

Exhibit # 3 MICS Compliance Audits – February 2000 to May 2007
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<u>Region</u>	<u>Gaming Operations</u>	<u>Number of Audits</u>	<u>Total MICS Violations</u>	<u>Average MICS Violations</u>
1 – Portland	44	10	635	64
2 – Sacramento	52	6	410	68
3 – Phoenix	43	8	297	37
4 – St. Paul	117	7	546	78
5 – Tulsa	84	4	356	89
6 – DC	27	2	111	56
Totals	367*	51	3335	65

* - number from audited financials

- * 7 MICS Compliance audits per year on average
- * In the past year 11 MICS Audits delivered with 559 Violations

■ Findings common to most MICS compliance audits:

- Lack of statistical game analysis;
- Ineffective key control procedures;
- Failure to secure gaming machine jackpot/fill system;
- Failure to effectively investigate cash variances/missing supporting documentation for the cage accountability/failure to reconcile cage accountability to general ledger on a monthly basis;
- Inadequate segregation of duties and authorization of players tracking system account adjustments;
- Ineffective internal audit department audit programs, testing procedures, report writing and/or follow-up;
- Deficient surveillance coverage and recordings;
- Noncompliance with Internal Revenue Service Regulation 31 CFR Part 103;
- Failure to exercise technical oversight or control over the computerized gaming machine systems, including the maintenance requirements for personnel access;
- Failure to properly document receipt and withdrawal transactions involving pari-mutuel patrons' funds and a lack of a comprehensive audit procedures of all pari-mutuel transactions;
- Failure to adequately secure and account for sensitive inventory items, including playing cards, dice, bingo paper and keno/bingo balls; and
- Failure to adopt appropriate overall information technology controls specific to hardware and software access to ensure gambling games and related functions are adequately protected.