



Minnesota Gambling Control Board

# GAMING NEWS

April/May/June 2014

## Gambling Control Board

**William Goede, Chair**  
(Plainview)

Committee: Executive

**Norm Pint, Vice-Chair**  
(New Prague)

Committees: Executive;  
CRG (chair)

**William Gillespie,**  
**Secretary (St. Paul)**

Committees: Executive;  
Legislative (chair); CRG

**Geno Fragnito (Woodbury)**

Committees: Legislative;  
Rules (chair)

**Susan McCarville**  
(Hopkins)

Committees: CRG; Rules

**James Nardone**  
(Grand Rapids)

Committee: Rules

**Kenneth Koch (Eagan)**

Committee: Legislative

### **Monthly Board meetings are open to the public and are held at:**

Gambling Control Board  
Suite 300 South  
1711 W. County Road B  
Roseville MN

Meetings start at 10:00 a.m.

Monday, May 19, 2014  
Monday, June 16, 2014  
Monday, July 21, 2014  
Monday, August 18, 2014  
Monday, September 15, 2014  
Monday, October 20, 2014  
Friday, November 21, 2014\*  
Monday, December 15, 2014

Agendas are posted at:  
[www.mn.gov/gcb](http://www.mn.gov/gcb)

\*In St. Cloud in conjunction  
with ACM convention.

## **Director's Column** **Tom Barrett, Executive Director**

### Noteworthy

Lawful gambling gross receipts have increased over 7.5% in each of the last two years. That speaks volumes about the health of Minnesota's charitable gambling industry and the ability of nonprofit organizations to raise funds for charitable contributions through lawful gambling.

### Gaming Trends

I recently had an opportunity to attend a Regulators Roundtable, which included regulators from across the country—charitable gaming, casino, and lottery. There were interesting discussions on future trends of electronic gaming. Not all forms of gambling or issues fit within charitable gaming laws in Minnesota, but were very interesting nonetheless.

Some of the topics included electronic currency (bitcoins), multi-state agreements for the Internet, automation, personal data issues, and what future trends are. Some of the more interesting topics and trends:

Data Security - As recent major security breaches have come to light, there is a need to balance personal data security with marketing and game information.

Mobile Technology - Mobile technology is rapidly moving and regulators, state legislatures, and industry representatives are slow to keep up.

Slow to Accept Change - Markets are sometimes slow to accept change. For example ticket in/ticket out (slot machines), introduced in 1992, was poorly received—much like electronic pull-tabs in Minnesota. But now coin in/coin out slots are obsolete.

Marketing - Vendors need to know their customers. There is limited marketing and training, and many “free” opportunities are missed (i.e. allowing players to play games in test play for free). Free games help the player understand how a game looks and plays—with no risk—and are becoming more available via social media.

Sweepstakes Cafes - Sweepstakes cafes are popping up in other states. States, including Minnesota, need to be mindful of these sweepstakes cafes as they are unregulated, and are considered illegal in most jurisdictions.

Virtual/Electronic Currency – The next wave of payment method. This includes more than bitcoins being developed; everyone is learning from the recent bitcoin debacle, where a bitcoin exchange company disappeared from the Internet after freezing all transactions.

- Needs security and acceptance.
- Approval at federal government level.
- Be careful what you accept – fraud is everywhere given the opportunity.

*(Continued on page 3)*

**Continuing Education Classes**

- ✓ Preregistration is not required to attend.
- ✓ Classes are free and open to the public.

- ✓ Plan ahead! Gambling managers must attend at least one **class** each calendar year.

**June and July 2014 Topic: *Legislative Update and Allowable Expenses***

Find out what lawful gambling changes took place at the Legislature this year. Learn about allowable expenses and the costs related to running your gambling operation such as rent, compensation, and the cost of games. The class will identify the most common allowable expenses along with any regulatory restrictions on those payments.

