

Gaming Update



June 2008

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A copy of **GAMING UPDATE** is provided free of charge to all gaming distributors and organizations, and to the Gaming Commission and Advisory Board members. Please share this newsletter.

Electronic Pull Tab Rules – Suspended

On April 11, 2008, James Wang, Chairman of the State Gaming Commission, received official notification from the Office of Attorney General that rules drafted for the operation of electronic pull tab dispensing devices could not be approved.

The letter stated that “although a preliminary review of the operation of those devices appeared favorable, upon closer inspection of the machines in question and review of state statutes, this office has concluded that the devices allow the playing of pull tabs by electronic video gaming device and, therefore, are not allowed under current state law.”

As you may recall, at its October 18, 2007 meeting, the State Gaming Commission voted to direct the Office of Attorney General to draft rule changes which would allow pull tab devices such as International Gamco’s Oasis System and Planet Bingo’s E-tabs.

Based on the above notification, the rulemaking process for electronic pull tabs has been suspended.

State Gaming Commission – Teleconference

A teleconference of the State Gaming Commission will be held to approve the minutes of the October 18, 2007 meeting, take formal action on suspension of the rule writing process, and discuss recent action by the Judiciary Committee on Senate Concurrent Resolution No. 4011.

The meeting will take place at 9:00 AM on Thursday, June 26, 2008. If you are interested in listening to the teleconference, a speaker phone will be available in the Gaming Division on 17th floor of the State Capitol in Bismarck.

Senate Concurrent Resolution No.4011

The interim Judiciary Committee held its third meeting on Senate Concurrent Resolution No. 4011 on Tuesday, April 15, 2008, at the State Capitol in Bismarck. Although the majority of the testimony on the study related to operation of the Lottery and Racing Commission, Chief Deputy Attorney General Thomas Trenbeath suggested several changes to the draft legislation should the committee pursue eliminating the State Gaming Commission and replacing it with a Gaming Advisory Commission. The Office of Attorney General did not take a formal position on the proposed bill draft.

Based on comments at the Judiciary Committee meeting, the proposed bill draft which was included in the March 2008 Edition of the *Gaming Update* newsletter, will be redrafted with the following changes:

- The number of Gaming Advisory Commission members will be increased from 5 to 7 members;
- Gaming Advisory Commission meetings will be required twice per year rather than once quarterly as well as any additional meetings as the chairman determines necessary;
- Advisory Commission members will receive the same salary as legislators attending interim committee meeting (currently \$104 per day) rather than \$75 per day; and
- Changes will be made to allow no more than two members from the gaming industry on the Gaming Advisory Commission.

The minutes of the April 15, 2008 interim Judiciary Committee meeting can be viewed at: <http://www.legis.nd.gov/assembly/60-2007/interim-info/minutes/ju041508minutes.pdf>



Splitting Aces

In May 1998, the administrative rules were changed to allow, at an organization's option, the resplitting of aces with a maximum of four hands per betting space. If aces are split (or resplit after receiving another ace) only one additional card must be dealt face upwards to each of the hands and placed at a right angle to the first card dealt.

North Dakota Administrative Code (N.D.A.C.) § 99-01.3-08-09(3) (Betting) states:

“Splitting is permitted on any pair or any two 10-count value cards. A player is allowed a maximum of four hands per betting space. A player's right-hand card in a split must be played to completion before the adjacent split hand is dealt a second card. A player shall take at least one card on a split hand. A wager of each hand must equal the original wager. Split aces draw only one card each. A two-card twenty-one after a split is not a natural twenty-one.”

and N.D.A.C. § 99-01.3-08-11(3)(a) (Playing) states:

“When a player places a wager for a split, a dealer shall split the cards side by side. If a player has also placed a tip bet, a dealer shall assign and reposition the tip bet to the split hand located at the foremost left of a betting space, from the dealer's perspective. Each split hand must be played separately. If aces are split, one additional card must be dealt face upwards to each of the hands and placed at a right angle to the first card dealt.”

If your organization has any questions about these rules please contact the Gaming Division at (701) 328-4848.



