

CHAPTER 99-01.3-12.1 PRIZE BOARD DISPENSING DEVICES

Section

- 99-01.3-12.1-01 Definition
- 99-01.3-12.1-02 Use and Requirements of an Organization
- 99-01.3-12.1-03 Requirements of a Bar
- 99-01.3-12.1-04 Requirements of a Bar and an Organization
- 99-01.3-12.1-05 Recordkeeping

99-01.3-12.1-01. Definition.

This chapter applies to a licensed organization that conducts prize boards involving a dispensing device. The maximum price per chance is two dollars. The value of a seal prize or a column sold out indicator may exceed the value of the top tier prize.

For purposes of this chapter, "prize board dispensing device" means a board used with pull tabs dispensed from a device to award cash or merchandise prizes. Coins of various values may be affixed to the board and, under each coin, a cash prize value preprinted on the board. A board must contain numbered lines and a seal covering a winning number. A player having a pull tab with a number matching a predesignated number on a board for a seal prize signs the player's full name on the numbered line or supplemental sheet. However, if a number or symbol matches a winning number or symbol assigned to a specific coin or minor prize, the player wins that coin or prize, and a cash prize value stated under the coin. A column sold out indicator may be awarded. The column sold out indicator is an additional prize, which must be described on the flare, and is used to assist organizations in selling out pull tabs. Pull tabs with a column sold out indicator need to be distinctly marked as the last pull tab in each column and must contain the initials and date of the organization employee putting the column sold out indicator on the pull tab and upon redemption must include the signature of the winning player and date that the pull tab was redeemed. When the board is closed, a seal is removed to reveal the winning line number. A player whose signature is on that line wins the seal prize. No board may be closed unless all the top tier winning pull tabs have been redeemed, all the pull tabs are sold, all the seals have been opened, or the board has been conducted for ninety calendar days. An organization is responsible for ensuring that a description and retail price of a merchandise prize or cash prize to be awarded and cost per play are on a flare. A seal prize is not considered the top tier prize. The maximum number of pull tabs in a deal is two thousand. The maximum cash prize, total of all column sold out indicators, or seal prize, including the retail price of a merchandise prize, is five hundred dollars.

History: Effective July 1, 2010; amended effective April 1, 2016.

General Authority: NDCC 53-06.1-01.1

Law Implemented: NDCC 53-06.1-01.1, 53-06.1-06

99-01.3-12.1-02. Use and requirements of an organization.

1. An organization may operate a prize board dispensing device when the organization's employee is on duty and may have an authorized bar employee redeem a winning pull tab and pay a cash or merchandise prize when the organization's employee is or is not on duty.
2. If a distributor's or manufacturer's security seal is broken on a deal's container before the deal is used, an organization shall return the deal to the distributor.
3. The following rules must be posted or made available to players. If made available to players, the rules must be in the form of a handout that is easily visible to the players and may not be a copy of the gaming law and rules:
 - a. Restricting access to or delaying using credits on a device is prohibited;

- b. A winning pull tab must be redeemed within fifteen minutes;
 - c. A pull tab cannot be redeemed if it has been taken from the gaming area;
 - d. If a person knowingly solicits, provides, or receives any inside information, by any person, by any means, or knowingly uses a fraudulent scheme or technique to cheat or skim involving pull tabs, regardless of the amount gained, the offense is a class C felony punishable by a five thousand dollar fine or five years in jail or both;
 - e. To the best of the organization's knowledge, a prize remaining on a board relates to a winning pull tab that has not been redeemed; and
 - f. If a player attempts to falsify or falsifies a record of win, the prize is forfeited.
- 4. An organization shall maintain custody of all keys to a device.
 - 5. An organization shall withdraw currency from a device within a seven-calendar-day interim period.
 - 6. An organization shall use the current recordkeeping system unless approval is obtained from the attorney general for use of another system.
 - 7. An organization shall have a rental agreement conforming to section 99-01.3-02-06.
 - 8. An organization shall maintain an access log prescribed by the attorney general. A person who accesses a device for any reason shall record the access and initial the log. When a person does a test vend which affects the accounting meters or a test validation of currency, the person shall record the value of pull tabs and currency validated. An organization shall retain the log in a device during the quarter of activity.
 - 9. An organization may provide a bar with a temporary loan to enable a bar employee to redeem winning pull tabs and pay prize board cash prizes. The loan and any increase must be made by check payable to the bar and be interest free. An organization may not access, count, or take custody of the loaned money. The duration of the loan must be until an organization discontinues conducting prize boards at a site through a device. As an option an organization may supply the bar with a cash loan amount equal to the total amount of cash prizes on a prize board. If this option is used, all remaining cash from unredeemed winning pull tabs and the redeemed winning pull tabs must be returned to the organization following final distribution of the seal prize. When the bar repays the loan, the organization shall deposit the funds in its gaming account and the deposit slip must reference the site, source of funds, and amount. The amount reimbursed to a bar must equal the value of redeemed winning pull tabs which the bar provides an organization. An organization employee may not use a bar's cash on hand for redeeming a winning pull tab.
 - 10. An organization may not provide an independent service technician a key to access a device regardless if the device is leased.
 - 11. If a theft of currency occurs, an organization shall record the currency and pull tab accounting meters or print a cash withdrawal report and audit the game. The organization shall provide a copy of all of this information to a local law enforcement agency and the attorney general.
 - 12. When a prize board is closed:
 - a. The prize board must be reported on a tax return for the site at which it was closed;
 - b. An employee shall buy back all remaining redeemed winning pull tabs from a bar;
 - c. If the game has unsold pull tabs, these cannot be put back into play; or

