MINNESOTA
GAMBLING CONTROL BOARD

Minnesota Chamber of Commerce Executives
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www.mn.gov/gcb

Overview

Gambling in Minnesota

Gambling activities allowed in Minnesota are:

- The Minnesota Lottery
- Pari-mutuel betting (meaning that those who win divide the bet in proportion to their wagers) on horse races
- Tribal gaming
- *Licensed charitable gambling, including pull-tabs, paddlewheels, tipboards, bingo, and raffles* ***(This is us!)***

Illegal Gambling

All gambling in Minnesota is illegal unless it's specifically allowed by law.

✓ Allowed

- ✓ Certain card games
- ✓ Private social betting
- ✓ Gambling authorized by the Gambling Control Board
- ✓ Sports Tipboards
- ✓ Lottery
- ✓ Horse Racing

Not Allowed

- Slot Machines
- Poker runs
- "Vegas games" or Casino Nights
- Raffles conducted by non-charitable organizations

Charitable Gambling

Gambling Control Board

- We are a *regulatory* state agency
  - *Meaning: We do not exist to be policy makers; we enforce the statutes and rules*
  - *Minnesota Statutes: Chapter 349, Rules: Parts 7861-7865*
- Our mission is to ensure the integrity of charitable gambling.
- We are one of the smaller state agencies, with 50 employees, but mighty as we regulate a $4.9 billion dollar industry in MN.

What the GCB Regulates

- Pull-tabs (electronic and paper)
- Bingo (electronic and paper)
- Raffles
- Tipboards
- Paddlewheels

Do I Need A License?

Excluded

1. Raffles – Total prizes less than $1,500 in year
   - No permit or reporting
2. Bingo – In conjunction with a fair or civic celebration
   - Permit required
   - No fee

Exempt

- $100 permit
- Limited to five days of activity per year
- Total annual prizes awarded may not exceed $50,000
- Simple reporting and application

To conduct lawful gambling, an organization MUST be a recognized non-profit.

How organizations may/may not spend gambling funds

How You May Spend Gambling Funds	How You May Not Spend Gambling Funds
Allowable expenses - Gambling funds may be spent for allowable expenses, such as: • gambling equipment such as pull-tabs, bingo paper, bingo blower, paddlewheel tickets, tipboard games; • advertising; • printing raffle tickets; or • any services or goods that are directly related to the conduct of your gambling. **Charitable contributions -** Gambling funds may be spent for the following charitable contributions (lawful purpose): • to or by 501(c)(3) organization and 501(c)(4) festival organizations; • relieving the effects of poverty, homelessness, or disability; • problem gambling programs approved by the Minnesota Department of Human Services; • public or private nonprofit school; • scholarships. If a contribution is made to a scholarship fund, it must be made to a nonprofit organization whose primary mission is to award scholarships; • church; • recognition of military service (open to public) or active military personnel in need; • activities and facilities benefiting youth under age 21; • citizen monitoring of surface water quality, with data submitted to Minnesota PCA; • unit of government (NOTE: A direct contribution to a law enforcement or prosecutorial agency is not allowed); • wildlife management projects or activities that benefit the public-at-large, with DNR approval; • grooming and maintaining snowmobile or all-terrain trails that are grant-in-aid trails, or other trails open to public use, with DNR approval; • supplies and materials for DNR training and educational programs; • nutritional programs, food shelves, and congregate dining programs primarily for persons who are 62 or older or disabled; • community arts organizations or programs; • humanitarian service recognizing volunteerism or philanthropy; and • real property and capital assets (acquisition and repair) - contact the Gambling Control Board for requirements.	1. **Controlled contribution -** An organization may not retain any control over any contribution made from gambling funds. The only exception is for expenditures **by** a 501(c)(3) organization or 501(c)(4) festival organization to their general fund. 2. **Financial gain -** A contribution or expenditure may not be made if it results in any monetary, economic, financial, or material benefit to the organization making the contribution or expenditure. 3. **Government -** An expenditure may not be made for: • influencing the nomination or election of a candidate for public office; • promoting or defeating a ballot question; or • any activity intended to influence an election or a governmental decision-making process. 4. **Law enforcement -** A direct contribution may not be made to a law enforcement or prosecutorial agency. 5. **Pension -** A contribution may not be made to a government pension or retirement fund, such as a fire relief association. 6. **Conflict of interest -** Any contribution or expenditure may not be made if it is not allowed under the conflict of interest provisions of the Minnesota Nonprofit Corporation Act, Minnesota Statutes, Section 317A.255. 7. **Alcohol -** An expenditure may not be made for the purchase of any intoxicating liquor, wine, or malt beverages. 8. **Fundraising -** An expenditure may not be made for fundraising costs, except as allowed for a 501(c)(3) organization or 501(c)(4) festival organization from its general fund. 9. **Other organizations -** With few exceptions, gambling funds may not be contributed to other organizations or clubs such as veterans, fraternal, Lions, etc. unless they are a 501(c)(3) organization. 10. **Other contributions -** A contribution may not be made to a 501(c)(3) organization or another entity with the intent or effect of not complying with lawful purpose restrictions or requirements.

