to emergency expenditures
4 which may be made from a source other than the organization's
5 gambling account if the organization's membership has approved
6 the expenditure. "Emergency expenditure" means a financial
7 obligation due and payable which, if not met, would require the
8 organization to immediately stop gambling.

9 Subp. 4. Deposits and transfers of gambling receipts. The
10 following items pertain to the deposit and transfer of gambling
11 receipts.

12 A. Each organization must deposit all gambling
13 receipts, interest income, and any rebate or credit refund for
14 an expenditure originally paid with gambling funds into the
15 organization's gambling bank account.

16 B. An organization may transfer gambling funds to a
17 nonchecking account included in its gambling bank account.

18 C. For deposits of gambling receipts, the
19 organization must record on the deposit slip the date of
20 deposit, premises permit number, and the following:

21 (1) for pull-tabs and tipboards, the game serial
22 number and amount of actual cash deposited from each game;

23 (2) for bingo occasions, the date of each
24 occasion and amount of actual cash deposited from each occasion;

25 (3) for raffles, the date of the raffle and
26 actual amount of deposit from the sale of raffle tickets or
27 certificates of participation; and

1 (4) for paddlewheel activity, the actual amount
2 of cash deposited from each day's paddlewheel activity and
3 series number of all paddletickets sold during that day's
4 paddlewheel activity.

5 D. Funds from a nongambling source must not be
6 deposited in the gambling bank account except as required by
7 subpart 5 and subpart 16, item C.

8 E. Gambling funds must not be transferred to the
9 organization's general bank accounts for any expenditures or
10 contributions without prior board approval. This item does not
11 pertain to transfers allowed under subpart 15, item B.

12 Subp. 5. Reimbursements to gambling bank account. An
13 organization may not deposit funds from a nongambling source
14 into the gambling bank account unless the organization is
15 required by the board or as otherwise required by statute or
16 rule to reimburse its gambling account for the following
17 reasons, including but not limited to:

18 A. unlawful expenditure or expense;

19 B. cash shortage;

20 C. fund loss;

21 D. negative expense calculation;

22 E. gambling receipts that the organization failed to
23 deposit into the account;

24 F. advertising expenses as allowed by Minnesota
25 Statutes, section 349.12, subdivision 3a; or

26 G. bring the organization into compliance with
27 Minnesota Statutes, chapter 297E, as required by the

1 commissioner of revenue.

2 Subp. 6. Report to membership and approval of expenditures
3 by membership required.

4 A. Before gambling funds are spent, including
5 electronic payments allowed by statute or rule, the organization
6 must obtain the approval of its members at a regular
7 organization meeting and record the approval in the meeting
8 minutes.

9 B. The gambling manager or designee must present a
10 monthly report to the organization's members. The organization
11 must include the report with the meeting minutes. The report
12 must contain the following information:

13 (1) gross receipts from each form of lawful
14 gambling conducted;

15 (2) for each form of lawful gambling conducted,
16 the dollar amount of all prizes paid out and total value of all
17 merchandise prizes awarded;

18 (3) details on all allowable expenses;

19 (4) records that show how the net receipts from
20 gambling activity were spent for lawful purpose;

21 (5) records of gambling equipment purchases,
22 including:

23 (a) type, quantity, date purchased, and unit
24 cost of equipment purchased; and

25 (b) the licensed distributor from whom the
26 equipment was purchased;

27 (6) a month-end physical inventory of all games

1 in play and unplayed games, including:

2 (a) manufacturer's identification, part
3 number, and serial number;

4 (b) game name;

5 (c) cost of each game; and

6 (d) date and signature, in ink, of the
7 person completing the inventory;

8 (7) bank reconciliation that balances with the
9 organization's profit carryover for each month, and lists:

10 (a) outstanding checks, including check
11 number, payee, and amount;

12 (b) electronic payments and transfers;

13 (c) deposits in transit;

14 (d) beginning and ending bank balances for
15 each month;

16 (8) any correspondence received or sent about the
17 organization's lawful gambling operations; and

18 (9) any fund losses discovered during the month.

19 C. On an annual basis the organization must report to
20 its membership the financial summary report required by
21 Minnesota Statutes, section 349.19, subdivision 5, in a format
22 prescribed by the board.

23 Subp. 7. Report of lawful purpose expenditures to board
24 required.

25 A. An organization must file with the board a report
26 of lawful purpose expenditures and board-approved expenditures,
27 as required by Minnesota Statutes, section 349.154, subdivision

1 2, in a format prescribed by the board.

2 B. When expenditures are made, the organization must
3 report the expenditure to the board by the 20th day of the next
4 month.

5 C. The organization's gambling manager and chief
6 executive officer must sign the report. The organization may
7 appoint a designee to sign the report for either the gambling
8 manager or the chief executive officer, but not more than one
9 designee signature is allowed on the report for any month.

10 Subp. 8. Monthly report to revenue required. The
11 organization must file the following information each month with
12 the Department of Revenue in a format prescribed by the
13 commissioner of revenue:

14 A. lawful gambling monthly activity summary and tax
15 return;

16 B. summary of receipts and expenses for each
17 permitted premises;

18 C. summary of played pull-tab games, tipboard games,
19 or paddleticket groupings and receipts per game; and

20 D. gambling fund reconciliation.

21 Subp. 9. Fund loss report or request for a profit
22 carryover adjustment due to fund loss. When an organization has
23 a fund loss by questionable means of its inventory or cash, the
24 organization must use the following procedures.

25 A. The organization must file a report with local law
26 enforcement authorities within:

27 (1) five days of discovering the loss; or

1 (2) 24 hours of discovering a loss from a
2 pull-tab dispensing device.

3 B. The organization must submit one of the following
4 to the board within 60 days of discovering the loss:

5 (1) documentation that its gambling account was
6 reimbursed for the amount of the fund loss from a source of
7 nongambling funds and the date the loss was reported to the
8 organization's membership; or

9 (2) a request for a profit carryover adjustment
10 due to a fund loss. If the organization does not submit the
11 request within 60 days of discovering the loss, the board will
12 not consider the request.

13 C. An organization that submits a request to the
14 board for a profit carryover adjustment due to a fund loss must
15 use a form prescribed by the board. The request must contain,
16 at a minimum:

17 (1) organization's name, address, license number,
18 premises permit number, and effective date of the premises
19 permit where the loss occurred;

20 (2) monetary value of the loss;

21 (3) how and when the loss occurred;

22 (4) how the assets were secured when the loss
23 occurred;

24 (5) whether the current status of the law
25 enforcement investigation is active, inactive, or closed;

26 (6) whether any portion of the loss has been or
27 will be paid by insurance or restitution and, if so, the

1 anticipated amount to be paid and dates of payment;

2 (7) internal controls in place when the loss
3 occurred and any changes made to the internal controls and
4 personnel to prevent future losses;

5 (8) date the loss was reported to the membership;

6 (9) signatures of the chief executive officer and
7 gambling manager; and

8 (10) before the request will be considered by the
9 board, the organization must provide the board with copies of:

10 (a) the local law enforcement report or a
11 letter showing that the organization has requested a copy of the
12 report;

13 (b) a copy of the Schedule B2, if any, and
14 Schedule F showing how the loss was reported to the Department
15 of Revenue; and

16 (c) minutes from the meeting at which the
17 fund loss was reported to the membership.

18 D. The board must consider the following items when
19 approving or denying a request for a profit carryover adjustment
20 due to a fund loss:

21 (1) security procedures and internal controls in
22 effect when the loss occurred;

23 (2) how assets were secured when the loss
24 occurred;

25 (3) whether established internal controls were
26 followed by the organization's employees;

27 (4) timely filing of the local law enforcement

1 report;

2 (5) whether the information in the request was
3 complete;

4 (6) whether an organization employee was in
5 control of the cash or inventory when the loss occurred;

6 (7) whether the cash or inventory was accessible
7 to nonorganization employees; and

8 (8) if the loss occurred after business hours,
9 how the organization protected and controlled the cash or
10 inventory.

11 E. If the board denies a request for a profit
12 carryover adjustment due to a fund loss, the organization must
13 reimburse its gambling account for the amount of the fund loss.
14 The organization must submit proof of reimbursement to the board
15 within 90 days of the board's final determination.

16 F. The board must reconsider a request for a profit
17 carryover adjustment due to a fund loss when an organization
18 presents new information that the organization could not have
19 discovered before the board's initial consideration of the
20 request.

21 Subp. 10. **Allowable expenses; expense calculations.** An
22 organization may spend gambling gross profits for expenses
23 directly related to the conduct of lawful gambling if the total
24 percentage does not exceed the percentages in Minnesota
25 Statutes, section 349.15, subdivision 1. A licensed
26 organization must maintain an allowable expense calculation
27 report on a form prescribed by the commissioner of revenue using

1 the information reported on the organization's monthly tax
2 returns.

3 Subp. 11. Expense calculations for licenses issued with an
4 effective date before July 1, 2006. For a license issued with
5 an effective date before July 1, 2006, an organization must
6 determine expense calculations on an annual basis for the
7 organization as a whole based on its cumulative past
8 expenditures for allowable expenses.

9 A. If an organization's expense calculation is
10 negative on the date the tax return for the 12th month of the
11 license is due, the organization must notify the board and
12 immediately stop gambling. The organization must not start the
13 conduct of gambling again until it has:

14 (1) deposited into its gambling account funds
15 from a nongambling source for the amount the organization
16 exceeded the percentage limits for allowable expenses in
17 violation of Minnesota Statutes, section 349.15, subdivision 1;
18 and

19 (2) provided the board with copies of the check
20 and the bank-generated deposit receipt as proof of the
21 reimbursement or a bank document showing proof of an electronic
22 payment. The board may request additional documentation to
23 verify that the funds did not originate from gambling proceeds.

24 B. To renew its license, the organization's expense
25 calculations must be determined for the 21st month after the
26 effective date of its current license. If the organization's
27 expense calculation is negative, the organization must submit

1 the following to the board by the end of the 22nd month:

2 (1) expense calculation report completed through
3 the 21st month;

4 (2) proof that the organization deposited funds
5 from a nongambling source into its gambling account for the
6 amount the organization exceeded the percentage limits for
7 allowable expenses in violation of Minnesota Statutes, section
8 349.15, subdivision 1;

9 (3) copies of the check and the bank-generated
10 deposit receipt as proof of the reimbursement, or a bank
11 document showing proof of an electronic payment. The board may
12 request additional documentation to verify that the funds did
13 not originate from gambling proceeds; and

14 (4) in addition, the balance must be positive or
15 zero for the 24th month. If the balance is negative for the
16 24th month, the organization must reimburse its account and
17 provide the board with an expense calculation report completed
18 through the 24th month and the information required in subitems
19 (2) and (3).

20 C. Reimbursements for negative expense calculations
21 must only be made once on an annual basis as allowed by this
22 subpart.

23 Subp. 12. Expense calculations for licenses issued with an
24 effective date of July 1, 2006, and after. For a license issued
25 with an effective date of July 1, 2006, and after, an
26 organization must determine expense calculations on a biennial
27 basis for the organization as a whole to comply with Minnesota

1 Statutes, section 349.15, subdivision 1.

2 A. To renew its license, the organization's expense
3 calculations must be determined for the 21st month after the
4 effective date of the current license. If the organization's
5 expense calculation is negative, the organization must submit to
6 the board, by the end of the 22nd month, the following:

7 (1) the expense calculation report completed
8 through the 21st month;

9 (2) proof that the organization deposited funds
10 from a nongambling source into its gambling account for the
11 amount the organization exceeded the percentage limits for
12 allowable expenses in violation of Minnesota Statutes, section
13 349.15, subdivision 1; and

14 (3) copies of the check and the bank-generated
15 deposit receipt as proof of the reimbursement, or a bank
16 document showing evidence of an electronic payment. The board
17 may request additional documentation to verify that the funds
18 did not originate from gambling proceeds; and

19 (4) in addition, the balance must be positive or
20 zero for the 24th month. If the balance is negative for the
21 24th month, the organization must reimburse its account and
22 provide the board with an expense calculation report completed
23 through the 24th month and the information required in subitems
24 (2) and (3).

25 B. Reimbursements for negative expense calculations
26 must only be made on a biennial basis as allowed by this subpart.

27 Subp. 13. Allowable expense for alternative premises

1 payment. An organization may make an alternative premises
2 payment as allowed under Minnesota Statutes, section 349.15,
3 subdivision 4, instead of paying real estate taxes as allowed
4 under Minnesota Statutes, section 349.12, subdivision 25,
5 paragraph (a), clause (9).

6 A. The organization must decide at the beginning of a
7 calendar year which option to choose and must not change its
8 option until the beginning of the following year.

9 B. If an organization chooses to make an alternative
10 premises payment, the amount allowed is not cumulative from one
11 month to another.

12 Subp. 14. Standards for 501(c)(3) organizations and
13 501(c)(4) festival organizations.

14 A. For licensed 501(c)(3) organizations and 501(c)(4)
15 festival organizations, the standards in this subpart apply to
16 all licenses renewed with an effective date of July 1, 2007, and
17 after. To be eligible to make lawful purpose contributions to
18 itself under Minnesota Statutes, section 349.12, subdivision 25,
19 paragraph (a), clause (1), a licensed 501(c)(3) organization or
20 501(c)(4) festival organization must comply with the following:

21 (1) the organization's total general fund
22 expenditures for fund-raising, management, and general costs for
23 its most recent two fiscal years must be 30 percent or less.

24 "Fund-raising costs" has the meaning given in part 7861.0210,
25 subpart 24. "Management and general costs" has the meaning
26 given in part 7861.0210, subpart 34;

27 (2) the organization must report the total

1 general fund expenses and related percentages for program
2 services, fund-raising, and management and general costs to the
3 board with the organization's new or renewal license
4 application; and

5 (3) the board must determine if the organization
6 meets the standards under subitem (1).

7 B. If an organization meets the standards under item
8 A, then any expenditure made by the organization to itself under
9 Minnesota Statutes, section 349.12, subdivision 25, paragraph
10 (a), clause (1), must be related to the primary purpose of the
11 organization.

