

**Gambling Control Board  
Summary Report**

**Model Rules for  
Linked Bingo & Hand-held Bingo Devices**

**The 2002 Legislature instructed the Gambling Control Board to develop model rules regarding the regulation of a proposed linked bingo game and the allowance of hand-held bingo devices.**

**The Gambling Control Board met with industry representatives and solicited input from the public regarding the proposed model rules. Based on the input received from the industry and with guidance from the Attorney General's Office, the model rules were drafted for Gambling Control Board approval. The Board reviewed the model rules and recommended referral to the appropriate legislative committees.**



## **MODEL RULES – HAND-HELD BINGO DEVICES.**

### **7861.0010 DEFINITIONS.**

**Hand-held bingo device.** “Hand-held bingo device” means any mechanical, electronic, electromechanical or computerized device, including related hardware and software, that is interfaced with or connected to equipment used to conduct a game of bingo, and which allows a player to store and display a bingo face five spaces wide by five spaces long, with the center space being marked “free” and the other spaces containing pre-printed numbers between 1 and 75, inclusive.

**Hand-held bingo device on-site system.** “Hand-held bingo device on-line system” means all computer equipment installed by a distributor and used by an organization to facilitate the use of hand-held bingo devices by players.

### **7861.0070 BINGO**

#### **Restrictions.**

1. An organization shall not reserve hand-held bingo devices for any person, except that organizations must reserve at least one hand-held bingo device for players with disabilities that would restrict their ability to mark cards and such disabilities are consistent with the Americans with Disabilities Act. If there are no requests for use of this reserved hand-held bingo device prior to fifteen minutes before the scheduled start of the occasion, it may be made available for use by any player.
2. An organization must not allow a player to use more than one hand-held bingo device per occasion.

#### **Bingo equipment to be used.**

1. An organization shall lease all hand-held bingo devices from a licensed distributor.

#### **Manner of conducting bingo.**

1. An organization shall prominently post a notice on each premises where bingo is conducted which includes the user fee, if any, for each hand-held bingo device, the minimum purchase required in order to use a hand-held bingo device, and a statement indicating that only cash sales are permitted. The notice must be printed in letters large enough to be clearly legible.

2. Every winning bingo face on a hand-held bingo device shall be verified by an organization employee and at least one neutral player or an electronic verification device.
3. When a winning bingo is declared and verified through the use of a hand-held bingo device, an organization employee must immediately enter the bingo card face number into an electronic verifier and broadcast the winning card on video screen(s) for all players to view. Any player must be given the opportunity to see the actual winning bingo paper sheet face that matches the winning bingo face in the hand-held bingo device.
4. When the number and letter of a drawn bingo ball is called, the player must input each number called into the hand-held bingo device, by use of a separate input function for each number.
5. When a player wins a bingo game the player must inform the caller that he or she has won the bingo game, and must then daub, with a liquid dauber, the winning numbers on the corresponding bingo paper sheet.
6. Each player using a hand-held bingo device is limited to playing a maximum of thirty-six bingo faces with the assistance of a hand-held bingo device during any bingo game.
7. An organization may charge a player a user fee for the use of a hand-held bingo device. Fees must not be based on the number or dollar value of bingo paper sheets purchased.
8. Each player using a hand-held bingo device must have in their possession bingo paper sheets that meet the requirements of part 7864.0030. Electronic images of bingo faces stored in hand-held bingo devices are for player convenience only and must be identical to the bingo paper sheets sold with the device.
9. An organization must not require a bingo player to use a hand-held bingo device in order to participate in a bingo occasion offered by that organization.

## **General bingo records and reports.**

### **Inventory records.**

1. Each organization using hand-held bingo devices shall maintain inventory records as required by the board. A computer-generated

form may be used with the approval of the board director if it complies with the requirements of this part.

**Occasion records.**

1. Each organization using hand-held bingo devices shall record the number of hand-held bingo devices provided to players at each bingo occasion that it conducts.

**7863.0020 DISTRIBUTOR OPERATIONS, ACCOUNTS, AND REPORTS.**

**Sale or lease of gambling equipment.**

1. The lease of hand-held bingo devices to an organization must not be based, in whole or in part, on the amount of bingo paper sheet sales or rental income derived from hand-held bingo devices.
2. The lease of hand-held bingo devices and the hand-held bingo device on-site system to an organization must be completed on a form provided by the board.
3. The lease of hand-held bingo devices and the hand-held bingo device on-site storage system to an organization must be reported on a monthly basis to the commissioner of revenue in a manner prescribed by the commissioner of revenue.
4. The lease of hand-held bingo devices must be recorded on a sales invoice. The sales invoice must contain the following information as prescribed by the commissioner of revenue:
  - a. the name and address of the distributor;
  - b. the license number of the distributor;
  - c. the complete business name and address of the organization to whom the sale or lease was made;
  - d. the license number of the organization to whom the sale or lease was made;
  - e. the premises permit number of the site where the hand-held bingo devices and the hand-held bingo device on-site system will be installed and operated;
  - f. the invoice number;
  - g. the identification of the distributor's salesperson making the sale or lease;
  - h. the date of shipment of the equipment;

