

Gross Gaming Revenue Press Conference

Moderator: Jonodev Chaudhuri

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10:09 am CT

Coordinator: I would like to inform all participants that your lines have been placed on a listen only mode until the question and answer session of today's call. Today's call is also being recorded. If you do have any objections, you may disconnect at this time. Please stand by. The call will begin shortly.

(Ms. Meyers): Operator are you ready on the line?

Coordinator: Yes. You may go ahead.

(Ms. Meyers): Great. Thank you. Thank you for joining us for our fiscal year '16 announcement of Indian Country Gross Gaming Revenue or GGR. This event is being broadcast through Adobe Connect and through conference audio. It will be recorded for video playback and transcribed. The video and press materials will be available on our on-line media center at NIGC.gov/media after this event. Indian Country's 2016 Gross Gaming Revenue numbers will be presented to you by the Chairman of the National Indian Gaming Commission Jonodev Osceola Chaudhuri, Vice Chair Kathryn Isom-Clause, and Commissioner Sequoyah Simermeyer. The commissioners as well as NIGC's Director of Finance, Yvonne Lee, will be available for questions after the announcement. Ladies and gentlemen thank you for attending. I give you the Chairman of the National Indian Gaming Commission.

Jonodev Chaudhuri: Thank you (Ms. Meyers). Good afternoon (unintelligible). I would to start off by saying thank you to the tribal leaders, regulators, members of the regulated community, and organizational representatives including the Chairman of the National Indian Gaming Association, (Mr. Arnie Stevens),

who are joining us here today both in person and virtually. My name is Jonodev Osceola Chaudhuri and I am a proud citizen of the Muscogee Creek Nation. I am honored to serve as Chairman of the National Indian Gaming Commission. Joining me today are my fellow commissioners, Vice Chair Isom-Clause, and Commission Sequoyah Simermeyer, who will provide additional remarks in a moment.

We are here today to report on the 2016 Gross Gaming Revenue numbers for Indian Country. However, he would be remised if we didn't put those numbers into historical context. Gross Gaming Revenue success is due -- at least in part -- to the Indian Gaming Regulatory Act promotion and tribal self-determination principals. Modern Federal Indian Law and Policies built on the government to government relationships between the United States and tribal nations. Self-determination is a fundamental pillar of federal Indian law and policy that informs wide ranging legislation including the Indian Gaming Regulatory Act or IGRA.

When congress passed IGRA almost 30 years ago, congress expressly cited in its findings and purposes the longstanding federal policy goals to promote tribal economic development, tribal self-sufficiency, and strong tribal government. This goal is a self-determination principal. IGRA crafted this framework on the heels of the (Watershed) Supreme Court Case California versus Cabazon which recognized the inherent authority of tribes to regulate gaming on their lands. Accordingly, IGRA specifically noted that numerous tribes had already been conducting lawful gaming on Indian lands as a means of generating governmental revenue. In keeping with the Cabazon decision, IGRA recognized tribe's inherent sovereignty to regulate their own gaming and although it did give states a role in the industry, it preserved the roll tribes as the primary regulators of their gaming. It further created the specific federal obligation to help protect tribal assets and operations.

So, IGRA statutory framework emerged from an environment in which legal tribal gaming already existed. The inherent sovereign authority of tribes to regulate that gaming had already been affirmed and the policy of tribal self-determination had been firmly established. This reinforcement of self-determination policy -- that formed the basis of IGRA -- guides our day-to-day work here at NIGC and informs our ongoing efforts to work with our regulatory partners to protect the Indian Gaming Industry as a means of generating tribal revenue.

The continued prosperity of the industry is revealed year after year in our annual announcement of Gross Gaming Revenue. The GGR provides a window into the economic health of Indian gaming and the commissioners and I are pleased to share that with you today.

So, here it is. Revenues have once again exceeded those of the previous fiscal year. We are happy to announce that the fiscal year 2016 Gross Gaming Revenue is \$31.2 billion. The fiscal year GGR shows a 4.4% increase over the previous fiscal year. This is the highest GGR on record and it reflects how well the longstanding principals of tribal self-determination worked in Indian Country. This -- of course -- is excellent use for someone in tribal nations and local communities who rely on Indian gaming. However, it must always be remembered that not all tribes game, the majority of tribes that do have modest operations, and gaming revenue was never intended to supplant other programs and policies that further self-determination. With that, I would like to ask Vice Chair, Isom-Clause, to speak to you further about what Gross Gaming Revenue means and the importance of gaming revenues to tribes.

