



GAMING NEWS

January/February/March 2015

Minnesota Gambling Control Board

Director's Column Tom Barrett, Executive Director

Board Members

William Goede, Chair, Plainview
Committees: Executive

Norm Pint, Vice Chair, New Prague
Committees: Executive; CRG (chair)

William Gillespie, Secretary, St. Paul
Committees: Executive; Legislative
(chair); CRG

Geno Fragnito, Woodbury
Committees: Legislative; Rules

James Nardone, Grand Rapids
Committees: Rules (chair)

Kenneth Koch, Eagan
Committees: Legislative

Beth Pinkney, Woodbury
Committees: CRG; Rules

Board Meetings

Monthly Board meetings are open to the public and are held at the Board's central office:

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

Meetings start at 10:00 a.m.

- Tuesday, February 17, 2015
- Monday, March 16, 2015
- Monday, April 20, 2015
- Monday, May 18, 2015
- Monday, June 15, 2015

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

2014 Top 10 Lists

With a 6% increase in gross receipts over the previous year, 2014 was a good year for lawful gambling. This issue of the *Gaming News* features some of the noteworthy Top 10 lists from 2014.

Page 3 contains a list of the Top 10 organizations' charitable contributions broken down by net receipts of under \$50,000; between \$50,000 and \$100,000; \$100,000 and \$200,000; and \$200,000 and over. The amounts listed under "CY14 Charitable Contributions" include only donations that support the following lawful purposes: 501(c)(3) and 501(c)(4) festival organizations; relieving the effects of poverty, homelessness, or disability; treating or preventing problem gambling; public and private nonprofit schools; educational scholarships; recognition of military service; youth activities; government programs; churches; wildlife management, trail grooming, and water quality testing; nutritional programs for senior citizens; community arts; and recognizing humanitarian service.

Taxes, licensing fees, veterans and fraternal utilities and membership events, donations requiring Board approval, and general purpose donations to unlicensed veterans clubs are not included.

Total charitable contributions for CY14 exceeded \$43.5 million. That's the highest amount since 2007. Congratulations!

Encouraging Trends

The Top 10 grossing electronic pull-tab sites since electronics were introduced in September 2012 are listed on pages 4 and 5. While the total number of active sites is still far fewer than expected, these sites show remarkable sales. With CY14 total gross receipts from all charitable gaming up 6% from CY13, the concern of paper sales dropping at sites that sell electronic pull-tabs appears to be minimal. In some instances, paper sales have gone up! That's an encouraging trend for the charities' missions.

Take a look at the graphs on pages 4 and 5 showing sales activity before and after electronic games were added to the mix.

The *Gaming News* is published quarterly. Current and previous issues are available at www.mn.gov/gcb

Correction: The Top 10 Grossing Electronic Pull-Tab Sites for FY14 printed in the Oct/Nov/Dec 2014 *Gaming News* erroneously omitted VFW Post 2948, International Falls, from the Top 10 sites. FY14 electronic pull-tab gross receipts from this site totaled \$415,754.

Continuing Education Classes

March and April 2015 Topic:

Meat Raffles—A Minnesota Tradition!

Awarding meat packages as a charitable gambling prize is a Minnesota tradition, but other prizes are becoming popular, too! This class covers how to use a paddlewheel, tipboards, or raffle tickets to award prizes. The class concentrates on how to maintain proper inventory and deposit records, reporting the activity on your monthly reports, and common issues on the operation of these games.

Note:

- ✓ Preregistration is not required to attend.
- ✓ Classes are free and open to the public.
- ✓ Plan ahead! Gambling managers must attend at least **one class** each calendar year.
- ✓ Prior to the St. Cloud convention last November, approximately 550 gambling managers had not fulfilled their continuing education requirements, which means almost half waited until the last two months of 2014.
- ✓ Thirteen organizations whose gambling managers did not attend a class in 2014 were sent summary suspension letters.

