

# Gambling Regulation and Oversight

## Update to 2005 Evaluation Report

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### Problems Identified

- **Inadequate Controls Over Charitable Gambling.** The Gambling Control Board did not adequately detect and deter noncompliance by charitable gambling organizations, in part because the board lacked needed technology. Some organizations had excessive expenses and made small contributions to charities.
- **Limitations in Oversight by the Racing Commission.** The Minnesota Racing Commission did not adequately oversee the card club at Canterbury Park, and it did not effectively use technology to oversee racetrack operations.
- **Insufficient Oversight of Casinos.** The Department of Public Safety did not fully use its authority to inspect casinos, and some elements of the tribal-state compacts were outdated.

### Changes Implemented

- **Improved Charitable Gambling Oversight.** The Gambling Control Board invested in new information systems, hired three additional compliance specialists, increased the number of compliance reviews and site inspections it conducts, and began targeting some reviews at organizations at higher risk of noncompliance.
- **New Controls on Charitable Gambling Organizations.** The Legislature imposed new limits on charitable gambling organizations' business expenses and clarified definitions of allowable charitable contributions.
- **Card Club Investigator Hired.** In September 2005, the Racing Commission hired an investigator with specific responsibility for Card Club oversight.
- **Better Monitoring of Casinos.** Public Safety agents now use data from slot machine information systems to help ensure compliance with the tribal-state gambling compacts.

### Action Needed

- **More scrutiny of 501(c)(3) charities.** The Gambling Control Board needs to enact rules limiting these charities' use of gambling proceeds to subsidize operating expenditures.
- **Upgrade Racing Commission Technology.** In its 2008-09 budget proposal, the Racing Commission requested funding to upgrade its four data processing systems. This upgrade is particularly important because a second racetrack will be opening in 2008.
- **Pursue Updates to Tribal-State Compacts.** Tribal-state compacts need to be amended to update technical requirements and increase tribes' funding of state oversight activities.