THANK YOU....
Those are two words we never seem to hear enough of, but there are so many people involved with charitable gambling who deserve to hear it. After serving nearly 19 years as the Executive Director of the Gambling Control Board, the time has come to hand over the reigns of regulation and thank some folks.

First and foremost, I owe all of my staff at the Gambling Control Board a huge THANKS for all their hard work over the years keeping charitable gaming operations in Minnesota the best in the country! Minnesota continues to lead the nation in charitable gambling activity and yet our regulatory staffing is one of the smallest. All thanks to the great staff at GCB!

I would like to thank the GCB Board members. I think we have a good leadership team that serves the industry very well. Many of the past Board members also deserve thanks for setting the platform that we continue to use today in regulating charitable gambling!

Thanks to all the manufacturers, linked bingo game providers, distributors, and bar owners who work with the charities to help bring the games to the market and play such an important role in the success of charitable gambling in Minnesota!

I would be remiss if I didn’t give a shout out to the legislators, past and present, who helped shape many of the laws that guide the charitable gambling industry. I think I have the privilege of being the only person to work for an Independent governor (Ventura), a Republican governor (Pawlenty), and Democratic governors (Dayton and Walz). It is good to be regulatory focused and politically neutral!

Finally – a big THANKS to all of the licensed charities, especially the gambling managers, for all their efforts to “do the right thing” when it comes to managing a charitable gambling operation. It’s a $2.3 BILLION industry and it’s all cash – thank goodness we have a great system in place for tracking all that money and inventory. Thank you for maintaining the highest levels of integrity for operations and for helping to raise funds for all of the charitable missions!

So to all whom I have had the pleasure to meet and work with during my tenure at the Gambling Control Board – THANK YOU!
Continuing Education

Online Continuing Education Courses:

- **What Every Pull-Tab Seller Needs to Know**
  Designed for pull-tab sellers and supervisors of sellers, this course includes information on:
  - Posting
  - Prize receipts
  - Buyouts
  - Establishing and enforcing house rules
  - Redeeming and defacing tickets
  - Closing games/redeeming
  - Using scales
  - Spot audits
  - Inside information
  - Restrictions on who may play
  - And more!

- **Sports Tipboards**
  In this course, you will learn how to legally conduct and report sports tipboards.

These courses are available at www.mn.gov/gcb, under the “Education” tab. A PDF version of each course is also available for printing as a go-to guide.

Q & A — Conducting Lawful Gambling at a Festival/Community Event

**Question**: May our licensed organization conduct gambling during the Fun Fest Days, an annual event at our local community fairgrounds?

**Answer**: Yes, your organization may conduct gambling at a community event with an off-site permit. Submit the Application to Conduct Off-Site Gambling (LG230) to Licensing in the Board’s Roseville office. There is no fee with this application. Twelve off-site events of three days each are allowed per calendar year for a total of 36 days. Even if no rent is paid, a lease agreement is required for all forms of gambling except raffles. The lease agreement information is contained within the application form itself. A separate lease is not required.

**Question**: What kind of gambling can we conduct at this community event?

**Answer**: Any of the five forms of lawful gambling (pull-tabs, bingo, raffles, tipboards, and paddlewheels) can be conducted at a festival or community event. (Please note, however, that pull-tab dispensing devices may only be used at permitted sites and are not allowed off site.) You will check the appropriate box(es) on the LG230 application indicating what forms of gambling will be conducted.

**Question**: Could our organization sell pull-tabs in our beer garden located on the lawn at our permitted premises (we own the building)?

**Answer**: Yes, your organization can sell pull-tabs at the address of your permitted premises. Keep in mind that the pull-tabs may not leave the premises. All gambling equipment and cash must be secured, never leave pull-tabs or cash unattended and/or unsecured.
Persons under the age of 18 may participate in bingo at an annual community event if accompanied by a parent or guardian.

However, persons under the age of 18 may not purchase a raffle ticket or certificate of participation or win a prize for any raffle at an annual community event, even if accompanied by a parent or guardian.

Question: If we sell pull-tabs at the fairgrounds during the fair and the boxes don’t sell out, can we move these open boxes back to one of our permitted premises to sell the remainder?
Answer: No, your organization may not move opened games and play them at another premises. The games must be closed and reported on monthly reports.

Question: Our organization would like to have a raffle with a car as a prize during the 4th of July celebration in our home town. The drawing will be at our licensed premises. Do we need an off-site permit to sell raffle tickets all around town?
Answer: No, your organization does not need an off-site permit for this raffle since the drawing will be held at the permitted premises. Your organization will need to use a merchandise certificate for the car since the car requires registration.

