

1.1 **Gambling Control Board**

1.2 **Proposed Permanent Rules Relating to Lawful Gambling**

1.3 **7861.0235 CHIEF EXECUTIVE OFFICER.**

1.4 Subpart 1. **Training of chief executive officer.** The chief executive officer of an  
1.5 organization conducting lawful gambling must receive educational training in laws and  
1.6 rules governing lawful gambling within 90 days of taking office unless the chief executive  
1.7 officer is subject to the gambling manager seminar requirement specified under part  
1.8 7861.0220, subpart 2, item A. The chief executive officer must receive continuing education  
1.9 training in laws and rules governing lawful gambling at least once during each calendar  
1.10 year. The curriculum for training required by this subpart must be administered by board  
1.11 staff or by a third party approved by the board to provide the training.

1.12 Subp. 2. **Curriculum.** The curriculum must cover elements of lawful gambling law  
1.13 and rules that the board determines are necessary for a chief executive officer to know and  
1.14 understand in order to successfully manage gambling operations for an organization.

1.15 **7861.0260 CONDUCT OF LAWFUL GAMBLING.**

1.16 *[For text of subpart 1, see Minnesota Rules]*

1.17 **Subp. 2. Posting of information and house rules.**

1.18 A. A licensed organization must prominently post the following information at  
1.19 each permitted premises in an area visible to players before they purchase a chance to  
1.20 participate in lawful gambling:

1.21 ~~A.~~ (1) organization name, license number, and premises permit number;

1.22 ~~B.~~ (2) notice of problem gambling information that must at a minimum include  
1.23 the toll-free telephone number established by the commissioner of human services;

1.24 ~~C.~~ (3) statement that illegal gambling is prohibited; and

2.1 ~~Ð. (4)~~ house rules that include at a minimum the policies governing the conduct  
 2.2 of lawful gambling at the premises, including any restrictions in addition to those imposed  
 2.3 by Minnesota Statutes, section 349.181, on who may not participate in the conduct of lawful  
 2.4 gambling at the premises. The house rules must be adequately lighted, legible, and at least  
 2.5 11 inches by 17 inches; ~~and.~~

2.6 ~~E. B.~~ For the conduct of bingo, the information required by this subpart may be  
 2.7 contained in the bingo program as an alternative to posting the information.

2.8 C. In the case of the gambling event awarding a merchandise prize with an option  
 2.9 for a winner to choose cash or a cash equivalent, information required by this subpart must  
 2.10 be expressly communicated to any participant prior to the sale of any chance and meet the  
 2.11 prize requirements of Minnesota Statutes, section 349.173, paragraph (a).

2.12 *[For text of subpart 3, see Minnesota Rules]*

2.13 Subp. 4. **Prizes awarded; records required.**

2.14 *[For text of items A and B, see Minnesota Rules]*

2.15 C. A prize must consist of cash, merchandise, certificates for merchandise,  
 2.16 certificates for services, gift certificates, or gift cards with the following exceptions and  
 2.17 restrictions:

2.18 (1) prizes must not consist of lawful gambling equipment;

2.19 ~~(2) cash must not be substituted for merchandise prizes, certificates for~~  
 2.20 ~~services, gift certificates, or gift cards which have been won. This does not apply to multiple~~  
 2.21 ~~bingo winners for a merchandise prize that cannot be divided;~~

2.22 ~~(3)~~ (2) coupons redeemable for bingo hard cards, bingo paper sheets, bingo  
 2.23 paper sheet packets, bingo paper packages, and the use of an electronic bingo device may  
 2.24 be awarded for bingo;

3.1 ~~(4)~~ (3) a certificate for merchandise or services must contain:

3.2 (a) a complete description, including the value of the merchandise or  
3.3 services to be redeemed by the certificate;

3.4 (b) the vendor's name from whom the certificate must be redeemed; and

3.5 (c) a statement expressly prohibiting the substitution of cash or another  
3.6 type of merchandise or services for the merchandise or services described on the certificate;

3.7 ~~(5)~~ (4) for a paddlewheel game played with a table, only cash prizes may be  
3.8 awarded and must be awarded and redeemed through the use of chips; and

3.9 ~~(6)~~ (5) for a paddlewheel game played without a table, a cash prize amount  
3.10 may not be a variable multiple of the standard price of a paddlewheel ticket.

