

MINNESOTA GAMBLING CONTROL BOARD
BOARD ACTIONS
November 19, 2018

TRANSFER OF GAMBLING FUNDS TO ORGANIZATION ACCOUNT:

Minnesota Rules 7861.0320, subpart 4E. Gambling funds may not be transferred to the organization's general bank accounts for any expenditures without Board approval.

Exhibit A: Approved:

- **License 02618**, Ham Lake Lions Club, Ham Lake, \$3,000. An emergency expenditure.
- **License 32530**, Dodge County Youth Hockey Association, Kasson, \$15,000. A start-up loan.
- **License 93922**, Janesville Fire Department Relief Association, Janesville, \$4,000. A start-up loan.

Exhibit B: Denied – None.

REPAIR, MAINTAIN OR IMPROVE REAL PROPERTY AND CAPITAL ASSETS USED EXTENSIVELY AS MEETING PLACE OR EVENT LOCATION OR USED TO BECOME COMPLIANT WITH ADA - REPLACEMENT BLDG (LG269):

Minnesota Statutes, section 349.12, subdivision 25(a)(22) An expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carry forward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control. An expansion of a building or bar-related expenditures are not allowed under this provision. (i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, service groups, or is used for the organization's primary mission or headquarters. (ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.

Exhibit C: Approved:

- **License 00106**, American Legion Post 257, Springfield, \$5,000. Remodel restrooms that are used by other nonprofits for their events and meetings free of charge.
- **License 00574**, American Legion Post 551, Eyota, \$4,970. Repair parking lot that is used by other nonprofits for their events and meetings free of charge.
- **License 00917**, American Legion Post 270, Buffalo, \$27,201.58. Replace accordion door that separates the bar from the meeting room that is used by other nonprofits for their events and meetings free of charge.
- **License 01593**, American Legion Post 25, Warroad, \$2,600. Replace HVAV unit that serves the meeting areas used by other nonprofits for their events and meetings free of charge.

Exhibit D: Denied:

- **License 00917**, American Legion Post 270, Buffalo, \$27,201.57. Portion of accordion door replacement for bar area.

FOR A BUILDING OWNED BY THE ORGANIZATION THAT WAS DESTROYED OR MADE UNINHABITABLE BY FIRE OR CATASTROPHE (LG262):

Minnesota Statutes 349.12, subdivision 25(a)(25) "With respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or catastrophe, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance."

Exhibit E: Approved – None.

Exhibit F: Denied – None.

REPLACEMENT OF BUILDING TAKEN OR SOLD UNDER EMINENT DOMAIN PROCEEDING (LG263):

Minnesota Statutes, section 349.12, subdivision 25(a)(25) An expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

Exhibit G: Approved – None.

Exhibit H: Denied – None.

ACQUISITION OR IMPROVEMENT OF CAPITAL ASSETS OR ACQUISITION, ERECTION, EXPANSION, OR IMPROVEMENT OF REAL PROPERTY THAT WILL BE USED EXCLUSIVELY FOR LAWFUL PURPOSE (LG266):

Minnesota Statutes, Section 349.12, subdivision 25(a) (23) or (24): (23) An expenditure for the acquisition or improvement of a capital asset with a cost greater than \$2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount; (24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section.

Exhibit I: Approved:

- **License 03555**, Knightriders Snowmobile Club, Fosston, \$8,950. Acquire snow blade to groom snowmobile trails that are grant-in-aid or public use.
- **License 04206**, Mille Lacs Drifts Skippers Snowmobile Club, Isle, \$26,218.55. Acquire new tracks for groomer for snowmobile trails that are grant-in-aid or public use.
- **License 04870**, Gouvernaires Performing Arts Association, St. Peter, \$112,105.32. Acquire musical instruments to perform its mission.
- **License 04900**, Crow River Sno Pros, Hutchinson, \$12,538.85. Acquire guidance system for groomer to groom snowmobile trails that are grant-in-aid or public use.
- **License 31160**, Lake of the Woods Drift Skippers, Baudette, \$126,500. Acquire groomer for snowmobile trails that are grant-in-aid or public use.