Question: A nonprofit organization has obtained an exempt permit to conduct bingo during the fair for three days in July this year. May our licensed organization loan them our bingo machine and hard cards?
Answer: Yes, your organization may loan your bingo machine and hard cards to the organization. Upon return, inspect the equipment and bingo balls to ensure proper operation before your next bingo event.

Question: The exempt organization would like to play several games of bingo all afternoon at the fairgrounds. Is there a limit to how many games can be played or how long bingo can be played?
Answer: A bingo occasion may be conducted for up to eight consecutive hours. A bingo occasion may have intermissions. There is no limit on the number of bingo occasions that may be conducted by an organization. There is no limit on the number of games that may be conducted during a bingo occasion.

Question: May volunteers/employees play bingo during this community event?
Answer: It depends. Bingo volunteers/employees may not play bingo during the bingo occasion that they work. If your organization is having more than one bingo occasion they may play bingo at a bingo occasion at which they haven’t worked.

Question: May persons under the age of 18 play bingo at these events?
Answer: Yes, people under age 18 may participate in bingo at an annual community event if accompanied by a parent or guardian.

Question: Does the exempt organization need a bingo program and house rules for community festival bingo?
Answer: Yes, the organization must use a bingo program and have house rules for any bingo conducted.

Question: How does our licensed organization report activity from an off-site event?
Answer: Receipts from an off-site activity must be deposited in the organization’s gambling account within four business days of the event, and must be reported on a separate LG100A using site number 999.

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The Minnesota Gambling Control Board’s technical bill was passed into law during the 2019 legislative session. The following summarizes the changes:

- Effective July 1, 2019, the active member requirement in Minnesota Statutes, Section 349.12, subdivision 2, has been changed from being a member of the organization for at least six months to the most recent 90 days. This coincides with the requirement for gambling manager active membership.

- Also effective July 1, 2019, bingo gift certificates must only be sold for face value. Organizations must keep a bingo gift certificate log showing each bingo gift certificate number, face value, date sold, and date redeemed. (Minnesota Statutes, Sections 349.17, subd. 6; and 349.19, subd. 1.) This resulted from theft of bingo gift certificate funds at a bingo hall last fall.

- Added to the prohibition of playing pull-tabs, tipboards, or paddlewheels in Minnesota Statutes, Section 349.181, subdivision 5, a lessor’s immediate family members may not participate in electronic linked bingo at the lessor’s premises. Effective July 1, 2019.

- Under Minnesota Statutes, Section 349.19, subdivision 2, electronic game receipts still must be deposited when the sum reaches $2,000, no matter what time of the month it reaches the $2,000 mark, and also within four business days from the first day of the month. Previously, the end-of-month deposit was on or before the first day of the month, and sometimes that day fell on a weekend or on a holiday. This provision is also effective July 1, 2019.

2019 Lawful Gambling Legislative Changes

Generic user IDs such as “cashier” or “bar” are prohibited.

Portions of the Internal Controls and Electronic Gaming Passwords article were previously printed in the Oct/Nov/Dec 2017 issue of the Gaming News.

Internal Controls & Electronic Gaming Passwords

In more than one instance the failure of employees to use their individual login credentials while selling electronic pull-tabs and bingo chances has contributed to a loss of gaming funds. Minnesota Rules, Parts 7863.0270, subpart 25, and 7864.0235, subpart 28, provide electronic gaming system login and logout requirements for linked bingo game providers, manufacturers, distributors, gambling managers, assistant gambling managers, and sellers. The system, which includes the point-of-sale station, requires password login consisting of two levels: a personal ID code and a personal password.

This means that generic user IDs such as “cashier” or “bar” are prohibited. Only one user is allowed per ID and password. The Gambling Control Board is increasing its review of security access and compliance with this requirement.

Each seller must use only the ID code and password assigned to that individual to log in to electronic gaming point-of-sale systems. This protects the organization’s and the site’s financial interests by enabling the organization to identify the specific worker involved in all transactions. If a loss of funds should occur, it is then possible to narrow the field of suspects. It is recommended that each seller protect his/her password. In the case of a fund loss, the failure of gaming employees to log in with their own individual passwords will result in the denial of the fund loss request for profit carryover adjustment (form LG250). Ask your distributor to assist in establishing these security features during installation and training.
Citation Report

VFW Post 1802, Zumbro Falls, License 01917
- Conducted gambling without a licensed gambling manager ($500 citation).

Ely Winton Rod and Gun Club, Winton, License 04828
- Failed to meet minimum LPE percentage for two consecutive fiscal years ($450 citation).

Leavenworth Baseball Association, New Ulm, License 02685
- Failed to comply with Board requests for information ($400 citation).