6/23/14 2:00 pm	Hampton Inn & Suites Sunken Island Room 1019 Paul Bunyan Drive <b>Bemidji</b>	7/22/14 7:00 pm	Gambling Control Board, Suite 300 South 1711 W. County Road B <b>Roseville</b> (use south doors)
6/24/14 7:00 pm	Best Western Kelly Inn University Room B 100 4th Ave. South <b>St. Cloud</b> (park in south lot along Hwy. 23 or east lot along river)	7/23/14 10:00 am	Best Western Kelly Inn University Room A 100 4th Ave. South <b>St. Cloud</b> (park in south lot along Hwy. 23 or east lot along river)
6/25/14 7:00 pm	AmericInn Lodge & Suites Fergus Falls Room 526 Western Avenue <b>Fergus Falls</b>	7/23/14 2:00 pm	Crookston Inn & Convention Center Banquet Rooms 1 & 2 2200 University Avenue <b>Crookston</b>
6/25/14 7:00 pm	So. Central College, Conference Center A 1920 Lee Boulevard <b>North Mankato</b> (park in Blue Lot on north side of building; use Door 15)	7/23/14 2:00 pm	Hibbing Memorial Building Dining Room 400 East 23rd Street <b>Hibbing</b>
6/26/14 10:00 am	Gambling Control Board, Suite 300 South 1711 W. County Road B <b>Roseville</b> (use south doors)	7/24/14 2:00 pm	Lyon County Government Center Commissioner Rooms 1 & 2 607 West Main Street <b>Marshall</b>

**September and October 2014 Topic: *Bar Bingo***

Bar bingo continues to be an increasingly popular form of lawful gambling. This class reviews the equipment you'll need, how to set up your internal controls, how to conduct bingo, and the records that are required to be kept. A sample bingo program along with sample forms are provided.

9/17/14 7:00 pm	Holiday Inn, Courtyard 1 Room 5637 Hwy. 29 South <b>Alexandria</b>	10/14/14 2:00 pm	Riverland Community College West Campus A106 Room 1900 8th Avenue NW <b>Austin</b> (park in north lot; use W3 north entrance)
9/17/14 7:00 pm	So. Central College, Conference Center A 1920 Lee Boulevard <b>North Mankato</b> (park in Blue Lot on north side of building; use Door 15)	10/14/14 7:00 pm	Best Western Kelly Inn, University Room B 100 4th Ave. South <b>St. Cloud</b> (park in south lot along Hwy. 23 or east lot along river)
9/17/14 7:00 pm	Ramada Inn Grand C Room 1517 16th Street SW <b>Rochester</b>	10/15/14 7:00 pm	Hibbing Memorial Building, Dining Room 400 East 23rd Street <b>Hibbing</b>
9/17/14 7:00 pm	Gambling Control Board, Suite 300 South 1711 W. County Road B <b>Roseville</b> (use south doors)	10/16/14 2:00 pm	Gambling Control Board, Suite 300 South 1711 W. County Road B <b>Roseville</b> (use south doors)
9/18/14 7:00 pm	Country Inn & Suites Meeting Room 15058 Dellwood Drive <b>Baxter</b>	10/16/14 7:00 pm	AmericInn Lodge & Suites Fergus Falls Room 526 Western Avenue <b>Fergus Falls</b>

**For November & December 2014 classes, go to [www.mn.gov/gcb](http://www.mn.gov/gcb); click on "Continuing education classes"**

**Director's Column, continued**

**Citations Paid**

*(Continued from page 1)*

Lotteries/Internet – Lotteries are getting into Internet gaming. The U.S. Department of Justice recently issued an opinion allowing Internet wagering if allowed by state. (Sports wagering is still federally prohibited in Minnesota.)

- Issue: Geo-location for players (players need to be in the state). There are multiple vendors out there with tracking software.
- Regulators should rely on more than one source to confirm in-state play.

Central Games – “Central games” is next new thing.

- Single game on a central server platform (e.g. linked bingo) available for play at multiple sites (no more serial number games at each site – just total cash in/out for site reporting).
- Allows for better progressive jackpot play, etc.

*Electronic data security, mobile technology, game security, marketing, sweepstakes, Internet lotteries, and electronic currency are just some of the issues and trends in gaming.*

Wide Area Progressive (WAP) Environment – Similar to central games where multiple sites all play the same game.

