



**San Manuel Band of Mission Indians  
Tribal Gaming Commission  
OFFICE OF THE COMMISSION**

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December 12, 2011

Tracie Stevens, Chairwoman  
National Indian Gaming Commission  
1441 L Street, N.W., Suite 9100  
Washington, DC 20005  
(202) 632-7009

Dear Chairwoman Stevens,

The San Manuel Gaming Commission has reviewed the proposed regulation 25 CFR Part 514 published in the Federal Register on October 11, 2011. It is our belief that active participation in the comment process has a positive influence on the final regulations which benefits all Tribes. The proposed regulation covers a standard for fees paid to the National Indian Gaming Commission (NIGC).

Since the primary purpose of the regulation is NIGC fees, there is an expectation the proposed regulation should clearly set forth details as to the method for accurately calculating fees. Currently the lack of clarity in the regulation forces Tribes to speculate on how to compute fees. We believe the regulation would be more useful for Tribes if there was greater detail for the accounting treatment and methodology used in the fee calculation.

Similar to the goals of NIGC, we seek to have regulations that bring clarity and reduce inaccuracies in the calculation process. Having recently experienced an NIGC Fee audit, it is clear the audits are based on regulations and internal guidelines for which staff members have no discretion with regard to their interpretation of same. It is San Manuel's position that clear and unambiguous language should be put into the regulation. If there is no discretion or discussion on the interpretation, they are in fact the standards Tribes must follow.

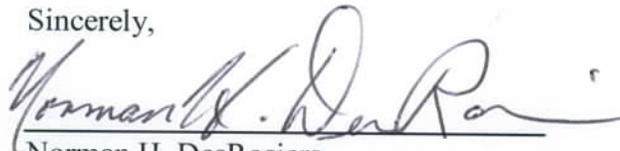
Our experience with the audit highlighted two key points that should be addressed in the regulation. The first point is using a cash accounting method which is contrary to industry standards and generally accepted accounting principles (GAAP). The revised regulation should specify this requirement as it is not clear from reading the regulation what standards are being followed. In fact, the regulation states, "unless otherwise provided by the regulation, generally accepted accounting principles shall be used". Using methods other than the industry standards of accrual accounting would seem to require additional specificity on the part of the regulation.

The second internal guideline is related to what is considered, "prizes or paid for prizes awarded". The audit did not consider the reduction of slot redemption program as a prize. San

Manuel's reading of the Indian Gaming Regulatory Act (IGRA) would seem to allow the deduction as an expense of slot rewards earned while wagering. According to IGRA the calculation for "gross revenues shall constitute the annual total amount of money wagered, less any amounts paid out as prizes or paid for prizes awarded ..." It would seem the intention of Congress was to assess tribes only on the money wagered excluding the expense for amounts paid or prizes awarded while wagering. Nevertheless, the NIGC auditors disallowed this based on an internal guideline.

We provide these two examples to demonstrate the need for the regulation to clearly and concisely communicate the calculation process. This regulation should be more transparent than currently written. If tribes are being audited to standards outside of the regulations, they should know what these standards are. We urge the NIGC to put the internal audit guidelines into the regulation. This will clearly communicate to Tribes the correct process for calculating fees.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norman H. DesRosiers". The signature is written in black ink and is positioned above a horizontal line.

Norman H. DesRosiers,  
Gaming Commissioner

P.S. We have raised this issue of our differing interpretations with your auditing department under a separate cover. We have respectfully disputed their calculations relative to their last audit, and respectfully requested a meeting and documentation to further discuss. We are still awaiting a response.

CC: Steffani A. Corchran, Vice Chairperson  
Daniel Little, Associate Commissioner  
Rod West, Acting Director of Auditing