American Legion Post 48, Stillwater, License 00903
- Failed to meet minimum LPE percentage for two consecutive fiscal years ($400 citation).

Westbrook Fire Relief Association, License 03444
- Failed to reconcile its gambling fund balance with its profit carryover ($350 citation).

American Legion Post 641, Plato, License 02498
- Raffle tickets did not comply with statutes and rules, and records not kept for 3-1/2 years ($300 citation).

Burnsville Hockey Club, License 04433
- Failed to follow house rules posted at permitted premises ($250 citation).

Montrose Lions Club, License 01174
- Failed to timely file LG100A, LG100C, and LG100F ($200 citation).

The following organizations were issued citations for failing to file an annual audit with the Minnesota Department of Revenue:
- American Legion Post 269, Madison Lake, License 01248 ($100 citation).
- Waseca Hockey Association, License 02258 ($100 citation).
- Oronoco Fire Relief Association, License 03329 ($100 citation).
- North Branch Area Hockey Association, License 04335 ($100 citation).

The following organizations were issued citations for failing to file Lawful Gambling Reports LG100A, LG100C, and LG100F with the Board:
- VFW Post 2735, Isanti, License 00291, June 2018 ($100 citation).
- VFW Post 2735, Isanti, License 00291, July 2018 (repeat violation, $200 citation).
- Knight Riders Snowmobile Club, Fosston, License 03555, June 2018 ($100 citation).
- American Legion Post 146, Adams, License 00352, August 2018 ($100 citation).
- Brooten Commercial Club, License 03575, May 2018 ($100 citation).
- VFW Post 8144, Hoyt Lakes, License 00388, August 2018 ($100 citation).
Compliance Review Group (CRG) Report

American Legion Post 489, Underwood, License 01171
The organization employed an assistant gambling manager who also qualified as an assistant gambling manager for another licensed organization; made expenditures of gambling funds which do not qualify as lawful purpose or allowable expense; and failed to file accurate information with the Department of Revenue; maintain sufficient deposit records and adequate records; make deposits within four business days of close of game; accurately complete reports and reconcile profit carryover with cash balance on hand; timely comply with the Board’s request to meet with and provide documents to Board staff; and supervise the conduct of lawful gambling.
Consent Order Requirements:
- $500 civil penalty.
- File a Corrective Action Plan.
- Resolve all issues in the Compliance Report.
- Reconcile/reimburse profit carryover variance.
- Focused Compliance Review.

Moose Lake Area Hockey Association, License 02071
The organization failed to file accurate information with the Board and Revenue; complete accurate monthly bank reconciliations; maintain accurate inventory systems and records; timely comply with the Board’s request to meet with and provide documents to Board staff; complete and file an annual audit or financial review for fiscal year ending March 2017; and correct violations for which a fine was previously imposed.
Consent Order Requirements:
- $1,000 civil penalty.
- File a Corrective Action Plan.
- Resolve all issues contained in the Compliance Report.
- File all amended GCBReports for December 2017 through January 2019.
- File annual audit for FY2017 to the satisfaction of the Department of Revenue.
- Reconcile profit carryover variance.
- Focused Compliance Review.

Pine Island Volunteer Fire Relief Association, License 03120
The organization made gambling fund expenditures that do not qualify as lawful purpose or allowable expense, reimbursed its gambling account from a gambling source of funds, and filed inaccurate information with the Department of Revenue.
Consent Order Requirements:
- File a Corrective Action Plan.
- No future same or similar violations.

Northern Pine Riders, Willow River, License 02327
The organization failed to complete and file an annual audit or a financial review fiscal year ending June 30, 2017; and failed to correct violations for which a fine was previously imposed.
Consent Order Requirements:
- $1,000 civil penalty.
- File the annual audit for fiscal year ending June 30, 2017, with Revenue.

Leavenworth Baseball Association, Sleepy Eye, License 02685
The organization failed to maintain accurate inventory systems and reconcile the records on a monthly basis; complete sufficient monthly bank reconciliations to correspond with profit carryover; file accurate information with the Board and Revenue; timely comply with the Board’s request to meet with and provide documents to Board staff; and pay or appeal a $400 citation issued by the Board on July 24, 2018, within 30 days.
Consent Order Requirements:
- $500 civil penalty.
- File a Corrective Action Plan.
- Focused Compliance Review.
CRG Report (continued)

American Legion Post 192, Elmore, License 01699
The organization failed to file all required monthly reports with the Board accounting for its lawful gambling activity from August 2018 to February 2019, and correct violations for which a fine was previously imposed.
Consent Order Requirements:
- 30-day license suspension.
- File a Corrective Action Plan.
- File all amended GCBReports for August 2018 through February 2019.