- i. the identification of the person who ordered the equipment;
  - j. the local sales tax and state sales tax
  - k. the unit price or monthly lease cost;
  - l. a complete description of the equipment being sold or leased, including the make, model number, and serial number.
5. A distributor must submit a monthly pricing report to the board in a format approved by the board, and at a minimum must include the purchase or lease price of each hand-held bingo device and each hand-held bingo device on-site system, and the cost of service agreements to licensed organizations.
6. No person may enter into a service contract to perform repair or maintenance services on hand-held bingo devices, or no person may otherwise perform repair or maintenance services on hand-held bingo devices, without a valid distributor's license, or a valid manufacturer's license, or a valid license to conduct lawful gambling.

#### **7864.0030 MANUFACTURER OPERATIONS, ACCOUNTS, AND RECORDS.**

##### **Standards for the manufacture of gambling equipment.**

All hand-held bingo devices manufactured to be sold in Minnesota must conform to the following standards:

1. The hand-held bingo device must not be capable of accessing the hand-held bingo device on-site system that would allow modification of the software program which operates and controls the hand-held bingo device, or the bingo paper sheet faces stored in the electronic data base. The hand-held bingo device system must be protected from unauthorized access by means of a password system.
2. The hand-held bingo device on-site system must be capable of being connected to a printer so a facsimile of all winning bingo sheets can be printed. This facsimile must contain the serial number and face number of each winning bingo paper sheet face.
3. The internal accounting system of the hand-held bingo device on-site system must be capable of retaining all bingo sheet sales, the

serial number of each bingo paper sheet sold to be used with a hand-held bingo device, and rentals of each hand-held bingo device.

4. The hand-held bingo device on-site system must have a dial-up capability so that the board may remotely monitor the operation and accounting systems of the hand-held bingo device on-site system.
5. The hand-held bingo device must be manufactured to insure that its internal accounting system is capable of recording all bingo permutations manufactured to be sold in Minnesota.
6. Each hand-held bingo device and each hand-held bingo device on-site system manufactured to be leased in Minnesota must be approved and certified by an independent testing laboratory, approved by the board, prior to being leased in Minnesota.

**Prior approval of gambling equipment required.**

Hand-held bingo devices being submitted for approval must consist of the following:

1. a hand-held bingo device that is functional in all respects to the hand-held bingo device that the licensee plans to offer for sale or lease in Minnesota;
2. a description of the product that lists all features of the hand-held device;
3. a certificate from an independent testing laboratory approved by the board, stating that the hand-held bingo device and the hand-held bingo device on-site system meets the manufacturing standards established by board rule; and
4. any functionality changes to approved hand-held bingo devices must be submitted to the board for review and, if deemed appropriate by the board, submitted for approval pursuant to items (1) and (2).

**Records and reports.** The following items apply to manufacturer records and reports.

Pricing reports.

1. A licensed manufacturer must submit a monthly pricing report to the board. The report must be in a format approved by the board and, at a minimum, include the sale price or monthly lease cost of each hand-held bingo device and each hand-held bingo device on-site system to licensed distributors.

Sales invoice.

1. A sales invoice must contain at a minimum the following information as prescribed by the commissioner of revenue:
  - a. For hand-held bingo devices, and hand-held bingo device on-site systems, the sales invoice must include a complete description of the equipment being sold or leased, including the make, model number, and serial number of the permanent gambling equipment.

Returned gambling equipment report.

1. A manufacturer who accepts returns from a distributor of gambling equipment not manufactured in accordance with the standards in subpart 1, shall file a monthly report with the board. The report must be in a format approved by the board, and include the following information:
  - a. for hand-held bingo devices and hand-held bingo device on-site systems, the make, model, and serial number of the equipment, the state registration stamp number affixed to the equipment, the standards in subpart 1, which were not met, the actions taken by the manufacturer to bring the equipment into compliance with the standards in subpart 1 or a statement that the equipment was destroyed, and the name and address of the distributor returning the equipment.



## MODEL RULES – LINKED BINGO

### 7861.0010 DEFINITIONS.

**Bingo permutation (perm).** “Bingo permutation” or “perm” means a proprietary ordered arrangement of numbers on a bingo sheet face that is the exclusive intellectual property of a licensed bingo paper manufacturer.

**Linked bingo system.** “Linked bingo system” means the equipment used by the linked bingo provider to conduct, transmit, and track a linked bingo game. The system must be approved by the board before its use in Minnesota and it must have dial-up or other capability to permit the board to monitor its operation remotely. The linked bingo system must be tested and approved by an independent testing laboratory approved by the board. The costs of independent testing of the linked bingo system must be paid for by the linked bingo game provider.

