



GAMING INSIGHTS



DIRECTOR'S DESK

By: Aaron Hummel

The North Dakota Attorney General's Gaming Division has remained quite busy over the past several months leading up to and following the successful rollout of our new electronic licensing system, which launched for organizations on April 15th. Since implementation, our staff has worked closely with organizations, manufacturers, and distributors to assist with processing applications, answering questions, and continuing to refine the system through real-world use. We are pleased to report that many organizations that have already completed the process and received their licenses have provided favorable feedback regarding both the new system and their overall experience.

This transition to electronic licensing represents a significant modernization effort for charitable gaming administration in North Dakota and would not have been possible without the tremendous dedication of our Gaming Division staff.

Team members spent countless hours over the last year developing, testing, troubleshooting, and supporting the system both before and after launch to help ensure a successful implementation for all stakeholders.

I would also like to thank the many organizations that have already submitted their 2027 license year renewal documents. Early submissions provide us additional time to review applications and assist organizations through the renewal process. For organizations that have not yet submitted renewal materials, we strongly encourage you to do so as soon as possible to allow adequate time for review before the July 1 renewal period.

In addition to the licensing rollout, the Division has continued work related to administrative rules updates that will become effective July 1. The last step of the several month process is final approval by the **Administrative Rules Committee on June 11th**. Informational resources regarding those updates will be made available in the coming weeks to help ensure organizations and industry partners are prepared for implementation.

We also recently posted **two Administrative Rules waivers** intended to provide additional flexibility and support to organizations. The first waiver allows organizations to provide meals for veterans under specified circumstances, while the second allows gaming manufacturers and distributors the opportunity to sponsor a North Dakota charitable gaming conference.

For our veteran's and fraternal organizations, there has been a shift in how the division views and processes disbursement of net proceeds for the "erection, acquisition, property taxes, special assessments, improvement, maintenance, or repair of real property." Utilities are seen as necessary to the maintenance of property. Please keep in mind that these uses do not include personal property or items not affixed to the land as defined in 47-01-05. Administrative expenses such as insurance related to real property are not currently included at the club level.

Finally, I would like to thank our charitable organizations, manufacturers, and distributors for their continued patience, partnership, and professionalism throughout this busy transition period. Your cooperation and feedback have been invaluable, and we appreciate the important work you do in communities across North Dakota.

INDEPENDENT AUDITORS: A CRITICAL INTERNAL CONTROL AND A COMMON COMPLIANCE ISSUE



Recent activity and audits have demonstrated a need to revisit the topic of Independent Auditors. The Independent Auditor is a crucial piece of strong internal controls. Maintaining proper internal controls must remain a priority for every charitable gaming organization.

What Is an Independent Auditor?

The independent auditor serves as the organization's "second set of eyes." This role is critical to ensuring the accuracy, accountability, and integrity of all gaming activities. This means that on an ongoing basis throughout the quarter (ideally weekly or bi-weekly), the independent auditor must physically have records in hand and independently verify all gaming activity by reviewing all records, recounting redeemed pull-tab prizes and e-tab vouchers, recalculating all computations, and counting all unsold chances.

An independent auditor must be truly independent of gaming operations. The independent auditor function can be completed by an outside service provider but is recommended by our office to be an organization employee/volunteer. The organization needs to ensure that the individual in this position is correctly completing the auditor duties as described above. For true accuracy, accountability, and integrity, it should be completed by a qualified individual who meets all independence requirements. In short: the independent auditor should not "touch" any part of the gaming operation they are responsible for auditing.

Why This Matters

Failure to properly assign and utilize a true independent auditor undermines internal controls and increases the risk of errors, misreporting, and misuse of funds. This is why it continues to be one of the leading causes of violations issued by our office.

Need Help?

If your organization is unsure whether your independent auditor meets the requirements—or if your auditor needs guidance on how to properly perform their duties—we strongly encourage you to contact our office for training and support.

You can read the original article titled "**INDEPENDENT AUDIT: WHAT AND WHO**" from our January 2026 newsletter for more support.