3.11 *[For text of items D to F, see Minnesota Rules]*

3.12 G. Merchandise prizes must be displayed in full view of the players in the  
3.13 immediate vicinity of the game ~~and must not be redeemed for cash or converted into cash.~~  
3.14 When the winner of a merchandise prize is determined, the organization must immediately  
3.15 remove the prize from the display and award it to the winner. This requirement does not  
3.16 apply to raffles.

3.17 *[For text of items H to J, see Minnesota Rules]*

3.18 *[For text of subparts 5 to 11, see Minnesota Rules]*

3.19 **7861.0320 ORGANIZATION OPERATIONS, ACCOUNTS, REPORTS, AND**  
3.20 **RECORDS.**

3.21 *[For text of subparts 1 to 8, see Minnesota Rules]*

3.22 Subp. 9. **Fund loss report or request for a profit carryover adjustment due to fund**  
3.23 **loss.** When an organization has a fund loss by questionable means of its inventory or cash,

4.1 including prizes paid from a game not conducted in compliance with statute and rule, the  
4.2 organization must use the following procedures.

4.3 *[For text of item A, see Minnesota Rules]*

4.4 B. The organization must submit one of the following to the board within ~~60~~ 90  
4.5 days of discovering the loss:

4.6 *[For text of subitem (1), see Minnesota Rules]*

4.7 (2) a request for a profit carryover adjustment due to a fund loss. If the  
4.8 organization does not submit the request within ~~60~~ 90 days of discovering the loss, the board  
4.9 will not consider the request.

4.10 *[For text of items C and D, see Minnesota Rules]*

4.11 E. The board must identify the relevant facts used to determine that the organization  
4.12 failed to meet the procedural requirements of items A to C or that the organization failed  
4.13 to establish adequate internal controls as listed in item D.

4.14 ~~E. F.~~ If the board denies a request for a profit carryover adjustment due to a fund  
4.15 loss, the organization must reimburse its gambling account for the amount of the fund loss.  
4.16 The organization must submit proof of reimbursement to the board within 90 days of the  
4.17 board's final determination unless subject to the conditions of item H.

4.18 ~~F. G.~~ The board must reconsider a request for a profit carryover adjustment due  
4.19 to a fund loss when an organization presents new information that the organization could  
4.20 not have discovered before the board's initial consideration of the request.

4.21 H. Board staff may recommend whether to approve or deny the organization's  
4.22 request for a profit carryover adjustment, assessing the factors identified in item D, before  
4.23 the board approves or denies the request. If board staff recommends that the board deny the  
4.24 request, the staff must refer the request for a hearing to the compliance review group unless

5.1 the recommendation originates from a failure to meet the requirements of item A or B. The  
5.2 compliance review group and the organization may enter into a consent order agreement  
5.3 regarding a resolution of the profit carryover adjustment. If no agreement is reached, the  
5.4 matter shall proceed before the board as specified in item D. The organization may choose  
5.5 to forego the hearing before the compliance review group in favor of a review of the request  
5.6 before the board.

5.7 *[For text of subparts 10 to 18, see Minnesota Rules]*

5.8 **7861.0330 EXCLUDED BINGO.**

5.9 *[For text of subparts 1 and 2, see Minnesota Rules]*

5.10 Subp. 3. **Licensure.** Organizations registered to conduct a bingo event under this part  
5.11 or to conduct a raffle under Minnesota Statutes, section 349.166, subdivision 1, paragraph  
5.12 (c), are permitted to apply for an organizational lawful gambling license under Minnesota  
5.13 Statutes, section 349.155, within the same calendar year as the lawful gambling event.

5.14 **7861.0340 EXEMPTED LAWFUL GAMBLING.**

5.15 *[For text of subparts 1 and 2, see Minnesota Rules]*

5.16 Subp. 3. **Licensure.** Organizations registered to conduct an exempted lawful gambling  
5.17 event under this part are permitted to apply for an organizational lawful gambling license  
5.18 under Minnesota Statutes, section 349.155, within the same calendar year as the exempted  
5.19 lawful gambling event.

# Office of the Revisor of Statutes

## Administrative Rules



**TITLE:** Proposed Permanent Rules Relating to Lawful Gambling

**AGENCY:** Gambling Control Board

**REVISOR ID:** R-4986

**MINNESOTA RULES:** Chapter 7861

The attached rules are approved for  
publication in the State Register

*Jeffrey S. Kase*

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Jeff S. Kase  
Deputy Revisor