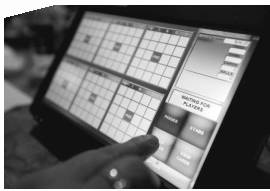


# ELECTRONIC GAMES

This chapter contains information on the conduct and reporting of electronic pull-tabs and electronic linked bingo.



## CONTENTS

- Common terms ..... 26
- Conducting electronic pull-tab games ..... 27
- Conducting electronic linked bingo games ..... 29
- Common questions related to electronic games..... 30
- Monthly reporting..... 30
  - Starting cash banks..... 30
  - Daily records and reports, forms ... 31
  - Tracking deposits and shortages ... 31
  - Amounts owed to linked bingo game provider ..... 33
- Filling out the LG100A..... 32

<b>Common Terms</b>	
<b>Bar op (electronic games)</b>	Electronic pull-tabs or electronic linked bingo devices conducted by the lessor's employees at a leased premises where paper pull-tab sales are made from the common area where food and the on-sale of intoxicating liquor or 3.2% malt beverages are sold.
<b>Booth op (electronic games)</b>	Electronic pull-tabs or electronic linked bingo devices conducted by an organization employee from a separate enclosure (at an owned or a leased premises) that is distinct from areas where food and the on-sale of intoxicating liquor or 3.2% malt beverages are sold.
<b>Electronic game occasion</b>	<ul style="list-style-type: none"> <li>• Electronic games may be played from 8:00 a.m. to 2:00 a.m., and all play during this period is considered an electronic game occasion for reporting purposes.</li> <li>• There is no limit on the number of games that may be conducted during an electronic game occasion.</li> </ul>
<b>Electronic linked bingo device</b>	<ul style="list-style-type: none"> <li>• Hand-held, portable electronic device used to play an electronic linked bingo game that is linked with other permitted premises allowing play against other bingo players.</li> <li>• Requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play.</li> </ul>
<b>Electronic pull-tab device</b>	<ul style="list-style-type: none"> <li>• Hand-held, portable electronic device used to play electronic pull-tab games.</li> <li>• Requires coded entry to activate play but does not allow the use of coin, currency, or tokens to be inserted to activate play.</li> <li>• Requires player to activate or open each electronic pull-tab ticket and each individual line, row, or column of each ticket.</li> <li>• Maintains credit play accumulated that may be applied to games in play or redeemed upon termination of play.</li> <li>• May incorporate an amusement game feature as part of a game, but may not require additional consideration for that feature, or award any prizes or other benefit for that feature.</li> </ul>
<b>Electronic pull-tab game</b>	<ul style="list-style-type: none"> <li>• Contains predetermined number of winning and losing tickets, not to exceed 7,500 tickets.</li> <li>• Contains an electronic game flare that displays game name, form number, predetermined number of tickets in the game, and prize tier.</li> <li>• Price of each ticket may not be less than .25 cents and may not exceed \$5.</li> <li>• Tickets from up to two deals of the same form number and ticket price may be commingled.</li> <li>• Form number and serial number is listed on each ticket.</li> </ul>
<b>Electronic game system</b>	Equipment leased from a licensed distributor and used by the organization to manage and record electronic pull-tab games, and to report and transmit game results to generate reports required by the Gambling Control Board and Department of Revenue.
<b>House rules</b>	House rules, developed by your organization, are rules that govern the conduct of lawful gambling. They are posted in close proximity to the point-of-sale system and must be visible at the point of sale.
<b>Point-of-sale (POS) station</b>	<ul style="list-style-type: none"> <li>• On-site computer or system used to communicate with devices using a secure wi-fi connection.</li> <li>• Seller assigns cash credits to devices using the point-of-sale system.</li> </ul>

## Conducting Electronic Pull-Tab Games

For information on who may and may not participate in lawful gambling, see Chapter 3, page 20.

Electronic pull-tabs are played similarly to paper pull-tabs. A player buys a ticket with one or more windows concealing symbols. The player opens the windows to determine whether the symbols on the ticket match the winning symbols as listed on the game flare.

Although electronic pull-tab games play in almost the same way, there are some differences in the way electronic pull-tab games are conducted.

