

Section 540 – Gambling

Section 540:00. Purpose. The purpose of this ordinance is to closely regulate and control the conduct of gambling.

Section 540:02. Provisions of State Law Adopted. The provisions of Minnesota Statutes, Chapter 349, and Laws of Minnesota, 1978, Chapter 507, relating to the definition of terms, licensing, and restrictions of gambling are adopted and made a part of this ordinance as if set out in full.

Section 540:04. Definitions. For the purpose of this ordinance, the following words shall have the meanings given them in the following subdivisions:

Subd. 1. “Active member” means a member who has paid all his dues to the organization and has been a member of the organization for at least six months.

Subd. 2. “Lawful purpose” means lawful purposes as defined in Minnesota Statutes, Chapter 349.12, Subd. 6, and in addition thereto, shall mean other purposes as authorized at a regular meeting of the organization.

Subd. 3. “City” means the City of Foley, Minnesota.

Section 540:06. License Requirement. No person shall directly or indirectly operate a gambling device or conduct a raffle without a license to do so as provided in this ordinance.

Section 540:08. Persons Eligible for a License. A license shall be issued only to fraternal, religious, and veterans organizations, or any corporation, trust, or association organized for exclusively scientific, literary, charitable, educational, or artistic purposes, or any club which is organized and operated exclusively for pleasure or recreation. Such organization must have been in existence for at least three years and shall have at least thirty (30) active members.

Section 540:10. License Fees.

Subd. 1. Fees. The annual fee for a paddle wheel shall be \$10.00; the annual fee for a tipboard shall be \$10.00; and the annual fee for a raffle shall be \$10.00.

Subd. 2. Application Procedure. Application for a license shall be made upon a form prescribed by the Council. No person shall make a false representation in an application. The Council shall act upon said application within 180 days from the date of application, but shall not issue a license until at least 30 days after the date of application.

Subd. 3. Limited Term License. The Council may, if the applicant requests, issue a gambling license pursuant to this ordinance for a period of time less than one year in duration or for a specific gambling event. The fee for such a limited term license shall be one-half the annual fee for such license.

Section 540:12. Profits. Profits from the operation of gambling devices for the conduct of raffles shall be used for lawful purposes only, as defined by Section 540:04, Subd. 2.

Section 540:14. Conduct of Gambling.

Subd. 1. Gambling Manager. All operation of gambling devices and the conduct of raffles shall be under the supervision of a single gambling manager to be designated by the organization. The gambling manager shall be responsible for gross receipts and profits from gambling devices and raffles and for their operation. The gambling manager shall be responsible for using profits for a lawful purpose.

Subd. 2. Bond. The gambling manager shall provide a fidelity bond in the sum of \$10,000.00 in favor of the organization conditioned on the faithful performance of his duties. Terms of the bond shall provide that notice shall be given in writing to the licensing authority not less than 30 days prior to its cancellation. The City may waive this bond requirement by including a waiver provision in the gambling license issued to an organization, provided that a license containing such a provision shall be granted only by unanimous vote.

Subd. 3. Qualifications of Gambling Manager. The gambling manager shall be an active member of the organization, and shall qualify under State law.

Section 540:16. Compensation. No compensation shall be paid to any person in connection with the operation of a gambling device or the conduct of a raffle by a licensed organization. No person who is not an active member of an organization, or the spouse or surviving spouse of an active member, may participate in the organization's operation of a gambling device or conduct of a raffle.

Section 540:18. Reporting Requirements.

Subd. 1. Gross Receipts. Each organization licensed to operate gambling devices shall keep records of its gross receipts, expenses and profits for each single gathering or occasion at which gambling devices are operated or a raffle is conducted. All deductions from gross receipts for each single gathering or occasion shall be documented with receipts or other records indicating the amount, a description of the purchased item or service or other reason for the deduction, and the recipient. The distribution of profits shall be itemized as to payee, purpose, amount, and date of payment.

Subd. 2. Separation of Funds. Gross receipts from the operation of gambling devices and the conduct of raffles shall be segregated from other revenues of the organization, and placed in a separate account. The person who accounts for gross receipts, expenses and profits from the operation of gambling devices or the conduct of raffles shall not be the same person who accounts for other revenues of the organization.

Subd. 3. Monthly Reports. Each organization licensed to operate gambling devices or to conduct raffles shall report monthly to its membership, and to the City Clerk, its gross receipts, expenses and profits from gambling devices or raffles, and the distribution of profits. The licensee shall preserve such records for three years.

Section 540:20. Eligible Premises. Gambling devices shall be operated and raffles conducted by a licensed organization only upon premises which it owns or leases, except that tickets for raffles may be sold off - the premises. Leases shall be in writing and shall be for a term of at least twelve months, unless the City Council specifies a shorter term and such shorter term is inserted in the license issued to the organization. No lease shall provide that rental agreements be based on a percentage of receipts. A copy of the lease shall be filed with the City Clerk.

Section 540:22. Prizes. Total prizes from the operation of paddle wheels and tipboards awarded in any single day in which they are operated shall not exceed \$500.00. Total prizes resulting from any single spin of a paddle wheel or from any single tipboard shall not exceed \$100.00. Total prizes from the operation of a raffle shall not exceed \$3,000.00. Total prizes awarded in any calendar year by any organization shall not exceed \$15,000.00.

Section 540:24. Bingo. Nothing in this ordinance shall be construed to authorize the conduct of bingo without acquiring a separate bingo license.

Section 540:26. Penalties.

Subd. 1. Criminal Penalty. Violation of any provision of this ordinance shall be a misdemeanor. A person convicted of violating any provision of this ordinance shall be subject to a fine of not more than \$500.00 or imprisonment for a term not to exceed 90 days, or both, plus in either case the costs of prosecution.

Subd. 2. Suspension and Revocation. Any license may be suspended or revoked for any violation of this ordinance. A license shall not be suspended or revoked until the procedural requirements of Subd. 3 (supra) have been complied with, provided that in cases where probable cause exists as to an ordinance violation, the City may temporarily suspend upon service of notice of the hearing provided for in Subd. 3. Such temporary suspension shall not extend for more than two weeks.

Subd. 3. Procedure. A license shall not be revoked under Subd. 2 until notice and an opportunity for a hearing have first been given to the licensee. The notice shall be personally served and shall state the ordinance provision reasonably believed to be violated. The notice shall also state that the licensee may demand a hearing on the matter, in which case the license will not be suspended until after the hearing is held.

If the licensee requests a hearing, one shall be held on the matter by the Clerk at least one week after the date on which the request is made. If, as a result of the hearing, the Clerk finds that an ordinance violation exists, the Clerk shall report such findings to the Council, and then the Council may suspend or terminate the license.