March

3/16/15 7:00 pm Best Western Kelly Inn
University Room A
100 4th Ave. South
St. Cloud (park in south lot along Hwy. 23 or east lot along river)

3/19/15 7:00 pm Hibbing Memorial Building
Dining Room
400 East 23rd Street
Hibbing

3/25/15 7:00 pm Gambling Control Board
Suite 300 South
1711 W. County Road B
Roseville (use south doors)

3/31/15 7:00 pm Kahler Apache (formerly Ramada Inn)
Grand C Room
1517 16th Street SW
Rochester

April

4/8/15 7:00 pm AmericInn Lodge & Suites
Fergus & Falls Room
526 Western Avenue
Fergus Falls

4/14/15 7:00 pm South Central College
Conference Center A
1920 Lee Boulevard
North Mankato (park in Blue Lot on north side of building; use Door 15)

LPE Question—Veterans' Membership Dinners

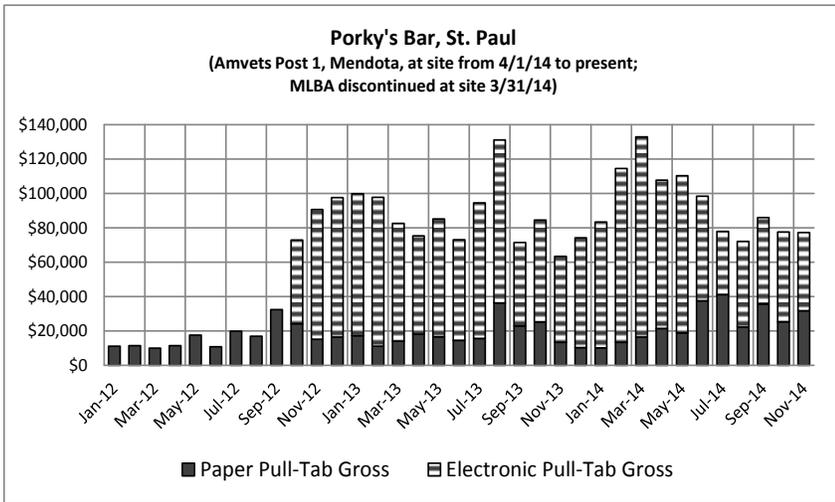
- Q.** Whose dinners may be paid for at a veterans organization's membership dinner?
- A.** A veterans organization licensed to conduct lawful gambling may, as a lawful purpose expenditure (Code A17), pay for dinners for the veterans organization's members and their spouses at membership dinners held in recognition of military service. This includes payment of dinners for surviving spouses of deceased members. Veterans organizations may not pay for dinners of non-members, for example auxiliary members or their spouses, or Sons of the American Legion.

Top 10 CY14 Organization Charitable Contributions, Under \$50,000 Net			
Organization	CY14 Charitable Donations	CY14 Net	Charitable Donations as % of Net
Hancock Firemen's Relief Association	\$29,550	\$46,954	62.9%
Verndale Lions Club	\$29,375	\$45,845	64.1%
Church of St. Thomas Aquinas, International Falls	\$25,879	\$23,763	108.9%
Cokato Firefighters Relief Association	\$23,589	\$49,488	47.7%
Izaak Walton League Chapter 79, New Ulm	\$23,073	\$41,779	55.2%
Abate of Minnesota, Marshall	\$22,484	\$37,044	60.7%
Montgomery Firemen's Relief Association	\$22,250	\$47,885	46.5%
Preston Fire Relief Association	\$21,343	\$43,617	48.9%
Maynard Lions Club	\$20,568	\$41,609	49.4%
St. Joseph Lions Club	\$19,965	\$46,829	42.6%
Top 10 CY14 Organization Charitable Contributions, \$50,000 - \$100,000 Net			
Organization	CY14 Charitable Donations	CY14 Net	Charitable Donations as % of Net
Henderson Fire Relief Association	\$54,707	\$84,311	64.9%
Fergus Falls Hockey Association	\$52,376	\$67,244	77.9%
St. Stanislaus Kostka Church, Winona	\$46,300	\$75,064	61.7%
American Legion Post 118, Wayzata	\$43,500	\$75,803	57.4%
Montevideo Fire Department Relief Association	\$43,500	\$83,015	52.4%
Red Lake Falls Blue Line Club	\$43,406	\$88,357	49.1%
Medford Fire Relief Association	\$43,330	\$74,469	58.2%
Eagle Bend Lions Club	\$42,850	\$83,184	51.5%
New Ulm Youth Wrestling Association	\$42,825	\$86,869	49.3%
Hill City Lions Club	\$40,721	\$85,403	47.7%
Top 10 CY14 Organization Charitable Contributions, \$100,000 - \$200,000 Net			
Organization	CY14 Charitable Donations	CY14 Net	Charitable Donations as % of Net
Lowry Fire Relief Association	\$90,053	\$193,859	46.5%
Holy Trinity, Winsted	\$83,900	\$138,869	60.4%
Fertile Fire Relief Association	\$82,350	\$180,183	45.7%
Lions Club of Waconia	\$76,898	\$172,254	44.6%
Divine Mercy Church & School, Faribault	\$76,661	\$157,891	48.5%
Starbuck Jaycees	\$74,239	\$177,498	41.8%
St. Cloud All-City High School Band	\$73,557	\$135,622	54.2%
McGregor Fire Department Relief Association	\$73,363	\$172,970	42.4%
Brooten Commercial Club	\$72,678	\$192,021	37.8%
Millerville Fire Relief Association	\$70,666	\$188,380	37.5%
Top 10 CY14 Organization Charitable Contributions, Over \$200,000 Net			
Organization	CY14 Charitable Donations	CY14 Net	Charitable Donations as % of Net
Blaine Youth Hockey Association	\$809,285	\$2,190,315	36.9%
St. Louis Park Hockey Boosters Association	\$421,104	\$981,361	42.9%
Moorhead Youth Hockey Association	\$365,000	\$1,347,094	27.1%
Ramsey Lions Club, Anoka	\$349,066	\$1,342,380	26.0%
Centennial Youth Hockey Association, Circle Pines	\$346,750	\$1,600,378	21.7%
Burnsville Lions Club	\$339,833	\$1,515,431	22.4%
Community Charities of Minnesota, Mankato	\$336,548	\$1,605,156	21.0%
Apple Valley Hockey Association	\$335,000	\$1,134,444	29.5%
Confidence Learning Center, East Gull Lake	\$322,604	\$1,763,383	18.3%
Northern Lakes Youth Hockey, Pequot Lakes	\$322,344	\$756,010	42.6%