- There are no paper pull-tab tickets to count, deface, or store.
- A player pays cash to a seller who then puts cash credit on a hand-held device.
- The devices “communicate” with an on-site point-of-sale (POS) system using a secure wi-fi connection.
- The player uses the cash credit on the device to purchase electronic pull-tab tickets one at a time.
- A single cash drawer, similar to the cash register system currently allowed for paper pull-tabs, is used for all electronic games in play.
- Deposits for electronic gambling net receipts at a premises are required within four business days of when the total net receipts reach \$2,000, or on or before the first day of the next month, whichever comes first.
- Winning electronic tickets are redeemed instantly by automatically adding cash credit to the hand-held device.
- Prize receipts are required when cashing out credits of \$600 or more on an electronic pull-tab device.
- Money is paid to players only when the device is returned with a cash credit balance.

### Purchasing electronic pull-tab games

- Electronic pull-tab games are ordered from a licensed distributor in the same way as paper pull-tabs, but are “delivered” to the site electronically as determined by the licensed organization and distributor.
- The actual purchase is made as each game is made available for play on the electronic devices. Payment is typically based on a percentage of the game’s actual net receipts.

### Obtaining electronic pull-tab equipment and hand-held devices

- The POS system, hand-held devices, and other equipment needed to conduct electronic pull-tab games are provided by or leased from a licensed distributor.
- Costs of the internet access and equipment necessary to bring the secured network link needed to operate the electronic pull-tab system must be paid by the lessor.

### Use of electronic pull-tab devices and limits

The use of electronic pull-tab devices are allowed for play at permitted premises:

- where on-sale liquor or 3.2% beer is sold;
- where the organization also sells paper pull-tabs at the site; or
- where an organization has consent from an organization already selling paper pull-tabs at the site.

Electronic pull-tabs may not be conducted between the hours of 2:00 a.m. and 8:00 a.m.

The number of electronic pull-tab devices available for play at each site is limited to:

- six at sites with less than 200 seats;
- twelve at sites with 200 or more seats; and
- fifty at sites where the primary business is bingo (bingo hall) and the site seats at least 100 people.

Seating capacity is determined by the fire marshal and is posted at each site.

### **Electronic pull-tab game requirements**

- 25¢ minimum ticket price.
- \$5 maximum ticket price (same as paper pull-tabs).
- Prize limits are the same as for paper pull-tabs.
- 7,500 ticket maximum per deal.
- Electronic pull-tab games may be commingled. (Tickets from two deals of the same form number and ticket price are electronically “mixed” together. When a player purchases a ticket, it is randomly selected from either of the commingled deals.)
- The form number and serial number is listed on each ticket purchased.

### **Sales to players**

- Sellers must verify that the player is 18 or older.
- The player gives cash to the seller for the amount of cash credit the player would like loaded on the hand-held device.
- The seller collects the cash and uses the POS station to load cash credits on the device and then gives the electronic pull-tab device to the player.

### **Using a hand-held device to purchase electronic pull-tabs**

- The player selects an electronic pull-tab game from a list of games currently in play.
- The player is able to view game flare information.
- When the player purchases a ticket, the cash credit amount goes down.
- When the player wins, the cash credit increases.

### **“Cashing out” electronic pull-tab devices**

- If cash credit remains on the device when the player discontinues playing, the player brings the device to the seller. The seller then pays the player for the value of the cash credit on the device.
- A prize receipt is required for cashing out \$600 or more. Federal withholding forms are not required regardless of the amount of cash credit being paid out.
- If a hand-held device has any cash credits remaining on it that were not redeemed by the end of the day’s activity, the outstanding cash credits revert to the organization.

### **House rules**

- The minimum size for the house rules sign is 11” x 17”. The house rules governing the conduct of lawful gambling must be clearly visible at the point of sale. The house rules must include all policies of your organization that affect the play of the game, including any restrictions in addition to those imposed by Minnesota Statutes, Section 349.181, on who may participate in the conduct of lawful gambling at the premises.
- For electronics, your house rules must state that your organization may remove a device from play that has not been in active mode for a specified period of time (determined by your organization).
- Your house rules should also state that each player is limited to the use of one device at a time.
- The house rules may include items such as:
  - Cash only. Money orders, cashier’s checks, and travelers checks may be accepted. Checks, credit cards, or debit cards not accepted.
  - A player must have a driver’s license or government-issued picture ID to check out and play an electronic pull-tab device and to redeem credits over \$599.
  - The organization cannot guarantee the prizes remaining in a pull-tab deal.
  - The organization reserves the right to refuse service for disruptive or offensive behavior.

## Conducting Electronic Linked Bingo Games

Electronic linked bingo is played on a hand-held and portable electronic device linked to participating sites throughout the state that allows players to participate simultaneously for a statewide progressive jackpot. Games are operated by a licensed "linked bingo game provider".