More Bonus Features – New games are being created with more bonus features/play to extend the play experience.

Multi-State Agreements – Minnesota and Iowa (All or Nothing lottery); Delaware and Nevada (lottery/Internet); and Powerball-

type agreements for larger play.

Automation – Software lifecycle and how third-party updates affect previously approved games (for instance, an Apple or a Microsoft operating system upgrade that impacts game applications).

Game Security/Game Marketing – Facial/thumb print recognition. Used for player tracking, game analysis, and underage monitoring.

Games Casting – Take a hand-held device with you to a different location, such as a hotel room; iPad/portable devices that allow slot play to continue away from an actual machine.

Forensic Data Analysis – Why does a game play like it does? Forensic data analysis takes the data that is available and examines it.

These are just a few examples of the issues being faced in other gaming jurisdictions and what's coming down the pike for electronic gaming and monitoring activity in the near future.

Citation amounts for similar violations may vary depending on unique circumstances and information and are issued on a case-by-case basis.

- **Benson Hockey Association**, Lic. 01823, failed to comply with expenditure and merchandise prize requirements, \$650.
- **American Legion Post 2, Shakopee**, Lic. 00466, premises inspection (internal controls) violations, \$500.
- **South St. Paul Lions Club**, Lic. 02824, game records repeatedly not properly reported on LG861, \$450.
- **Minnewawa Sportsmen's Club, McGregor**, Lic. 01160, board approval not obtained to exceed annual limit for real property or capital assets, \$400.
- **St. Peter Red Men Club, Nicollet**, Lic. 00249, gambling manager failed to monitor conduct of games, \$400.
- **Sauk Centre Youth Hockey Association**, Lic. 02527, failed to maintain complete and accurate pull-tab game records, \$350.
- **American Legion Post 333, Kasson**, Lic. 00363, failed to provide documentation that violations have been corrected, \$350.
- **VFW Post 2717, Ely**, Lic. 00750, failed to timely provide documentation that violations have been corrected, \$300.
- **American Legion Post 567, St. Michael**, Lic. 00332, conducted gambling without an off-site permit, \$200.
- **American Legion Post 101, Melrose**, Lic. 01053, failed to make deposits within four business days, \$200.
- **Crosslake Ideal Lions Club**, Lic. 01487, premises inspection (internal controls) violations, \$100.
- **Cuyuna Fire Relief Association, Deerwood**, Lic. 02163, inaccurate site inventory list, \$100.

The following organizations failed to meet minimum LPE percentage for two consecutive fiscal years:

- **Elks Lodge 414, Austin**, Lic. 00842, \$750.
- **Glencoe Lions Club**, License 02235, \$700.
- **Wells Creek Riders Snowmobile Club, Lake City**, Lic. 05333, \$500.

The following organizations failed to comply with Board requests for information:

- **American Legion Post 251, Robbinsdale**, Lic. 01173, \$250.
- **Czech & Slovak Sokol Minnesota, St. Paul**, Lic. 03902, \$250.

The following organizations failed to have checks signed by two active members:

- **Spring Grove Commercial Club**, Lic. 01744, \$50.
- **Hoffman Lions Club**, Lic. 01636, \$50.
- **Tapemark Charity Pro-Am Golf Tournament, West St. Paul**, Lic. 04888, \$50.

The following organizations failed to file Schedules A, C, and F with the Board:

- **American Legion Post 54, Red Wing**, Lic. 00236, \$100.
- **Chaska Stallions Wrestling Club**, Lic. 92567, \$50.

---

## Completing the Schedules A, C, and F (GCBreports)

---

### Helpful Tips for Completing Your Organization's Monthly Lawful Gambling Schedules

your GCBreports file each month. Please do not file amended returns to correct for these errors—simply make the corrections starting with the next month's GCBreports that you file.

**One Active Site.** If your organization has at least one active site, don't file a Schedule A for any site that's no longer active.

