

2017-2019 STRATEGIC PLAN



ALCOHOL AND GAMBLING ENFORCEMENT



**ALCOHOL & GAMBLING
ENFORCEMENT**

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INTRODUCTION

The Alcohol and Gambling Enforcement Division (AGED) regulates two industries that are constantly evolving. Goals include:

- Maintaining a comprehensive view of the industries and all their regulations.
- Sharing resources with other agencies to promote efficiency.
- Streamlining processes with technology updates.

MINNESOTA DEPARTMENT OF PUBLIC SAFETY MISSION

The Department of Public Safety is committed to protecting citizens and communities through activities that promote and support prevention, preparedness, response, recovery, education, and enforcement. These objectives are achieved through focusing on saving lives, providing efficient services, maintaining public trust, and developing strong partnerships.

AGED MISSION

AGED's mission is to protect and serve the public through uniform interpretation, regulation, and enforcement of the state's liquor and gambling laws and rules. AGED maintains stability and integrity in the alcoholic beverage and gaming industries through the management of licensing, education, regulation, and enforcement.

AGED VISION

AGED is recognized as a public safety authority on alcohol and gambling regulation and enforcement in Minnesota. AGED enforces Minnesota laws, and vigilantly monitors developments in both industries to ensure consumer safety.

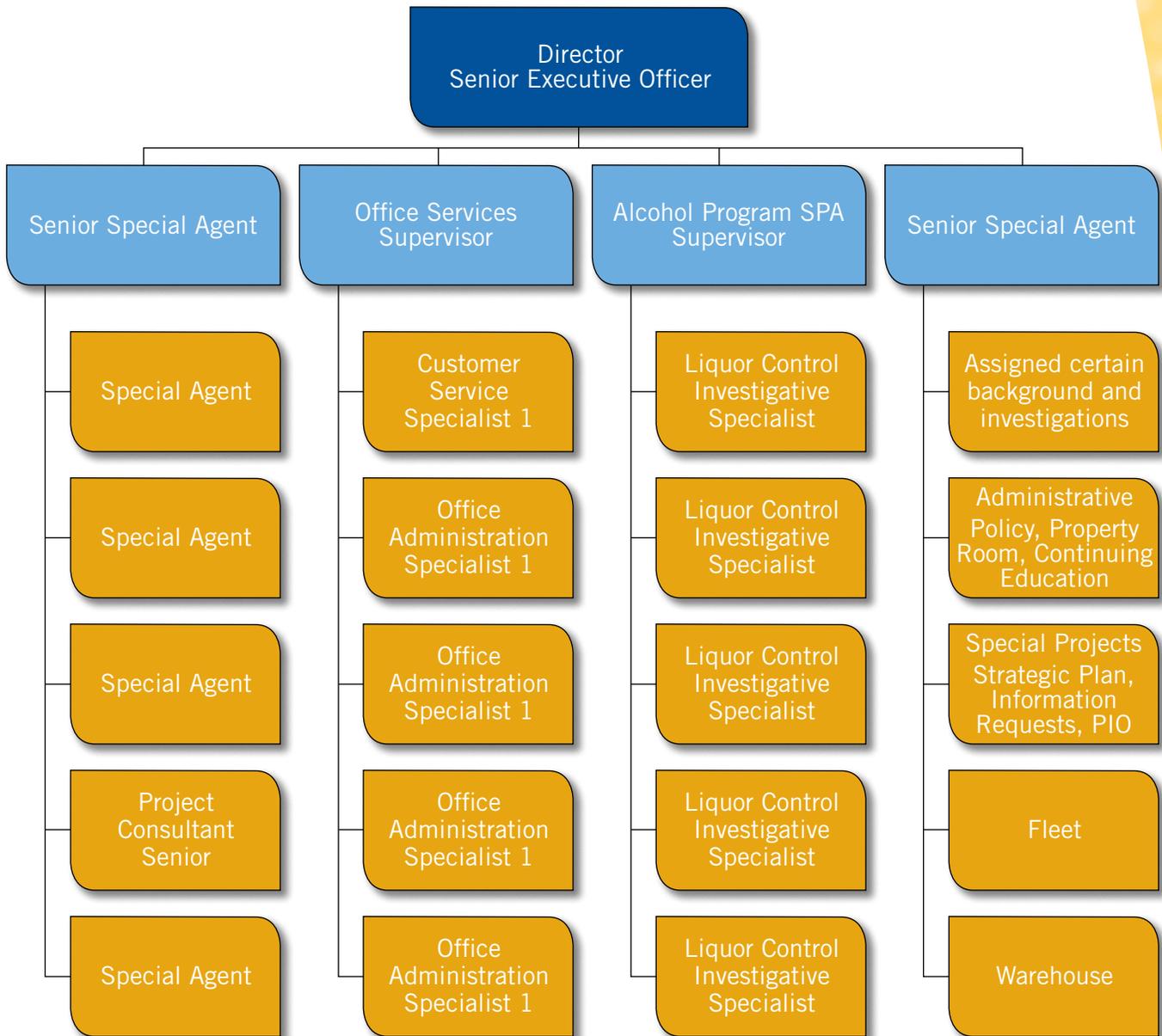
CORE VALUES

- Integrity
- Impartiality
- Professionalism
- Dedication

AGENCY HISTORY AND STAFFING

The Minnesota Liquor Control Division was formed in 1934 after prohibition ended. The Minnesota Legislature created the Gambling Enforcement Division in 1989 after the first state/tribal gaming compacts were formed. The two agencies merged in 1996, forming the Minnesota Department of Public Safety Alcohol and Gambling Enforcement Division (AGED).

AGED has 19 full-time employees in its St. Paul office, seven of whom are sworn peace officers. Sworn agents and non-sworn liquor agents travel statewide to conduct their work.

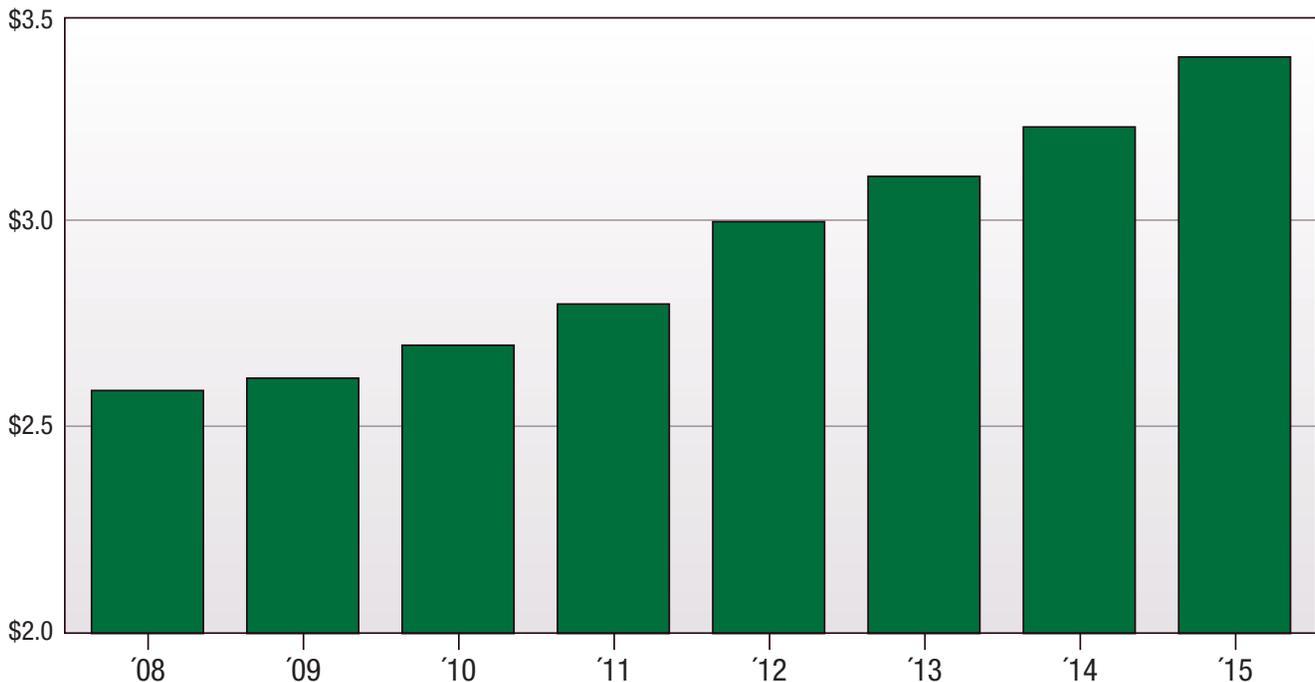


ALCOHOL

A nationwide, three-tier system of alcohol circulation was put in place when prohibition ended to assure that alcoholic beverages move in an orderly, sanctioned process from the manufacturer to a state-licensed wholesaler and on to a locally licensed retailer such as a bar, restaurant, or store. The three-tier system requires separation of producers from retailers to avoid market manipulation and pressure to increase alcohol sales without regard for social consequences.

