



Minnesota Gambling Control Board

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Powers and Duties of the Gambling Control Board and Delegated Authority

History:

Modified March 21, 2011
Modified December 20, 2010
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BACKGROUND

The Board, its powers and duties, and delegated authority are documented and clarified in a variety of ways.

Direction provided by Board - Historically the Director and staff have relied on the Board's direction to clarify their authority and regulatory role, whether it has been provided through administrative direction at a Board meeting, through statutory changes, in the Board's by-laws, or through the Board's rule process. Through these processes the Board has clarified the role of the Board, its committees, the Director, and staff.

Statutory authority - The Board has used its statutory authority to set criteria for certain delegated authority, such as operational requests that can be delegated to the Director with established criteria.

By-laws - In its by-laws the Board established the role of four board committees: executive committee, legislative committee, rules committee, and compliance review group (CRG). The Board used its rulemaking authority to clarify the powers and duties of the CRG and the executive committee (SEE Minn. Rule 7865).

REFERENCE TO BOARD IN STATUTES AND RULES

It is noted that throughout statute and the board's rule there are considerable references to the "Board " that may appear to have some ambiguity. There are many meanings or intent attached to the term "Board."

1. Full Board
2. Committee of the Board
3. Delegated to the Director and staff, either explicitly, implied, or as otherwise authorized by the Board. For example, it is assumed/implied that the Director will carry out and supervise administrative functions of the Board to ensure that the powers and duties of the Board are met, such as:
 - a. to receive reports required by this chapter and inspect all premises, records, books, and other documentations of organizations, distributors, manufacturers, and linked bingo game providers to insure compliance with all applicable laws and rules; (NOTE: Director's duties include: to issue subpoenas to compel the attendance of witnesses and the product of documents, books, records, and other evidence relating to an investigation, compliance review, or audit the director is authorized to conduct.)
 - b. to register gambling equipment and issue registration stamps;
 - c. to register employees of organizations licensed to conduct lawful gambling, etc.
 - d. reviewing application information;
 - e. reviewing monthly Schedule C/D reports;
 - f. reviewing leases;
 - g. processing application information changes;
 - h. reviewing and making recommendations for requests considered by the Board;
 - i. conducting compliance reviews and site inspections; and
 - j. to collect and deposit fees due under this chapter;

Board's Powers and Duties	
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Minnesota Statute 349.151, Gambling Control Board Subd. 4 describes the powers and duties of the Board, including the authority to delegate certain powers and duties to the compliance review group in paragraph (a), clause (18):

“(a) The board has the following powers and duties:

- (1) to regulate lawful gambling to ensure it is conducted in the public interest;
- (2) to issue licenses to organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, and gambling managers;
- (3) to collect and deposit license, permit, and registration fees due under this chapter;
- (4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and linked bingo game providers to insure compliance with all applicable laws and rules;
- (5) to make rules authorized by this chapter;
- (6) to register gambling equipment and issue registration stamps;
- (7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;
- (8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;
- (9) to report annually to the governor and legislature a financial summary for each licensed organization identifying the gross receipts, prizes paid, allowable expenses, lawful purpose expenditures including charitable contributions and all taxes and fees as per section 349.12, subdivision 25, paragraph (a), clauses (8) and (18), and the percentage of annual gross profit used for lawful purposes;
- (10) to impose civil penalties of not more than \$1,000 per violation on organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, and gambling managers for failure to comply with any provision of this chapter or any rule or order of the board;

- (11) to issue premises permits to organizations licensed to conduct lawful gambling;
- (12) to delegate to the director the authority to issue or deny license and premises permit applications and renewals under criteria established by the board;
- (13) to delegate to the director the authority to approve or deny fund loss requests, contribution of gambling funds to another licensed organization, and property expenditure requests under criteria established by the board;
- (14) to suspend or revoke licenses and premises permits of organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, or gambling managers as provided in this chapter;
- (15) to approve or deny requests from licensees for:
 - (i) waivers from fee requirements as provided in section 349.16, subdivision 6; and
 - (ii) variances from Gambling Control Board rules under section 14.055; and
- (16) to register employees of organizations licensed to conduct lawful gambling;
- (17) to require fingerprints from persons determined by board rule to be subject to fingerprinting;
- (18) to delegate to a compliance review group of the board the authority to investigate alleged violations, issue consent orders, and initiate contested cases on behalf of the board; (NOTE: Board rule 7865.0210 outlines the CRG powers and duties, contained later in this document.)
- (19) to order organizations, distributors, distributor salespersons, manufacturers, linked bingo game providers, and gambling managers to take corrective actions; and
- (20) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) The board, or director if authorized to act on behalf of the board, may by citation assess any organization, distributor, distributor salesperson, manufacturer, linked bingo game provider, or gambling manager a civil penalty of not more than \$1,000 per violation for a failure to comply with any provision of this chapter or any rule adopted or order issued by the board. Any organization, distributor, distributor salesperson, gambling manager, linked bingo game provider, or manufacturer assessed a civil penalty under this paragraph may request a hearing before the board. Appeals of citations imposing a civil penalty are not subject to the provisions of the Administrative Procedure Act.”