For example, let's say that you have two sites, Joe's Bar and Bob's Bar. Bob's Bar goes out of business. Once you've paid the rent or any other expenses directly related to Bob's Bar (typically by the end of the next month), discontinue filing a Schedule A for that site. Any remaining ending inventory or starting cash bank amounts should be transferred to the Schedule A for the Joe's Bar site.

**No Active Sites.** If your organization no longer has any active sites, but your license is still active or your termination plan hasn't yet been approved, list the site number on your Schedule A as "998" and in the site name cell enter "No active sites". Continue filing a Schedule A monthly using site "998" along with Schedules C and F until your termination plan is completed.

**Off-Site Permit.** If your organization had an off-site permit to conduct gambling somewhere other than one of your regular sites, enter the receipts and expenses for that site on a separate Schedule A. The site number for the off-site location should be entered as "999".

**Lines that Do Not Apply to Your Organization.** Leave blank or enter \$0 on any line on the Schedule A, C, or F that doesn't apply to your organization. For example, if your organization didn't have an "Exempt raffle tax credit" (Schedule F, line 33), don't type in "N/A" or "no". Simply leave it blank or enter "\$0".

**Complete Line 23 on Schedule F!** Be sure to complete Schedule F, line 23, "Total lawful purpose expenditures". This is the line that's most frequently overlooked.

**Proofread.** Check that the membership approval date and the pay date on the Schedule C are accurate for each expenditure. The most common mistake is that the year is typed incorrectly (for example "3014", "2024", "2015", etc.).

**W**hile processing GCBreports files each month, we see recurring common minor problems. Below is a list of some of those problems that, if corrected, would help speed the processing of

**File Name and Email Subject Line Identical.** Before emailing your GCBreports file, double check that the email subject line and the file name are identical and listed in the following format:

"LLLLL-MM-YYYY"

For example, the April 2014 report for license number 01221 would be shown as "01221-04-2014". Please don't write "GCBreports", the word "April", or the name of your organization in either the file name or the email subject line.

**M**any organizations don't download a new GCBreports file from the Gambling Control Board website each month (it's recommended that you do download a new file each month). These organizations copy their GCBreports file from the previous month and enter data for the new month on it. Some common errors resulting from that procedure are:

- Not all of the data from the previous month is erased. As a result, some organizations have reported the same expenditures on their Schedule C month after month because these expenditures were not deleted when they completed their next month's report.
- If a site is discontinued, some organizations forget to delete that site's Schedule A from the previous month after copying the file. As a result, activity reported on that site's last Schedule A will get reported over and over again.
- If you see something like "#VALUE!" as the amount for any of the lines, your GCBreports file has been corrupted (the formulas or links used to automatically complete certain lines no longer work). If the file is corrupted, you will need to download a new GCBreports file directly from the Gambling Control Board website and start over for that month. DO NOT cut any information from the corrupted file and paste it into the new file as this may corrupt the newly downloaded file.
- For recurring Schedule C expenditures such as payments to a city's 10% fund, organizations change the amount paid on the Schedule C, but forget to change the membership approval date and the pay date.

One additional item regarding amended returns: Please electronically file (and not mail) amended returns with the Gambling Control Board. Continue to mail amended reports to Revenue, but electronically file with the Board.

If you have questions, please contact your Compliance Specialist. Thank you for helping make the GCBreports filing process go as smoothly as possible.

