

Gaming News

Director's Column

Matt Gettman, Executive Director

As the State of Minnesota deals with the health risks associated with COVID-19, the Minnesota Gambling Control Board is following all guidelines with the focus on the health and safety of our industry and employees. We know you share this priority. As information becomes available, updates affecting the lawful gambling industry will be posted at www.mn.gov/gcb, so please check the website frequently.

What Your Organization Needs to Know

In accordance with Governor Walz's emergency order and to ensure the integrity of lawful gambling, all licensed organizations' lawful gambling activities conducted at restaurants and bars or other places of public accommodation were discontinued on March 17, 2020.

The Gambling Control Board will not be accepting walk-in appointments at any of its four locations, but strongly encourages contact via email, or alternatively via phone, to your assigned Compliance or Licensing Specialist.

The following internal control procedures are required for all licensed organizations:

Owned or Leased Premises. Required site closure procedures for licensed organizations using either owned or leased premises:

- **Remove all cash from the site including starting cash banks and deposit the funds into your gambling bank account at your retail bank no later than March 23 (four business days).**

This must be done for both owned premises and leased premises. **DO NOT leave cash in a safe or cash drawer at any location.**

You must withdraw the starting cash bank amounts from your bank account when lawful gambling resumes.

- **Electronics:** Electronic pull-tabs and electronic linked bingo were unavailable for sale as of 5:00 pm, March 17, 2020. The point of sale (POS) will be functional to allow for transactions to credit players and reconcile the day's activity. Deposit all funds into the gambling bank account by March 23. Gambling managers will have portal access to close any games they wish. Games will resume upon reopening in the future. Discuss with your distributor any planned removal of electronic gambling equipment from the owned or leased premises. If you remove the devices to a secure location, the invoice must accompany the equipment. Inform your Compliance Specialist via email of the location. When lawful gambling resumes, it is essential that the exact device returns to the exact same premises site.
- You are required to **close all paper games** (see further details on page 3) in play. All open paper games must be audited and reported on your monthly reports for March. These games may not be placed back into play. Do not leave any tickets or games at the site.
- If you have any **perishable merchandise prizes** at the site, donate these items to a local food shelf or sell them at cost and deposit the proceeds into the gambling account.
- **Tipboards:** Pull the seal and close the tipboard game. Pay any winner accordingly.

(continued on page 3)

January/February/March
2020

Board Members:

William Goede, Chair
(Plainview)

Committee: Executive

Geno Fragnito, Vice Chair
(Woodbury)

Committees: Executive; CRG;
Rules; Legislative

Kenneth Koch, Secretary
(Eagan)

Committees: Executive;
Legislative; Rules

Norm Pint (New Prague)

Committee: CRG (chair)

James Nardone
(Grand Rapids)

Committee: Rules (chair)

Beth Pinkney (Woodbury)

Committee: Legislative

William English (Plymouth)

Committee: CRG

Board meetings are open to the public and are held at the:

Gambling Control Board
Suite 300 South
1711 W. County Road B
Roseville, MN 55113

Meetings start at 10:00 a.m.

Upcoming meetings:

Monday, April 20, 2020

Monday, May 18, 2020

Monday, June 15, 2020

Tentative:

Monday, July 20, 2020

Monday, August 17, 2020

Monday, September 21, 2020

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

The *Gaming News* is published quarterly. Current and previous issues are available on our website, www.mn.gov/gcb.

Continuing Education



If you are a licensed gambling manager, completion of an online course satisfies your continuing education requirement for the calendar year.

Please note: At the beginning of each month, confirmation notices are emailed to all gambling managers receiving online continuing education credit during the previous month. (If it's mid-month of the following month and you haven't received confirmation, by all means contact us. Otherwise, be patient and your notification will arrive.)

Online Continuing Education Courses

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. (To download the PDF, once you log into the class click the red logo on the upper left-hand corner of the screen, which is next to the State of Minnesota outline.)

NEW COURSE!

- **Allowable Expenses—The Costs of Running Your Lawful Gambling Operation**

In this course, you will learn what an allowable expense is, what qualifies/does not qualify as an allowable expense, and how to report your organization's allowable expenses.

- **New Statutes and Rules 2019**

In this course, you will learn about the changes made to lawful gambling statutes effective July 1, 2019, and about some significant changes to the lawful gambling rules effective July 15, 2019. This course covers the following topics:

- √ Statute changes effective July 1, 2019.
- √ New rules on the conduct of sports tipboards.
- √ New rules on the conduct of electronic pull-tabs/electronic linked bingo.
- √ Other miscellaneous rule changes.

- **Sports Tipboards**

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

- **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!

In-Person Continuing Education Classes

There are no in-person continuing education classes currently scheduled. These classes will be offered throughout the state this fall.