Regulation of the three-tier system also enables proper collection of excise and sales taxes on liquor. Historically, crime, unscrupulous sales tactics, and anti-competitive business arrangements flourished in the alcohol industry without this structure. In recent years, three license types created by statute do not comply with the distributor tier. They are farm wineries, brew pubs, and breweries that produce fewer than 20,000 barrels annually. The current surge of innovation in alcohol products from craft brews to infusions are pushing boundaries and presenting challenges, but AGED's mission to protect the public and maintain industry integrity doesn't change.

Minnesota Alcohol Sales (Dollars in Billions)



Source: Minnesota Department of Revenue

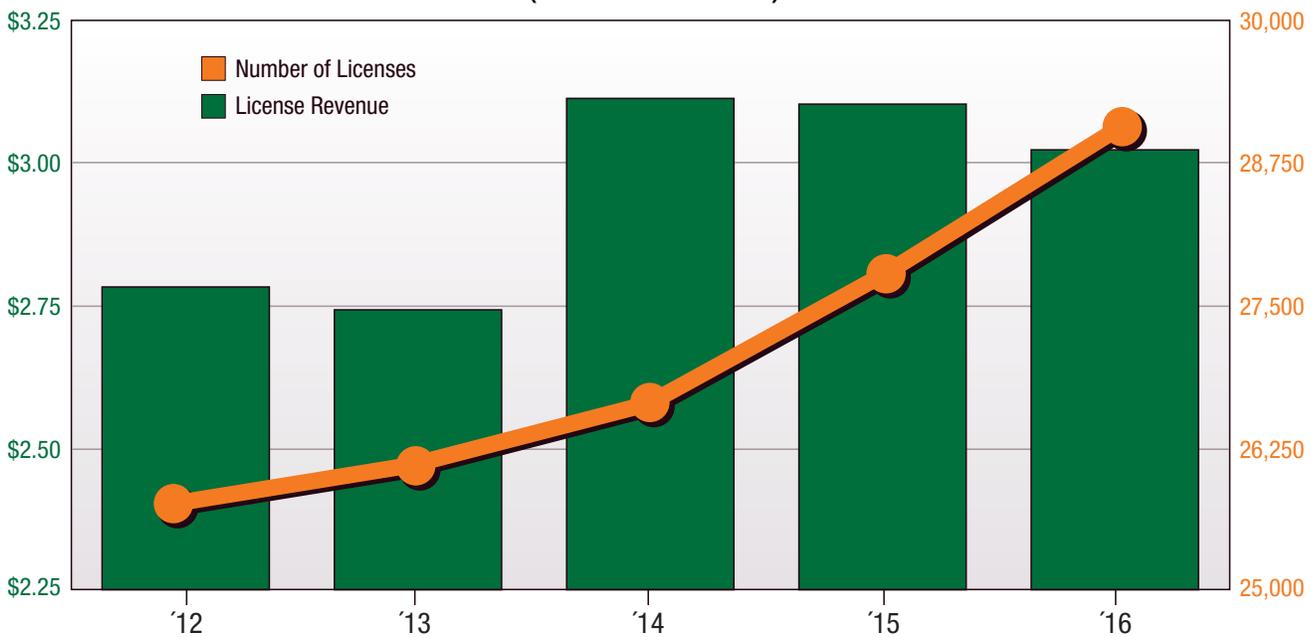
ALCOHOL

ALCOHOL LICENSING

AGED issues many types of alcohol licenses, each with its own requirements and limits. On- and off-sale liquor licenses are issued by local jurisdictions. AGED approves and certifies those licenses, verifying that statutory requirements have been met. AGED also issues buyer's cards to some retailers, making them eligible to purchase from distributors. State alcohol license fees have not been raised in more than 10 years, and maximum fines have not increased since at least 1985.

AGED has implemented a new online system for alcohol brand label submission by manufacturers. An online system for retail buyers' cards will soon be available and AGED is working toward online renewals of existing licenses.

