



Minnesota Gambling Control Board

—UPDATED— GAMING NEWS July/August/September 2017

Director's Column Tom Barrett, Executive Director

Board Members:

William Goede, Chair (Plainview)
Committee: Executive

Geno Fragnito, Vice Chair (Woodbury)
Committees: Executive; CRG;
Rules; Legislative

William Gillespie, Secretary (St. Paul)
Committees: Executive; Legislative (chair)

Norm Pint (New Prague)
Committee: CRG (chair)

James Nardone (Grand Rapids)
Committee: Rules (chair)

Kenneth Koch (Eagan)
Committees: Legislative; Rules

Beth Pinkney (Woodbury)
Committee: CRG

Fiscal year 2017 (ending June 30) marked an all-time high for charitable gambling in Minnesota, with over \$1.7 billion in gross receipts. All forms of lawful gambling saw an increase in gross receipts. A good part of the record-breaking sales is from pull-tabs, with paper pull-tab gross receipts of \$1.4 billion and electronic pull-tab gross receipts of over \$200 million. For sites conducting electronic pull-tabs (an increase from 463 sites in June 2016 to 718 sites in June 2017) paper pull-tab sales for those sites rose hand-in-hand with electronics sales.

Of course with higher sales come higher prize payouts, taxes, and expenses, but over **\$72 million was available for organizations' missions**. Expenses were also at an all-time high of \$139 million, but we also see a number of organizations keeping expenses in check, and running extremely efficient lawful gambling operations.

Congratulations to the lawful gambling industry on an outstanding year!

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.

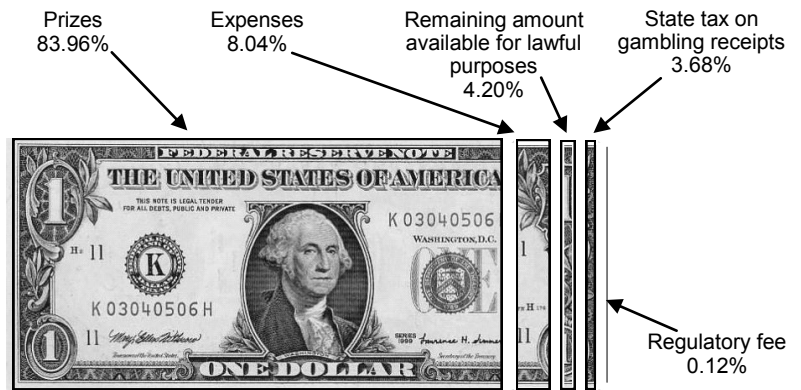
Upcoming meetings:
Monday, October 16, 2017
Friday, November 17, 2017*
Monday, December 18, 2017

Meetings are subject to change. For the latest schedule and agenda go to www.mn.gov/gcb.

*In St. Cloud, MN

The *Gaming News* is published quarterly. Current and previous issues are available at www.mn.gov/gcb.

Where Did the Proceeds Go?



May Veterans Post Commanders Play?

Recently I had opportunity to speak at the American Legion statewide convention in Mahanomen. The question was asked, "May our Commander play pull-tabs?" The short answer is: It depends.

(continued on page 3)

2017 Continuing Education Classes

**September and October Topic:
Lawful Gambling Fund Reconciliation
and Organization Annual Report**

Do the income and expenditure amounts reported on your monthly reports match the transactions shown in your gambling account? If not, your organization has a profit carryover variance. This class will help you identify and resolve common causes of profit carryover variances such as inaccurate reporting of merchandise prizes, deposit of receipts from games still in play, and reporting games with negative net receipts.

- 9/18/2017**Baxter**
2:00 pm Country Inn & Suites, Meeting Room
15058 Dellwood Drive
- 9/19/2017**Winona**
6:00 pm The Plaza Hotel & Suites
Rosewood II Room
1025 Hwy 61 East
- 9/20/2017**Fergus Falls**
6:00 pm AmericInn Lodge & Suites
Fergus Falls Room
526 Western Avenue
- 9/20/2017**North Mankato**
6:00 pm South Central College
Conference Center A
1920 Lee Boulevard
- 9/21/2017**Roseville**
6:00 pm Gambling Control Board
Suite 300 South
1711 W. County Road B
- 10/10/2017**Duluth**
2:00 pm Country Inn & Suites Duluth North
Meeting Room
4257 Haines Rd. (Hwy. 53/Haines Rd.)
- 10/11/2017**Marshall**
2:00 pm Lyon County Government Center
Room TBD
607 West Main
- 10/11/2017**Thief River Falls**
2:00 pm Quality Inn, Room A
1060 Hwy 32 South
- 10/17/2017**St. Cloud**
2:00 pm Best Western Kelly Inn
Congress/Senate Room
100 4th Avenue South
- 10/18/2017**Roseville**
2:00 pm Gambling Control Board
Suite 300 So.
1711 W. County Road B