Minnesota Gambling Control Board
2018

The allowed charitable contributions and allowable expenses—as well as what you may not spend gambling funds on—are listed on the attached handout.

This information may also be found at:

www.mn.gov/gcb

RAFFLES

Raffle ticket exception

- If raffle is conducted by an EXCLUDED or EXEMPT organization

  AND

- If all tickets will be sold and all prizes will be awarded at the event

  THEN

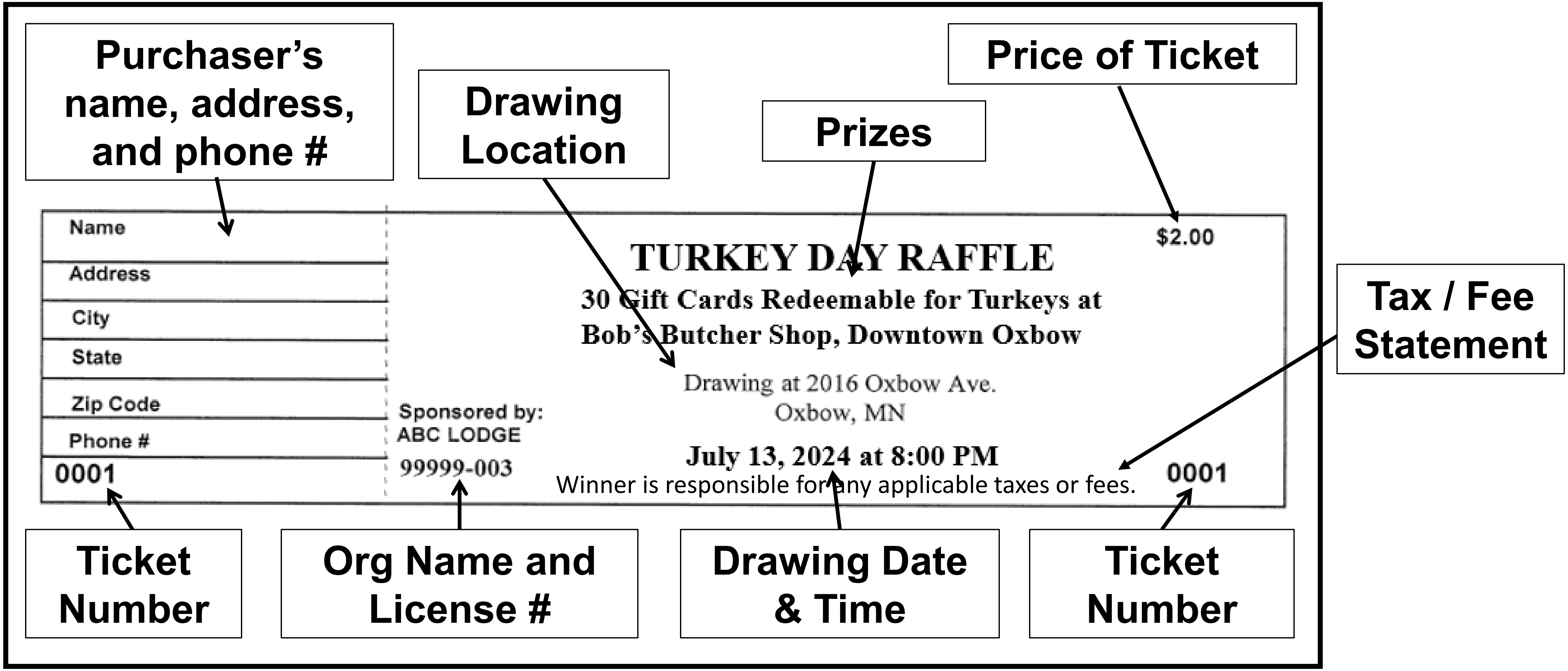
- Ticket and stub need only include matching consecutive numbers (theater tickets)