Alcohol Licensing Activity (Dollars in Millions)



Licenses are generally classified in three categories. AGED approves, AGED certifies, AGED issues.

LICENSING STAFF



ALCOHOL

LICENSES ISSUED BY AGED

- Manufacturer's Warehouse Permit
- Wholesalers
- Brewpubs
- Brokers
- Farm Wineries
- Common-Carrier and Tour Boats
- Alcoholic Beverage Catering Permit
- Consumption and Display Permit
- Wine Educator License
- 2 a.m. License
- Ethyl Alcohol Permit
- Bed and Breakfast
- Manufacturer License
- Representative's Identification Card
- Sales Person's Identification Card
- Importers

AGED receives applications, checks paperwork and verifies that federal permits and bond requirements are met. Then applications go to AGED liquor agents who conduct a public-record violation check and review the application information. If an issue is found, an AGED special agent conducts a complete background check on the applicant. Liquor agents do a pre-license inspection of the business premises to verify that the applicant meets licensing standards as defined by statute.

LICENSES APPROVED BY AGED

- County On-Sale, Sunday On-Sale and Seasonal On-Sale Intoxicating Liquor License
- Licenses located in certain areas of the Iron Range
- Club On-sale Intoxicating Liquor License
- Off-Sale Intoxicating Liquor License
- Wine License
- Off-Sale Growler License
- Combination On- and Off-sale Intoxicating Liquor License
- Temporary On-Sale Intoxicating Liquor License

These licenses are issued at the local level with the state providing final approval after staff receives applications, checks paperwork, and verifies liquor liability insurance. Liquor agents do a pre-license inspection of the business premises to verify that the applicant meets licensing standards as defined by statute. Local jurisdictions typically conduct background investigations on applicants.

LICENSES CERTIFIED BY AGED

- City-issued, On-sale and Sunday On-sale Intoxicating Liquor License
- Municipal liquor stores AGED issues retail ID cards
- 3.2 Malt Beverage license
- Licenses in Indian Country AGED issues retail ID cards

These licenses are issued and approved at the local level. AGED receives an on-sale certification form and a copy of the business liquor liability insurance. Background investigations and any inspection required by local authorities are conducted at the local level. AGED issues these applicants retail ID cards.

ALCOHOL

ALCOHOL FIELD INSPECTIONS AND CRIMINAL INVESTIGATIONS

AGED liquor agents do on-site, pre-license inspections throughout Minnesota for licenses AGED issues and approves, but not for those it certifies. AGED liquor agents are also responsible for a variety of regulatory, enforcement, and proactive activities. The agency conducts regulatory investigations that may result in civil action against a licensee. The civil action can be a warning, a fine, or a license suspension or revocation. In cases of suspected criminal activity, AGED sworn agents and liquor agents work together to investigate and prosecute. AGED has five liquor investigators who handle license inspections and investigate complaints throughout the entire state.

EDUCATION

As alcohol regulations become more complex, requests for subject-matter experts increase. Citizens, industry members, attorneys, prospective clients, government officials, and others routinely call AGED for interpretation and clarification of rules and regulations. One current goal is to reach out to all of the various industry and government groups to offer training to promote the agency mission.

Enforcement/Compliance

ACTIVITY	FY '12	FY '13	FY '14	FY '15	FY '16
Investigations	1,007	1,312	1,402	984	1,456
Site Inspections	435	765	985	892	847