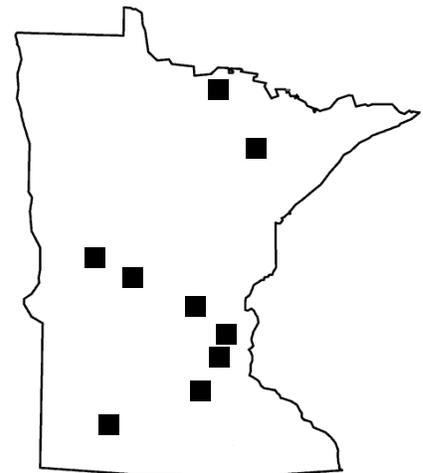
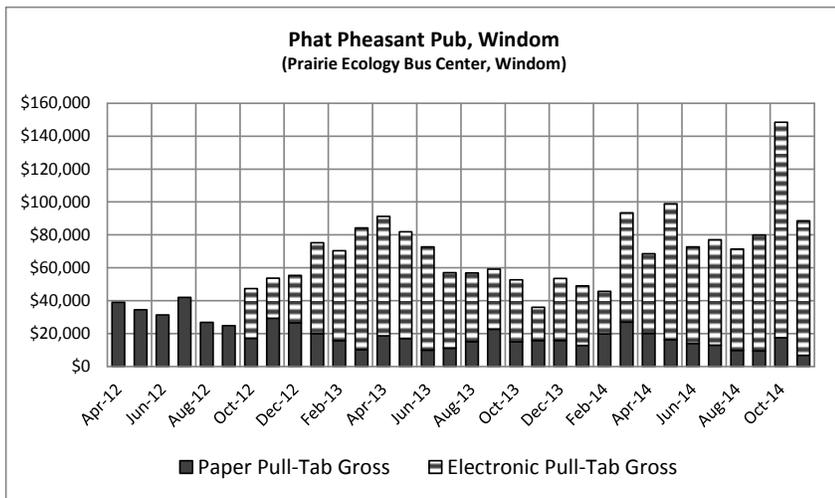
Top 10