12 C. If an organization did not report the percentage
13 or the board determines that the organization does not meet the
14 standards under item A, then any expenditure made by the
15 organization under Minnesota Statutes, section 349.12,
16 subdivision 25, paragraph (a), clause (1), must be:

17 (1) related to its program services which do not
18 include fund-raising, management, and general costs; and

19 (2) paid directly from the gambling checking
20 account.

21 D. Nothing in this subpart prohibits an organization
22 from making other lawful purpose expenditures as allowed under
23 Minnesota Statutes, section 349.12, subdivision 25, paragraph
24 (a), clauses (2) to (19), and paragraph (b).

25 Subp. 15. **Lawful purpose expenditures allowed.** In
26 addition to lawful purpose as defined in Minnesota Statutes,
27 section 349.12, subdivision 25, an organization may make a

1 lawful purpose expenditure for the following.

2 A. A contribution may be made to a 501(c)(3)
3 organization or 501(c)(4) festival organization if the
4 organization does not:

5 (1) exist primarily for the purpose of receiving
6 and distributing gambling profits;

7 (2) have more than 49 percent of its membership
8 in common with the contributing organization; and

9 (3) have an officer, director, or other person in
10 a managerial position who is also an officer, director, or
11 management person in the contributing organization.

12 B. A contribution may be made by a 501(c)(3)
13 organization or 501(c)(4) festival organization to itself if it
14 has complied with subpart 14, item A.

15 C. A contribution may be made to a person or family
16 suffering from poverty, homelessness, or disability if the
17 contribution is reasonably calculated to relieve the effects of
18 that poverty, homelessness, or disability. A contribution may
19 be made to a nonprofit corporation that exists exclusively for
20 these relief purposes if the entire contribution is used to
21 relieve one or more of these effects. Disability includes, but
22 is not limited to, physical or mental difficulties in doing
23 daily tasks and activities such as personal care, meal
24 preparation, cleaning, transportation, or athletic activities.

25 D. A contribution or expenditure may be made to or on
26 behalf of a public or private nonprofit educational institution
27 registered with or accredited in Minnesota or any other state.

1 If a contribution or expenditure is made to or on behalf of a
2 public educational institution the organization must document
3 the contribution or expenditure on a form prescribed by the
4 board showing the request from or acknowledgment of the
5 institution. The organization must keep the completed form in
6 its records.

7 E. A contribution may be made for scholarships
8 according to Minnesota Statutes, section 349.12, subdivision 25,
9 paragraph (a), clause (5), if:

10 (1) the selection process does not discriminate
11 based on race, gender, religion, national origin, marital
12 status, disability, or age;

13 (2) the scholarship is not limited to
14 organization members or their immediate families;

15 (3) the criteria for the selection process is
16 communicated to all participants and to all organization
17 members; and

18 (4) the names of the persons awarded scholarships
19 are public and communicated to all organization members.

20 F. A contribution or an expenditure may be made for
21 the cost of activities recognizing military service to the
22 United States, the state of Minnesota, or a community if the
23 following criteria is met.

24 (1) Any member of the organization making the
25 contribution or expenditure or any person in the member's
26 immediate family may not receive any money, money equivalent,
27 goods, or services with a market value greater than \$10. In any

1 12-month period, the total amount of contributions and
2 expenditures for a person must not exceed \$100. These limits do
3 not apply to contributions or expenditures made for members who
4 are active military personnel and their immediate family members
5 in need of support services or to expenditures made for
6 membership events allowed under Minnesota Statutes, section
7 349.12, subdivision 25, paragraph (a), clause (17).

8 (2) If a contribution is made to or on behalf of
9 a unit of government the organization must document the
10 contribution or expenditure on a form prescribed by the board
11 showing the request from or acknowledgment of the unit of
12 government. The organization must keep the completed form in
13 its records.

14 G. A contribution may be made for recreational,
15 community, and athletic facilities and activities intended
16 primarily for persons under age 21 if the facilities and
17 activities are available to both boys and girls and the
18 opportunity to participate shows their interest in the
19 activity. "Primarily" is demonstrated by written documentation
20 showing that programs for persons under age 21 are given
21 priority scheduling consideration. Equal opportunity must be
22 given for:

- 23 (1) provision of equipment and supplies;
24 (2) scheduling of activities, including games and
25 practice times;
26 (3) supply and assignment of coaches or other
27 adult supervisors; and

1 (4) provision and availability of support
2 facilities.

3 H. A contribution may be made to or on behalf of any
4 unit of government as authorized by Minnesota Statutes, section
5 349.12, subdivision 25, paragraph (a), clause (10). The
6 organization must document the contribution or expenditure on a
7 form prescribed by the board showing the request from or
8 acknowledgment of the unit of government and keep the completed
9 form in its records.

10 I. A contribution for activities recognizing
11 humanitarian service includes expenditures for transportation,
12 food, and beverages given to persons making blood donations.

13 J. Expenditures may be made for grooming and
14 maintaining snowmobile and all-terrain vehicle trails that are
15 open to public use or are designated as grant-in-aid trails by
16 the commissioner of natural resources under Minnesota Statutes,
17 sections 84.83 and 84.927. Expenditures may be made for
18 supplies and materials for safety training and educational
19 programs coordinated by the Department of Natural Resources.
20 This item includes the repair of equipment used exclusively for
21 the grooming and maintenance of public use snowmobile or
22 all-terrain vehicle trails that are not in the Department of
23 Natural Resources grant-in-aid program or other reimbursement
24 program. Lawful purpose expenditures made under Minnesota
25 Statutes, section 349.12, subdivision 25, paragraph (a), clause
26 (13), and paragraph (b), clause (3)(i), are not eligible for
27 reimbursement under the grant-in-aid program. Before an

1 expenditure is made, the organization must obtain approval of
2 the project or activity from the commissioner of natural
3 resources or its agents. The organization must document the
4 approval on a form prescribed by the board and keep the
5 completed form in its records.

6 Subp. 16. **Lawful purpose expenditures requiring board or**
7 **director approval.** This subpart governs lawful purpose
8 expenditures that require board approval, or approval of the
9 director if authorized by the board, before an expenditure may
10 be made. The organization must submit a request for board
11 consideration in a format prescribed by the board.

12 A. With prior board or director approval, an
13 expenditure may be made for the repair or maintenance of real
14 property or capital assets when the property is or will be used
15 extensively as a meeting place or event location by other
16 nonprofit organizations or community or service groups and no
17 rental fee is charged. "Extensively" must be demonstrated by
18 documentation showing:

19 (1) that the facility has been used free of
20 charge by at least one organization or group; and

21 (2) that the facility's availability has been
22 announced to the public through public service announcements,
23 notices in local newspapers, flyers displayed or distributed
24 throughout the community, or other public displays.

25 An organization that has received board approval to bring
26 an existing building into compliance with the Americans with
27 Disabilities Act under this item may apply the approved amount

1 to the erection or acquisition of a replacement building if the
2 replacement building is in compliance with the Americans with
3 Disabilities Act.

4 B. With prior board approval, an expenditure may be
5 made for the erection or acquisition of a comparable building to:

6 (1) replace an organization-owned building that
7 was destroyed or made uninhabitable by fire or other
8 catastrophic event and was insured at replacement cost value; or

9 (2) replace an organization-owned building that
10 was taken or sold under an eminent domain proceeding.

11 The expenditure, mortgage payment, or other debt service
12 payment must be only for that part of the replacement cost not
13 reimbursed by insurance or not compensated to the organization
14 under eminent domain proceedings. The replacement structure
15 must be used for the same or similar purposes as the building
16 being replaced and must have essentially the same square footage
17 as the building being replaced. Additional costs for
18 landscaping, building code, or parking lot requirements required
19 by the local unit of government after the original building was
20 built may be included.

21 C. An organization that received board or director
22 approval to make an expenditure for debt service or other
23 payments under item A or B must obtain prior board or director
24 approval for any increase in the expenditure, including
25 refinancing or other debt restructuring that increases the debt
26 balance. Closing costs are not included. Any equity withdrawn
27 from real property or a capital asset as part of the refinancing

1 or other debt restructuring is considered gambling gross profits
2 and must be deposited in the organization's gambling bank
3 account.

4 D. With prior board or director approval, a
5 contribution may be made to another licensed organization if the
6 contribution will be used for a lawful purpose under Minnesota
7 Statutes, section 349.12, subdivision 25, and is not for taxes
8 or license fees.

9 E. With prior board or director approval, an
10 expenditure may be made for the acquisition of capital assets if
11 the assets will be used exclusively for a lawful purpose under
12 Minnesota Statutes, section 349.12, subdivision 25, paragraph
13 (a).

14 F. With prior approval of the director, a
15 contribution may be made to a parent organization at the
16 Minnesota state level if:

17 (1) the parent organization has submitted to the
18 director a list of the charitable contributions, as defined
19 under Minnesota Statutes, section 349.12, subdivision 7a, for
20 which the parent organization will use the contributions;

21 (2) the parent organization uses the entire
22 contribution for one or more of the charitable contributions as
23 defined under Minnesota Statutes, section 349.12, subdivision
24 7a; and

25 (3) within one year of the contribution, the
26 contributing licensed organization has not received any money,
27 grants, property, or other thing of value from the parent

1 organization.

2 Subp. 17. **Lawful purpose expenditures not allowed.** In
3 addition to Minnesota Statutes, section 349.12, subdivision 25,
4 paragraph (b), lawful purpose does not include any of the
5 following:

6 A. interest on taxes, tax penalties, or interest on
7 tax penalties;

8 B. any expenditure, contribution, or other
9 distribution of gambling gross profits for which the
10 organization keeps any control over the funds, except as allowed
11 in subpart 15, item B;

12 C. any contribution or expenditure that results in
13 any monetary, economic, financial, or material benefit to the
14 organization making the contribution or expenditure;

15 D. any contribution or expenditure that is not
16 allowed under the conflict of interest provisions of the
17 Minnesota Nonprofit Corporation Act, Minnesota Statutes, section
18 317A.255;

19 E. the purchase of any intoxicating liquor, wine, or
20 malt beverages; and

21 F. fund-raising costs, except as allowed by subpart
22 14, item A.

23 Subp. 18. **Records and reports maintained.** An organization
24 must maintain documentation showing that expenditures of
25 gambling gross profits are either an allowable expense or a
26 lawful purpose. Each organization must maintain complete,
27 accurate, and legible records with documentation to support all

1 gambling transactions. The organization must record all
2 inventory records, including perpetual, physical, site, and
3 merchandise prize records, in a format prescribed or approved by
4 the board. All records must show the gross receipts, prizes,
5 net receipts, expenses, and all other accounting transactions.
6 The organization must keep all records and reports for 3-1/2
7 years.

8 7861.0330 EXCLUDED BINGO.

9 Subpart 1. Registration required. An organization
10 conducting bingo as allowed by Minnesota Statutes, section
11 349.166, subdivision 1, paragraph (a), clause (1) or (2), must
12 register with the board and obtain prior approval of the local
13 governing body of the city or county in which the bingo will be
14 conducted. The registration must be on a form prescribed by the
15 board and include:

16 A. organization's name, address, and county;

17 B. name and telephone number of the person in charge
18 of the bingo occasion;

19 C. type of organization which is fraternal, veterans,
20 religious, or other nonprofit and a copy of the proof of
21 nonprofit status;

22 D. dates on which bingo has been conducted in the
23 present calendar year;

24 E. date that the organization proposes to conduct
25 bingo;

26 F. name and address, including city or township, and
27 county of the premises where the gambling will be conducted;

1 G. telephone number and signature of the chief
2 executive officer; and

3 H. local unit of government approval.

4 Subp. 2. Denial of excluded bingo application. The
5 director must deny an excluded bingo application when the
6 premises permit for the site of the proposed excluded bingo is
7 subject to suspension or revocation under part 7865.0220,
8 subpart 3.

9 7861.0340 EXEMPTED LAWFUL GAMBLING.

10 Subpart 1. Registration required. An organization that
11 conducts exempted lawful gambling as allowed by Minnesota
12 Statutes, section 349.166, subdivision 2, must submit an
13 application to the board as required by Minnesota Statutes,
14 section 349.166, subdivision 2, paragraph (a), clause (3). The
15 application must be on a form prescribed by the board and
16 include:

17 A. the organization's name, address, and county;

18 B. a current or previous license number or exempt
19 number, if any;

20 C. the name and telephone number of the chief
21 executive officer;

22 D. the type of organization which is fraternal,
23 veterans, religious, or other nonprofit and a copy of the proof
24 of nonprofit status;

25 E. the dates of activity;

26 F. the types of lawful gambling to be conducted;

27 G. the name and address, including city or township,

1 and county of the premises where the activity will be conducted;

2 H. local unit of government approval;

3 I. an acknowledgment that within 30 days of its
4 lawful gambling activity the organization will complete and file
5 with the board an accurate and complete financial report in a
6 format prescribed by the board; and

7 J. the fee required by Minnesota Statutes, section
8 349.166, subdivision 2, paragraph (a), clause (3). The
9 application fee is considered earned and is not refundable.

10 Subp. 2. Denial of exempt permit application. The
11 director must deny an exempt permit application if:

12 A. the organization is currently licensed; or

13 B. the premises permit for the site is subject to
14 suspension or revocation under part 7865.0220, subpart 3.

15 7863.0210 DISTRIBUTORS; DISTRIBUTOR SALESPERSONS LICENSES.

16 Subpart 1. Distributor or distributor salesperson license
17 required. A person may not sell, offer for sale, or furnish
18 gambling equipment for use in Minnesota to any organization that
19 conducts lawful gambling unless the person has obtained a
20 distributor's or distributor salesperson's license or license
21 renewal issued by the board. To be licensed, a distributor or
22 distributor salesperson must submit an application to the board
23 in a format prescribed by the board.

24 Subp. 2. Distributor or distributor salesperson licensing
25 qualifications. A distributor or distributor salesperson is not
26 eligible for a license unless they have met the requirements of
27 Minnesota Statutes, sections 349.155, subdivision 3, and

1 349.161, subdivision 5. For purposes of compliance with
2 Minnesota Statutes, section 349.155, subdivision 3, the
3 following definitions apply.