GAMBLING

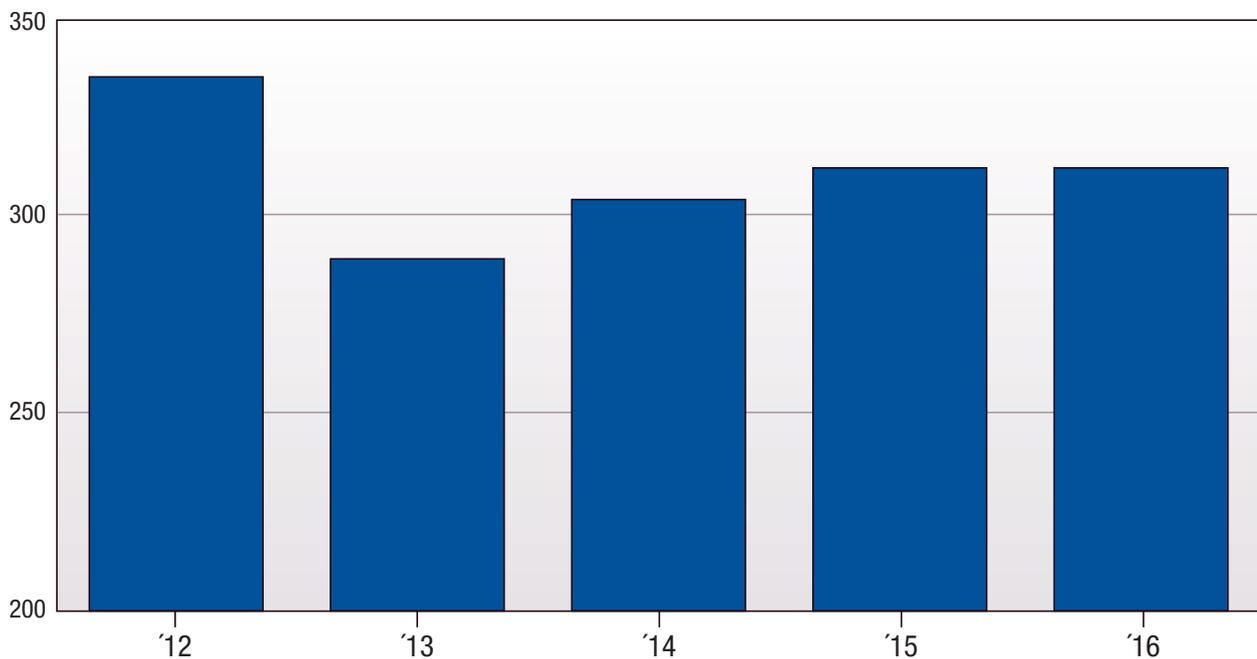
AGED's sworn agents work on alcohol issues as needed, but focus primarily on criminal and regulatory gambling activities. Agents provide education, criminal and background investigations, and enforcement services to the Gambling Control Board (GCB), the Minnesota Racing Commission (MRC) and their card rooms, the State Lottery, and the 11 tribal governments that own and operate 20 tribal casinos

GAMBLING ENFORCEMENT EFFORTS

Under Minnesota Statute, AGED is the state agency with authority to investigate criminal violations of the state's gambling laws. In addition to providing law enforcement support to the other state gaming regulatory agencies, AGED provides law enforcement support and expertise to city and county law enforcement agencies throughout Minnesota. AGED investigations often center on theft, fraud, and identity theft related to gambling. Another key AGED service is public education on gambling laws. AGED receives a high volume of calls asking questions about gambling laws, and what is legal and illegal in Minnesota. Every effort is made to educate people prior to taking enforcement action.

The gambling industry continues to expand in Minnesota. New forms of technology require new ways of regulating and investigating. As technologies advance, AGED must stay informed and ready to interpret or help develop laws and policies for their use. As conditions change, the goal remains the same: to maintain the integrity of gaming despite shifts in culture and technology.

Sworn Agent Activity



GAMBLING

BACKGROUND INVESTIGATIONS

Per Minnesota statute, AGED has authority to issue state gambling-device licenses and oversee state-licensed manufacturers and distributors of gambling devices. With recent industry mergers and acquisitions, there are currently 22 gambling device manufacturers and/or distributors licensed by AGED to conduct business in Minnesota. While state law allows licensed gambling device distributors to sell to the public strictly for personal use in their private dwelling, most gambling device sales are to the 20 tribal casinos. Gambling device manufacturer and distributor licenses must be renewed annually. AGED conducts comprehensive background investigations of license applicants and monitors shipments of gambling devices coming into the state. Investigations involve large numbers of complex, corporate documents and a significant amount of research. Some applicants are large, multi-national corporations located in other states or countries, with numerous subsidiaries and corporate offices.

AGED is also authorized by statute to conduct gaming license and vendor background investigations, record checks, and facility inspections as requested by the State Lottery, Gambling Control Board, and the Minnesota Racing Commission. AGED annually conducts more than 10,000 criminal-history record checks for these other state agencies and the 20 tribal casinos.