**Compliance and Licensing Specialists by County**

County	Compliance	Licensing	County	Compliance	Licensing
Aitkin	Jessica Whitney	Kim Larsson	Marshall	Virginia Cote	Kim Larsson
Anoka	Jill Perron	Kim Larsson	Martin	David Pherson	Deb Hagen
Becker	Virginia Cote	Kim Larsson	McLeod	Cindy Krueger	Deb Hagen
Beltrami	Jessica Whitney	Kim Larsson	Meeker	Cindy Krueger	Deb Hagen
Benton	Adam Fussy	Kim Larsson	Mille Lacs	Adam Fussy	Kim Larsson
Big Stone	Virginia Cote	Kim Larsson	Morrison	Jill Perron	Kim Larsson
Blue Earth	David Pherson	Deb Hagen	Mower	Cindy Krueger	Deb Hagen
Brown	Nichole Engeswick	Deb Hagen	Murray	David Pherson	Deb Hagen
Carlton	Brian Holcomb	Kim Larsson	Nicollet	Nichole Engeswick	Deb Hagen
Carver	Brian Holcomb	Deb Hagen	Nobles	David Pherson	Deb Hagen
Cass	Gary Simonson	Kim Larsson	Norman	Judy Adamec	Kim Larsson
Chippewa	Adam Fussy	Kim Larsson	Olmsted	Kristine Koesling	Deb Hagen
Chisago	Brian Holcomb	Kim Larsson	Otter Tail	Judy Adamec	Kim Larsson
Clay	Judy Adamec	Kim Larsson	Pennington	Virginia Cote	Kim Larsson
Clearwater	Gary Simonson	Kim Larsson	Pine	Brian Holcomb	Kim Larsson
Cook	Jessica Whitney	Kim Larsson	Pipestone	Nichole Engeswick	Deb Hagen
Cottonwood	David Pherson	Deb Hagen	Polk	Virginia Cote	Kim Larsson
Crow Wing	Jessica Whitney	Kim Larsson	Pope	Adam Fussy	Kim Larsson
Dakota	Rita Neely	Deb Hagen	Ramsey	Teri Driver	Deb Hagen
Dodge	Rita Neely	Deb Hagen	Red Lake	Virginia Cote	Kim Larsson
Douglas	Judy Adamec	Kim Larsson	Redwood	Nichole Engeswick	Deb Hagen
Faribault	David Pherson	Deb Hagen	Renville	Jill Perron	Kim Larsson
Fillmore	Cindy Krueger	Deb Hagen	Rice	Laura Machacek	Deb Hagen
Freeborn	Laura Machacek	Deb Hagen	Rock	David Pherson	Deb Hagen
Goodhue	Brian Holcomb	Deb Hagen	Roseau	Judy Adamec	Kim Larsson
Grant	Virginia Cote	Kim Larsson	Scott	Laura Machacek	Deb Hagen
Hennepin	Warren Walberg	Kim Larsson	Sherburne	Adam Fussy	Kim Larsson
Houston	Cindy Krueger	Deb Hagen	Sibley	Nichole Engeswick	Deb Hagen
Hubbard	Gary Simonson	Kim Larsson	St. Louis	Gary Simonson	Kim Larsson
Isanti	Brian Holcomb	Kim Larsson	Stearns	Deb Lewis	Deb Hagen
Itasca	Jessica Whitney	Kim Larsson	Steele	David Pherson	Deb Hagen
Jackson	David Pherson	Deb Hagen	Stevens	Judy Adamec	Kim Larsson
Kanabec	Brian Holcomb	Kim Larsson	Swift	Adam Fussy	Kim Larsson
Kandiyohi	Cindy Krueger	Deb Hagen	Todd	Judy Adamec	Kim Larsson
Kittson	Virginia Cote	Kim Larsson	Traverse	Judy Adamec	Kim Larsson
Koochiching	Gary Simonson	Kim Larsson	Wabasha	Kristine Koesling	Deb Hagen
Lac qui Parle	Virginia Cote	Kim Larsson	Wadena	Virginia Cote	Kim Larsson
Lake	Jessica Whitney	Kim Larsson	Waseca	David Pherson	Deb Hagen
Lake of the Woods	Gary Simonson	Kim Larsson	Washington	Teri Driver	Deb Hagen
Le Sueur	Nichole Engeswick	Deb Hagen	Watonwan	David Pherson	Deb Hagen
Lincoln	Nichole Engeswick	Deb Hagen	Wilkin	Virginia Cote	Kim Larsson
Lyon	Nichole Engeswick	Deb Hagen	Winona	Kristine Koesling	Deb Hagen
Mahnomen	Judy Adamec	Kim Larsson	Wright	Kristine Koesling	Deb Hagen
			Yellow Medicine	Nichole Engeswick	Kim Larsson