**November Topic:
Conducting and Reporting
Electronic Games**

Learn the facts about electronic games as a helpful tool to aid your organization's bottom line. This class will show you the ins and outs of conducting electronics, from initial purchase to reporting.

- 11/07/2017**Roseville**
2:00 pm Gambling Control Board
Suite 300 South
1711 W. County Road B
- 11/08/2017**North Mankato**
7:00 pm South Central College
Conference Center A
1920 Lee Boulevard
- 11/09/2017**St. Cloud**
7:00 pm Best Western Kelly Inn
University B Room
100 4th Avenue South

**December Topic:
Avoiding Lawful Gambling's
Naughty List (CRG and Citation Reports)**

Learn how to avoid the most common pitfalls we see in lawful gambling operations. Most are easily preventable, and trust us--it's more fun to be on the nice list!

- 12/5/2017**Roseville**
10:00 am Gambling Control Board
Suite 300 So.
1711 W. County Road B
- 12/5/2017**Rochester**
2:00 pm Kahler Apache
Grand C Room
1517 16th Street SW
- 12/6/2017**Fergus Falls**
2:00 pm AmericInn Lodge & Suites
Fergus Falls Room
526 Western Avenue
- 12/6/2017**Hibbing**
2:00 pm Hibbing Memorial Building
Dining Room
400 East 23rd Street
- 12/6/2017**North Mankato**
2:00 pm South Central College
Conference Center A
1920 Lee Boulevard
- 12/6/2017**Roseville**
2:00 pm Gambling Control Board
Suite 300 So.
1711 W. County Road B
- 12/7/2017**Roseville**
6:00 pm Gambling Control Board
Suite 300 So.
1711 W. County Road B
- 12/28/2017.....**St. Cloud**
10:00 am Best Western Kelly Inn
Congress/Senate Room
100 4th Avenue South
- 12/28/2017.....**St. Cloud**
1:00 pm Best Western Kelly Inn
Congress/Senate Room
100 4th Avenue South

Be Sure to Plan Ahead!

- Gambling managers are required to attend at least one continuing education class each calendar year. Don't wait until the end of the year to attend your class!
- Preregistration is not required to attend.
- Classes are free and open to the public.

In the News

(Director's Column, continued from page 1)

May Veterans Post Commanders Play?

Minnesota Statutes, section 349.181, subdivision 3, paragraph (b), states that conduct includes “selling tickets, redeeming tickets, auditing games, making deposits, spinning the paddlewheel, and conducting inventory” and “selling bingo hard cards, bingo paper sheets, or facsimiles of bingo paper sheets; completing bingo occasion records; selecting or announcing bingo numbers; making deposits; and conducting inventory”.

If post commanders are involved in the conduct (specified above) of lawful gambling then no, they may not play. Commanders should oversee much of the lawful gambling activity by way of signing off on organization documents and records, but that is not considered “conduct”.

You should consider the appearance of impropriety at your post. Remember, any hint of misconduct can affect your post's lawful gambling reputation. Inaccurate suspicions are just as damaging as accurate suspicions.

Q Our organization's CEO (Commander, President, etc.) signs gambling account checks, chairs our club's gambling committee meetings and our regular membership meetings, reviews all gambling reports, verifies the accuracy of the checking account reconciliation, and verifies that the reported cash-in-hand for all games was deposited in a timely manner. May our CEO play pull-tabs at a site where our organization sells pull-tabs?

A CEOs aren't necessarily prohibited from playing at one of their organization's sites. It depends on whether your CEO is involved in the conduct of lawful gambling at the sites. The activities you mentioned are related to the oversight of your gambling operation and are not defined as the actual conduct of lawful gambling.