**Linked bingo game.** “Linked bingo game” means a bingo game for which there is a common prize pool and a common selection of bingo balls conducted at a location approved by the board, with the results of the bingo ball selection transmitted electronically, by satellite, telephone, or other means to all participating licensed organizations by a linked bingo game provider.

**Linked bingo prize pool.** “Linked bingo prize pool” means the total of all prize monies that each participating licensed organization has remitted to the linked bingo game provider for a linked bingo game prize.

**Linked bingo game provider.** “Linked bingo game provider” means an entity licensed by the board to conduct linked bingo games through a linked bingo system and who awards linked bingo game prizes.

**Player’s guide.** “Player’s guide” means the publication required to be issued by the linked bingo game provider and made available to all players that contains information about the linked bingo game mechanics and prize structure of linked bingo games.

### 7861.0060 CONDUCT OF LAWFUL GAMBLING

#### General restrictions.

1. Linked bingo prizes must be awarded by the linked bingo game provider within two business days of verification of the winning bingo. For purposes of this section, linked bingo prizes are considered

awarded when mailed payment is postmarked. When payment is transmitted in any other manner, linked bingo prizes are considered awarded upon receipt by the player or his or her agent.

## **7861.0070 BINGO**

### **Bingo equipment to be used.**

1. An organization must purchase all bingo paper sheets used in the conduct of a linked bingo game from a licensed linked bingo game provider. Only bingo paper sheets may be used in a linked bingo game. Linked bingo paper sheets must be sold as a separate item by the organization, and must not be included as part of a bingo paper packet or bingo paper package.

### **Manner of conducting bingo.**

1. Bingo programs for each bingo occasion or bingo session must be made available to all players prior to the start of the first game at each bingo occasion or bingo session, and must include, at a minimum, the following information:
  - a. if the organization is participating in a linked bingo game, identification of the game in the program which is designated as the linked bingo game;
2. An organization shall not use coupons in conjunction with a linked bingo game.
3. When conducting linked bingo games, the letter and number of each drawn ball must be called out before the drawing of the next bingo ball. Once a bingo ball in a linked bingo game has been drawn and called, it shall not be returned to the receptacle until the linked bingo game is concluded, and all drawn bingo balls have been inspected by an independent auditor.
4. Sales of linked bingo paper sheets must be concluded fifteen minutes before the start of the linked bingo game.
5. All linked bingo paper sheets offered for sale by an organization must be sold for the same price to all players.

**Linked bingo.** A linked bingo is a bingo game that must comply with the following:

1. A licensed organization may not conduct more than one linked bingo game per occasion.
2. Only licensed organizations may participate in linked bingo games. Organizations conducting only exempt or excluded bingo occasions may not participate in linked bingo games.
3. Linked bingo prize pools must not be carried over from one bingo occasion to another bingo occasion.
4. Only linked bingo paper sheets may be used for a linked bingo game.
5. An organization must enter into a written agreement, on a form approved by the board with the licensed linked bingo game provider regarding the operation of the game. The agreement must provide complete details on distribution of proceeds and costs. A copy of the agreement must be provided to the board.
6. Each linked bingo game must be audio and video recorded by the linked bingo game provider. The tapes must be retained for 45 days after the bingo occasion at which the linked bingo game was conducted.
7. All letters and numbers called for a linked bingo game shall be drawn and called at a location approved by the board.
8. Duplicate linked bingo paper sheet faces are not allowed in the same linked bingo game .
9. The bingo ball selection device used to select the bingo balls for a linked bingo game must remain in operation until all bingo balls are removed from the bingo ball selection device. The bingo balls must be recorded in the order in which they were removed.
10. Licensed organizations participating in a linked bingo game must be registered and approved by the linked bingo game provider prior to participating in any linked bingo game.
11. Sales of linked bingo paper sheets must concluded at least 15 minutes before the first bingo ball is drawn and called for the linked bingo game.

12. All linked bingo game information, including game sales, must recorded in a manner that allows it to be electronically transmitted to the board's computer system upon demand by the board, and at the expense of the linked bingo game provider. Bingo game information must include all permitted premises that participated in any linked bingo games, the number of faces sold at each site, the prize amount, the pattern played, and the numbers drawn (in the order drawn). The linked bingo game provider must retain all bingo game information for a minimum of 3-1/2 years.
13. An independent auditor, approved by the board and under contract to the linked bingo game provider, must perform the following verifications at least 20 minutes before the first bingo ball is drawn and called for the linked bingo game:
  - a. the total number of linked bingo paper sheets sold by each organization participating in the linked bingo game and the total dollar amount of sales for the linked bingo game by each organization participating in the linked bingo game at each permitted premises.
  - b. the random selection and weight of each bingo ball in the bingo ball set being used for the linked bingo game.
13. The linked bingo game provider must announce the jackpot amount for the linked bingo game before the first bingo ball is drawn and called for the linked bingo game.
14. The linked bingo game provider is responsible for establishing and maintaining audio, video, and secured data transmission as necessary, and must verify at least fifteen minutes before the first bingo ball is drawn the uplink status between all participating organizations and the location where the bingo balls are being drawn and called.
15. The linked bingo game provider must provide and maintain backup equipment at each location where linked bingo is scheduled to be conducted, as may be necessary to ensure that each participating organization is able to participate.
16. Bingo balls drawn and called for a linked bingo game must be recorded by the linked bingo game provider and by an organization employee at each permitted premises where linked bingo is being conducted.
17. After the linked bingo game system has determined that a winning bingo has occurred, the linked bingo game provider must announce

