



March
12th – 14th,
2019

National Indian Gaming Commission Sacramento Regional Training Conference



Located at

**Viejas Casino &
Willows Hotel**
5000 Willows Road
Alpine, CA 91901



DAY 1		
Opening Welcome/Ice Breaker		
Regional Panel Discussion		
State Perspective on Current Trends in Casinos		
Lunch (On Your Own)		
Internal Revenue Service (Title 31/BSA, SAR and CTR's)*		
FinCEN, the BSA & Casino AML Program Enforcement*		
Federal Bureau of Investigation (Suspicious Activity Reports)*		
Wrap Up, Discussion, and Questions		
DAY 2		
Track 1	Track 2	Track 3
Top Regional Findings *	IGRA*	IT Overview and the Importance of IT REGS
Promotions and Player Tracking the Real Risk to Your Bottom Line	Background and Licensing	Intro to Gaming Technology
		Building IT TICS
Lunch (On Your Own)		
Bingo Shipping and Receiving: Who's Communicating*	Background and Licensing (continued)	Building IT TICS (continued)
Bingo Machine Files: Installation, Maintenance, and Removal*	Understanding the CHRI	Principals of Auditing; 543.20*
Inventory; Any inventory*	Small and Charitable Gaming	
Wrap Up, Discussion, and Questions		
DAY 3		
Track 1	Track 2	Track 3
Understanding Auditing Revenue (Risk Based)	Misuse of Gaming Revenue	Pre/Post 2008 547 Compliance
Applying Auditing Revenue	Compliance Roles and Responsibilities*	Incident Reporting
Lunch (On Your Own)		
Applying Audit Revenue (continued)	Compliance Roles and Responsibilities* (continued)	Incident Reporting (continued)
Auditing Revenue “The Little Things”	How to Write an Effective Report	Trending IT Issues
		Round Robin Q&A
Wrap Up, Discussion, and Questions		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Day 1 - General Session

Time	Course	Target Audience	Course Description
9:00	Opening and Ice Breaker (0.5 hr.)	All	
9:30	Regional Panel Discussion (1.0 hrs.)	All	A panel discussion involving National Indian Gaming Commission staff members from the Office of General Counsel, the Region Office Compliance, and Audit. The discussion will focus on what is trending in Indian Gaming and Regional Issues. Attendees can pose regulatory questions specific to their operations or trends in Indian Gaming.
10:30	State Perspective on Current Trends in Tribal Gaming (1.5 hrs.)	All	Special Agent Tyler Burtis, CADOJ Bureau of Gambling Control will discuss current criminal trends occurring in commercial and tribal casinos and the duties and relationship of BGC with the tribes and NIGC.
12:00	Lunch on your own		
1:00	IRS Indian Tribal Government (Title 31/BSA, SAR and CTR's) (1.0 hr.)	Tribal Gaming Regulators and Gaming Commissioners, Casino Operations Personnel responsible for Title 31, SAR and CTR for their operations.	This course will cover several Title 31/Bank Secrecy Act (BSA) topics: <ul style="list-style-type: none"> • What to expect during a tribal casino BSA exam • Internal/External independent testing requirements • Recent BSA exam findings • Hot Topics
2:00	FinCEN, the BSA & Casino AML Program Enforcement (1.0 hr.)	Tribal Gaming Regulators and Gaming Commissioners, Casino Operations Personnel	This course will cover several FinCEN topics: <ul style="list-style-type: none"> • Anti-Money Laundering Programs • FinCEN Investigations • Enforcement Actions • Hot Topics
3:00	FBI Current developments and Issues Related to Suspicious Activity Reports (SARs) (1.0 hr.)	Tribal Gaming Regulators and Gaming Commissioners, Casino Operations Personnel responsible for filing or completing SAR's.	This course will share the impact of SARs and how they assist the FBI in investigations. Attendees will gain insights into current schemes used by casino patrons and how law enforcement can better partner with Casinos.
4:00	Wrap Up, Discussion, and Questions		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 1 - Day 2

Time	Course	Target Audience	Description
9:00	Top Regional Findings (1.0 hr.)	Internal Auditors, TGRA staff including Compliance Officers, Licensing Agents, Operations staff including department supervisors and managers responsible for developing SICS and policy and procedures.	The Top 10 most common non-compliance findings specific to the Region as identified through annual AUP reports, internal audit reports and NIGC monitoring will be presented, along with specific instructions and exercises that focus on the intent of the control as well as identification, development, and implementation of remedies for the findings. Attendees will obtain increased understanding and additional skills to identify and remedy like findings at their gaming operations.
10:00	Promotions and Player Tracking the Real Risk to your bottom Line (2.0 hrs.)	Internal Auditors, TGRA staff including Compliance Officers, IT Auditors, Operations staff including department supervisors and managers responsible for developing and approving SICS and policy and procedures.	This course will provide specific instructions and exercises focusing on the intent of the Promotions and Player Tracking controls. Attendees will obtain increased understanding and additional skills to identify and remedy deficiencies with promotional rules and identify ways to control parameters in their player tracking systems.
12:00	Lunch on your own		
1:00	Bingo Shipping and Receiving: Who's Communicating (1.0 hr.)	Internal Auditors, TGRA staff including Compliance Officers, Operations staff including department supervisors and managers responsible for developing SICS and policy and procedures.	This course will provide specific instructions and exercises focusing on developing TICS and SICS. Attendees will obtain increased understanding and additional skills to identify and remedy communication and documentation issues in the shipping and receiving process, which can be applied to other areas.

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 1 - Day 2 (continued)

Time	Course	Target Audience	Description
2:00	Bingo Machine Files: Installation, Maintenance, and Removal (1.0 hr.)	Internal Auditors, TGRA staff including Compliance Officers, Gaming Machine Staff including Slot Tech's and Slot Floor Operations, other Operations staff including department supervisors and managers responsible for developing SICS and policy and procedures.	This course will provide specific instructions and exercises that focus on file maintenance and documentation. Attendees will obtain increased understanding and additional skills to identify and remedy deficiencies with documentation and understand the importance of maintaining good records.
3:00	Inventory; Any Inventory (1.0 hr.)	Internal Auditors, TGRA staff including Compliance Officers, Operations staff including department supervisors and managers responsible for developing SICS and policy and procedures.	This course will provide specific instructions and exercises that focus on the importance of segregation of duties and documentation in the inventory control process. Attendees will obtain increased understanding and additional skills related to the critical aspects of inventory control specific to bingo which can be applied to other types of inventory.
4:00	Wrap Up, Discussion, and Questions		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 1 - Day 3

9:00	Understanding Auditing Revenue (2.0 hrs.)	Revenue Auditors and Operational and/or Compliance staff who may perform revenue audit procedures	An overview of the revenue audit process, NIGC standards, and best practices which will give attendees an understanding of why it's vital for every gaming operation to have an effective revenue audit function to protect the assets of the Tribe and the reputation of the gaming operation.
11:00	Applying Auditing Revenue (3.0 hrs.)	Revenue Auditors and Operational and/or Compliance staff who may perform revenue audit procedures	An in-depth look at revenue audit processes will be presented using discussions, practical exercises, and handouts which will give attendees a practical look at what it takes to make and maintain an effective revenue audit function. Attendees will obtain increased understanding behind the intent of specific revenue audit processes and skills on how to effectively perform revenue audit procedures.
12:00	<i>Lunch on your own</i>		
1:00	CONTINUED	CONTINUED	CONTINUED
3:00	Auditing Revenue; The Little Things (1.0 hr.)	Revenue Auditors and Operational and/or Compliance staff who may perform revenue audit procedures	A look at the processes of revenue audit and the "how to" by using; discussions, practical exercises, and handouts. The course will look at scheduling of revenue audit procedures, documenting performance of procedures, drafting notices of findings, and following-up on any issues identified so they can be corrected.
4:00	Wrap Up, Discussion, and Questions		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 2 - Day 2

Time	Course	Target Audience	Course Description
9:00	Indian Gaming Regulatory Act (IGRA) (1.0 hr.)	Tribal Regulatory Commission, Operations Personnel of all levels of a tribal operation	Participants will learn how to avoid enforcement actions through compliance. The course will give participants an overview of the requirements of IGRA and how non-compliance with one or more of these requirements can be a violation of IGRA.
10:00	Background and Licensing (3.0 hrs.)	Background investigators, Licensing technicians and Gaming Commissioners directly responsible for conducting background and making eligibility determinations for Key Employees and Primary Management Officials	This course focuses on the investigation and licensing process of key employees and primary management officials. Attendees will learn the components of background investigations, verification process of the gaming applications, and use of background investigation results to make eligibility determinations. Attendees will also learn the procedures for submitting notifications of results (NOR) and issuance of gaming license notices (IOL) for Key Employees and Primary Management Officials to the NIGC.
12:00	Lunch on your own		
1:00	CONTINUED	CONTINUED	CONTINUED
2:00	Understanding the CHRI (1.0 hr.)	Background investigators, Licensing technicians and Gaming Commissioners directly responsible for obtaining and utilizing FBI criminal history record information.	This course will discuss the information within a FBI Criminal History Record Information (CHRI) report, its limitations, proper use and storage. Attendees will learn how to use the CHRI report to determine a key employee or primary management officials eligibility for a tribal gaming license, how to give proper notice to applicants about the use of the CHRI and the importance of restricting access to the CHRI information.
3:00	Small and Charitable Gaming (1.0 hr.)	TGRA staff including Compliance Officers, Licensing Agents, Tribal Leadership	Did you know that IGRA requires charitable gaming to be regulated? Are you doing enough? This course examines the legal ins and outs of regulating charitable gaming on Indian lands. Participants will learn what is considered Indian lands (hint: it may be more than you think!), what responsibilities the tribal gaming regulatory authority has for regulating gaming, and which exemptions apply to charitable operations.
4:00	Wrap up Questions and Answers		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 2 - Day 3

9:00	Misuse of Gaming Revenue (2.0 hrs.)	Tribal Gaming Commissions, Compliance and Audit personnel, and Casino Management.	Misuse of gaming revenues can occur when gross gaming revenues are not used for legitimate operating expenses of the gaming operation, potentially violating the Net Gaming Revenue uses defined in IGRA. This course will identify and discuss such practices with respect to corporate credit cards, donation accounts, wire transfers, ad hoc tribal programs and payments made directly to tribal members by the gaming operation. Attendees will obtain increased understanding and additional skills to identify and remedy misuses at their gaming operations.
11:00	Compliance Roles and Responsibilities (2.0 hrs.)	TGRA Compliance Officers, Licensing Staff, and Gaming Commission.	This course will explain the benefits and attributes of independent gaming commissions along with recommendations for establishing independent gaming commissions. Regulatory responsibilities required by IGRA and NIGC regulations are also discussed. The Attendee will obtain an understanding of the benefits and limitations of independence.
12:00	<i>Lunch on your own</i>		
2:00	How to Write an Effective Report (2.0 hrs.)	Tribal Gaming Regulatory Authorities (TGRA) including Commissioners, Compliance Officers, Security and Surveillance. Operations staff including all supervisors and managers responsible for writing reports.	This course focuses on preparing reports and explores techniques of organizing and structuring the report to comply with proper guidelines. This class will discuss the characteristics of an effective report using When, Where, Who, What, How and Why and discuss best practices within the gaming industry. Attendees will participate in real life work scenarios based on operational and regulatory points of view.
4:00	Wrap Up, Discussion, and Questions		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

Track 3 - Day 2

Time	Course	Target Audience	Course Description
9:00	IT Overview and the Importance of IT REGS. (1.0 hr.)	Tribal Gaming Regulators, Operations personnel and IT personnel of all levels	This course is designed to go over current industry statistics and analysis and the importance of regulations from the Federal, State and Tribal level
10:00	Introduction to Gaming Technology (1.0 hr.)	Tribal Gaming Regulators, Operations personnel, and Introductory level IT personnel	This course is designed to outline the basics of Gaming System networks and their significance. Types of technology typically found in a casino environment including Class II and Class III gaming technology will be covered
11:00	Building IT TICS (2.0 hrs.)	Tribal Gaming Regulators, Technical Compliance officers, and Managerial IT personnel	This course is a refreshed course to assist with understanding the importance of clear and concise IT controls by utilizing the STEFF model as a framework. The course will also address 3 internal control types and how they affect proper TICS creation and immersion into current TICS/SICS.
12:00	Lunch on your own		
1:00	CONTINUED	CONTINUED	CONTINUED
2:00	Principles of Auditing: 543.20 (2 hrs.)	Tribal Gaming Regulators, Operations personnel, IT personnel, and Introductory level Auditors of IT systems	The importance and intent of CFR 543.20 (IT – MICS) will be discussed through real-world examples of common IT findings, how to address findings, and reviewing sound auditing practices.
4:00	Wrap up Questions and Answers		

Courses and times are subject to change

*Denotes courses being live streamed



Course Agenda/Descriptions

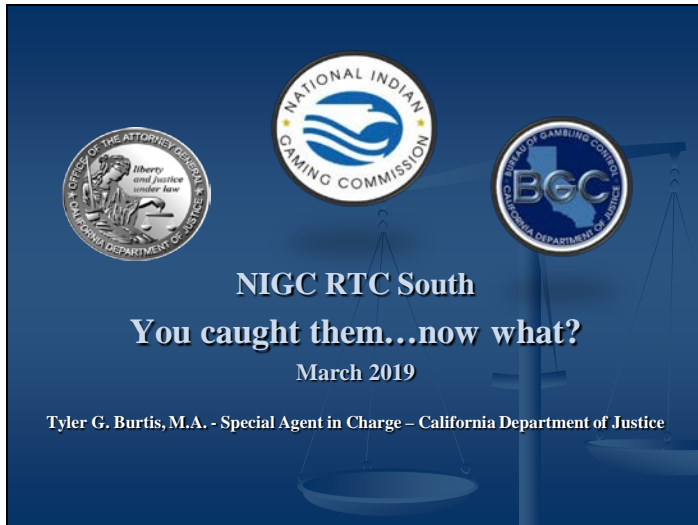
Track 3 - Day 3

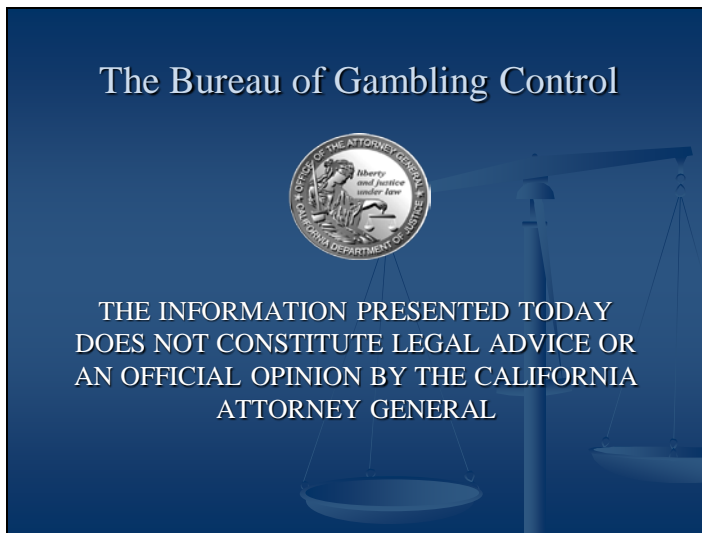
9:00	Regulators Pre/Post 2008 547 Compliance (1.0 hr.)	Tribal Gaming Regulators, Operations and IT personnel	In this course we will cover the significance of the final NIGC ruling regarding the 547 technical standards from a regulatory and operations standpoint as well as providing practical tips for determining if electronic gaming machines are pre or post-2008 compliant.
10:00	Incident Reporting (2.5 hrs.)	Tribal Gaming Regulators, Operations and IT personnel	This course is a new course, this activity driven class will cover the nature and importance of having robust incident reporting and cyber security defense procedures in place. Additionally, both preventative and responsive controls and tools will be discussed.
12:00	Lunch on your own		
1:00	CONTINUED	CONTINUED	CONTINUED
1:30	Trending IT Issues (2.0 hrs.)	Tribal Gaming Regulators, Operations and IT personnel	This exciting new course will focus on current and upcoming issues within the gaming IT realm and how those topics will affect the greater casino industry. A multitude of covered topics will include discussion points such as, sports betting, geofencing, AI, and social networks.
3:30	Round Robin Q&A (0.5 hr.)	Tribal Gaming Regulators, Operations and IT personnel	Discussion period to review and answer any lingering questions you may have concerning what was covered during the two-day track.
4:00	Wrap Up, Discussion, and Questions		

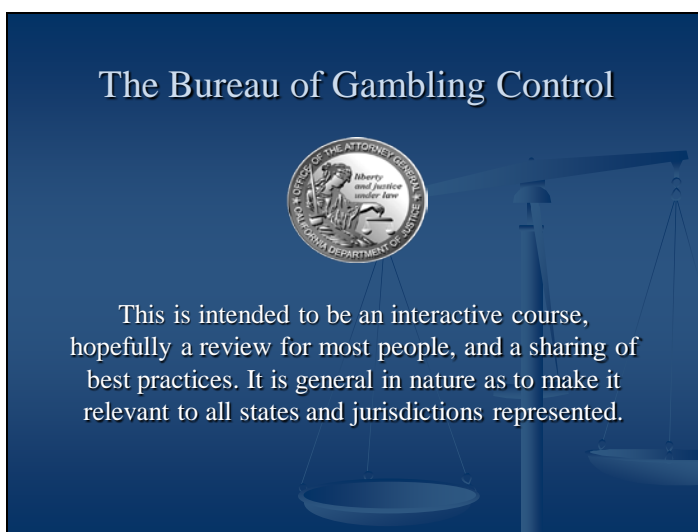
Courses and times are subject to change

*Denotes courses being live streamed

Bureau of Gambling Control Participant Guide







Bureau of Gambling Control Participant Guide

Preparation

- Hiring
- Training
- Policy and Procedures
- Rules of Law/Elements of Crimes
- Interviews
- Civil Restitution
- Chain of Custody
- Law Enforcement Training
- Meeting with Law Enforcement/Prosecutor
- Prosecution – Court Room
- Sharing of Information/Termination

Preparation

- Hiring
 - Are you hiring/promoting the right person into the job?
 - What is their background?
 - Former Law Enforcement...Brady issues?
 - Testimony in court...do they make a good witness?
 - Each person within the chain of events.

Training

- Training
 - Position Specific
 - Policy and Procedures (Not just theirs/suspects)
 - Elements of associated crimes
 - Interviewing
 - Training Resume
 - Law Enforcement Training
 - Courtroom Testimony

Bureau of Gambling Control Participant Guide

Training

- Rules of Law/Elements of Crime
 - Once you have the Policy and Procedure violations satisfied...are you familiar with the Rules of Law and Elements of the Crimes you are trying to prove?
 - Obtain Criminal Law training for your particular state.
 - Satisfy the Policy Violations and Elements of the Crimes during your initial interview.

Policy and Procedures

- Policy and Procedures
 - Deviation from Policy and Procedures is a Red Flag...did you follow your own?
 - Are you intimately familiar with the suspect's?
 - The defense attorney will be very familiar with both...
 - When the defense does not have a case...they attack you!

Interviews

- Interview
 - Training
 - The Right Interviewer for the Job
 - Go in with a plan, policy violations, and elements of crimes (whether you want to prosecute or not)
 - Video/Audio Recording
 - Meet with Law Enforcement/Prosecutors about preferences ahead of time...once the investigation starts, it is too late.

Bureau of Gambling Control Participant Guide

Evidence

- Chain of Custody
 - From Start to Finish...and even before
 - Who received it?
 - Who touched it?
 - What measures did you take to protect it?
 - When did you receive it, when did you store it, when did you release it?
 - Where did you obtain it, where was it stored, where did it go?
 - Why is it important?

Surveillance

- Double edged sword.
- Do you have it?
- Do you have all of it?
- Does it support your case or hurt it (Brady)?
- Nobody is ever under constant surveillance.
- Retention Policy?
- Discovery Policy and Release to Law Enforcement.

Law Enforcement Training

- Document ALL Training.
- Diversify Training.
- Obtain Law Enforcement Training (Jury Appeal).
- Have an updated Training Resume ready at all times for courtroom testimony and expertise.

Bureau of Gambling Control Participant Guide

Networking

- There are great casino employees...and not so great
- There are great law enforcement officers...and not so great
- Establish a realistic timeline and expectations
- Meet with your law enforcement and prosecutorial contacts ahead of time
- Educate Each Other!
- Develop professional relationships

Courtroom

- All of your preparation becomes very important
- Training Resume
- Stay calm, cooperative, and do not take anything personally
- Treat both sides equally
- ONLY answer the question
- Give the prosecutor time to object
- ALWAYS be truthful

Sharing of Information

- Involuntary Exclusion List
- Termination
- Prosecution
- Intelligence/Information Sharing Meetings
- Casinos may be in healthy competitions, but theft, embezzlement, and criminals impact all of us, including your customer base.

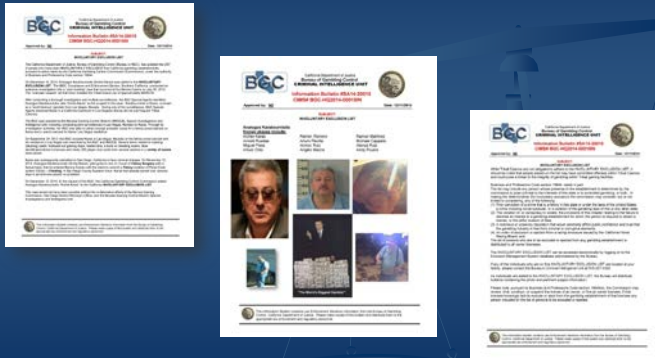
STATE AND FEDERAL RESOURCES

- The HIFCA program is intended to concentrate law enforcement efforts at the federal, state, and local level to combat money laundering in designated high-intensity money laundering zones. In order to implement this goal, a money-laundering action team was created or identified within each HIFCA to spearhead a coordinated federal, state, and local anti-money laundering effort. Each action team is composed of all relevant federal, state, and local enforcement authorities, prosecutors, and financial regulators.