Upcoming St. Peter Regional Office Move

The Gambling Control Board's St. Peter regional office is moving to Mankato in October. The new mailing address is:

**Minnesota Gambling Control Board
P.O. Box 1269
Mankato, MN 56002**

The physical address is 430 South Broad Street, Suite 110, Mankato (do not send mail to this address).

Watch for the new phone number on our website.

CEO and Treasurer Changes—Avoiding Sanctions

If you are making changes to any organization information, whether a change in CEO or treasurer, premises permit information, gambling manager information, or lease terms, you must inform the Gambling Control Board **within 10 days** of the change. For CEO or treasurer changes, the LG200B, Organization Officers Affidavit, is available on our website to assist you with this required notification.

It is essential that the Board have your organization's most current information. Citations have been issued to organizations failing to report changes within ten days of a change. Contact your Licensing Specialist at 651-539-1900 with questions.

Attention Gambling Managers!

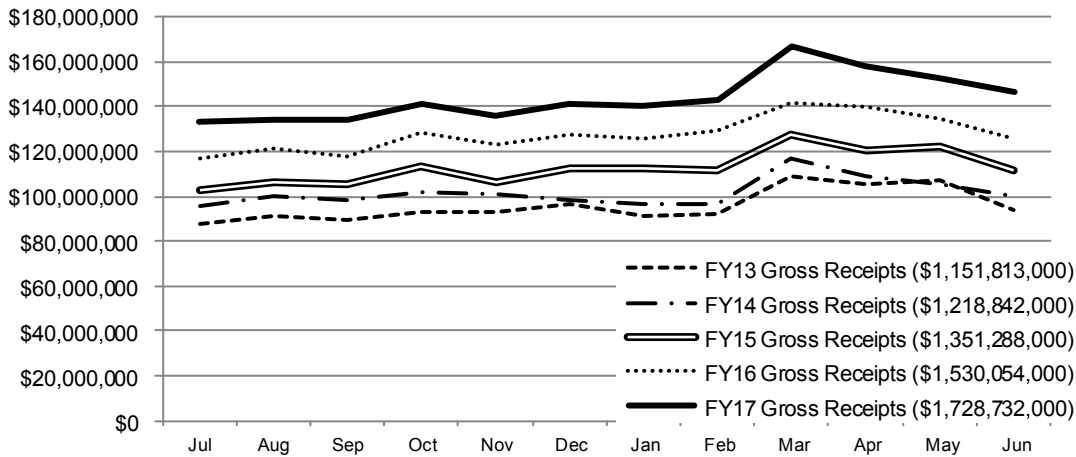
The *Gaming News* is distributed by email to gambling managers. This is a reminder to update with the Board any change to your email address. And if you are a current gambling manager and have not been receiving the *Gaming News* electronically, email the Board at gamingnews@gcb.state.mn.us. In your email, please identify your name, position, and the license number of your organization.

Free issues are always available on our website, www.mn.gov/gcb (Publications tab). You may also receive a hard copy by subscribing with Minnesota's Bookstore. Subscriptions are \$45 per year. Contact the Bookstore at www.mnbookstore.com or by calling 651-297-3000.

“The secret of change is to focus all of your energy not on fighting the old, but on building the new.”

—Socrates

Comparison of Monthly Gross Receipts, All Forms, FY13 - FY17



Congratulations to the following organizations and sites with the highest gross receipts in FY17

Form of gambling	ORGANIZATIONS	SITES
	with the highest gross receipts for FY17	with the highest gross receipts for FY17
Bingo	St. Katherine Ukrainian Orthodox Church, Arden Hills - \$4,265,981	Pot O Gold Bingo, Arden Hills - \$4,265,981
Electronic linked bingo	Merrick, Inc. - \$239,164	Bowlocity, Rochester - \$120,409
Paper pull-tabs	Merrick, Inc. - \$17,732,731	American Legion 1776, Apple Valley - \$7,893,450
Electronic pull-tabs	St. Cloud Youth Hockey Assoc. - \$5,713,654	HR Pesty's Saloon, Waite Park - \$2,894,783
Tipboards	Belle Plaine Chamber of Commerce - \$373,809	Neisen's Bar of Gaylord - \$364,507
Raffles	Ted Williams Museum, Minneapolis - \$800,227	Target Field, Minneapolis - \$707,094
Paddlewheel (no table)	Merrick, Inc. - \$273,400	American Legion Post 172, Osseo - \$125,550
Paddlewheel (w/table)	Spring Lake Park Lions Club - \$1,170,885	Monte's, Spring Lake Park - \$1,170,885

