

MINNESOTA GAMBLING CONTROL BOARD
Board Meeting – September 19, 2011

TRANSFER OF GAMBLING FUNDS TO ORGANIZATION ACCOUNT.

Minnesota Rules 7861.0320, subpart 4E. Gambling funds may not be transferred to the organization's general bank accounts for any expenditures without Board approval.

EXHIBIT A : Approved.

- **License 92402**, VFW Post 323 Ladies Auxiliary, Stillwater, \$82.00. Loan to pay fines.

EXHIBIT B : Denied - None.

REPAIR, MAINTAIN OR IMPROVE REAL PROPERTY AND CAPITAL ASSETS USED EXTENSIVELY AS MEETING PLACE OR EVENT LOCATION OR USED TO BECOME COMPLIANT WITH ADA - REPLACEMENT BLDG (LG269).

Minnesota Statutes, section 349.12, subdivision 25(a)(22) An expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carry forward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the **board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control.** An expansion of a building or bar-related expenditures are not allowed under this provision. (i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, service groups, or is used for the organization's primary mission or headquarters. (ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.

EXHIBIT C : Approved.

- **License 00523**, VFW Post 3817 East Grand Forks, \$49,116.79. Replace HVCA units that serve the meeting area used other non-profits free. Includes interest on a loan.
- **License 02132**, VFW Post 5252, Pelican Rapids, \$9530.50. Repair flat roof over meeting area portion of building used by other non-profits free.

EXHIBIT D : Denied.

- **License 02132**, VFW Post 5252, Pelican Rapids, \$2,719.50. Repair flat roof over pull-tab ticket storage unit. This does not qualify as a lawful purpose expenditure. *See Exhibit C*

FOR A BUILDING OWNED BY THE ORGANIZATION THAT WAS DESTROYED OR MADE UNINHABITABLE BY FIRE OR CATASTROPHE (LG262)

Minnesota Statutes 349.12, subdivision 25(a)(25) "With respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or catastrophe, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance."

EXHIBIT E : Approved – None.

EXHIBIT F : Denied - None.

REPLACEMENT OF BUILDING TAKEN OR SOLD UNDER EMINENT DOMAIN PROCEEDING (LG263)

Minnesota Statutes, section 349.12, subdivision 25(a)(25) An expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

EXHIBIT G : Approved - None.

EXHIBIT H : Denied - None.

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ACQUISITION OR IMPROVEMENT OF CAPITAL ASSETS OR ACQUISITION, ERECTION, EXPANSION, OR IMPROVEMENT OF REAL PROPERTY THAT WILL BE USED EXCLUSIVELY FOR LAWFUL PURPOSE (LG266)

Minnesota Statutes, Section 349.12, subdivision 25(a) (23) or (24)

(23) An expenditure for the acquisition or improvement of a capital asset with a cost greater than \$2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount;

(24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section.

EXHIBIT I: Approved.

- **License 04900**, Crow River Snow Pros, Hutchinson, \$145,218.98. Acquire a groomer to groom snowmobile trails that are grant-in-aid or public use.
- **License 33481**, Kenyon Snowdrifters, Kenyon, \$101,650.44. Acquire a groomer to groom snowmobile trails that are grant-in-aid or public use.
- **License 92328**, TMB Sports Club, Milroy, \$4,238.18. Improvements to ball field used primarily by youth.

EXHIBIT J: Denied - None.

CONTRIBUTION OF GAMBLING FUNDS TO ANOTHER LICENSED GAMBLING ORGANIZATION (LG270).

Minnesota Statutes, section 349.12, subdivision 25(a)(20). A contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the follow lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25).

EXHIBIT K: Approved.

FROM: **License 03035**, Anoka Area Hockey Association, \$75,000.00. Recreational, community, and athletic facilities and activities primarily intended for persons under age 21.

TO: **License 02926**, Anoka Ice Arena.

DIRECTOR: Delegated Approvals for Request to Contribute Gambling Funds to Another Licensed Gambling Organization (LG270)

FROM: **License 00214**, Moose Lodge 1414, Mankato, \$500.00. Recreational, community, and athletic facilities and activities primarily intended for persons under age 21.

TO: **License 31040**, Mankato Area Youth Baseball Association.

FROM: **License 01223**, Eagles Aerie 2617, Hallock, \$100.00. A contribution to a 501(c)(3) organization.

TO: **License 00691**, Confidence Learning Center, East Gull Lake.

FROM: **License 03000**, Frontenac Sportsman Club, Frontenac, \$500.00. Wildlife management project or activity.

TO: **License 05333**, Wells Creek Riders Snowmobile Club.

EXHIBIT L: Denied – None.

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FUND LOSS REQUEST (PROFIT CARRYOVER ADJUSTMENT) (LG250).

7861.0320 ORGANIZATION OPERATIONS, ACCOUNTS, AND REPORTS, Subp. 9. Fund loss report or request for a profit carryover adjustment due to fund loss. When an organization has a fund loss by questionable means of its inventory or cash, the organization must use the following procedures. A. The organization must file a report with local law enforcement authorities within:(1) five days of discovering the loss; or(2) 24 hours of discovering a loss from a pull-tab dispensing device. B. The organization must submit one of the following to the board within 60 days of discovering the loss: (1) documentation that its gambling account was reimbursed for the amount of the fund loss from a source of nongambling funds and the date the loss was reported to the organization's membership; or (2)a request for a profit carryover adjustment due to a fund loss. If the organization does not submit the request within 60 days of discovering the loss, the board will not consider the request. E. If the board denies a request for a profit carryover adjustment due to a fund loss, the organization must reimburse its gambling account for the amount of the fund loss. The organization must submit proof of reimbursement to the board within 90 days of the board's final determination.