Although electronic linked bingo games play in similar ways to regular bingo games, there are some differences in the way the electronic games are conducted.

- New games may start continuously.
- There are no paper bingo sheets to count, deface, or store.
- A player pays cash to a seller who then puts cash credit on a hand-held device.
- The devices "communicate" with an on-site POS system using a secure wi-fi connection.
- The player uses the cash credit on the device to purchase electronic bingo cards, limited to 36 faces per game.
- A single cash drawer, similar to the cash register system currently allowed for paper pull-tabs, is used for all electronic games in play.
- Deposits for electronic gambling net receipts at a premises are required within four business days of when the total net receipts reach \$2,000, or on or before the first day of the next month, whichever comes first.
- Licensed organizations conduct electronic linked bingo on behalf of the linked bingo game provider and receive an allocated share of the linked bingo game provider's overall net receipts.

### Obtaining electronic linked bingo equipment and hand-held devices

- The POS system, hand-held devices, and other equipment needed to conduct electronic linked bingo games are provided by or leased from a licensed distributor contracted through the linked bingo game provider.
- Costs of the internet access and equipment necessary to bring the secured network link needed to operate the electronic linked bingo system must be paid by the lessor.

### Sales to players

- Sellers must verify that the player is 18 or older.
- The player gives cash to the seller for the amount of cash credit the player would like loaded on the hand-held device.
- The seller collects cash and uses the POS system to load cash credits on the device and then gives the electronic device to the player.

### Using a hand-held device to purchase electronic linked bingo cards

- Player is able to view bingo game information.
- When player purchases a bingo card, cash credit amount goes down.

### "Cashing out" electronic linked bingo devices

- Prizes of less than \$600 are paid instantly by automatically adding cash credit to the hand-held device.
- Prizes of \$600 and over are paid by check directly from the linked bingo game provider within three business days.
- A prize receipt is required for cashing out \$600 or more. Federal withholding forms are not required regardless of the amount of cash credit being paid out.
- If a hand-held device has any cash credits remaining on it that were not redeemed by the end of the day's activity, the outstanding cash credits revert to the organization.

## Common Questions Relating to Electronic Games

**Q. What if the site loses power while electronic pull-tab or linked bingo devices are in play?**

A. The POS system has a battery backup that will allow all devices in play to be cashed out.

**Q. What if someone takes a hand-held electronic pull-tab or linked bingo device from the premises?**

A. The device is designed so that it cannot be used for any purpose other than electronic pull-tab or linked bingo games conducted within range of the POS system. Once the device leaves the site, it has no usefulness.

If a device is stolen, the organization should contact local police and notify the licensed distributor. If the device is stolen while a player is using it, the player will still be able to cash out using the POS system.

If a device is lost, the organization should notify the licensed distributor.

Unauthorized possession of an electronic gaming device is a crime.

**Q. What if a hand-held electronic pull-tab or electronic linked bingo device is damaged by a player?**

A. If cash credit was on the device when it was damaged, the seller will still be able to cash out the device using the POS system. If the damage was done intentionally, it should be treated as vandalism. Unintentional damage should be dealt with on a case-by-case basis.

## Monthly Reporting of Electronic Games

### Starting cash banks

#### If Lessor Provides Start Bank

- The lessor may provide the starting cash bank if electronic games are sold by the lessor or the lessor's employees. The organization's gambling manager should work with the lessor to determine appropriate bank amount. A typical starting cash bank amount for electronic pull-tabs is \$2,000.
- The lessor is responsible for having sufficient cash on hand to pay players for the cash credit amounts on all returned electronic game devices.

#### If Organization Provides Start Bank

- The organization is responsible for having sufficient cash on hand to pay players for the cash credit on all returned electronic game devices.
- It's recommended that the organization maintain a reserve start bank in a safe located at the site. If necessary, these funds can be used to replenish the start bank at the end of the day's activity when the ending cash balance is lower than the starting cash bank amount.
- If a reserve bank is maintained, the organization should keep a log of all funds taken from and returned to the reserve bank.

## Monthly Reporting of Electronic Games (continued)

### Daily Records and Reports—Forms to Use

Complete and keep the following required forms:

- LG861e Daily Cash Bank Accounting for Electronic Pull-Tabs and Electronic Linked Bingo (if the organization provides the starting cash banks).
- Worksheet EGD, Electronic Games Deposit (if the lessor provides the cash bank).