4 A. "Director" means a member of the distributor's
5 board of directors.

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

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

12 Subp. 3. Distributor restrictions. In addition to the
13 prohibitions in Minnesota Statutes, section 349.161,
14 subdivisions 1 and 5, the following restrictions apply when
15 conducting business with organizations authorized to conduct
16 lawful gambling in Minnesota. A distributor, distributor
17 salesperson, or any representative, agent, affiliate, or
18 employee of a distributor may not:

19 A. contribute more than \$250 in any calendar year to
20 an organization or participate in a fund-raising event if the
21 contribution or fund-raising event is related to the
22 organization's conduct of lawful gambling;

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

25 C. be an officer, director, paid employee, gambling
26 volunteer, or gambling manager of an organization involved in
27 the conduct of lawful gambling;

1 D. participate directly in the determination and
2 purchase of gambling equipment for an organization;

3 E. provide or permit an affiliate or person acting on
4 behalf of the distributor to provide any compensation, gift,
5 gratuity, premium, contribution, or thing of value to a board
6 employee or board member;

7 F. enter into any agreement with any other
8 distributor that restricts either of them in the sale of
9 gambling equipment; or

10 G. enter into any agreement with any other
11 distributor to establish the price at which any gambling
12 equipment may be sold.

13 Subp. 4. Contents of distributor license application. The
14 distributor license application must contain the following
15 information:

16 A. distributor's legal name, any other names used,
17 and the legal nature of the business (corporation, partnership,
18 limited liability company, or sole proprietorship);

19 B. principal business address and telephone number;

20 C. mailing address, if different than the business
21 address;

22 D. names and titles of the owners, partners,
23 officers, directors, managers, supervisors, sales employees, and
24 persons or entities with a direct or indirect financial interest
25 of five percent or more in the distributorship;

26 E. address and telephone number of all facilities
27 where gambling equipment and supplies are unloaded in Minnesota

1 prior to sale;

2 F. acknowledgment regarding the licensing
3 qualifications and restrictions contained in subparts 2 and 3;

4 G. names, addresses, and account numbers of all
5 business bank accounts;

6 H. an acknowledgment that if the license is
7 terminated or suspended the distributor will file the certified
8 physical inventory required in subpart 10 or 11;

9 I. date and signature, in ink, of the chief executive
10 officer; and

11 J. additional information that may be required by the
12 board or director to properly identify the distributor and
13 ensure compliance with Minnesota Statutes, sections 349.11 to
14 349.23.

15 Subp. 5. **Attachments to distributor license application.**
16 The distributor must attach a distributor personnel form to the
17 application for persons identified in item A.

18 A. A distributor personnel form must be completed by
19 each:

20 (1) owner;

21 (2) partner;

22 (3) member of the board of directors or board of
23 governors;

24 (4) officer, including but not limited to
25 president, vice-president, secretary, treasurer, controller, or
26 general counsel;

27 (5) manager or supervisor of shipping, sales,

1 personnel, governmental relations, and security;

2 (6) person or entity with a direct or indirect
3 financial interest of five percent or more in the
4 distributorship;

5 (7) consultant who provides advice for the sale
6 or design of equipment for sale in Minnesota; and

7 (8) nonsales employee.

8 B. The distributor personnel form, in a format
9 prescribed by the board, must include:

10 (1) distributor's name and license number, if
11 issued;

12 (2) name, home address, date of birth, Social
13 Security number, and daytime telephone number of the person;

14 (3) person's position with the distributor;

15 (4) employment history and places of residence
16 for the past ten years;

17 (5) criminal history statement, not including
18 petty misdemeanors;

19 (6) name, address, license number, exempt permit
20 number, or exclusion authorization of any organization
21 conducting lawful gambling in Minnesota of which the person is a
22 member;

23 (7) Minnesota tax identification number of
24 businesses that the person has owned for the past ten years;

25 (8) for a nonsales employee, an acknowledgment
26 regarding the restrictions in subpart 3;

27 (9) for a person identified in item A, subitems

1 (1) to (7), who will conduct sales:

2 (a) the person must submit a recent
3 photograph measuring one inch by 1-1/4 inches; and

4 (b) acknowledge the licensing qualifications
5 in subpart 2 and restrictions in subpart 3;

6 (10) date and signature, in ink, of the person;

7 and

8 (11) additional information that may be required
9 by the board or director to properly identify the person and
10 ensure compliance with Minnesota Statutes, sections 349.11 to
11 349.23.

12 **Subp. 6. Contents of distributor salesperson license**
13 **application.** For a person who will be employed by a distributor
14 to conduct sales, as identified in subpart 5, item A, subitems
15 (3) to (6), a distributor salesperson license application must
16 contain the following:

17 A. information required in subpart 5, item B;

18 B. recent photograph of the person measuring one inch
19 by 1-1/4 inches; and

20 C. acknowledgment regarding the licensing
21 qualifications in subpart 2 and restrictions in subpart 3.

22 A person who is an independent contractor is not eligible
23 for a license. A distributor salesperson license is not
24 required for the owner or partner of a distributorship licensed
25 by the board.

26 **Subp. 7. Changes in distributor or distributor salesperson**
27 **license application information.** If any information submitted

1 in the application changes during the license term, the
2 distributor or distributor salesperson must notify the board
3 within ten days of the change.

4 Subp. 8. Issuing or denying a new or renewal distributor
5 or distributor salesperson license. This subpart governs a new
6 or renewal distributor or distributor salesperson license issued
7 or denied by the board or director if authorized by the board.

8 A. Before issuing a new or renewal distributor
9 license, the board must conduct or request the director of
10 alcohol and gambling enforcement to conduct a background
11 investigation, which may include a review of the distributor's
12 sources of financing, ownership, and organizational structure.
13 Actual costs in addition to the new or renewal application fee
14 must be paid by the distributor.

15 B. The board, or director if authorized by the board,
16 must issue a license to a distributor or distributor salesperson
17 who:

18 (1) submits the information required in the
19 application and attachments and for a renewal application
20 submits a complete application at least 75 days before the
21 expiration of the existing license;

22 (2) pays the fee required by Minnesota Statutes,
23 section 349.161, subdivision 4; and

24 (3) is eligible to receive a license under item A
25 and subparts 2 and 3.

26 C. The board must deny a new or renewal application
27 if a distributor or distributor salesperson is ineligible under

1 item A and subparts 2 and 3. When the board determines that an
2 application must be denied, the board must promptly give a
3 written notice to the distributor or distributor salesperson.
4 The notice must contain the grounds for the action and
5 reasonable notice of the rights of the distributor or
6 distributor salesperson to request an appeal under part
7 7865.0260, subpart 2 or 4, whichever is applicable.

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

10 Subp. 9. Distributor license effective date. A
11 distributor license issued by the board is effective on the
12 first day of the month after board approval or as otherwise
13 determined by the board.

14 Subp. 10. Distributor license termination. Before
15 terminating its license, the distributor must submit to the
16 board and commissioner of revenue a certified physical inventory
17 in a format prescribed by the board. Termination of a license
18 may occur due to revocation or denial of the license by the
19 board, or the distributor voluntarily quitting its business.
20 The certified physical inventory must include the following
21 information:

22 A. an inventory of all gambling equipment when the
23 form is prepared, including name, form number, bar code
24 information, and quantity of all gambling equipment in the
25 distributor's inventory; and

26 B. plans for disposal of all gambling equipment by
27 the date of termination. After the date on which a license is

1 terminated, it is illegal for a distributor to have gambling
2 equipment in its possession.

3 The distributor or designated agent must keep all invoices
4 and other required documentation related to the sale of gambling
5 equipment for 3-1/2 years after the license has been terminated.

6 Subp. 11. License suspension. When a distributor's
7 license is suspended under part 7865.0220, the licensee must
8 provide to the commissioner of revenue a certified physical
9 inventory of gambling equipment in inventory on the day the
10 suspension begins. The certified physical inventory must
11 include the name, form number, bar code information, and
12 quantity of all gambling equipment in the distributor's
13 inventory on the day the suspension begins.

14 7863.0220 DISTRIBUTOR OPERATIONS, ACCOUNTS, REPORTS, AND RECORDS.

15 Subpart 1. Purchase or lease of gambling equipment. When
16 purchasing, leasing, or obtaining gambling equipment, the
17 distributor must comply with Minnesota Statutes, sections
18 349.161 and 349.162.

19 A. A distributor may only purchase, lease, or obtain
20 gambling equipment that has been approved by the board and meets
21 the requirements in part 7864.0230.

22 B. Within ten days of being notified by the board
23 that a manufacturer's license was terminated or has expired, a
24 licensed distributor must submit a certified physical inventory
25 to the board. The certified inventory must include the name,
26 form number, and quantity of all gambling equipment in inventory
27 or gambling equipment owned or leased that was manufactured by

1 that manufacturer.

2 Subp. 2. **Sale or lease of gambling equipment.** This
3 subpart applies to the sale or lease of gambling equipment.

4 A. A distributor may not sell, lease, or furnish
5 gambling equipment to an organization unless the organization
6 has a license, exempt permit, or exclusion authorization issued
7 by the board, or meets the requirements of Minnesota Statutes,
8 section 349.166, subdivision 1, paragraph (b).

9 B. A distributor may not sell, lease, or furnish
10 gambling equipment to an organization before the effective date
11 of the organization's license. This item does not pertain to
12 exempt or excluded organizations if the distributor has a copy
13 of the organization's exempt permit or exclusion authorization.

14 C. Gambling equipment sold or leased for use in
15 Minnesota must be delivered only to the licensed, exempt, or
16 excluded organization that ordered the equipment.

17 D. A distributor may not provide any merchandise
18 prize, as part of the sale of any game or as a gift or sale, to
19 a licensed, exempt, or excluded organization or its employees.

20 E. A distributor must include a packing list that
21 lists all items for each shipment of gambling equipment to an
22 organization.

23 F. A distributor must not sell or provide a partial
24 series of bingo paper sheets or bingo paper sheet packets to a
25 licensed organization. A distributor may sell a partial series
26 to an exempt or excluded organization.

27 G. A distributor must use a form prescribed by the

1 board to document the terms of a lease or sale of a pull-tab
2 dispensing device and comply with the following.

3 (1) A distributor must not enter into a lease
4 agreement for a pull-tab dispensing device with an organization
5 unless the distributor owns or has a lease agreement with a
6 licensed manufacturer for that pull-tab dispensing device.

7 (2) If an organization's license or authorization
8 is suspended, revoked, not renewed, or terminated, the lease
9 agreement must be canceled.

10 (3) A distributor must not provide any additional
11 keys for a pull-tab dispensing device after the pull-tab
12 dispensing device has been leased or sold.

13 H. Gambling equipment designated for sale to an
14 Indian tribe must be stored in a separate area of the
15 distributor's warehouse and cannot contain the Minnesota
16 geographic symbol required by Minnesota Statutes, section
17 349.163, subdivision 5, paragraph (d).

18 I. The following apply to the lease of electronic
19 bingo devices.

20 (1) A distributor may only lease electronic bingo
21 devices to a licensed organization and is prohibited from
22 selling electronic bingo devices to a licensed organization.

23 (2) The distributor may lease electronic bingo
24 devices to more than one licensed organization at the same
25 permitted premises.

26 (3) The lease agreement must contain the
27 organization's license number, name and address of the permitted

1 premises where the electronic bingo devices will be used, and
2 terms of the lease agreement, including a prohibition that the
3 electronic bingo devices must not be transferred to another
4 permitted premises unless approved in writing by the board's
5 director.

6 (4) The distributor must submit a copy of the
7 lease agreement to the board within ten days of signing or
8 amending a lease agreement.

9 Subp. 3. **Registration of permanent gambling equipment.** A
10 distributor must not sell, lease, transfer, furnish, or provide
11 any permanent gambling equipment to an organization unless the
12 equipment has been registered in the following manner ~~or as~~
13 ~~otherwise-prescribed-by-the-board.~~

14 A. A distributor must place a state registration
15 stamp, obtained from the board, on permanent equipment sold or
16 leased to an organization. The distributor must place the stamp
17 on the front of each paddlewheel, paddlewheel table, and
18 pull-tab dispensing device, and on each bingo number selection
19 device. This item does not pertain to an electronic bingo
20 device.

21 B. The distributor must keep a record of electronic
22 bingo devices leased to a licensed organization. The record
23 must include the organization's name, address, and license
24 number, and the date the equipment was leased to the
25 organization, and if returned, the date the equipment was
26 returned by the organization to the distributor.

27 C. To register permanent gambling equipment with the

1 board, the distributor must submit a report to the board, on a
2 form prescribed by the board, that includes the information
3 required by items A and B.

4 D. A distributor must not transfer or give state
5 registration stamps to any person, distributor, linked bingo
6 game provider, or manufacturer.

7 Subp. 4. Return of defective pull-tab and tipboard game;
8 issuing credit invoices. This subpart pertains to the return of
9 a pull-tab or tipboard game that was not manufactured in
10 compliance with the standards in part 7864.0230 and was returned
11 to the distributor according to part 7861.0260, subpart 7.

12 A. For a game that is returned from an organization
13 before being put into play, the following apply.

14 (1) Within five business days of accepting the
15 return of a game, the distributor must return the game to the
16 manufacturer with documentation that the game does not meet the
17 standards in part 7864.0230.

18 (2) Within five business days of receiving credit
19 from the manufacturer, the distributor must issue a credit
20 invoice to the organization unless the distributor notifies the
21 commissioner of revenue in writing that there is a business
22 dispute regarding the returned game. A copy of the credit
23 invoice must be filed electronically, as required by the
24 commissioner of revenue.

25 (3) If the distributor ships a replacement game
26 to the organization, the distributor must prepare a sales
27 invoice as required in subpart 6.

1 B. For a game returned to a distributor from an
2 organization during play or after being removed from play, the
3 following apply.

4 (1) Within five business days of accepting the
5 return of a game, the distributor must return the game to the
6 manufacturer for a determination as to whether the game was
7 manufactured in compliance with the standards in part
8 7864.0230. After a determination has been made and the game
9 returned to the distributor, the distributor must return the
10 game to the organization to keep as a played game.