to the participating organizations that a winning combination of letters and numbers has been achieved. The winning linked bingo paper sheet face must be verified locally by the organization and confirmed to the linked bingo game provider. The organization must include a statement in its house rules that the linked bingo game provider will publicly announce that a winning combination of letters and numbers has been achieved.

18. At the conclusion of a linked bingo game, after a winner has been declared and the winning bingo paper sheet face has been verified, the participating organization at the site where the winner was participating shall immediately notify the linked bingo game provider of the winner's name, address, and social security number (for tax purposes).
19. Within two business days of the conclusion of a linked bingo game, the linked bingo game provider shall:
  - (1) determine the amount of taxes to be withheld, if any;
  - (2) prepare tax forms as may be required by the Internal Revenue Service and/or the commissioner of revenue, for the winner;
  - (3) prepare and submit all necessary information and tax withholdings to the commissioner of revenue and/or the Internal Revenue Service; and
  - (4) award the prize either in the form of a certified check or electronic funds transfer to the winner of the linked bingo game.
20. The linked bingo game provider is responsible for securing all linked bingo equipment used at the location where the drawing takes place.
21. After a jackpot winner has been verified by the linked bingo game provider, the organization may continue play of the game at the permitted premises and award a consolation prize to the local winner of the bingo game, provided that the amount of the consolation prize is described in the organization's bingo program for that occasion.
22. In the event of a power failure or other emergency interruption while conducting a linked bingo game, the linked bingo game provider must follow the established guidelines as provided in the contingency plan approved by the board as a condition of licensure.

## **7862.0020 LINKED BINGO GAME PROVIDER LICENSES**

Subpart 1. **License required.** No person may provide linked bingo equipment and services to any licensee of the board without a linked bingo game provider license. A linked bingo game provider license application must be completed on a form provided by the board. An application must be considered by the board pursuant to this part. The board must not issue a linked bingo game provider license to an applicant unless the requirements of Minnesota Statutes \_\_\_\_\_ and Minnesota Statutes \_\_\_\_\_ have been met. For purposes of compliance with Minnesota Statutes \_\_\_\_\_, the following definitions apply:

- A. "Director" means a member of the applicant's board of directors;
- B. "Officer" means any person elected, appointed, or otherwise designated as an officer by the applicant's board of directors; and
- C. "Other person in a supervisory or management position" means any person employed to direct or control the personnel and activities of an applicant's department or division.

Subp. 2. **Restrictions.** For purposes of this subpart, the restrictions apply to the licensee's activities in Minnesota, or while conducting business with organizations authorized to conduct lawful gambling in Minnesota. In addition to the prohibitions contained in Minnesota Statutes, section \_\_\_\_\_, no linked bingo game provider licensee, person holding a financial or managerial interest in a linked bingo game provider, or any agent, affiliate, or employee of a linked bingo game provider may:

- A. be an officer, director, paid employee, or gambling employee of a licensed, exempt, or excluded organization involved in the conduct of lawful gambling;
- B. recruit a person to become a gambling manager or an assistant gambling manager, or identify to an organization a person as a candidate to become a gambling manager or assistant gambling manager;
- C. require a licensed organization to purchase gambling equipment from any particular distributor or manufacturer as a condition of receiving services from it;

- D. permit an affiliate or person acting on behalf of the linked bingo game provider to provide any compensation, gift, gratuity, premium, contribution, or thing of value to a gambling control board employee or member of the gambling control board;
- E. directly or indirectly give gifts, trips, prizes, loans of money, premiums, or other gratuities to gambling organizations, or their employees, other than nominal gifts not to exceed a fair market value of \$25 per organization in a calendar year. Nothing in this item prohibits a linked bingo game provider licensee or employee from making a contribution of \$250 or less in any calendar year to an organization, or participating in a fundraising event for an organization, provided that the contribution or fundraising event is unrelated to the organization's conduct of lawful gambling; or
- F. cease business operations in Minnesota without providing 60 days of notification to the board and to licensed organizations participating in linked bingo games in Minnesota. In the event that a linked bingo game provider's license is revoked or suspended by the board, this item does not apply.

