

GAMING NEWS

FEBRUARY 2024



Official Newsletter of the North Dakota Attorney General's Office,
Gaming Division

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New Year/ New Changes

With the new year, the North Dakota Attorney General's Office, Gaming Division has decided to once again implement quarterly gaming updates. These updates will be emailed to each organization and will also be available on the Attorney General's website found at attorneygeneral.nd.gov/licensing-and-gaming. The Gaming News will include updates to current North Dakota Games of Chance Administrative Rules and other pertinent information regarding charitable gambling in the state.



Charitable Gaming in North Dakota

Early History

In the first legislative session after statehood (1889-90), an attempt was made to establish the Louisiana lottery, which was seeking a new home in light of the impending revocation of its charter in its state of origin. The operators of the lottery were willing to offer the state an initial payment of \$100,000, followed by annual payments of \$75,000, for the privilege of operating a lottery. The scandal and controversy following this attempt led to the state's first constitutional amendment. The amendment added what eventually became Section 25 of Article XI of the Constitution of North Dakota and outlawed all forms of lotteries and gift enterprises. The constitutional prohibition was maintained until 1976 when it was amended to allow certain forms of charitable gaming. Under the provision, the Legislative Assembly is permitted to authorize bona fide nonprofit veterans', charitable, educational, religious, or fraternal organizations, civic and service clubs, or such other public-spirited organizations as it may recognize, to conduct games of chance when the entire net proceeds of the games are devoted to educational, patriotic, fraternal, religious, or other public-spirited uses.

Information found in a 2019 ND Legislative Branch Charitable Gaming Background Memorandum

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Legislative Update

FROM DIVISION DIRECTOR, DEB MCDANIEL

During the 2023 legislative session, Senate Bill 2304 was passed. This bill contained a requirement that a comprehensive, statewide, charitable gaming study take place. The 18-member Interim Judiciary Committee will continue the study on March 7, 2024 from 9 am to 4 pm. The appointed members will be convening in the Roughrider Room at the ND State Capitol. If unable to attend in person, you may watch the recorded meeting. Please use the link below for any future meeting dates, times, and locations.

This study must include input from the following:

- The Attorney General's office.
- Stakeholders from large and small charitable organizations.
- Local political subdivisions that authorize sites (county or city).
- Gaming equipment manufacturers and distributors.
- Gambling addiction counselors.
- Other industry leaders.



In addition, the study must evaluate the following:

- The economic impact of charitable gaming on the state in urban and rural areas.
- Gambling addiction and treatment services currently available.
- The civic benefit of charitable gaming to the communities most closely related to the gaming sites.
- How site authorization is approved and renewed.
- A charity's ability to have equitable access to sites.
- Gaming tax structure.
- Public support for charitable gaming.
- Statewide local restrictions placed on charitable gaming.
- Gaming expansion.
- Site locations where gaming is taking place.
- Charitable gaming proceeds and the eligible use of these proceeds, which includes the percentage of proceeds allowed to conduct charitable gaming and the mission of the organizations.
- Placement of gaming activity within a gaming site, including where electronic pull tab devices are placed.
- Rental rates paid by organizations to alcoholic beverage establishments.
- The authority the Attorney General has to regulate alcoholic beverage establishments.

The website for the Judiciary Committee and information regarding the gaming study, meeting dates, and other documents can be found using this link.

It's in the Cards

Bicycle is a popular brand of playing cards used all over the world, and its history is long. The company, started in 1885, finds its home in Erlanger, Kentucky. However, most may not know the role this company played in World War II. During the war, many Allied POWs were held at Colditz Castle near Leipzig, Germany. Prisoners were allowed packages from organizations such as the Red Cross. The packages could contain food, clothing, tobacco, and other necessary items. Playing cards were often sent, so the prisoners could bide their time with some sort of normality. Here is where the Bicycle Company came into play.

The card company began producing cards with hidden maps that were then sent in the care packages. When wet, these cards could be pulled apart to reveal maps and escape routes. If this has piqued your interest, [please use this link to the National Park Service web page](#) for more interesting facts on hidden maps in playing cards.