11 (2) Within five business days of receiving a
12 credit invoice and written determination from the manufacturer,
13 the distributor must issue a credit invoice to the organization
14 for the cost of the game and any valid and documented losses
15 incurred over which the organization had no control or ability
16 to prevent. A copy of the credit invoice must be filed
17 electronically, as required by the commissioner of revenue.

18 Subp. 5. **Recall of gambling equipment; issuing credit**
19 **invoices.** A distributor must participate in a gambling
20 equipment recall mandated by the board or initiated by the
21 manufacturer.

22 A. Within three business days of receiving
23 notification from the manufacturer or the board director, the
24 distributor must initiate the recall from organizations to which
25 it sold the gambling equipment.

26 B. The distributor must complete the recall within 15
27 business days of initiation and notify the board and the

1 commissioner of revenue in writing that it has completed the
2 recall. The recall does not pertain to games already in play
3 which must be kept by the organization as played games. The
4 notification must include the following:

5 (1) an inventory of the recalled gambling
6 equipment;

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

9 (3) a list of all organizations, including
10 license or exempt numbers, from which the gambling equipment was
11 recalled.

12 C. Within seven business days of receiving a credit
13 invoice from the manufacturer, the distributor must issue credit
14 invoices to all organizations returning gambling equipment under
15 the recall. Credit invoices must include the cost of freight
16 paid by the organization and any valid and documented losses
17 incurred over which the organization had no control or ability
18 to prevent. Copies of the credit invoices must be filed
19 electronically as required by the commissioner of revenue.

20 Subp. 6. **Sales invoices.** A distributor who sells, leases,
21 or provides gambling equipment must record the transaction on a
22 sales invoice which must contain the following information as
23 required by the commissioner of revenue:

24 A. distributor's name, address, telephone number, and
25 license number;

26 B. organization's name, address, license number or
27 excluded or exempt authorization, and premises permit number of

1 the site where the gambling equipment was delivered, or the name
2 and address of an entity as allowed under Minnesota Statutes,
3 section 349.166, subdivision 1, paragraph (b);

4 C. invoice number;

5 D. name of the person who ordered the gambling
6 equipment, and name of the distributor's licensed salesperson
7 who sold the gambling equipment;

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

9 F. any applicable sales tax;

10 G. unit price or lease cost of each item and total
11 amount being invoiced. The lease price of an electronic bingo
12 device must not be based on a percentage of gross receipts; and

13 H. any value for discount, rebate, or other incentive
14 affecting the unit price which must be separately stated.

15 Invoices must also contain information required for the type of
16 gambling equipment sold, as required by subparts 7 to 12.

17 Subp. 7. **Sales invoice for pull-tabs and tipboards.** In
18 addition to the requirements of subpart 6, invoices for
19 pull-tabs and tipboards must contain the following information:

20 A. number of deals;

21 B. description of each deal, including the game name,
22 manufacturer identification, part number, and serial number;

23 C. last sale amount, if any;

24 D. total ideal gross receipts; and

25 E. total applicable gambling tax.

26 Subp. 8. **Sales invoice for paddleticket cards.** In
27 addition to the requirements of subpart 6, invoices for

1 paddleticket cards must contain the following information:

- 2 A. number of sealed groupings;
- 3 B. ideal gross receipts for each sealed grouping; and
- 4 C. for each sealed grouping, a complete description
- 5 including the game name, manufacturer identification, part
- 6 number, and serial number.

7 **Subp. 9. Sales invoice for sealed breakopen bingo paper.**

8 In addition to the requirements of subpart 6, invoices for

9 sealed breakopen bingo paper sheets must contain the following

10 information:

- 11 A. serial number and color of each set of sealed
- 12 breakopen bingo paper sheets;
- 13 B. whether each set is an original or trade-in set;
- 14 and
- 15 C. price for which the sealed breakopen bingo paper
- 16 sheet must be sold by the organization.

17 **Subp. 10. Sales invoice for sets of bingo paper sheet**

18 **packets.** In addition to the requirements of subpart 6, invoices

19 for sets of bingo paper sheet packets must contain the following

20 information:

- 21 A. color of each sheet in the packet in the order of
- 22 collation;
- 23 B. number of sheets per packet (UP's);
- 24 C. number of faces per sheet (ON's);
- 25 D. series;
- 26 E. price for which the packet must be sold by the
- 27 organization; and

1 F. serial number from each sheet in the packet if the
2 serial numbers are not uniform throughout the packet, or the
3 serial number from the top sheet in each packet if the serial
4 numbers are uniform throughout the packet. The serial numbers
5 may be recorded on a separate document if the invoice states
6 that the document is attached.

7 Subp. 11. Sales invoice for bingo paper sheets (case
8 paper). In addition to the requirements of subpart 6, invoices
9 for bingo paper sheets (case paper) must contain the following:

10 A. color;

11 B. number of sheets per case;

12 C. number of faces per sheet (ON's);

13 D. series;

14 E. price for which the bingo paper sheets must be
15 sold by the organization; and

16 F. serial number from the top sheet in the case.

17 Subp. 12. Sales invoice for permanent gambling equipment.
18 In addition to the requirements of subpart 6, invoices for
19 permanent gambling equipment must contain the following
20 information:

21 A. a description of the equipment being sold or
22 leased, including the manufacturer name and the make, model
23 number, and serial number; and

24 B. the state registration stamp number attached to
25 the gambling equipment, as required by subpart 3.

26 Subp. 13. Monthly sales report to board required for
27 permanent gambling equipment. After the sale or lease of

1 permanent gambling equipment, the distributor must provide the
2 following information to the board by the 20th of the next month:

3 A. distributor's name, address, and license number;

4 B. manufacturer's name, address, and license number
5 from which the distributor purchased or leased the gambling
6 equipment;

7 C. organization's name, address, and license number,
8 exempt permit number, or exclusion authorization, or the name
9 and address of the entity as allowed by Minnesota Statutes,
10 section 349.166, subdivision 1, paragraph (b);

11 D. make, model number, and serial number of the
12 gambling equipment; and

13 E. state registration stamp number attached to the
14 gambling equipment, as required by subpart 3.

15 Subp. 14. **Monthly sales report to revenue required.** A
16 distributor who sells, leases, or provides gambling equipment
17 must electronically report the transactions made each month to
18 the commissioner of revenue as required under Minnesota
19 Statutes, section 297E.05. The report is due by the 20th of the
20 next month.

21 Subp. 15. **Pricing report to board required.** A distributor
22 must submit a pricing report to the board on an annual basis in
23 a format approved by the board and must include:

24 A. distributor's name, address, and license number;

25 B. date the report was prepared;

26 C. gambling equipment the distributor offers for sale
27 or lease; and

1 D. prices at which all gambling equipment currently
2 offered for sale by the distributor will be sold.

3 Adjustments for transportation, discounts, and rebates must
4 be reported separately on the annual pricing report, and are
5 subject to review and approval by the director.

6 Changes or additions to the previously filed reports must
7 be reported ten days before the change or addition.

8 Subp. 16. **Delinquent organization notice to board**
9 **required.** This subpart pertains to the notice to the board of
10 organizations delinquent in payment of an invoice or lease
11 agreement.

12 A. If a distributor has not received payment from an
13 organization within 35 days of the invoice or lease agreement
14 date, the distributor must report the delinquency to the board
15 in writing, by e-mail, or by facsimile. The distributor must
16 ensure that the board will receive the notice by the 36th day,
17 or the next business day, after the invoice date for the sale or
18 lease of the gambling equipment. The notice must include:

19 (1) the organization's name and license or exempt
20 number; and

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

24 B. If a distributor has not received payment in full
25 within 60 days of its initial notice to the board, the
26 distributor must notify the board of the continued delinquency.
27 The distributor must ensure that the board will receive the

1 notice on the 61st day, or the next business day, after the
2 distributor's initial report to the board.

3 C. When the delinquency is paid, the distributor must
4 notify the board immediately.

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

7 (1) notify and direct the organization to
8 eliminate the delinquency; and

9 (2) notify all distributors and linked bingo game
10 providers that until further notice they may only sell or lease
11 gambling equipment to the delinquent organization on a cash
12 basis. "Cash" means a check drawn on the organization's
13 gambling account.

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

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

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

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

27 G. Until authorized by the board, a distributor or

1 linked bingo game provider may not extend credit or sell or
2 lease gambling equipment to an organization in violation of an
3 order under items D and E.

4 Subp. 17. **Records and reports maintained.** A distributor
5 must maintain reports and records of the purchase, sale, and
6 lease of gambling equipment as required by this part and by
7 Minnesota Statutes, section 297E.05, for 3-1/2 years. A
8 distributor must maintain a record of the registration of
9 permanent gambling equipment.

10 7863.0250 LINKED BINGO GAME PROVIDER LICENSES.

11 Subpart 1. **Linked bingo game provider license required.** A
12 person may not provide linked bingo paper, linked bingo game
13 system equipment, or services to any licensed organization
14 unless the person has obtained a linked bingo game provider
15 license or license renewal issued by the board. To be licensed,
16 a linked bingo game provider must submit to the board an
17 application in a format prescribed by the board.

18 Subp. 2. **Linked bingo game provider licensing**
19 **qualifications.** A person is not eligible for a license unless
20 the requirements of Minnesota Statutes, sections 349.155,
21 subdivision 3, and 349.1635, have been met. For purposes of
22 compliance with Minnesota Statutes, section 349.155, subdivision
23 3, the following definitions apply.

24 A. "Director" means a member of the linked bingo game
25 provider's board of directors.

26 B. "Officer" means any person elected, appointed, or
27 designated as an officer by the linked bingo game provider's

1 board of directors.

2 C. "Other person in a supervisory or management
3 position" means any person employed to direct or control the
4 personnel and activities of a linked bingo game provider's
5 department or division.

6 Subp. 3. **Linked bingo game provider restrictions.** In
7 addition to the prohibitions in Minnesota Statutes, sections
8 349.155, subdivision 3, and 349.1635, subdivision 4, the
9 following restrictions apply when conducting business with
10 licensed organizations authorized to conduct lawful gambling in
11 Minnesota. A linked bingo game provider licensee; person
12 holding a financial or managerial interest in a linked bingo
13 game provider; or any agent, affiliate, or employee of a linked
14 bingo game provider may not:

15 A. be an officer, director, paid employee, gambling
16 volunteer, or gambling manager of an organization involved in
17 the conduct of lawful gambling;

18 B. recruit a person to become a gambling manager or
19 an assistant gambling manager, or identify to an organization a
20 person as a candidate to become a gambling manager or assistant
21 gambling manager;

22 C. be involved in or influence the purchase of
23 gambling equipment for an organization, except for equipment
24 necessary to conduct linked bingo games;

25 D. provide or permit an affiliate or person acting on
26 behalf of the linked bingo game provider to provide any
27 compensation, gift, gratuity, premium, contribution, or thing of

1 value to a board employee or board member;

2 E. contribute more than \$250 in any calendar year to
3 an organization or participate in a fund-raising event if the
4 contribution or fund-raising event is related to the
5 organization's conduct of lawful gambling; or

6 F. offer to sell commercial or advertising messages
7 to licensed organizations in conjunction with a linked bingo
8 game.

9 Subp. 4. Contents of linked bingo game provider license
10 application. The linked bingo game provider license application
11 must contain the following:

12 A. the linked bingo game provider's legal name, any
13 other names used, and the legal nature of the business
14 (corporation, partnership, limited liability company, or sole
15 proprietorship);

16 B. business address and telephone number;

17 C. mailing address, if different than the business
18 address;

19 D. address where the selection of bingo numbers for a
20 linked bingo game will be conducted, if different than the
21 business address;

22 E. names and titles of the owners, partners,
23 officers, directors, managers, supervisors, sales employees,
24 persons involved with the services provided by the linked bingo
25 game provider, and persons or entities with a direct or indirect
26 financial interest of five percent or more in the linked bingo
27 game provider;

1 F. acknowledgment regarding the licensing
2 qualifications in subpart 2 and restrictions in subpart 3;

3 G. acknowledgment that any linked bingo game
4 agreement will identify any goods or services, including all
5 costs, that the organization is required to buy;

6 H. acknowledgment that the linked bingo game provider
7 will provide all necessary game monitoring equipment and
8 monitoring systems to the board at no cost;

9 I. date and signature, in ink, of the chief executive
10 officer; and

11 J. additional information that may be required by the
12 board or director to properly identify the linked bingo game
13 provider and ensure compliance with Minnesota Statutes, sections
14 349.11 to 349.23.

15 Subp. 5. **Attachments to linked bingo game provider license**
16 **application.** The linked bingo game provider must attach the
17 following items to the application.

18 A. A linked bingo game provider personnel form, in a
19 format prescribed by the board, must be completed by each:

20 (1) owner;

21 (2) partner;

22 (3) member of the board of directors or board of
23 governors;

24 (4) officer, including but not limited to
25 president, vice-president, secretary, treasurer, controller, or
26 general counsel;

27 (5) manager or supervisor of personnel, sales,

1 governmental relations, and security;

2 (6) person or entity with a direct or indirect
3 financial interest of five percent or more in the linked bingo
4 game provider;

5 (7) sales employee who promotes, approves orders
6 for, and asks for sales for linked bingo paper and linked bingo
7 game services; and

8 (8) person involved with the services provided by
9 the linked bingo game provider.

10 B. The linked bingo game provider personnel form must
11 include:

12 (1) the linked bingo game provider's name and
13 license number, if issued;

14 (2) the name, home address, daytime telephone
15 number, date of birth, and Social Security number of the person;

16 (3) the person's position with the linked bingo
17 game provider;

18 (4) an employment history and places of residence
19 for the past ten years;

20 (5) a criminal history statement, not including
21 petty misdemeanors;

22 (6) the name, address, and license number of any
23 licensed organization conducting lawful gambling in Minnesota of
24 which the person is a member;

25 (7) the Minnesota tax identification number of
26 businesses that the person has owned for the past ten years;

27 (8) an acknowledgment regarding licensing

1 qualifications in subpart 2 and restrictions in subpart 3;

2 (9) the date and signature, in ink, of the
3 person; and

4 (10) additional information that may be required
5 by the board or director to properly identify the person and
6 ensure compliance with Minnesota Statutes, sections 349.11 to
7 349.23.