- d. If a coin is not awarded, an organization shall determine the prizes to report on a tax return by prorating the total cost of the coins, according to their face value, of the coins that were awarded to the total face value of all the coins. An organization may use an unawarded prize in another game, sell the prize, or deposit the coin in the gaming account.
13. An organization or employee may not:
- a. Modify the assembly or operational functions of a device;
 - b. Use or continue to conduct a deal of pull tabs after being notified by a distributor of a ban or recall of the deal;
 - c. Designate a pull tab to entitle a player who buys it with a prize provided by a bar or distributor; or
 - d. Intentionally test vend currency or pull tabs to synchronize nonresettable accounting meters.
14. A prize board dispensing device must be conducted and played as follows:
- a. An employee shall place all pull tabs from a deal evenly among the columns used.
 - b. If used, column sold out indicators must be designated on the last pull tab of each column when the deal is placed into the device. Each column sold out indicator for a deal must be of equal value.
 - c. An organization may transfer a device from a site to another site or rotate a device among sites. If an organization discontinues gaming at a site, it may close a prize board or transfer the prize board to a device at another site. If a prize board is in the process of being conducted through a device, an organization may not transfer the prize board to a jar bar.

History: Effective July 1, 2010; amended effective April 1, 2016; July 1, 2018.

General Authority: NDCC 53-06.1-01.1

Law Implemented: NDCC 53-06.1-01.1, 53-06.1-06

99-01.3-12.1-03. Requirements of a bar.

1. A bar shall:
- a. Place a device in a location where alcoholic beverages are dispensed and consumed and where a bar employee will regularly observe the device;
 - b. Prohibit a person from tampering or interfering with the operation or play of a device;
 - c. Have the electrical current to a device turned off unless alcoholic beverages may be dispensed, a bar employee or an employee is available to redeem a winning pull tab, and a bar has cash on hand to redeem a winning pull tab or cash seal prize;
 - d. Absorb a loss related to a counterfeit or lost pull tab, redeemed pull tab that was not bought at the site, and loss or theft of the temporary loan of funds;
 - e. Repay an organization's temporary loan of funds immediately upon request from the organization that discontinues conducting prize boards through a device at a site;

- f. If a malfunction of a device is known by the bar or its employee, turn the device off and promptly notify the organization. Otherwise, the bar or its employee is responsible for any cash shortage; and
 - g. Use an organization's loan of money only to redeem a winning pull tab or cash seal prize. If the bar violates this rule, the attorney general may suspend any or all games at the site for up to six months.
- 2. A bar employee may not access, attempt to access, or permit a person, other than an employee of an organization, to access the interior of a device for any reason.
- 3. If a bar employee believes that a deal is defective or there is a problem with a redeemed pull tab, the bar employee shall contact an organization and may turn a device off.
- 4. A bar may accept or not accept a gaming-related check from a player. A player's check must be payable to a bar. A bar is responsible for a player's check returned by a financial institution as uncollectible. A bar may allow a player to buy back the player's check with cash and may return a player's check to the player as part of a prize payout.
- 5. Only a bar employee who is authorized by a bar may redeem a winning pull tab or pay a cash or merchandise prize.
- 6. A bar employee may not summarize or audit a prize board for an organization.

History: Effective July 1, 2010; amended effective July 1, 2012; July 1, 2018.

General Authority: NDCC 53-06.1-01.1

Law Implemented: NDCC 53-06.1-01.1, 53-06.1-06

99-01.3-12.1-04. Requirements of a bar and an organization.