[illegible][illegible]

Bureau of Gambling Control Participant Guide

INVOLUNTARY Exclusion List



BGC Intelligence Unit

- Bulletins are produced through your local BGC Office and BGC Special Agent
- Get on the LIST and keep the list updated with personnel changes

BGCCIU@doj.ca.gov

California Gambling Investigators Course



CGIC@doj.ca.gov

Bureau of Gambling Control Participant Guide

Contact

Tyler G. Burtis
Special Agent in Charge
Office of the Attorney General
California Department of Justice
Bureau of Gambling Control
tyler.burtis@doj.ca.gov
(858) 863-3647










FY2019 Bureau Gambling Control Course Eval










When survey is active, respond at PollEv.com/nigc3










0 surveys done

0 surveys underway










Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app

1)	<div data-bbox="289 212 427 264">  IRS </div> <div data-bbox="738 199 863 262">  </div> <div data-bbox="313 369 823 411"> Tax Exempt & Government Office of Indian Tribal Governments Entities </div> <div data-bbox="373 472 625 552"> <h1>Title 31</h1> <h2>Bank Secrecy Act</h2> </div> <div data-bbox="444 590 596 609"> Date: February 5, 2019 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
2)	<div data-bbox="289 741 396 787">  IRS </div> <div data-bbox="438 745 609 779"> <h1>Introductions</h1> </div> <div data-bbox="738 730 863 793">  </div> <div data-bbox="727 945 849 1050"> 719-6233 225-2193 @irs.gov </div> <div data-bbox="305 1152 319 1171"> 2 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
3)	<div data-bbox="289 1272 396 1318">  IRS </div> <div data-bbox="454 1276 672 1310"> <h1>Title 31 Overview</h1> </div> <div data-bbox="738 1266 863 1329">  </div> <div data-bbox="277 1333 751 1604"> <ul style="list-style-type: none"> ➤ History of BSA ➤ Title 31 Overview ➤ Suspicious Activities ➤ How to Increase SAR Reporting ➤ Current Findings ➤ Issues Identified in BSA examinations ➤ OFAC – Office of Foreign Asset Control </div> <div data-bbox="659 1337 846 1539">  </div> <div data-bbox="305 1686 319 1705"> 3 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

4)	<div data-bbox="282 212 862 254">  Historical Background  </div> <ul style="list-style-type: none"> ➤ The Bank Secrecy Act (BSA) was passed by Congress in 1970 in response to increasing reports of nationwide money laundering ➤ Treasury Department's Financial Crimes Enforcement Network (FinCEN) – administers BSA ➤ Title 31 Money and Finance  <div data-bbox="306 625 318 640">4</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
5)	<div data-bbox="282 737 862 779">  Historical Background  </div> <ul style="list-style-type: none"> ➤ The Bank Secrecy Act created a regulatory body called the "Financial Crimes Enforcement Network" (FinCEN). ➤ FinCEN is responsible for regulating the Bank Secrecy Act (BSA) not the IRS. FinCEN delegates its authority to administer the regulations to other agencies such as the IRS, Comptroller of the Currency and the SEC. ➤ FinCEN is a network, a link between the law enforcement, financial, and regulatory communities. A constantly changing financial world creates new opportunities for criminals. FinCEN strives to work with its domestic and international partners to maximize the information sharing network and find ways to prevent and detect financial crime.  <div data-bbox="306 1161 318 1176">5</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
6)	<div data-bbox="282 1262 862 1304">  Current FinCEN Website  </div>  <div data-bbox="306 1686 318 1701">6</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

7)	<div data-bbox="282 212 396 254">  IRS </div> <div data-bbox="461 218 672 245"> Title 31 Overview </div> <div data-bbox="743 205 867 260">  </div> <div data-bbox="282 270 828 596"> <ul style="list-style-type: none"> ➤ FinCEN enforces BSA through rules, regulations and penalties. ➤ These rules include: <ul style="list-style-type: none"> ➤ keep records ➤ file reports ➤ report suspicious activity ➤ BSA mandates that Casinos develop and implement a compliance program: <ul style="list-style-type: none"> ➤ includes training. </div> <div data-bbox="656 327 844 487">  </div> <div data-bbox="306 627 318 644"> 7 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
8)	<div data-bbox="282 739 396 781">  IRS </div> <div data-bbox="477 745 656 772"> Class Example: </div> <div data-bbox="743 732 867 787">  </div> <div data-bbox="282 802 859 865"> <p>You find a large bag of money, there is no one around. It is just you and a bag of bills.</p> </div> <div data-bbox="310 888 691 1121"> <ul style="list-style-type: none"> ➤ What is your first thought? ➤ Turn it in? ➤ Would you keep it all? ➤ Some? ➤ How would you decide? ➤ If you keep it, how will you spend it? ➤ Put it in the bank? </div> <div data-bbox="620 863 854 1022">  </div> <div data-bbox="306 1159 318 1176"> 8 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
9)	<div data-bbox="282 1270 396 1312">  IRS </div> <div data-bbox="404 1276 786 1310"> Strategies to Avoid Detection </div> <div data-bbox="786 1270 867 1312">  </div> <div data-bbox="295 1335 678 1474"> <ul style="list-style-type: none"> ➤ Structuring ➤ Minimal Gaming ➤ Involvement of Agents ➤ Involvement of Casino Staff </div> <div data-bbox="493 1478 724 1675">  </div> <div data-bbox="306 1688 318 1705"> 9 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

10)	<div data-bbox="282 212 396 254"> </div> <div data-bbox="423 218 673 247"> Multiple Transactions </div> <div data-bbox="740 197 862 260"> </div> <div data-bbox="277 277 854 348"> Treated as a single transaction if the casino has knowledge that the transactions: </div> <div data-bbox="334 352 812 504"> <ul style="list-style-type: none"> ➤ Are by, or on behalf of, one person ➤ Result in either cash in or cash out ➤ Total more than \$10,000 in a gaming day </div> <div data-bbox="574 470 831 613"> </div> <div data-bbox="277 577 516 600"> <small>31 CFR Chapter X § 1021.313</small> </div> <div data-bbox="300 625 324 644"> <small>10</small> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
11)	<div data-bbox="282 737 396 779"> </div> <div data-bbox="440 743 725 772"> Multiple Transactions </div> <div data-bbox="740 722 862 785"> </div> <div data-bbox="292 810 821 921"> Knowledge – if anyone, regardless of what department they are in, has knowledge the patron exceeded the \$10,000 threshold </div> <div data-bbox="441 930 669 1134"> </div> <div data-bbox="300 1159 324 1178"> <small>11</small> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
12)	<div data-bbox="282 1262 396 1304"> </div> <div data-bbox="440 1268 596 1297"> Aggregation </div> <div data-bbox="740 1247 862 1310"> </div> <div data-bbox="292 1335 816 1434"> After the patron leaves and it is determined that there is a requirement to report, the casino should: </div> <div data-bbox="292 1438 823 1617"> <ul style="list-style-type: none"> ➤ Prepare a report with all available data on the patron ➤ File the report with a letter explaining the circumstances ➤ Keep copies in their records </div> <div data-bbox="673 1549 831 1673"> </div> <div data-bbox="300 1684 324 1703"> <small>12</small> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

13)	<div data-bbox="280 212 397 258">  IRS </div> <div data-bbox="492 216 662 247"> Recordkeeping </div> <div data-bbox="743 205 865 258">  </div> <p>Casinos subject to the BSA must retain the original, microfilm, or copy of each of the following:</p> <ul style="list-style-type: none"> ➤ A record of each receipt of funds deposited or credited to the account of any person (including name, address, SSN, date, and amount) ➤ A record of each bookkeeping entry to a patron's account <div data-bbox="743 342 865 499">  </div> <p>-31 CFR Chapter X § 1021.410</p> <div data-bbox="305 625 324 646">13</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
14)	<div data-bbox="280 737 397 783">  IRS </div> <div data-bbox="492 741 662 772"> Recordkeeping </div> <div data-bbox="743 730 865 783">  </div> <ul style="list-style-type: none"> ➤ Each statement, ledger card, or other record showing every transaction posted to a patron's account ➤ A record of each transaction involving a person, account, or place outside the U.S. <div data-bbox="386 951 743 1098">  </div> <p>31 CFR Chapter X § 1021.410</p> <div data-bbox="305 1150 324 1171">14</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
15)	<div data-bbox="280 1262 397 1308">  IRS </div> <div data-bbox="492 1266 662 1297"> Recordkeeping </div> <div data-bbox="743 1255 865 1308">  </div> <ul style="list-style-type: none"> ➤ All records prepared or used by a casino to monitor patron's gaming activity ➤ Separate record listing transactions between the casino and patrons which involve a face value of \$3,000 or more of monetary instruments (MIL) <div data-bbox="329 1476 800 1623">  </div> <p>31 CFR Chapter X § 1021.410</p> <div data-bbox="305 1686 324 1707">15</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

16)	<div data-bbox="282 212 396 254"> </div> <div data-bbox="418 218 667 249"> Compliance Program </div> <div data-bbox="743 197 867 254"> </div> <p>Written program to assure and monitor BSA compliance, including:</p> <ul style="list-style-type: none"> ➤ A system of internal controls ➤ Internal and/or external independent testing ➤ Training of casino personnel ➤ An individual or individuals to assure day-to-day compliance <div data-bbox="656 415 850 569"> </div> <p>(Note: Everyone should be aware and not rely on a single individual)</p> <div data-bbox="302 625 324 646">16</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
17)	<div data-bbox="282 737 396 779"> </div> <div data-bbox="418 743 651 774"> Money Laundering </div> <div data-bbox="743 722 867 779"> </div> <ul style="list-style-type: none"> ➤ Structuring ➤ Suspicious Activities ➤ Suspicious Activity Report (SAR) <div data-bbox="602 800 837 1131"> </div> <div data-bbox="302 1150 324 1171">17</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
18)	<div data-bbox="282 1262 396 1304"> </div> <div data-bbox="418 1268 683 1320"> Goals Of The Money Launderer </div> <div data-bbox="743 1247 867 1304"> </div> <ul style="list-style-type: none"> ➤ Make illegal income look legal ➤ Disguise assets ➤ Hide assets from others (e.g., creditors or law enforcement) ➤ Leave no paper trail <div data-bbox="607 1331 846 1677"> </div> <div data-bbox="302 1688 324 1709">18</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

19)	<div data-bbox="282 212 396 254"> </div> <div data-bbox="430 212 649 258"> Methods Of Money Laundering </div> <div data-bbox="740 197 865 262"> </div> <div data-bbox="293 281 693 449"> <ul style="list-style-type: none"> ➤ Change small bills to large bills ➤ Turn currency into checks ➤ Involve others ➤ Structure transactions </div> <div data-bbox="589 369 855 602"> </div> <div data-bbox="300 625 323 644">19</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
20)	<div data-bbox="282 743 396 785"> </div> <div data-bbox="440 749 722 779"> Definition Of Structuring </div> <div data-bbox="740 728 865 789"> </div> <div data-bbox="293 812 823 873"> <p>A person acting alone, with others, or on behalf of others, who conducts, or attempts to conduct:</p> </div> <div data-bbox="350 884 743 1014"> <ul style="list-style-type: none"> ➤ One or more transactions ➤ At one or more financial institutions ➤ On one or more days ➤ In any amount </div> <div data-bbox="293 1016 581 1079"> <p>for the purpose of evading the reporting requirements.</p> </div> <div data-bbox="649 953 795 1113"> </div> <div data-bbox="472 1119 844 1148"> <p>31 CFR Chapter X § 1010.100(xx)</p> </div> <div data-bbox="300 1159 323 1178">20</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
21)	<div data-bbox="282 1274 396 1316"> </div> <div data-bbox="440 1281 719 1310"> Structured Transactions </div> <div data-bbox="740 1260 865 1320"> </div> <div data-bbox="293 1333 823 1539"> <ul style="list-style-type: none"> ➤ Actions which cause or attempt to cause a financial institution to <u>fail</u> to file a required report ➤ Actions which cause or attempt to cause a financial institution to file a report with a material <u>misstatement or omission</u> ➤ Transactions which <u>structure</u> or assist in structuring any transactions with one or more domestic financial institutions </div> <div data-bbox="443 1518 695 1646"> </div> <div data-bbox="565 1646 852 1673"> <p>31 CFR Chapter X § 1010.314</p> </div> <div data-bbox="300 1686 323 1705">21</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

22)	<div data-bbox="282 212 396 254"> </div> <div data-bbox="418 216 686 247"> Example of Structuring </div> <div data-bbox="727 197 867 254"> </div> <div data-bbox="292 279 410 310"> <p>A patron:</p> </div> <div data-bbox="292 323 771 564"> <ul style="list-style-type: none"> ➤ Opens several player's club accounts ➤ Under one or more names ➤ Obtains TITO under the various accounts and cashes out the tickets at the kiosk </div> <div data-bbox="638 365 857 611"> </div> <div data-bbox="300 623 321 642"> 22 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
23)	<div data-bbox="282 737 396 779"> </div> <div data-bbox="469 747 579 779"> Example </div> <div data-bbox="727 722 867 779"> </div> <div data-bbox="292 810 410 842"> <p>A patron:</p> </div> <div data-bbox="292 852 703 1096"> <ul style="list-style-type: none"> ➤ Approaches a casino employee ➤ Asks about the gaming day ➤ Structures his transactions around the end of the gaming day </div> <div data-bbox="558 957 837 1142"> </div> <div data-bbox="300 1155 321 1173"> 23 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
24)	<div data-bbox="282 1262 396 1304"> </div> <div data-bbox="469 1272 579 1304"> Example </div> <div data-bbox="727 1247 867 1304"> </div> <div data-bbox="282 1341 399 1373"> <p>A patron:</p> </div> <div data-bbox="282 1386 742 1509"> <ul style="list-style-type: none"> ➤ Conducts various cash transactions ➤ On a regular basis ➤ In amounts less than \$10,000 </div> <div data-bbox="324 1520 789 1673"> </div> <div data-bbox="300 1686 321 1705"> 24 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

25)	<div data-bbox="282 212 396 254"> </div> <div data-bbox="469 216 579 245"> Example </div> <div data-bbox="724 197 867 254"> </div> <div data-bbox="292 279 604 306"> <p>A patron who plays the slots:</p> </div> <div data-bbox="292 317 813 533"> <ul style="list-style-type: none"> ➤ Feeds all small bills (\$5, \$10, and \$20) into the bill validator ➤ Engages in minimal gaming ➤ Cashes out ➤ Requests large bills and/or a casino check(s) </div> <div data-bbox="620 352 831 611"> </div> <div data-bbox="300 623 321 640"> 25 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
26)	<div data-bbox="282 741 396 783"> </div> <div data-bbox="417 741 693 770"> Suspicious Activities </div> <div data-bbox="724 722 867 779"> </div> <div data-bbox="292 810 802 873"> <p>Patrons who engage in large cash activity with minimal wagering or risk:</p> </div> <div data-bbox="292 882 828 1020"> <ul style="list-style-type: none"> ➤ Repeated buy-ins at the tables without placing significant funds at risk ➤ Repetitive large cash transactions over multiple days that do not involve wagering </div> <div data-bbox="522 1024 669 1146"> </div> <div data-bbox="300 1159 321 1176"> 26 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
27)	<div data-bbox="282 1270 396 1312"> </div> <div data-bbox="417 1278 712 1308"> Are You Missing Anything? </div> <div data-bbox="743 1260 886 1316"> </div> <div data-bbox="292 1337 454 1360"> <p>Are you Utilizing:</p> </div> <div data-bbox="292 1360 831 1644"> <ul style="list-style-type: none"> ➤ Your Customer Account information (Player's Club Account)? ➤ The information for daily revenue recognition of the slot machines for unscheduled deposits or cash-in that does not match the gaming in the machines? ➤ The exception report – illegal activities such as selling drugs or stolen merchandise – Do you check the patron accounts to see if this person played at the casino? ➤ Identity theft – someone has ID and credit information that do not match – are you reporting this as a SAR? </div> <div data-bbox="300 1690 321 1707"> 27 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

28)	<div data-bbox="284 212 397 258"> </div> <div data-bbox="410 212 719 258"> <p>How Can You Find What You are Missing?</p> </div> <div data-bbox="743 197 868 258"> </div> <div data-bbox="321 275 821 348"> <h3>Slot Ticket/Ticket In Ticket Out (TITO) Sort</h3> </div> <div data-bbox="297 352 846 611"> <ul style="list-style-type: none"> ➤ Sequential Tickets printed or redeemed within close time proximity ➤ Tickets being generated by the same slot machine or machines in the same area ➤ Tickets amounts just below the slot kiosk cash redemption limits ➤ Round dollar tickets amounts </div> <div data-bbox="302 630 324 646"> <p>28</p> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
29)	<div data-bbox="284 737 397 783"> </div> <div data-bbox="410 737 719 783"> <p>Are You Missing Anything?</p> </div> <div data-bbox="743 722 868 783"> </div> <div data-bbox="297 800 808 873"> <h3>What is the Difference Between Coin-In and Cash-In?</h3> </div> <div data-bbox="297 932 568 1121"> </div> <div data-bbox="609 957 808 1094"> </div> <div data-bbox="302 1161 324 1178"> <p>29</p> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
30)	<div data-bbox="284 1262 397 1308"> </div> <div data-bbox="410 1262 719 1308"> <p>Are You Missing Anything?</p> </div> <div data-bbox="743 1247 868 1308"> </div> <div data-bbox="297 1325 464 1371"> <h3>Coin-In is:</h3> </div> <div data-bbox="297 1375 836 1587"> <ul style="list-style-type: none"> ➤ Recycled coin that is tracked every time a play button is pushed. <ul style="list-style-type: none"> ➤ Example, to get \$96,000 of coin-in, may only be \$4,800 of actual cash in put into the machine </div> <div data-bbox="302 1690 324 1707"> <p>30</p> </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

31)	<div data-bbox="284 210 397 262"></div> <div data-bbox="418 218 711 247">Are You Missing Anything?</div> <div data-bbox="743 199 868 262"></div> <ul style="list-style-type: none"> ➤ The Higher the Coin-in Percentage compared to Cash-In is an indicator of a good patron or gambler. ➤ The Closer Coin-in to Cash-in is an indicator of Bill Stuffing and/or minimal play. ➤ Understanding the relationship to Coin-In and Cash-In will assist in identifying SAR issues related to minimal play or bill stuffing. <div data-bbox="300 625 324 646">31</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
32)	<div data-bbox="284 737 397 789"></div> <div data-bbox="418 745 711 774">Are You Missing Anything?</div> <div data-bbox="743 726 868 789"></div> <p><u>BSA Expectations Regarding Marijuana-Related Businesses</u></p> <ul style="list-style-type: none"> ➤ Procedures established for filing “<i>Marijuana Limited</i>” SAR Filings for State Authorized Marijuana Businesses ➤ Same Time Frames and filing of SARs exist for Marijuana Business <div data-bbox="300 1161 324 1182">32</div> <div data-bbox="743 1155 816 1171">ons-regarding-</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
33)	<div data-bbox="284 1272 397 1325"></div> <div data-bbox="418 1281 711 1310">Are You Missing Anything?</div> <div data-bbox="743 1262 868 1325"></div> <p><u>Question on Marijuana Related Transaction with Casinos</u></p> <ul style="list-style-type: none"> ➤ Is the casino customer using the casino to bypass or hide the source of funds? ➤ If not related to a legal state business/illegal federal business, would this be a suspicious transaction? <div data-bbox="300 1686 324 1707">33</div> <div data-bbox="743 1680 816 1696">ons-regarding-</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

34)	<div data-bbox="282 212 396 254"></div> <div data-bbox="412 218 709 249">Are You Missing Anything?</div> <div data-bbox="740 197 862 254"></div> <p>When in doubt, the casino should file the SAR for Marijuana transactions Remember Title 31, is under Federal Law and not State Law</p> <div data-bbox="480 443 675 590"></div> <div data-bbox="302 623 321 640">34</div> <div data-bbox="735 617 812 632">ons-regarding-</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
35)	<div data-bbox="282 743 396 785"></div> <div data-bbox="444 749 724 781">Emphasized in IRS audits?</div> <div data-bbox="740 722 862 785"></div> <ul style="list-style-type: none"> ➤ Timely filing of the CTR and SAR ➤ After identifying a transaction, was all available information used – Did you check the Patron Player Club information? ➤ Use of the Correct Legal Name and using the same name and spacing on all forms filed. <div data-bbox="367 1031 769 1146"></div> <div data-bbox="302 1161 321 1178">35</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
36)	<div data-bbox="282 1268 396 1310"></div> <div data-bbox="461 1274 701 1306">Recent findings/penalties</div> <div data-bbox="740 1247 862 1310"></div> <p>➤ Recent BSA Casino Enforcement Actions</p> <ul style="list-style-type: none"> ❖ Artichoke Joe's Casino ❖ CG Technology, L.P., formerly known as, Cantor G&W (Nevada) L.P. d/b/a Cantor Gaming (CG Technology) ❖ Hawaiian Gardens Casino, Inc. dba: The Gardens Casino ❖ Caesars Palace ❖ Oaks Card Club <div data-bbox="565 1472 857 1671"></div> <div data-bbox="302 1686 321 1703">36</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

37)	<div data-bbox="282 212 396 260"> </div> <div data-bbox="418 201 703 266"> Artichoke Joe's Casino \$8,000,000 with \$3,000,000 suspended </div> <div data-bbox="764 201 870 260"> </div> <div data-bbox="324 281 639 310"> Artichoke Joe's Casino (AJC) </div> <div data-bbox="347 317 836 417"> <ul style="list-style-type: none"> ➤ During an 8-year period, AJC failed to implement and maintain an effective AML program, and failed to detect, deter and timely report many suspicious transactions. </div> <div data-bbox="363 443 456 569"> </div> <div data-bbox="496 407 807 596"> </div> <div data-bbox="300 630 323 648"> 37 </div>	
38)	<div data-bbox="282 743 396 789"> </div> <div data-bbox="418 751 670 781"> Artichoke Joe's Casino </div> <div data-bbox="764 737 870 795"> </div> <div data-bbox="295 810 578 837"> AJC turned a blind eye to: </div> <div data-bbox="295 844 557 1117"> <ul style="list-style-type: none"> ➤ Loan sharking, ➤ Suspicious transfers of high-value gaming chips, ➤ Flagrant criminal activity that occurred in plain sight ➤ Failed to implement internal controls </div> <div data-bbox="578 837 842 1142"> </div> <div data-bbox="300 1159 323 1178"> 38 </div>	
39)	<div data-bbox="282 1272 396 1318"> </div> <div data-bbox="418 1281 670 1310"> Artichoke Joe's Casino </div> <div data-bbox="764 1266 870 1325"> </div> <div data-bbox="295 1344 842 1661"> <ul style="list-style-type: none"> ➤ AJC was assessed a penalty in November of 2017 of \$8,000,000. ➤ On 5/3/2018, \$3,000,000 of the penalty was suspended pending compliance with the Undertakings in the Consent. ➤ If AJC fails to comply, the entire \$8,000,000 shall paid. </div> <div data-bbox="667 1535 842 1677"> </div> <div data-bbox="300 1686 323 1705"> 39 </div>	

40)	<div data-bbox="282 205 396 254"></div> <div data-bbox="412 205 753 254"> CG Technology agrees to pay \$22.5M to resolve investigations </div> <div data-bbox="760 205 862 254"></div> <p>CG Technology, L.P., formerly known as, Cantor G&W (Nevada) L.P. d/b/a Cantor Gaming (CG Technology)</p> <ul style="list-style-type: none"> ➤ Processed large cash deposits, withdrawals and third-party wire transfers while knowing the funds represented the proceeds of illegal activity; ➤ Assessed \$16.5 M + \$6 M for a total of \$22.5M to resolve the investigation ➤ Gag order on the property regarding resolution. <div data-bbox="302 621 321 638">40</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
41)	<div data-bbox="282 741 396 789"></div> <div data-bbox="428 726 753 789"> Hawaiian Gardens Casino, Inc. dba: The Gardens Casino- Fined 2.8 Million </div> <div data-bbox="760 726 862 789"></div> <p>Hawaiian Gardens Casino willfully failed to:</p> <ul style="list-style-type: none"> ➤ Develop and implement a reasonably designed Anti-Money Laundering (AML) program; ➤ Detect and report suspicious activity; ➤ Conduct adequate independent testing; and ➤ Provide adequate BSA training <div data-bbox="743 936 857 1125"></div> <div data-bbox="302 1157 321 1173">41</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
42)	<div data-bbox="282 1272 396 1320"></div> <div data-bbox="402 1272 727 1320"> Hawaiian Gardens Casino, Inc. </div> <div data-bbox="760 1272 862 1320"></div> <ul style="list-style-type: none"> ➤ The Gardens lacked the culture of compliance required to effectively manage its anti-money laundering responsibilities. ➤ It ignored the IRS findings (from 2011) – and the findings of its own consultant – thus allowing these violations to go on for years. <div data-bbox="695 1503 818 1671"></div> <div data-bbox="302 1686 321 1703">42</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

43)	<div data-bbox="284 212 397 258"> </div> <div data-bbox="440 212 716 258"> Caesars Palace - \$8,000,000 Penalty </div> <div data-bbox="743 197 868 258"> </div> <p>Caesars Palace willfully failed to:</p> <ul style="list-style-type: none"> ➤ Develop and implement a reasonably designed Anti-Money Laundering (AML) program; ➤ Detect and report suspicious activity; ➤ Conduct adequate independent testing; and ➤ Provide adequate BSA training. <div data-bbox="695 464 857 615"> </div> <div data-bbox="302 627 324 646">43</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
44)	<div data-bbox="284 737 397 783"> </div> <div data-bbox="440 737 716 783"> Caesars Palace - \$8,000,000 Penalty </div> <div data-bbox="743 722 868 783"> </div> <p>During 2012 Examination Period Caesars Palace failed to file over 100 SARs on a variety of suspicious activity.</p> <div data-bbox="488 972 699 1131"> </div> <div data-bbox="302 1157 324 1176">44</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
45)	<div data-bbox="284 1262 397 1308"> </div> <div data-bbox="440 1262 716 1308"> Caesars Palace - \$8,000,000 Penalty </div> <div data-bbox="743 1247 868 1308"> </div> <ul style="list-style-type: none"> ➤ Patrons engaged in “team play” among guests in private gaming salons; ➤ Suspicious transactions not identified at branch offices; ➤ Structuring; ➤ Third party payments were received from unrelated individuals and businesses; <div data-bbox="557 1467 751 1598"> </div> <div data-bbox="302 1690 324 1709">45</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

46)	<div data-bbox="284 212 396 254"> </div> <div data-bbox="435 212 693 254"> Oaks Card Club - \$650,000 Penalty </div> <div data-bbox="743 197 865 260"> </div> <p>Oaks Card Club willfully failed to:</p> <ul style="list-style-type: none"> ➤ File Suspicious Activity Reports (SARs); and ➤ Implement and maintain an effective Anti-Money Laundering (AML) program. ➤ During 2009 and 2010 Oaks failed to file 9 SARs. <div data-bbox="586 480 777 617"> </div> <div data-bbox="302 625 321 642">46</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
47)	<div data-bbox="284 737 396 779"> </div> <div data-bbox="402 737 737 779"> Current BSA Examination Issues </div> <div data-bbox="743 722 865 785"> </div> <ul style="list-style-type: none"> ➤ Internal Controls – Casinos ➤ Independent Testing – Casinos ➤ Procedures for Using All Available Information – Casinos ➤ Reports of Suspicious Transactions by Casinos ➤ Accuracy/Completeness of Reports <div data-bbox="423 1047 709 1142"> </div> <div data-bbox="302 1157 321 1173">47</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
48)	<div data-bbox="284 1262 396 1304"> </div> <div data-bbox="414 1262 727 1304"> Program Violation - Internal Controls </div> <div data-bbox="743 1247 865 1310"> </div> <p>Your casino lacks adequate internal controls to assure ongoing compliance.</p> <p>Finding: The casino's current suspicious incident reporting process does not provide clear documentation of the suspicious activity decision-making process.</p> <div data-bbox="696 1488 855 1677"> </div> <div data-bbox="302 1688 321 1705">48</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