8 C. An organization chart illustrating the management
9 structure of the linked bingo game provider and the personnel
10 involved in the conduct and administration of linked bingo games.

11 D. A detailed description of the management plan for
12 operation of the linked bingo game system and linked bingo game,
13 including:

14 (1) the technology to be used, method of
15 selecting and transmitting selected bingo numbers, security of
16 the transmission, and plans for continuation of the game in the
17 event of an interruption in communications;

18 (2) inventory control, inventory forms, sale and
19 distribution of linked bingo paper, and process for transferring
20 gambling funds from licensed organizations;

21 (3) the linked bingo game to be conducted, rules
22 of play, prize levels, and procedure to verify winning linked
23 bingo paper sheets and to pay winners;

24 (4) marketing and promotion plan;

25 (5) all financial forms proposed for use; and

26 (6) a statement describing the linked bingo game
27 provider's financial capability to provide the equipment and

1 infrastructure necessary to operate the linked bingo game and
2 manage the game's prize pool.

3 E. Evidence of the bond required by Minnesota
4 Statutes, section 349.1635, subdivision 3.

5 F. A certificate from a board-approved independent
6 testing laboratory certifying that the linked bingo game system
7 meets the following requirements:

8 (1) be capable of recording and printing detailed
9 sales and accounting reports, including the price per face and
10 the number of linked bingo paper sheets sold at each permitted
11 premises;

12 (2) have an automatic or manual backup system to
13 save all sales, financial, and game data;

14 (3) be capable of recording and printing all
15 financial transaction reports, in addition to maintaining, and
16 printing on demand by the board, a log of significant events or
17 exceptions relating to accounting and sales;

18 (4) have secure access, limited to authorized
19 persons only;

20 (5) allow for sales data corrections, if
21 necessary, by authorized personnel through a password-controlled
22 audit menu, and maintain and print on demand by the board, a log
23 of all accounting changes including the name of the person who
24 made the changes, date and time of the change, and the items
25 adjusted;

26 (6) have the capability of supporting remote
27 sales units that must immediately communicate all sales directly

1 to the main linked bingo game system computer;

2 (7) have either a bingo ball blower system or an
3 electronic random number generator to select bingo numbers, have
4 the means to enter the selected numbers into the linked bingo
5 game system for validation purposes, and have the means to
6 correct any input errors up to the time a valid linked bingo
7 game winner is determined;

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

15 (9) possess a database of all bingo perms used in
16 conjunction with the linked bingo game. The linked bingo game
17 system must not allow changes or modifications to the bingo
18 faces. Access to the database must be controlled by password
19 authorization or another secure method;

20 (10) maintain an internal clock with current
21 synchronized time for all components in 24-hour format and
22 date. The clock must be able to provide:

23 (a) time stamping of significant events,
24 including all sales and draw events; and

25 (b) reference clock for reporting; and

26 (11) be capable of producing general accounting
27 reports, including the information prescribed by the board.

1 All costs associated with testing must be paid by the
2 linked bingo game provider.

3 Subp. 6. Changes in linked bingo game provider license
4 application information. If any information submitted in the
5 application changes during the license term, the linked bingo
6 game provider must notify the board within ten days of the
7 change.

8 Subp. 7. Issuing or denying a new or renewal linked bingo
9 game provider license. This subpart applies to a new or renewal
10 linked bingo game provider license issued or denied by the board.

11 A. Before issuing a new or renewal linked bingo game
12 provider license, the board must conduct or request the director
13 of alcohol and gambling enforcement to conduct a background
14 investigation which may include a review of the linked bingo
15 game provider's sources of financing, ownership, and
16 organizational structure. Actual costs in addition to the new
17 or renewal application fee must be paid by the linked bingo game
18 provider.

19 B. The board must issue a new or renewal license to a
20 linked bingo game provider who:

21 (1) submits the information required in the
22 application and attachments;

23 (2) pays the fee required by Minnesota Statutes,
24 section 349.1635, subdivision 2; and

25 (3) is eligible to receive a license under item A
26 and subparts 2 and 3.

27 C. The board must deny the application if a linked

1 bingo game provider is ineligible under subparts 2 and 3.

2 When the board determines that an application must be
3 denied, the board must promptly give a written notice to the
4 linked bingo game provider. The notice must contain the grounds
5 for the action and reasonable notice of the rights of the linked
6 bingo game provider to request an appeal under part 7865.0260,
7 subpart 2 or 4, whichever is applicable.

8 D. Fees submitted with a new or renewal license
9 application are considered earned and are not refundable.

10 Subp. 8. Linked bingo game provider license effective date.
11 A linked bingo game provider license issued by the board is
12 effective on the first day of the month after board approval or
13 as otherwise determined by the board.

14 7863.0260 LINKED BINGO GAME PROVIDER OPERATIONS, ACCOUNTS,
15 REPORTS, AND RECORDS.

16 Subpart 1. Purchase or lease of gambling equipment and
17 linked bingo services. A linked bingo game provider may not
18 purchase or obtain gambling equipment or linked bingo services
19 from any other linked bingo game provider.

20 Within ten days of being notified by the board that a
21 manufacturer's license was terminated or expired, a licensed
22 linked bingo game provider must submit to the board a certified
23 physical inventory. The certified inventory must include the
24 name, form number, and quantity of all gambling equipment
25 currently in inventory or owned or leased by the linked bingo
26 game provider that was manufactured by the manufacturer.

27 Subp. 2. Sales of linked bingo paper; sale and lease of

1 linked bingo game system equipment and services; conduct of
2 linked bingo game. This subpart applies to the sale of linked
3 bingo paper, the sale or lease of linked bingo game system
4 equipment and services, and the conduct of a linked bingo game.

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

9 B. The terms and conditions of an agreement to
10 provide linked bingo game system equipment or services to a
11 licensed organization must be in a form approved by the board.
12 The agreement must include details on the operation of the
13 linked bingo game and distribution of costs and proceeds. A
14 copy of the agreement must be submitted to the board before the
15 first linked bingo game is conducted by the organization.

16 C. If an organization's license is revoked, not
17 renewed, or terminated, or if the premises permit is revoked,
18 the linked bingo game agreement is canceled without further
19 obligations on the part of the organization, except that all
20 linked bingo equipment must be returned by the organization to
21 the linked bingo game provider.

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

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

1 F. A linked bingo game provider may establish a
2 minimum fee by premises for licensed organizations to conduct
3 linked bingo games.

4 G. When conducting a linked bingo game, a linked
5 bingo game provider must:

6 (1) comply with applicable requirements in part
7 7861.0270, subpart 10;

8 (2) comply with the management plan required by
9 part 7863.0250, subpart 5, item D, and approved by the board;
10 and

11 (3) ensure that the linked bingo system operates
12 as required by part 7863.0250, subpart 5, item F.

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

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

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

1 subpart 5.

2 Subp. 4. Recall of gambling equipment; issuing credit
3 invoice. A linked bingo game provider must participate in a
4 gambling equipment recall mandated by the board or initiated by
5 the manufacturer, or initiate a recall when it has determined
6 that linked bingo paper does not meet the standards of part
7 7864.0230, subpart 4, and comply with the following requirements.

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

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

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

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

21 C. Within seven business days of receiving a credit
22 invoice from the manufacturer, the linked bingo game provider
23 must issue credit invoices to all organizations returning linked
24 bingo paper under the recall. Credit invoices must include the
25 cost of freight paid by the organization and any valid and
26 documented losses incurred over which the organization had no
27 control or ability to prevent. Copies of the credit invoices

1 must be filed electronically as required by the commissioner of
2 revenue.

3 Subp. 5. **Sales invoice.** A linked bingo game provider who
4 sells or provides linked bingo paper must record the transaction
5 on a sales invoice that contains the following information as
6 required by the commissioner of revenue:

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

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

12 C. invoice number;

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

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

17 F. any applicable sales tax;

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

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

22 I. price for which the linked bingo paper must be
23 sold by the organization.

24 Subp. 6. **Monthly sales report to revenue required.** A
25 linked bingo game provider who sells or provides linked bingo
26 paper must electronically report the transactions made each
27 month to the commissioner of revenue as required under Minnesota

1 Statutes, section 297E.05. The report is due by the 20th of the
2 next month.

3 Subp. 7. **Delinquent organization notice to board**
4 **required.** This subpart pertains to the notice to the board of
5 organizations that are delinquent in payment of an invoice.

6 A. If a linked bingo game provider has not received
7 payment from an organization within 35 days of the invoice date,
8 the linked bingo game provider must report the delinquency to
9 the board in writing, by e-mail, or by facsimile. The linked
10 bingo game provider must ensure that the board will receive the
11 notice by the 36th day, or the next business day, after the
12 invoice date for the sale of the linked bingo paper. The notice
13 must include:

14 (1) the organization's name and license number;
15 and

16 (2) an invoice date, invoice number, and total
17 dollar amount of the invoice.

18 B. If a linked bingo game provider has not received
19 payment in full within 60 days of its initial notice to the
20 board, the linked bingo game provider must notify the board of
21 the continued delinquency. The linked bingo game provider must
22 ensure that the board will receive the notice on the 61st day,
23 or the next business day, after the linked bingo game provider's
24 initial report to the board.

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

27 D. Upon receipt of the initial notice under item A,

1 the board must:

2 (1) notify and direct the organization to
3 eliminate the delinquency; and

4 (2) notify all linked bingo game providers and
5 distributors that until further notice they may only sell or
6 lease gambling equipment to the delinquent organization on a
7 cash basis. "Cash" means a check drawn on the organization's
8 gambling account.

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

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

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

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

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

26 Subp. 8. **Linked bingo game records required.** The linked
27 bingo game provider must keep a record of each linked bingo game

1 conducted. The record must include, at a minimum, the following
2 information for each linked bingo game:

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

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

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

13 D. jackpot amount;

14 E. winner's information, including:

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

16 (2) amount of the jackpot won;

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

19 (4) copy of the check; and

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

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

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

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

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

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

11 7864.0210 MANUFACTURER LICENSES.

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

19 Subp. 2. **Manufacturer licensing qualifications.** A
20 manufacturer is not eligible for a manufacturer's license unless
21 they have met the requirements of Minnesota Statutes, sections
22 349.155, subdivision 3, and 349.163. For purposes of compliance
23 with Minnesota Statutes, section 349.155, subdivision 3, the
24 following definitions apply.

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

27 B. "Officer" means any person elected, appointed, or

1 designated as an officer by the manufacturer's board of
2 directors.

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

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

14 A. be an officer, director, paid employee, gambling
15 volunteer, or gambling manager of an organization involved in
16 the conduct of lawful gambling;

17 B. be involved in or influence the purchase of
18 gambling equipment for an organization;

19 C. be an owner, officer, director, or partner of a
20 wholesale alcoholic beverage distributor;

21 D. lease or rent storage space in Minnesota from any
22 other licensee or employee of a licensee of the board;

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

27 F. lease premises to an organization for the conduct

1 of lawful gambling;

2 G. directly or indirectly give gifts, trips, prizes,
3 loans of money, premiums, or other gratuities to gambling
4 organizations or their employees, other than nominal gifts not
5 exceeding a value of \$25 per organization in a calendar year.
6 "Value" means actual market value or suggested market value,
7 whichever is less. A manufacturer, or a representative, agent,
8 affiliate, or employee of a manufacturer may not contribute more
9 than \$250 in any calendar year to an organization or participate
10 in a fund-raising event if the contribution or fund-raising
11 event is related to the organization's conduct of lawful
12 gambling; or

13 H. provide any merchandise prize, as part of the sale
14 of any game, either through a gift or sale, to an organization
15 or employees of an organization conducting lawful gambling.

16 Subp. 4. Contents of manufacturer license application.

17 The manufacturer license application must contain the following
18 information:

19 A. manufacturer's legal name, any other names used,
20 and the legal nature of the business (sole proprietorship,
21 partnership, limited liability company, or corporation);

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

24 C. address of each storage facility in Minnesota;

25 D. Minnesota tax identification number, if any;

26 E. names and titles of the owners, officers,
27 directors, persons in a supervisory or management position,

1 sales employees, and persons or entities with a direct or
2 indirect financial interest of five percent or more in the
3 manufacturer;

4 F. type of gambling equipment to be sold in
5 Minnesota;

6 G. address and telephone number of each facility
7 where gambling equipment is manufactured;

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

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

12 J. an acknowledgment regarding licensing
13 qualifications in subpart 2 and restrictions in subpart 3;

14 K. date and signature, in ink, of the chief executive
15 officer; and

16 L. additional information that may be required by the
17 board or director to properly identify the manufacturer and
18 ensure compliance with Minnesota Statutes, sections 349.11 to
19 349.23.

20 **Subp. 5. Attachments to manufacturer license application.**

21 The manufacturer must attach the following items to the
22 application.

23 A. A manufacturer's personnel form, in a format
24 prescribed by the board, must be completed by each:

25 (1) owner;

26 (2) partner;

27 (3) member of the board of directors or board of

1 governors;

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

5 (5) plant manager;

6 (6) sales employee who is located in Minnesota,
7 makes sales trips to Minnesota, or makes telephone calls to
8 distributors in Minnesota for sales of gambling equipment;

9 (7) person or entity with a direct or indirect
10 financial interest of five percent or more in the manufacturer;
11 and

12 (8) consultant who provides advice for the sale
13 or design of gambling equipment for sale in Minnesota.

14 B. The manufacturer personnel form must include:

15 (1) manufacturer's name and license number, if
16 issued;

17 (2) name and address, date of birth, Social
18 Security number, and daytime telephone number of the person;

19 (3) person's position with the manufacturer;

20 (4) Minnesota tax identification number of
21 businesses the person has owned during the past ten years;

22 (5) employment history and places of residence
23 for the last ten years;

24 (6) name, address, and license number, exempt
25 permit number, or excluded authorization of any organization
26 conducting lawful gambling in Minnesota of which the person is a
27 member;

1 (7) criminal history statement, not including
2 petty misdemeanors;

3 (8) an acknowledgment regarding the licensing
4 qualifications in subpart 2 and restrictions in subpart 3;

5 (9) date and signature, in ink, of the person;
6 and

7 (10) additional information that may be required
8 by the board or director to properly identify the person and
9 ensure compliance with Minnesota Statutes, sections 349.11 to
10 349.23.