Subp. 3. **Contents of application.** The application must be on a form provided by the board and must contain the following information:

- A. the complete name of the applicant, including any name that the applicant may be "doing business as", and the legal nature of the applicant (corporation, firm, partnership, limited liability company, or sole proprietorship);
- B. the complete address and telephone number of the applicant;
- C. the mailing address of the applicant, if different than the street address;
- D. the name of the township and county, or city and county in which the applicant is located;
- E. the names and telephone numbers of the legal owners of the applicant;
- F. if the applicant is owned by an organization, corporation, firm, or partnership, a list of the officers, partners, directors, managers, supervisors, and persons or entities with a direct or indirect financial interest of five percent or more in the applicant;

- G. an organization chart illustrating the management structure of the applicant, and the personnel involved in the conduct and administration of linked bingo games;
- H. an acknowledgment regarding the restrictions contained in subpart 2;
- I. an acknowledgment that any service agreement between the linked bingo game provider and a lawful gambling organization will specifically identify any goods or services that the organization is required to purchase from the lessor or a third-party vendor, and that all goods and services furnished as part of the service agreement will be valued at their fair market value;
- J. a description of the applicant's management plan for conducting linked bingo, including:
  - (1) a detailed description of the technology to be used;
  - (2) the applicant's plan for linked bingo paper sheet inventory control and distribution of linked bingo paper sheets to licensed organizations;
  - (3) the method for calling bingo numbers at the host facility, and for transmitting the called bingo numbers to each participating licensed organization;
  - (4) a complete description of the linked bingo game to be conducted;
  - (5) a complete description of the applicant's method for the sale of linked bingo paper sheets to licensed organizations;
  - (6) complete documentation of the prize levels to be offered;
  - (7) the procedure the applicant will use to verify winning linked bingo paper sheets;
  - (8) a complete description of the linked bingo rules of play;
  - (9) a copy of the applicant's marketing and promotion plan;
  - (10) copies of all financial and inventory control forms the applicant proposes to use;



- (11) a description of the process to be used for transferring revenues from licensed organizations to the linked bingo game provider;
  - (12) a copy of the procedure to be used to pay winners of linked bingo games;
  - (13) the applicant's plan for security of the linked bingo transmission and play procedures;
  - (14) a description of the applicant's plans for continuation of the game in the event of an interruption in communications; and
  - (15) a description of the financial capability of the applicant to provide the equipment and infrastructure necessary to operate the linked bingo game as well as manage the prize pool created for the game.
- K. the signature, in ink, of the chief executive officer; and
  - L. Additional information as is necessary to properly identify the applicant and to ensure compliance with Minnesota Statutes, sections 349.11 to 349.23 may be required by the board or executive director.

Subp. 4. **Attachments to application.** The following items must be included as attachments to a linked bingo game provider license application:

- A. A linked bingo game provider personnel form must be completed by the owners of the applicant and, if the linked bingo game provider is owned by an organization, corporation, firm, limited liability company, sole proprietorship, or partnership, by each:
  - (1) partner;
  - (2) member of the board of directors or board of governors;
  - (3) officer, including but not limited to, president, vice-president, secretary, treasurer, controller, or general counsel;
  - (4) manager, and/or supervisor of personnel or security; and
  - (5) person or entity with a direct or indirect financial interest of five percent or more in the applicant.

B. The linked bingo game provider personnel form provided by the board must contain the following information:

- (1) the full name, and license number, if issued, of the linked bingo game provider;
- (2) full name, home address, home telephone number, date of birth, and social security number of the individual completing the form;
- (3) driver's license number, including state of registration;
- (4) country of citizenship;
- (5) position with linked bingo game provider and daytime telephone number
- (6) employment history for past ten years;
- (7) places of residence for past ten years;
- (8) criminal history statement, except petty misdemeanors;
- (9) name, address, and license number, of any licensed organization conducting lawful gambling in Minnesota of which the person is a member;
- (10) Minnesota tax identification number of businesses that the individual has owned for the past ten years;
- (11) An acknowledgment regarding the provisions of subparts 2 and 3; and
- (12) Signature, in ink, of the person completing the form and the date signed.
- (13) Additional information as is necessary to properly identify the person and ensure compliance with Minnesota Statutes, sections 349.11 to 349.23 may be required by the board or executive director.

C. A performance bond in the amount of \$250,000.00 must be attached to the application, which insures the payment of any linked bingo jackpot prize, in the event that the linked bingo game provider will not or cannot pay a linked bingo jackpot prize.

Subp. 5. **Changes in application information.** If any information submitted in the application changes during the term of the license period, the linked bingo game provider applicant or licensee must notify the board under Minnesota Statutes, section \_\_\_\_\_, in writing, no later than ten days after the change has taken effect.

Subp. 6. **Investigation.** Before issuing or renewing a linked bingo game provider license, the board must conduct or request the director of alcohol and gambling enforcement to conduct a background investigation which may include a review of the applicant's sources of financing, ownership, and organizational structure.