49)	<div data-bbox="282 205 396 254"> </div> <div data-bbox="427 205 698 247"> Program Violation - Internal Controls </div> <div data-bbox="740 195 862 254"> </div> <div data-bbox="282 273 493 298"> Recommendation: </div> <div data-bbox="303 306 850 533"> <p>Enhance your suspicious incident report process by developing an internal form that all floor personnel can use when observing suspicious activity. The form should include at minimum a narrative of the suspicious activity; the employee's name; and the reason for filing or not filing a SAR. Please refer to FinCEN guidance 2007-G005 issued on November 14, 2007 for more information.</p> </div> <div data-bbox="630 518 834 596"> </div> <div data-bbox="303 623 321 638"> 49 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
50)	<div data-bbox="282 735 396 783"> </div> <div data-bbox="417 735 734 783"> Program Violation - Internal Controls </div> <div data-bbox="740 724 862 783"> </div> <div data-bbox="290 810 812 978"> <p>Finding: The casino's KYC (Know Your Customer) policies and procedures are inadequate in determining whether patrons have a known legal source of funds.</p> </div> <div data-bbox="550 989 737 1142"> </div> <div data-bbox="300 1159 321 1173"> 50 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
51)	<div data-bbox="282 1266 396 1314"> </div> <div data-bbox="409 1266 725 1314"> Program Violation - Internal Controls </div> <div data-bbox="740 1255 862 1314"> </div> <div data-bbox="282 1339 527 1367"> Recommendation: </div> <div data-bbox="282 1371 823 1455"> <p>Implement a procedure to review publicly available information, such as Lexis Nexis, to determine whether patrons:</p> </div> <div data-bbox="282 1457 863 1570"> <ul style="list-style-type: none"> • conducting large transactions at the casino might be involving funds derived from an illegal activity • to determine whether the patrons have adequate source of funds (SOF). </div> <div data-bbox="391 1587 802 1661"> </div> <div data-bbox="300 1688 321 1703"> 51 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

52)	<div data-bbox="284 212 396 258"> </div> <div data-bbox="410 207 727 256"> Program Violation - Internal Controls </div> <div data-bbox="743 197 867 258"> </div> <div data-bbox="289 279 568 470"> <p>Finding: There are no procedures in place to review your player rating data for minimal gaming.</p> </div> <div data-bbox="594 317 867 573"> </div> <div data-bbox="300 627 324 646">52</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
53)	<div data-bbox="284 737 396 783"> </div> <div data-bbox="410 732 727 781"> Program Violation - Internal Controls </div> <div data-bbox="743 722 867 783"> </div> <div data-bbox="280 800 779 1064"> <p>Recommendation: Implement a procedure to review player rating data on a periodic basis in order to identify casino patrons that may be engaged in minimal play for the purpose of laundering monies.</p> </div> <div data-bbox="584 953 849 1138"> </div> <div data-bbox="300 1157 324 1176">53</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
54)	<div data-bbox="284 1262 396 1308"> </div> <div data-bbox="410 1262 727 1310"> Program Violation - Internal Controls </div> <div data-bbox="743 1247 867 1308"> </div> <div data-bbox="289 1339 839 1451"> <p>Finding: There are no procedures in place to review MTL chip redemptions for minimal or no play.</p> </div> <div data-bbox="443 1474 690 1667"> </div> <div data-bbox="300 1688 324 1707">54</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

55)	<div data-bbox="284 210 397 262"> </div> <div data-bbox="410 210 727 262"> Program Violation - Internal Controls </div> <div data-bbox="743 199 868 262"> </div> <div data-bbox="292 279 535 310"> Recommendation: </div> <div data-bbox="292 317 816 548"> <p>Implement a procedure to review player rating data and MTL chip redemptions on a periodic basis in order to identify casino patrons that may have minimal or no play. These patrons may be acting as agents for another patron.</p> </div> <div data-bbox="540 510 816 611"> </div> <div data-bbox="300 625 324 646"> 55 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
56)	<div data-bbox="284 737 397 789"> </div> <div data-bbox="410 737 727 789"> Program Violation - Internal Controls </div> <div data-bbox="743 726 868 789"> </div> <div data-bbox="292 810 406 842"> Finding: </div> <div data-bbox="292 852 833 926"> <p>There are inadequate procedures in place to review your slot data for suspicious activity.</p> </div> <div data-bbox="422 926 654 1146"> </div> <div data-bbox="300 1157 324 1178"> 56 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
57)	<div data-bbox="284 1272 397 1325"> </div> <div data-bbox="410 1272 727 1325"> Program Violation - Internal Controls </div> <div data-bbox="743 1262 868 1325"> </div> <div data-bbox="292 1341 535 1373"> Recommendation: </div> <div data-bbox="292 1377 823 1619"> <ul style="list-style-type: none"> ➤ Add procedures to your compliance program regarding implementation of a periodic review and analysis of the TITO report ➤ Combine with the Bill In report to detect potential bill stuffing on both carded and uncarded patrons with minimal or no play. </div> <div data-bbox="300 1686 324 1707"> 57 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

58)	<div data-bbox="284 212 396 258" data-label="Image"></div> <div data-bbox="412 212 735 258" data-label="Page-Header"> Program Violation - Internal Controls </div> <div data-bbox="743 197 865 258" data-label="Image"></div> <div data-bbox="289 279 404 310" data-label="Section-Header"> Finding: </div> <div data-bbox="289 317 812 415" data-label="Text"> <p>The current procedure in place to review Surveillance incident reports for suspicious activity is inadequate.</p> </div> <div data-bbox="431 422 730 615" data-label="Image"></div> <div data-bbox="298 625 324 646" data-label="Text">58</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
59)	<div data-bbox="284 743 396 789" data-label="Image"></div> <div data-bbox="412 743 735 789" data-label="Page-Header"> Program Violation - Internal Controls </div> <div data-bbox="743 728 865 789" data-label="Image"></div> <div data-bbox="289 810 535 842" data-label="Section-Header"> Recommendation: </div> <div data-bbox="289 848 824 1039" data-label="Text"> <p>Enhance your current procedures to include a review of all appropriate Surveillance incident reports on a periodic basis for suspicious activity that may require a SAR filing.</p> </div> <div data-bbox="492 1003 730 1098" data-label="Image"></div> <div data-bbox="451 1094 730 1150" data-label="Text"> <p>PROPERTY IS UNDER SURVEILLANCE SECURITY CAMERAS</p> </div> <div data-bbox="298 1159 324 1180" data-label="Text">59</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
60)	<div data-bbox="284 1268 396 1314" data-label="Image"></div> <div data-bbox="412 1268 735 1314" data-label="Page-Header"> Program Violation - Internal Controls </div> <div data-bbox="743 1253 865 1314" data-label="Image"></div> <div data-bbox="289 1346 404 1377" data-label="Section-Header"> Finding: </div> <div data-bbox="289 1383 839 1535" data-label="Text"> <p>The casino's current implemented internal control procedures failed to prevent five CTR violations from occurring due to inadequate aggregation procedures.</p> </div> <div data-bbox="396 1581 743 1627" data-label="Image"></div> <div data-bbox="298 1684 324 1705" data-label="Text">60</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

61)



Program Violation - Internal Controls



Recommendation:

Enhance current procedures to ensure that all sources of cash in/out transactions are included in the CTR aggregation process.



61

62)



Program Violation - Internal Controls



Finding:

The casino's current implemented internal control procedures failed to prevent eight Monetary Instrument Log (MIL) violations from occurring.

62

63)



Program Violation - Internal Controls



Recommendation:

Enhance current procedures to ensure that all required MIL records are complete.

Date	Description	Amount	Balance
9/1	paycheck		850.00
12/9/1	Village Market	43.29	806.71
12/8/1	Tom's Produce	18.75	787.96
12/14/1	Andy's Service	20.00	767.96
12/14/1	withdrawal	21.00	746.96
12/14/1	Software Exchange	29.95	717.01
12/14/1	Village Market	134.89	582.12
1/7	balancing	25.00	607.12

63

64)	<div data-bbox="284 212 396 254"> </div> <div data-bbox="451 207 685 256"> Program Violation - Independent Testing </div> <div data-bbox="740 197 862 262"> </div> <div data-bbox="289 277 417 306"> Violation: </div> <div data-bbox="289 315 846 550"> <ul style="list-style-type: none"> ➤ Internal and/or external independent testing for compliance must be conducted. ➤ The scope and frequency of the testing shall be commensurate with the money laundering and terrorist financing risks posed by the products and services provided by the casino. </div> <div data-bbox="704 417 850 606"> </div> <div data-bbox="302 623 321 642"> 64 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
65)	<div data-bbox="284 737 396 779"> </div> <div data-bbox="451 732 685 781"> Program Violation - Independent Testing </div> <div data-bbox="740 722 862 787"> </div> <div data-bbox="289 806 401 835"> Finding: </div> <div data-bbox="289 844 818 917"> <p>The current independent reviews performed by the tribe's Internal Audit function:</p> </div> <div data-bbox="289 921 776 1110"> <ul style="list-style-type: none"> ➤ do not provide for transactional testing ➤ in order to determine whether the casino is filing SARs as required. </div> <div data-bbox="594 957 808 1142"> </div> <div data-bbox="302 1155 321 1173"> 65 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
66)	<div data-bbox="284 1262 396 1304"> </div> <div data-bbox="451 1262 685 1310"> Program Violation - Independent Testing </div> <div data-bbox="740 1247 862 1312"> </div> <div data-bbox="289 1339 532 1369"> Recommendation: </div> <div data-bbox="289 1377 846 1526"> <p>Ensure that independent reviewers perform tests for SAR filing by reviewing all sources of data for sample periods in order to determine whether SARs were filed as required.</p> </div> <div data-bbox="479 1545 696 1675"> </div> <div data-bbox="302 1688 321 1707"> 66 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

67)	<div data-bbox="284 212 396 258"></div> <div data-bbox="402 203 737 266"> Program Violation - Procedures for Using All Available Information </div> <div data-bbox="743 197 867 258"></div> <p>The casino must have procedures for using all available information to determine:</p> <ul style="list-style-type: none"> (A) when required, the name, address, social security number and other information, and verification of the same, of a person; (B) the occurrence of any suspicious transactions or patterns of transactions required to be reported pursuant to § 1021.320 (formerly 103.21); and (C) whether any record must be made and retained. <div data-bbox="302 630 321 646">67</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
68)	<div data-bbox="284 737 396 783"></div> <div data-bbox="402 728 737 791"> Program Violation - Procedures for Using All Available Information </div> <div data-bbox="743 722 867 783"></div> <p>Finding:</p> <ul style="list-style-type: none"> ➤ As identified in the Internal Control and Recommendations section of § 1021.210(b)(2)(i), your policies and ➤ Procedures have failed to incorporate the use of all information available to identify potential SAR filing requirements. ➤ You must have procedures for using all available information to aid in assuring compliance with BSA regulations. <div data-bbox="600 1041 808 1142"></div> <div data-bbox="302 1157 321 1173">68</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
69)	<div data-bbox="284 1262 396 1308"></div> <div data-bbox="402 1253 709 1316"> Program Violation - Procedures for Using All Available Information </div> <div data-bbox="743 1247 867 1308"></div> <p>Casinos that have automated data processing systems are required to use automated programs to aid in assuring compliance with the Bank Secrecy Act and the casino's anti-money laundering program.</p> <div data-bbox="318 1514 831 1675"></div> <div data-bbox="302 1688 321 1705">69</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

70)	<div data-bbox="284 212 396 254"> </div> <div data-bbox="435 197 716 260"> Program Violation - Procedures for Using All Available Information </div> <div data-bbox="743 197 862 260"> </div> <div data-bbox="289 279 401 308"> Finding: </div> <div data-bbox="289 317 846 562"> <ul style="list-style-type: none"> ➤ Your policies and procedures have failed to include an adequate review and use of your automated data to determine if SARs should be filed. ➤ Automated data must be used to aid in BSA compliance. </div> <div data-bbox="594 411 824 611"> </div> <div data-bbox="302 625 321 642"> 70 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
71)	<div data-bbox="284 737 396 779"> </div> <div data-bbox="412 743 740 793"> Reporting Violation - Reports of Suspicious Transactions </div> <div data-bbox="751 722 870 785"> </div> <div data-bbox="311 806 850 932"> <p>Report any transaction conducted or attempted by, at, or through your casino and involves or aggregates funds or other assets of at least \$5,000.</p> </div> <div data-bbox="354 953 813 1129"> </div> <div data-bbox="302 1159 321 1176"> 71 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
72)	<div data-bbox="284 1262 396 1304"> </div> <div data-bbox="412 1268 740 1318"> Reporting Violation - Reports of Suspicious Transactions </div> <div data-bbox="751 1247 870 1310"> </div> <div data-bbox="279 1331 867 1579"> <p>In addition to the dollar threshold you must have reason to suspect that the transaction (or pattern of transactions) involves:</p> <ul style="list-style-type: none"> ➤ funds derived from an illegal activity, ➤ where the person is trying to evade any recordkeeping or reporting requirements, ➤ the transaction serves no business or apparent lawful purpose and/or ➤ the person is trying to use your casino to facilitate criminal activity, including terrorist activity. </div> <div data-bbox="354 1604 756 1667"> </div> <div data-bbox="302 1688 321 1705"> 72 </div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

73)	<div data-bbox="282 207 396 260"> </div> <div data-bbox="412 207 737 260"> Reporting Violation - Reports of Suspicious Transactions </div> <div data-bbox="753 197 867 260"> </div> <div data-bbox="290 281 396 312"> Finding: </div> <div data-bbox="290 323 834 564"> <ul style="list-style-type: none"> ➤ During the examination period, your casino failed to file six SARs on individuals that conducted large gambling transactions with no known source of income. ➤ Your casino also filed two SARs with incomplete information and/or were not timely filed. </div> <div data-bbox="721 428 850 617"> </div> <div data-bbox="298 630 323 648"> 73 </div>	
74)	<div data-bbox="282 743 396 795"> </div> <div data-bbox="428 743 721 806"> Reporting Violation- Accuracy/Completeness of Reports </div> <div data-bbox="745 732 859 795"> </div> <div data-bbox="290 827 802 942"> <ul style="list-style-type: none"> ➤ Reports required by shall be filed on forms prescribed by the Secretary. ➤ All information called for in such forms shall be furnished. </div> <div data-bbox="380 963 721 1131"> </div> <div data-bbox="298 1163 323 1182"> 74 </div>	
75)	<div data-bbox="282 1268 396 1320"> </div> <div data-bbox="412 1268 721 1331"> Reporting Violation- Accuracy/Completeness of Reports </div> <div data-bbox="745 1257 859 1320"> </div> <div data-bbox="290 1352 574 1383"> Finding in First Exam: </div> <div data-bbox="290 1394 842 1499"> <p>During the examination period, a total of six CTRs were filed with incomplete or inaccurate information.</p> </div> <div data-bbox="461 1478 769 1667"> </div> <div data-bbox="298 1688 323 1707"> 75 </div>	

76)	<div data-bbox="284 212 396 258"> </div> <div data-bbox="423 212 724 262"> Reporting Violation- Additional Recordkeeping </div> <div data-bbox="748 201 862 262"> </div> <p>Finding in Second Exam:</p> <p>During the examination period, the casino's Monetary Instrument Log (MIL) contained eight recordation errors in which the casino failed to obtain all required information.</p> <div data-bbox="448 470 695 611"> </div> <div data-bbox="302 625 321 642">76</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
77)	<div data-bbox="284 737 396 783"> </div> <div data-bbox="423 737 724 787"> Reporting Violation- Additional Recordkeeping </div> <div data-bbox="748 726 862 787"> </div> <p>Each casino shall retain a separate record of either:</p> <ul style="list-style-type: none"> ➤ the original, ➤ a microfilm, ➤ other copy or ➤ reproduction <div data-bbox="544 856 862 989"> </div> <p>that contains a list of each transaction between the casino and its customers involving the following types of instruments having a face value of \$3,000 or more:</p> <div data-bbox="302 1157 321 1173">77</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
78)	<div data-bbox="284 1262 396 1308"> </div> <div data-bbox="423 1262 724 1312"> Reporting Violation- Additional Recordkeeping </div> <div data-bbox="748 1251 862 1312"> </div> <ul style="list-style-type: none"> (A) Personal checks (excluding instruments which evidence credit granted by a casino strictly for gaming, such as markers); (B) Business checks (including casino checks); (C) Official bank checks; (D) Cashier's checks; (E) Third-party checks; (F) Promissory notes; (G) Traveler's checks; and (H) Money orders. <div data-bbox="561 1461 841 1602"> </div> <div data-bbox="302 1692 321 1709">78</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

79)	<div data-bbox="284 212 396 258"></div> <div data-bbox="412 207 714 256"> Reporting Violation- Additional Recordkeeping </div> <div data-bbox="740 201 862 262"></div> <p>The list will contain the following:</p> <ul style="list-style-type: none"> ➤ time, ➤ date, ➤ amount of the transaction; ➤ the name and permanent address of the customer; ➤ the type of instrument; ➤ the name of the drawee or issuer of the instrument; ➤ all reference numbers (e.g., casino account number, personal check number, etc.); and ➤ the name or casino license number of the casino employee who conducted the transaction. <p>Applicable transactions will be placed on the list in the chronological order in which they occur.</p> <div data-bbox="553 317 824 373"></div> <div data-bbox="302 625 321 642">79</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
80)	<div data-bbox="284 743 396 789"></div> <div data-bbox="526 743 604 772"> OFAC </div> <div data-bbox="740 737 862 798"></div> <p>Office of Foreign Assets Control</p> <ul style="list-style-type: none"> ➤ OFAC requirements are separate and distinct from the BSA ➤ Share a common national security goal <div data-bbox="483 1014 597 1098"></div> <div data-bbox="477 1102 604 1138"> OFAC SDN SEARCH </div> <div data-bbox="302 1157 321 1173">80</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
81)	<div data-bbox="284 1274 396 1320"></div> <div data-bbox="469 1274 690 1306"> Your ITG Contacts </div> <div data-bbox="740 1268 862 1329"></div> <p>Michelle L. Risk, ITG Specialist</p> <p>Phone: (520) 719-6233 e-Fax: 1-855-225-2193 (toll-free) e-mail: Michelle.L.Risk@irs.gov</p> <p>Anita D. Gentry, ITG Manager</p> <p>Phone: (505) 415-7528 Fax: (877) 759-1899 e-mail: Anita.D.Gentry@irs.gov</p> <div data-bbox="302 1690 321 1707">81</div>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>

82)



Thank You



- Thank you for your attention and cooperation
- Please feel free to contact us for any assistance or with any questions.





U.S. Department of Justice

Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

In October 2009 and June 2011, the Department issued guidance to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). This memorandum updates that guidance in light of state ballot initiatives that legalize under state law the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale. The guidance set forth herein applies to all federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

As the Department noted in its previous guidance, Congress has determined that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Department of Justice is committed to enforcement of the CSA consistent with those determinations. The Department is also committed to using its limited investigative and prosecutorial resources to address the most significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, as several states enacted laws relating to the use of marijuana for medical purposes, the Department in recent years has focused its efforts on certain enforcement priorities that are particularly important to the federal government:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

These priorities will continue to guide the Department's enforcement of the CSA against marijuana-related conduct. Thus, this memorandum serves as guidance to Department attorneys and law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.¹

Outside of these enforcement priorities, the federal government has traditionally relied on states and local law enforcement agencies to address marijuana activity through enforcement of their own narcotics laws. For example, the Department of Justice has not historically devoted resources to prosecuting individuals whose conduct is limited to possession of small amounts of marijuana for personal use on private property. Instead, the Department has left such lower-level or localized activity to state and local authorities and has stepped in to enforce the CSA only when the use, possession, cultivation, or distribution of marijuana has threatened to cause one of the harms identified above.

The enactment of state laws that endeavor to authorize marijuana production, distribution, and possession by establishing a regulatory scheme for these purposes affects this traditional joint federal-state approach to narcotics enforcement. The Department's guidance in this memorandum rests on its expectation that states and local governments that have enacted laws authorizing marijuana-related conduct will implement strong and effective regulatory and enforcement systems that will address the threat those state laws could pose to public safety, public health, and other law enforcement interests. A system adequate to that task must not only contain robust controls and procedures on paper; it must also be effective in practice. Jurisdictions that have implemented systems that provide for regulation of marijuana activity

¹ These enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA. By way of example only, the Department's interest in preventing the distribution of marijuana to minors would call for enforcement not just when an individual or entity sells or transfers marijuana to a minor, but also when marijuana trafficking takes place near an area associated with minors; when marijuana or marijuana-infused products are marketed in a manner to appeal to minors; or when marijuana is being diverted, directly or indirectly, and purposefully or otherwise, to minors.

must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities.

In jurisdictions that have enacted laws legalizing marijuana in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations is less likely to threaten the federal priorities set forth above. Indeed, a robust system may affirmatively address those priorities by, for example, implementing effective measures to prevent diversion of marijuana outside of the regulated system and to other states, prohibiting access to marijuana by minors, and replacing an illicit marijuana trade that funds criminal enterprises with a tightly regulated market in which revenues are tracked and accounted for. In those circumstances, consistent with the traditional allocation of federal-state efforts in this area, enforcement of state law by state and local law enforcement and regulatory bodies should remain the primary means of addressing marijuana-related activity. If state enforcement efforts are not sufficiently robust to protect against the harms set forth above, the federal government may seek to challenge the regulatory structure itself in addition to continuing to bring individual enforcement actions, including criminal prosecutions, focused on those harms.

The Department's previous memoranda specifically addressed the exercise of prosecutorial discretion in states with laws authorizing marijuana cultivation and distribution for medical use. In those contexts, the Department advised that it likely was not an efficient use of federal resources to focus enforcement efforts on seriously ill individuals, or on their individual caregivers. In doing so, the previous guidance drew a distinction between the seriously ill and their caregivers, on the one hand, and large-scale, for-profit commercial enterprises, on the other, and advised that the latter continued to be appropriate targets for federal enforcement and prosecution. In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above.

As explained above, however, both the existence of a strong and effective state regulatory system, and an operation's compliance with such a system, may allay the threat that an operation's size poses to federal enforcement interests. Accordingly, in exercising prosecutorial discretion, prosecutors should not consider the size or commercial nature of a marijuana operation alone as a proxy for assessing whether marijuana trafficking implicates the Department's enforcement priorities listed above. Rather, prosecutors should continue to review marijuana cases on a case-by-case basis and weigh all available information and evidence, including, but not limited to, whether the operation is demonstrably in compliance with a strong and effective state regulatory system. A marijuana operation's large scale or for-profit nature may be a relevant consideration for assessing the extent to which it undermines a particular federal enforcement priority. The primary question in all cases – and in all jurisdictions – should be whether the conduct at issue implicates one or more of the enforcement priorities listed above.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended to, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

cc: Mythili Raman
Acting Assistant Attorney General, Criminal Division

Loretta E. Lynch
United States Attorney
Eastern District of New York
Chair, Attorney General's Advisory Committee

Michele M. Leonhart
Administrator
Drug Enforcement Administration

H. Marshall Jarrett
Director
Executive Office for United States Attorneys

Ronald T. Hosko
Assistant Director
Criminal Investigative Division
Federal Bureau of Investigation



Department of the Treasury Financial Crimes Enforcement Network

Guidance

FIN-2014-G001

Issued: February 14, 2014

Subject: BSA Expectations Regarding Marijuana-Related Businesses

The Financial Crimes Enforcement Network (“FinCEN”) is issuing guidance to clarify Bank Secrecy Act (“BSA”) expectations for financial institutions seeking to provide services to marijuana-related businesses. FinCEN is issuing this guidance in light of recent state initiatives to legalize certain marijuana-related activity and related guidance by the U.S. Department of Justice (“DOJ”) concerning marijuana-related enforcement priorities. This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations, and aligns the information provided by financial institutions in BSA reports with federal and state law enforcement priorities. This FinCEN guidance should enhance the availability of financial services for, and the financial transparency of, marijuana-related businesses.

Marijuana Laws and Law Enforcement Priorities

The Controlled Substances Act (“CSA”) makes it illegal under federal law to manufacture, distribute, or dispense marijuana.¹ Many states impose and enforce similar prohibitions. Notwithstanding the federal ban, as of the date of this guidance, 20 states and the District of Columbia have legalized certain marijuana-related activity. In light of these developments, U.S. Department of Justice Deputy Attorney General James M. Cole issued a memorandum (the “Cole Memo”) to all United States Attorneys providing updated guidance to federal prosecutors concerning marijuana enforcement under the CSA.² The Cole Memo guidance applies to all of DOJ’s federal enforcement activity, including civil enforcement and criminal investigations and prosecutions, concerning marijuana in all states.