Licensed Distributors & Manufacturers

The re-licensing process for the fiscal year April 1, 2008 through March 31, 2009 has been completed. The following is a list of licensed Gaming Distributors and Manufacturers for the current licensing year:

LICENSED DISTRIBUTORS

NAME	MAILING ADDRESS	TELEPHONE
Borchert Distributing LLC	811 8 th Ave N, Fargo, ND 58102	(701) 799-8401
Central Gaming	2204 HWY 1806 S, Mandan, ND 58554	(701) 667-4550
Charitable Equipment Inc.	PO Box 1877, Fargo, ND 58104	(701) 280-9292
Chuck's Inc.	214 Main Street, Williston, ND 58801	(701) 572-6254
Dakota Gaming Supply Inc.	1308 E Ave F, Bismarck, ND 58501	(701) 224-0514
Lien Games Inc.	PO Box 564, Fargo, ND 58103	(701) 232-7755
Mr. Ed's Bingo & Casino Supply	PO Box 848, Fargo, ND 58102	(701) 492-8928
Northland Gaming	6233 Martens Way, Fargo, ND 58104	(701) 232-9318
Statewide Inc.	1015 N 51 st St # D, Grand Forks, ND 58203	(800) 732-1090
Western Distributing Co.	PO Box 832, Bismarck, ND 58504	(701) 223-0154

LICENSED MANUFACTURERS

Douglas Press	2810 Madison St, Bellwood, IL 60104	(708) 547-8400
International Gamco Inc.	9335 N 48th St, Omaha, NE 68152	(402) 571-2449
Universal Manufacturing Co.	5450 Deramus, Kansas City, MO 64120	(816) 231-2771
Arrow International Inc.	9900 Clinton Road, Brooklyn, OH 44144	(216) 961-3500
Paramount Games Inc.	30 Mills Street, Wheatland, PA 16161	(972) 713-2821
Gametech International Inc.	900 Sandhill Road, Reno, NV 89521	(775) 850-6000
Planet Bingo LLC	41-750 Rancho Las Palmas # A Rancho Mirage, CA	(760) 773-0197
Video King & Power Bingo King	2717 N 118th Circle # 210, Omaha, NE 68164	(402) 951-2970
Varitech Gaming Inc.	12 Smith St, St. Catharines, Ont. Canada, L2P 3H9	(905) 346-1221
(Pull Tab Dispensing Device Manufacturers Only)		
Technik Manufacturing Inc.	1005 17th St, Columbus, NE 68601	(402) 564-3191

This information is also available for download from the Licensing pages on the Attorney General's website at www.ag.nd.gov, along with License holder information.

The screenshot shows a web browser window displaying the "License Holders" page on the North Dakota Attorney General's website. The page header includes the state name, the Attorney General's name (Wayne Stenehjem), and navigation links. A sidebar on the left lists various government departments. The main content area lists several license categories with links to their respective pages, including:

- State Retail Alcoholic Beverage Licenses
- Monthly Changes to State Retail Alcoholic Beverage License Holders
- State Retail Tobacco Licenses sorted by city
- State Retail Tobacco Licenses sorted by county
- State Wholesale Tobacco Licenses
- Coin Operated Amusement Device Licenses - Operator's Licenses
- Coin Operated Amusement Device Licenses - Location Licenses
- Licensed Gaming Organizations
- Licensed Gaming Distributors
- Licensed Gaming Manufacturers
- Licensed Manufacturers of Pull Tab Dispensing Devices only
- State Transient Merchant Licenses
- Wholesale Fireworks Licenses



Analysis of Gaming Activity ~ 4th Quarter 2007

The amount of money wagered on charitable games of chance for the quarter ended December 31, 2007, was \$66,194,240. This represents an increase of 2.4% or \$1,609,008 from wagers made during the same quarter in 2006 when \$64,585,232 was wagered. Although bingo continued its decline with a decrease of 1.9% or (\$160,086), other game types more than offset the decrease in bingo wagers. The largest dollar increases were in pull tab sales which increased 3.1% or \$667,847, twenty-one wagers which increased 2.8% or \$564,705, pull tab dispensing device activity which increased 1.9% or \$257,936, and prize boards which increased 47.9% or \$193,948.

Quarter Ended December 31, 2007

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$8,057,934	\$6,325,051	\$1,732,883
Raffles	771,725	306,708	465,017
Pull Tabs	21,804,859	17,169,643	4,635,216
Pull Tabs - Dispensing	13,535,804	10,454,209	3,081,595
Club Specials, Tip, Seal & Prize Boards	405,205	301,015	104,190
Punch Boards	8,200	6,479	1,721
Sports Pools	45,397	36,529	8,868
Twenty-One	19,860,225	16,603,329	3,256,896
Calcuttas	37,385	32,195	5,190
Paddlewheels	47,220	24,579	22,641
Paddlewheels – with Table	1,200,480	886,049	314,431
Poker	401,221	322,439	78,782
Other (Cash Long/Interest)	<u>18,585</u>	<u>0</u>	<u>18,585</u>
Totals:	\$66,194,240	\$52,468,225	\$13,726,015
Less: ND Excise Tax			\$1,540,088
Federal Excise Tax			24,399
ND Bingo Excise Tax			<u>234,489</u>
Total Adjusted Gross Proceeds			\$11,927,039
Less: Gaming Tax			\$788,957
Total Allowed Expenses			<u>6,886,948</u>
Total Deductible Expenses			\$7,675,905
Net Proceeds Earned			\$4,251,134
Eligible Use Contributions			\$4,341,139