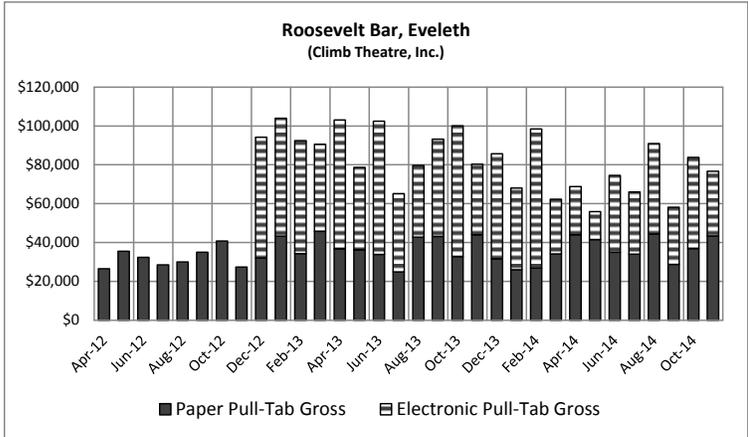
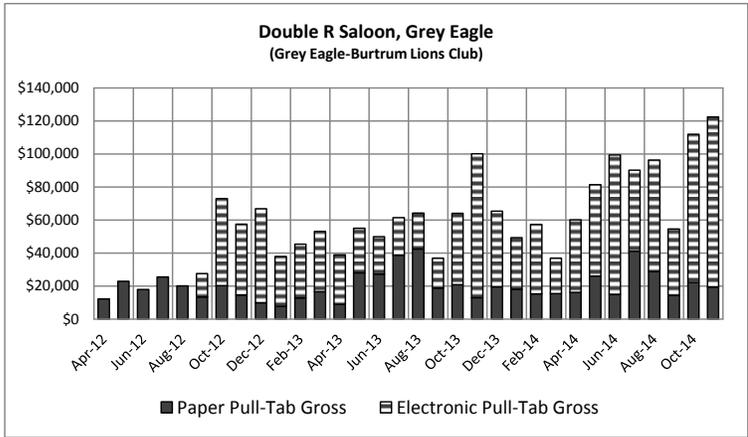
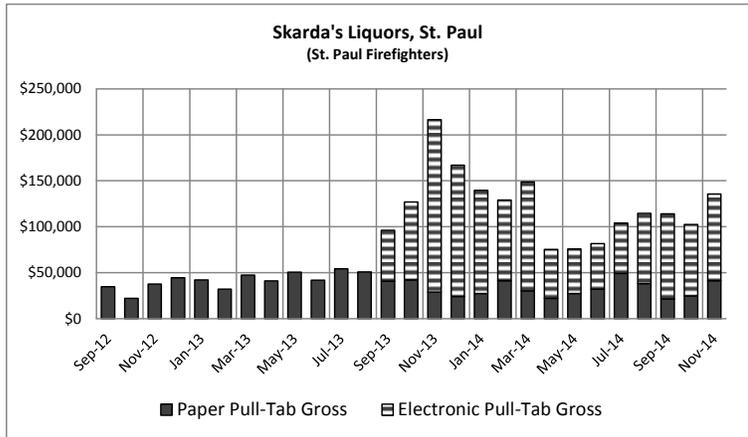
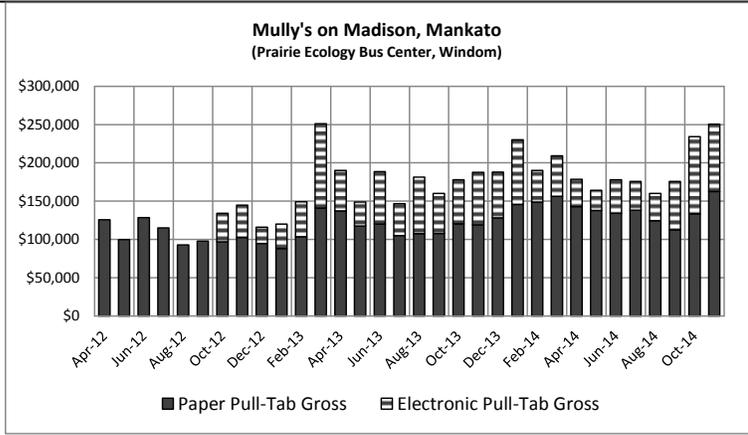
Top 10 Electronic Pull-Tab Sites, from Introduction of ePTs to 11/14