Remember that you don't have to preregister for in-person continuing education classes, but be sure to sign in for credit.

Gambling employees, volunteers, club managers, lessors, organization members, and anyone else interested in how lawful gambling is conducted in Minnesota are welcome to take the online courses or to attend any of our traditional continuing education classes.

COVID-19 Update *(continued from page 1)*

- **Raffles:** The raffle drawing location must be at one of your permitted premises locations.
 - If **holding raffle drawing as originally scheduled**, you must still follow all lawful raffle conduct requirements plus any health advisory requirements.
 - If **delaying drawing date or moving drawing location**, publicize the delayed date or changed location so people who have purchased raffle tickets understand the reason for the delay. Please email your Licensing Specialist with your permit number, location, and original date of your postponed activity. Once the information is complete on when and where your event will take place, send the new information to your Licensing Specialist.
 - If you intend to **cancel a raffle**, your organization will need to return any money received from sales of raffle tickets.
- **Paper pull-tabs:** Invoices must be accompanied with each pull-tab game at a storage location. Unopened games may be able to be returned to the distributor.
- **Pull-tab dispensing devices:** Games must be removed and closed. Turn off and secure the device. The device may be stored onsite.
- **Bingo:** Permanent equipment may be secured on site. You may be able to return unopened case paper to your distributor. Invoices must be accompanied with each bingo pack at any storage location.
- **Paddlewheels:** Permanent equipment may be secured on site. Paddletickets should be removed and stored in a secure location. Unopened games may be able to be returned to distributor. Invoices must be accompanied with each unopened paddleticket pack at storage location.

Additional Requirements for Leased Premises

- Remove all games (played and unplayed games, bingo paper, paddletickets, etc.) from the leased premises and securely store them so that they are in your organization's possession. Do not leave any tickets, games, or cash at the site.
- Conduct an inventory of all your permanent gambling equipment (paddlewheels, bingo ball selection devices, etc.). Upon reopening of the site, take another inventory to compare to the one that was taken when the site was closed to make sure all inventory is accounted for.

Canceling an Organization Monthly Meeting

If your organization's monthly member meeting is postponed or canceled, the Gambling Control Board will give organizations a one-month waiver on requiring expenditures to be pre-approved by your membership at a regular monthly meeting. Instead, your organization's CEO and gambling manager can approve any necessary expenditures for the upcoming month without prior membership approval. Then, the next month the membership can approve those expenditures retroactively.

In the meantime, if possible, your organization should make the gambling report available to members electronically rather than presented at a meeting.

April Gambling Manager Seminar

The Gambling Manager Seminar scheduled for April 8-9 has been canceled. Gambling managers who need to attend the April seminar to obtain or retain their gambling manager's license should contact their Licensing Specialist for additional information.

Paying Employees During Shutdown

If your organization decides to pay its gambling employees some or all of their regular wages—in line with historic compensation—while gambling activity is shut down, this compensation would be considered an allowable expense.

Another option during the lawful gambling activity shutdown is to have your employees do other gambling-related projects. For example, previously closed games could be re-audited for accuracy, storage areas could be cleaned out, and new house rules signs made.



Updates will be posted at www.mn.gov/gcb as they become available, so check the website frequently.

The Gambling Control Board is not accepting walk-in appointments at any of its four locations. Please contact your Licensing or Compliance Specialist via email, or alternatively via phone. To find your Specialist, go to www.mn.gov/gcb/board-staff.

For organizations with **exempt permit activities**, please go to www.mn.gov/gcb/exemptexcluded.



The Compliance Review Group, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules.

Compliance Review Group (CRG) Report

Ottertail Lions Club, Ottertail, License 00194

The organization failed to:

- comply with the Board's request in a timely manner to meet with Board staff to conduct a post-compliance review, and failed to comply with the Board's request to verify that the corrective action required in the compliance review report had been completed;
- have all checks issued from its gambling account signed by two active members;
- fully report all games;
- file accurate information with the Department of Revenue;
- make expenditures of gambling funds that qualify as lawful purpose or allowable expense;
- accurately complete LG100F forms;
- correctly complete prize receipt forms for winning pull-tabs;
- deface prize-winning tickets;
- maintain a copy of the ticket or certificate of participation or unsold tickets;
- conduct a compliant raffle; and
- maintain records that account for its assets, liabilities, and fund balance.

Consent Order Requirements:

- \$2,000 civil penalty.
- File a Corrective Action Plan.
- Resolve all issues in the Compliance Review Report.
- File accurate and amended GCBReports and forms with the Gambling Control Board and Department of Revenue.
- Reconcile and reimburse profit carryover variance and gambling bank account.
- No same or similar violations.