Subp. 7. **Issuance and denial.** The following items apply to the issuance and denial of linked bingo game provider licenses:

- A. The board must issue a license to a linked bingo game provider applicant that submits the information required by subparts 2 and 3, and pays the fee required by Minnesota Statutes, section \_\_\_\_\_, and who is eligible to receive a license pursuant to subpart 2 and Minnesota Statutes, section \_\_\_\_\_.
- B. The board must deny the application of a linked bingo game provider applicant ineligible to hold a license pursuant to subpart 2 and Minnesota Statutes, section \_\_\_\_\_.
- C. When the board or director if authorized to act on behalf of the board, determines that a linked bingo game provider license application or renewal application should be denied under Minnesota Statutes, section 349.155, subdivision \_\_\_\_\_, the board or director must promptly give a written notice to the licensee or applicant stating the grounds for the action and giving reasonable notice of the rights of the licensee or applicant to request a hearing. A hearing must be held no later than 30 days after the board receives the request for the hearing, unless the licensee or applicant and the board agree on a later date. If no hearing is requested within 30 days of the service of the notice, the denial becomes final. Hearings under this item must be conducted according to Minnesota Statutes, chapter 14. After the hearing, the board may enter an order making the disposition the facts require. If the applicant fails to appear at the hearing after having been notified of it under this item, the applicant is considered in default and the proceeding may be determined against the person on consideration of the written notice of denial, the allegations of which may be considered to be true. All fees accompanying the license or renewal application are considered earned and are not refundable.

Subp. 8.     **Length of license.** A linked bingo game provider license expires one year from the effective date of the license.

Subp. 9.     **License effective.** A new license issued by the board is effective on the first day of the month after board approval.

Subp. 10.    **License renewals.**

A.     To renew a license at the end of a term, a licensee must submit a complete renewal application on a form provided by the board at least 75 days before the expiration of the licensee's existing linked bingo game provider license. A renewal application is not complete until it contains the information required in subparts 3 and 4, and the fee required by Minnesota Statutes, section \_\_\_\_\_. If no changes have occurred to the information required by subpart 4 since the original application was submitted, the applicant may submit an affidavit to the board, on a form prescribed by the board, stating that no changes in the information attached to the original application have occurred.

Complete applications received by the board less than 75 days before the expiration of the applicant's existing license will be considered, but if the applicant is entitled to a renewed license, the renewed license will not be issued until the first day of the month following the expiration of 75 days after the board has received the complete application. A linked bingo game provider must not continue to operate after the expiration of its license unless and until it receives a renewed license.

B.     application for renewal of a linked bingo game provider license must be denied by the board if:

- (1) The applicant is ineligible for a license pursuant to this part or Minnesota Statutes, section \_\_\_\_\_; or
- (2) it remains incomplete for more than 90 days after its initial submission.

C.     An applicant that the board determines has failed to submit a complete renewal application at least 75 days before the expiration of an existing linked bingo game provider license may appeal that determination by filing a written request for a contested case hearing with the board before the expiration of the existing linked bingo game provider license. The director must schedule a contested case hearing before an administrative law judge pursuant to Minnesota Statutes, chapter 14. The hearing must be held less than 30 days after the service of a Notice and Order for hearing if allowed by the chief administrative law judge pursuant to part 1400.5600, subpart 3. The board must issue its final decision within 30 days after receipt of the administrative law judge's report

and subsequent exceptions and argument under Minnesota Statutes, section 14.61. The sole issue at the hearing is whether the applicant submitted a complete application at least 75 days before the expiration of the applicant's existing license

#### **7861.0030 LINKED BINGO GAME PROVIDER OPERATIONS, ACCOUNTS, AND REPORTS.**

**Purchase or lease of gambling equipment and linked bingo services.** A linked bingo game provider may not purchase, lease, or otherwise obtain gambling equipment from any manufacturer unless the manufacturer selling, leasing, or otherwise providing the gambling equipment or linked bingo services has a valid license issued by the board. A linked bingo game provider may not purchase or otherwise obtain gambling equipment or linked bingo services from any other linked bingo game provider.

A linked bingo game provider may not purchase or lease gambling equipment or linked bingo services from a manufacturer unless the equipment or service has been approved by the board and meets the requirements in part 7864.0030.

A linked bingo prize provider may not offer to sell commercial or advertising messages to licensed organizations in conjunction with a linked bingo game.

Within ten days of notification by the board of the termination or expiration of a manufacturer's license, a licensed linked bingo game provider must provide to the board a certified physical inventory, including name, form number, and quantity of all gambling equipment currently maintained in inventory or otherwise owned or leased by the linked bingo game provider which was manufactured by that manufacturer.

No person may enter into a service contract to perform repair or maintenance services on linked bingo systems, or no person may otherwise repair or perform maintenance services on linked bingo systems, without a valid linked bingo game provider's license or a valid license to conduct lawful gambling.

**Sales of gambling equipment and linked bingo services.** The following items apply to sales of gambling equipment and linked bingo services.