**Compliance Specialists** (alphabetical by first name):

Adam Fussy ..... 651-539-1927  
[adam.fussy@gcb.state.mn.us](mailto:adam.fussy@gcb.state.mn.us)  
 Brett McKeever ..... 651-539-1929  
[brett.mckeever@gcb.state.mn.us](mailto:brett.mckeever@gcb.state.mn.us)  
 Brian Holcomb ..... 651-539-1928  
[brian.holcomb@gcb.state.mn.us](mailto:brian.holcomb@gcb.state.mn.us)  
 Cindy Krueger ..... 651-539-1926  
[cindy.krueger@gcb.state.mn.us](mailto:cindy.krueger@gcb.state.mn.us)  
 Chris Mau  
 Supervisor ..... 651-539-1920  
[chris.mau@gcb.state.mn.us](mailto:chris.mau@gcb.state.mn.us)  
 David Pherson ..... 507-931-5112  
[david.pherson@gcb.state.mn.us](mailto:david.pherson@gcb.state.mn.us)  
 Deb Lewis ..... 651-539-1923  
[deb.lewis@gcb.state.mn.us](mailto:deb.lewis@gcb.state.mn.us)

Gary Simonson ..... 218-262-7301  
[gary.simonson@gcb.state.mn.us](mailto:gary.simonson@gcb.state.mn.us)  
 Jessica Whitney ..... 218-262-7301  
[jessica.whitney@gcb.state.mn.us](mailto:jessica.whitney@gcb.state.mn.us)  
 Jill Perron ..... 651-539-1931  
[jill.perron@gcb.state.mn.us](mailto:jill.perron@gcb.state.mn.us)  
 Judy Adamec ..... 218-739-7402  
[judy.adamec@gcb.state.mn.us](mailto:judy.adamec@gcb.state.mn.us)  
 Kristine Koesling ..... 651-539-1924  
[kristine.koesling@gcb.state.mn.us](mailto:kristine.koesling@gcb.state.mn.us)  
 Laura Machacek ..... 651-539-1922  
[laura.machacek@gcb.state.mn.us](mailto:laura.machacek@gcb.state.mn.us)  
 Nichole Engeswick ..... 507-931-5112  
[nichole.engeswick@gcb.state.mn.us](mailto:nichole.engeswick@gcb.state.mn.us)  
 Rita Neely ..... 651-539-1930  
[rita.neely@gcb.state.mn.us](mailto:rita.neely@gcb.state.mn.us)

Teri Driver ..... 651-539-1921  
[teri.driver@gcb.state.mn.us](mailto:teri.driver@gcb.state.mn.us)  
 Virginia Cote ..... 218-739-7404  
[virginia.cote@gcb.state.mn.us](mailto:virginia.cote@gcb.state.mn.us)  
 Warren Walberg ..... 651-539-1925  
[warren.walberg@gcb.state.mn.us](mailto:warren.walberg@gcb.state.mn.us)

**Licensing Specialists:**

Deb Hagen ..... 651-539-1912  
[deb.hagen@gcb.state.mn.us](mailto:deb.hagen@gcb.state.mn.us)  
 Kim Larsson ..... 651-539-1913  
[kim.larsson@gcb.state.mn.us](mailto:kim.larsson@gcb.state.mn.us)  
 Roxie Rolph ..... 651-539-1914  
[roxie.rolph@gcb.state.mn.us](mailto:roxie.rolph@gcb.state.mn.us)  
 Steve Pedersen  
 Supervisor ..... 651-539-1910  
[steve.pedersen@gcb.state.mn.us](mailto:steve.pedersen@gcb.state.mn.us)

---

## Compliance Review Group (CRG) Report

---

The CRG, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

---

### **Moose Lodge 1302, Proctor, License 00346**

The organization:

- Failed to maintain a monthly perpetual inventory and failed to provide a physical inventory record of its pull-tab games.
- Failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records on a monthly basis.
- Filed inaccurate information with the Gambling Control Board and Revenue.
- Failed to maintain sufficient supporting documentation of expenditure records.
- Failed to maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises.
- Failed to make deposits of gambling receipts within four business days of the close of the game.
- Failed to deposit gambling receipts into the gambling bank account.
- Failed to timely file all required Schedules with the Gambling Control Board.
- Made expenditures of gambling funds which do not qualify as lawful purpose or allowable expense.
- Failed to complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which correspond to the profit carryover.
- Failed to maintain lawful gambling records for a minimum of 3-1/2 years.
- Failed to timely comply with the Board's request to meet to conduct a post-compliance review, and failed to comply with the Board's request to provide documents to verify that the corrective action required in the Compliance Report had been completed.