DIRECTORS DUTIES AND AUTHORITY	
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Minn. Stat. 349.152. The **duties of the director**:

- (1) carry out gambling policy established by the board;
- (2) employ and supervise personnel of the board;
- (3) advise and make recommendations to the board on rules, policy, and legislative initiatives;
- (4) approve or deny operational requests from licensees as delegated by the board;
- (5) issue licenses and premises permits as authorized by the board;
- (6) issue cease and desist orders;

- (7) make recommendations to the board on license issuance, denial, censure, suspension and revocation, civil penalties, and corrective action the board imposes;
- (8) ensure board rules, policy, and decisions are adequately and accurately conveyed to licensees;
- (9) conduct investigations, inspections, compliance reviews, and audits under this chapter; and
- (10) issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to an investigation, compliance review, or audit the director is authorized to conduct.

REQUESTS	Delegated to Director
BUILDINGS Minn. Stat. 349.151, Subd. 4(a)(13) To delegate to the director the authority to approve or deny... property expenditure requests under criteria established by the board.	
1. LG269 Request to exceed annual limit for code A22 Minn. Stat. 349.12, Subd. 25(a)(22)	No
2. LG262 Building – Building...Fire, catastrophic event Minn. Stat. 349.12, Subd. 25(a)(25)	No
3. LG263 Building - Eminent domain Minn. Stat. 349.12, Subd. 25(a)(25) Replacement of a building taken or sold under an eminent domain proceeding	No
4. LG266 Real property/capital assets used exclusively for lawful purpose Minn. Stat. 349.12, subd. 25(a)(23) and (24) Erection, acquisition, improvement, or expansion of real property, or acquisition/improvement of a capital asset with cost greater than \$2,000	Director has authority delegated by the Board to approve an expenditure for emergency repairs, such as roof leak, plumbing, etc. or to purchase capital assets to help organization realize costs savings or do its program, i.e. trail groomer breaks down
5. LG268 ADA replacement building amount applied Minn. Stat. 349.12, Subd. 25(a)(22)	No
OTHER REQUESTS	
6. Transfer of gambling funds to organization general account. Minn. Rule 7861.0320, Subp. 4, item E	No
7. LG200C - Transfer of gambling funds to organization general account by 501(c)(3) organization or 501(c)(4) festival organization for A1 expenditure Minn. Stat. 349.154, Subd. 1 Minn. Rule 7861.0320, Subpart 14, item A, subitems (2) and (3) Minn. Rule 7861.0320, Subpart 15, item B	Yes
8. LG270 Contribution of gambling funds to another licensed gambling organization Minn. Stat. 349.12, Subd. 25(a)(20)	Director may approve requests for amounts \$500 and less, and reports approved requests to the Board
9. LG250 Fund loss request for profit carryover adjustment Minn. Rule 7861.0320, Subp. 9	No
10. State-Level Program, expenditures for Minn. Stat. 349.12, Subd. 25(a)(21) Minn. Rule 7861.0320, Subpart 16, item C	Yes
11. LG204 License termination plan Minn. Stat. 349.19, Subd. 8 Minn. Rule 7861.0220, Subp. 8	No

OTHER REQUESTS - continued	Delegated to Director
12. LG251 Rule variance request – FEE Minn. Rule 7865.0250, Subpart 1, item A.	Yes Director will determine and negotiate estimated fee in agreement with licensee.
13. LG251 Rule variance request Minn. Rule 7865.0250.	No
OTHER - RAFFLES	
14. Raffles: Alternative method of selecting raffle winners Minn. Stat. 349.173, paragraph (c) Minn. Rule 7861.0310, Subp. 6	No
15. Raffles: Changing or canceling a raffle. Minn. Rule 7861.0310, Subp. 8 Changing raffle date. Minn. Rule 7861.0310, Subp. 9 Canceling raffle date.	These are not statutory requirements. They were established by the Board and delegated to the Director by rule.
MANUFACTURERS' LAWFUL GAMBLING EQUIPMENT (GAMES AND DEVICES)	
16. Lawful gambling equipment - approval Minn. Stat. 349.163, Subd. 6 Minn. Rule 7864.0230	No
17. Lawful gambling equipment – testing of programmable electronic devices Minn. Rule 7864.0230, Subpart 11, item F, subitem (4)	Yes. Director may require testing by a certified independent laboratory.
18. Lawful gambling equipment – modifications to previously-approved equipment Minn. Rule 7864.0230, Subpart 11, item A, subitem (5)	By rule, Director authorized to review and determine if changes to previously-approved equipment must be submitted to the Board for approval.
19. Recall of lawful gambling equipment Minn. Rule 7863.0220, Subp. 5 (Distributor) Minn. Rule 7863.0260, Subp. 4 (Linked bingo game provider) Minn. Rule 7863.0240, Subp. 6 (Manufacturer)	Yes
OPERATIONAL	
20. Transfer of electronic bingo devices (EBD) between sites Minn. Rule 7863.0220, Subpart 2, item I, subitem (3) (distributor) Minn. Rule 7863.0260, Subpart 2, item F, subitem (3) (linked bingo game provider)	Yes
21. Delinquent payments reported to Board Minn. Rule 7863.0220, Subpart 16 (distributor) Minn. Rule 7863.0260, Subpart 7 (linked bingo game provider) Minn. Rule 7864.0240, Subpart 7 (manufacturer)	Yes

