
Summary of Recommendations

Gambling Control Board (pp. 41-45)

To fully comply with statutory licensing criteria, the Gambling Control Board should:

- At initial licensure and periodically thereafter, expand background checks of gambling managers to include their criminal records outside Minnesota and
- Conduct background checks on all individuals whose positions within an organization make their criminal history grounds for denying an organization license.

As directed by statute, the Gambling Control Board should:

- Develop standards for the percentage of total expenditures that licensed 501(c)(3) organizations may spend on administration and operation.

To better detect and deter noncompliant charitable gambling activities, the Gambling Control Board should:

- Increase charitable gambling education opportunities, to the extent possible;
- Create education requirements for gambling organizations' chief executive officers;
- Use its citation authority more frequently in instances of organization noncompliance;
- Continue to strive for consistency in issuing citations;
- Target some of its compliance reviews to organizations that show signs of problems; and
- Increase the use of site inspections, to the extent possible.

To improve the efficiency and effectiveness of its regulatory activities, the Gambling Control Board should:

- Improve its technology to facilitate access to data, quantitative analysis, and online licensing and reporting.

To improve oversight of gambling proceeds, the Legislature should:

- Consider amending statutes to clarify (1) the applicable timeframe for gambling business spending limits and (2) the extent to which organizations can use non-gambling funds to support their gambling operations.

To help organizations comply with the law and to ease board regulation, the Gambling Control Board should:

- Identify lawful purpose definitions that need to be clarified and submit statutory changes to the Legislature.

To help the Gambling Control Board use its resources effectively, the Legislature should:

- Reconsider the scope and focus of the Gambling Control Board's responsibilities in regulating charitable gambling.

Minnesota Racing Commission (pp. 60-63)

To ensure that the Racing Commission licenses only eligible applicants, the commission should:

- Consider obtaining an electronic fingerprinting system to shorten the turn-around time for receiving criminal history information.

To improve oversight of the card club, the Racing Commission should:

- Have a trained, knowledgeable, and regular presence in the surveillance room;
- Conduct routine compliance checks of card club activities;
- Regularly review players' pool expenditures; and
- Review all promotions using players' pool funds.

To ensure that the proper amount is allocated to horseracing purses, the Racing Commission should:

- Conduct periodic reviews of Canterbury Park's purse contributions.

To ensure that it can comfortably rely on information provided by Autotote, the Racing Commission should:

- Require regular and comprehensive audits of Autotote's information systems that meet industry standards for information technology security audits.

To more efficiently use its resources, the Racing Commission should:

- Make the necessary investments to automatically download the pari-mutuel wager information from Autotote and
- Revise its current technology systems so staff do not manually enter the same data into the system more than once.

Minnesota State Lottery (pp. 75-77)

To ensure that scratch games are adequately tested prior to being played, the Minnesota State Lottery should:

- Require that the scratch game ticket security test conducted by an independent laboratory be completed and the results reported in writing to the Lottery prior to the launch of the game.

To protect the physical security of scratch game tickets and effectively use its resources, the Minnesota State Lottery should:

- Determine if its internal scratch game ticket testing materially adds to the security of a game, revise its written procedures to be consistent with its assessment of the usefulness of the internal security tests, and follow its written procedures.

To ensure that it has secure and reliable information technology systems, the Minnesota State Lottery should:

- Have regular, comprehensive audits of its information systems that meet industry standards for information technology audits.

To fully comply with statutory background check requirements, the Minnesota State Lottery should, when initially entering into a retailer contract and periodically thereafter:

- Expand background checks of retailers to include their criminal records outside of Minnesota.

Alcohol and Gambling Enforcement Division (pp. 98-101)

To provide well-justified, documented judgments regarding Indian casinos' compliance with tribal-state gambling compacts, the Alcohol and Gambling Enforcement Division should:

- Develop and implement a comprehensive oversight strategy that more fully utilizes the state's authority.

To address concerns that tribal-state compact requirements for slot machine hardware and software are not up to date with current technology, the Commissioner of Public Safety should:

- Develop technical amendment proposals and discuss them with tribes.

To better track and target casino inspection activity, the Alcohol and Gambling Enforcement Division should:

- Develop and maintain a database or other systematic record of its casino inspection activity and results.

To ensure that the division's background investigation resource investment is commensurate with the level of risk associated with the entity being investigated, the Alcohol and Gambling Enforcement Division should:

- Encourage background investigators to exercise professional judgment in planning the depth and scope of background investigations.

To better target criminal investigation resources and improve coordination, the Alcohol and Gambling Enforcement Division, Gambling Control Board, Racing Commission, and Lottery should:

- Agree on law enforcement strategies that define the types of cases that should receive the highest priority and
- Develop written procedures for hand-off of cases for criminal investigation, including the timing of case referral and the circumstances in which criminal allegations will be referred to local law enforcement agencies.

To improve communication among the agencies, the Alcohol and Gambling Enforcement Division, Gambling Control Board, and the Racing Commission should:

- Ensure that gambling enforcement agents assigned to each type of gambling have office space and a regular presence at the board and commission's offices.

To increase its staffing capabilities, the Alcohol and Gambling Enforcement Division should:

- Separate staffing for casino regulation from generalist special agents doing criminal or background investigation work,
- Hire staff with experience or expertise specific to casino regulation as opportunities become available, and
- Consider hiring other non-law enforcement staff to work on background investigations or as analysts supporting criminal investigation work.

To increase the division's budget resources:

- The Legislature should change the law to allow the Alcohol and Gambling Enforcement Division to directly bill all licensees or vendors for the cost of background investigations; and
- The Commissioner of Public Safety should pursue a technical amendment to the tribal-state blackjack compacts that increases the fee tribes pay to the state to assist with state oversight.