W-2 REPORTING REMINDER: VERIFY NO OUTSTANDING CHILD SUPPORT

Organizations conducting charitable gaming should be aware of W-2G reporting requirements and related obligations under North Dakota law. If a prize requires the issuance of a Form W-2G with the Internal Revenue Service (IRS), the gaming operator must also verify whether the winner has outstanding child support obligations.

Because W-2G reporting thresholds changed effective January 1, 2026, organizations are encouraged to work with their tax professional to determine when a W-2G must be issued and the appropriate reporting threshold.

When a W-2G is required, North Dakota law mandates that the gaming operator verify whether the winner owes back child support through the North Dakota Department of Health and Human Services Child Support Program and comply with their reporting requirements.

Additional information and resources for gaming operators can be found at [North Dakota Health and Human Services webpage for Gaming Operators](#).

THE FUTURE OF LICENSING: INTRODUCING THE CHARITABLE GAMING ONLINE PORTAL



In April, the North Dakota Attorney General’s Gaming Division launched the **Charitable Gaming Organization Portal**—a modern, streamlined system designed to simplify licensing, renewals, and reporting for charitable gaming organizations. This new portal brings licensing fully into the Gaming Division, creating a centralized and efficient process that replaces outdated paper-based workflows and improves accessibility for organizations across the state.

Beginning this spring, new and existing organizations will complete a full application submission. While this requires additional effort upfront, it is a one-time reset that allows the system to securely store your information—making future renewals faster, easier, and more efficient.

A Smarter, Simpler Process

- The new portal is built with users in mind, offering:
- Secure document uploads directly within the system
 - Online payment of licensing fees using ACH
 - The ability to update organization information without additional paper forms
 - Access to current and past applications in one place

Organizations are encouraged to gather all required information and documents ahead of time to ensure a smooth application experience. Having materials prepared and saved electronically will allow for quick uploads and help reduce delays. Be sure to review the **Application Preparation Checklist (2-Page Guide)** before beginning.

A screenshot of the "Person Information" form. It contains fields for First Name, Last Name, Title, Date of Birth, Date of Hire, and Record Check Date. There is also a checkbox for "Volunteer".

Record check dates can be typed into the system for all employees

Important Changes to Know

There are a few key changes organizations should be aware of:

- One-Time Full Application: Due to the system transition, all organizations must submit a complete application this year.
- Portal-Only Submissions: All data and documents must be entered directly into the portal—email submissions will no longer be accepted.
- Organization Responsibility: The Gaming Division cannot enter information or upload documents on behalf of organizations.

These changes ensure accuracy, consistency, and a more secure licensing process moving forward.

Record Checks: What’s Different

A key improvement in the new system simplifies record check requirements. For the Gaming Manager and other required employees, you will now only need to enter the date of the most recent record check directly in the portal. When it is time to renew (every six years), the system will automatically send a reminder. This change reduces unnecessary document uploads while still maintaining compliance and accountability.

To learn more, watch our short **YouTube video on record checks** for how to complete this step in the portal. We have also updated guidance on how to obtain new record checks on the **Record Check Forms page**.

Built for the Future

The Charitable Gaming Organizational Portal is more than just a new system—it is a long-term investment in efficiency, transparency, and accessibility. Once your organization completes this initial application, future licensing cycles will benefit from pre-populated information, reducing time and effort year after year.

Additional features include the ability to submit incident reports directly through the portal, upload and manage **site authorizations** and **rental agreements** year-round, and add or update key personnel at any time—including employees, governing board members, gaming manager, independent auditor, primary contact, or top official—without the need to complete state forms.

THE FUTURE OF LICENSING: INTRODUCING THE CHARITABLE GAMING ONLINE PORTAL

Positive Feedback & Getting Prepared

Feedback from organizations that have already completed their renewal applications has been overwhelmingly positive. Many shared that the two-page guide served as a helpful “cheat sheet,” allowing them to gather materials and documents ahead of time and move through the application process more efficiently.