- Lawful gambling license is revoked for a period of two years.
- File termination plan.

---

### **American Legion Post 299, Mabel, License 00208**

The organization:

- Failed to correct violations for which a citation was issued.
- Failed to comply in a timely manner with the Board's request to meet with Board staff to conduct a post-compliance review and failed to comply with the Board's request to provide documents to verify that the corrective action required in the Compliance Review report had been completed.
- Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling.
- Failed to maintain records that account for its assets, liabilities, and fund balance.
- Failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records on a monthly basis.
- Made expenditures of gambling funds which do not qualify as lawful purpose or allowable expense.
- Failed to complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which correspond to the profit carryover.
- Incorrectly reported audited games.
- Failed to correctly complete prize receipt forms for winning pull-tabs.

- \$1,000 fine.
- File Corrective Action Plan.
- Resolve all issues in the Compliance Review Report.
- Focused Compliance Review.

---

### **American Legion Post 251, Robbinsdale, License 01173**

The organization failed to correct a violation for which a fine had been imposed.

- File June, July, and August 2013 Schedules with the Board.
- \$250 fine.

---

### **American Legion Post 2, Shakopee, License 00466**

The organization failed to timely pay or appeal a \$500 citation.

- \$200 fine.

---

### **Barnesville Booster Club, License 02656**

The organization failed to timely pay or appeal two \$50 citations.

- Pay citations.
- \$200 fine.

**CRG Report (continued)**

**Elks Lodge 1308, Peggy Mehrkens, Gambling Manager, Thief River Falls, License G-00358**

The gambling manager:

- Failed to supervise the filing of reports by the organization and failed to monitor the accuracy of the reports.
- Failed to supervise the conduct of lawful gambling.
- Failed to verify all receipts and disbursements by the organization.

- Gambling manager’s license revoked for two years.

**Minneapolis Riverview Lions Club, License 01096**

The organization:

- Failed to deposit all gambling receipts into its gambling bank account.
- Failed to deposit refunds due to the gambling account and expend the amounts for charitable contributions.
- Failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records on a monthly basis.
- Failed to obtain approval from its members of its allowable expenses.
- Failed to present a monthly report that contained all required information to members.
- Failed to maintain records that account for its assets, liabilities, and fund balance.
- Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling.
- Conducted lawful gambling without sufficient supervision of a licensed gambling manager.

- \$2,000 fine.
- File Corrective Action Plan.
- Reimburse gambling account \$18,217.79.
- Focused Compliance Review.

**Czech & Slovak Sokol Minnesota, St. Paul, License 03902**

The organization:

- Failed to timely pay or appeal a citation within the required timeframe.
- Failed to timely comply with the Board’s request to meet to conduct a compliance review, and failed to comply with the Board’s request to provide documents.

- \$1,000 fine.
- File Corrective Action Plan.

**Cardinal Athletic Foundation, Inc., Annandale, License 92820**

The organization:

- Failed to maintain correct and complete accounting records.
- Failed to correctly complete prize receipt forms for winning pull-tabs.
- Gambling employees participated as players in the conduct of lawful gambling on the leased premises, Tootsie’s Bar.
- Failed to present a monthly report that contained all required information to members.
- Failed to maintain internal controls sufficient to protect the integrity of its lawful gambling.
- Conducted lawful gambling without the sufficient supervision of a licensed gambling manager.

- Premises permit for Tootsies Bar revoked for two years.

**Glen Avon Hockey Club, Duluth, License 02883**

The organization failed to expend the minimum amount of gross profits for lawful purposes.

- \$500 fine.