Kathryn Isom-Clause: Good afternoon. I'm Kathryn Isom-Clause. I'm Vice Chair of the commission and I'm Taos Pablo. In 2016, Gross Gaming Revenue is

calculated based on 484 independently audited financial statements from 491 gaming facilities. These facilities are owned by 244 tribes in 29 gaming states. The GGR is the amount wagered minus winnings returned to players. GGR is the figure used to determine what a gaming operation earns before salaries for employees and other operating expenses are paid. It is important to remember that GGR is not an indicator of profit available to tribes but an overall indicator of the well-being of the industry. It also reflects the positive impacts that extend beyond tribal communities and into surrounding local and state economies. Indian gaming creates a foundation for employment and business development -- including vendors, entertainment, retail, and beyond -- providing economic opportunities in some of the most underserved areas in the United States.

The majority of Gross Gaming Revenue comes from smaller gaming tribes often located in rural areas. In fact, 57% of all tribal gaming facilities make less than \$25 million in revenue annually. For small and rural tribes -- who may have limited economic opportunities to support self-sufficiency -- gaming operations have been a lifeline. Revenues from Indian gaming supports tribal program budgets allowing tribes to provide important governmental services for their citizens such as family services, education, cultural and language revitalization, infrastructure, and more. I would now like to introduce Commissioner Simermeyer who will provide recent specific information.

Sequoyah Simermeyer: Thank you commissioner. Hello. Good afternoon. I'm Sequoyah Simermeyer Associate Commissioner of the National Indian Gaming Commission and a member of the Coharie Tribe of North Carolina. For administrator reasons, the National Indian Gaming Commission is divided among seven geographic regions. The regions help the agencies to provide on the ground regulatory oversight to all of Indian Country gaming.

Each of the seven administrator regions reported growth. The Sacramento region -- which includes all tribal gaming operations in California and Northern Nevada -- showed the highest percentage increase at 6.3% growth for the GGR of \$8.4 billion.

Operations in the Oklahoma City and Portland regions showed a 5.7 and 5.1% growth in their GGR's respectively.

The remaining regions all showed growth ranging from 1.1% to 4.4%. Tribal empowerment to federal self-determination policies -- as well as tribe steadfast efforts and creative entrepreneurial (spirits) -- continue to be driving forces in the success of the Indian gaming industry. Many factors can contribute to a tribal gaming operation's increase as well gaining revenues. Improved local economies and growth in other businesses and tourism as well as sound decision-making by tribes with regard to new gaming facilities, expansions, or renovations can all cause a GGR increase. Indian gaming's continued success provides not only revenue for tribal government services, its success also provides resources statewide and local economies.

The National Indian Gaming Commission supports Indian gaming by providing training, technical assistance, and enforcement. The agency's work helps tribes to remain the sole beneficiary for their gaming revenue, protect the integrity of tribes getting facilities, and ensures safe and fair play for consumers - all of which support a strong market and industry. The National Gaming Commission's regulatory activities -- along with 30 years of regulatory experience and governmental partnerships -- help to provide stable expectations for a healthy and vibrant industry. Thank you. I will turn this back over to the chairman for his closing comments.

Jonodev Chaudhuri: Thank you fellow commissioners. All of Indian Countries worked very hard to reach the significant milestone of \$31.2 billion and could be very, very proud. Our partnerships with tribes and tribal regulators has strengthened Indian gaming. As a result, it has become the most important economic driver of modern day. There is no other driver that has been able to do what Indian gaming has done for Indian Country. The commission and I are honored to be a part of such a significant milestone and successes of Indian gaming since Cabazon prove that the foundational principals of Federal Indian Law and Policy should continue as goals for IGRA and all other laws that hope to implement IGRA. Thank you to everyone for attending today's press conference and we welcome your questions.

(Ms. Meyers): Ladies and gentlemen, we will now open the floor to questions from our in-person audience and our virtual audience. In order to ensure that as many of you as possible have the opportunity to ask questions, please limit yourself to one question and one follow-up. If time remains, we will come back around for additional questions. Please raise your hand and I will acknowledge you and provide your name and affiliation for the record and to whom your question is directed. For those wishing to participate virtually through Adobe Connect, please provide your name and affiliation when you type your question in the chat box. We will alternate questions between in the room attendees, our virtual conference room, and those that have called in our conference line. We will now take the first question. (Mr. Beck).