The short YouTube videos, which walk through specific sections of the application, have also been valuable in guiding users step-by-step. The videos offered on our website include:

- [How to Access the Charitable Gaming Portal \(First-Time Login & Access Requests\)](#)
- [Record Checks Explained: Requirements, FAQs, and How to Submit in the Portal](#)
- [Required Documents: Where to Find Them and How to Upload in the Charitable Gaming Portal](#)
- [How to Submit a Charitable Gaming Application | Step-by-Step Portal Guide](#)
- [How to Enter Sites, Rental Agreements and Deeds on the Portal](#)

We encourage you to visit our [Charitable Gaming website](#) regularly as we continue to add new resources, documents, and videos based on feedback and common questions.

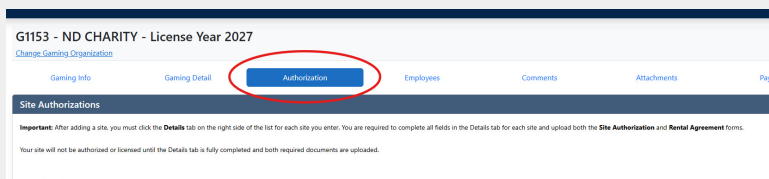
We’re Here to Help

The Gaming Division understands that transitioning to a new system comes with questions. Many of these are addressed in the available preparation materials, and our team is ready to assist when needed. We continue to offer training resources and support through email, phone, and virtual meetings, including screen-sharing assistance to walk through the process.

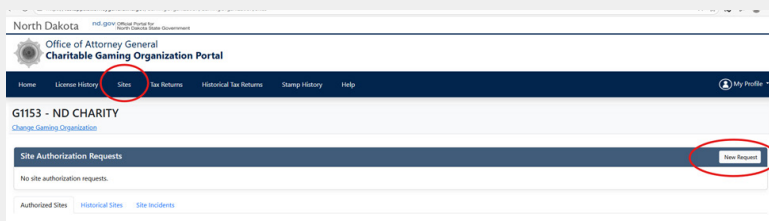
In addition, If you have trouble locating initial application documents or background check dates, reach out to us by email and we will try and help. Our goal is to ensure you feel supported every step of the way as you complete your initial application.

Entering Site Authorizations, Rental Agreements, and Deeds in the Portal

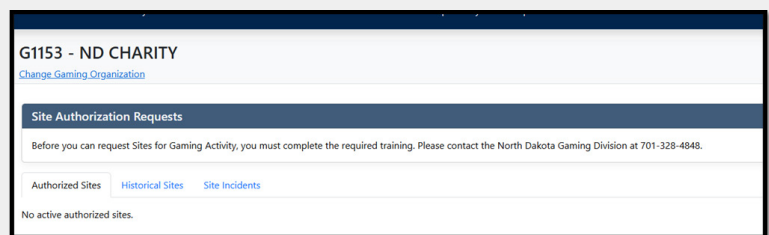
Organizations must upload signed [Site Authorization](#) and [Rental Agreement](#) documents within the Charitable Gaming Portal. Where and when you enter this information depends on your stage in the application process. [A short video tutorial is available](#) that walks through how to enter this information both during the application process and after licensure. Returning charities will see their existing sites within the application process under the Authorizations tab.



If you have already submitted your application and need to update or add sites during the year, you can do so by selecting the Sites tab at the top of the portal and editing your information there.



New charities will not be able to enter site information right away. You must first submit your license application, complete the required Gaming Manager and Auditor training, and upload your Internal Control Manual. Once these steps are complete and verified internally, the portal will update to allow you to enter your site details.



If your organization owns a site, you should upload your deed in place of a rental agreement. You may also use the comments section to provide additional information to the Gaming Division. Sites added during the year will require separate payment, while sites that migrate into a renewal application can be paid for as part of the initial submission.