Analysis of Gaming Activity ~ 2007

The amount of money wagered on charitable games of chance for calendar year ended December 31, 2007 was \$258,265,380. This represents a 1.2 percent decrease or (\$3,163,230) from calendar year 2006 when \$261,428,610 was wagered. The largest decreases were in bingo with a 8.7 percent decrease or (\$3,116,421) and pull tabs with a 2.2 percent decrease or (\$1,949,782), while poker (now listed as an individual game type rather than being combined with Other Income with only the Adjusted Gross Proceeds amount) increased 100 percent at \$1,188,236, prize board increased 68.2 percent or \$497,595, and raffles increased by 14.6 percent or \$503,690.

Calendar Year Ended December 31, 2007

	Gross Proceeds	Prizes	Adjusted Gross Proceeds
Bingo	\$32,719,665	\$25,561,176	\$7,158,489
Raffles	3,954,286	1,675,747	2,278,539
Pull Tabs	85,888,230	67,672,498	18,215,732
Pull Tabs - Dispensing	52,632,984	40,742,076	11,890,908
Club Specials, Tip, Seal & Prize Boards	1,227,604	901,013	326,591
Punch Boards	17,400	13,285	4,115
Sports Pools	108,304	87,737	20,567
Twenty-One	75,446,715	63,445,069	12,001,646
Calcuttas	143,468	120,062	23,406
Paddlewheels	147,370	74,118	73,252
Paddlewheels – with Table	4,734,527	3,457,414	1,277,113
Poker	1,188,236	951,902	236,334
Other (Cash Long/Interest)	<u>56,591</u>	<u>0</u>	<u>56,591</u>
Totals:	\$258,265,380	\$204,702,097	\$53,563,283
Less: ND Excise Tax			\$6,021,318
Federal Excise Tax			93,272
ND Bingo Excise Tax			<u>1,407,616</u>
Total Adjusted Gross Proceeds			\$46,041,077
Less: Gaming Tax			\$3,055,554
Total Allowed Expenses			<u>26,669,394</u>
Total Deductible Expenses			\$29,724,948
Net Proceeds Earned			\$16,316,129
Eligible Use Contributions			\$17,600,228



Top Twenty Organizations

Year Ended December 31, 2007

Name	Active Sites	Gross Proceeds	Prizes	Adjusted Gross Proceeds
ND Association for the Disabled, Grand Forks	9	\$5,740,501	\$4,600,669	\$1,139,832
Plains Art Museum, Fargo	4	3,754,441	2,974,815	779,626
Prairie Public Broadcasting, Inc., Fargo	10	3,097,129	2,475,767	621,362
Minot Junior Golf Association, Inc., Minot	8	1,838,040	1,488,309	349,731
Grand Forks Blue Line Club, Inc., Grand Forks	2	1,757,365	1,427,080	330,285
Bismarck-Mandan CVB, Bismarck	6	1,702,999	1,372,808	330,191
Minot Hockey Boosters, Inc., Minot	18	1,585,232	1,271,969	313,263
Listen Inc., Grand Forks	8	1,404,510	1,104,926	299,584
Fort Abraham Lincoln Foundation, Mandan	15	1,374,974	1,086,285	288,689
Development Homes, Inc., Grand Forks	9	1,756,075	1,473,817	282,258
Knights of Columbus Council, Jamestown	17	1,279,464	997,755	281,709
West Fargo Hockey Assn., Inc., West Fargo	6	1,579,717	1,304,198	275,519
Dickinson Youth Activities, Dickinson	5	1,120,789	864,907	255,882
American Foundation for Wildlife, Bismarck	25	1,189,679	944,824	244,855
Northern Prairie Performing Arts, Fargo	9	1,222,158	986,182	235,976
Red River Human Services FND, Fargo	5	1,302,168	1,083,162	219,006
Williston State College FND, Williston	8	1,032,594	825,691	206,903
Cystic Fibrosis Assn. of ND, Bismarck	8	928,591	738,175	190,416
Progress Enterprises, Inc., Jamestown	5	892,364	708,209	184,155
The Team Makers Club, Inc., West Fargo	<u>3</u>	<u>1,017,370</u>	<u>850,365</u>	<u>167,005</u>
TOTALS:	180	35,576,160	28,579,913	6,996,247

Note: The organizations are listed in descending order by Adjusted Gross Proceeds prior to adjustments for Cash Long (+), Interest (+), Gaming Excise Tax (-), and Bingo Sales Tax (-).

Lottery Update

On April 30, 2008, Chuck Keller, the state's first Lottery Director, stepped down after nearly 38 years of employment with the State of North Dakota. Julie Thompson, the Lottery's Security Officer and a former employee of the Gaming Division, will serve as interim Lottery Director until a permanent replacement is announced.