Exhibit J: Denied – None.

CONTRIBUTION OF GAMBLING FUNDS TO ANOTHER LICENSED GAMBLING ORGANIZATION (LG270):

Minnesota Statutes, section 349.12, subdivision 25(a)(20). A contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the follow lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25).

Exhibit K: Approved:

FROM: **License 02449**, Sleepy Eye Hockey Association, Sleepy Eye, \$25,500. A contribution to a 501 (c)(3) organization.

TO: **License 05389**, Sleepy Eye Arena Association, Sleepy Eye.

FROM: **License 04882**, Cloquet Amateur Hockey Women’s Auxiliary, Cloquet, \$36,000. A contribution to a 501 (c)(3) organization.

TO: **License 01224**, Cloquet Amateur Hockey Association.

FROM: **License 05586**, VFW Post 4930, Warroad, \$650. Activities intended for persons under 21.

TO: **License 01593**, American Legion Post 25, Warroad.

Executive Director: Delegated Approvals for Request to Contribute Gambling Funds to Another Licensed Gambling Organization (LG270):

FROM: **License 33272**, Clarkfield Lions Club, Clarkfield, \$200. A contribution to a 501 (c)(3) organization.

TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 92581**, Veseli Area Lions Club, Veseli, \$500. Activities intended for persons under 21.

TO: **License 02111**, New Prague Hockey Association, New Prague.

Exhibit L: Denied – None.

FUND LOSS REQUEST (PROFIT CARRYOVER ADJUSTMENT) (LG250):

7861.0320 ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS, Subp. 9. Fund loss report or request for a profit carryover adjustment due to fund loss. When an organization has a fund loss by questionable means of its inventory or cash, the organization must use the following procedures. A. The organization must file a report with local law enforcement authorities within (1) five days of discovering the loss; or (2) 24 hours of discovering a loss from a pull-tab dispensing device. B. The organization must submit one of the following to the board within 60 days of discovering the loss: (1) documentation that its gambling account was reimbursed for the amount of the fund loss from a source of nongambling funds and the date the loss was reported to the organization's membership; or (2) a request for a profit carryover adjustment due to a fund loss. If the organization does not submit the request within 60 days of discovering the loss, the board will not consider the request. E. If the board denies a request for a profit carryover adjustment due to a fund loss, the organization must reimburse its gambling account for the amount of the fund loss. The organization must submit proof of reimbursement to the board within 90 days of the board's final determination.

Exhibit M: Approved:

- **License 00790-001**, American Legion Post 454, Keister, \$1,179. Burglary.
- **License 03134-003**, Bemidji Baseball Association, Bemidji, \$1,527. Burglary.
- **License 25001-002**, Goodhue Lions Club, Goodhue, \$13,279.50. Burglary.
- **License 35239-004**, German Days Inc., Belle Plaine, \$3,534.64. Burglary.

Exhibit N: Denied:

- **License 00060-001**, Eagles Club #2258, Albert Lean, \$ 1,495. Theft. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. The organization was unable to adequately account for the circumstances of the theft.
- **License 00467-001**, American Legion Post 491, Bayport, \$5,155. Missing deposits. Internal control procedures were not satisfactory. The organization failed to maintain and use internal control procedures that provide accountability over its cash assets at all times. The organization failed to maintain adequate safeguards over its gambling fund. Losing possession of and security over cash assets of the organization is a lack of acceptable control and accountability over organizational asserts.
- **License 01576-008**, Shakopee Lions Club, Shakopee, \$375. Burglary. Lack of security over cash and inventory within the premises. The storage of cash in an office without further locked security over the money is inadequate protection of the cash. The organization failed to maintain adequate safeguards over its gambling funds.
- **License 01614-001**, Essig Baseball Club, Essig, \$768. Burglary. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. Losing possession of and security over cash assets of the organization is a lack of acceptable control and accountability over organizational assets. Cash left in a locked pull tab drawer in bar area.