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

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

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

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

23 A. Before issuing or denying a new or renewal
24 manufacturer license, the board must conduct or request the
25 director of alcohol and gambling enforcement to conduct a
26 background investigation that includes a review of the
27 manufacturer's sources of financing, ownership, and

1 organizational structure. Actual costs in addition to the new
2 or renewal application fee must be paid by the manufacturer.

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

5 (1) submits the information required in the
6 application and attachments, and for a renewal application
7 submits a complete application at least 75 days before the
8 expiration of the existing license;

9 (2) pays the fee required by Minnesota Statutes,
10 section 349.163, subdivision 2; and

11 (3) is eligible to receive a license under item A
12 and subparts 2 and 3.

13 C. The board must deny the application if a
14 manufacturer is ineligible under subparts 2 and 3. When the
15 board determines that an application must be denied, the board
16 must promptly give a written notice to the manufacturer. The
17 notice must contain the grounds for the action and reasonable
18 notice of the rights of the manufacturer to request an appeal
19 under part 7865.0260, subpart 2 or 4, whichever is applicable.

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

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

26 7864.0230 MANUFACTURER STANDARDS FOR LAWFUL GAMBLING EQUIPMENT.

27 Subpart 1. **Manufacturing standards for pull-tab tickets**

1 and deals. Pull-tab tickets and deals manufactured for sale in
2 Minnesota must comply with the following standards.

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

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

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

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

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

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

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

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

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

16 (3) game serial number, which must be a minimum
17 of five and a maximum of eight characters, printed on the game
18 information side of the pull-tab, and must not be repeated on
19 gambling equipment of the same form number for 3-1/2 years from
20 the date of the manufacturer's invoice to the distributor.

21 There must not be more than one serial number in a deal;

22 (4) unique form number for that game;

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

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

27 (7) pull-tabs with an unopened, overall area of

1 less than 1.6 square inches are exempt from subitems (4) to
2 (6). Pull-tabs with an overall area of less than 2.5 square
3 inches but more than 1.6 square inches are exempt from subitem
4 (6).

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

- 6 (1) manufacturer's name or board-registered logo;
7 (2) game name and serial number, which must be
8 identical to the same information printed on the pull-tab
9 tickets in the deal;
10 (3) form number;
11 (4) ticket count;
12 (5) prize structure, including the quantity of
13 symbols or numbers for winning pull-tabs by denomination, with
14 their respective winning symbol or number combinations. The
15 prize amounts may not exceed the limit under Minnesota Statutes,
16 section 349.211, subdivision 2a;
17 (6) cost per play, not to exceed the limit under
18 Minnesota Statutes, section 349.211, subdivision 2a;
19 (7) language contained in Minnesota Statutes,
20 section 349.163, subdivision 5, paragraph (e);
21 (8) Minnesota geographic boundary symbol,
22 required by Minnesota Statutes, section 349.163, subdivision 5,
23 paragraph (d), which must be printed on the bottom front of the
24 flare;
25 (9) bar code affixed or printed on the bottom
26 front of the flare, as required by the commissioner of revenue
27 under Minnesota Statutes, section 297E.04, subdivision 2. The

1 serial number in the bar code must be printed in numbers and
2 letters at least one-half inch high and must be the same as the
3 serial number on the tickets for that deal and on the flare;

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

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

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

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

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

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

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

27 (1) information required in item D, subitems (1),

1 (3), (5), (6), (7), and (8);

2 (2) game name;

3 (3) seal prizes;

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

6 (5) a prize pool board that meets all of the
7 requirements of item D may be used as the flare for the game.

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

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

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

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

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

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

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

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

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

27 (2) Tickets must be constructed so that concealed

1 numbers, symbols, or win indicators cannot be viewed or
2 determined from the outside of the ticket in any manner or when
3 using a light.

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

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

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

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

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

23 (c) if randomly generated alphanumeric win
24 indicators are used, they must be printed in the space between
25 the hinge and the column closest to the hinge, or located in any
26 position except the column farthest from the hinged side.

27 Alphanumeric win indicators must be designed so that the code

1 numbers, or any color used to highlight the code numbers, are a
2 minimum of 3.5/32 inch from the die-cut edge.

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

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

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

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

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

13 (1) Winning tickets must be distributed and mixed
14 among all other tickets in a deal to eliminate any pattern
15 between deals or portions of deals from which the location or
16 approximate location of any winning tickets may be determined.
17 The pull-tab deal must be assembled so that placement of winning
18 or losing tickets does not allow for the possibility of prize
19 manipulation or selection of winning tickets. Subsets of a deal
20 are not allowed. A cumulative game may not contain more than
21 10,000 tickets in total for all deals in the game.

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

24 (3) Each deal's container must be sealed with a
25 manufacturer's seal including a warning to the purchaser that
26 the game may have been tampered with if the container was
27 received by the purchaser with the manufacturer's seal broken.

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

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

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

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

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

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

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

24 Subp. 2. **Manufacturing standards for pull-tab dispensing**
25 **devices.** Pull-tab dispensing devices used to dispense pull-tab
26 tickets and manufactured to be sold or leased in Minnesota must
27 have the manufacturer's name or board-registered logo, serial

1 number, model number, and date of manufacture permanently
2 attached to it, and conform to the following standards.

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

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

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

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

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

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

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

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

27 (2) Tickets in each deal must be randomly

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (6) When in a test-vend or audit mode, test-vends
22 of tickets or currency acceptances must not be recorded on the
23 accounting meters. "Test-vend" means the intentional accepting
24 of currency or vending of pull-tabs to properly calibrate
25 columns to accept currency and vend pull-tabs of varying
26 lengths, widths, and thicknesses. The pull-tab dispensing
27 device must not perform test-vends of tickets or currency

1 acceptances unless it is in a test-vend or audit mode and the
2 exterior door of the pull-tab dispensing device is open.

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

7 D. The electronic currency validator must:

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

12 (2) transmit the value of currency validated;

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

15 (4) automatically discontinue accepting or
16 validating currency if a malfunction should occur or if
17 electrical power to the pull-tab dispensing device or currency
18 validator is interrupted; and

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

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

27 F. Any pull-tab dispensing device provided to a

1 licensed distributor for demonstration purposes must be clearly
2 and permanently marked for use as a demonstration device only.

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

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

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

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

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

1 or the denial.

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

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

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

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

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

18 (3) tickets must be manufactured, assembled, and
19 packaged so that none of the winning tickets, or the location or
20 approximate location of any of the winning tickets, can be
21 determined in advance of opening the tickets in any manner or by
22 any device, including but not limited to any pattern in
23 manufacture, assembly, packaging, markings, or by the use of a
24 light; and

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

27 D. The front of a tipboard flare must include:

- 1 (1) manufacturer's name or board-registered logo;
- 2 (2) game name and serial number, which must be
- 3 identical to the same information printed on the tickets in the
- 4 deal;
- 5 (3) form number;
- 6 (4) ticket count;
- 7 (5) seal prize, for a tipboard game with a single
- 8 seal, and consolation prize or prizes, if any;
- 9 (6) prize amounts which may not exceed the limit
- 10 under Minnesota Statutes, section 349.211, subdivision 2c;
- 11 (7) cost per play, which may not exceed \$2;
- 12 (8) language contained in Minnesota Statutes,
- 13 section 349.163, subdivision 5, paragraph (e);
- 14 (9) Minnesota geographic boundary symbol required
- 15 by Minnesota Statutes, section 349.163, subdivision 5, paragraph
- 16 (d);
- 17 (10) bar code affixed or printed on the bottom
- 18 front of the flare, as required by the commissioner of revenue
- 19 under Minnesota Statutes, section 297E.04, subdivision 2. The
- 20 serial number in the bar code must be printed in numbers and
- 21 letters at least one-half inch high and must be the same as the
- 22 serial number on the tickets for that deal and on the flare;
- 23 (11) for each deal of tipboards sold to a
- 24 licensed distributor for use by an Indian tribe, the bar code
- 25 but must not contain the Minnesota geographic boundary symbol;
- 26 and
- 27 (12) a seal card that meets all of the

1 requirements of this item may serve as the flare for the game.

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

- 4 (1) individually numbered seals which, when
5 opened, identify the seal prize on the back of the seal tab; and
6 (2) the information in item D.

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

- 9 (1) information required in item D, subitems (1),
10 (3), (6), (7), (8), and (9);
11 (2) game name;
12 (3) seal prizes;
13 (4) individually numbered seals which, when
14 opened, identify the seal prize on the back of the seal tab; and
15 (5) a prize pool board that meets all of the
16 requirements of item D may be used as the flare for the game.

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

- 19 (1) the information in item D, subitems (1), (2),
20 (4), (7), (8), (9), (10), and (11);
21 (2) a seal that determines the seal prize winner
22 who chooses one or more seals for a chance to win the
23 progressive jackpot prize;
24 (3) a section where names are recorded for all
25 ticket holders entitled to a chance on the jackpot seal prizes;
26 (4) form number which must be identical to all
27 games related to the specific progressive jackpot;

1 (5) seals for the progressive jackpot round, and
2 consolation prize amounts, if any. The prize amounts may not
3 exceed the limit under Minnesota Statutes, section 349.211,
4 subdivision 2c;

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

7 (7) the maximum progressive jackpot prize amount
8 for the game, not to exceed the limit under Minnesota Statutes,
9 section 349.211, subdivision 2c;

10 (8) an amount to be contributed to the
11 progressive jackpot from each deal in the game; and

12 (9) for a separate progressive jackpot flare, the
13 minimum information printed on the front of the flare must
14 include:

15 (a) information in item D, subitems (1) and
16 (7); and

17 (b) information in item G, subitems (4),
18 (5), (6), and (8).

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

25 A. Except for bingo sheets described in item D, each
26 bingo face must have 25 squares arranged in five vertical and
27 five horizontal rows. The letters "B, I, N, G, O" must be

1 preprinted above the five vertical columns, with one letter
2 appearing above each column. The center space must be marked
3 "free." Numbers printed on the bingo hard card or bingo paper
4 sheet face must correspond with the following:

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

10 B. A bingo face must not have repeating numbers.

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

13 D. All bingo paper sheets not containing preprinted
14 numbers must contain five horizontal rows of spaces with each
15 row containing five spaces. The central row must have the word
16 "free" marked in the center space. All spaces must be of
17 uniform size and color.

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

24 F. A "bingo permutation" or "perm" means a
25 proprietary set of an arrangement of numbers on a bingo sheet
26 face.

27 Subp. 5. Manufacturing standards for bingo number

1 selection devices. Bingo number selection devices manufactured
2 to be sold in Minnesota must include the manufacturer's name or
3 its board-registered logo and conform to the following standards.

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

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

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

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

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

19 B. must be designed to be used solely with facsimiles
20 of bingo paper sheets printed at the point of sale, or with
21 corresponding bingo paper sheets, and ensure that any other
22 bingo faces other than those purchased by a player are not
23 available for play on the device. The device must not have any
24 other games, information, entertainment programs, or advertising
25 stored in or on the device, and must not mimic or appear to be a
26 video game of chance as defined in Minnesota Statutes, section
27 609.75, subdivision 8;

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

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

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

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

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

21 (a) date and time of transaction;

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

24 (c) sequential transaction number;

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

27 (e) facsimile of the bingo paper, which may

1 be the range of serial numbers of the bingo paper sold to the
2 player; and

3 (f) serial number of the device;

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

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

8 F. must allow for manual electronic "catch-up"
9 daubing by a player, but must not have an automatic electronic
10 daub feature.

11 Subp. 7. **Manufacturing standards for paddletickets.**

12 Paddletickets manufactured to be sold in Minnesota must conform
13 to the following standards.

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

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

18 (2) game serial number, which must be a minimum
19 of five and a maximum of eight characters. The serial number
20 must not be repeated on gambling equipment of the same type for
21 3-1/2 years from the date of the manufacturer's invoice to the
22 distributor.

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

27 C. A paddleticket may not have the same numbers as

1 any other paddleticket on the same card.

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

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

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

10 (2) same serial number as the serial number
11 appearing on the paddleticket cards;

12 (3) first paddleticket card number in the group;

13 (4) form number;

14 (5) ticket count;

15 (6) cost per play, which may not exceed the limit
16 under Minnesota Statutes, section 349.211, subdivision 2b; and

17 (7) a bar code attached or imprinted at the
18 bottom of the master flare, with all information required by the
19 commissioner of revenue under Minnesota Statutes, section
20 297E.04, subdivision 3. An extra self-adhesive bar code must be
21 included.

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

25 (1) all information required in item E;

26 (2) prizes;

27 (3) wagers that may be placed with a paddleticket

1 in the group; and

2 (4) the odds.

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

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

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

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

17 (1) the pegs must be uniform in diameter and made
18 of the same material;

19 (2) any two pegs may not vary by more than
20 one-eighth inch in distance from the center of the paddlewheel
21 shaft; and

22 (3) the distance between any two adjacent pegs
23 may not vary by more than one-eighth inch from that of any two
24 adjacent pegs; and

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

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

6 A. standards in subpart 8;

7 B. diameter must be at least 30 inches;

8 C. outer circle may contain up to 40 numbers or
9 number and symbol combination;

10 D. numbers of each circle must be sequential,
11 starting with the number one, but they may be placed randomly on
12 that circle;

13 E. each circle must be divided into equally spaced
14 sections and contain a sequential section number with the first
15 section beginning with the number one. The section numbers may
16 be randomly placed among the sections, but no number in the
17 sequence may be missing or repeated. A section may also include
18 a graphic symbol or symbols including stylized numbers. If
19 stylized numbers are used, they must be clearly different from
20 the type style used for the section number;

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

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

27 H. have colored numbers or number and symbol

1 combinations on the paddlewheel that are at least five-eighths
2 inch high.