VIDEO SURVEILLANCE EVALUATIONS

From the Investigation Section

Organizations frequently reach out with questions about the evaluation of their video surveillance systems. These discussions are important, because proper video coverage is not only a regulatory requirement but also a valuable tool for protecting gaming operations. Recently, our audit team has identified numerous gaming tables operating without a documented video surveillance evaluation. Organizations should take time to confirm that all tables at their site have received a positive evaluation.

North Dakota rules require organizations to submit sample recordings for review. An organization must provide a sample recording for evaluation when any of the following occur:

- Video surveillance equipment is installed at a new gaming site
- An organization acquires video surveillance equipment from another organization
- A camera or gaming table is moved to a different location at the site
- Video surveillance equipment is changed or upgraded at a site

In these situations, the organization must provide the Attorney General with a sample recorded video within fourteen days for evaluation. If the sample recording does not meet quality standards, the organization and the vendor must work together to correct the deficiency and submit a new sample recording for approval. An **Evaluation of Video Surveillance Recording (SFN 19857)** form must accompany the video submission when submitted to our office.

Maintaining a video system that passes evaluation is beneficial for several reasons. First, it ensures the organization remains in compliance with regulatory requirements. Just as importantly, a well-maintained surveillance system helps prevent losses due to theft or errors during gaming activities. Clear, reliable video footage is often a critical resource when investigating discrepancies at gaming tables, especially when pursuing restitution in situations where theft occurred.

For example, the most common types of theft from twenty-one tables includes falsifying the documented number of prizes awarded. High-quality video surveillance allows an organization to review any shift, compare video with written documentation, and quickly identify inconsistencies.

Organizations are encouraged to verify that their surveillance systems have received evaluations. If you are unsure about the status of your system or have questions about the evaluation process, please reach out for assistance. Proactive attention to surveillance requirements helps protect both your organization and the integrity of charitable gaming operations. If charities are unsure where to begin, they should contact our division for a list of approved video surveillance equipment vendors.



BLACKJACK

TWENTY-ONE & PADDLEWHEEL DROP BOX CASH COUNT

From the Audit Section

The game types of twenty-one and paddlewheel with a table both utilize a drop box that attaches to the table where currency from the players for buying casino chips is placed during the play of the game. A proper two-person drop box cash count team needs to be in place to ensure the integrity of the drop box contents. Gross proceeds for twenty-one and paddlewheel with a table is determined solely by the count of the currency in a drop box, therefore proper drop box cash count procedures must be in place.

What happens with a drop box after it is used?

- Drop boxes that have been used and have currency in the drop box must be removed from the table by the end of the day's activity.
- If a drop box is removed from the table and the cash is not counted immediately, the drop box must be transported by the shift manager and, if there is more than one employee on duty, escorted by an employee to a safe storage place. An example of a safe storage place is a gaming safe located at the site that is properly secured.
- The cash must be removed from the drop box before the drop box can be used for another day's activity.
- An empty drop box may be stored on a table or in a safe storage place.

Who can the drop box cash count team consist of?

- The drop box must be opened by a two-person count team.
- The persons shall be independent of each other.
- A count team may be:
 - An independent person and a gaming employee.
 - Two representatives of a financial institution, accounting firm, security agency, or security company
 - Two nongaming employees
 - Two gaming employees provided that one of the gaming employees did not conduct games at the same site on the day of the gaming activity and day of the count
- A count team may not be two persons who have a direct supervisor and subordinate relationship, Common household member, spouse, child, parent, brother, or sister of the other count team member, except when using an independent contractor.
- A count team member may not be the person responsible for auditing the daily accounting records for twenty-one or paddlewheel activity.

How does the drop box key control work?

- The key to the lock securing the contents of the drop box must be controlled by one count team member who may not access the drop box unless both count team members are present. For example: Count team member #1 has the combination to the gaming safe where the drop box is stored and count team member #2 maintains custody of and has the key to access the drop box contents. Both members need to come together to access the drop box and its contents. Neither member can access the drop box contents by themselves.
- Video surveillance over the tables does not take the place of proper drop box count team procedures!
- If there are two separate locks that secure the contents of a drop box, the key to the second lock must be controlled by the other count team member.
- Each person shall independently count the drop box cash in the presence of the other person and resolve any difference between the two counts. This does not mean that one count team member counts the drop box cash while the other count team member counts the twenty-one or paddlewheel cash bank. BOTH count team members must count together!
- Documentation of the count must be initialed and dated by both count team members.