Cormorant Lake Sportsmens Club, Audubon, License 00594

The organization failed to:

- comply with the Board's request in a timely manner to meet with Board staff to conduct a post-compliance review and failed to comply with the request to provide documents to verify that the required corrective action plan had been completed;
- file accurate information with the Department of Revenue;
- report to the Board monthly on its expenditures of lawful gambling receipts;
- reconcile its profit carryover with its cash balance on hand;
- accurately complete LG100F forms; and
- maintain a copy of the ticket or certificate of participation or unsold tickets.

Consent Order Requirements:

- \$2,000 civil penalty.
- File a Corrective Action Plan.
- File accurate and amended GCBReports and forms with the Gambling Control Board and Department of Revenue.
- Reconcile and reimburse profit carryover variance and gambling bank account.

Inver Grove Heights Soccer Association, License 30084

The organization failed to file all required monthly GCBReports with the Gambling Control Board to account for its lawful gambling activity July 2019 to present.

Consent Order Requirements:

- \$1,000 civil penalty.
- File a Corrective Action Plan.
- File accurate and amended GCBReports and forms for July 2019 to present with the Board and Department of Revenue.
- No same/similar for the next year.

American Legion Post 43, Faribault, License 00275

- Employees participated as players in lawful gambling on the leased premises.
- The organization failed to timely deposit gambling receipts into gambling bank account.
- The organization failed to maintain internal controls sufficient to protect the integrity of its lawful gambling.
- The organization conducted lawful gambling without sufficient supervision of a licensed gambling manager.

Consent Order Requirements:

- \$500 civil penalty.
- File a Corrective Action Plan.
- Focused Compliance Review.
- Reconcile and reimburse profit carryover variance and gambling bank account.

Survey Results

In our last issue of the *Gaming News* we asked for information on the Board's seminars and continuing education courses.

We asked how much your organization would save in travel and other expenses if your organization did not have to send a new gambling manager to Roseville to attend the seminar, but instead your gambling manager could complete most of the seminar online, and then complete the remainder of the seminar during a one-day session at one of the Board's four regional offices.

Results: Almost half of responders (over 49%) indicate they would save between \$100 and \$500 in expenses by accessing the Gambling Manager Seminar online, while approximately 35% said they would save under \$100. Fifteen percent indicate a savings of between \$500 and \$1,000. One organization indicates a savings of over \$1,000.

We also asked how the new gambling manager would access the online portion of the seminar.

Results: Over 58% of gambling managers would access the online seminar on their own personal computers. Thirty-four percent would use the organization's computer, while 5% would use a computer owned by a family member, friend, or business, and 3% would use a public computer used at a library, town hall, or school.

We asked for up to three topics of interest you'd like to see for a continuing education class.

Results: Internal controls and common issues found in reviews were the top two (64% and 60% respectively), while when to call your specialists came in at 50%. Electronic games and legislative updates were next with 45% each, followed closely by allowable expenses at over 42%. The remainder were inventory controls (37%), Board requests (23%), understanding bar leases (19%), and community relations—3% tax/10% required contribution (14%).

We asked how you first heard about lawful gambling in Minnesota before becoming a gambling manager.

Results: Hearing about lawful gambling from an establishment with lawful gambling came in first at 47%. Family, friend, or acquaintance came in at 41%, and the news/media was 12%.

We also asked for comments that might help us better serve your organization's lawful gambling educational needs. Our new online course on allowable expenses is based on results of this survey!

We appreciate the many in-depth and thoughtful suggestions received, and see ways in which we can further facilitate meaningful education while assisting organizations with lowering the expense of taking courses. We continue to build our library of online courses for convenience and savings, though we plan to continue conducting traditional classes for those who prefer learning in person.

We appreciate your input and participation.



Over 49% of survey responders indicate they would save between \$100 and \$500 in expenses by accessing the Gambling Manager Seminar online.

We continue to build our library of online courses for convenience and savings, though we plan to continue conducting traditional classes for those who prefer learning in person.

Thank you for your participation—many great suggestions were submitted!



Remember that just because something was okay a few years ago does not mean that it is still okay. Rules and statutes change. Always contact your Compliance Specialist with questions or for clarification.

Issues Found in Compliance Reviews

In the course of working with hundreds of organizations over the years, our Compliance Specialists have seen and heard a wide variety of issues. From internal controls to reporting to conducting the actual game play itself, these topics can indicate trends or important issues that your organization should be aware of. In this issue of the *Gaming News*, we will discuss a few of these topics.

Monthly Reporting/Completing Forms

- **Issue:** Organizations not knowing how to complete their monthly GCBREPORTS or tax returns.
- **Issue:** A lack of understanding on how to properly complete forms.
 - Rounding is not allowed on Gambling Control Board forms.
 - Adding fictitious amounts to make your reports balance is not acceptable.
- **Issue:** Using a pencil rather than a pen on documents.