The Cole Memo reiterates Congress’s determination that marijuana is a dangerous drug and that the illegal distribution and sale of marijuana is a serious crime that provides a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. The Cole Memo notes that DOJ is committed to enforcement of the CSA consistent with those determinations. It also notes that DOJ is committed to using its investigative and prosecutorial resources to address the most

¹ Controlled Substances Act, 21 U.S.C. § 801, *et seq.*

² James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Enforcement* (August 29, 2013), available at <http://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf>.

significant threats in the most effective, consistent, and rational way. In furtherance of those objectives, the Cole Memo provides guidance to DOJ attorneys and law enforcement to focus their enforcement resources on persons or organizations whose conduct interferes with any one or more of the following important priorities (the “Cole Memo priorities”):³

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Concurrently with this FinCEN guidance, Deputy Attorney General Cole is issuing supplemental guidance directing that prosecutors also consider these enforcement priorities with respect to federal money laundering, unlicensed money transmitter, and BSA offenses predicated on marijuana-related violations of the CSA.⁴

Providing Financial Services to Marijuana-Related Businesses

This FinCEN guidance clarifies how financial institutions can provide services to marijuana-related businesses consistent with their BSA obligations. In general, the decision to open, close, or refuse any particular account or relationship should be made by each financial institution based on a number of factors specific to that institution. These factors may include its particular business objectives, an evaluation of the risks associated with offering a particular product or service, and its capacity to manage those risks effectively. Thorough customer due diligence is a critical aspect of making this assessment.

In assessing the risk of providing services to a marijuana-related business, a financial institution should conduct customer due diligence that includes: (i) verifying with the appropriate state authorities whether the business is duly licensed and registered; (ii) reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business; (iii) requesting from state licensing and enforcement authorities available information about the business and related parties; (iv) developing an understanding of the normal and expected activity for the business, including the types of

³ The Cole Memo notes that these enforcement priorities are listed in general terms; each encompasses a variety of conduct that may merit civil or criminal enforcement of the CSA.

⁴ James M. Cole, Deputy Attorney General, U.S. Department of Justice, *Memorandum for All United States Attorneys: Guidance Regarding Marijuana Related Financial Crimes* (February 14, 2014).

products to be sold and the type of customers to be served (e.g., medical versus recreational customers); (v) ongoing monitoring of publicly available sources for adverse information about the business and related parties; (vi) ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and (vii) refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

As part of its customer due diligence, a financial institution should consider whether a marijuana-related business implicates one of the Cole Memo priorities or violates state law. This is a particularly important factor for a financial institution to consider when assessing the risk of providing financial services to a marijuana-related business. Considering this factor also enables the financial institution to provide information in BSA reports pertinent to law enforcement's priorities. A financial institution that decides to provide financial services to a marijuana-related business would be required to file suspicious activity reports ("SARs") as described below.

Filing Suspicious Activity Reports on Marijuana-Related Businesses

The obligation to file a SAR is unaffected by any state law that legalizes marijuana-related activity. A financial institution is required to file a SAR if, consistent with FinCEN regulations, the financial institution knows, suspects, or has reason to suspect that a transaction conducted or attempted by, at, or through the financial institution: (i) involves funds derived from illegal activity or is an attempt to disguise funds derived from illegal activity; (ii) is designed to evade regulations promulgated under the BSA, or (iii) lacks a business or apparent lawful purpose.⁵ Because federal law prohibits the distribution and sale of marijuana, financial transactions involving a marijuana-related business would generally involve funds derived from illegal activity. Therefore, a financial institution is required to file a SAR on activity involving a marijuana-related business (including those duly licensed under state law), in accordance with this guidance and FinCEN's suspicious activity reporting requirements and related thresholds.

One of the BSA's purposes is to require financial institutions to file reports that are highly useful in criminal investigations and proceedings. The guidance below furthers this objective by assisting financial institutions in determining how to file a SAR that facilitates law enforcement's access to information pertinent to a priority.

"Marijuana Limited" SAR Filings

A financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the Cole Memo priorities or violate state law should file a "Marijuana Limited" SAR. The content of this

⁵ See, e.g., 31 CFR § 1020.320. Financial institutions shall file with FinCEN, to the extent and in the manner required, a report of any suspicious transaction relevant to a possible violation of law or regulation. A financial institution may also file with FinCEN a SAR with respect to any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by FinCEN regulations.

SAR should be limited to the following information: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) the fact that the filing institution is filing the SAR solely because the subject is engaged in a marijuana-related business; and (iv) the fact that no additional suspicious activity has been identified. Financial institutions should use the term “MARIJUANA LIMITED” in the narrative section.

A financial institution should follow FinCEN’s existing guidance on the timing of filing continuing activity reports for the same activity initially reported on a “Marijuana Limited” SAR.⁶ The continuing activity report may contain the same limited content as the initial SAR, plus details about the amount of deposits, withdrawals, and transfers in the account since the last SAR. However, if, in the course of conducting customer due diligence (including ongoing monitoring for red flags), the financial institution detects changes in activity that potentially implicate one of the Cole Memo priorities or violate state law, the financial institution should file a “Marijuana Priority” SAR.

“Marijuana Priority” SAR Filings

A financial institution filing a SAR on a marijuana-related business that it reasonably believes, based on its customer due diligence, implicates one of the Cole Memo priorities or violates state law should file a “Marijuana Priority” SAR. The content of this SAR should include comprehensive detail in accordance with existing regulations and guidance. Details particularly relevant to law enforcement in this context include: (i) identifying information of the subject and related parties; (ii) addresses of the subject and related parties; (iii) details regarding the enforcement priorities the financial institution believes have been implicated; and (iv) dates, amounts, and other relevant details of financial transactions involved in the suspicious activity. Financial institutions should use the term “MARIJUANA PRIORITY” in the narrative section to help law enforcement distinguish these SARs.⁷

“Marijuana Termination” SAR Filings

If a financial institution deems it necessary to terminate a relationship with a marijuana-related business in order to maintain an effective anti-money laundering compliance program, it should

⁶ Frequently Asked Questions Regarding the FinCEN Suspicious Activity Report (Question #16), *available at*: http://fincen.gov/whatsnew/html/sar_faqs.html (providing guidance on the filing timeframe for submitting a continuing activity report).

⁷ FinCEN recognizes that a financial institution filing a SAR on a marijuana-related business may not always be well-positioned to determine whether the business implicates one of the Cole Memo priorities or violates state law, and thus which terms would be most appropriate to include (i.e., “Marijuana Limited” or “Marijuana Priority”). For example, a financial institution could be providing services to another domestic financial institution that, in turn, provides financial services to a marijuana-related business. Similarly, a financial institution could be providing services to a non-financial customer that provides goods or services to a marijuana-related business (e.g., a commercial landlord that leases property to a marijuana-related business). In such circumstances where services are being provided indirectly, the financial institution may file SARs based on existing regulations and guidance without distinguishing between “Marijuana Limited” and “Marijuana Priority.” Whether the financial institution decides to provide indirect services to a marijuana-related business is a risk-based decision that depends on a number of factors specific to that institution and the relevant circumstances. In making this decision, the institution should consider the Cole Memo priorities, to the extent applicable.

file a SAR and note in the narrative the basis for the termination. Financial institutions should use the term “MARIJUANA TERMINATION” in the narrative section. To the extent the financial institution becomes aware that the marijuana-related business seeks to move to a second financial institution, FinCEN urges the first institution to use Section 314(b) voluntary information sharing (if it qualifies) to alert the second financial institution of potential illegal activity. See *Section 314(b) Fact Sheet* for more information.⁸

Red Flags to Distinguish Priority SARs

The following red flags indicate that a marijuana-related business may be engaged in activity that implicates one of the Cole Memo priorities or violates state law. These red flags indicate only possible signs of such activity, and also do not constitute an exhaustive list. It is thus important to view any red flag(s) in the context of other indicators and facts, such as the financial institution’s knowledge about the underlying parties obtained through its customer due diligence. Further, the presence of any of these red flags in a given transaction or business arrangement may indicate a need for additional due diligence, which could include seeking information from other involved financial institutions under Section 314(b). These red flags are based primarily upon schemes and typologies described in SARs or identified by our law enforcement and regulatory partners, and may be updated in future guidance.

- A customer appears to be using a state-licensed marijuana-related business as a front or pretext to launder money derived from other criminal activity (i.e., not related to marijuana) or derived from marijuana-related activity not permitted under state law. Relevant indicia could include:
 - The business receives substantially more revenue than may reasonably be expected given the relevant limitations imposed by the state in which it operates.
 - The business receives substantially more revenue than its local competitors or than might be expected given the population demographics.
 - The business is depositing more cash than is commensurate with the amount of marijuana-related revenue it is reporting for federal and state tax purposes.
 - The business is unable to demonstrate that its revenue is derived exclusively from the sale of marijuana in compliance with state law, as opposed to revenue derived from (i) the sale of other illicit drugs, (ii) the sale of marijuana not in compliance with state law, or (iii) other illegal activity.
 - The business makes cash deposits or withdrawals over a short period of time that are excessive relative to local competitors or the expected activity of the business.

⁸ Information Sharing Between Financial Institutions: Section 314(b) Fact Sheet, *available at*: http://fincen.gov/statutes_regs/patriot/pdf/314bfactsheet.pdf.

- Deposits apparently structured to avoid Currency Transaction Report (“CTR”) requirements.
 - Rapid movement of funds, such as cash deposits followed by immediate cash withdrawals.
 - Deposits by third parties with no apparent connection to the accountholder.
 - Excessive commingling of funds with the personal account of the business’s owner(s) or manager(s), or with accounts of seemingly unrelated businesses.
 - Individuals conducting transactions for the business appear to be acting on behalf of other, undisclosed parties of interest.
 - Financial statements provided by the business to the financial institution are inconsistent with actual account activity.
 - A surge in activity by third parties offering goods or services to marijuana-related businesses, such as equipment suppliers or shipping servicers.
- The business is unable to produce satisfactory documentation or evidence to demonstrate that it is duly licensed and operating consistently with state law.
 - The business is unable to demonstrate the legitimate source of significant outside investments.
 - A customer seeks to conceal or disguise involvement in marijuana-related business activity. For example, the customer may be using a business with a non-descript name (e.g., a “consulting,” “holding,” or “management” company) that purports to engage in commercial activity unrelated to marijuana, but is depositing cash that smells like marijuana.
 - Review of publicly available sources and databases about the business, its owner(s), manager(s), or other related parties, reveal negative information, such as a criminal record, involvement in the illegal purchase or sale of drugs, violence, or other potential connections to illicit activity.
 - The business, its owner(s), manager(s), or other related parties are, or have been, subject to an enforcement action by the state or local authorities responsible for administering or enforcing marijuana-related laws or regulations.
 - A marijuana-related business engages in international or interstate activity, including by receiving cash deposits from locations outside the state in which the business operates, making or receiving frequent or large interstate transfers, or otherwise transacting with persons or entities located in different states or countries.

- The owner(s) or manager(s) of a marijuana-related business reside outside the state in which the business is located.
- A marijuana-related business is located on federal property or the marijuana sold by the business was grown on federal property.
- A marijuana-related business's proximity to a school is not compliant with state law.
- A marijuana-related business purporting to be a "non-profit" is engaged in commercial activity inconsistent with that classification, or is making excessive payments to its manager(s) or employee(s).


Currency Transaction Reports and Form 8300's

Financial institutions and other persons subject to FinCEN's regulations must report currency transactions in connection with marijuana-related businesses the same as they would in any other context, consistent with existing regulations and with the same thresholds that apply. For example, banks and money services businesses would need to file CTRs on the receipt or withdrawal by any person of more than \$10,000 in cash per day. Similarly, any person or entity engaged in a non-financial trade or business would need to report transactions in which they receive more than \$10,000 in cash and other monetary instruments for the purchase of goods or services on FinCEN Form 8300 (Report of Cash Payments Over \$10,000 Received in a Trade or Business). A business engaged in marijuana-related activity may not be treated as a non-listed business under 31 C.F.R. § 1020.315(e)(8), and therefore, is not eligible for consideration for an exemption with respect to a bank's CTR obligations under 31 C.F.R. § 1020.315(b)(6).

* * * * *

FinCEN's enforcement priorities in connection with this guidance will focus on matters of systemic or significant failures, and not isolated lapses in technical compliance. Financial institutions with questions about this guidance are encouraged to contact FinCEN's Resource Center at (800) 767-2825, where industry questions can be addressed and monitored for the purpose of providing any necessary additional guidance.

FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide




FinCEN, the BSA, and Casino AML Program Enforcement

National Indian Gaming Commission
Sacramento Regional Training Conference
March 12, 2019

Carl Reisdorf, Enforcement Officer
Financial Crimes Enforcement Network


Unclassified 1



Topics of Discussion

- FinCEN Overview
- AML Programs: All Available Information, Risk-Based Approach, and Culture of Compliance
- FinCEN Investigations
- Enforcement Actions
- Hot Topics
- Questions

Unclassified 2



Organization

Office of the Director

Liaison Division

Enforcement Division

Technology Division

Policy Division

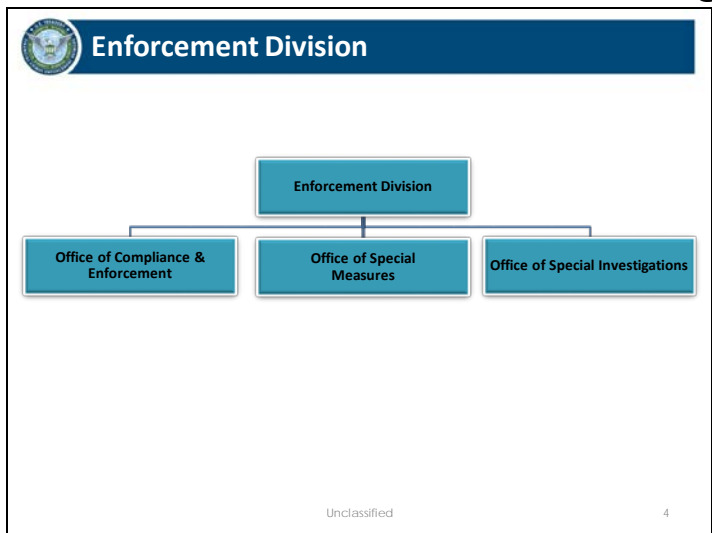
Intelligence Division

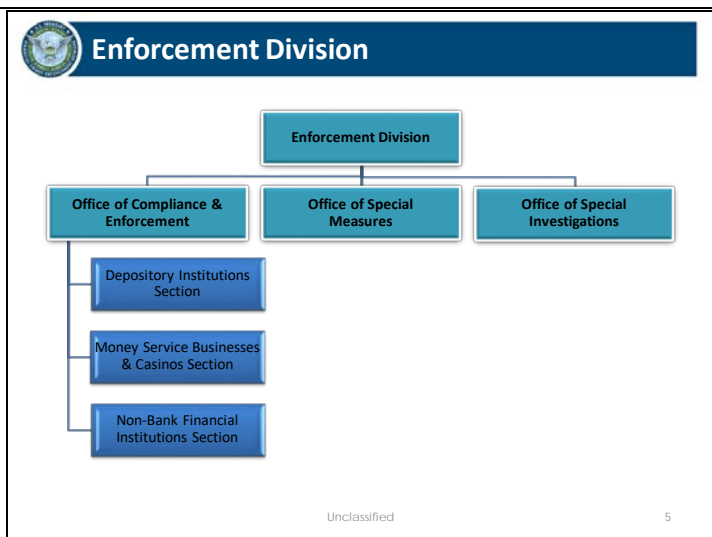
Management Division

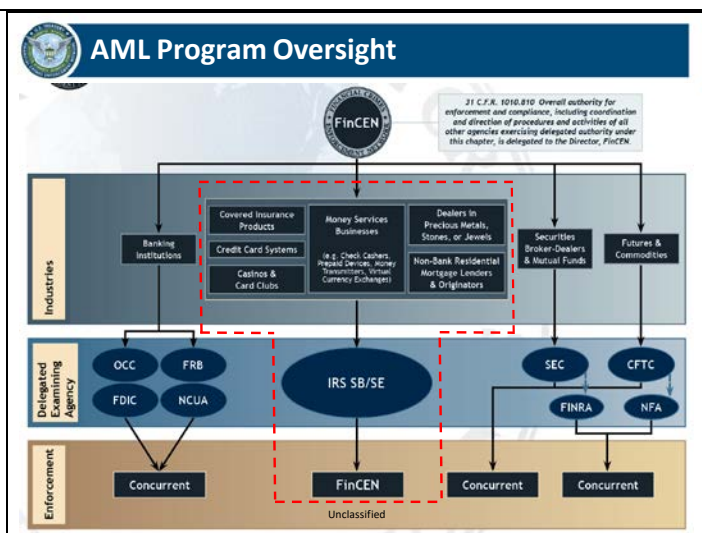
Approximately 340 employees: Analysts, Regulatory Specialists, Technology Experts, International Specialists, Law Enforcement Agents, Federal Agents, Enforcement Specialists, Attorneys, Administrators and Managers.

Unclassified 3

FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide







FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide



AML Program Requirements

- **Anti-Money Laundering Program** (31 CFR § 1021.210)

Each casino shall develop and implement a written program reasonably designed to assure and monitor compliance... at a minimum, each compliance program shall provide for:

- (i) a system of internal controls to assure ongoing compliance;
- (ii) internal and/or external independent testing;
- (iii) training of casino personnel;
- (iv) an individual or individuals to assure day-to-day compliance.
- (v) Procedures for using **all available information**
- (vi) The use of automated programs to aid in assuring compliance

Unclassified

7



All Available Information

- (v) Procedures for using all available information to determine:
 - (A) When required by this chapter, the name, address, social security number, and other information, and verification of the same, of a person;
 - (B) The occurrence of any transactions or patterns of transactions required to be reported pursuant to §1021.320;
 - (C) Whether any records as described in subpart D of part 1010 of this chapter or subpart D of this part 1021 must be made or retained.(See also 31 CFR § 1010.410/1021.410)

Unclassified

8



All Available Information

- **Consider your resources** – internal/open source databases, other customer information
- **Tell the whole story** – convey the patterns of suspicious activity
- **Document your compliance decisions** through good record-keeping

Unclassified

9

FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide



Risk-Based Approach

- Know your **customers** – identity, occupation, source of funds, normal gaming/transaction activity
- Know your **geographic area** – customer types, job market, related income scales
- Assess the risks in light of the **services** you provide and ensure that your AML program addresses your vulnerabilities!

Unclassified

10



Culture of Compliance

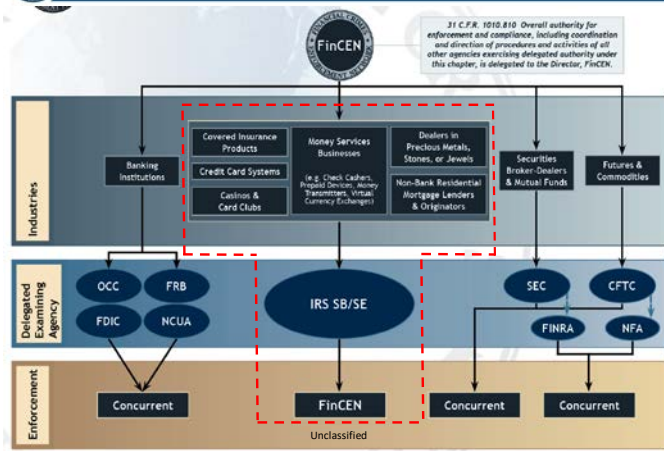
- Compliance personnel should care about compliance
- Exhaust all efforts and document them to protect yourself from personal liability

Unclassified


11



AML Program Enforcement




FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide



OCE Investigations

- Delegated Agencies refer examinations that identify significant BSA violations to FinCEN or FinCEN pro-actively identifies apparent violations.
- Enforcement Division assesses the available information for evidence of violations.
- Close No Action
- Warning Letter
- Notice of Investigation
 - Financial Institution provides response within 15 days
 - Request other documents as needed (Examination of Records/Summons)
- Closing Action


Unclassified13



BSA Violations “Willfulness”

- When a financial institution, nonfinancial trade or business, or a partner, director, officer, or employee of a financial institution or nonfinancial trade or business **willfully** violates the BSA, the **Director may assess a civil money penalty**. (31 U.S.C. § 5321; 31 CFR § 1010.810(d))
- “Willfulness” includes:
 - Plain indifference / Willful blindness / Reckless disregard
- “Negligent” violations of the BSA may also result in a CMP:
 - \$1,096 penalty per charged violation (31 U.S.C. § 5321(a)(6); 31 CFR § 1010.820(h))
 - Increase up to \$85,236 if **pattern** of negligent activity (31 U.S.C. § 5321(a)(6)(B))

Unclassified14



Civil Monetary Penalties

10440 Federal Register / Vol. 82, No. 27 / Friday, February 10, 2017 / Rules and Regulations

TABLE 1 OF § 1010.821—PENALTY ADJUSTMENT TABLE

U.S. Code citation	Civil monetary penalty description	Penalty as last amended by statute	New maximum penalty amounts or range of maximum penalty amounts for penalties assessed after 8/15/2016 but before 1/15/2017	New maximum penalty amounts or range of maximum penalty amounts for penalties assessed after 1/15/2017
12 U.S.C. 1829(e)	Relating to Recordkeeping Violations For Funds Transfers.	\$10,000	\$19,787	\$20,111
12 U.S.C. 1955	Willful or Grossly Negligent Recordkeeping Violations.	10,000	19,787	20,111
31 U.S.C. 5318(p)(3)(C)	Failure to Terminate Correspondent Relationship with Foreign Bank.	10,000	13,384	13,603
31 U.S.C. 5321(a)(1)	General Civil Penalty Provision for Willful Violations of Bank Secrecy Act Requirements.	25,000	53,907	54,789
31 U.S.C. 5321(a)(5)(B)(i)	Foreign Financial Agency Transaction—Non-Willful Violation of Transaction.	10,000	12,459	12,663
31 U.S.C. 5321(a)(5)(C)	Foreign Financial Agency Transaction—Willful Violation of Transaction.	100,000	124,588	126,625
31 U.S.C. 5321(a)(5)(A)	Negligent Violation by Financial Institution or Non-Financial Trade or Business.	500	1,078	1,096
31 U.S.C. 5321(a)(5)(B)	Pattern of Negligent Activity by Financial Institution or Non-Financial Trade or Business.	80,000	83,864	85,236
31 U.S.C. 5321(a)(7)	Violation of Certain Due Diligence Requirements, Prohibition on Correspondent Accounts for Shell Banks, and Special Measures.	1,000,000	1,338,420	1,360,317
31 U.S.C. 5330(e)	Civil Penalty for Failure to Register as Money Transmitting Business.	5,000	7,954	8,084

David K. Pearl,
Assistant Secretary.
[FR Doc. 2017-01827 Filed 2-9-17; 8:45 a.m.]

Unclassified15

FinCEN, the BSA, & Casino AML Program Enforcement Participant Guide



Hot Topics

- KYC
 - Methods to obtain:
 - 3rd Party Software (Lexis/Nexus)
 - Open Source (Google, FB, other Social Media)
 - Time Spent/Lengths Taken to obtain:
 - Customer Identification
 - Customer Occupation
- Currency Transaction Reports
- Suspicious Activity Reports
 - Sharing - FIN-2017-G001, January 4, 2017

Unclassified

16



Questions?

FinCEN Resource Center

1-800-767-2825

FRC@fincen.gov

BSA E-Filing Help Desk

1-866-346-9478

BSAEFilingHelp@fincen.gov

Carl Reisdorf, Enforcement Officer

Carl.Reisdorf@fincen.gov

202-354-6005

Enforcement Division

Financial Crimes Enforcement Network

Unclassified

17

FY2019 RTC FINCEN Course Evaluation

When survey is active, respond at PollEv.com/nigc3


0 surveys done

0 surveys underway

Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app

Sacramento Top Regional Findings Participant Guide






Objective

- Identify common exceptions
- Clarify intent of standards
- Provide framework for achieving compliance

2

Participant Guide:

- Understanding the common exceptions for the region.
- Determine the Intent of the standard.
- Once Intent is determined establish the control to ensure regulatory compliance.



Course Outline

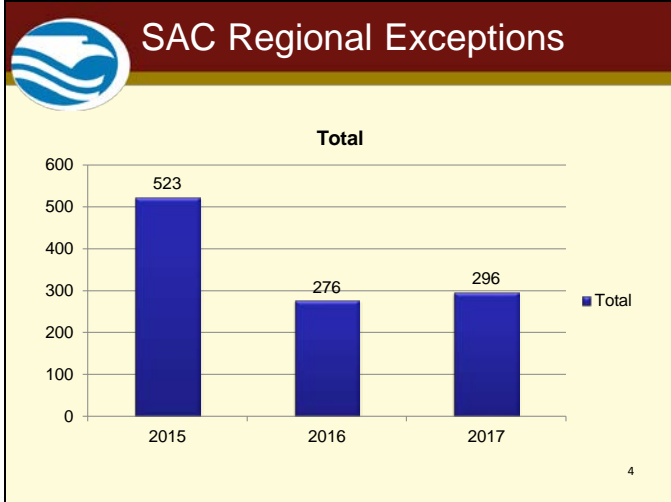
- Regional Compliance Statistics
- Understand controls
 - Intent
 - Control Development
- Activity

3

Participant Guide:

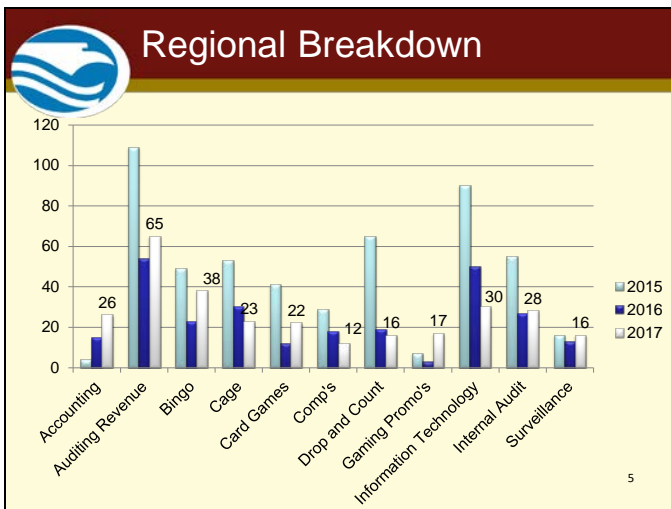
- We will review exception statistics for the region.
- We will look at a framework to understand the necessary controls.
- We will finish with an activity on developing controls.