Ensure that your organization's drop box cash count procedures are adequate. The drop boxes only function effectively to secure assets when strict internal controls are in place to prevent tampering, theft, and unauthorized access to the drop boxes. Please reference [North Dakota Administrative Code § 99-01.3-08-14](#) for further information or reach out to the Office of Attorney General Gaming Division for additional training or support.

WELCOMING NEW TEAM MEMBERS

This winter, the Gaming Division proudly welcomed Hunter Gabel to our Investigations Section. Hunter is a military veteran who brings several years of investigative experience from his previous roles, further strengthening our team's commitment to integrity and oversight. His work will include conducting investigations, interviews, and surveillance to ensure compliance with state gaming laws.

Also joining our office this May is our new Administrative Assistant, Lacey Dutchak. Lacey comes to us with not only administrative experience, but also valuable experience working with charities involved in charitable gaming. We are excited to continue growing our team and expanding the support we provide to organizations across North Dakota.

CONDUCTING A LEGAL SPORTS POOL IN NORTH DAKOTA

Each year around the Super Bowl and during March Madness, the Gaming Division sees an increase in questions and permit submissions related to sports pools. Many local auditors issue permits for these events, and while some sports pools are authorized under North Dakota law, others are not.



Under [North Dakota Century Code § 53-06.1-09](#), a sports pool must be conducted on a professional sport only. This means sports pools tied to collegiate or amateur sporting events are not authorized in North Dakota. While many nonprofit organizations look to events like the NCAA basketball tournament as fundraising opportunities during late March, sports pools connected to those events are not permitted under current state law.

Sports pools may be conducted when they are tied to a professional sporting event, such as the recent Super Bowl or the upcoming Stanley Cup Finals. When a sports pool involves a professional sport, several requirements must be met to ensure the activity is conducted legally.

First, an [Application for a Local or Restricted Event Permit \(SFN 9338\)](#) requesting authorization to conduct the sports pool must be submitted to the appropriate city or county auditor's office. Second, the sports pool boards used for the event must be obtained from a licensed distributor of gaming equipment and supplies. Finally, organizations must follow all applicable requirements outlined in [North Dakota Administrative Code § 99-01.3-07 \(Sports Pools\)](#). These administrative rules govern how sports pools are conducted and ensure that games of chance are operated fairly and in accordance with state law.

When issuing a [Local Permit or Restricted Event Permit \(SFN 17926\)](#), it is the responsibility of the local governing body to ensure the requesting organization complies with all applicable gaming laws and administrative rules. If questions arise during the review process, local auditors are encouraged to contact the Gaming Division.

ATTORNEY GENERAL GAMING DIVISION STAFF

DIVISION DIRECTOR

- *Aaron Hummel*

ADMINISTRATIVE ASSISTANT

- *Lacey Dutchak*

AUDITORS

- *Laura Gleich (Section Supervisor)*
- *Monica Reiner-Pletan*
- *Jennifer Dockter*
- *Rebecca Lacher*
- *Brynne Rohrich*
- *Robin Grenz*
- *Joshua Hulm*
- *Ignacio Gomez*
- *Grant Litke*
- *Samuel Magelky*

TAX SECTION

- *Patty Wondra (Section Supervisor)*
- *Lynnette Ennen*
- *Elaine Fischer*
- *Coralie Frohlich*

INVESTIGATION

- *Rob Sanderson (Section Supervisor)*
- *Jacob Marschner*
- *Hunter Gabel*

LICENSING

- *Andy Zachmeier*

TRAINING/COMMUNICATIONS SPECIALIST

- *Arin Casavant*

Questions/Comments Need Assistance?

E-mail: agogaming@nd.gov

Phone: 701-328-4848