- 1. A bar or organization employee may pay a winning player a cash or merchandise prize won on a prize board.
- 2. A bar employee or an employee shall deface a winning number or symbol of a pull tab when it is redeemed.
- 3. A bar or organization employee shall display the prize board while the board is in play.
- 4. A bar employee or an employee may not:
 - a. Assist a player in opening a pull tab except to assist a disabled player;
 - b. Knowingly pay a prize to a player who is redeeming a pull tab that has been defaced, tampered with, counterfeited, or has a game serial number different from the serial number of the deal in play;
 - c. Knowingly pay a prize to a player who is redeeming a pull tab when the player with the pull tab has left the gaming area of a site;
 - d. Publicly display a redeemed pull tab;
 - e. Knowingly pay a prize for a pull tab after fifteen minutes has elapsed since it was bought. If a player attempts to redeem a pull tab after the allowed time limit, a bar employee or an employee shall, if possible, retain and void the pull tab;
 - f. Pay, from gaming funds or any other source, a prize to a player unless the player redeems an actual winning pull tab that has a game serial number from a game conducted at the site; or

- g. Reimburse, from any source of funds, an amount to a player for play of a game that has a manufacturing defect, unless the attorney general approves.
5. If a device malfunctions, is inoperable, and a player has a credit, a bar employee or an employee shall pay the player for the player's unplayed credits and record the refund on a credit redemption register. A bar shall provide this form to an organization to claim a reimbursement. If a player's currency jams in a currency validator and a device does not show a credit, a bar employee may not reimburse a player, and shall record the jam on a credit redemption register and notify an organization. If an organization determines that a device is cash long, the organization shall reimburse a player by cash or check.
6. A bar employee and an employee shall document and attest to the total cash prizes of redeemed winning pull tabs that are exchanged for cash or check. These pull tabs must be grouped, banded, and retained separate from other pull tabs that an organization employee may have redeemed and separately from any other dispensing device pull tabs redeemed at the site.
7. An organization shall provide a bar employee, and a bar shall maintain, a current copy of subsection 8 of section 99-01.3-02-03, sections 99-01.3-02-05, 99-01.3-02-09, 99-01.3-03-08, and 99-01.3-12.1-03, and this section regarding the bar employee's and bar's duties and restrictions.
8. A player having a pull tab with a number matching a predesignated number on a board for a seal prize signs the player's full name on the numbered line or supplemental sheet. Only one player's name may be signed on a specific line. When all tickets from a prize board have been sold, a bar employee or an employee may remove the seal revealing the winning prize number, obtain the winner's information for a record of win form, and award the prize to the winning player. If the bar employee cannot locate the winning player, the employee shall contact the organization.

History: Effective July 1, 2010; amended effective April 1, 2016.

General Authority: NDCC 53-06.1-01.1

Law Implemented: NDCC 53-06.1-01.1, 53-06.1-06

99-01.3-12.1-05. Recordkeeping.

Records must include and be retained for three years from the end of the quarter in which the activity was reported, unless otherwise provided by rule:

1. All redeemed and unsold pull tabs for a game, including column sold out indicators, must be retained as documentation for gross proceeds and prizes for one year from the end of the quarter in which the activity was reported on a tax return.
2. The deal's game information sheet, flare with the state gaming stamp affixed, and supplemental signup sheet if applicable.
3. Purchase invoice or receipt documenting the cost and description of merchandise prizes.
4. Record of win according to section 99-01.3-03-08.
5. Credit redemption register, including the date, amount, if credits were still on the device, player's name and signature, signature or initials of person who paid the player, bar reimbursement information if applicable, and date paid.
6. If an employee redeems winning pull tabs at a site, a daily employee report documenting the starting and ending cash on hand, IOU records according to section 99-01.3-03-06, change in cash bank, total cash prizes, credits paid, and cash long or short.

7. Cash profit as defined in subdivision h of subsection 8 of section 99-01.3-02-01.
8. Interim period site summary, including gaming stamp number and game serial number, date placed and date removed, meter readings, test vends, currency withdrawn, total cash prizes redeemed by bar and organization employees, credit redemption register refunds, cash receipts, and bank deposit.
9. A summary that includes the following:
 - a. Cumulative cash receipts, bank deposits, and prizes;
 - b. Reconciliation of nonresettable meters for currency and the number of pull tabs dispensed to the currency in the device and to the value of the pull tabs dispensed; and
 - c. Ideal gross proceeds, value of unsold pull tabs, gross proceeds, total cash prizes, total prizes paid by check, cost of coins, total prizes, adjusted gross proceeds, cash profit, and cash long or short. The summaries of all prize boards for a quarter must reconcile to the tax return.
10. Access log, including the date, time, nonresettable currency meter reading, reason for entry, and initials of the employee.
11. Inventory records according to subsection 1 of section 99-01.3-03-09.
12. Ideal cash bank master records according to subsection 5 of section 99-01.3-03-09.
13. Verification of the amount deposited according to a bank statement, and an audit of the game's activity according to subsections 6 and 7 of section 99-01.3-03-10.
14. The count and reconciliation of deals and cash banks according to subsections 1, 5, and 7 of section 99-01.3-03-09.

History: Effective July 1, 2010; amended effective April 1, 2016; July 1, 2018.

General Authority: NDCC 53-06.1-01.1

Law Implemented: NDCC 53-06.1-01.1, 53-06.1-06