In regard to gaming in North Dakota's Games of Chance Administrative Rules, especially when playing 21, there are specified rules in use of playing cards. The cards must be the same size, shape, design, and be jumbo-faced. Red or maroon and black playing cards must be used. However, if a mechanical or electronic hole card reader is used on a table, cards that are not jumbo-faced may be used provided that the organization has received approval from the attorney general. (N.D.A.C. § 99-01.3-08-02) The rules, however, do not state which brand of playing cards to use.





Tax Section

FROM TAX SUPERVISOR, PATTY WONDRA

In this quarter’s newsletter, the tax section would like to address two of the most common areas of confusion when using the online tax return filing system.

First, when reporting Pull Tab-Jar Bar or Pull Tab Dispensing Device activity on the tax return, only report a Last Sale Stamp Number and Last Sale Prize Amount if the last deal had a last sale prize. Note: the last sale prize is an additional prize added to the last deal of a pull tab game awarded to the individual who purchases the last ticket of the game. If there is NOT a single deal of a game with the last sale prize option, DO NOT report anything in those boxes. In the example below, notice that this game DID NOT have a last sale prize option:

Stamp List

Enter stamps as a comma-separated list or range below. Your stamp numbers must be eight characters and numeric only.

11207264,11207265,11207266,11207267

Last Sale Stamp Number

Last Sale Prize Amount

\$

The other area of confusion is how to make changes to a game type on a return that hasn’t been submitted. To make an adjustment to a game type, on the left hand navigation, click on the black arrows next to the words “Part I - Gaming Activity” to display the site name. After this, click on the black arrow next to the site name to get the game types to display. Remember that a person can always go back in to make a change to any section of the return as long as it has not been submitted. See the example below for more information:

Tax Return - March 31, 2024 (Delete Draft)

▼ Part I - Gaming Activity

▼ VFW CLUB

▶ PULL TAB - DISPENSING DEVICES

▶ PULL TABS - ELECTRONIC DEVICES

▶ Totals

Part II - Allowable Expense and Net Proceeds

Eligible Use Contributions

Part III - Trust Account

Attachments

Tax Return Preview/Payment



Auditing Section

FROM AUDITING SUPERVISOR, LAURA GLEICH

As directed by the State Gaming Commission, the ND Attorney General’s Office, Gaming Division started a credit ticket voucher redemption kiosk test. An email was sent to each licensed e-tab manufacturer, inviting them to enter into the trial. Written guidelines for the organizations to follow and manufacturer specifications were developed for use during the test period and are provided to the participating gaming organizations. Additionally, recordkeeping forms used to account for the activity were designed and are being implemented for the participating manufacturers and selected gaming organizations.

December 13, 2023 marked the date of the first installation of what is now three Bismarck kiosk locations. The credit ticket voucher redemption kiosk’s locations and participating organizations are as follows: Bismarck Hotel, Bismarck-Mandan Convention & Visitors Bureau; The Elbow Room, Dakota Junior Golf Association; Midway Tavern, Nodak Sportsmen’s Club.

The Gaming Division has been working closely with each gaming organization, distributor, and manufacturer to identify any issues with the kiosk and the required reports. The issues identified are being addressed immediately with the distributor and manufacturer to ensure the kiosks work properly and account correctly for the activity. For each organization involved, the Gaming Division has assisted with interim visits and completion of the recordkeeping forms. Throughout this test period, the organizations will continue to monitor the kiosk activity and evaluate if it is beneficial to have the dispensing units at their respective gaming sites.

This is a test of gaming equipment and is being managed by the Gaming Division for the Gaming Commission to review during the next Administrative Rule promulgation. The number of sites and the number of organizations are limited by this office as this is a trial for a product that is still in consideration and not yet approved. This office will give a report to the Gaming Commission at their next meeting.



Passing of Counterfeit Bills on the Rise

FROM SPECIAL AGENT ROBERT SANDERSON
NORTH DAKOTA BUREAU OF CRIMINAL INVESTIGATION, GAMING
DIVISION

Happy New Year from the investigations section of the
Gaming Division!