Sacramento Top Regional Findings Participant Guide



Participant Guide:

- These are the total 543 findings in the region for the last 3 years



Participant Guide:

- These are the 543 findings broken out by areas in the region for the last 3 years

Intent / Control Development	
Intent	Development
<p>What is the standard asking?</p> <p>What additional controls have been developed?</p>	<p>Mitigates risk</p> <p>Ensures compliance</p>

6

Participant Guide:

- The standard can help you determine what it is protecting against.
- Controls can basically have three functions
 - Prevent something undesired from happening
 - Detect when something undesired happened
 - Corrective Action that should be taken in the event that something undesired happened
- Standards should be written in a way that help ensure the intent is met

Sacramento Top Regional Findings Participant Guide



Example Standard

Standard

543.8(b)(3)(i); (3) *Storage*.

(i) Bingo cards must be maintained in a secure location, accessible only to authorized agents, and with surveillance coverage adequate to identify persons accessing the storage area.

2/28/2019

7

Participant Guide:

- The standard is a _____ control.
- Controls can basically have three functions
 - Prevent something undesired from happening
 - Detect when something undesired happened
 - Corrective Action that should be taken in the event that something undesired happened
- Standards should be written in a way that help ensure the intent is met



Example Intent

Intent

To reduce potential misappropriation of assets or compromise to the bingo game by providing for a secured location to store bingo cards with proper surveillance coverage

2/28/2019

8

Participant Guide:

- The highlighted intent is for the standard on the previous slide.
- Compromised bingo inventory can leads to lost revenues, potential of fraudulent payouts, and ultimately loss of patron trust.
- Surveillance coverage indirectly adds a corrective aspect to this standard, because it allow the operation to investigate when inventory is compromised.



Example Control Development

Develop Controls (Part 1)

1. Interview appropriate personnel

- Determine location of bingo cards
- Determine who can access the storage area
 - e.g., Inventory Clerk, Security, Shipping/Receiving Clerk, and Surveillance

2/28/2019

9

Participant Guide:

- Once you determine the intent of the standards, you can start to develop high quality controls.
- One way to do this is to **audit** the current process and determine where there are deficiencies.
- **Once the process is fully outlined and all control deficiencies are corrected, revise the policies to match the fully compliant process.**

Sacramento Top Regional Findings Participant Guide



Example Control Development

Develop Controls (Part 2)

2. Review TICS and SICS to determine if procedures have been implemented

- Specify who the authorized agents
- Identify secure location
 - e.g., authorized agents listing, surveillance coverage, etc.

2/28/2019

10

Participant Guide:

- Once you determine the intent of the standards, you can start to develop high quality controls.
- One way to do this is to **audit** the current process and determine where there are deficiencies.
- **Once the process is fully outlined and all control deficiencies are corrected, revise the policies to match the fully compliant process.**



Example Control Development

Develop Controls (Part 3)

3. Review surveillance recordings of storage area to verify adequate coverage


2/28/2019

11


Participant Guide:

- Once you determine the intent of the standards, you can start to develop high quality controls.
- One way to do this is to **audit** the current process and determine where there are deficiencies.
- **Once the process is fully outlined and all control deficiencies are corrected, revise the policies to match the fully compliant process.**

Sacramento Top Regional Findings Participant Guide

**Activity #1**

Determining Intent and Controls



2/28/201912

KEY POINTS

Activity: Writing Your Own Mission Statement

Group Work

TIME: 20-25 minutes

Supplies: (per group)

- Large Post It Notes
- Markers
- Handout: Top AUP Findings

Instructions

- Break up into small groups.
- Select a recorder
- Review the Handout
- Instructor will assign 1 to 2 of the findings to each group; in your group identify the intent of the standard assigned;
 - Think about if additional TICS/SICS are necessary and who would be responsible
 - If time permits identify what those additional TICS/SIC would include.
- 5. Identify controls to be included for that standard.
 - Are controls measureable
 - Do the controls include who is responsible?
 - It has to be usable, understandable, achievable, and have full TGRA support.



Questions?

NIGC Training Program
Traininginfo@nigc.gov



**Sacramento Regional Audit Findings
Handout 1**

	Finding	Intent	Control Development
1	<p>Auditing Revenue 543.24(d)(4)(i) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: <i>(4) Gaming promotions and player tracking.</i> (i) At least monthly, review promotional payments, drawings, and giveaway programs to verify payout accuracy and proper accounting treatment in accordance with the rules provided to patrons.</p>	<p>Detective control. Helps ensure fraudulent activity is not occurring in awarding promotional prizes. Ensures all awards are properly authorized.</p>	<p>Review TICS & SICS to ensure they outline the requirements to review the documentation related to promotional payments, drawings, and giveaways. Review Revenue Audit Checklists for monthly audits to ensure they include this requirement. Work with IT to design/generate a report that identifies the patron selected if an IT system is used. Generate supporting documentation of audits to evidence the completion of the audit.</p>
2	<p>Auditing Revenue 543.24(d)(4)(iii) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: <i>(4) Gaming promotions and player tracking.</i> (iii) At least annually, all computerized player tracking systems must be reviewed by agent(s) independent of the individuals that set up or make changes to the system parameters. The review must be performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization Document and maintain the test results.</p>		
3	<p>Auditing Revenue 543.24(d)(3)(ii) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: <i>(3) Card games.</i> (ii) At least monthly, review all payouts for the promotional progressive pots, pools, or other promotions to verify payout accuracy and proper accounting treatment and that they are conducted in accordance with conditions provided to the patrons.</p>		

	Finding	Intent	Control Development
4	<p>Auditing Revenue 543.24(d)(9)(viii) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: <i>(9) Cage, vault, cash, and cash equivalents.</i> (viii) Daily, reconcile all parts of forms used to document increases/decreases to the total cage inventory, investigate any variances noted, and document the results of such investigations.</p>		
5	<p>Surveillance 543.21(b)(11) <i>(b) Surveillance equipment and control room(s).</i> Controls must be established and procedures implemented that include the following: (11) A periodic inspection of the surveillance systems must be conducted. When a malfunction of the surveillance system is discovered, the malfunction and necessary repairs must be documented and repairs initiated within seventy-two (72) hours.</p>		
6	<p>Auditing Revenue 543.24(d)(4)(ii)(C) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: <i>(4) Gaming promotions and player tracking.</i> (ii) At least monthly, for computerized player tracking systems, perform the following procedures: (C) Review documentation related to access to inactive and closed accounts.</p>		

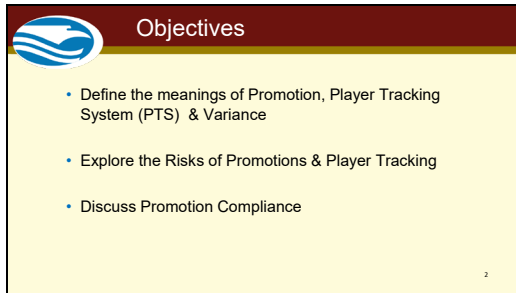
	Finding	Intent	Control Development
7	Audit & Accounting 543.23(c)(7) (c) <i>Internal audit.</i> Controls must be established and procedures implemented to ensure that: (7) Internal audit findings are reported to management, responded to by management stating corrective measures to be taken, and included in the report delivered to management, the Tribe, TGRA, audit committee, or other entity designated by the Tribe for corrective action.		
8	Auditing Revenue 543.24(d)(3)(iii) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: (3) <i>Card games.</i> (iii) At the conclusion of each contest/tournament, reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.		
9	Auditing Revenue 543.24(d)(10)(i) (d) Controls must be established and procedures implemented to audit of each of the following operational areas: (10) <i>Inventory.</i> (i) At least monthly, verify receipt, issuance, and use of controlled inventory, including, but not limited to, bingo cards, pull-tabs, playing cards, keys, pre-numbered and/or multi-part forms.		

	Finding	Intent	Control Development
10	<p>Information technology and information technology data</p> <p>543.20(i)(2)</p> <p>(i) Incident monitoring and reporting.</p> <p>(2) All security incidents must be responded to within an established time period approved by the TGRA and formally documented.</p>		

AUD- 105 Promotions and Player Tracking



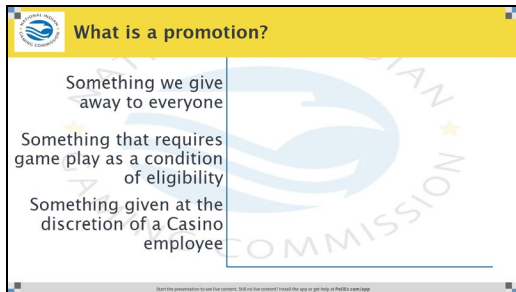
- _____
- _____
- _____
- _____
- _____



Key Points:

- Define the meanings of Promotion, Player Tracking System (PTS) & Variance
- Explore the Risks of Promotions & Player Tracking
- Discuss Promotion Compliance

- _____
- _____
- _____
- _____
- _____



Poll Title: What is a promotion?

https://www.polleverywhere.com/multiple_choice_polls/TrE8FnLYOmWhlk hF555j




Key Points:


- In your group, come up with 5 or more risks associated with Promotions

- _____
- _____
- _____
- _____
- _____

AUD- 105 Promotions and Player Tracking

**Promotion Rules Activity**

- 543.12(b) Gaming promotions. The rules of the gaming promotion must be displayed or made readily available to patron upon request.
- What is the intent?
- What is the role?
 - TGRA
 - Operations
 - Auditing Revenue
 - Internal Audit




5


Key Points

In your assigned group, discuss and list the roles as they relate to Promotional rules for the TGRA, Operation, Auditing Revenue, or Internal Audit as assigned by the instructors.

- _____
- _____
- _____
- _____
- _____

**Promotion Rules Activity**

- Rules Example
- What is good?
- What Missing?



6

Key Points:

In your group – review the example promotion rules provided.


What is good?

- What MICS standards do they address
- What additional controls/items are addressed

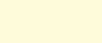
What is Missing?

- What MICS standards are not addressed
- What additional controls/items would be good to add

- _____
- _____
- _____
- _____
- _____

**Promotion Payouts – Standard**

- §543.18 (f) Promotional payments, drawings, and giveaway programs.
- What is the intent?
- What is the role?
 - TGRA
 - Operations
 - Auditing Revenue
 - Internal Audit



7

Key Points:

In your assigned group, discuss and list the roles as they relate to Promotional Payouts for the TGRA, Operation, Auditing Revenue, or Internal Audit as assigned by the instructors.

- _____
- _____
- _____
- _____
- _____

AUD- 105 Promotions and Player Tracking

Activity #2



8

Key Points:
Football Tickets Case Study
Group Activity –
Time: 10 mins
Supplies: Handout

Instructions:
Review Case Study information provided and in your group answer the following questions:

What controls were in place to help identify the issue?

What controls could be added to help minimize the chance of something similar happening in the future?

Other Considerations

Return on Investment (ROI)



9

Key Points:
Consideration for TICS and SICS
ROI is not addressed in the MICS standards.

- TICS – should there be some parameters for ROI in promotional controls?
- SICS – what will be reviewed as part of the ROI to determine the success of a promotion?

Activity #3



10

Key Points:
Group Activity
Time: 10 mins
Supplies: Handout

In your group, come up with 3 or more items that would be a PTS parameter. What are the risks associated with Player Tracking Systems? What are examples of PTS parameters?

- _____
- _____
- _____
- _____
- _____

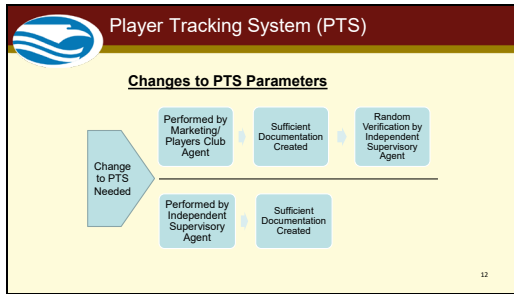
Player Tracking Activity

- 543.12(c) Player tracking systems and gaming promotions.
- What is the intent?
 - TGRA
 - Operations
 - Auditing Revenue
 - Internal Audit
- What is the role?

11

Key Points:
In your assigned group, discuss and list the roles as they relate to Player Tracking System standards [543.12(c)] for the TGRA, Operation, Auditing Revenue, or Internal Audit as assigned by the instructors.

AUD- 105 Promotions and Player Tracking



Key Points:

Changes to the PTS parameters can be made by a Marketing/Players Club Agent as long as there is a verification performed to check the changes made.

Is someone independent of Marketing/Players Club always the best choice to perform changes in the PTS?

- May want to consider:
 - Familiarity with the system
 - Frequency of changes (any changes needed to coincide with promotions?)

Consideration for TICS/SICS

- Define who will be responsible and authorized to make changes to the PTS
 - When a change is needed, how is it approved/authorized before the change in the PTS is made?
 - Who must approve the change?

Promotion & PTS Variance

What is an example of a variance in relation to:

1. Promotions?
2. PTS?

Key Points:

Important to define variance threshold for promotions and PTS.

- Considerations when defining promotional variance thresholds:
 - The gaming operation never does cash promotions so they can't have a variance? What if the name on the promotional payout form does not match the name drawn by the system?
 - What if the rules said there would be 4 hot seat drawings on a specific night and there were 5?
 - Does it have to be "cash" to be a variance worth reviewing/investigating?
- Considerations when defining PTS variance thresholds:
 - Point/Reward accrual parameters
 - Promotional parameters and timelines

Questions?

NIGC Training Division
Training@nigc.gov

Josh Benefield
Lead Auditor

NATIONAL INDIAN GAMING COMMISSION

- _____
- _____
- _____
- _____
- _____

College Football Ticket Giveaway – Case Study

Casino XYZ conducted a promotion where they had a drawing for tickets to a local college football game.

The promotion stated that the Player Tracking System would randomly select a winner from the eligible players.

The Casino created the following documentation as part of the Promotional payout process:

- System report showing the name drawn with time and date
- Promotional payout form to document the name of the winning patron and Casino agent authorizing/making the payout

After the promotion Revenue Audit received the documentation of the promotional payout. After reviewing both the system generated report of the name drawn and the promotional payout form showing which patron was given the prize, the following was found:

- The name on the system report as the winning name drawn did not match the name on the promotional payout form

The exception was provided to Management who investigated the reason for the exception.

Upon investigation it was determined that the Players Club agent who conducted the drawing and payout had been approached in the bathroom shortly before the drawing. A patron paid the Players Club agent to call her husband's name to win the tickets. The Players Club agent conducted the drawing in the system, but called a different name as the winner.

1. What controls were in place to help identify the issue?
2. What controls could be added to help minimize the chance of something similar happening in the future?

Relevant Standards for Promotions and PTS training

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

§543.18 What are the minimum internal control standards for the cage, vault, kiosk, cash and cash equivalents?

...

(f) *Promotional payments, drawings, and giveaway programs.* The following procedures must apply to any payment resulting from a promotional payment, drawing, or giveaway program disbursed by the cage department or any other department. This section does not apply to payouts for card game promotional pots and/or pools.

(1) All payments must be documented to support the cage accountability.

(2) Payments above \$600 (or lesser amount as approved by TGRA) must be documented at the time of the payment, and documentation must include the following:

(i) Date and time;

(ii) Dollar amount of payment or description of personal property;

(iii) Reason for payment; and

(iv) Patron's name and confirmation that identity was verified (drawings only).

(v) Signature(s) of at least two agents verifying, authorizing, and completing the promotional payment with the patron. For computerized systems that validate and print the dollar amount of the payment on a computer generated form, only one signature is required.

...

* Return on Investment analysis isn't required by the MICS

Promotion ROI

Promotion Name:		Wonderful Promotion			Projected Cost	Actual Cost
Promotion Date:					2,122.00	2,344.00
					Projected Increase	Actual Increase
					10,330.98	3,925.35
					Projected ROI	Actual ROI
					486.85%	273.28%
Property Impact Assessment	Normal	Projection	Base to Projection	Actual	Projection to Actual	Normal to Actual
Income						
Gaming Income						
Slot Coin-In	1,245,233.00	1,369,756.30	124,523.30	1,302,144.00	(67,612.30)	56,911.00
Theoretical Slot Revenue	99,618.64	109,580.50	9,961.86	104,171.52	(5,408.98)	4,552.88
Slot Daily Costs (Average%)	3,200.00	3,200.00	-	3,200.00	-	-
Slots Net Income	96,418.64	106,380.50	9,961.86	100,971.52	(5,408.98)	4,552.88
Bingo Revenue	-	-	-	-	-	-
Bingo Daily Costs (Average %)	-	-	-	-	-	-
Bingo Net Income	-	-	-	-	-	-
Total Gaming Income	96,418.64	106,380.50	9,961.86	100,971.52	(5,408.98)	4,552.88
Non-Gaming Income						
Food Revenue	9,857.00	10,349.85	492.85	11,453.00	1,103.15	1,596.00
COGS Food (Average %)	4,928.50	5,174.93	246.43	5,726.50	551.58	798.00
Labor Costs (Average)	5,965.00	5,965.00	-	5,965.00	-	-
Food Net Income	(1,036.50)	(790.08)	246.43	(238.50)	551.58	798.00
Bar Revenue	15,245.00	16,007.25	762.25	17,546.00	1,538.75	2,301.00
Bar COGS (Average %)	3,811.25	4,001.81	190.56	4,386.50	384.69	575.25
Labor Costs (Average)	1,566.00	1,566.00	-	1,566.00	-	-
Bar Net Income	9,867.75	10,439.44	571.69	11,593.50	1,154.06	1,725.75
Total Non-Gaming Income	8,831.25	9,649.36	818.11	11,355.00	1,705.64	2,523.75
Other Income						
Other Income	-	-	-	-	-	-
Total Other Income	-	-	-	-	-	-
Total Income	105,249.89	116,029.87	10,779.98	112,326.52	(3,703.35)	7,076.63

* Return on Investment analysis isn't required by the MICS

Property Impact Assessment	Normal	Projection	Base to Projection	Actual	Projection to Actual	Normal to Actual
Event Expenses						
Marketing Expenses						
Direct Event Costs					-	-
Event Fee (Promoter,Band,etc.)	-	-	-		-	-
Meal Comps	150.00	375.00	225.00	350.00	(25.00)	200.00
Greenroom	-	-	-		-	-
Bar	-	-	-		-	-
Other	-	-	-		-	-
Total Direct Costs	150.00	375.00	225.00	350.00	(25.00)	200.00
Indirect Expenses						
Advertising	1,523.00	1,523.00	-	1,678.00	155.00	155.00
Decorations	-	-	-	-	-	-
Labor						
Security (# of Additional Hours * \$10/Hour)	-	160.00	160.00	240.00	80.00	240.00
Food (#of Additional Hours * \$9/Hour)	-	-	-	-	-	-
Bar (# of Additional Hours * \$8/Hour)	-	64.00	64.00	76.00	12.00	76.00
Other Additional Labor	-	-	-	-	-	-
Other Indirect Costs	-	-	-	-	-	-
Total Indirect Costs	1,523.00	1,747.00	224.00	1,994.00	247.00	471.00
Total Event Expenses	1,673.00	2,122.00	449.00	2,344.00	222.00	671.00
Total Revenues	105,249.89	116,029.87	10,779.98	112,326.52	(3,703.35)	7,076.63
Event Profitability	103,576.89	113,907.87	10,330.98	109,982.52	3,925.35	6,405.63
		Projected		Actual		Difference
Return on Investment %		486.85%		273.28%		-213.57%

Relevant Standards for Promotions and PTS training

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

§543.12 What are the minimum internal control standards for gaming promotions and player tracking systems?

(a) *Supervision.* Supervision must be provided as needed for gaming promotions and player tracking by an agent(s) with authority equal to or greater than those being supervised.

(b) *Gaming promotions.* The rules of the gaming promotion must be displayed or made readily available to patron upon request. Gaming promotions rules require TGRA approval and must include the following:

- (1) The rules of play;
- (2) The nature and value of the associated prize(s) or cash award(s);
- (3) Any restrictions or limitations on participant eligibility;
- (4) The date(s), time(s), and location(s) for the associated promotional activity or activities;
- (5) Any other restrictions or limitations, including any related to the claim of prizes or cash awards;
- (6) The announcement date(s), time(s), and location(s) for the winning entry or entries; and
- (7) Rules governing promotions offered across multiple gaming operations, third party sponsored promotions, and joint promotions involving third parties.

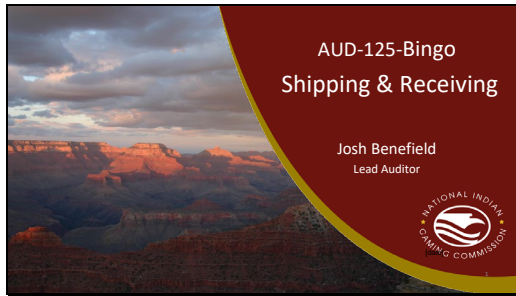
(c) *Player tracking systems and gaming promotions.*

(1) Changes to the player tracking systems, promotion and external bonusing system parameters, which control features such as the awarding of bonuses, the issuance of cashable credits, non-cashable credits, coupons and vouchers, must be performed under the authority of supervisory agents, independent of the department initiating the change. Alternatively, the changes may be performed by supervisory agents of the department initiating the change if sufficient documentation is generated and the propriety of the changes are randomly verified by supervisory agents independent of the department initiating the change on a monthly basis.

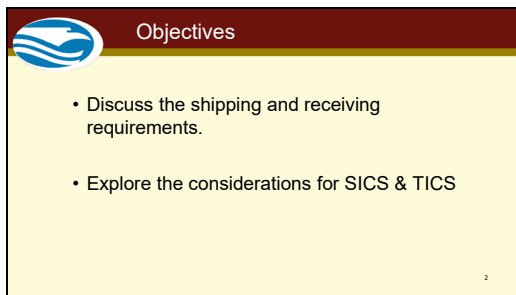
(2) All other changes to the player tracking system must be appropriately documented.

(d) *Variances.* The operation must establish, as approved by the TGRA, the threshold level at which a variance must be reviewed to determine the cause. Any such review must be documented.

AUD-125 Shipping and Receiving

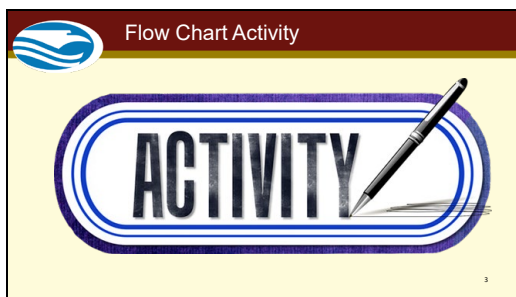


- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

- Discuss the shipping and receiving requirements.
- Explore the considerations for SICS & TICS



Key Points:

In your group, create a flow chart of the Shipping and Receiving Process from notification to receiving.

Time: 10 mins

Supplies:

Handout

- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

The MICS Part 543 provides a foundation to begin creating controls, but may not provide sufficient controls for each individual operation.

The TICS add to the foundation by providing additional control framework by filling in the gaps (establishing thresholds as needed, adding more detail, etc.)

The SICS should provide the finished product by describing the "how" an operation will be able to comply with the MICS and TICS.

Three types of controls:

- **Preventive** – Designed to prevent undesirable events from occurring
 - Preventive controls are built into, not onto, the system.
Example: separation of duties

AUD-125 Shipping and Receiving

- **Detective** – Designed to detect undesirable events which have occurred
 - Detective controls are deferred to the end of the process.
Example: review of documentation
- **Corrective** – Designed to cause or encourage a future event to occur in the event an undesirable event occurred.
 - Examples: Investigation, training, re-performance



Key Points:

- In your group, come up with 5 or more risks associated with Shipping and Receiving hardware/software for electronic bingo games
- What risks are involved in Shipping and Receiving hardware/software for electronic bingo games?