3 Subp. 10. Manufacturing standards for paddlewheel tables.

4 Paddlewheel tables used with a paddlewheel as described in
5 subpart 9 must include the manufacturer's name or
6 board-registered logo and conform to the following standards:

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

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

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

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

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

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

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

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

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

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

9 (3) The board must notify the manufacturer in
10 writing no later than five days after a board meeting of the
11 board's decision on whether the product is approved for sale in
12 Minnesota. Board approval is not considered approval of the bar
13 code required by the commissioner of revenue.

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

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

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

27 (1) front of the flare, prize pool board, if any,

1 ticket for each game, and any cumulative or progressive jackpot
2 flare;

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

5 (3) winning and losing symbols; and

6 (4) payout structure.

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

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

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

19 (1) one tipboard for each family;

20 (2) for a new tipboard game proposed for
21 production or already in production but not yet approved or new
22 members to a previously approved family of games, production
23 copies of the tipboard, the tickets, and the numbered sign-up
24 sheet for the seal prize;

25 (3) if the tipboard is approved by production
26 copies, the manufacturer must submit to the board,
27 simultaneously with the first shipment of the game into

1 Minnesota, one tipboard game for each family to verify
2 conformance with the previously approved production copies; and

3 (4) any changes to approved tipboards must be
4 submitted to the board for review, and if required by the board,
5 submitted for approval according to subitems (1) and (2).

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

9 (1) a copy of the catalog or brochure
10 illustrating that the equipment meets the standards in subpart
11 4;

12 (2) five sheets of each color and format of
13 sealed bingo paper sheets; and

14 (3) any changes to approved bingo hard cards,
15 bingo paper sheets, bingo paper sheet packets, or sealed bingo
16 paper sheets must be submitted to the board for review and, if
17 required by the board, submitted for approval according to
18 subitems (1) and (2).

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

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

23 (2) production copies for the master flare; and

24 (3) any changes to approved paddleticket cards or
25 paddletickets must be submitted to the board for review and, if
26 required by the board, submitted for approval according to
27 subitems (1) and (2).

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

6 (1) a copy of the manufacturer's catalog or
7 brochure illustrating that the item meets board-prescribed
8 manufacturing standards for the equipment;

9 (2) a description of the item and its features;

10 (3) any changes to approved equipment must be
11 submitted to the board for review and, if required by the board,
12 submitted for approval according to subitems (1) and (2);

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

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

22 7864.0240 MANUFACTURER OPERATIONS, ACCOUNTS, REPORTS, AND
23 RECORDS.

24 Subpart 1. Sales restrictions and requirements; exclusive
25 lawful gambling equipment and agreements. This subpart does not
26 pertain to gambling equipment designated for sale to an Indian
27 tribe. In addition to the requirements of Minnesota Statutes,

1 section 349.163, a manufacturer must comply with the following.

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

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

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

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

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

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

27 A. manufacturer's name, address, and license number;

1 and name, address, and license number of the distributor or
2 linked bingo game provider to whom the sale was made;

3 B. invoice number and date of shipment;

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

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

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

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

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

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

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

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

22 (4) series; and

23 (5) serial number from each sheet in the packet

24 if the serial numbers are not uniform throughout the packet. If
25 the serial numbers are uniform throughout the packet, the serial
26 number from the top sheet in the packet must be recorded on the
27 sales invoice. The serial numbers may be recorded on a separate

1 document attached to the invoice, if the invoice states that the
2 serial number listing is attached;

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

5 (1) color;

6 (2) number of sheets per case;

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

8 (4) series; and

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

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

11 J. for paddleticket cards:

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

14 (2) for each sealed grouping of 100 or fewer
15 sequentially numbered paddletickets, a description including the
16 game name, manufacturer identification, form number, part
17 number, and serial number.

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

24 A. manufacturer's name;

25 B. product code, description, and form number;

26 C. for pull-tabs and tipboard tickets:

27 (1) cost per play;

- 1 (2) ticket count;
2 (3) payout percent;
3 (4) top prize; and
4 (5) original and current price per ticket and per
5 deal, and date the original and current prices were established;

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

9 E. unit pricing detail must not include:

- 10 (1) shipping or handling costs;
11 (2) discounts, including but not limited to
12 volume and prompt payment; or
13 (3) rebates;

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

- 18 (1) shipping costs or handling charges, if any,
19 which must be itemized;
20 (2) discounts which must be clearly defined and
21 uniformly applied; and
22 (3) rebates which must be based on total dollar
23 volume of purchases for a time period determined by the
24 manufacturer and uniformly applied; and

25 G. only changes or additions to the previously filed
26 report must be reported to the board at least two days before
27 the date the new price will take effect. For products no longer

1 available for sale, the current pricing must be reported as \$0.

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

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

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

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

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

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

1 (1) Within 15 business days of receiving a game
2 from a distributor, the manufacturer must determine whether the
3 game was manufactured according to the standards. The
4 manufacturer must return the game to the distributor, who will
5 return it to the organization to keep as a played game.

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

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

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

22 B. month and year of the report;

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

27 D. for pull-tabs and tipboards, the number of deals

1 and the form numbers;

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

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

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

12 Subp. 6. Recall of **gambling equipment; credit invoices.**

13 If a manufacturer sells gambling equipment that is not in
14 compliance with part 7864.0230, the board may require the
15 manufacturer to take corrective action, including a recall, if
16 the integrity of the game is harmed or the fair play of the game
17 may be adversely affected. These provisions also apply to a
18 recall initiated by a manufacturer.

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

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

27 (1) an inventory listing of the gambling

1 equipment which was returned or not returned;

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

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

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

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

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

25 A. If a manufacturer has not received payment from a
26 distributor or linked bingo game provider within 35 days of the
27 invoice or lease agreement date, the manufacturer must report

1 the delinquency to the board in writing, by e-mail, or by
2 facsimile. The manufacturer must ensure that the board will
3 receive the notice by the 36th day, or the next business day,
4 after the invoice date for the sale or lease of the gambling
5 equipment. The notice must include:

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

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

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

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

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

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

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

27 E. Upon receipt of the second notice under item B,

1 the board must notify:

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

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

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

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

18 Subp. 8. Examination of books and records. The board, the
19 commissioner of revenue, or the commissioner of public safety or
20 their agents may examine the books and records of any
21 manufacturer without notice at any time during normal business
22 hours.

23 7865.0210 COMPLIANCE REVIEW GROUP.

24 Subpart 1. Establishment of compliance review groups. The
25 chair of the board must appoint at least one panel consisting of
26 at least three board members to serve as a compliance review
27 group. Compliance review groups will meet as necessary to

1 exercise the powers and duties granted to them by subpart 2.

2 Subp. 2. Powers and duties of compliance review groups.

3 Each compliance review group:

4 A. may meet as necessary to consider alleged
5 violations of laws or rules related to lawful gambling by
6 persons or entities licensed under Minnesota Statutes, chapter
7 349;

8 B. may direct the director to initiate investigations
9 of persons or entities licensed under Minnesota Statutes,
10 chapter 349, for the purpose of determining whether laws or
11 rules related to lawful gambling have been violated;

12 C. may require any person or entity licensed under
13 Minnesota Statutes, chapter 349, to appear before it to discuss
14 alleged violations of laws or rules related to lawful gambling;

15 D. may conduct hearings according to this subpart and
16 require any person or entity required to appear to participate
17 in a prehearing conference prior to the appearance. The
18 prehearing conference may occur at the board office, or by means
19 of a telephone conference call;

20 E. may negotiate and enter into proposed consent
21 orders with licensees to resolve any violations of laws or rules
22 related to lawful gambling;

23 F. may enter into consent orders with licensees to
24 resolve any violations of laws or rules related to lawful
25 gambling;

26 G. may recommend to the board that it take
27 disciplinary action against a person or entity licensed under

1 Minnesota Statutes, chapter 349;

2 H. may recommend to the board that it summarily
3 suspend a license under Minnesota Statutes, section 349.1641;

4 I. may initiate and recommend any other proceedings
5 necessary to ensure that violations of the laws and rules
6 related to lawful gambling are detected and addressed
7 appropriately; and

8 J. in negotiating the terms and length of any
9 suspension or revocation of a license or premises permit issued
10 under Minnesota Statutes, chapter 349, the terms of a consent
11 order, or the amount of a fine or civil penalty, must consider
12 the following factors:

13 (1) the severity of the conduct as indicated by
14 the potential harm to the integrity of lawful gambling;

15 (2) the culpability of the violator;

16 (3) the frequency of the violator's failure to
17 comply with the laws or rules;

18 (4) the actual harm caused to the integrity of
19 lawful gambling;

20 (5) the likelihood that the violation will occur
21 again;

22 (6) the degree of the violator's cooperation
23 during the course of the investigation into the violator's
24 activities, including self-reporting for noncompliance of laws
25 or rules; and

26 (7) any other factor related to the violation
27 that is considered crucial to the determination of the length of

1 a suspension, the terms of a license or premises permit
2 revocation, or issuance of a fine or civil penalty as long as
3 the same factors are considered with regard to all violators.
4 This item also pertains to proposed fines issued by the director.

5 Subp. 3. Definitions. The following terms have the
6 meanings given them in this chapter.

7 A. "Suspension" means that the licensee keeps
8 ownership rights in its license, even though its conduct of
9 lawful gambling in Minnesota must stop during the time of
10 suspension.

11 B. "Revocation" means that ownership of the license
12 or permit is terminated on the effective date of revocation.

13 C. "Complete change of ownership" means that when a
14 violation occurred a person who was the lessor or owner of a
15 site, an immediate family member of the lessor or owner, a
16 person residing in the same household as an owner or lessor, or
17 who otherwise held a direct or indirect financial interest of
18 five percent or more in the site is currently not:

19 (1) a lessor or owner of the site;

20 (2) an immediate family member of the new lessor
21 or owner of the site;

22 (3) a person residing in the same household as a
23 lessor or owner of the site; or

24 (4) a holder of a direct or indirect financial
25 interest of five percent or more in the site.

26 An appropriately recorded contract for deed does not
27 constitute a prohibited direct or indirect financial interest.

1 The existence of a complete change of ownership is an
2 affirmative defense of an organization that has, or is applying
3 for, a premises permit for the site.

4 7865.0220 SUSPENSIONS OR REVOCATIONS OF LICENSES OR PERMITS.

5 Subpart 1. Factors considered for suspension or revocation
6 of license or premises permit. In negotiating the terms and
7 length of any suspension or revocation of a license or premises
8 permit issued under Minnesota Statutes, chapter 349, the
9 compliance review group must consider the factors in part
10 7865.0210, subpart 2, item J, and Minnesota Statutes, section
11 349.155, subdivision 4.

12 Any grounds for denial of a license or premises permit are
13 also grounds for suspension or revocation of a license or
14 premises permit.

15 Subp. 2. Suspension or revocation of organization license
16 for illegal gambling. Under Minnesota Statutes, section
17 349.155, subdivision 4a, paragraph (b), the board must suspend
18 or revoke an organization's license if the organization's chief
19 executive officer, gambling manager, or one or more of its
20 assistant gambling managers participated in or authorized the
21 illegal gambling prohibited by part 7861.0260, subpart 1, item H.

22 Subp. 3. Suspension or revocation of premises permit for
23 illegal gambling. The suspension or revocation of a premises
24 permit is a contested case under Minnesota Statutes, chapter
25 14. For violations of part 7861.0260, subpart 1, item H, the
26 board must suspend or revoke an organization's premises permit
27 as follows.

1 A. For the first violation of part 7861.0260, subpart
2 1, item H, at a site, the board must suspend each premises
3 permit for the site for up to 90 days from the date of the
4 board's final resolution or determination on the violation. An
5 organization may not pay rent for the site during the term of
6 the suspension. When suspending an organization's premises
7 permit, the board must consider the following factors:

8 (1) whether the organization notified the lessor,
9 in writing, that illegal gambling was being conducted on the
10 premises, giving specific information regarding the conduct of
11 the illegal gambling, and requesting that the lessor take
12 appropriate action;

13 (2) whether the organization, or any of its
14 agents, knew that the game or device that violated part
15 7861.0260, subpart 1, item H, was used, or was designed to be
16 capable of being used, in a manner that causes illegal gambling
17 or violates part 7861.0260, subpart 1, item H, or Minnesota
18 Statutes, section 609.75;

19 (3) the degree to which the organization
20 cooperated with law enforcement authorities, the Department of
21 Public Safety Gambling Enforcement Division, or the board;

22 (4) whether the organization or any of its agents
23 participated in the illegal gambling; and

24 (5) the nature or severity of the violation.

25 B. For the second violation of part 7861.0260,
26 subpart 1, item H, at a site, the board must suspend each
27 premises permit for the site for two years from the date of the

1 board's final resolution or determination on the violation. An
2 organization may not pay rent for the site during the term of
3 the suspension. If a complete change of ownership occurred
4 between the first and second violations, the second violation is
5 considered a first violation and the board must suspend each
6 premises permit for the site for up to 90 days according to item
7 A and must prohibit any organization from paying rent during the
8 term of the suspension.

9 C. For the third violation of part 7861.0260, subpart
10 1, item H, at a site, the board must revoke each premises permit
11 for the site for a minimum period of five years from the date of
12 the board's final resolution or determination on the violation.
13 Revocation must continue until a complete change of ownership
14 occurs after the third violation. No organization may obtain a
15 premises permit for the site during the term of the revocation.
16 If a complete change of ownership occurred between the second
17 and third violations, the third violation is considered a first
18 violation and the board must suspend each premises permit for
19 the site for up to 90 days according to item A and must prohibit
20 any organization from paying rent for the site during the term
21 of the suspension.

22 7865.0225 REIMBURSEMENTS TO GAMBLING BANK ACCOUNT.

23 The board may require an organization to deposit funds from
24 a nongambling source into the organization's gambling bank
25 account to reimburse the account as required under part
26 7861.0320, subpart 5. Reimbursement is a contested case under
27 Minnesota Statutes, chapter 14. In determining the

1 reimbursement to be required after a contested case hearing, the
2 board must consider the factors in part 7865.0210, subpart 2,
3 item J.