Congratulations to these organizations with the lowest percentage of expenses compared to net receipts in FY17

Organization	Net Receipts	Expenses	% Expenses Compared to Net
Lakes Area Senior Activity Center, Brainerd	\$7,751	\$52	1%
Santiago Lions Club, Inc., Becker	\$23,149	\$458	2%
Church of St. Thomas Aquinas, Int'l Falls	\$8,661	\$278	3%
Cloquet Amateur Hockey Association	\$28,957	\$1,450	5%
Knights of Columbus Council 1575, Fairmont	\$66,030	\$3,965	6%
Heritage Community Center, Thief River Falls	\$7,028	\$714	10%
American Legion Post 118, Wayzata	\$98,807	\$11,241	11%
American Legion Post 563, Bruno	\$17,947	\$2,170	12%
American Legion Post 404, Alden	\$26,059	\$3,479	13%
American Legion Post 464, Brewster	\$31,847	\$4,406	14%

Congratulations to these organizations with annual net receipts of less than \$100,000 with the highest LPE in FY17

Organization	Amount Contributed
American Legion Post 118, Wayzata	\$78,899
East Grand Forks Blue Line Club	\$73,146
Worthington Hockey Assoc., Reading	\$72,050
VFW Post 5462, Waconia	\$66,715
American Legion Post 88, Greenbush	\$64,360
Red Lake Falls Blue Line Club	\$63,071
Knights of Columbus 1575, Fairmont	\$61,632
Piedmont Heights Hockey Association	\$60,413
Maple Island Park Association	\$60,358
Underwood Lions Club	\$57,861

FY 2017 Stats

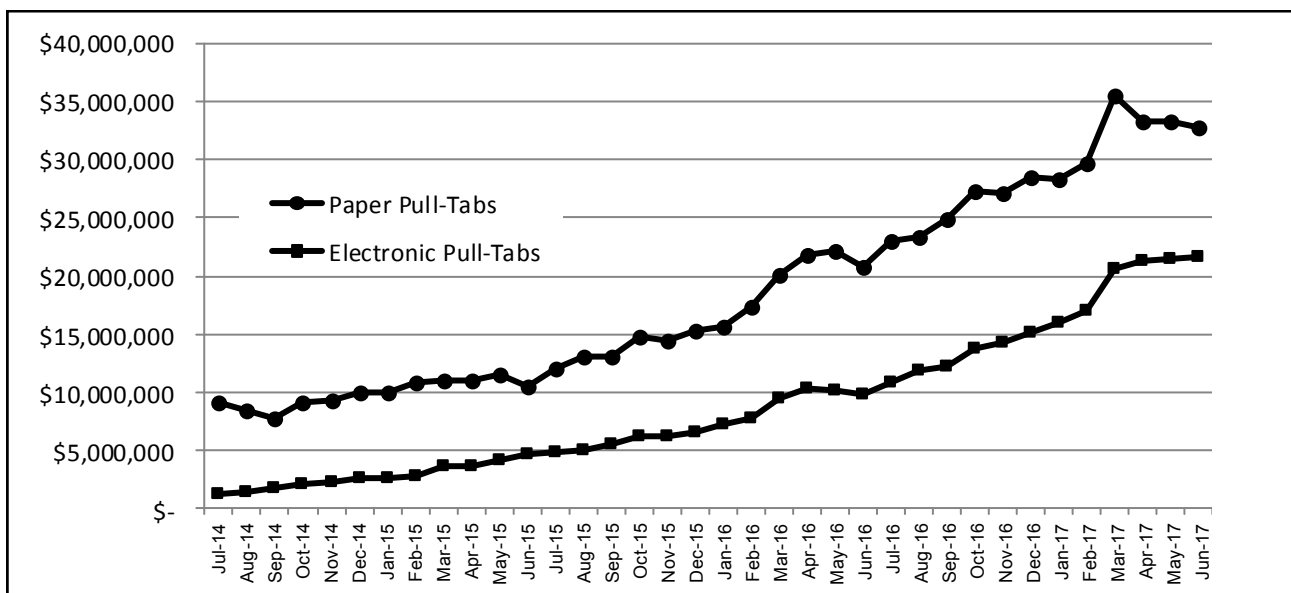
FY17 Top 10 Gross Receipts, Paper Pull-Tabs