Site	Organization	ePT Gross	Prizes	Net	
Porky's Bar, St. Paul	Amvets Post 1, Mendota (at site from 4/1/14) MLBA (at site to 3/31/14)	\$473,255 \$1,314,264	\$1,787,519	\$1,525,166	\$262,353
Phat Pheasant Pub, Windom	Prairie Ecology Bus Center, Windom	\$1,414,338	\$1,196,380	\$217,958	
Mully's on Madison, Mankato	Prairie Ecology Bus Center, Windom	\$1,404,717	\$1,180,219	\$224,498	
Skarda's Liquors, St. Paul	St. Paul Firefighters	\$1,336,219	\$1,134,445	\$201,774	
Double R Saloon, Grey Eagle	Grey Eagle-Burtrum Lions Club	\$1,212,727	\$1,041,219	\$171,508	
Roosevelt Bar, Eveleth	Climb, Inc., Inver Grove Hts.	\$1,096,733	\$941,247	\$155,485	
Valley Lounge, Eagan	Amvets Post 1, Mendota	\$1,018,213	\$863,957	\$154,256	
Herby's Bar & Grill, Carlos	Carlos Lions Club, Eagle Bend	\$755,104	\$640,134	\$114,970	
Beck's Pub, Becker	Clear Lake Lions Club, Clear Lake	\$710,868	\$666,980	\$124,333	
VFW Post 2948, Int'l Falls	VFW Post 2948, International Falls	\$606,658	\$502,488	\$104,170	



As you can see from the charts of the Top 10 ePT sites, these sites—located across the state—show phenomenal sales. Of interest is the paper pull-tab sales at these sites. In most instances, paper sales have been only minimally affected by the introduction of electronics, or have even increased. If your organization is interested in offering electronic pull-tab games, seek out information from the different distributors.





Citation Report

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

- **Hopkins Raspberry Association**, License 02297. Deposits for pull-tab games not made or reported to the Board as missing. \$800 citation.
- **Arrow International, Inc.**, Brooklyn, OH, License MA016. Manufacturer shipped into Minnesota a pull-tab deal where the serial number on the flare did not match the serial number on the tickets. \$600 citation.
- **St. Paul North Ramsey 500 Lions Club**, Roseville, License 01878. Failed to comply with Board requests for information and documentation. \$500 citation.
- **Farmington Youth Hockey Association**, License 03762. Deposits not made in four business days. \$250 citation.
- **Albany Lions Club**, License 02337. Deposits not made in four business days. \$200 citation.
- **Minneapolis NE Lions Club**, License 02677. Failed to provide paddlewheel video within 14 days of initial operation. \$200 citation.
- **Ducks Unlimited, Sizzlin SE MN**, Chapter 334, Burnsville, License X-92905. Records not maintained; provided false information to the Board. \$200 citation.
- **Ducks Unlimited, SW MN Cooters**, Chapter 333, Lakefield, License X-92903. Records not maintained; provided false information to the Board. \$200 citation.
- **Ducks Unlimited, Frozen North, Chapter 271**, Roseau, License X-92380. Records not maintained; provided false information to the Board. \$200 citation.
- **Ducks Unlimited, Mighty Metro, Chapter 272**, Stillwater, License X-36662. Records not maintained; provided false information to the Board. \$200 citation.
- **Ducks Unlimited, NW Major Donors/TK, Litchfield**, License X-35641. Records not maintained; provided false information to the Board. \$200 citation.
- **Vadnais Hts. Lions Club**, License 00655. Allowed an employee to purchase pull-tabs at place of employment. \$150 citation.
- **Nelson Community Association**, License 36339. Nongambling funds were erroneously used to pay licensing fees. \$50 citation.
- **New Prague Hockey Association**, License 02111. Failed to file Lawful Gambling Schedules A, C, and F with the Board (April 2014). \$50 citation.

Compliance Review Group (CRG) Report

The CRG, a committee of the Gambling Control Board, meets with licensees to conduct informal inquiries into alleged violations of lawful gambling statutes and rules. This information is a condensed report of recently completed CRG conferences. Penalties imposed are based on specific and unique information reviewed for each licensee.

American Legion Post 2, Shakopee, License 00466

The organization:

- failed to provide records as requested by the Board in order to conduct a Compliance Review, and failed to meet with staff to review the report;
- failed to maintain records on its perpetual and physical inventory;
- failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records on a monthly basis;
- failed to have lawful gambling account checks signed by two active members;
- failed to complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which correspond to the profit carryover;
- failed to maintain deposit records which were sufficient to allow determination of deposits made from each deal or game at each permitted premises;
- failed to make deposits of gambling receipts within four business days of the close of the game;
- failed to deposit gambling receipts into the gambling bank account;
- filed inaccurate information with the Board and Revenue; and
- made expenditures of gambling funds which do not qualify as lawful purpose or allowable expense.