Group Activity Discussion

Time: 5-10 mins

Supplies:

Flip Chart

Markers

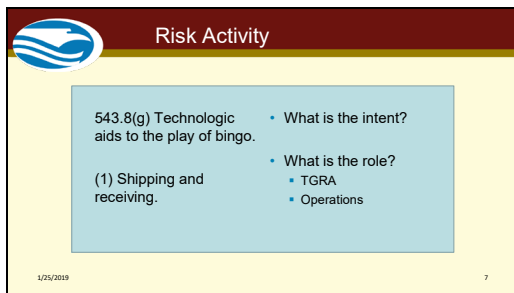
- _____
- _____
- _____
- _____
- _____



Key Points:

- What are some acceptable forms of communication in regards to Shipping and Receiving of technological aids to the play of bingo?

- _____
- _____
- _____
- _____
- _____
- _____

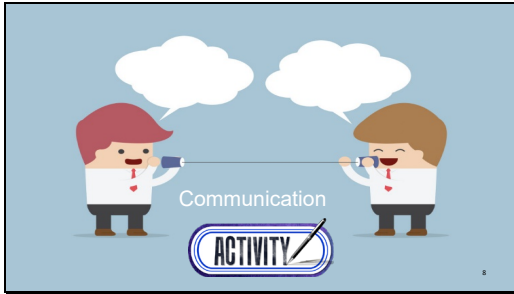


Key Points:

Discuss and list the role of either the TGRA or Operations in regards to the Shipping and Receiving standards.

Identify these are _____ controls.

AUD-125 Shipping and Receiving



Key Points:

Group Activity:

Time: 5-10 mins

Supplies:

Paper

Marker

A communication procedure must be established between the supplier, the gaming operation, and the TGRA and address:

- Notification of pending shipments
- Certification with Part 547
- Notification of shipping and delivery date

Consideration for TICS

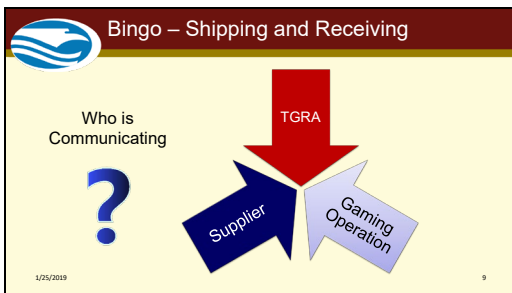
- What will be acceptable forms of communication?
- Is there a designated agent/office/department at the TGRA?

Consideration for SICS

- How will communication be documented?
- Who will be the designated agent/office/department involved?

Instructions:

1. Separate the class out into teams.
 2. The team will line up.
 3. The first person in the line will look at the picture and then draw the picture that the presenter drew.
 4. They will show the next person in line.
- (steps 3-4 repeated with next person in line)
- Review the pictures drawn.



Key Points:

- So the standards require the TGRA, Gaming Operation and Supplier to have a communication process.

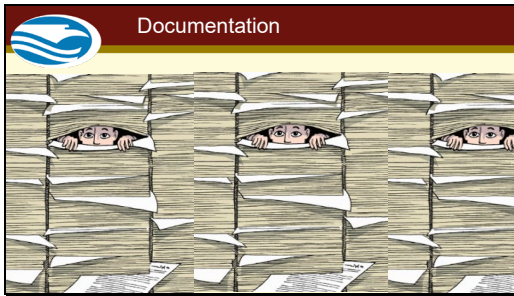
Consideration for TICS and SICS

Who specifically at the TGRA and Gaming Operation are doing the communicating?

Who else do you feel needs to be involved?

- _____
- _____
- _____
- _____
- _____

AUD-125 Shipping and Receiving



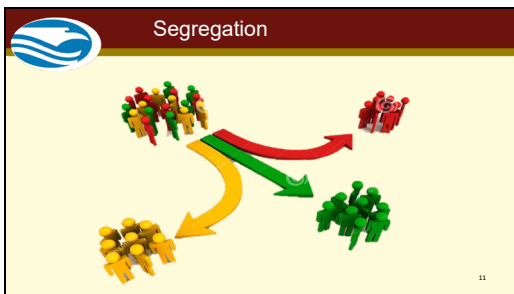
Key Points:

Consideration for TICS

- What specific items do you want to be documented in the process?
- Who is responsible on the TGRA side for creating and/or maintaining documentation related to the TGRA?

Consideration for SICS

- How will the operation document the process?
 - Example: Checklists and/or forms
- Who on the operation side will be responsible for completing any required documentation?



Key Points:

543.8(g)(1) addresses some segregation of duties.

- The TGRA (or designee) must receive all Class II system components and game play software packages

Segregation of duties ensures no one individual has control of a process from start to finish:

- i.e. the standards do not allow for only one individual to be part of the process for shipping and receiving technological aids

Consideration for TICS

- Are there any other parts of the process that may need additional segregation?
- If the TGRA does not receive items but has an authorized designee – ensure the designee is independent of the electronic bingo games department

Consideration for SICS

- On the operation side, do you want to require the involvement of anyone independent of the electronic bingo games department in the process? Example: a compliance agent who is part of communication and ensures all documentation is completed



Key Points:

If you have any questions in the future, please contact NIGC.

- _____
- _____
- _____
- _____
- _____

Handout #1 – Flowchart

In the area below create a flowchart of the shipping and receiving process:

Relevant Standards for Shipping and Receiving Presentation

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

§543.8 What are the minimum internal control standards for bingo?

...

(g) *Technologic aids to the play of bingo.* Controls must be established and procedures implemented to safeguard the integrity of technologic aids to the play of bingo during installations, operations, modifications, removal and retirements. Such procedures must include the following:

(1) Shipping and receiving.

(i) A communication procedure must be established between the supplier, the gaming operation, and the TGRA to properly control the shipping and receiving of all software and hardware components. Such procedures must include:

(A) Notification of pending shipments must be provided to the TGRA by the gaming operation;

(B) Certification in accordance with 25 CFR part 547;

(C) Notification from the supplier to the TGRA, or the gaming operation as approved by the TGRA, of the shipping date and expected date of delivery. The shipping notification must include:

(1) Name and address of the supplier;

(2) Description of shipment;

(3) For player interfaces: a serial number;

(4) For software: software version and description of software;

(5) Method of shipment; and

(6) Expected date of delivery.

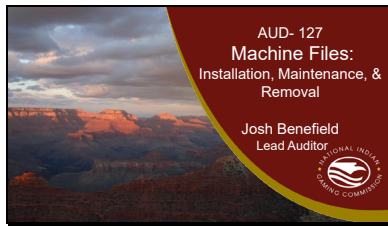
(ii) Procedures must be implemented for the exchange of Class II gaming system components for maintenance and replacement.


(iii) Class II gaming system components must be shipped in a secure manner to deter unauthorized access.

(iv) The TGRA, or its designee, must receive all Class II gaming system components and game play software packages, and verify the contents against the shipping notification.

...

AUD-127 Machine Files: Installation, Maintenance, & Removal



 **Course Objectives**

- Review Installation, maintenance and removal of class II machines
- Identify common issues with documentation
- Highlight importance of maintaining good records

2

Key Points:

Review Installation, maintenance and removal of class II machines

Identify common issues with documentation

Highlight importance of maintaining good records


 **Why do we need records?**




3

Key Points:

At your Table/in your group, create a form/checklist that could be used to complete and document the requirements in the Installation Testing standard.

 **§543.8 (g)(3)(i) Recordkeeping**



Type of Control

- Detective; Corrective

What is the Intent?

- Auditing such records in accordance with §543.23

4

Key Points:

Full text of the standards we will discuss is provided in the appendix.

(A) Date placed into service;

(B) Date made available for play;

(C) Supplier;

(D) Software version;


(E) Serial number;


(F) Game title;

(G) Asset and/or location number;

(H) Seal number; and

(I) Initial meter reading.

 **§543.8 (g)(5) Installation testing**



Type of control

- Preventative
- Detective

What is intent?

- Ensures proper installation & function

5

Key Points:

Procedures must be implemented to investigate, document and resolve malfunctions.

Risks

Games could be improperly configured

Games might not be secured

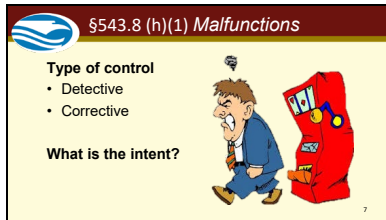
Will not have records in case of malfunction

AUD-127 Machine Files: Installation, Maintenance, & Removal



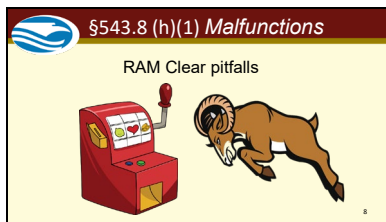
Key Points:

At your Table/in your group, create a form/checklist that could be used to complete and document the requirements in the Installation Testing standard.



Key Points:

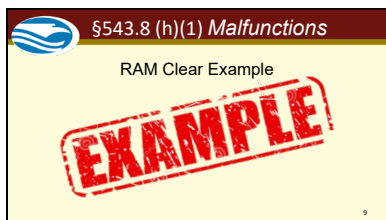
Procedures must be implemented to investigate, document and resolve malfunctions.



Key Points:

Poor Control/Process:

- When there are issues with a game, the first step is to RAM Clear
 - This sets the game back to “zero”, basically creating a “new” game
- After RAM Clear, using the parameters/configuration from another game to reconfigure the RAM Cleared game
 - If you are creating the appropriate records, you should use the “File” to enter any configurations required for the game to ensure they are correct
- No approval/authorization process for RAM Clears – allowing RAM Clears to be performed with little or no documentation




Key Points:

Poor Control/Process:

- When there are issues with a game, the first step is to RAM Clear
 - This sets the game back to “zero”, basically creating a “new” game
- After RAM Clear, using the parameters/configuration from another game to reconfigure the RAM Cleared game
 - If you are creating the appropriate records, you should use the “File” to enter any configurations required for the game to ensure they are correct
- No approval/authorization process for RAM Clears – allowing RAM Clears to be performed with little or no documentation

AUD-127 Machine Files: Installation, Maintenance, & Removal


 §543.8 (h)(2) *Removal/retirement*

Type of controls

- Preventative
- Detective

What is the Intent?

- Protect integrity of the Games




1/25/2019 10

Key Points:

Procedures must be implemented to retire or remove any or all associated components of a Class II gaming system from operation.

- Player interfaces
- Hardware
- Software

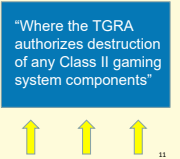
 §543.8 (h)(2)(v) *Destruction*

Type of controls

- Preventative
- Detective

What is the Intent?

- Protect integrity of the Games




1/25/2019 11

Key Points:

Procedures must be implemented to retire or remove any or all associated components of a Class II gaming system from operation.

- Player interfaces
- Hardware
- Software

 **Proper Machine file**

- Required audit records (machine info)
- Installation(s)
- Malfunction(s)
- Removal
- Retirement
- Destruction

1/25/2019 12

Key Points:

Machine files can be organized by machine number

- Required audit records (machine info)
- Installation(s)
- Malfunction(s)
- Removal
- Retirement
- Destruction



Questions?

Training@Nigc.gov



13

Key Points:

If you have any questions in the future, please contact NIGC.

Instructions: In your groups, identify ways to test the installation of class II machines.

(5) *Installation testing.*

(i) Testing must be completed during the installation process to verify that the player interface has been properly installed. This must include testing of the following, as applicable:

(A) Communication with the Class II gaming system;
(B) Communication with the accounting system;
(C) Communication with the player tracking system;
(D) Currency and vouchers to bill acceptor;
(E) Voucher printing;
(F) Meter incrementation;
(G) Pay table, for verification;
(H) Player interface denomination, for verification;
(I) All buttons, to ensure that all are operational and programmed appropriately;
(J) System components, to ensure that they are safely installed at location; and
(K) Locks, to ensure that they are secure and functioning.

Relevant Standards for Machine Files Presentation

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

§543.8 What are the minimum internal control standards for bingo?

...

(g) *Technologic aids to the play of bingo.* Controls must be established and procedures implemented to safeguard the integrity of technologic aids to the play of bingo during installations, operations, modifications, removal and retirements. Such procedures must include the following:

(3) *Recordkeeping and audit processes.*

(i) The gaming operation must maintain the following records, as applicable, related to installed game servers and player interfaces:

- (A) Date placed into service;
- (B) Date made available for play;
- (C) Supplier;
- (D) Software version;
- (E) Serial number;
- (F) Game title;
- (G) Asset and/or location number;
- (H) Seal number; and
- (I) Initial meter reading.

(ii) Procedures must be implemented for auditing such records in accordance with §543.23, Audit and Accounting.

...

(5) *Installation testing.*

(i) Testing must be completed during the installation process to verify that the player interface has been properly installed. This must include testing of the following, as applicable:

- (A) Communication with the Class II gaming system;
- (B) Communication with the accounting system;
- (C) Communication with the player tracking system;
- (D) Currency and vouchers to bill acceptor;
- (E) Voucher printing;
- (F) Meter incrementation;
- (G) Pay table, for verification;
- (H) Player interface denomination, for verification;
- (I) All buttons, to ensure that all are operational and programmed appropriately;
- (J) System components, to ensure that they are safely installed at location; and
- (K) Locks, to ensure that they are secure and functioning.

...

(h) *Operations.* (1) *Malfunctions.* Procedures must be implemented to investigate, document and resolve malfunctions. Such procedures must address the following:

- (i) Determination of the event causing the malfunction;
- (ii) Review of relevant records, game recall, reports, logs, surveillance records;
- (iii) Repair or replacement of the Class II gaming component;
- (iv) Verification of the integrity of the Class II gaming component before restoring it to operation; and

(2) *Removal, retirement and/or destruction.* Procedures must be implemented to retire or remove any or all associated components of a Class II gaming system from operation. Procedures must include the following:

- (i) For player interfaces and components that accept cash or cash equivalents:
 - (A) Coordinate with the drop team to perform a final drop;
 - (B) Collect final accounting information such as meter readings, drop and payouts;
 - (C) Remove and/or secure any or all associated equipment such as locks, card reader, or ticket printer from the retired or removed component; and
 - (D) Document removal, retirement, and/or destruction.
- (ii) For removal of software components:
 - (A) Purge and/or return the software to the license holder; and
 - (B) Document the removal.
- (iii) For other related equipment such as blowers, cards, interface cards:
 - (A) Remove and/or secure equipment; and
 - (B) Document the removal or securing of equipment.
- (iv) For all components:
 - (A) Verify that unique identifiers, and descriptions of removed/retired components are recorded as part of the retirement documentation; and
 - (B) Coordinate with the accounting department to properly retire the component in the system records.
- (v) Where the TGRA authorizes destruction of any Class II gaming system components, procedures must be developed to destroy such components. Such procedures must include the following:
 - (A) Methods of destruction;
 - (B) Witness or surveillance of destruction;
 - (C) Documentation of all components destroyed; and
 - (D) Signatures of agent(s) destroying components attesting to destruction.

...

AUD-124 Bingo Inventory; Any Inventory



Objectives

- Identify importance of Segregation of Duties
- Outline the Inventory process
- Identify documentation created during the inventory process

1/25/2019 2

Key Points:

- Identify the importance of segregation of duties.
- Outline the Inventory process.
- Identify documentation created during the inventory process.

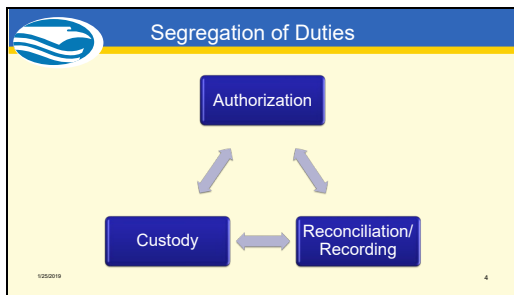
Session Outline

- Segregation of Duties
- Inventory
 - Purchases & Receiving
 - Storage
 - Issuance
 - Cancellation
 - Reconciliation

1/25/2019 3

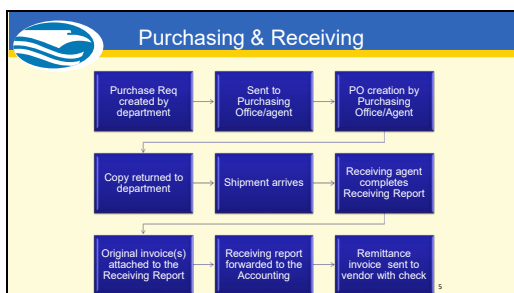
Key Points:

Segregation of Duties
Inventory



Key points

- Authorization refers to the department or individuals who are allowed to use/sell the inventory as well as the department which authorizes the purchase of additional inventory
- Reconciliation and recording refers to the department responsible the accounting of the inventory
- Custody refers to the department that is responsible for securing unused inventory and receiving shipments of new inventory.



Key Points:

Review Slide

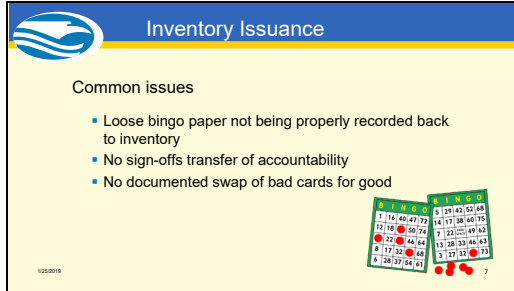
AUD-124 Bingo Inventory; Any Inventory



Key Points

Inventory should be:

- Maintained in a secure location
- Accessible only to authorized agents
- Surveillance coverage should be adequate enough to identify person(s) accessing the storage area.



Key Points:

Common issues

- Loose bingo paper not being properly recorded back to inventory
- No sign-offs transfer of accountability
- No documented swap of bad cards for good



Key Points:

- Removing cards from inventory
 - Must be properly documented
- Causes:
 - Out of sequence
 - Flawed
 - Misprinted
 - Returned to supplier removed and documented
 - Not returned to supplier need to be cancelled.



Key Points:

(b) Bingo cards.

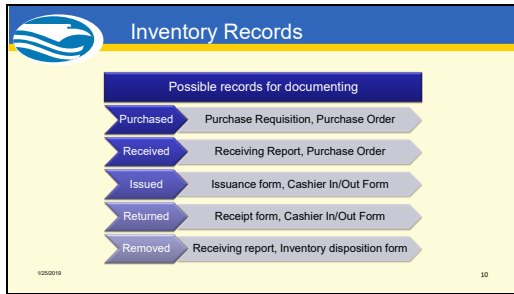
(6) Logs.

(i) The inventory of bingo cards must be tracked and logged from receipt until use or permanent removal from inventory.

(ii) The bingo card inventory record(s) must include:

- (A) Date;
- (B) Shift or session;
- (C) Time;
- (D) Location;
- (E) Inventory received, issued, removed, and returned;
- (F) Signature of agent performing transaction;
- (G) Signature of agent performing the reconciliation;
- (H) Any variance;
- (I) Beginning and ending inventory; and
- (J) Description of inventory transaction being performed

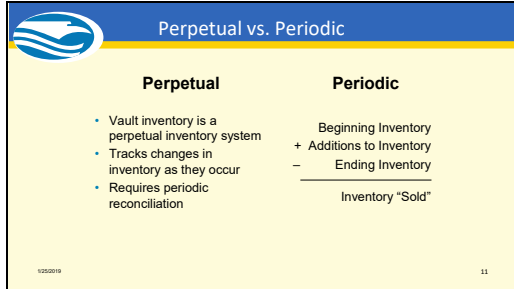
AUD-124 Bingo Inventory; Any Inventory



Key Points:

Possible records for documenting

- Purchased
- Received
- Issued
- Returned
- Removed



Key Points:

- There are 2 different methods to track inventory
- In theory, both will yield the same information; however, a perpetual inventory system will allow for variances to be discovered sooner.



Key Points:

If you have any questions in the future, please contact NIGC.

Relevant Standards for Inventory Presentation

PART 543—MINIMUM INTERNAL CONTROL STANDARDS FOR CLASS II GAMING

§543.8 What are the minimum internal control standards for bingo?

...

(b) *Bingo cards.*

(1) Physical bingo card inventory controls must address the placement of orders, receipt, storage, issuance, removal, and cancellation of bingo card inventory to ensure that:

- (i) The bingo card inventory can be accounted for at all times; and
- (ii) Bingo cards have not been marked, altered, or otherwise manipulated.

(2) Receipt from supplier.

- (i) When bingo card inventory is initially received from the supplier, it must be inspected (without breaking the factory seals, if any), counted, inventoried, and secured by an authorized agent.
- (ii) Bingo card inventory records must include the date received, quantities received, and the name of the individual conducting the inspection.

(3) Storage.

- (i) Bingo cards must be maintained in a secure location, accessible only to authorized agents, and with surveillance coverage adequate to identify persons accessing the storage area.
- (ii) For Tier A operations, bingo card inventory may be stored in a cabinet, closet, or other similar area; however, such area must be secured and separate from the working inventory.

(4) Issuance and returns of inventory.

- (i) Controls must be established for the issuance and return of bingo card inventory. Records signed by the issuer and recipient must be created under the following events:
 - (A) Issuance of inventory from storage to a staging area;
 - (B) Issuance of inventory from a staging area to the cage or sellers;
 - (C) Return of inventory from a staging area to storage; and
 - (D) Return of inventory from cage or seller to staging area or storage.

(ii) [Reserved]

(5) Cancellation and removal.

- (i) Bingo cards removed from inventory that are deemed out of sequence, flawed, or misprinted and not returned to the supplier must be cancelled to ensure that they are not utilized in the play of a bingo game. Bingo cards that are removed from inventory and returned to the supplier or cancelled must be logged as removed from inventory.
- (ii) Bingo cards associated with an investigation must be retained intact outside of the established removal and cancellation policy.

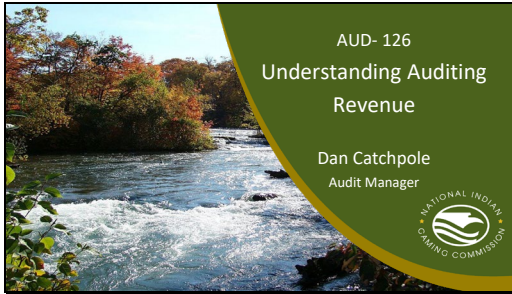
(6) Logs.

- (i) The inventory of bingo cards must be tracked and logged from receipt until use or permanent removal from inventory.
- (ii) The bingo card inventory record(s) must include:

- (A) Date;
- (B) Shift or session;
- (C) Time;
- (D) Location;
- (E) Inventory received, issued, removed, and returned;
- (F) Signature of agent performing transaction;
- (G) Signature of agent performing the reconciliation;
- (H) Any variance;
- (I) Beginning and ending inventory; and
- (J) Description of inventory transaction being performed.


...

AUD-126 Understanding Auditing Revenue



Activity: Group Discussion

Time: 30 mins (with Video or Article presentation)



Objectives

- Explore Auditing Revenue Processes
- Cover Auditing Revenue Processes noted in MICS AUP Reports
- Discuss Resources
- Review Auditing Revenue Purposes and Common Characteristics


Key Points:

- Explore Auditing Revenue Processes
- Cover Auditing Revenue Processes noted in MICS AUP Reports
- Discuss Resources
- Review Auditing Revenue Purposes and Common Characteristics



Key Points:

Auditing Revenue is critical to a successful gaming operation.



Auditing Revenue is?

A Super Hero able to leap tall buildings in a single bound

Money earned from auditing

A largely detective activity that can detect when something wrong has happened

Allows someone to know about an identity theft scam before it occurs

A


B

C

D

Poll Title: Auditing Revenue is?

https://www.polleverywhere.com/multiple_choice_polls/LWNYrTrqTmfauX2AN2rpq



Detectives

Most auditing revenue processes include one of these 4 words:

- Verify
- Review
- Compare
- Reconcile

Key Points:

A majority of auditing revenue procedures are detective

- Involve reviews of activities, reports, and forms
- Includes performing reconciliations

AUD-126 Understanding Auditing Revenue



What Does it Mean to You?

- What issues should revenue auditors identify or detect?
- Have you played a role or been part of a good idea for an auditing revenue process that was effective?

Key Points:

- Sharing knowledge between Revenue Auditors can be a critical tool in an effective auditing revenue function. Connect with your fellow colleagues to discuss knowledge you have learned and want to share.



Supervision



Key Points:

- Why is proper supervision important to auditing revenue?
- Supervision must be provided as needed by an agent(s) with authority equal to or greater than those being supervised.



Reasons for Supervision



Key Points:

- Supervisory roles for auditing revenue
- Reasons for Supervision:

Assignment of auditing revenue tasks
(daily, weekly, monthly, annual)

Reporting structure and responds to questions from the revenue auditor(s)

Voices the issues noted by the revenue auditor(s) to operational management



Supervision Options



Key Points:


- What about gaming operations that do not have an auditing revenue supervisor?

Supervisory title for revenue auditor

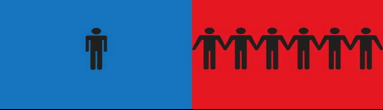
Outside supervision who can maintain independence

- Accounting Department
- Compliance

AUD-126 Understanding Auditing Revenue

 Independence

Audits must be performed by agent(s) *independent* of the transactions being audited.



Key Points:

- Why is it important for auditing revenue to be independent?