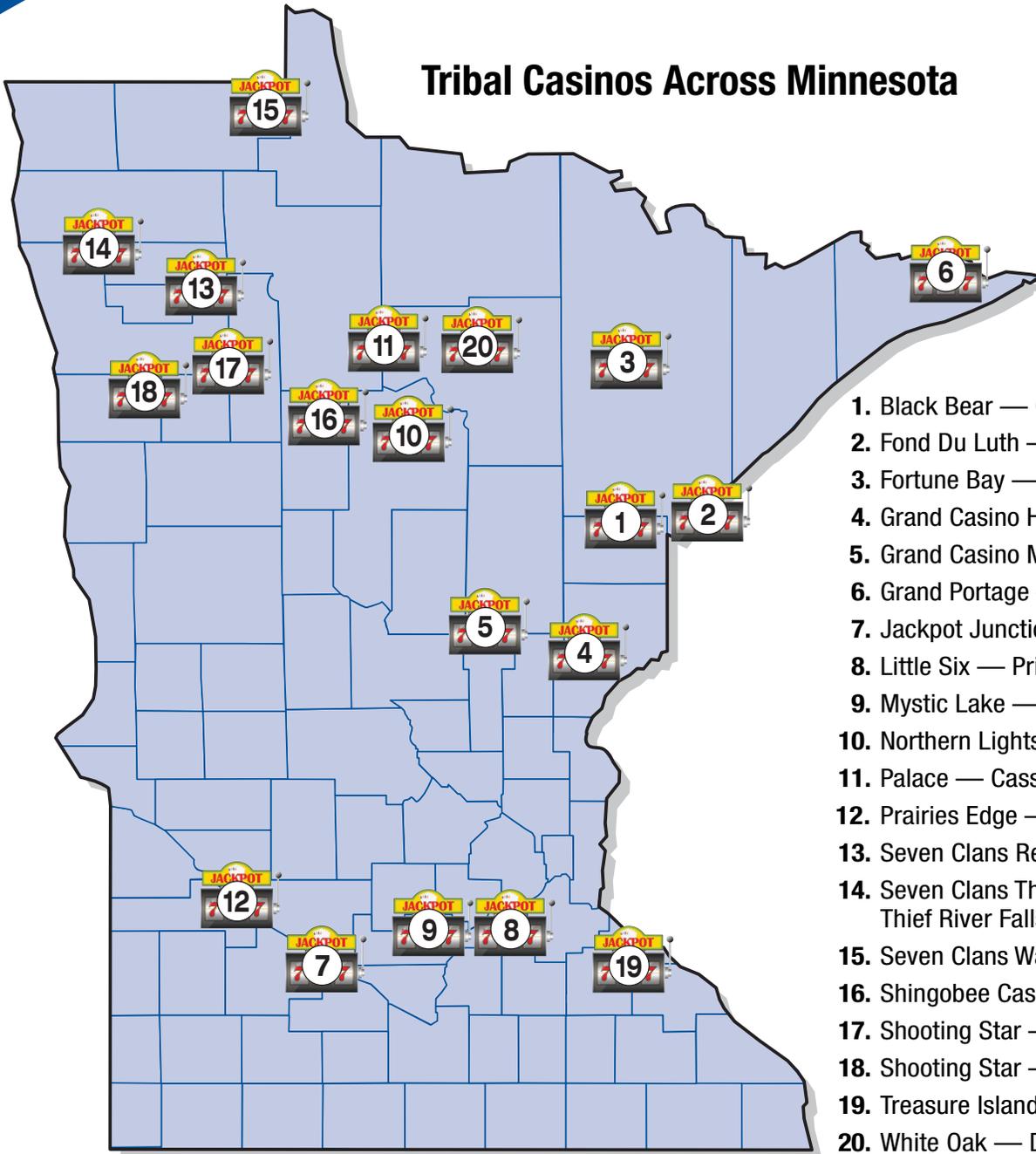
TRIBAL GAMING

Under the state-tribal compacts with Minnesota's 11 Native American Tribes, AGED is the state agency with authority to monitor and conduct compact-compliance inspections of Class III gaming in the casinos. Slot machines and blackjack operations are federally defined as Class III gaming. AGED also reviews tribal gaming audits and facilitates criminal background checks on casino job applicants. There are approximately 22,000 slot machines and 300 blackjack gaming tables in the 18 tribal casinos in Minnesota. Agents travel to each casino to do inspections and audits.



