



NIGC Approves Class II Minimum Internal Control, Technical Standards

Washington, DC September 24, 2008 — Today the National Indian Gaming Commission (NIGC or Commission) brought to conclusion its long-standing regulatory effort to bring greater clarity and integrity to the electronic play of Class II, or bingo and bingo-like tribal gaming, by approving two final regulations, Class II Minimum Internal Control Standards (MICS) and Technical Standards for Class II games. The MICS for that equipment address the physical and communications security of the inter-connected equipment, and the control of the money and operational systems--or how the systems are operated. The Technical Standards for such electronic gaming pertain to the certification of the equipment used for that play, and insure that the games and systems operate properly and are resistant to tampering--or how the equipment and systems are built.

In addition, the Commission officially withdrew Class II classification standards and changes to the definition of "electronic or electromechanical facsimile" that, along with the MICS and Technical Standards, had been published for comment in 2007. Indian gaming tribes had voiced loud opposition to the classification proposals, and cautioned that their approval would have resulted in dire economic consequences to their gaming operations. The finalized regulations and withdrawal notice approved by the Commission will be sent to the Federal Register September 25, 2008.

In connection with the adoption of the two regulations, today the Commission also released its cost benefit study of the four proposed Class II regulations. The Commission embarked upon the cost benefit study, produced by Policy Navigation Group of Fairfax, Virginia, as part of the rulemaking process in order to insure that it was well informed as to the potential consequences of the regulations. The study weighed the economic costs of implementing each of the four proposed regulations against the potential benefits of each. The study concluded that the economic costs of the regulations were less than had been originally estimated. The study also found that the MICS and technical standards would benefit the tribes by increasing efficiency, lowering capital costs, and decreasing losses associated with facility operation and cash handling.

The Commission decided officially to withdraw the proposed regulations regarding the definition of facsimile and the classification standards based on comments received by tribes and industry experts and the earlier economic impact study.

At the Sovereignty Symposium held in Oklahoma City on June 5, 2008, NIGC Chairman Hogen had told attendees that the Commission would set aside the two proposals that would create a system for game classification as well as modify the definition of "facsimiles of any game of chance." Today Chairman Hogen said that signing the withdrawal of the two proposals "fulfills the promise I made at the Sovereignty Symposium." He also expressed his thanks to tribal leaders and tribal advisory committee members for the great deal of time, effort and resources spent advising and consulting with the Commission on these issues. Vice Chairman Norman DesRosiers said, "I believe, and hope others will agree, that with these regulations we have struck a reasonable balance of setting regulatory standards that will give some level of certainty and guidance to manufacturers, protect the integrity of Class II gaming, and provide tribes with a viable economic opportunity well into the future."

To view related documents, click on the following links [classification withdrawal](#), [definition withdrawal](#), and the [cost benefit study](#).

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