**Rules Update**

The rules were approved by the Office of Administrative Hearings. The Notice of Adoption will soon be published in the *State Register*, and the rules become effective five working days after the date of publication.

Check the Board’s website at [www.mn.gov/gcb](http://www.mn.gov/gcb) (click on “Rules Process”) for updates.

**It Could Have Been Avoided.....**

The Board recently received a Fund Loss Request which revealed a series of mistakes:

Mistake #1 - An organization’s pull-tab seller did not properly deface winning pull-tab tickets.

Mistake #2 - The played games were not adequately secured and the games were stolen.

Mistake #3 - The theft was reported to local law enforcement, but not reported to the Board.

Mistake #4 - Two sites cashed in the fraudulent (previously paid) winning tickets.

Mistake #5 - One site noted the tickets did not match their inventory but it did not report this.

Mistake #6 - One cashier belatedly noted that the tickets did not match but did not recover funds.

Mistake #7 - Local law enforcement investigated; arrested the suspect; then dropped the case.

And it all started with one site not defacing winning pull-tab tickets.

Gambling Control Board  
 Suite 300 South  
 1711 West County Road B  
 Roseville, MN 55113

**PRSR STD  
 U.S. POSTAGE PAID  
 PERMIT 171  
 TWIN CITIES MN**

State offices will be closed on Monday, May 26; Friday, July 4; and Monday, September 1, 2014.

**Trends in Lawful Gambling Gross Receipts**

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	<b>Calendar Year 2014</b>	<b>% Change from 2013</b>	<b>Calendar Year 2013</b>	<b>% Change from 2012</b>	<b>Calendar Year 2012</b>
<b>January</b>	\$95,729,315	5.3%	\$90,942,826	6.1%	\$85,725,000
<b>February*</b>	\$93,738,679	2.3%	\$91,657,765	0.2%	\$91,452,000
<b>March</b>			\$108,927,248	8.2%	\$100,646,000
<b>April</b>			\$105,292,410	12.6%	\$93,531,000
<b>May</b>			\$107,117,420	18.4%	\$90,490,000
<b>June</b>			\$93,435,148	7.4%	\$87,017,000
<b>July</b>			\$95,581,879	9.0%	\$87,676,892
<b>August</b>			\$99,795,622	9.6%	\$91,064,684
<b>September</b>			\$97,895,564	9.0%	\$89,844,888
<b>October</b>			\$102,237,515	9.8%	\$93,138,531
<b>November</b>			\$100,804,124	8.4%	\$93,005,036
<b>December</b>			\$97,827,061	1.4%	\$96,451,203
<b>YTD Total</b>	\$189,467,994	3.8%	\$1,191,514,582	7.7%	\$1,100,042,234

\*98% of organizations reporting.

Note: June 2012 and prior figures provided by MN Dept. of Revenue

**Gambling Control Board** ..... [www.mn.gov/gcb](http://www.mn.gov/gcb)  
 Roseville ..... 651-539-1900  
 St. Peter ..... 507-931-5112  
 Hibbing ..... 218-262-7301  
 Fergus Falls ..... 218-739-7402

**Dept. of Revenue** .... [www.revenue.state.mn.us/businesses/lawful\\_gambling](http://www.revenue.state.mn.us/businesses/lawful_gambling)  
 Lawful Gambling Tax Unit ..... 651-297-1772  
 Email: [lawfulgambling.taxes@state.mn.us](mailto:lawfulgambling.taxes@state.mn.us)

**Department of Public Safety** ..... [www.dps.mn.gov](http://www.dps.mn.gov)  
 Alcohol & Gambling Enforcement ..... 651-201-7500

**Internal Revenue Service**  
 Forms ..... 1-800-829-1040  
 Questions ..... 651-312-7716

**Minnesota's Bookstore** ..... [www.comm.media.state.mn.us](http://www.comm.media.state.mn.us)  
 ..... 651-297-3000; 1-800-657-3757

**Minnesota Problem Gambling Helpline....[www.nojudgment.com](http://www.nojudgment.com)...1-800-333-HOPE**