(Tony): I know that we don't (block) on Capitol Hill but I'm curious of these very encouraging numbers for Indian Country. How much would it need in tribal casinos of countries if congress had the Tribal Labor Sovereignty Act which would accentuate exempt the tribal casinos from the tribal relation.?

Jonodev Chaudhuri: Well, I appreciate that question (Tony). I mean - we're here today to talk about the GGR numbers and you're right that we stay in our lane and don't step into congressional matters unless asked. But I would point to a couple of key themes that we touched on in our opening statements. One, the role of larger self-determination and sovereignty pertinent principals that helped formed IGRA in the first place and the success of those principals on the ground in terms of the economic landscape that has been created by the regulatory structure of IGRA.

So, I think there are important takeaways from (unintelligible), tribal self-determination (unintelligible) sovereignty in a way that ensures a fair playing field. That's about all I can say about that. But we made that point for a reason through the principals of self-determination have been a success and those need to be considered in terms of configuring what the next 30 years should look like on the policy and legal landscape (unintelligible). I don't know if that helps.

(Tony): Yes. If I could follow-up. With these encouraging numbers, what do you see say over the next 30 years - what do you see as the biggest obstacle or the biggest challenge (unintelligible) the NIGC and tribal gaming in general?

Jonodev Chaudhuri: Well, again, sure to talk about the GGR but the ongoing challenge has always been supporting tribe's ability to perform their work at their work in a manner consistent with true self-determination principals and part of that involves the underlying goals of supporting strong tribal economic development, tribal self-sufficiency, and strong tribal governments. For that, you need to be as flexible as possible when one considers the historic development of Indian policy and the very different histories all tribal nations have in terms of how they develop their land basis.

I would strongly recommend that flexibility be incorporated into any proposed ideas that haven't improved the process for flexibility in terms of taking into account the unique historical nature of all Indian lands so that any efforts to support tribal economic development or self-sufficiency truly reflects the very differently situated tribes that are among the 567 tribal nations that are recognized. So, flexibility -- consistent with self-determination consistent with the ability to have tribes -- determine the best use of your community's resources should be the hallmark. So, I know I'm not giving much specific -- many specifics -- but I am -- for one -- don't advocate for a one size fits all when it comes to addressing issues of how to enhance self-determination. Additional questions (Tony)?

(Tony): No.

Jonodev Chaudhuri: Okay.

(Ms. Meyers): Thank you. Operator -- by chance -- are there any calls on the line at this time?

Coordinator: At this time -- on the phone line -- if participants would like to ask a question, please do so by pressing * followed by 1. You will just be prompted to record your name. Ensure for phone is unmuted and please record your first and last name. One moment to see if there is any phone questions. There are no questions on the phone line.

(Ms. Meyers): Thank you. By chance, are there any questions coming from the Adobe Connect conference room? Okay. Then I'll come back. Any questions? Yes. Mr.

(Sherman): I'm (Sherman (unintelligible) Gaming Association. I just wanted to -- you were indicating emphasis that there was still so much work to do in your presentation by Chairman Chaudhuri today. But I would to just quickly ask your -- when we go back to the - the National Indian Gaming Association goes back to the era where we would want to prepare ourselves for some of the challenge so just except for not just the \$31 billion industry but the regulation and the things that were are doing out there now.

These are things that were planned and these are things that were worked through by the leadership not just with the National Indian Gaming Association but the (National Commerce of American Indians), our National Regulators Association. So, we're very proud of this number and we are very excited to be here with you today. But I just - if you could just give us a little bit of a summary of some of your working relationship with the primary regulators in Indian Country that oversees the tribal - had the tribal oversight. I appreciate your knowledge, Mr. Chaudhuri, regarding the work that still needs to be done yet.

Jonodev Chaudhuri: Thank you chairman. So, excellent question. Let me touch on some of the things that we already discussed to provide the lead into the discussion. So, we mentioned how IGRA flowed out of self-determination principals and IGRA was reflective of self-determination policies. But we never intended to supplant policies or programs that also support self-determination. That's an important point because what IGRA did is recognize the longstanding principal -- of principal goal -- of supporting strong tribal government, self-sufficiency, and strong tribal economic development and created a regulatory framework to support that larger policy goal. Within that regulatory framework, IGRA preserved the tribe's position as the primary regulators of Indian gaming. It also carved out the role for all of us as federal regulators to do whatever we can to protect tribal assets and resources.