American Legion Post 433, Gaylord, License 01239
The organization failed to expend 30% or more of gross profits of LPE during fiscal year 2018, and obtain approval of allowable expenses from its members.
Consent Order Requirements:
- File a Corrective Action Plan.
- Meet the 30% requirement for fiscal year ending June 30, 2019; if not, license is revoked.
- No future same or similar violations.

Knights of Columbus Council 1573, Montgomery, License 40009
The organization failed to have checks signed by two active members; failed to accurately complete LG100F's; complete sufficient monthly bank reconciliations which correspond to the profit carryover; file accurate information with Revenue; correctly complete prize receipt forms for winning pull-tabs; and timely comply with the Board’s request to meet with and provide documents to Board staff.
Consent Order Requirements:
- $1,000 civil penalty.
- File a Corrective Action Plan
- Resolve all issues in the Compliance Report.
- Filed amended GCBReports from March 2018 through February 2019.
- Reconcile/reimburse profit carryover variance.
- Focused Compliance Review.

Cloquet Amateur Hockey Women’s Auxiliary, Cloquet, License 04882
The organization failed to complete and file an annual audit or financial review for fiscal year ending March 2017.
Consent Order Requirements:
- $250 civil penalty.

Internal Controls & Oversight—Bounced Checks

The Board learned of a recent statement that lawful gambling organizations are increasingly bouncing checks. Proper cash management is essential to a healthy, successful lawful gambling operation. One sign of an operation experiencing potential problems is when bills are not being paid timely or even writing checks with insufficient funds (bouncing checks). This is a sign for the organization to pay attention to not only the bills, but to determine a cause.

Questions to ask: Are sales or receipts down? If so, why? Are there additional payments being made, or additional expenses? Is it time to review to see what expenditures can be eliminated or reduced? What operational or managerial changes would benefit the lawful gambling activity?

Periodically, the Board will survey activity to prioritize compliance reviews. One such way is to seek evidence of insufficient funds. Since checks are issued routinely to the Department of Revenue, we reached out to our counterparts to ask if they have seen a problem with bounced checks. Informally, Revenue indicated that only one bounced check was received for gambling tax payments in the last calendar year. We’ll take that as a good sign!
Posting and Prize Receipts

The posting of major paper pull-tab prizes is optional, although the Gambling Control Board does have the authority to require it. Your organization may post the major prizes awarded for all, some, or none of the games in play, but you must be consistent for that game. A major prize is defined as any prize that is at least 50 times the face value of a paper pull-tab in the deal (for example, .50¢ ticket x 50 = $25 prizes).

If your organization posts, provide an easily legible pull-tab flare that lists the major prizes in the deal for that pull-tab game. The posting information must be posted where the pull-tabs are sold. Your organization must post or mark off each major prize for that game immediately upon awarding the prize.

Your organization is responsible for the accuracy of posting all redeemed major prizes. Pull-tab players can become very angry when buying out a game and finding out that prizes were redeemed and that the organization made an error in posting. Occasionally it can happen that someone throws away a winner by mistake. Many organizations have a disclaimer written in their house rules explaining that this is a possibility.

If only some games are posted, clearly identify which games are posted and which are not. Prominently include your organization’s posting policies in the house rules. It is recommended to include the posting policies, even if your organization only posts some but not all games.

Regardless of whether you post a game of pull-tabs, a prize receipt must always be completed for prizes of $100 or more and last sale prizes of $20 or more. This means:

- For a posted game with $2 tickets, all posted prizes will also require a prize receipt. In this case, a major prize is $100 ($2 x 50 = $100) and a prize receipt is required for $100 or more.
- For a posted game with $1 tickets, all prizes of $50 or more need be posted, but a prize receipt wouldn’t be required unless the prize was $100 or more.
- For a posted $5 game, only winners of $250 or more need be posted (but, you may post all winners for that game if you like). Again, prize receipts would be required for winners of $100 or more.

If you have any questions about posting or prize receipts, be sure to contact your Compliance Specialist.

Trends in Lawful Gambling Gross Receipts

<table>
<thead>
<tr>
<th></th>
<th>CY 2019</th>
<th>% change</th>
<th>CY 2018</th>
<th>% change</th>
<th>CY 2017</th>
</tr>
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<tbody>
<tr>
<td>Jan</td>
<td>$186,542,557</td>
<td>18.5%</td>
<td>$157,459,065</td>
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<td>Feb</td>
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<td>$159,796,596</td>
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Note: Figures for the current CY are subject to change due to amended, corrected, or late tax returns.