- A. A linked bingo game provider may not sell, lease, or furnish to any organization any gambling equipment or linked bingo services unless the organization has a valid license and valid premises permit issued by the board.

- B. A linked bingo game provider may not provide any gambling equipment to a licensed organization other than equipment necessary to conduct a linked bingo game.
- C. The terms of an agreement to provide linked bingo services to a licensed organization must be completely set forth in contract approved by the board.
- D. If an organization's license is suspended, revoked, not renewed or otherwise terminated, the linked bingo service agreement is canceled without further obligations on the part of the organization.
- E. Linked bingo equipment sold or leased for use in Minnesota must be delivered only to the licensed organization that ordered or leased the equipment.
- F. A linked bingo game provider may not provide any merchandise prize, as part of the sale of any linked bingo equipment, either through a gift or sale to any licensed organization conducting linked bingo.
- G. A linked bingo game provider may not restrict any qualified licensed organization from participating in a linked bingo game.

**Registration of linked bingo equipment.** The following items apply to the registration of linked bingo equipment:

- A. A linked bingo game provider may not sell, transfer, furnish, lease, or otherwise provide any permanent linked bingo gambling equipment unless the equipment has been approved by the board and has a registration stamp affixed. The linked bingo game provider shall place the registration stamp on the front of each item of linked bingo gambling equipment. A linked bingo game provider may not sell or lease any linked bingo equipment that does not have a registration stamp attached to it.
- B. A linked bingo game provider may not transfer or furnish registration stamps to any person, distributor, or manufacturer.

**Corrective action.** The following items apply to a board-mandated or manufacturer-initiated recall of gambling equipment:

- A. Pursuant to the terms of part 7864.0030, subpart 6, licensed linked bingo game providers must assist licensed manufacturers with a linked bingo equipment recall that has been mandated by the board or initiated by the manufacturer.

- B. Within three business days of receiving notification from the manufacturer, or the board director pursuant to an order of the Board, the linked bingo game provider shall initiate the linked bingo equipment recall from licensed organizations to which it has sold or leased the equipment.
- C. Within fifteen business days of initiation of the recall proceeding, the recall shall be completed by the linked bingo game provider, and the linked bingo game provider shall notify the board and the commissioner of revenue that it has obtained all the recalled linked bingo equipment from the licensed organizations. Such notification shall include the following:
  - a. a complete inventory of the recalled linked bingo equipment; and
  - b. a complete listing, including license numbers, of all organizations that the linked bingo equipment was recalled from.
- D. Within seven business days of receipt of credit from the manufacturer, the linked bingo game provider must issue credit invoices to all organizations returning linked bingo equipment under the recall. Credit invoices shall include the cost of freight paid by the organization and any bona fide losses incurred and documented by the organization over which the organization had no control or ability to prevent. Copies of the credit invoices must be filed electronically as required by the commissioner of revenue.

Subp. 6. **Records and reports required.** The following items apply to records and reports of linked bingo game providers:

- A. Sales Invoice.
  - (1) A linked bingo game provider who sells, leases, or otherwise provides linked bingo equipment must record the transaction on a sales invoice.
  - (2) A sales invoice must contain, at a minimum, the following information as prescribed by the commissioner of revenue:
    - (a) the name and address of the linked bingo game provider;

- (b) the license number of the linked bingo game provider;
  - (c) the complete business name and address of the organization to whom the sale or lease was made;
  - (d) the license number of the organization to whom the sale or lease was made;
  - (e) the premises permit number of the site where the linked bingo equipment will be installed and operated;
  - (f) the invoice number;
  - (g) the identification of the linked bingo game provider's salesperson making the sale or lease;
  - (h) the date of shipment of the linked bingo equipment;
  - (i) the identification of the person who ordered the linked bingo equipment;
  - (j) the local sales tax and state sales tax;
  - (k) the unit price or monthly lease cost;
  - (l) a complete description of the equipment being sold or leased, including the make, model number, and serial number of the linked bingo equipment; and
  - (m) the state permanent registration stamp number affixed to the permanent gambling equipment.
- (3) A linked bingo game provider who sells, leases, or otherwise provides linked bingo equipment must electronically report the sales made each month to the commissioner of revenue. The report is due by the 20<sup>th</sup> of the month following the month in which the sale was completed.

**B. Monthly pricing report.**

- (1) A licensed linked bingo game provider must submit a monthly pricing report to the board in a format approved by the board, and at a minimum must include:



- (a) the name, license number, and full address of the linked bingo game provider;
  - (b) the month and year of the report;
  - (c) the purchase price for each item, or monthly lease cost of each item, of linked bingo equipment, and the cost for replacement parts exclusive of transportation costs, and the cost of service agreements to lawful gambling organizations; and
  - (d) the monthly cost for uplink services to the linked bingo game provider.
- (2) The report must be filed no later than the first day of each month. Amendments must be filed within five days of the filing. A linked bingo game provider may file a pricing report at any time during a month for linked bingo equipment approved by the board. Once a linked bingo game provider has filed its first pricing report with the board, future pricing reports need only reflect changes, additions, or deletions to the previous month's report.
- (3) A computer-generated report may be used with the approval of the board director if it complies with the requirements of this part.