So, because of the framework that was created by IGRA -- that itself was intended to further advance a very important self-determination policy -- we recognized not only the policy value but the practical value of working with our regulatory partners. So, each one of our agency representatives works very hard to maintain positive working relationships with tribal regulators -- there are approximately 6,000 tribal regulators in the field -- as well as other folks who play an important role in the regulation of gaming always with tribes as the primary regulators.

So, that includes -- in some cases where -- because of the nature of certain compacts there are state officials involved, state regulators, local law enforcement. We work hard to maintain strong collaborative relationships and that's not just a matter of feel good policy, that's a matter of pragmatism. Because if our goal is to achieve compliance, to support the larger federal policies -- strong tribal governments, self-sufficiency, and economic development -- we need to address compliance issues before they become significant. And the best way to do that is work with the regulators on the ground who have the strongest interest of anybody as tribal regulators in protecting tribal assets and operations.

So, we enhance those relationships through training, through technical assistance, and even through enforcement actions. We never shirk from our enforcement responsibilities but when we do bring an enforcement action the groundwork has already been laid so that our regulatory partners in Indian Country know that we bring those enforcement actions with the goal of strengthening the industry as a whole. So, those are some of the things that we do from the top down -- as an agency -- to strengthen the regulatory framework in Indian Country and do it in a way that is supportive of our underlying federal policy mission as well as respectful of the specific

capacities and authorities of our tribal regulatory partners. And that's very important to us and thanks for that question (Sherman).

(Ms. Meyers): At this time, operator, I will turn back to you to see if we have any questions on the line.

Coordinator: There are no questions currently. Just as a reminder, please press * followed by 1 if you would like to ask a question.

(Ms. Myers): Any questions from the Adobe conference room? We do have one? Okay. Stand by.

Woman 1: (Unintelligible)

(Ms. Meyers): Can you repeat the question please?

Woman 1: (Unintelligible)

Jonodev Chaudhuri: Thank you for that question. As mentioned before, our agency was created by congress as a regulatory agency and so we are independent agency housed within the Department of the Interior but when we were created a lot of thought was put into our structure. Our structure -- I believe -- by design is non-partisan. It's - our structure enhances our ability to support compliance, support regulation in a way that is independent of political factors. That is why there is diversity of perspectives, diversity of party affiliation already built into our agency structure so our terms are statutory terms that don't track the larger administration's terms and that allows us to focus first and foremost on the regulation of Indian gaming and supporting an industry that, you know, is so important not just to Indian Country but to the general public in a way that truly incorporates fundamental federal policies as well as protects public

safety and welfare and we do that in a way independent of other things in the air.

So, right now we are in the process of formalizing some of the objectives and initiatives that have guided our agency for frankly several years and those objectives include our initiatives which is protecting against anything that amounts to (unintelligible) on the backs of tribes. It is a regulatory phrase for ensuring IGRA's requirement that tribes retain their primary beneficiary status. We also are fully committed to staying ahead of the technology curve. We are fully committed to strengthening and advancing a strong workforce both among are regulatory partners and within the agency and we are committed to strong rural outreach. In addition to that, we are working on a strategic plan that highlights operational excellence as another pillar objective of the agency.

So, there have been no changes in terms of our commitment to achieving compliance in a way that is truly efficient and the manner it uses all of our agency authorities but also -- at the same time -- respectful of the capabilities our partners sovereign tribal nations. Thank you for that question.

(Ms. Meyers): Thank you. At this time, I would like to turn it back to our live audience to see if there are additional questions. Great. Operator, do you have any questions on the line?

Coordinator: We do. Our first question is from (Aaron Stanley). You may go ahead.

(Aaron Stanley): Yes. Hi everyone. (Aaron Stanley) with (CDC Gaming Reports) here. I'm just hoping you could give a bit more color on kind of the image in all seven districts -- or all seven jurisdictions reported increases in revenue during the fiscal year. And I was just hoping you kind of give a bit more color. I'm sure

of this will be in, you know, the reports that you post later on. But if you could offer a bit more color into, you know, perhaps what was kind of driving some of the growth in California and some of other regions that really produced strong years.