 Reasons for Independence



Integrity


Adherence to moral principles. In ethics, integrity is regarded as the honesty and truthfulness or uprightness, sincerity, and


Key Points:

Auditing revenue should be:

- Free from impairment
- Free from potential collusion
- Free from retribution

Independence helps maintain the integrity of the auditing revenue function

 Documentation



1/26/2019 12

Key Points:

- Why is documentation one of the most important parts for auditing revenue to be effective?

Performance of procedures
Exceptions noted
Follow-up of all exceptions

Reasons:

Provides evidence auditing revenue procedures were performed

Provides documented support for any issues/concerns

Compels corrective action(s)

Assists the revenue auditor(s) in tracking patterns or repeated behavior


Assists operational management in responding to findings

Support of disciplinary actions

Used in litigation or reporting criminal behavior

Reviewed by regulators

 Documenting Follow-up



Follow up!

Key Points:

- Why is it important to document follow-up on findings noted by auditing revenue procedures?

Identify issues

Corrections (as applicable)

Include response on how actions will be corrected by the gaming operation

Establish a timetable

AUD-126 Understanding Auditing Revenue


 Controls

Controls must be established and procedures implemented to audit each of the operational areas

A photograph showing a calculator, a clipboard with a pen, and a document titled "Audit Controls".

Key Points:

- Why is it important to establish controls for auditing revenue?

 Auditing Revenue & AUP Reports

A large red stamp with the words "ANNUAL REVIEW" in white, bold, capital letters.

Key Points:

- Annual review of PTS.
- Determine the configuration parameters are accurate and have not been altered without appropriate management authorization, document and test results were maintained.

 Going Beyond the Minimum

A graphic with a yellow running figure and a green checkmark inside a starburst, with the text "Effort = Success" below.


Key Points:


- Can controls beyond 543.24 be used to improve the effectiveness of auditing revenue?

Consider reviewing controls from other jurisdictions (Nevada, New Jersey, Louisiana, etc.) to adopt as part of your auditing revenue processes

Guidance on the Class III MICS include many controls for auditing revenue for Class III activity

Many other sections of 543 MICS have controls that are suited to be performed by revenue auditor(s)

 What It All Means

A graphic showing a bingo card with numbers and a person holding an umbrella over a large dollar sign.

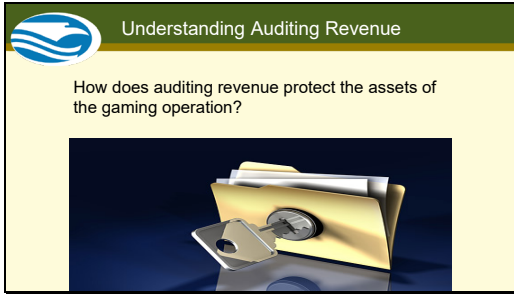
Key Points:

- Here we will begin to summarize the main points of Understanding Auditing Revenue
- Auditing revenue is a vital part of the gaming operation and is designed to:

PROTECT THE INTEGRITY OF
GAMING ACTIVITY

PROTECT THE ASSETS OF THE TRIBE

AUD-126 Understanding Auditing Revenue

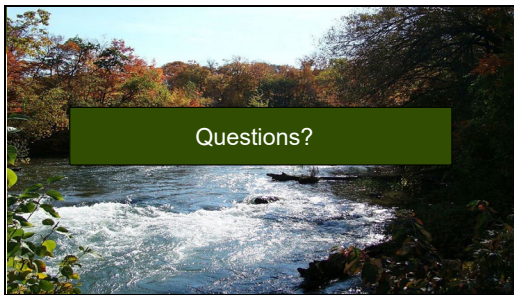


Key Points:

Can you identify some of the main tasks that are involved in auditing revenue?

How does auditing revenue protect the assets of the gaming operation?

- Verifies gaming operation staff are performing procedures by following established controls
- Verifies control and accountability of sensitive items
- Verifies accountability of assets
- Reviews activity which involves high risk
- Reconciles inventories and revenue records



Key Points:

If you have any questions in the future, please contact NIGC.

Row Labels	Oklahoma City	Phoenix	Portland	Rapid City	Sacramento	St. Paul	Tulsa	Washington DC	Grand Total
Accounting	425	88	66	103	91	42	138	150	1103
543.24(a)	1			1				1	3
543.24(b)				2		1		1	4
543.24(c)	1	2		1			10	2	16
543.24(d)(1)(i)	11		1	1		2		1	16
543.24(d)(1)(ii)	11			1				2	14
543.24(d)(1)(iii)	12	2	1	1				1	17
543.24(d)(1)(iv)	17	2	2	3		1	2	3	30
543.24(d)(1)(v)	6		1	1	2		1	2	13
543.24(d)(10)(i)	21	4		5	3	2	11	5	51
543.24(d)(10)(ii)	7	1	2	3	1		1	5	20
543.24(d)(2)(i)					2			1	3
543.24(d)(2)(iii)					2	1		2	5
543.24(d)(2)(iv)			1				1	2	4
543.24(d)(3)(i)			1		1	1		2	5
543.24(d)(3)(ii)		1	2		4	1		1	9
543.24(d)(3)(iii)		1	2	1	3			1	8
543.24(d)(4)(i)	12	3	3		5		11	3	37
543.24(d)(4)(ii)(A)	15	2	4	2	2	1	1	6	33
543.24(d)(4)(ii)(B)	15	4	7	2	2	1	3	4	38
543.24(d)(4)(ii)(C)	18	4	8	4	4		21	9	68
543.24(d)(4)(iii)	17	7	7	5	5	7	14	9	71
543.24(d)(5)	5	2	1	4		1		3	16
543.24(d)(6)(i)					2				2
543.24(d)(6)(ii)					3				3
543.24(d)(7)(i)(B)								2	2
543.24(d)(7)(i)(C)								2	2
543.24(d)(8)(i)	19	4	6	4	2	1	23	7	66
543.24(d)(8)(ii)		1		1	1			1	4
543.24(d)(8)(iii)(A)	20	1	3	2	3		1	4	34
543.24(d)(8)(iii)(B)	18	1	2	1	1		1	4	28
543.24(d)(8)(iii)(C)	17	1	2	2	1			7	30
543.24(d)(8)(iv)	20	7		5	2	7		6	47
543.24(d)(9)(i)	7	1		1	2		2	5	18
543.24(d)(9)(ii)	6	2	1	2			2	2	15
543.24(d)(9)(iii)	15	2	2	3	1	4	2	8	37
543.24(d)(9)(iii)(A)	5	1		2	2	2		6	18
543.24(d)(9)(iv)	5	2	1	1		1	2	3	15
543.24(d)(9)(v)	5	1	2	1	2		2	3	16
543.24(d)(9)(vi)	5	2		1	1		2	2	13
543.24(d)(9)(vii)	6	1		3	2	1	3	7	23
543.24(d)(9)(viii)	8	1	1	1	4	1	1	3	20

JOHN KANE WAS on a hell of a winning streak. On July 3, 2009, he walked alone into the high-limit room at the Silverton Casino in Las Vegas and sat down at a video poker machine called the Game King. Six minutes later the purple light on the top of the machine flashed, signaling a \$4,300 jackpot. Kane waited while the slot attendant verified the win and presented the IRS paperwork—a procedure required for any win of \$1,200 or greater—then, 11 minutes later, ding ding ding!, a \$2,800 win. A \$4,150 jackpot rolled in a few minutes after that.

All the while, the casino's director of surveillance, Charles Williams, was peering down at Kane through a camera hidden in a ceiling dome. Tall, with a high brow and an aquiline nose, the 50-year-old Kane had the patrician bearing of a man better suited to playing a Mozart piano concerto than listening to the chirping of a slot machine. Even his play was refined: the way he rested his long fingers on the buttons and swept them in a graceful legato, smoothly selecting good cards, discarding bad ones, accepting jackpot after jackpot with the vaguely put-upon air of a creditor finally collecting an overdue debt.

Williams could see that Kane was wielding none of the array of cheating devices that casinos had confiscated from grifters over the years. He wasn't jamming a light wand in the machine's hopper or zapping the Game King with an electromagnetic pulse. He was simply pressing the buttons. But he was winning far too much, too fast, to be relying on luck alone.

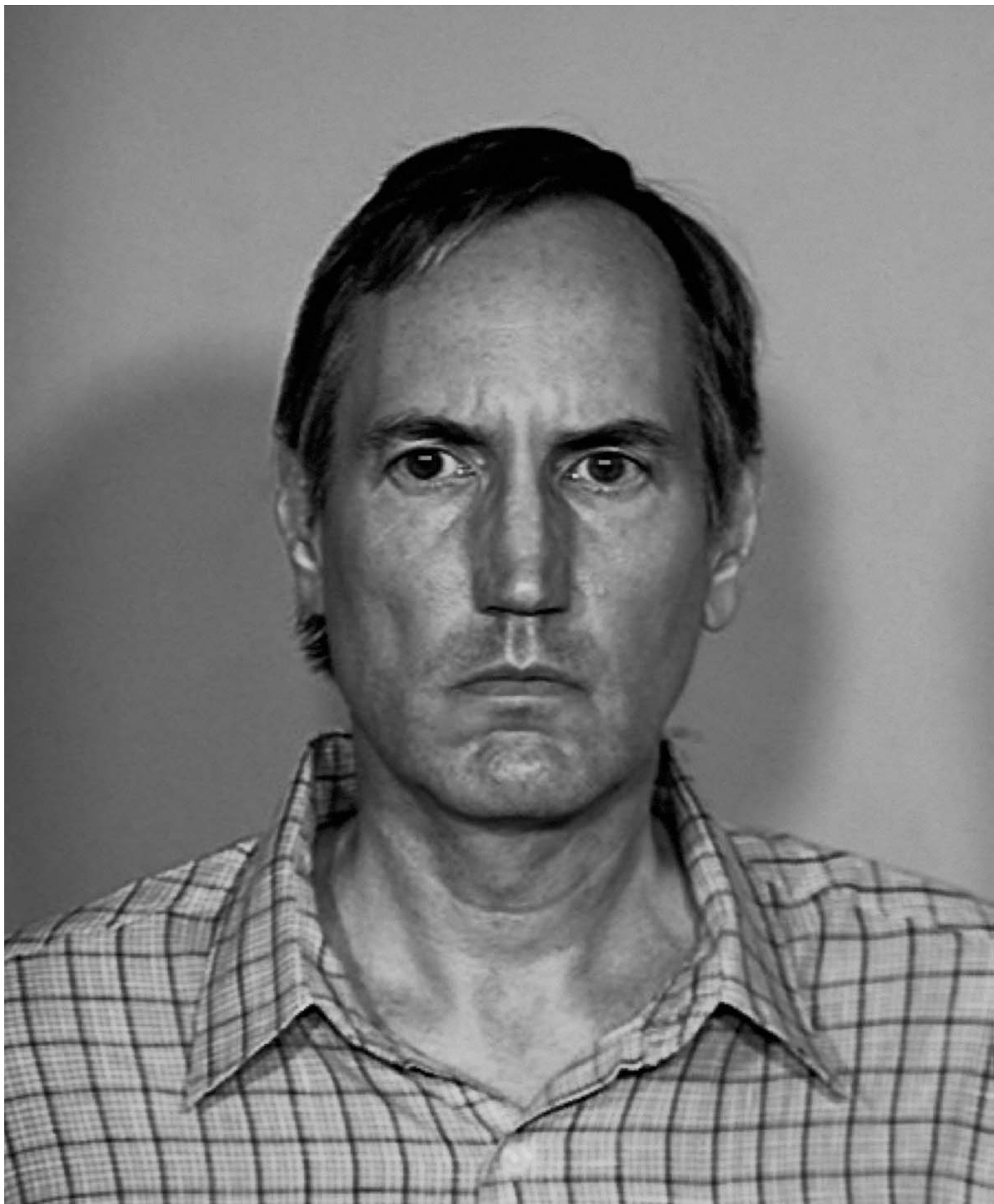
[Get More](#)

Want more WIRED? Subscribe now to get 6 months for \$5 - plus a FREE hat.

At 12:34 pm, the Game King lit up with its seventh jackpot in an hour and a half, a \$10,400 payout. Now Williams knew something was wrong: The cards dealt on the screen were the exact same four deuces and four of clubs that yielded Kane's previous jackpot. The odds against that were astronomical. Williams called over the executive in charge of the Silverton's slots, and they reviewed the surveillance tape together.

The evidence was mounting that Kane had found something unthinkable: the kind of thing gamblers dream of, casinos dread, and Nevada regulators have an entire auditing regime to prevent. He'd found a bug in the most popular video slot in Las Vegas.

As they watched the replay for clues, Kane chalked up an eighth jackpot worth \$8,200, and Williams decided not to wait any longer. He contacted the Silverton's head of security, a formidable character with slicked-back silver hair and a black suit, and positioned him outside the slot area. His orders: Make sure John Kane doesn't leave the casino.



Virtuoso pianist John Kane discovered an exploitable software bug in Game King poker machines.  MICHAEL FRIBERG

Kane had discovered the glitch in the Game King three months earlier on the other end of town, at the unpretentious Fremont Hotel and Casino in downtown's Glitter Gulch. He was

overdue for a lucky break. Since the Game King had gotten its hooks in him years earlier he'd lost between tens of thousands and hundreds of thousands annually. At his previous haunt, the locals-friendly Boulder Station, he blew half a million dollars in 2006 alone—a pace that earned him enough Player's Club points to pay for his own Game King to play at his home on the outskirts of Vegas, along with technicians to service it. (The machine was just for fun—it didn't pay jackpots.) “He's played more than anyone else in the United States,” says his lawyer, Andrew Leavitt. “I'm not exaggerating or embellishing. It's an addiction.”

To understand video poker addiction, you have to start with the deceptively simple appeal of the game. You put some money in the machine, place a bet of one to five credits, and the computer deals you a poker hand. Select the cards you want to keep, slap the Draw button, and the machine replaces the discards. Your final hand determines the payout.

When the first video poker machine hit casinos in the 1970s, it was a phenomenal success—gamblers loved that they could make decisions that affected the outcome instead of just pulling a handle and watching the reels spin. The patent holder started a company called International Game Technology that debuted on the Nasdaq in 1981.

IGT's key insight was to tap into the vast flexibility offered by computerized gambling. In 1996, the company perfected its formula with the Game King Multi-Game, which allowed players to choose from several variations on video poker. Casinos snatched up the Game King, and IGT sold them regular firmware upgrades that added still more games to the menu. On September 25, 2002, the company released its fifth major revision—Game King 5.0. Its marketing material was triumphal: “Full of new enhancements, including state-of-the-art video graphics and enhanced stereo sound, the Game King 5.0 Multi-Game suite is sure to rule over your entire casino floor with unprecedented magnificence!” But the new Game King code had one feature that wasn't in the brochure—a series of subtle errors in program number G0001640 that evaded laboratory testing and source code review.

You might also like:

[How Google Map Hackers Can Destroy a Business at Will](#)

[Middle-School Dropout Codes Clever Chat Program That Foils NSA Spying](#)

[The World's Best Bounty Hunter Is 4-Foot-11. Here's How She Hunts](#)

The bug survived like a cockroach for the next seven years. It passed into new revisions, one after another, ultimately infecting 99 different programs installed in thousands of IGT machines around the world. As far as anyone knows, it went completely undetected until late April 2009, when John Kane was playing at a row of four low-limit Game Kings outside the entrance to a Chinese fast food joint at the Fremont, smoke swirling around him and '90s pop music raining down from the casino sound system.

He'd been switching between game variations and racking up a modest payout. But when he hit the Cash Out button to take his money to another machine, the candle lit at the top of the Game King and the screen locked up with a jackpot worth more than \$1,000. Kane hadn't even played a new hand, so he

knew there was a mistake. He told a casino attendant about the error, but the worker thought he was joking and gave him the money anyway.

At that point, Kane could have forgotten the whole thing. Instead, he called a friend and embarked on the biggest gamble of his life.

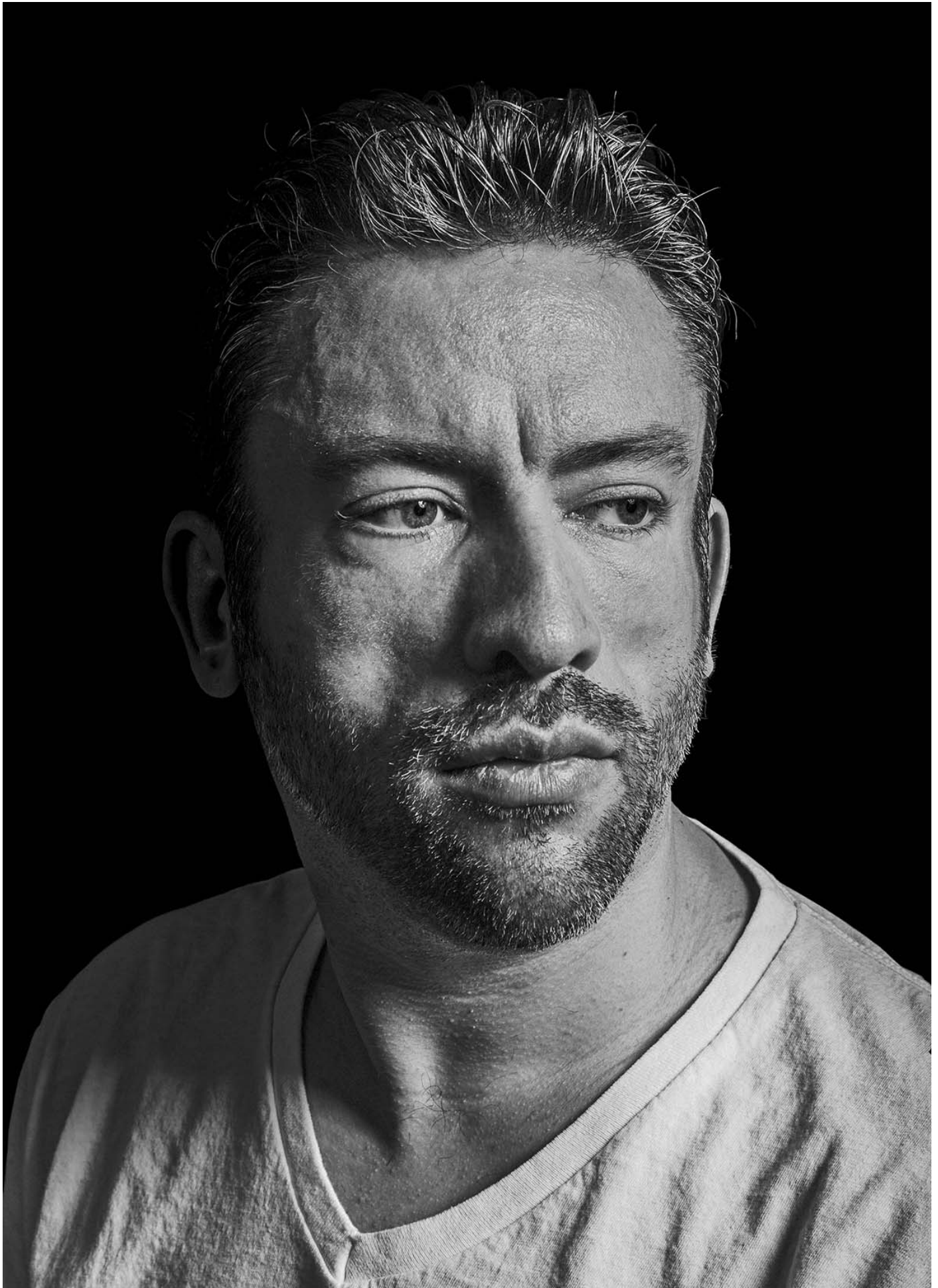
Even before the phone rang in his suburban Pittsburgh home, Andre Nestor had a gut feeling that everything was about to change for him. Superstitious and prone to hunches, he'd felt it coming for days: April 30, 2009, would be exactly 15 years since Nestor ignored an urge to play a set of numbers that came up in the Pennsylvania lottery Big 4.

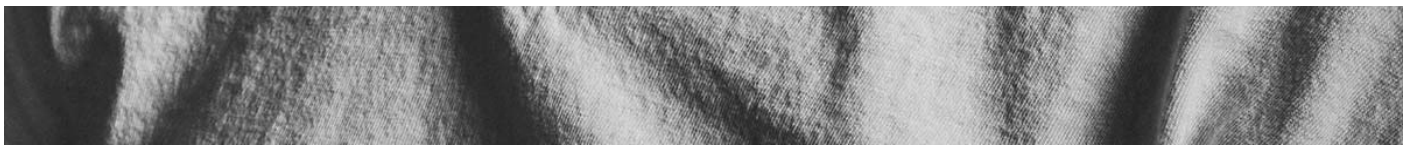
That was the story of his life—always playing the right numbers at the wrong time. Games of chance had been courting and betraying Nestor since he was old enough to gamble. In 2001 he'd moved to Las Vegas to be closer to the action, answering phones for a bank during the day and wagering his meager paycheck at night. That's when he met John Kane in an AOL chatroom for Vegas locals. Though Nestor was 13 years younger than Kane and perpetually flirting with poverty, they developed an intense addicts' friendship.


Nestor's records show he lost about \$20,000 a year for six years before he gave up, said good-bye to Kane, and moved back to the sleepy Pittsburgh suburb of Swissvale, Pennsylvania, in 2007. For about two years he had a stable life, living off public assistance, gambling infrequently, and playing the occasional lottery ticket. Then Kane called to tell him about a bug he'd found in video poker. Nestor drove to the airport that night and camped there until the next available flight to Las Vegas.

Kane picked him up at the curb at McCarran airport. After a quick breakfast, they drove to the Fremont, took adjacent seats at two Game Kings, and went to work. Kane had some idea of how the glitch operated but hadn't been able to reliably reproduce it. Working together, the two men began trying different combinations of play, game types, and bet levels, sounding out the bug like bats in the dark.

It turned out the Game King's endless versatility was also its fatal flaw. In addition to different game variants, the machine lets you choose the base level of your wagers: At the low-limit Fremont machines, you could select six different denomination levels, from 1 cent to 50 cents a credit.





"You had complete control," Andre Nestor says. "You could win \$500,000 in one day."  MICHAEL FRIBERG

The key to the glitch was that under just the right circumstances, you could switch denomination levels retroactively. That meant you could play at 1 cent per credit for hours, losing pocket change, until you finally got a good hand—like four aces or a royal flush. Then you could change to 50 cents a credit and fool the machine into re-awarding your payout at the new, higher denomination.

Performing that trick consistently wasn't easy—it involved a complicated misdirection that left the Game King's internal variables in a state of confusion. But after seven hours rooted to their seats, Kane and Nestor boiled it down to a step-by-step recipe that would work every time.

Nestor and Kane each rang up a few jackpots, then broke for a celebratory dinner, at which they planned their next move. They would have to expand beyond the Fremont before the casino noticed how much they were winning. Fortunately, Game Kings are ubiquitous in Vegas, installed everywhere from the corner 7-Eleven to the toniest luxury casino. They mapped out their campaign and then headed back to Kane's home for the night.

Kane lived in a spacious house at the far northeast edge of town. His Game King was in the foyer. A spare bedroom down the hall was devoted entirely to a model train set, an elaborate, detailed miniature with tracks snaking and climbing through model towns, up hills, across bridges, and through tunnels, every detail perfect. The home's centerpiece was the living room with its three Steinway grand pianos. Kane is a virtuoso pianist; in the early 1980s he was a leading dance accompanist in the Chicago area, and even today he sells recordings under the vanity label Keynote Records. He left the professional music world only after failing to advance in the prestigious Van Cliburn International Piano Competition. Now he ran a management consulting practice that claimed one-third of the Fortune 100 as clients.

Kane's business was lucrative, so he was accustomed to handling money. But now that they were on the verge of a windfall, he was worried about Nestor; he could see his younger friend returning every cent to the casinos at the roulette tables or blowing it all on frivolities. "If you had a million dollars, what 10 things would you do?" Kane asked him. He wanted Nestor to make a list and really think through his priorities.

Nestor started a list, but it would prove unnecessary. After another day at the Fremont, they branched out. To their surprise, the button sequence didn't work. Over the following days, they explored the Hilton, the Cannery, then the Stratosphere, Terrible's, the Hard Rock, the Tropicana, the Luxor, and five other casinos, drawing the same dismal results everywhere. For some reason, the Game King glitch was only present at the Fremont.

At the end of a frustrating week, Nestor headed to the airport for his return flight with just \$8,000 in winnings. As a final insult, he lost \$700 in a video poker machine while waiting

for his plane.

Kane decided to wring what he could from the four Fremont machines. He learned to speed up the process by using the Game King's Double Up feature, which gave players a chance to double their winnings or lose everything. Respectable payouts that might once have satisfied Kane were garbage now. After five weeks using the new strategy, Kane had pocketed more than \$100,000 from the Fremont.

Unsurprisingly, the Fremont noticed. In modern casinos, every slot machine in the house is wired to a central server, where statistical deviations stick out like a fifth ace. The four machines under the Chinese food sign shot to the top of the Fremont's "loser list" of underperforming games: They'd gone from providing the casino a reliable \$14,500 a month to costing it \$75,000 in May alone.