Site	Organization	Gross
American Legion Post 1776, Apple Valley	American Legion Post 1776, Apple Valley	\$7,893,450
Bunny's Bar & Grill, St. Louis Park	St. Louis Park Hockey Boosters Association	\$7,874,698
American Legion Post 580, Chanhassen	American Legion Post 580, Chanhassen	\$7,105,653
American Legion Post 270, Buffalo	American Legion Post 270, Buffalo	\$6,147,437
JC's Bar & Grill, Maple Grove	Northwest Area Jaycees, Corcoran	\$5,562,729
Sports Page, Bloomington	American Legion Post 550, Bloomington	\$5,544,667
Ole Piper Inn, Blaine	Blaine Youth Hockey Association	\$5,455,388
McHugh's Grille & Bar, Savage	Burnsville Lions Club	\$5,243,474
JR's Outpost, Ramsey	Ramsey Lions Club, Anoka	\$5,067,671
American Legion Post 172, Osseo	American Legion Post 172, Osseo	\$4,798,759

FY17 Top 10 Gross Receipts, Electronic Pull-Tabs

Site	Organization	Gross
HR Pesty's Saloon, Waite Park	St. Cloud Youth Hockey Association, St. Cloud	\$2,894,783
Mully's on Madison, Mankato	Prairie Ecology Bus Center, Lakefield	\$2,736,862
Neisen's Event Center/Sports Bar & Grill, Savage	German Days, Inc., Belle Plaine	\$2,717,552
Skarda's Liquors, St. Paul	St. Paul Fire Fighters Local 21	\$2,293,347
Country Lounge, Gem Lake	Merrick, Inc., Vadnais Hts.	\$2,270,757
Shenanigan's Cheer & Chow, Fairmont	Fairmont Fire Relief Association	\$2,180,171
Benton Station, Sauk Rapids	St. Cloud Area Golden Gloves Boxing	\$2,177,838
Friar Tuck's Pub, Forest Lake	Lions Club of Forest Lake	\$2,151,401
Bowlocity, Rochester	Community Charities of Minnesota, Mankato	\$2,028,852
Tootsie's Tavern, Big Lake	Big Lake Spud Fest	\$1,773,031

Gross Receipts at Sites with Both Paper and Electronic Pull-Tabs, FY 2015 to FY 2017



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/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.

American Legion Post 51, Pine City, License 00097

Illegal gambling occurred at American Legion Post 51, Pine City.

Consent Order Requirements:

- 30-day premises permit suspension.
- No same or similar violations.

Leaf Valley Game & Fish Conservation Club, Miltona, License 02355

The organization had eight violations, including failure to:

- comply with the Board's request in a timely manner to meet with Board staff, to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that required corrective action had been completed;
- maintain internal controls sufficient to protect the integrity of its lawful gambling;
- have all checks issued from its lawful gambling account signed by two of its active members;
- file accurate information with the Gambling Control Board and Revenue;
- maintain records that account for its assets, liabilities, and fund balance;
- reconcile its profit carryover with its cash balance on hand;
- make expenditures of lawful gambling funds which qualify as lawful purpose; and
- deposit all gambling receipts into its gambling bank account.

Consent Order Requirements:

- File Corrective Action Plan.
- Resolve all issues contained in the Compliance Review Report.
- File accurate amended monthly schedules.
- Reconcile its profit carryover variance and its gambling bank account balance.
- Reimburse its gambling bank account.
- Have Focused Compliance Review.

Montevideo Lions Club, License 04018

The organization had five violations, including failure to:

- correct violations for which a fine was previously imposed;
- maintain internal controls sufficient to protect the integrity of its lawful gambling operations;
- maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises;
- make expenditures of gambling funds which qualify as lawful purpose; and
- maintain adequate raffle records.

Consent Order Requirements:

- \$500 fine.
- File Corrective Action Plan.
- Have Focused Compliance Review.