The LG861e is a required form for all organizations that conduct electronic pull-tabs or electronic linked bingo at sites where the organization provides the starting cash bank for these games. For a tutorial with helpful information on completing the LG861e, go to [www.mn.gov/qcb/electronic-games.html](http://www.mn.gov/qcb/electronic-games.html).

The LG861e is similar to the LG861 form used for each deal of paper pull-tabs in that it tracks the cash drawer amount at the beginning and end of each day. One line on the form is completed for each day that electronic games are conducted. At the beginning of the day, the seller counts the cash in the drawer and initials the form. The cash total should equal the ending cash bank amount from the previous day.

At the end of the day, the seller counts the cash and initials the form. The seller also then checks the electronic game point-of-sale system to obtain the day's electronic game net receipts. The cash and net receipts amounts are compared to determine the cash long/short for that day's activity. There's also a column to track money that is removed from the cash drawer for deposit, or added to the cash drawer to replenish the starting cash bank.

Forms are available at [www.mn.gov/qcb](http://www.mn.gov/qcb) or from the Gambling Control Board.

### Tracking deposits and cash shortages

#### If Lessor Provides Start Bank

- At the end of each day, the lessor or a lessor's employee records the "Daily net from POS report" on Worksheet EGD, Electronic Game Deposits.
- The organization designates a person (may be an organization employee or volunteer, the lessor, or one of the lessor's employees) to deposit the cash.
- The amount deposited must equal the sum of the "Daily net from POS report" amount for the previous day or days (no cash shortages). Do not deposit amounts from a partial day's activity.
- The organization is able to remotely monitor each day's net receipts and compare these amounts to the cash deposited into the gambling account.

#### If Organization Provides Start Bank

- LG861e, Daily Cash Bank Accounting for Electronic Pull-Tabs and Electronic Linked Bingo, is used to track shortages and deposits.
- One line on the form is completed for each day's activity.
- A video tutorial on how to complete the LG861e (used for both electronic linked bingo and electronic pull-tabs) is available by going to [www.mn.gov/qcb](http://www.mn.gov/qcb) (Quick Links, "Electronic game information").
- The amount deposited must equal the sum of the "Cash from game proceeds" amount for the previous day or days. Do not deposit amounts from a partial day's activity.
- The organization designates a person (may be an organization employee or volunteer, the lessor, or one of the lessor's employees) to deposit the cash.

Contact your Compliance Specialist with any questions.

#### Frequency of Deposits

- Deposits must be made within four business days of when the net receipts reach \$2,000 or on or before the first day of the next month, whichever comes first.

## Monthly Reporting of Electronic Games (continued)

### Cash Long or Short:

- Cash Long or Short—Organization Provides Cash Bank. The total cash long or short taken from the LG861e, Daily Cash Bank Accounting for Electronic Pull-Tabs and Linked Bingo, is reported on the LG100A, Line 22.
- Cash Long or Short—Lessor Provides Cash Bank. There will be no cash long or short amounts. Deposits made during the month must equal each day's net receipts.

### Electronic Pull-Tabs:

- Electronic Pull-Tab Provider Fees. These are amounts paid to a licensed distributor for providing electronic pull-tab games and equipment to your organization. Report these fees on LG100A, Line 19.

### Electronic Pull-Tab Gross Receipts and Prizes:

- Gross Receipts and Prizes Paid. The organization will receive an invoice from the distributor showing the electronic pull-tab gross receipts and prizes for the month. The POS system will also be able to provide this information. Report the gross receipts, prizes paid, and net receipts on the LG100A, Line 2.

### Electronic Linked Bingo:

- Amount Owed to Linked Bingo Game Provider. The organization will receive an invoice from the linked bingo game provider showing the amounts owed/receivable for prizes awarded and the amount owed for the linked bingo game provider fee.
- Linked bingo game provider fees are reported in the month they are actually paid on the LG100A, Line 20.

Your organization's share of the total prizes awarded is established by the linked bingo game provider as a set percentage of the gross receipts. For example, if your linked bingo game provider pays out 70% of its gross receipts in prizes and your site's electronic linked bingo gross receipts for June was \$1,000, your site's share of the total prizes awarded in June was \$700.

However, it's very unlikely that your organization awarded exactly \$700 in electronic linked bingo prizes at your site during June. For example, let's say that your organization only awarded prizes of \$500 at your site. At the end of June, you would owe the linked bingo game provider \$200 for the remaining portion of your share of the total prizes.