GAMBLING

Tribal Casinos Across Minnesota



1. Black Bear — Cloquet
2. Fond Du Luth — Duluth
3. Fortune Bay — Tower
4. Grand Casino Hinckley — Hinckley
5. Grand Casino Mille Lacs — Onamia
6. Grand Portage — Grand Portage
7. Jackpot Junction — Morton
8. Little Six — Prior Lake
9. Mystic Lake — Prior Lake
10. Northern Lights — Walker
11. Palace — Cass Lake
12. Prairies Edge — Granite Falls
13. Seven Clans Red Lake — Red Lake
14. Seven Clans Thief River — Thief River Falls
15. Seven Clans Warroad — Warroad
16. Shingobee Casino — Shingobee
17. Shooting Star — Bagley
18. Shooting Star — Mahnommen
19. Treasure Island — Welch
20. White Oak — Deer River

Tribal Compliance

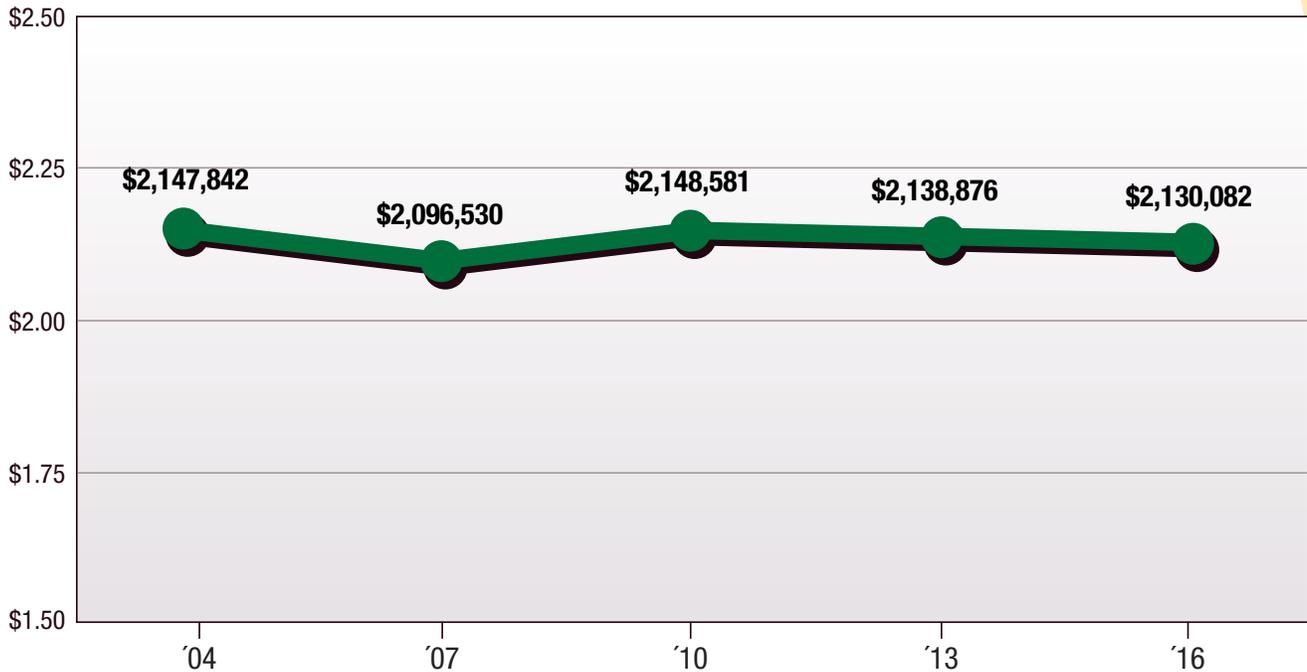
Slot and Blackjack inspections, audits and technology upgrades (e-prints)

ACTIVITY	FY '12	FY '13	FY '14	FY '15	FY '16
Compliance Checks	78	62	97	124	144

BUDGET

AGED's total budget for fiscal year 2016 was \$2.1 million. AGED receives its funding from general funds, special revenue, tribal compacts, and a federal grant that expires in federal fiscal year 2017. AGED has managed to maintain a working balance in its budget over the years through attrition and elimination of expenses.