EXHIBIT M: Approved.

- **License 00259-001**, Eagles Aerie 94, Stillwater, \$1,317.01. Burglary.
- **License 00423-006**, Union Center Inc., Albert Lea, \$1,297.00. Burglary.
- **License 01203-010**, Ramsey Lions Club, Anoka, \$253.62. Burglary.
- **License 01250-011**, Albert Lea Hockey Association, \$251.00. Burglary.
- **License 01535-005**, Albertville Lions Club, \$1,831.00. Burglary.
- **License 33048-006**, Prairie Ecology Business Center, \$582.00. Burglary.

EXHIBIT N: Denied.

- **License 01103-002**, American Legion Post 49, Pequot Lakes, \$520.00. Unknown Cash Theft. The internal controls being used by the organization were insufficient to hold its own seller accountable for the loss. Internal Control procedures over cash accountability of each deal of pull-tabs do not provide enough control between shifts and between bar personnel to determine responsibility for the losses. The organization failed to maintain adequate safeguards over its gambling funds.
- **License 02223-006**, New Ulm Hockey Association, \$3,640.00. Unknown Cash Theft. Law Enforcement not notified within 5 days. Fund loss was not received within 60 days.
- **License 04463-005**, Hiawatha Sno Seekers, Dover, \$721.00. Unknown Cash Theft. The organization failed to maintain and use internal control procedures that provide accountability over its cash assets at all times. Lack of security over cash and inventory within the premises. Procedures were not followed to secure the funds. The storage of cash in an office without further locked security over the money is inadequate protection of the cash. The organization failed to maintain adequate safeguards over its gambling funds. Losing possession of and security over cash assets of the organization is a lack of acceptable control and accountability over organizational assets.
- **License 04477-001**, Janesville Area Golf Association, \$2,203.00. Burglary. Lack of security over cash and inventory within the premises. The storage of cash in an office without further locked security over the money is inadequate protection of the cash. The organization failed to maintain adequate safeguards over its gambling funds.

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TO APPLY AMOUNT APPROVED BY THE BOARD TO BRING EXISTING BUILDINGS INTO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT TOWARDS THE ERECTION OR ACQUISITION OF A REPLACEMENT BUILDING THAT IS IN COMPLIANCE WITH THE AMERICAN WITH DISABILITIES ACT (LG268).

Minnesota Statutes 349.12, subdivision 25(a)(22)(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act. (iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item.

EXHIBIT O: Approved - None.

EXHIBIT P: Denied – None.

LICENSE TERMINATION PLANS.

Minnesota Statutes 349.19, subdivision 8 Upon termination of a license, a licensed organization must notify the board in writing within 30 calendar days of the license termination date of its plan for disposal of registered gambling equipment and distribution of remaining gambling proceeds. Before implementation, a plan must be approved by the board. The board may accept or reject a plan and order submission of a new plan or amend a proposed plan. The board may specify a time for submission of new or amended plans or for completion of an accepted plan.

EXHIBIT Q: Approved.

- **License 00091**, American Legion Post 112, Elk River, \$9,296.23. Approved with modified annual audit language.
- **License 00978**, American Legion Post 573, Elgin, \$2,310.10. Approved with modified tax refund language.
- **License 02470**, Mendota Heights Athletic Association, West St. Paul, \$4,031.17. Approved with modified annual audit language.
- **License 34779**, Let's Go Fishing of MN, Willmar, \$29,759.54. Approved with modified annual audit and tax refund language.
- **License 66032**, Prairies Edge Humane Society, Faribault, \$2,701.74. Approved with modified inventory and tax refund language.

EXHIBIT R: Denied – None.

NEW GAMES SUBMITTED BY MANUFACTURERS.

EXHIBIT S: Approved.

EXHIBIT T: Denied - None.

LICENSES FOR DISTRIBUTORS, MANUFACTURERS, AND LINKED BINGO GAME PROVIDERS.

EXHIBIT U: Approved.

- **APPLICATION FOR LINKED BINGO GAME PROVIDER LICENSE - None.**
- **APPLICATION FOR MANUFACTURER LICENSE RENEWAL – Approved.**
- **License MA041**, Fortunet, Inc., Las Vegas, Nevada
- **License MA042**, GameTech International, Reno, Nevada
- **APPLICATION FOR DISTRIBUTOR LICENSE RENEWAL – None.**

EXHIBIT V: Denied – None.

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RULE VARIANCE REQUEST (LG251)

A person or licensee may request a variance from a rule governing lawful gambling, according to procedures outlined in Minnesota Rules 7865.0050

EXHIBIT W: Approved – None.

EXHIBIT X: Denied – None.

REQUEST FOR ALTERNATIVE METHOD OF SELECTING RAFFLE WINNERS

EXHIBIT Y: Approved.

EXHIBIT Y: Denied - None.

NEW BUSINESS

Summary Suspensions:

- **License 35961**, Women's Auxiliary of the MOC 99, Isanti.
- **License 36167**, Waseca Wrestling Club, Waseca.

This concludes the summary of actions taken by
the Minnesota Gambling Control Board at its meeting of Monday September 19, 2011.