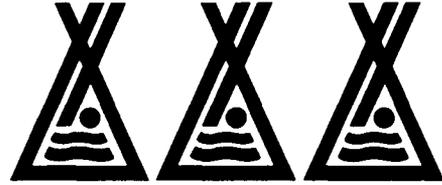


# THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON

Warm Springs Gaming Commission  
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July 24, 2006

Philip N. Hogan, Chairman  
National Indian Gaming Commission  
1441 L, Street, NW, Suite 9100  
Washington, DC 20005

RE: Warm Springs Gaming Commission Position on Class II Classification Standards and Electromechanical Facsimile Definitions

Dear Chairman Hogan and Vice Chairman Choney:

This letter represents Warm Springs Gaming Commission, comments on the NIGC's proposed rules for Class II Classification Standards and Definitions.

The Confederated Tribes of Warm Springs remains concerned with the manner in which the NIGC has developed these regulations. The current rulemaking process lacked meaningful consultation with the Indian Tribes. Notwithstanding the fact that the NIGC assembled a Tribal Advisory Committee (TAC) to participate in the process, the committee was not invited to participate in drafting the proposed regulations and little if any of the TAC's input has been incorporated into the NIGC's proposed rules. Equally troubling, Tribal comments submitted to the NIGC during the drafting process were never made public by the NIGC and it is unclear if any of the comments were considered during the drafting process.

The NIGC must comply with its own consultation policy and engage in meaningful government-to-government negotiations with Tribes. The NIGC should be required to hold public hearings on the regulations with comments and submissions recorded as part of the administrative record.

Our position on this issue is for NIGC to refrain from placing arbitrary restraints on class II gaming. Although we have no strong objection to removing the term "house banked" from the definition of a "game similar to bingo," we oppose the proposed definition of "electromechanical facsimile." We disagree with the NIGC's claim that bingo, lotto, and other games similar to bingo, are facsimiles when played in an electronic medium. The current definition is clear on its face, so long as the electronic format broadens participation among players and is not played against the machine, such games are not facsimiles. Please delete the proposed re-definition. (See proposed Rule at 502.8)

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The classification standards are arbitrary and contrary to established case law. Please delete the proposed restrictions on the game display, ball draw, daubing, prize amounts, and player interaction. These new requirements, rather than clarifying the existing regulations, appear to repudiate most variants of bingo, slows the play of those that remain, and prevents any meaningful electronic play of pull-tabs.

For example, without any statutory or case law authority the regulations impose additional restrictions on pull-tabs. Under the proposal, the player terminal may neither accumulate credits nor award cash. A player must, therefore, redeem any pull-tab winnings through a clerk or kiosk and cannot merely transfer credit between machines. This restriction greatly hinders player flexibility and the use of current cashless technology.

We also object to the redefinition of the statutory term "game of bingo". In enacting IGRA, Congress placed only three requirements on a game of bingo. Notably, the federal courts have continuously held that these three requirements "constitute the sole legal requirements for a game to count as class II bingo." The NIGC's current imposition of additional requirements prohibits the growth of class II gaming and micromanages tribal business judgment and regulatory responsibilities. The regulations would eliminate virtually all games that Congress intended to allow as "similar to bingo." The following proposed provisions place arbitrary restrictions on bingo and games similar to bingo and the following restrictions must be deleted:

1. the required use of five grid cards (25 spaces) (546.4 (c));
2. games can only use ball draws numbered from 1 through 75 (546.5(a));
3. elimination of "pre-drawn" balls (if allowed to become law, this would prohibit the electronic play of Bonanza Bingo," even as a game similar to bingo);
4. mandatory time periods (2 seconds) to play of the bingo game (a requirement wholly unsupportable under current law) (546.5(i));
5. the requirement for multiple ball release; the release may not be instantaneous, and each release must take two seconds (546.6(c));
6. the elimination of auto-daub and requirements for two seconds of daub time before the next release is permitted (546.5(i).

We are also concerned that the regulations fail to resolve the basic problems associated with NIGC's game classification process and omit a meaningful role for Tribal regulations. Under the proposed regulations, independent gaming laboratories, as licensed by the Commission, would certify games as complying with the regulations. Without "grandfathering," few, if any, existing games would comply the proposed regulations, even those already approved by courts or by the NIGC itself. In the interests of fairness,

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the NIGC should permanently “grandfather” all of the games it has approved as well as the games that the Federal Courts have approved.

Finally, under the proposed rules, only the NIGC Chairman may object to a classification decision without the requirement of due diligence owed to the gaming tribes’. Our Tribe has no other recourse as trustees of the Department of the Interior, except in defense of an enforcement action. Laboratories must be approved annually, and may lose that approval if the NIGC is dissatisfied with their certification decisions. As the primary regulators of class II gaming, Tribes should be afforded the opportunity to challenge such an opinion on a government-to-government basis, without having to first subject itself to enforcement action.

In sum, the regulations arbitrarily redefine established regulatory terms and limit what Congress clearly intended to permit. Under IGRA, Congress clearly permits the use of electronic equipment, or “technologic aids,” in the play of class II games. Legislative history shows that gaming likewise should be allowed to evolve and grow through technological advancement. As noted in the Senate report: “The Committee intends that Tribes be given the opportunity to take advantage of modern methods of conducting class II games and the language regarding technology is designed to provide maximum flexibility.

We feel the original goal and responsibility of NIGC has been deviated from IGRA’s purpose and intent. From the creation of IGRA, the NIGC authority has exploded into areas that impede on the regulatory authority and responsibility of the gaming tribes. Since the evolution of gaming, the tribes’ have invested considerably into training, education, staffing to enforce statutes to protect the assets and integrity of gaming.

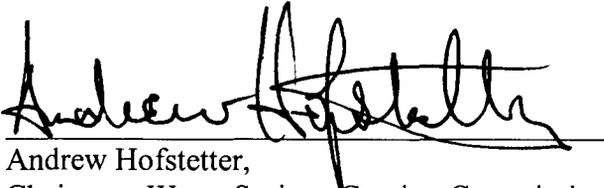
NIGC imposes class II fees on the gaming tribes’, those fees are utilized against the tribes’ when there are discrepancies or differences of legal opinion. Thus, has created a breach of trust between the tribes’ and NIGC.

The NIGC should honor both the spirit and the language of IGRA, the Tribes hard-fought federal court victories, and the NIGC’s own regulatory framework: most prominently, the current 2002 definition regulations. We urge the NIGC to give these comments serious consideration and to refrain from placing unwarranted restrictions on class II gaming.

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We are requesting a written response to our concerns and comments to our office as soon as possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrew Hofstetter", written over a horizontal line.

Andrew Hofstetter,  
Chairman, Warm Springs Gaming Commission

A handwritten signature in cursive script, appearing to read "Orthelia Patt", written over a horizontal line.

Orthelia Patt,  
Secretary-Commissioner, Warm Springs Gaming Commission

A handwritten signature in cursive script, appearing to read "Suzanne Moody", written over a horizontal line.

Suzanne Moody,  
Commissioner, Warm Springs Gaming Commission

Cc: Warm Springs Tribal Council