AGED Budget Allocation (Dollars in Millions)



RECENT ACCOMPLISHMENTS

- Developed and implemented a pre-license application and background process for alcohol licenses.
- Instituted an online option for alcohol brand label registration.
- Developed and followed more aggressive completion schedules for criminal cases and background investigations.
- Worked with industries to help with the timely completion of research for legislative bills.
- Established protocol to ensure gambling license background investigations are up to date with modern practice and efficiency, and created a renewal schedule.
- Implemented electronic charging and filing for criminal cases.
- Increased compact compliance inspections.
- Revamped antiquated agency records retention schedule to current industry standards.
- Purchased and implemented updated technology and office equipment for staff.
- Increased brand awareness and public safety education through social media, live news events, and informational videos.

* All statistics are current as of July 1, 2017



SUMMARY

AGED is a unique agency that combines regulation and enforcement services for two of Minnesota's most highly regulated industries and the agency continues to be praised for its prompt and courteous service. Our consistent focus is on maintaining integrity in both industries and protecting the citizens of Minnesota.

AGED's goals for the future are reasonable and manageable; they are based on providing better service to the citizens of Minnesota and keeping the division transparent, efficient, and effective. These goals drive every decision, and ongoing evaluation provides guidance for future planning.

AGENCY GOALS AND OUTCOME MEASURES

Deliver dedicated regulation and enforcement of alcohol laws and licenses to ensure public safety and integrity of the alcoholic beverage industry.

- Increase routine compliance inspections of alcohol licensees at all three tiers
- Monitor and evaluate trends impacting alcohol regulation
- Refocus regulatory oversight on AGED issued licenses and those we approve
- Educational outreach for new licensees
- Ensure brand label registration compliance

OUTCOME INDICATORS

- Uniformity in processes and products
- Preparedness for inquiries from citizens and legislative body
- Increased compliance with states statutory areas of responsibility

Provide uniform regulation and enforcement of gambling-related activities to ensure public safety and ethical standards in the gambling industry.

- Increase education at retail establishments regarding illegal gambling
- Partner and foster relationships with other state entities and stakeholders for efficient resolutions
- Perform efficient background investigations for licensing
- Enhance efforts to investigate illegal online wagering
- Prepare agency and legislative leaders for emerging trends in the gambling industry
- Build upon tribal relationships while maintaining compact compliance standards

OUTCOME INDICATORS

- Great relationships with partner agencies which allow better communication
- Work flow measurements will provide for maximum efficiency
- Preparedness for inquiries from citizens and legislative bodies.

AGENCY GOALS AND OUTCOME MEASURES

Provide education and services to our customers, and increase visibility and assistance statewide to those we serve.

- Utilize social media and other platforms to further branding and education efforts
- Update and improve alcohol training presentations frequently
- Establish AGED as a known industry expert through education and increasing our visibility with stakeholders
- Use education and assistance to empower local authorities to assist in our mission

OUTCOME INDICATORS

- AGED will be well known among the industry and government agencies as the industry experts
- AGED training will be successful in furthering its mission with local governments

Focus on improving our technology and data management.

- Streamline data management procedures
- Create user friendly application process for customers
- Repair and update in house records management system
- Create an online option for buyers card renewals

OUTCOME INDICATORS

- Online application and payment processes operational
- Functional internal records management and report system
- Easier processes and greater options for licensees

Develop and retain a quality diverse workforce.

- Encourage employee learning and career growth
- Institute quarterly meetings and team building efforts to further enhance department transparency
- Provide timely and honest performance feedback
- Collaborate among division personnel to foster employee satisfaction and great customer service

OUTCOME INDICATORS

- Increased communication and employee satisfaction



ALCOHOL AND GAMBLING ENFORCEMENT

STRATEGIC PLAN 2017 – 2019

MISSION STATEMENT

The mission of the Alcohol and Gambling Enforcement Division is to protect and serve the public through uniform interpretation, regulation and enforcement of the state’s liquor and gambling laws and rules. The Alcohol and Gambling Enforcement Division maintains stability and integrity in the alcoholic beverage and gaming industry through the management of licensing, education, regulation and enforcement.

VISION STATEMENT

The Alcohol and Gambling Enforcement Division strives to be the recognized public safety authority on alcohol and gambling regulation and enforcement in Minnesota. AGED is a progressive organization enforcing Minnesota laws and vigilantly monitoring developments in both industries to ensure consumer safety.

CORE VALUES

Integrity • Impartiality • Professionalism • Dedication

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OTHER
SYMBOL ON PAYLINE



DOUBLES WINNING COMBINATION
EXCEPT ON ANY ONE
DOUBLE CHERRY BAR PAYS





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