4 7865.0230 FINES AND OTHER SANCTIONS.

5 Subpart 1. **Imposition of civil fine by board.** The board
6 may impose a civil fine upon any licensee for violation of any
7 provision of Minnesota Statutes, sections 349.11 to 349.23, or a
8 violation of the board's rules. The civil penalty may not
9 exceed \$500 per violation.

10 In determining the amount of the fine to be imposed for a
11 violation of law or rule, the board must consider the factors in
12 part 7865.0210, subpart 2, item J.

13 Subp. 2. **Imposition of fines and sanctions by board or**
14 **director for violation of Minnesota Statutes, section 349.15,**
15 **subdivision 1 (expense calculations).** The following apply to a
16 proposed fine issued and sanctions imposed by the board or
17 director under Minnesota Statutes, section 349.16, subdivision
18 2, paragraph (h).

19 If an organization exceeds expense calculations for
20 the 24th month, the organization is subject to a fine of up to
21 \$500 or suspension or revocation of the organization's license,
22 in addition to reimbursing the excess expense as required by
23 part 7861.0320, subpart 11 or 12.

24 Subp. 3. **Imposition of proposed fine by director; payment**
25 **or appeal of fine by licensee required.** This subpart applies to
26 a proposed fine issued by the director.

27 A. The director may issue to any licensee a proposed

1 fine, determined according to the factors in part 7865.0210,
2 subpart 2, item J, on a citation form prescribed by the board.

3 B. Within 30 calendar days of receiving the citation,
4 the licensee must:

5 (1) pay the proposed fine; or

6 (2) appeal the proposed fine to the board. If
7 the licensee decides to appeal the proposed fine, the provisions
8 of subpart 4 apply.

9 C. If the licensee fails to pay or appeal the
10 proposed fine within 30 calendar days, the licensee may be
11 subject to further disciplinary action by the board.

12 **Subp. 4. Appeal from licensee of proposed fine by**
13 **director.** The following apply to an appeal from a licensee of a
14 proposed fine issued by the director under subpart 3.

15 A. An appeal must contain the licensee's name, the
16 date the citation was issued, the amount of the proposed fine,
17 and the reasons why the proposed fine should not be paid.

18 B. Upon receipt of an appeal, the director must
19 review any new information provided by the licensee and
20 determine whether the proposed fine should be rescinded,
21 revised, or referred to the compliance review group. If the
22 director determines that the proposed fine should not be
23 rescinded or revised, the appeal must be referred to the
24 compliance review group for a hearing. Within ten days of the
25 receipt of an appeal, the compliance review group must schedule
26 a hearing.

27 C. The licensee may be represented by counsel and

1 present documents and other evidence to support its position.

2 D. Within ten days of the hearing date, the
3 compliance review group must issue an order recommending to the
4 board whether a civil fine should be imposed. If the compliance
5 review group determines that a civil fine should be imposed, the
6 order must contain a recommendation for the amount of the fine.

7 E. The board must act on the recommendation at its
8 next regularly scheduled meeting.

9 F. Within ten days of acting on the matter, the board
10 must issue an order including findings of fact and conclusions
11 of law. The order is a final agency decision.

12 Subp. 5. **Payment of fine from gambling gross receipts**
13 **prohibited.** A licensed organization may not use gambling gross
14 receipts to pay a fine imposed by the board or director and must
15 pay a fine from a nongambling source of funds.

16 Subp. 6. **Consequences of failure to correct violations.**
17 Failure to correct the violation for which the fine was imposed
18 is grounds for the suspension or revocation of a license.

19 7865.0240 STAYS OF IMPOSITION FOR SUSPENSION, REVOCATION, OR
20 CIVIL FINE.

21 Subpart 1. **Entitlement.** A licensee that is subject to a
22 board order for a suspension or revocation or a civil fine is
23 entitled to a stay of imposition of that sanction upon filing an
24 appeal to the Court of Appeals. A licensee is not entitled to a
25 stay of imposition if the board determines that the potential or
26 actual harm to the public and the integrity of lawful gambling
27 resulting from the grant of such a stay would exceed the harm to

1 the licensee from the denial of such a stay.

2 Subp. 2. Procedure. This subpart applies to requests for
3 stays of impositions of sanctions:

4 A. A licensee seeking a stay according to subpart 1
5 must file a written request with the board. The request must
6 contain:

7 (1) a copy of the licensee's appeal to the Court
8 of Appeals and proof that the appeal has been filed with the
9 Court of Appeals;

10 (2) a brief statement describing why the harm the
11 licensee would suffer from the denial of a stay exceeds the
12 potential or actual harm to the public and the integrity of
13 lawful gambling that would result from the grant of a stay; and

14 (3) a copy of the order issued by the board
15 imposing the sanction the licensee seeks to have stayed.

16 B. Any request for a stay complying with item A must
17 be considered by the chair of the board according to subpart 1.

18 (1) The chair must respond to the applicant in
19 writing within five days, excluding Saturdays, Sundays, and
20 holidays, of the date the application is received by the board.

21 (2) The chair must grant or deny the stay and
22 explain the reasons for the decision.

23 (3) The chair's decision represents the official
24 board response to the request until the board is able to
25 consider the request according to item C.

26 C. Any request for a stay must be considered by the
27 board after initial consideration and response by the chair.

1 (1) If the chair has granted the licensee's
2 request for the stay, the board must consider the request at its
3 next regularly scheduled meeting.

4 (2) If the chair has denied the request, the
5 chair must call a special board meeting to consider the
6 licensee's request for a stay. The special meeting must be held
7 no later than ten days after the chair has issued a written
8 response to the request.

9 (3) When the board considers the request for a
10 stay, it must grant or deny the stay according to subpart 1 and
11 issue a written order containing its decision and the reasons
12 for the decision within five days of the date it considers the
13 request. The board's decision is considered a final agency
14 action.

15 7865.0250 VARIANCES TO BOARD RULES.

16 Subpart 1. Variance request submitted to board. A person
17 or licensee who wants to obtain a variance from a rule
18 pertaining to lawful gambling must submit a request to the board
19 in a format prescribed by the board. A person or licensee may
20 not submit a variance request seeking relief from a civil fine
21 or disciplinary action imposed under this chapter. The request
22 must contain, at a minimum, the following information and
23 documents:

24 A. the nature, extent, and reason why the variance is
25 being requested;

26 B. any supporting documentation necessary to describe
27 the proposed variance;

1 C. a statement addressing the criteria in subpart 3;
2 and

3 D. a filing fee of \$50 for each variance request.
4 The filing fee is not refundable or transferable.

5 Subp. 2. Procedure for variance requests. The board must
6 approve or deny a variance request according to the following
7 procedures:

8 A. Upon receipt of a variance request, the board must
9 notify all persons who have registered their names with the
10 board for the variance of the time, date, and place of the board
11 meeting at which the variance will be considered. The board
12 must not act on the variance request until at least ten days
13 after the person or licensee has received the notice. The board
14 will consider variance requests during its regularly scheduled
15 monthly meeting.

16 B. The board may request the person or licensee to
17 submit additional information regarding the variance request, or
18 to appear before the board to provide additional information.
19 If the board determines that the person or licensee must appear
20 before the board, the board must provide notice to the person or
21 licensee at least seven calendar days before the board meeting
22 at which the variance request is considered. This procedure is
23 not a contested case hearing as defined in Minnesota Statutes,
24 chapter 14.

25 C. If the person or licensee requesting the variance
26 fails to follow the procedures in this part, or fails to appear
27 before the board when requested, the board must deny the

1 variance request.

2 D. Within five days after the board meeting at which
3 the request was considered, the board must notify the person or
4 licensee in writing of the reasons why the request was approved
5 or denied. The board must also notify other persons who
6 submitted written comments to support or oppose the request.

7 Subp. 3. **Criteria for approving and denying variance**
8 **requests.** The board may approve a variance from any of its
9 rules if it finds that all of the following criteria have been
10 met:

11 A. strict application of the rule would cause undue
12 and substantial hardship to the person or licensee applying for
13 the variance;

14 B. approving the variance does not confer a benefit
15 on the person or licensee which is not enjoyed by other persons
16 similarly situated;

17 C. approving the variance does not substantially
18 impair the intent and purposes of the board's rules;

19 D. the variance can be approved without impacting the
20 integrity of lawful gambling, or the public health, safety, or
21 welfare;

22 E. approving the variance does not allow violation of
23 Minnesota Statutes, chapter 297E, 299L, or 349; and

24 F. the variance is for a onetime variance, not an
25 ongoing variance of the rule.

26 7865.0260 HEARINGS AND APPEALS OF INCOMPLETE OR DENIED LICENSE
27 AND PERMIT APPLICATIONS.

1 Subpart 1. **Appeal of denial or determination; application**
2 **fees.** A licensed entity or an applicant that has not been
3 licensed by the board may appeal the denial of an application or
4 a director's determination pertaining to a license or permit
5 according to the procedures in this part. All fees submitted
6 with a license or permit application are considered earned and
7 are not refundable.

8 Subp. 2. **Appeal of denial of new application, or renewal**
9 **application submitted after expiration of license or premises**
10 **permit.** The denial of an application may be appealed by an
11 applicant that has never been licensed or by a licensed
12 organization whose renewal application was submitted after its
13 license or permit expired.

14 A. To appeal the denial, the applicant must file a
15 written request with the board within 15 days of receiving the
16 notice that the application has been denied. The request must
17 contain a complete copy of the application and a statement
18 describing the reasons the license or permit should not be
19 denied. The appeal is not a contested case under Minnesota
20 Statutes, chapter 14.

21 B. The board must refer the appeal to the executive
22 committee. The executive committee must review the appeal
23 within ten days of receipt and issue a written decision within
24 ten days of its consideration of the appeal. If the committee
25 reverses the director's decision, it must instruct the director
26 to issue a license or permit effective the first day of the
27 month following the committee's written decision. The executive

1 committee's decision is a final agency decision.

2 Subp. 3. **Contested case hearing to determine if**
3 **organization failed to submit complete renewal application.** A
4 licensed organization may appeal the director's determination
5 that the organization failed to submit a complete renewal
6 application at least 60 days before the expiration of an
7 existing license or permit.

8 A. To appeal the determination, the organization must
9 file a written request for a contested case hearing with the
10 board before the existing license or permit expires.

11 B. Upon receipt of the request, the director must
12 schedule a contested case hearing before an administrative law
13 judge under Minnesota Statutes, chapter 14.

14 C. The hearing must be held less than 30 days after
15 the service of a notice and order for hearing, if allowed by the
16 chief administrative law judge under part 1400.5600, subpart 3.
17 The sole issue at the hearing is whether the applicant submitted
18 a complete application at least 60 days before the expiration of
19 the existing license or permit.

20 D. If the organization fails to appear at the hearing
21 after having been notified of it, the organization is considered
22 in default and the proceeding may be determined against the
23 organization on consideration of the director's determination
24 that the organization failed to submit a complete renewal
25 application, the allegations of which may be considered to be
26 true.

27 E. The board must issue its final decision within 30

1 days after receipt of the administrative law judge's report and
2 subsequent exceptions and argument under Minnesota Statutes,
3 section 14.61.

4 F. If no hearing is requested within 30 days of the
5 service of the notice, the determination becomes final.

6 Subp. 4. **Contested case hearing for denial of renewal**
7 **application.** A licensed entity may appeal the denial of a
8 renewal application.

9 A. To appeal the denial, the licensee must file a
10 written request for a contested case hearing with the board
11 within 15 days of receiving notice that the application has been
12 denied.

13 B. Upon receipt of the request, the director must
14 schedule a contested case hearing before an administrative law
15 judge under Minnesota Statutes, chapter 14.

16 C. The hearing must be held no later than 30 days
17 after the board receives the request for the hearing unless the
18 licensee and the board agree on a later date.

19 D. If the licensee fails to appear at the hearing
20 after having been notified of it, the licensee is considered in
21 default and the proceeding may be determined against the
22 licensee on consideration of the written notice of denial, the
23 allegations of which may be considered to be true.

24 E. The board must issue its final decision within 30
25 days after receipt of the administrative law judge's report and
26 subsequent exceptions and argument under Minnesota Statutes,
27 section 14.61. The board may enter an order making the

1 disposition that the facts require.

2 F. If no hearing is requested within 30 days of the
3 service of the notice, the denial becomes final.

4 **REPEALER.** Minnesota Rules, parts 7861.0010, subparts 1, 1a, 1b,
5 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 13a, 14, 15, 16, 17, 18,
6 20, 20a, 21, 22, 23, 24, 25, 26, 27, 28, 30, 31, 32, 33, 34, 35,
7 35a, 36, 36a, 37a, 38, 39, 43, 44, 44a, 45a, 45b, 47a, 48, 48a,
8 49, 49a, 50, and 51; 7861.0020, subparts 1, 2, 3, 4, 5, 7, 8,
9 and 9; 7861.0030, subparts 1, 2, 2a, 4, 5, 7, 9, 10, 11, 12, and
10 13; 7861.0040, subparts 1, 2, 3, 4, 5, 6, 8, 9, and 10;
11 7861.0050; 7861.0060; 7861.0070, subparts 1, 2, 5a, 6a, 7, 8,
12 and 9; 7861.0080; 7861.0090; 7861.0100, subparts 1a, 2, 7, 8, 9,
13 11, 12, 13, 14, 15, and 16; 7861.0110; 7861.0120; 7861.0130;
14 7861.0140, subparts 1 and 4; 7862.0010, subparts 2, 4, 6, 7, 8,
15 10a, 11, 11b, 12, and 13; 7863.0010, subparts 2, 4, 6, 7, 9, 11,
16 12, 14, 15, 16, and 17; 7863.0020; 7863.0050; 7863.0060;
17 7864.0010, subparts 2, 4, 6, 7, 8, 10, 11, 13, and 14;
18 7864.0030, subparts 1, 2, 3, 5, 6, and 7; 7865.0010; 7865.0020,
19 subparts 1, 2, 4, and 5; 7865.0025; 7865.0030; 7865.0040; and
20 7865.0050, are repealed.