(Ms. Meyers): Yes. Thank you for that question. I will turn that over to Ms. Yvonne Lee our Director of Finance.

Yvonne Lee: Our region across the board showed GGR growth in 2016 which is an indicator of the overall health of the industry. We divided a nation into seven geographic regions purely for administrative reasons. The GGR growth of individual regions should not be interpreted as the indicator of local economy for that specific region. There are several factors that could impact the GGR growth in any specific region. Economic factors could be one of them but there are also factors such as new casinos, casino expansions, or casino constructions or even change in physical year-end date. All those could impact the GGR number.

(Aaron Stanley): I mean, can you - I mean that's helpful but, I mean, is there any additional, you know, color that might be useful in kind of writing a story on - I mean, that's just not all that exciting I guess. I mean, is there anything else you guys can offer?

Jonodev Chaudhuri: I think they want you to (unintelligible) with them, Yvonne. Yes. Let me just -- Jonodev again. So, obviously, the kind of inferences that may be drawn from the specific breakdown or up to the writers and the readers and the larger media world. But what I can say is the fact that there was a broad increase in GGR that says at least two things. One, that there continues to be a stable steady growth in the Indian gaming industry that transcends geographic boundaries first and foremost. And second that connection between strong

regulatory structure of Indian gaming and a fair and predictable industry has yielded benefits on a national scale so much so that geographic benefits are pretty evenly shared. So, I think those are two fair takeaways but in further speculation you probably decline to engage in (unintelligible). I don't know if you want to add anything to that Director Lee but okay. Okay.

(Ms. Meyers): Thank you. Sir, yes, those charts will be available on the media center on our NIGC web site.

(Aaron Stanley): Okay.

(Ms. Meyers): Any specific questions that you have please just contact Director of Public Affairs. At this time, I need to move on to the next question.

(Operator): There are no questions further on the audio side. Again, please press * followed by 1 if you do have a question.

(Ms. Meyers): No questions coming from the Adobe conference room. Any in the room?

Jonodev Chaudhuri: Again, I would just like to thank everybody who is in the room today and joining us virtually. I would especially like to thank fellow commissioners for their work day in and day out to lead the agency and I would like to thank the agency too for putting together today this press conference.

I do want to say, you know, there is a lot in the air and I'm sure folks would us to speak on a number of discussions that are going on. We always stay in our lane at NIGC. We are regulators first and foremost and I think that's where are credibility within the larger landscape comes from - our ability to regulate and ensure compliance in a fair and even manner.

But I do want to say that in terms of things that impact the success of Indian gaming - which is, you know, really created by the primary regulators of Indian gaming. The things that may impact Indian gaming are relevant to us. I mean, we are governed by a statute that -- as I said before -- grows out of self-determination principals but a lot of larger discussions affect Indian gaming.

So, all I would like to say is the idea that self-empowerment isn't just a removal of federal restrictions in Indian Country, it is an important one. Self-determination brings with it a recognition of the special relationship between the Federal Government and tribal. That special relationship is reflected in the obligations that NIGC to support tribal activities and resources and so there are no easy answers when considering how to shape the next 30 years of Indian policy.

But I would urge anybody who is considering doing so to keep in mind that self-determination involves flexibility for tribal nations to do the best that they can -- given the unique histories and resources -- but also flexibility so that there isn't a one size fits all approach to the concourse of tribal nations and there is a recognition of the unique histories of all tribal nations so that if the idea is to support strong tribal economic development -- self-sufficiency in strong tribal governments. And the unique histories of land loss, movement, unique geographic and market considerations is considering a one size fits all solutions are, you know, I mean we get away from the one size fits all solutions. I would just like to leave with that note and again, thank you all for being here today and thank you.

(Ms. Meyers): Yes. Thank you all for participating in our fiscal year '16 Growth Gaming Revenue press conference. As a final reminder, the Growth Gaming Revenue material are available on-line at our media center at NIGC.gov/media or you

can contact the Division of Public Affairs at (202) 632-7033 if you have any additional questions or follow-up for the commission. Thank you again for your time today. Have a wonderful afternoon.

Coordinator: Thank you. You may - thank you all for your participation in today's conference. You may disconnect at this time.

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