Filling out the monthly reports or tax returns incorrectly can often cause problems with the next month's reporting, and ultimately with the fiscal year-end reporting and numbers.

If you have any question at all on any report or form, be sure to contact your Compliance Specialist who will walk you through the proper way to report or how to use a particular form. This will provide accuracy in your records and save everyone time down the road.

Deposits/Cash Banks

- **Issue:** Deposit slips that do not include the occasion date and form of gambling.
- **Issue:** Deposits for electronics not bringing starting cash banks back to the original starting cash amount.
- **Issue:** Larger cash banks at sites increasing the possibility of temporary theft.

A starting cash bank is gambling money placed in a cash drawer prior to the beginning of play and is used to make change and pay prizes awarded.

After the close of business on the last day of each month, organizations are required to separate the electronic game starting cash bank amount from the total amount of cash in the electronic game cash drawer. The amount in excess of the starting cash bank amount must be placed in a safe and deposited within four business days, bringing the cash bank back to the original starting cash bank amount.

Deposit slips for electronic games must clearly identify the premises, amount deposited, source of income, and also include the occasions (dates) that were the source of the deposit.

And remember to keep your cash secure. When gambling funds (and equipment for that matter) are not under an employee's direct control, they must be in a secure, locked location. Employees and volunteers should never turn their backs to cash! Cash will always be an attractive target for thieves. Never keep large sums of cash on the premises, or allow money to build up in the cash drawers (or in pull-tab dispensing devices), especially during the evening and late at night. Reduce cash in the cash banks (and devices) at frequent intervals, at irregular times, and not in front of customers. Regularly remove high-value bills and store them in a safe. And be sure that all employees and volunteers understand and follow your organization's security procedures.

Citation Report

- Cormorant Lakes Sportsman Club, Audubon, License 00594 (\$500 citation)
- Allowed winner to redeem six pull-tab prizes using seller's driver's license.
- Gaylord Game Protection League, License 32323 (\$400 citation)
- Conducted gambling without an off-site permit.
- St. Paul Park/Newport Lions Club, St. Paul Park, License 01107 (\$300 citation)
- Lessor's immediate family allowed to play electronic games.
- Loyola Booster Club, Mankato, License 92384 (\$200 citation)
- Failed to comply with Board requests for documentation.
- Rockford Lions Club, License 94226 (\$150 citation)
- Failed to provide all unsold raffle tickets within requested timeframe.
- Moose Lodge 1060, Aitkin, License 00693 (\$150 citation)
- Changes in application information not submitted to the Board within ten days of the change.
- Eastview Hockey Association, Apple Valley, License 36438 (\$150 citation)
- Changes in application information not submitted to the Board within ten days of the change.
- Moorhead Youth Hockey Association, License 00144 (\$150 citation)
- Allowed an employee to participate in electronic linked bingo.
- Little Canada Fire Department, License 00864 (\$150 citation)
- Operated a pull-tab game in a manner that tends to deceive the public.
- American Legion Post 14, Bemidji, License 00309 (\$100 citation)
- Inaccurate premises permit number provided on the LG100A gambling report filed with the Board.
- American Legion Post 526, Peterson, License 00209 (\$100 citation)
- Failed to pay annual licensing fees in required timeframe.
- Montrose Lions Club, License 01174 (\$100 citation)
- Inaccurate premises permit number provided on the LG100A gambling report filed with the Board.
- Redwood Area Hockey Association, Redwood Falls, License 04345 (\$50 citation)
- Electronic payments not authorized by two active members.
- DGF Legion Baseball Club, Dilworth, License 94330 (\$50 citation)
- Transferred gambling funds to general account without prior Board approval.
- American Legion Post 79, Montgomery, License 00448 (\$50 citation)
- Check not signed by two active members.
- Knights of Columbus Council 889, Faribault, License 01142 (\$50 citation)
- Check not signed by two active members.

The following organizations were issued citations for failing to file Lawful Gambling Reports LG100A, LG100C, and LG100F with the Board:

- Inver Grove Heights Soccer Association, License 30084, February 2019 (\$100 citation), and March 2019, repeat violation (\$200 citation).
- Elgin Fire Relief Association, License 05658, May 2019 (\$100 citation).
- Chisago Lakes Area Recreation Association, Lindstrom, License 02577, February 2019 (\$100 citation).
- Cloquet Amateur Hockey Association, License 01224, April 2019 (\$100 citation).

REGULATIONS GUIDELINES COMPLIANCE

The director of the Gambling Control Board may issue citations for failure to comply with lawful gambling statutes or rules.

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