Consent Order Requirements

- License revoked for two years.
- License termination plan.

American Legion Post 500, Cross Lake, License 00997

The organization:

- failed to complete a monthly bank reconciliation which listed outstanding checks, deposits in transit, and beginning and ending book balances for the month which corresponded to the profit carryover;
- failed to deposit all gambling receipts into its gambling bank account;
- failed to maintain accurate physical and perpetual inventory systems, and to reconcile the records on a monthly basis;
- failed to maintain adequate raffle records;
- failed to maintain adequate bingo records;
- failed to maintain records that account for assets, liabilities and fund balance.
- conducted noncompliant raffles;
- filed inaccurate information with the Board and Revenue; and
- failed to comply with the Board's request to provide documents verifying that corrective action required in the Compliance Review Report had been completed.

Consent Order Requirements

- \$1,000 fine.
- Correction Action Plan.
- Resolve all issues in the Compliance Review Report.
- Focused Compliance Review.

Sauk Centre Youth Hockey Association, License 02527

The organization:

- failed to maintain records that account for its assets, liabilities, and fund balance;
- failed to deposit gambling receipts into the gambling bank account;
- filed inaccurate information with the Board and Revenue;
- failed to maintain internal controls sufficient to protect the integrity of its lawful gambling; and
- conducted lawful gambling without the sufficient supervision of a licensed gambling manager.

Consent Order Requirements

- \$1,000 fine.
- Reimburse its gambling account \$4,466.
- Corrective Action Plan.
- Focused Compliance Review.
- May not conduct lawful gambling using jar tickets for one year.
- Lessors of M & M Corner Bar may not be involved in any of the organization's lawful gambling.

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

**PRSRT STD
U.S. POSTAGE PAID
PERMIT 171
TWIN CITIES MN**

State offices will be closed on February 16, May 25, July 3, and September 7, 2015.

Trends in Lawful Gambling Gross Receipts

NOTE: Figures for the current calendar year are subject to change due to amended, corrected, or late tax returns.

	Calendar Year 2014	% Change from 2013	Calendar Year 2013	% Change from 2012	Calendar Year 2012
January	\$96,311,417	5.8%	\$91,073,625	6.2%	\$85,725,000
February	\$96,132,919	4.9%	\$91,683,377	0.3%	\$91,452,000
March	\$117,266,176	7.5%	\$109,096,758	8.4%	\$100,646,000
April	\$108,498,719	3.1%	\$105,232,271	12.5%	\$93,531,000
May	\$105,305,363	-1.6%	\$107,059,895	18.3%	\$90,490,000
June	\$100,375,520	7.4%	\$93,475,338	7.4%	\$87,017,000
July	\$102,560,375	7.1%	\$95,735,197	8.9%	\$87,909,063
August	\$106,324,765	6.5%	\$99,840,419	8.6%	\$91,962,552
September	\$104,997,680	7.1%	\$98,005,254	8.7%	\$90,138,411
October	\$113,156,591	10.7%	\$102,246,537	9.0%	\$93,765,886
November	\$105,616,679	4.6%	\$100,977,686	7.5%	\$93,924,720
December*	\$108,022,748	10.1%	\$98,138,786	1.5%	\$96,698,092
YTD Total	\$1,264,568,951	6.0%	\$1,192,565,143	8.1%	\$1,103,259,723

*96% of organizations reporting.

Note: June 2012 and prior figures provided by MN Dept. of Revenue

Gambling Control Board www.mn.gov/gcb
Roseville 651-539-1900
St. Peter 507-931-5112
Hibbing 218-262-7301
Fergus Falls 218-739-7402

Dept. of Revenue www.revenue.state.mn.us/businesses/lawful_gambling
Lawful Gambling Tax Unit 651-297-1772
Email: lawfulgambling.taxes@state.mn.us

Department of Public Safety www.dps.mn.gov
Alcohol & Gambling Enforcement 651-201-7500, ext. 3

Internal Revenue Service
Forms 1-800-829-1040
Questions 651-312-7716

Minnesota's Bookstore www.comm.media.state.mn.us
..... 651-297-3000; 1-800-657-3757

Minnesota Problem Gambling Helpline....www.nojudgment.com...1-800-333-HOPE