In this quarter's newsletter, counterfeiting will be highlighted. In recent months, there has been an uptick in calls to our office from charities stating attempts to pass counterfeit bills. Local charities have seen counterfeit bills in \$20, \$50, and \$100 denominations. Please continue to educate staff on what to look for in a counterfeit bill. A brief explanation provided by the United States Secret Service is provided on the right. Also, continue to be on the look out for people trying to pass these bills into gaming circulation. It is our belief that the criminal element will continue to find ways to access easy money. Furthermore, due to the large amounts of cash circulating in gaming, these criminals will constantly try new techniques to cheat the charities. On a positive note, we would like to point out that the security feature in E-tab bill acceptors has been deterring criminals by rejecting counterfeit bills. If attempts of using counterfeit bills are seen by an organization, please contact your local law enforcement agency. Once a report has been filed, please let our investigative section in gaming know about the attempt. Do know we are monitoring these events.

Finally, continue to think safety and security. Remember that if something doesn't seem right, it probably isn't. We have seen a lot of success with gaming attendants being alert and catching issues prior to getting scammed. Keep up the good work!

If you have any questions or concerns, please feel free to reach out to our office,

Special Agent Robert Sanderson, 701-328-5546
Investigator Jacob Marschner, 701-328-2313

Know Your Money

AS PROVIDED BY THE US SECRET SERVICE


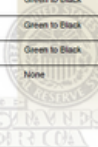
The first graphic highlights security features such as the watermarks and color-shifting ink embedded in the bills. Serial numbers and specific aspects of the bills are also noted and explained.

Know Your Money

April 2014

- 2004 style Federal Reserve notes (FRNs) incorporate background colors and large, borderless portrait images.**
- Paper** U.S. currency paper consists of 25% linen and 75% cotton and contains small randomly distributed red and blue security fibers embedded throughout the paper.
- Portrait** The 2004 style FRNs have an enlarged and off-center portrait without a frame.
- Watermark** The 2004 style FRNs have a watermark that is visible from either side when held to light.
- Color-Shifting Ink** The 2004 style \$10, \$20, \$50 and \$100 FRNs have color-shifting ink that shifts from copper to green as the note is tilted 45 degrees. The 2004 style \$100 FRN has a color-shifting "bell in the inkwell". The \$5 FRN does not have color-shifting ink.
- Security Thread** All genuine FRNs, except the \$1 and \$2, have a clear thread embedded vertically in the paper. The thread is inscribed with the denomination of the note and is visible only when held to light. Each denomination has a unique thread position and gives a different color when held to ultraviolet (UV) light.
- 3-D Security Ribbon** The 2004 style \$100 FRN features a blue ribbon woven into the paper. When you tilt the note back and forth, the bells and "100's" move side to side. If you tilt the note side to side, they move up and down.
- Serial Numbers** The first letter of the serial number on FRNs of series year 1996 or later corresponds to the series year:
E = 2004 I = 2006 L = 2008A
G = 2004A J = 2009
- Bank Indicators**
 - Federal Reserve Indicators** The 2004 style FRNs have a letter and number designation, which identifies one of the 12 distributing Federal Reserve Banks. This letter and number designation appears beneath the serial number on the left. The number corresponds to the position of the letter in the alphabet, e.g., A1, B2, C3, etc. The letter matches the second prefix letter in the serial number.
 - Note Position Letter and Number**
 - Face Plate Number**
 - Series Year**
 - Back Plate Number** (not shown) Found on the bottom right-hand corner of the back of the note.

The second graphic highlights the differences between the 1996 style and 2004 style of the \$5, \$10, \$20, \$50, and \$100 bills. The graphic is helpful in identifying placement of wordings, unique watermarks, and the color-shifting ink on the specified bills. [Please use this link from the US Secret Service for more information.](#)