Raffle tickets

Raffle tickets must include the following information:

1. Organization name and permit number.
2. Date, time, location.
3. Sequential number.
4. Price.
   - separate set of tickets for each price level;
   - different color tickets for each set;
   - separate raffle log for each set.
5. Minimum of three most valuable prizes.
   - Complete list available upon request.
6. Winner responsible for fees or taxes.
7. Same size, shape, and thickness.
8. May not contain "suggested donation" or implied request for money, other than price.

Raffle Ticket Requirements



Raffle Restrictions

IMPORTANT RESTRICTIONS

- Must be at least 18 years of age to buy a raffle ticket or win a raffle prize.
- Under age 18 may sell raffle tickets.
- Cash or personal checks may be accepted for purchase of raffle tickets. Credit cards are not allowed.
- Tickets may not be sold on the Internet.

Conducting a Raffle

Win this car!

- **May** accept personal checks!
- No sales after the first drawing.
- Deposit must be made within 4 business days of first selection of winners.
- <u>Keep in Records</u>: Sample ticket(s), winning stubs, printing invoice (even if tickets donated), LG820 sales log, and **any remaining unsold tickets**.

Raffle Drawing Dates

Must have prior GCB Director approval:

- To cancel raffle
- To change raffle date

Send letter or email request to your compliance specialist.

Common Compliance Issues

What are we seeing?

- Complaints regarding the inconsistent posting of winners
- Pull-tab dispensing devices are becoming more popular
- Electronics are selling more than paper pull-tabs at some sites

Top 5 Non-Compliance items cited in FY2025 Reviews

- Prize receipts not in compliance
- Gambling Fund Reconciliation is inaccurate or not verifiable
- Checks or Electronic payment authorizations not signed by two active members.
- Deposit records are insufficient
- LG100A reports are inaccurate

Prize Receipts not in Compliance

- Prize receipts are missing required information
  - Missing date and time of prizes being redeemed on handwritten receipts.
  - Missing signatures
  - Missing partial winners’ information on scanned receipts
  - No prize receipts for redemption of prizes over $600 for electronic pull-tabs

Gambling Fund Reconciliation is Inaccurate or not Verifiable.

- Common mistakes on the LG100F
  - Outstanding deposits and Outstanding checks not itemized on the bank reconciliation
  - Cash received but not deposited by month’s end from games reported on the LG100A (used commonly for electronic games after the month’s end)
  - Random amounts put on lines 11 and 18 to “force” a balance
  - Line 28 of the LG100F shows a profit carry over variance

Checks or Electronic payment authorizations not signed by two active members.

- All checks written from the gambling account must have two signatures of two active members of the organization
- The organization's treasurer may not sign gambling checks
- Persons signing checks must be on the signature card at the bank and must be members of the organization
- Electronic bank account transactions are not signed by members on the bank statement