LICENSE APPLICATIONS, PERMITS, AND CERTIFICATIONS Minn. Stat. 349.151, Subd. 4(a)(12) To delegate to the director the authority to issue or deny license ...applications ...under criteria established by the board.	Delegated to Director
22. Application for organization license Minn. Stat. 349.16 Minn. Rule 7861.0220, Subp. 6 Minn. Rule 7861.0220, Subparts 1 to 7	Yes
23. Application for organization license – waiver of license fee Minn. Stat. 349.16, Subd. 6	Yes
24. Application for premises permit Minn. Stat. 349.165 Minn. Rule 7861.0240	Yes
25. Application for gambling manager license Minn. Stat. 349.167 Minn. Rule 7861.0230, Subparts 1 to 7	Yes
26. Exempt permits and excluded bingo authorizations Minn. Stat. 349.166 Minn. Rule 7861.0330 Excluded Bingo Minn. Rule 7861.0340 Exempted Lawful Gambling	Yes
27. Application for distributor license Minn. Stat. 349.161, Subd. 2 Minn. Rule 7863.0210	No
28. Application for distributor salesperson license Minn. Stat. 349.161 Minn. Rule 7863.0210, Subpart 8	Yes
29. Application for manufacturer license Minn. Stat. 349.163, Subd. 1 Minn. Rule 7864.0210	No
30. Certification of independent testing laboratory Minn. Stat. 349.163, Subd. 6	No
31. Appeal of denied license or permit Minn. Rule 7865.0260	Delegated by rule to the Board's Executive Committee
LINKED BINGO	
32. Application for linked bingo game provider license, including game system and management plan Minn. Stat. 349.1635, Subd. 2; Minn. Rule 7863.0250	No
33. Linked bingo game system modifications Minn. Rule 7863.0260, Subpart 1a	By rule, Directors reviews and approves subsequent changes to system after license approved.
34. Linked bingo management plan modifications Minn. Rule 7863.0250, Subp. 5, item D Minn. Rule 7863.0260, Subpart 2a, item A	By rule, Director reviews and approved subsequent changes.
35. Linked bingo – agreements with organizations Minn. Rule 7863.0260, Subpart 2, item B	By rule, Director reviews and approves terms and conditions of agreements, including subsequent changes.

SANCTIONS AND CIVIL PENALTIES	Delegated to Director
36. Consent orders; Corrective actions Minn. Stat. 349.151, Subd. 4(a)(18) Minn. Rule 7865.0210	Delegated to CRG by rule
37. Civil penalty (citation, fine) - up to \$1,000 per violation Minn. Stat. 349.151, Subd. 4(b) Minn. Rule 7865.0230	CRG Director, by rule, may issue citation of up to \$1,000
38. Civil penalty for noncompliance with LPE rating - penalty up to \$10,000 Minn. Stat. 349.15 Subd. 1(d)(2)	No
39. Summary suspension of license Minn. Stat. 349.1641	No
40. Suspension or revocation of license or permit Minn. Stat. 349.155, Subd. 4 Minn. Rule 7865.0210 Minn. Rule 7865.0220	No
41. Cease and desist orders Minn. Stat. 349.152, Subd. 3(a)	Statute gives Director authority to issue cease and desist orders
42. Other: District court Minn. Stat. 349.152, Subd. 3(b) Gives Board authority to bring action in district court and may refer the matter to the attorney general. Upon proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted.	No
RULEMAKING	
43. Rules Minn. Stat. 349.151, Subd. 13. Rulemaking	<ul style="list-style-type: none"> - Board initiates rulemaking process. - Rules Committee reviews proposed rule changes drafted by staff and provides recommendation to Board. - Board has historically delegated to the Director by resolution the authority to represent the Board in the rulemaking process.