FEDERAL RESERVE NOTE							
Know Your Money						Color-Shifting Ink in Front Lower Right Numeral	
	Portrait	Watermark	Security Thread	Microprinting	Other Microprinting		
2004 Style	100	Franklin	Franklin	Left of portrait	"THE UNITED STATES OF AMERICA" along Franklin's collar; small "100" in the note's vertical borders; "USA" along bottom of Franklin's portrait	"ONE HUNDRED USA" along the golden quill; "USA 100" around the blank space containing the portrait watermark	Copper to Green Also appears in the bell in the inkwell
	50	Grant	Grant	Right of portrait	"THE UNITED STATES OF AMERICA" along Grant's collar	"50", "USA" and "FIFTY" in two blue stars to the left of the portrait; "FIFTY" along side borders	Copper to Green
	20	Jackson	Jackson	Left of portrait	"THE UNITED STATES OF AMERICA 20 USA" in the border below Treasurer's signature	"USA20" borders beginning part of text ribbon "USA TWENTY"; right of portrait	Copper to Green
	10	Hamilton	Hamilton	Right of portrait	"THE UNITED STATES OF AMERICA" below portrait	"USA10" beneath knoth to the left of the portrait; "TEN DOLLARS" along side borders	Copper to Green
	5	Lincoln	Left, vertical "5 5 5"; Right, large "5"	Right of portrait	"E Pluribus Unum" at top of eagle's shield to the right of the portrait; "USA" between columns of eagle's shield; "FIVE DOLLARS" along side borders	On back, "USA FIVE" on edge of purple 5	None
1996 Style	100	Franklin	Franklin	Left of portrait	"THE UNITED STATES OF AMERICA" along Franklin's collar	"USA100" in lower left numeral	Green to Black
	50	Grant	Grant	Right of portrait	"THE UNITED STATES OF AMERICA" along Grant's collar	"FIFTY" along side borders	Green to Black
	20	Jackson	Jackson	Left of portrait	"THE UNITED STATES OF AMERICA" in the lower oval framing of portrait	"USA20" in lower left numeral	Green to Black
	10	Hamilton	Hamilton	Right of portrait	"THE UNITED STATES OF AMERICA" below portrait above Hamilton's name	"TEN" in lower left numeral	Green to Black
	5	Lincoln	Lincoln	Left of portrait	"THE UNITED STATES OF AMERICA" in the lower oval framing of portrait	"FIVE DOLLARS" along side borders	None
All Federal Reserve Notes are printed on paper featuring red and blue embedded fibers.						Federal Reserve Notes designed before 1990 do not contain security threads or microprinting.	
www.secretservice.gov www.secretservice.gov						 www.secretservice.gov April 2014	



Site Authorizations and Rental Agreements

It is that time of year that charities are reaching out to their sites to renew rental agreements and site authorizations. However, it has come to the Gaming Division's attention that charities are offering sites incentives or vice versa, which is in violation of state laws.

Recently, the Gaming Division took action against a distributor that was using a non-profit to entice sites to switch charitable organizations. Another instance that took place involved a charity offering inducements to a bar to take on that particular charity. Both of these examples are against the law, will be investigated, and will have proper action taken against the entity for violating the rules set forth by the state.

Examples of unlawful influence by charities in gaming include: offering to pay expenses for a bar, offering to pay for leagues (dart, softball, etc.) for a bar, offering to pay for advertising for the bar, or telling a bar that they will get a say as to where the eligible use donations go.

Conversely, if a site owner tells a charity to pay for any of the above listed, that is a violation. The Gaming Division has fielded several calls as of late of bar owners or bar entities believing they should be on the charitable organization's board to determine net proceeds. These bars are interfering or trying to influence a charity, which is unlawful. If your sites are requesting these actions, please notify the Gaming Division. We would like to educate the bars about the rules.

Here are a list of laws pertaining to these violations:

§ 99-01.3-02-06. Rental Agreement

2.e.

(6) The lessor agrees no game will be directly operated as part of the lessor's business;

(7) The lessor agrees not to interfere with or attempt to influence the lessee's selection of games, determination of prizes, including a bingo jackpot prize, or disbursement of net proceeds;

3.

d. Except for applying subsection 3 or 4 of section 99-01.3-03-04, and additional rent paid to a lessor for simulcast racing, an organization or employee may not pay any additional rent or expense, from any source, or for any other purpose, including office or storage space, snow removal, maintenance or cleaning fees, equipment, furnishings, entertainment, or utilities. Except for a leased site at which bingo is the primary game conducted, an organization may not pay for any capital or leasehold improvements or remodeling.

§ 99-01.3-15-02. Restrictions and Requirements

3. A distributor may not offer or provide anything of value to any licensed organization or gaming location site, lessor, agent, or representative as an incentive or inducement to locate, keep, or maintain any gaming equipment, which includes electronic gaming systems or devices, at the gaming site.