Twenty-one Percent of Hold

How does your organization compare to the statewide average twenty-one percent of hold? During the quarter ended December 31, 2007, the statewide average percent of hold (adjusted gross proceeds divided by gross wagers) for the game of twenty-one was **16.4%**. The gaming division calculated the following:

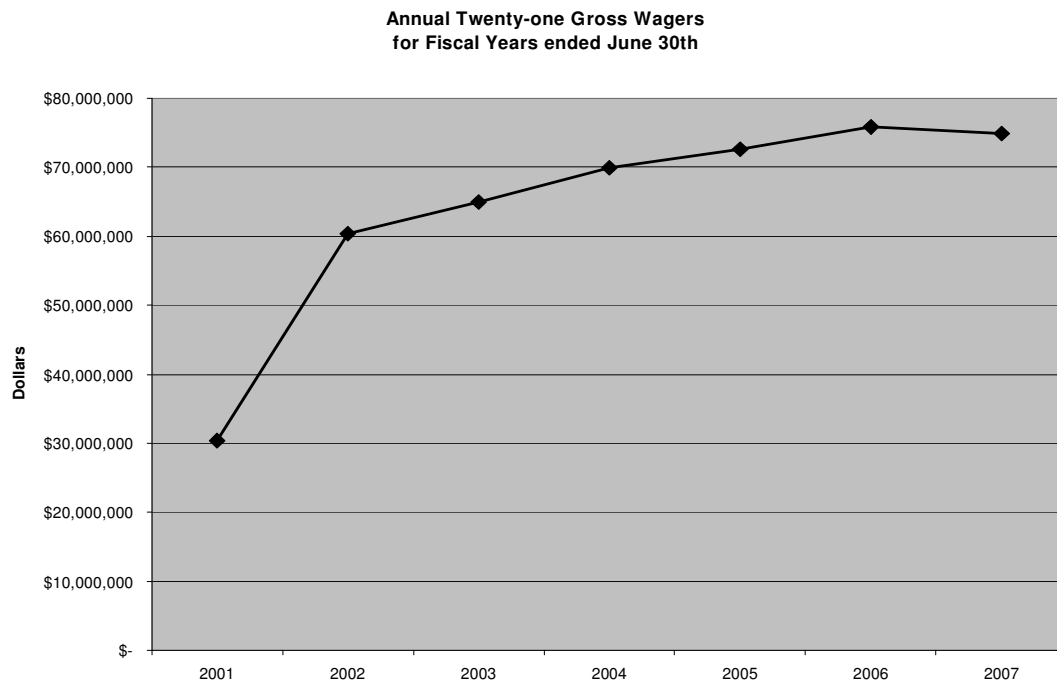
- A total of 117 organizations out of 344 active organizations (34%) conducted twenty-one during the quarter;
- The site with the largest twenty-one activity in the state (\$1,060,438 in gross wagers) had a percent of hold of 17.7%;
- 16 organizations (14%) had an **overall percent of hold** at all of their sites below 10% (ranging from 9% to a negative -44.4%); and
- A total of 18 organizations or individual sites had a **negative** percent of hold for the quarter, with the average gross wager at these locations of less than \$5,000 (five of these 18 sites had gross wagers totaling \$1,000 or less for the entire quarter).

Based on the above facts, the gaming division encourages organizations to look at their past twenty-one activity prior to scheduling an event at a site with limited opportunity to recover from a poor percent of hold. **Only one site with twenty-one gross wagers totaling \$1,000 or less for the entire quarter, had a positive percent of hold.**

If organizations have specific questions regarding their percent of hold at individual sites during a quarter, please contact Deb McDaniel in the Gaming Division for further assistance.

Twenty-one Gross Wagers (2001 – 2007)

Gross wagers from the game of twenty-one has increased substantially since the increase in bet limits from \$5 to \$25 in August 2001. The increased activity for twenty-one for fiscal years from June 30, 2001, through June 30, 2007, is shown below:



Office of Attorney General
Gaming Division
600 East Boulevard Avenue
Dept. 125
Bismarck, ND 58505-0040

www.ag.nd.gov

Official Mail
State of North Dakota
Return Service Requested

Interim Judiciary Committee – Next Meeting

The next meeting of the Judiciary Committee is scheduled for **Tuesday, August 12, 2008**, in the Roughrider Room at the State Capitol in Bismarck. The committee will reconsider the changes made to the proposed bill for the 2009 legislative session which would eliminate the 5-member State Gaming Commission and replace it with a 7-member Gaming Advisory Commission. See update on Senate Concurrent Resolution No. 4011 on page 2 of this newsletter.