

Dear Chair Goede:

06/21/2018

We wish to bring several items to your attention that are of concern to Allied Charities of MN and licensed gaming charities statewide. All of the information related below was brought to us directly by charities or their members. As an organization representing those charities, we believe it is our obligation to relate their concerns to you and ask that you take all necessary and appropriate action.

A charitable gaming organization that had a bar operation of electronic gaming turned in their license due to mismanagement. We are told that the Board was aware of the mismanagement (by both the site and the charity) for months, but chose to do nothing until there was no recourse for the charity other than to turn in their license. What would be the purpose of letting this continue once the Board was aware of the issue? Was it possible that earlier intervention could have resulted in a better outcome for the charity?

A charitable gaming organization that suspected theft in their operation contacted the Board (at the urging of ACM), not once, not twice, but three times (up to and including the Director) for help. They were told each time that Gambling Control is not "free labor". They were told that the charity would need to figure it out on their own and report the findings to the Board for possible sanctions, fines and penalties. With several million dollars of reserves in the dedicated Gambling Control fund directly from charities, we believe that the Board has the resources and the OBLIGATION to provide assistance to charities to prevent and detect theft, mismanagement and other such issues. We view the role of the Board to include assistance when the charity does not know how to determine whether or not theft has occurred. We are currently reviewing whether or not to tell charities to contact their compliance officer when they call us with similar issues.

The Board has been asked repeatedly by charitable organizations to stop for-profit entities (bars, distributors and manufacturers) from meeting to discuss gambling options, usually electronic gaming, without the knowledge or inclusion of any charitable organization. This is not education or training. Actual deals are being made among the for-profit entities that the charitable gaming organizations are then forced to comply with or lose the site. This was offered for inclusion in the most recent rules update but was denied.

Bars that have electronic gaming are required by statute to have paper pull tabs available for sale. Bars that do not want to sell paper pull tabs are keeping them out of sight and not making them available to customers. It has been reported to us that Gambling Control is ignoring the statute.

The electronic pull tab systems have been allowed to be designed to include an auto-close feature that consistently closes games above 85%. When in use the auto-close feature is a defacto posting of games as players are aware that games in play have large prizes remaining. There is no reason that an auto-close feature cannot be programmed to close games at 85% or less. In fact, we believe that allowing this feature without requiring it to close games at 85%

may violate the statute. We proposed a rule amendment to require the auto-close feature to be designed to close games at no more than 85%, but our request was denied.

For as long as anyone on the ACM Board can remember, the Gambling Control Board has held their November meeting at the ACM annual convention. It appears that this year, that long tradition will end. The decision to not have the Board attend the November ACM annual convention in Bemidji is troubling to us. It would seem that the decision is not based on monetary considerations given the millions of dollars of surplus funds in the dedicated account. Charitable gaming organizations exist all throughout our state and no one area is more deserving of the Gambling Control Board's presence than another. Perhaps you can shed light on the factors that what went into making this decision? If the final decision is not to have the full board attend, perhaps you, the Director, and other key personnel can attend and hold a panel discussion to allow charities to ask the questions that they would otherwise not be able to ask?

Although we are told Gambling Control personnel will be in attendance at the ACM convention, their seminar schedule has been cut from 10 to 5 classes. The three day ACM convention typically provides the annual CEU credit requirement to 25% of the gambling managers in the state. There is no other event in the state that does this or even comes close to doing this. Since Gambling Control personnel are going to be in attendance, why cut the number of course offerings?

I would welcome the opportunity to discuss these issues with you in person or by phone at your earliest convenience. While we serve different roles, cooperation between ACM and the Board serves the best interests of the charities and the State. Our industry is facing many challenges. Together we can meet those challenges and ensure a future for the many worthwhile beneficiaries of charitable gaming.

Regards,

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