On your June LG100A, Lawful Gambling Receipts and Expenses by Site, you would report your electronic linked bingo gross receipts of \$1,000 in Column A and your organization's share of the linked bingo game provider's prizes in Column B.

Receipts and Prizes	A Gross Receipts	B Prizes	C Net Receipts
1 Paper pull-tabs			\$0.00
2 Electronic pull-tabs			\$0.00
3 Non-linked bingo			\$0.00
4 Linked bingo	\$1,000.00	\$700.00	\$300.00



## Monthly Reporting of Electronic Games (continued)

### Reporting Prize Amount Owed to (or by) Linked Bingo Game Provider

Although you've just reported prizes of \$700 for June, you know from your month-end electronic linked bingo reports that your site only paid out prizes of \$500 during the month. The difference between the amount your organization paid out at your site (\$500) and your site's share of the total prizes awarded (\$700) is reported on Line 13 of the LG100F for the month in which the activity occurred.

<b>12</b> Total additions ( <i>sum of lines 5 through 11</i> )		<b>\$0.00</b>
<b>13</b> Linked bingo prize amount payable to (receivable from) linked bingo provider	<b>\$200.00</b>	
<b>14</b> Receipts deposited from games still in play that are not included on an LG100A		

Your organization will reimburse (or be reimbursed by) the linked bingo game provider for the amount on the LG100F, Line 13, in the month after the prizes were awarded. In this example, you'll reimburse the linked bingo game provider \$200 in July for June's prizes. Once the amount has been reimbursed, it no longer needs to be reported on the LG100F (the \$500 in prizes actually paid to players and the \$200 reimbursed to the linked bingo game provider would then equal the \$700 prize amount reported on the LG100A).

### Reporting the Linked Bingo Game Provider Fee

The linked bingo game provider fee is calculated based on your site's electronic linked bingo net receipts. This amount is reported on the LG100A for the month in which it is paid. The provider fee is paid in the month following the month in which the net receipts were incurred. In our example, you'd pay the provider fee for the month of June in July, and so you'd report the fee payment on July's LG100A.

<b>19</b> Electronic pull-tab provider fees		
<b>20</b> Electronic linked bingo provider fees	<b>\$60.00</b>	
<b>21</b> Other miscellaneous allowable expenses not listed above		

Reporting the linked bingo game provider fee can be confusing because organizations typically pay the prize reimbursement amount (\$200) and the provider fee (\$60) with one transaction, often by electronic transfer. In this example, the organization would have transferred \$260 to the linked bingo game provider sometime in July. The \$60 provider fee is reported on the LG100A, Line 20, for July, while the \$200 reimbursement amount would have already been reported on the LG100F, Line 13, in June. No further reporting of the \$200 is required.

### Help with Reporting

If you have questions about completing these forms, please contact your Compliance Specialist.

## Electronic Game Reporting

Where Reported:	Get information from:
LG100A, Line 22 (Cash long/short) — <u>organization</u> provides cash bank.	LG861e, Daily Cash Bank Accounting for Electronic Pull-Tabs and Electronic Linked Bingo.
LG100A, Lines 2 (Electronic pull-tabs) and 4 (Linked bingo).	Point of sale (POS) monthly totals report.
LG100A, Line 19 (Electronic pull-tab provider fees).	Refer to check register and/or bank statement to determine payments made to distributor during month.
LG100A, Line 20 (Electronic linked bingo provider fees).	Refer to check register and invoices from linked bingo game provider to determine payments made during the month for provider fees.
LG100A, Line 18 (Rent paid to lessors) — electronic games conducted exclusively by bar-op or exclusively by booth-op.	Completed LG216 Rent Calculation Worksheet.
LG100A, Line 18 (Rent paid to lessors) — electronic games conducted by both bar-op and booth-op.	POS report of gross, prizes, and net receipts for each electronic game occasion, and LG216 Rent Calculation Worksheet.
LG100F, Line 13 (Linked bingo prize amount payable to or receivable from linked bingo provider).	Refer to invoices from linked bingo game provider to determine the prize contribution or refund amount for month being reported that was unpaid at month-end.

### Keep your game records

Keep the LG861e for your records for at least 3-1/2 years following the month the income was reported on your LG100A.

Keep all records in a secured area, not susceptible to flooding, for at least 3-1/2 years after the month in which the game was reported as closed on the Schedule B2.