Freeborn County Humane Society, License 04538

The organization had seven violations, including failure to:

- comply with the Board's request in a timely manner to meet with Board staff, to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that required corrective action had been completed;
- maintain accurate physical and perpetual inventory systems, and reconcile the records on a monthly basis;
- have all checks issued from its lawful gambling account signed by two of its active members;
- make expenditures of lawful gambling funds which qualify as allowable expenses;
- 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;
- maintain records that account for its assets, liabilities, and fund balance; and
- file accurate information with the Gambling Control Board.

Consent Order Requirements:

- \$500 fine.
- File Corrective Action Plan.
- Have Focused Compliance Review.

Walnut Grove Area Loggers, License 36713

The organization had four violations, including failure to:

- comply with the Board's request in a timely manner to meet with Board staff, to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that required corrective action had been completed;
- maintain correct and complete accounting records;
- file accurate information with the Gambling Control Board and Revenue; and
- reconcile its profit carryover with its cash balance on hand.

Consent Order Requirements:

- \$1,000 fine.
- File Corrective Action Plan.
- File accurate amended Schedules.
- Reconcile gambling bank account.
- Have Focused Compliance Review.

International Gamco, Inc., Omaha, NE, License MA-010

The manufacturer made changes to its method to sell and transfer electronic pull-tab games (program) without prior Board authorization.

Consent Order Requirements:

- \$500 fine.
 - File Corrective Action Plan.
-

CRG Report (continued)**Burnsville Hockey Association, License 04433**

The organization had eight violations, including failure to:

- have all checks issued from its lawful gambling account signed by two of its active members;
- make deposits of gambling receipts within four business days of the close of the game;
- maintain records that account for assets, liabilities, and fund balance;
- file accurate information with the Gambling Control Board and Revenue;
- comply with the Board's request in a timely manner to meet with Board staff, to conduct a post-compliance review, and to comply with the Board's request to provide documents to verify that required corrective action had been completed;
- reconcile its profit carryover with its cash balance on hand;
- maintain lawful gambling records for a minimum of 3-1/2 years; and
- accurately complete form LG100F.

Consent Order Requirements:

- \$2,500 fine.
- File accurate amended Schedules.
- Reconcile profit carryover variance and its gambling bank account balance based on Board's determination.
- Have Focused Compliance Review.

Citation Report

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

- **Hallock Fire Relief Association**, License 93682, failed to have checks and electronic payments signed by two active members. \$400 citation.
- **Pelican Lake Conservation Club, Pequot Lakes**, License 02734, allowed a volunteer to participate in electronic linked bingo. \$300 citation.
- **Minneapolis Northeast Lions Club**, License 02677, failed to retain required paddlewheel video coverage (repeat violation). \$250 citation.
- **Milaca Fire Relief Association**, License 02413, conducted gambling after business hours. \$250 citation.
- **Elks Lodge 1395, Owatonna**, License 01169, conducted a non-compliant bingo occasion. \$200 citation.
- **American Legion Post 298, Foley**, License 00138, failed to submit changes in application information to the Board within ten days. \$150 citation.
- **Long Prairie Hockey Association**, License 02079, failed to submit changes in application information to the Board within ten days. \$150 citation.
- **Norwood Young America Lions Club**, License 03552, failed to submit changes in application information to the Board within ten days. \$150 citation.
- **Merrick, Inc., Vadnais Hts.**, License 00264, conducted a raffle that did not comply with statutes and rules. \$150 citation.
- **Milona Lions Club**, License 03743, failed to submit changes in application information to the Board within ten days. \$150 citation.
- **Aliveness Project, Inc., Minneapolis**, License 04988, failed to retain required paddlewheel video coverage. \$150 citation.
- **VFW Post 3964, Ortonville**, License 03141, transferred gambling funds to general account without prior Board approval. \$100 citation.
- **Northstar Search & Rescue, Golden Valley**, License 93790, deposited non-gambling funds into gambling account. \$100 citation.
- **American Legion Post 172, Osseo**, License 00104, made a contribution to another licensed organization without prior Board approval. \$100 citation.
- **American Legion Post 630, Brooklyn Center**, License 00233, made a contribution to another licensed organization without prior Board approval. \$100 citation.