Deposit Records are Insufficient

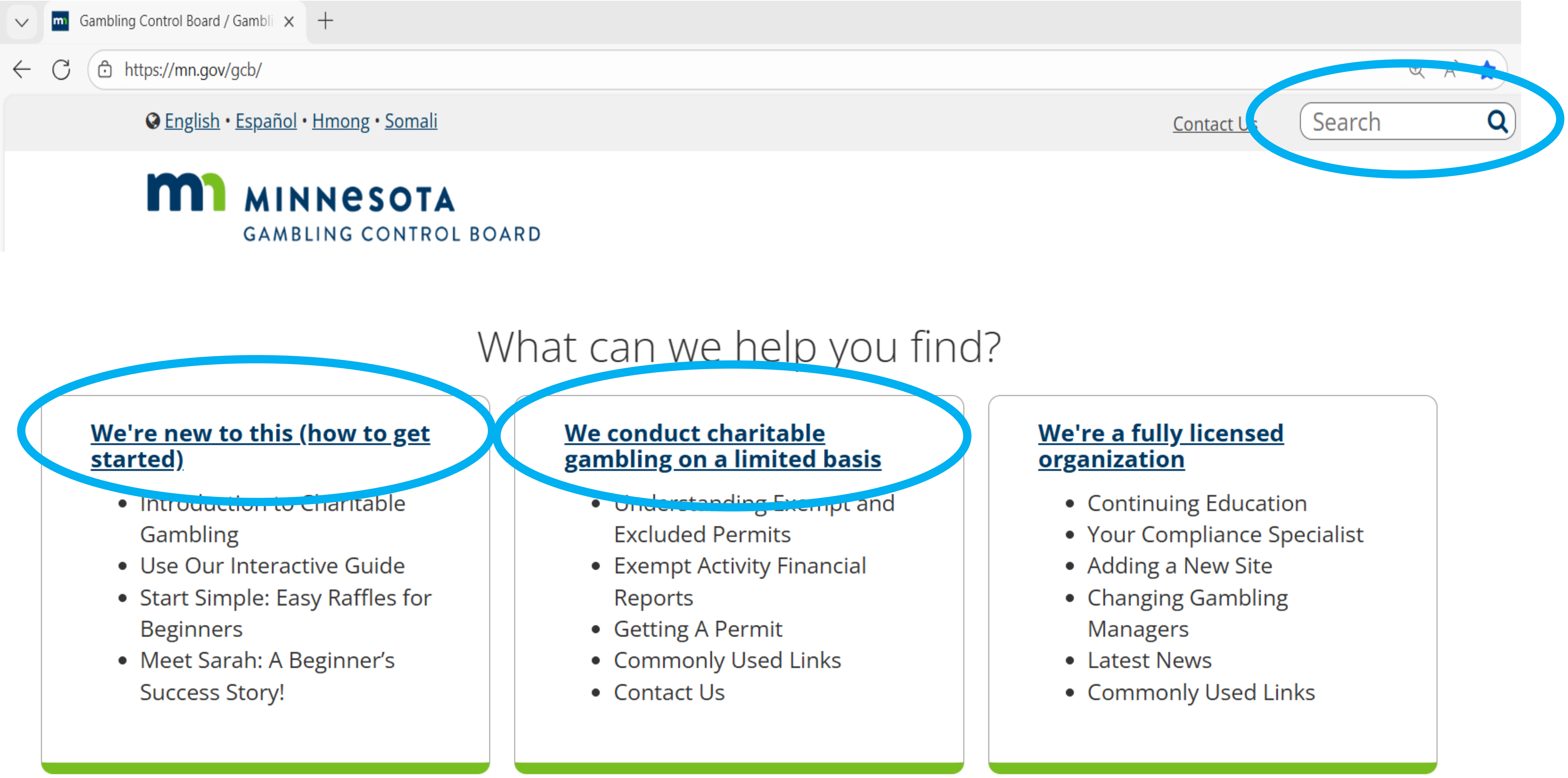
- Deposits for electronics are missing the time period for which the deposit is related
- Deposits are missing the serial number for the paper pull-tab game
- Deposits are missing the site number for the closed games
- Bingo Occasion date is not listed on the bingo deposit

LG100A Reports are Inaccurate

- Expenditures must be reported as they are paid from the gambling account
- Payroll taxes are part of compensation and must be reported as compensation
- Mileage, meals, and Hotels for ACM are reported as miscellaneous expenditures

Want to Learn More?

www.mn.gov/gcb



Questions?

Minnesota Gambling Control Board

651-539-1900

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