

**COMPLIANCE REVIEW GROUP
PRECONFERENCE MEMORANDUM**

PREPARED AUGUST 14, 1998

LICENSE NUMBER: 04575 **EFFECTIVE DATES:** 04/01/97 through 03/31/99

ORGANIZATION: MINN RECREATION AND PARK ASSN

ADDRESS: JON GURBAN, CHIEF EXECUTIVE OFFICER
4320 LAKE HARRIET PKWY W
MINNEAPOLIS, MN 55410

PHONE NUMBERS: ORGANIZATION 612/920-6906
CHIEF EXECUTIVE OFFICER 612/920-6906
GAMBLING MANAGER 612/920-6906

CONFERENCE DATE: THURSDAY, AUGUST 20, 1998

BASIS OF ALLEGATIONS: COMPLIANCE REVIEW REPORT: JULY 31, 1998
INVESTIGATIVE REPORT DATED: JUNE 29, 1998

CRG REFERRAL DATE: JULY 23, 1998

***NOTE: INFORMATION PRINTED IN ITALICS BELOW
IS PROVIDED ONLY TO THE CRG COMMITTEE.***

ALLEGED VIOLATIONS AND RESPONSE

NOTE: A meeting will be scheduled in the future with Mary Magnuson, Attorney for Minn Recreation and Park Assn. There is no response information at this time.

1. Respondent conducted lawful gambling without the supervision of a licensed gambling manager, in violation of Minn. Stat. § 349.167, subd. 1 (1996) and Minn. Rules 7861.0030, subp. 9 (1997) and 7861.0060, subp. 1(B) (1997), as indicated on page one of the Compliance Review Report and in the Investigative Report. Specifically, Respondent failed to have its licensed gambling manager adequately supervise the conduct of lawful gambling including supervising the assistant gambling managers and lawful gambling employees, and assuring that the conduct of lawful gambling was done in compliance with all laws and rules related to lawful gambling.
2. Respondent failed to maintain internal controls sufficient to protect the integrity of its lawful gambling, in violation of Minn. R. 7861.0120, subp. 1A (1997). Specifically, Respondent did not oversee or directly perform the following functions: audit closed games, monitor cash variances, make deposits, file fund losses, monitor the inventory system, provide all required information at the monthly membership meetings and reconcile its profit carryover.

3. Respondent accepted a check in payment for the purchase of gambling equipment, in violation of Minn. Stat. § 349.2127, subd. 7, as indicated on page eight of the Investigative Report.
4. Respondent failed to conduct lawful gambling on a cash basis, in advance of any play, in violation of Minn. R. 7861.0060, subp. 1B (1997), as indicated on page eight of the Investigative Report.
5. Respondent failed to maintain all required records related to gambling with the organization's meeting minutes, in violation of Minn. R. 7861.0120, subp. 3(B) (1997), as indicated in Exhibit P of the Investigative Report.
6. Respondent made a false statement in a document, application, or report required to be submitted to the Board, in violation of Minn. R. 7865.0020 (1997), and is therefore subject to discipline by the Board, as indicated on page two of the Compliance Review report and in the Investigative Report. Specifically, the organization submitted a gambling manager application which listed a bond number that did not relate to a \$10,000 fidelity bond in the name of the applicant.
7. Respondent made a false statement in a document, application, or report required to be submitted to the Board, in violation of Minn. R. 7865.0020 (1997), and is therefore subject to discipline by the Board. Specifically, the gambling manager stated a police report was filed for a missing deal by himself and/or the CEO, John Gurban. The police report was filed by John Burlingame and James Dittmer.
8. Respondent entered into a lease agreement which imposed restrictions on the organization with respect to providers of gambling related equipment and services or in the use of net profits from lawful purposes, in violation of Minn. R. 7861.0060, subp. 2A (1997). Specifically, Respondent made an expenditure at the request of the lessor.
9. Respondent employed assistant gambling managers, in violation of Minn. R. 7861.0030, subp. 12A (1997). Specifically, Respondent employed persons acting as assistant gambling managers that included performing supervising, hiring, firing, and disciplining all gambling employees, and more than three other duties as listed under Minn. R. 7861.0030, subp. 9 (1997) (gambling manager's duties), as indicated on page two of the Compliance Review Report and in the Investigative Report.
10. Respondent employed persons acting as assistant gambling managers that did not qualify, in violation of Minn. R. 7861.0030, subp. B (1997).
11. Respondent sought or accepted assistance from a manufacturer or distributor, or representative, agent, affiliate, or employee of a manufacturer or distributor, in identifying potential locations for gambling conducted by the organization, in violation of Minn. Stat. § 349.165, subd. 4 (1996).