C. A linked bingo game provider shall notify the board in writing if it has not received payment from a licensed organization within 35 days of date of invoice. Failure of the organization to make payment to the linked bingo game provider may result in disconnection of the organization's linked bingo equipment.

D. The board, the commissioner of revenue, the commissioner of public safety, and their agents may examine the books and records of a linked bingo game provider without notice at any time during normal business hours.

E. Each linked bingo game provider must maintain records of the purchase and sale, lease, or loan of linked bingo equipment for 3-1/2 years.

**7864.0030 MANUFACTURER OPERATIONS, ACCOUNTS, AND RECORDS.**

## **Standards for the manufacture of gambling equipment.**

All linked bingo equipment manufactured to be sold or leased in Minnesota must conform to the following standards:

1. Each linked bingo system must have the collection and accounting tools necessary to determine all sales initiated through the system.
2. Each linked bingo system must have the capability of recording and printing reports detailing sales and accounting information. This information includes, but is not limited to, the price per face for linked bingo paper sheets and the number of linked bingo paper sheets sold at each permitted premises.
3. Each linked bingo system must have a backup and archive ability to save critical data should a system failure occur. This backup system may be an automatic function of the linked bingo system, or it may be a manual process to be initiated by the linked bingo game provider's system operator.
4. Each linked bingo system must be capable of detailing all financial transactions on the system, in addition to maintaining a log of significant events or exceptions relating to accounting and sales. The events and exceptions must be able to be printed by the linked bingo game provider upon demand of the board.
5. The interface element set-up and/or configuration menus of the linked bingo system must only be available to the operator through a secure password system, or other authorized access method.
6. The linked bingo system must allow for sales data corrections, if necessary, through a password controlled audit menu. A log of all accounting changes, including the password that was used to make the changes, the date of the change, the time of the change, and the detailed items adjusted must be maintained on the system. The system must be capable of printing the audit log upon demand.
7. If the linked bingo system has the capability of supporting remote sales units, each remote sales unit must communicate all sales directly to the main system computer either via radio communications or via direct wiring to the stations. Remote sales terminals may be equipped with all of the operational capabilities of the main system computer, except that audit functions may not be performed on the remote sales units.

8. The linked bingo software system must possess a means by which the drawn bingo balls are validated. The functionality of this validation system must not include the ability to sell linked bingo paper sheets or to modify sales information.
9. The linked bingo system must have an electronic ball blower system to determine the order of the drawn balls. The system must be capable of correcting any input errors up to the time the game is closed.
10. The linked bingo system must be equipped with a means by which all bingo sheet permutation numbers or electronic serial numbers are contained for the purpose of verifying winning bingo faces. In addition to verifying all winning card numbers, the system must be able to determine if there is more than one bingo, and verify that each of the called bingo winners are valid. A record of all drawn balls and each winning bingo card face must be printed for each linked bingo game.
11. The linked bingo system must contain a database of all bingo faces in a series being sold and played for a linked bingo game. The system must not allow changes or modifications to the bingo faces stored in the database. Access to the database must be controlled by password authorization or another secure method.
12. The linked bingo system must maintain an internal clock that reflects the current time in 24-hour format and date, and shall be able to perform the following functions:
  - a. time stamping of significant events;
  - b. reference clock for reporting; and
  - c. time stamping of all sales and draw events.
13. If the linked bingo system supports multiple clocks, it must have a synchronization feature to insure that all clocks are updated in all components simultaneously.
14. The linked bingo system must be capable of producing general accounting reports, including the information prescribed by the board.
15. The linked bingo system must be capable of printing a report on the type of linked bingo game being played. The system must not allow changes to the game type to be made once the game has begun.

**Prior approval of gambling equipment required.**

Linked bingo equipment being submitted for approval must consist of the following:

1. A certification from an independent testing laboratory stating that the linked bingo system meets the standards established by the board;
2. a catalog or brochure illustrating the linked bingo system;
3. a description of the equipment that lists all features of the equipment; and
4. any functionality changes to approved linked bingo equipment must be submitted to the board for review and, if deemed appropriate by the board, resubmitted to the independent testing laboratory for recertification.

**Sale of approved gambling equipment.** The following items pertain to the sale of approved gambling equipment in Minnesota.

1. A manufacturer may not sell or make available to any linked bingo game provider any linked bingo paper sheets unless the linked bingo game provider has a valid license issued by the board.
2. The only type of gambling equipment that a manufacturer may sell to a linked bingo game provider is linked bingo paper sheets, and access to that manufacturer's proprietary bingo permutations.
3. A manufacturer may not sell or provide any linked bingo paper sheets to a linked bingo game provider unless the linked bingo paper sheets have been approved by the board.