The following organizations failed to file lawful gambling reports LG100A, LG100C, and LG100F with the Board and were issued citations. The difference in the citation amount is due to the number of months an organization failed to file.

- **Watkins Lions Club**, License 01608 (January 2017). \$200 citation.
- **Watkins Lions Club**, License 01608 (February 2017). \$300 citation.
- **St. Cloud Boxing & Wrestling Club**, License 05223 (December 2016). \$150 citation.
- **St. Cloud Boxing & Wrestling Club**, License 05223 (January 2017). \$300 citation.
- **Voiture Locale 327 40/8 Olmsted County, Rochester**, License 00803 (December 2016). \$100 citation.

Q & A

Q May our site's lessor participate in lawful gambling at our site?

A No. The lessor of a site may not participate as a player in gambling at their site. This includes the lessor's employees involved in the conduct of lawful gambling at that site. The lessor's spouse, children, parents, and siblings are also restricted as to what forms of lawful gambling they may participate in. (See "Who May/ May Not Play" at www.mn.gov/gcb.)

"Involved in the conduct" means that the person does one or more of the following:

- sells or redeems tickets, bingo hard cards, bingo paper, or electronic bingo faces;
- provides electronic devices to players;
- redeems electronic credits;
- audits games;
- makes deposits;
- spins a paddlewheel;
- conducts inventory or completes inventory records; or
- selects or announces bingo numbers.

Your organization may also be more restrictive by listing additional restrictions in your House Rules.

To avoid possible sanction, be sure only eligible persons play.

If you have questions on who is or is not eligible to play, it is important to contact your Compliance Specialist.

Q Our American Legion club is sponsoring a parade to honor veterans. We'd like the local high school marching band to play patriotic music in the parade. The school would like a donation to their band program in return for marching in the parade. Would the check to the school be a lawful purpose expenditure? If so, under what lawful purpose code would it qualify?

A The costs of the parade qualify as lawful purpose under code A6 because the purpose of the parade is to honor military service. Paying a high school band to participate would be treated the same as hiring an adult military band to perform. If the purpose of the activity is to honor military service, the expenditure qualifies as lawful purpose under code A6.

State offices will be closed on November 10, 23, and 24, 2017.

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.

	Calendar Year 2017	% Change from 2016	Calendar Year 2016	% Change from 2015	Calendar Year 2015
January	\$140,457,467	11.9%	\$125,537,447	11.5%	\$112,620,188
February	\$143,227,013	10.6%	\$129,478,837	16.3%	\$111,330,121
March	\$166,821,417	17.6%	\$141,830,069	11.4%	\$127,305,824
April	\$158,285,344	12.9%	\$140,231,173	16.4%	\$120,470,829
May	\$153,150,430	14.0%	\$134,374,202	10.1%	\$121,832,038
June	\$146,591,174	16.6%	\$125,744,919	12.3%	\$111,947,518
July	\$151,070,987	13.5%	\$133,072,162	14.1%	\$116,533,354
August			\$133,904,818	10.4%	\$121,273,112
September			\$134,249,085	14.2%	\$117,577,868
October			\$141,609,880	10.5%	\$128,203,766
November			\$136,134,757	10.3%	\$123,387,565
December			\$141,097,540	10.6%	\$127,559,552
YTD Total			\$1,617,264,889	12.3%	\$1,440,041,735

Minnesota Gambling Control Board www.mn.gov/gcb
 Roseville 651-539-1900
 St. Peter 507-931-5112 (will change 10/17)
 Hibbing 218-262-7301
 Fergus Falls 218-739-7402

Dept. of Revenue ... www.revenue.state.mn.us/businesses/lawful_gambling
 Lawful Gambling Tax Unit 651-297-1772
 Email: lawfulgambling.taxes@state.mn.us

Department of Public Safety www.dps.mn.gov
 Alcohol & Gambling Enforcement 651-201-7500, ext. 3

Internal Revenue Service
 Forms www.irs.gov/forms-pubs or 1-800-829-3676
 Questions www.irs.gov or 1-800-829-1040

Minnesota's Bookstore www.comm.media.state.mn.us
 651-297-3000; 1-800-657-3757

Minnesota Problem Gambling Helpline... www.getgamblinghelp.com... 1-800-333-HOPE