- **License 01865-007**, Buffalo Lions Club, Buffalo, \$1,678. Unknown cash theft; game remnants missing also. The internal control being used by the organization were insufficient to hold its own seller accountable for the loss. Internal control procedures over accountability of each deal of pull tans do not provide enough control between shifts and between bar personnel to determine responsibility for the losses. The storage of cash in an office without further locked security over the money is inadequate protection of the cash. The organization failed to maintain adequate safeguards over its gambling funds. The organization was unable to determine how the game was stolen. The organization was unable to adequately account for the circumstances causing the deals to be missing.
- **License 02523-008**, Prior Lake – Savage Optimist Club, Prior Lake \$2,574. Unknown cash theft. Internal control procedures were not satisfactory. The organization failed to maintain and use internal control procedures that provide accountability over its cash assets at all times. The internal controls being used by the organization were insufficient to hold its own seller accountable for the loss.
- **License 04219-004**, Little Canada Canadian Days, Little Canada, \$7,777.67. Theft. Lack of security over cash and inventory within the premises. The seller left the cash unlocked and unattended. Procedures were not followed to secure the funds. The organization failed to maintain adequate safeguards over its gambling funds.
- **License 07193-002**, Faribault Wrestling Club, Faribault, \$311. Theft. Lack of security over cash and inventory within the premises. The seller left the cash drawer unlocked and unattended. The organization failed to maintain adequate safeguards over its gambling funds. Organization did not file within the 60 day required time period.
- **License 32530-002**, Dodge County Youth Hockey Association, Kasson, \$11,000. Burglary. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. Leaving organizations assets in a small easily carried safe without further security is inadequate safeguards over the assets.
- **License 33569-001**, Waseca Sleigh & Cutter Festival Association, Waseca, \$1,394. Unknown cash theft. Lack of security over cash and inventory within the premises. The organization failed to maintain adequate safeguards over its gambling funds. Losing possession of and security over cash assets of the organization is a lack of acceptable control and accountability over organizational assets. Cash kept in cash bags behind the bar is inadequate security over the organizations assets.

TO APPLY APPROVED AMOUNT FOR THE REPAIR, MAINTENANCE, OR IMPROVEMENT OF REAL PROPERTY TOWARD A REPLACEMENT BUILDING THAT IS ADA COMPLIANT (LG268):

Minnesota Statutes 349.12, subdivision 25(a)(22)(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act. (iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item.

Exhibit O: Approved – None.

Exhibit P: Denied – None.

LICENSE TERMINATION PLANS:

Minnesota Statutes 349.19, subdivision 8 upon termination of a license, a licensed organization must notify the board in writing within 30 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

Exhibit Q: Approved:

- **License 00535**, VFW Post 1140, Long Prairie, \$109.40. Approve with modified profit carryover variance language.
- **License 02506**, Keewatin Fire Relief Association, Keewatin, \$54,982.36. Amended. Approve with modified profit carryover variance language.
- **License 04760**, Heather Curling Club, Mapleton, \$25,288.02.

- **License 94278**, Moorhead Midday Central Lions Club, Moorhead, \$3,918.89.

Exhibit R: Denied – None.

NEW GAMES SUBMITTED BY MANUFACTURERS:

Exhibit S: Approved – Attached.

Exhibit T: Denied – None.

LICENSES FOR DISTRIBUTORS, MANUFACTURERS, AND LINKED BINGO GAME PROVIDERS:

Exhibit U: Approved:

- **Application for linked bingo game provider license:**
 - **License LB108**, Electronic Game Solutions, Inc., Maryland Heights, MO.
- **Application for manufacturer license renewal/** method of sale or transfer of electronic games to distributors:
 - **License MA040**, Paramount Games, Inc., Wheatland, PA.
- Application for distributor license renewal / method of sale or transfer of electronic games to organizations – None.

Exhibit V: Denied – None.

RULE VARIANCE REQUEST (LG251):

Exhibit W: Approved – None.

Exhibit X: Denied – None.

REQUEST FOR ALTERNATIVE METHOD OF SELECTING RAFFLE WINNERS:

Exhibit Y: Approved – None.

Exhibit Z: Denied – None.

NEW BUSINESS:

None.

This concludes the summary of actions taken by the Minnesota Gambling Control Board at its meeting of Monday, November 19, 2018.