On May 25, a slot manager approached Kane after one of his wins and announced that he was disabling the Double Up feature on all of the Game Kings—he was aware that Kane used the option copiously, and he figured it must have something to do with his run of luck.

Get More

Get 6 months of the print and tablet editions of WIRED for just \$5 – plus a FREE hat.

Kane took the development in stride: The bug, not the Double Up, was the real secret of his success. But he was in for a shock. The next time he played the Game King, the magic button sequence no longer worked. In an instant, the Fremont was no better than all the other casinos that had been immune to the glitch.

He phoned Nestor, who processed the news. With the Double Up option turned on, the bug worked; turned off, it didn't. Whatever internal stew of code made the Game King exploitable, Nestor concluded, the Double Up option had been a key ingredient the whole time. They just hadn't known it.

This wasn't bad news at all. It was the missing link. It explained why the bug had failed them everywhere but at the Fremont. Most casinos don't enable Double Up because it's unpopular with players. But that could easily be changed. High rollers and slot aficionados often have favorite game variants or features that aren't available by default but can be enabled by any passing slot attendant.

Nestor purchased two dress shirts and caught another flight to Las Vegas, where he joined Kane at Harrah's. Row after row of Game Kings were waiting, and, true to the plan, the staff didn't hesitate when Kane and Nestor asked for Double Up to be enabled.

Nestor got the first significant winning hand of the trip: four fours and a kicker for \$500. He tapped the magic sequence, hit Cash Out, and watched with delight as his \$500 became

a \$10,000 jackpot. He tipped the slot attendant \$20.

There were no limits now. They could play anywhere and beat the house wherever they went. Nestor, who'd been scraping by on a \$1,000-a-month welfare check, saw a whole new future unfolding: home ownership, an investment account, security, better clothes, and gifts for his friends back home. For his part, Kane was already well on his way to erasing the massive losses he'd suffered since moving to Sin City.

Working as a team had its advantages. While experimenting with the bug, they discovered that they could trigger a jackpot on the same hand more than once: All they had to do was lower the denomination again and repeat the steps to activate the glitch. They could effectively replay their win over and over, as much as they wanted. It was a risky play—even the busiest casino might notice the same player repeatedly winning with the same hand. But now that they were playing together, Kane and Nestor could ride on each other's jackpots. Nestor won \$4,000 with four aces; then, after waiting a bit, Kane slid over to the same machine and replayed the hand for another \$4,000.

They could even piggyback on other players' wins. No longer confined to four low-limit slots at a single casino, they prowled the floor at Harrah's looking for empty machines still showing a player's jackpot. Once they got an attendant to turn on Double Up, it took only seconds to replay the hand at up to 10 times the original value. Video poker wasn't even gambling anymore. "You had complete control over how much you could win," Nestor says. "If you wanted to go to a casino and win \$500,000 in one day, you could win \$500,000 in one day."

At the end of the evening, Nestor says they went to his cheap hotel room at Bill's Gamblin' Hall and Saloon to settle up. As the benefactor of Kane's discovery, Nestor had agreed to give his old friend half his winnings. But now that the cash was rolling in, he was having second thoughts about the arrangement.

Every jackpot, he realized, was being reported to the IRS, and he'd already won enough from the bug to propel him into a higher tax bracket. If he paid half to Kane off the top, he might wind up without the reserves to pay his tax debt come April of the following year. He broached the subject with Kane: He'd be more comfortable holding on to the money until his taxes were paid. It was just a year. He'd happily give Kane half of his post-tax winnings then.

Kane was indignant but not surprised; leave it to Nestor to turn even free money into a problem to obsess over. He insisted Nestor honor his agreement, and Nestor grew more agitated, his voice rising in pitch. "What am I doing? Why am I even doing this?" he complained. "I'm not winning any money doing this if I'm giving you all this up front."

Kane finally agreed to accept a third of Nestor's \$20,000 take for the day. Nestor says he counted out \$6,000 in hundreds onto an end table, and Kane said good night.

The tension between the men lingered the next day at the Wynn, a towering upscale supercasino with more than 1,300 slots. They played side by side, raking in money and

continuing to argue over the split. Nestor was now of the opinion that he shouldn't have to pay Kane anything. It was Nestor, after all, who'd figured out that the Double Up feature was part of the bug. That should make them square.

"This was my gift to you," Kane shot back testily. "If you'd found this bug instead of me, you would never have told me about it."

The accusation stung. Nestor gaped at his friend, then he stood and walked away from the machine.

The next day Nestor nursed his hurt feelings with a solo trip to the Rio. He found a Game King displaying four aces and a kicker and hit it for \$5,600. Then he wandered into the high-limit room and found another four aces. He punched this one twice: \$20,000 at a \$5 denomination, then, after a decent interval, \$8,000 at the \$2 level. Nestor's records show that he eventually left the casino with about \$34,000 in his pockets. He didn't need Kane at all. "There was so much money to be made, what did it even matter?" he says.

On his last day in Vegas, Nestor continued his solo run, hitting a Game King at the Wynn for a combined \$61,000. Back in his room at Bill's, he added up his winnings: He was going home with \$152,250 in cash in his luggage. And he wasn't done yet. There were casinos in Pennsylvania, too, where he could operate without the slightest risk of Kane knowing what he was up to—or demanding a cut up front.

After Nestor left, Kane tore into Vegas with a vengeance. Official numbers have never been released, and Kane declined to speak for this article, but the FBI would later tally Kane's winnings at more than \$500,000 from eight different casinos. The Wynn, where Kane kept four nines on one Game King for days, was the biggest loser at \$225,240.

Back in Pennsylvania, Nestor targeted the newly opened casino at the Meadows Racetrack in Washington County. In contrast to Kane, who played the bug with joyless, businesslike intensity, Nestor was voluble and chatty at the Meadows. He dressed smartly and, according to court documents, brought along a small entourage for company: his roommate, a retired cop named Kerry Laverde; and Patrick Loushil, a server at Red Lobster who agreed to collect some of Nestor's jackpots for him, so they wouldn't all show up on Nestor's tax bill. Nestor hammed it up every time he won, gushing excitedly to the slot workers—"I'm so excited! Here, feel my heart!"—and tipping generously.

But it all began to unravel the night Kane found himself waiting for a payout at the Silverton. The casino's head of security stood just outside the slot area. Kane paced and huffed, spun the swivel chair back and forth like a metronome, and complained to passing slot attendants. Finally, three men strode up to him. The head of security directed Kane to an alcove, handcuffed him, and escorted him away from the video poker machines.

An armed agent from the Gaming Control Board arrived soon after. He sealed the machines Kane had been playing on with orange evidence tape and collected Kane from the back room, where he'd been handcuffed to a chair. Kane's wallet and the \$27,000 in his

pocket were confiscated, and he was booked into the Clark County Detention Center on suspicion of theft.

After a night in jail, Kane was released. On Monday he called Nestor to warn him that the bug had been discovered. He sounded more upset than nestor had ever heard him. “Stay out of the casinos,” Kane said. “Do not go back to the casinos.”

Nestor's heart sank for his old friend. It was painful to imagine Kane suffering the indignity of a night in jail, mug shots, fingerprints, being treated like a common criminal. But after the call, Nestor talked himself into an alternate theory. What if there'd been no arrest? What if Kane suspected—as he must have—that Nestor was using the bug and had made up the story about the Silverton to scare Nestor into stopping, so Kane could have the exploit all to himself? By this time Nestor had been back in Pennsylvania three weeks and had already won nearly \$50,000 from the Meadow's Game King.

He decided to ignore Kane's story and started planning his next trip to the Meadows.

Three days later, in Las Vegas, engineers from the Nevada Gaming Control Board's Technology Division descended on the Silverton. The forensics investigation of the Game King scam had fallen to John Lastusky, a 25-year-old clean-cut USC computer engineering graduate.

Lastusky pulled up the game history on the two machines Kane had played and reviewed the wins, then slid out the logic trays, the metal shelves housing the Game King's electronic guts, and checked the six EPROMs containing the machines' core logic, graphics, and sound routines. There was no sign of tampering. He confiscated the logic trays and packed them up for the trip back to headquarters.

Housed in an anonymous office park near the airport, the GCB's Technology Division was formed in the mid-1980s to police video gambling as it began its Nevada ascent. The division helps set the rigorous standards that gamemakers like IGT must meet to deploy machines in the Silver State. A 3,000-square-foot laboratory at the back of the office is packed end to end with slot machines in various states of undress—some powered down, some in maintenance mode, others stripped to their bare electronics, though most are configured as they would be on a gaming floor.

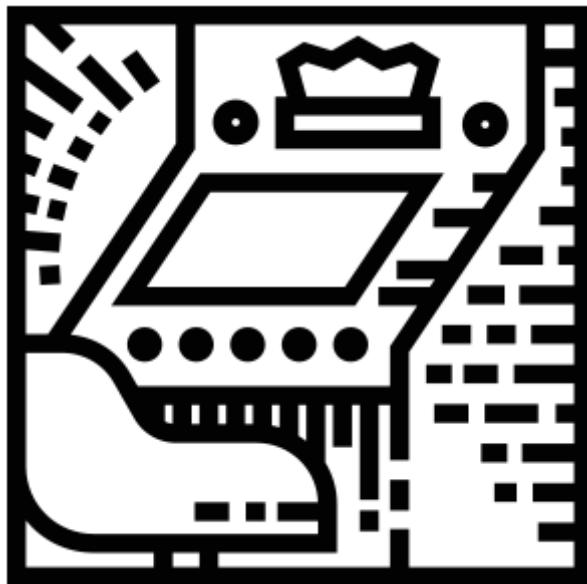
A smaller, locked-down room adjacent to the lab is more important: It houses a permanent repository of the source and executable code for every version of game software ever approved in Nevada—more than 30,000 programs in all. The code vault is at the center of the gaming board's massive software integrity operation. Every new addition is carefully examined: Is the random number generator random enough? Does the game pay out at the advertised rate? Is there logic where there shouldn't be? “We're not necessarily looking for something nefarious, but the goal is to ensure the integrity of the product,” says division chief Jim Barbee.

There's a real, if mostly unrealized, danger of gaming software being backdoored. The concept was proven in 1995, when one of the GCB's own staffers, Ron Harris, went bad.

Harris modified his testing unit to covertly reprogram the EPROMs on the machines he was auditing. His new software commanded the machine to trigger a jackpot upon a particular sequence of button presses—like a Konami Code for cash. He was eventually caught, and he served two years in prison.

HOW THEY BEAT THE HOUSE

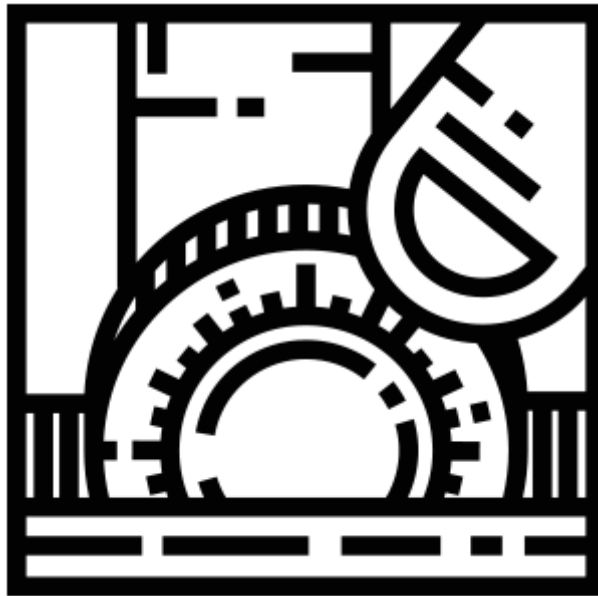
The “Double Up bug” lurking in the software of Game King video poker machines survived undetected for nearly seven years, in part because the steps to reproduce it were so complex. John Kane and Andre Nestor experimented until they could trigger it at will.



1. Locate a Game King video poker machine configured for multi-denomination play. If you're in Las Vegas, you're probably already standing next to one.



2. Flag down a slot attendant and ask them to enable the Double Up option. Say thank you and smile until they walk away.



3. Insert money or a voucher and select the lowest denomination level offered by the machine—for example, \$1 per credit on a \$1, \$2, \$5, \$10 machine.



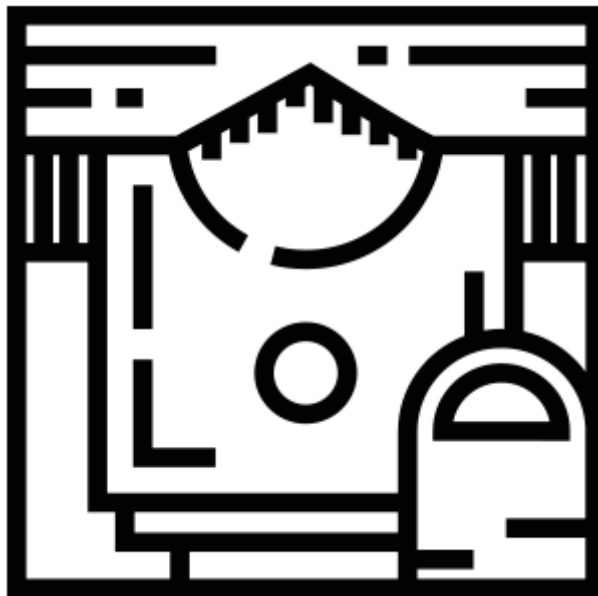
4. Choose your favorite game variant—Triple Double Bonus Poker is fun—and start playing.



5. Keep playing at the \$1 level until you win a big hand. An \$800 royal flush is perfect.



6. With your royal flush showing but not yet cashed out, hit the More Games button on the touchscreen and select a different game variation. Play it until you score a win.



7. Insert more money or a voucher into the machine.



8. Touch the More Games button again, and change to the maximum denomination—in this case, \$10 per credit. Then return to your original \$800 royal flush.



9. Press the Cash Out button. “Jackpot! \$8,000” will appear on the screen and the light on the top of the machine will illuminate. Congratulations!



10. Wait for the slot attendant to show up with an IRS form W-2G (“certain gambling winnings”). Once you've signed it, they'll get the machine to spit out a jackpot ticket.



BRATISLAV MILENKOVIC

That stain on the board's integrity haunts the division to this day. But by all evidence, the division's paranoia, coupled with the game industry's self-interest, have kept video gambling code clean and mostly free of exploitable bugs. That made the Game King case an intriguing puzzle for Lastusky. Armed with the surveillance footage of Kane in action, Lastusky sat at one of the Game Kings in the lab and began experimenting. Within a few days he was able to reliably reproduce the exploit himself. He gave his findings to IGT, which rushed out a warning to its customers advising them to immediately disable the Double Up option. “Replacement programs are being expedited,” the company explained.

Every Game King on the planet running a vulnerable version would need a patch. The upgrade process would be grueling. When an operating system like Windows or OS X has a security bug, customers can download the patch in a few minutes over the Internet. Slot machines aren't online. New programs are burned onto EPROMs by the manufacturer and shipped in the mail in plastic tubes.

Blind to the firestorm erupting in Vegas, Nestor spent the rest of July and most of August playing at the Meadows, until August 31, when the casino finally got suspicious and refused to pay Nestor on a four of a kind. Nestor protested but walked away, breaking into a run as he reached the parking garage.

Nestor was up more than \$480,000. The Game King ride was over, but he had enough money to last him forever.

At 1:30 pm on October 6, 2009, a dozen state and local police converged on Andre Nestor's split-level condo on a quiet, tree-lined street in Swissvale. He was dozing on his living room couch when the banging started. "State police! Open up!" The battering ram hit the door seconds later, splintering the frame and admitting a flood of cops into the house.

Nestor says he started toward the stairs, his hands over his head, when he came face-to-face with a trooper in full riot gear. "Get on the floor!" yelled the trooper, leveling his AR-15 at Nestor's face. Nestor complied. The cop ratcheted the handcuffs on Nestor's wrists, yanked him to his feet, and marched him into the kitchen.

For the next two hours, Nestor watched helplessly, handcuffed to a kitchen chair, while the police ransacked his neat home. They flipped over his mattress, ripped insulation from his ceiling, rifled his PC. At about 4 pm, Nestor's roommate, Laverde, arrived home and was arrested on the spot as an accomplice to Nestor's crimes.

It was the first major gambling scandal in Pennsylvania since the state had legalized slots in 2004. The media portrayed Nestor as a real-life Danny Ocean, and prosecutors hit him with 698 felony counts, ranging from theft to criminal conspiracy. The district attorney seized every penny of Nestor's winnings and gave it back to the Meadows. Nestor and Laverde spent about 10 days in the county jail before making bail.

A defiant Nestor vowed to fight the case—no jury would convict a gambler, he was certain, for beating a slot machine at its own game. But on January 3, 2011, when it was time for jury selection, Nestor was hit with another surprise. Two FBI agents showed up and pulled him from the Washington County courthouse. The Justice Department had taken over the case. Nestor and Kane had both been charged federally in Las Vegas.

As the agents walked him to their car, Nestor stopped in front of a television camera and let loose. "I'm being arrested federally now—for winning at a slot machine!" he shouted in disbelief. "This is what they do to people! They put a machine on the floor, and if it has programming that doesn't take your money and you win on their machine, they will throw you in jail!"

The Las Vegas prosecutors charged Nestor and Kane with conspiracy and violations of the Computer Fraud and Abuse Act. Passed in 1986, the CFAA was enacted to punish hackers who remotely crack computers related to national defense or banking. But in the Internet age the government had been steadily testing the limits of the law in cases that didn't involve computer intrusion in the usual sense. Kane and Nestor, the government argued, exceeded their otherwise lawful access to the Game King when they knowingly exploited a bug. The casinos only authorized gamers to play by the rules of video poker. "To allow customers to access previously played hands of cards at will, would remove the element of chance and obviate the whole purpose of gambling," assistant US attorney for the District of Nevada Michael Chu argued in a court filing. "It would certainly be contrary to the rules of poker."

The defense attorneys pushed for dismissal of the computer hacking charge, on the grounds that anything the Game King allowed players to do through its interface was

“authorized access” by definition: The whole point of playing slots is to beat the machine, and it's up to the computer to set and enforce limits. “All these guys did is simply push a sequence of buttons that they were legally entitled to push,” says Leavitt, Kane's attorney.

The pretrial motions dragged on for more than 18 months, while in the larger legal landscape, the CFAA was going under a microscope for the first time since its passage. In January 2013, coder and activist Aaron Swartz committed suicide after being charged under the same law for bulk-downloading academic articles without permission, spurring calls for reform. Three months later, the US Ninth Circuit Court of Appeals threw out computer hacking charges in a closely watched case against David Nosal, a former executive at a corporate recruiting firm who persuaded three employees to leak him information from the firm's lead database. The Ninth Circuit found that pilfering contacts doesn't become computer hacking just because the data came from a computer instead of a copy machine.

Seeing parallels to the Game King prosecution, the judge overseeing Kane and Nestor's case ordered the government to justify the hacking charge. The prosecutors didn't even try, opting instead to drop the charge—leaving only an ill-fitting “conspiracy to commit wire fraud” count remaining.

Prosecutors had a weak hand, and they knew it. As a December 3, 2013, trial date approached, the Feds made Kane and Nestor separate but identical offers: The first one to agree to testify against the other would walk away with five years of probation and no jail time.

The old gambling buddies had one more game to play together. It was the Prisoner's Dilemma. Without speaking, they both arrived at the optimal strategy: They refused the offer. A few months later, the Justice Department dropped the last of the charges, and they were free.

Kane and Nestor haven't spoken since 2009. After his Silverton arrest, Kane began recording classical music in his house and uploading the videos to a YouTube channel. Last March, after the federal case was dropped, he sent a CD of some of his performances to his high school piano teacher. “I'm essentially now retired from a career in business, have remained single, leading a quiet suburban life,” he wrote.

Nestor's greatest regret is that he let the Game King bug come between him and Kane. “I didn't want it to go that far,” he says. “I thought he and I were friends long enough that these kinds of issues didn't need to happen.” He claims he always intended to pay Kane his cut from the secret jackpots. Now he can't. His roommate, Laverde, signed over Nestor's money in exchange for avoiding a trial of his own. (There are no court filings to suggest that Kane's winnings were seized.) Nestor says the Meadows still has his winnings, and the IRS is chasing him for \$239,861.04 in back taxes, interest, and penalties—money he doesn't have.

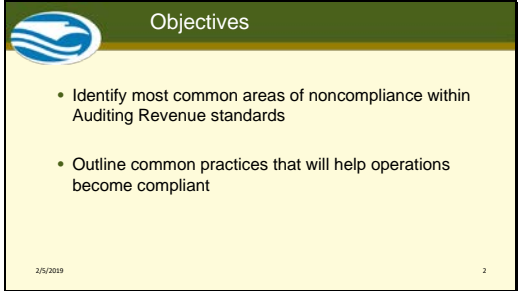
If there's one silver lining, it's that Nestor has been banned from Pennsylvania casinos. He still gambles occasionally in neighboring states, but his more pressing addiction right now

is Candy Crush, which he plays on a cheap Android tablet. He cleared 515 levels in two months, using a trick he found on the Internet to get extra lives without paying.

AUD-123 Applying Auditing Revenue



- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

Identify common areas of non-compliance
Outline common practices

- _____
- _____
- _____



Key Points:

At least monthly, review promotional payments, drawings, and giveaway programs to verify payout accuracy and proper accounting treatment in accordance with the rules provided to patrons

- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

Activity: Practical Exercise #1

Group Activity

Time: 20 minutes

Review provided detail for a promotion and the payout records and determine if the promotion was conducted in accordance with the established rules.

Instructions:

Depending on the number of participants in the training, have participants form in groups of 3-5 people to perform the first exercise. After the participants have time to review the promotion handouts, ask the groups if the promotion was conducted in accordance with the rules provided to the patrons.

The Promotional Handout (Rules) will indicate an event for the weekend in which 2 prizes are awarded each hour from 5:00 PM – 11:00 PM for

AUD-123 Applying Auditing Revenue

two days (a Friday and Saturday night). The amount of the prizes will increase as it gets later in the evening. Entry into the event is granted based on being a Players Club member (one entry) and additional entries awarded based on gaming machine play.

- Based on the documentation there will be
 - On the first night, prizes did not increase as described in the material and only one prize was awarded at 10:00 PM
 - On the second night, prizes were not awarded at 5:00 PM and were awarded at 12:00 AM that evening (late start due to system issues)
 - On the second night, a prize winner appears to be the same person who won the prior day, the rules state a patron may only win once during the event.



Key Points:

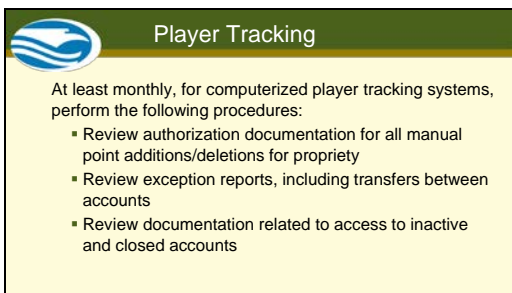
- Why is Player Tracking considered a high risk area and why should manual transactions be scrutinized?
- Player Tracking systems are generally safer than issuing discretionary complimentary
- They can still be targets for fraud and abuse
- Vital area for the performance of auditing revenue procedures



Key Points:

- What types of frauds can occur related to Player Tracking?

- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

What controls and procedures can the auditing revenue function perform to detect and limit fraud?

- _____
- _____
- _____
- _____
- _____
- _____

AUD-123 Applying Auditing Revenue



Key Points:

Time: 20 minutes

Group Activity

Review provided reports and determine what transactions should be investigated

Depending on the number of participants in the training, have participants form in groups of 3-5 people to perform this exercise. After the participants have time to review the handouts, ask the groups what was one of the items they identified from the handouts listed below and why it should be investigated or reviewed further.

- Player tracking monthly activity report
- The report will include additions/deletions for 5 accounts
- 2 of the accounts will not have supporting authorization
- Player tracking exception report
- The exception report will show two transfers between accounts
- Participants should determine the reason for the transfers and what documentation they should request to provide additional information
- Report Shows multiple transfers to an account with a prior 0 balance. Is this an indication of fraud and what support should be requested?
- Inactive/closed account report
- Activity reports for 3 accounts classified as inactive/closed
- (Discuss with participants if they can run a summary report and no activity is indicated, they may want to pick a sample of closed/inactive accounts to review to confirm)
- Activity on 3 accounts is part of the Casino's policy to expire points on accounts after a certain period has passed. Activity on 4 accounts show transfers from inactive accounts and are part of the merge to 1 account noted on the prior handout.



Key Points:

See Handout

- _____
- _____
- _____
- _____
- _____
- _____

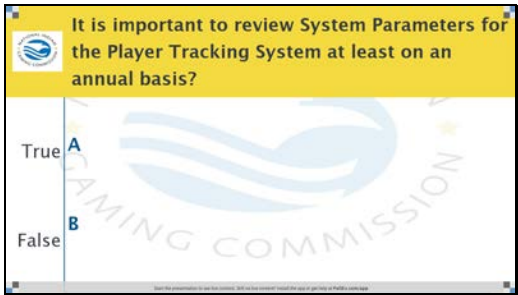
AUD-123 Applying Auditing Revenue



Key Points:

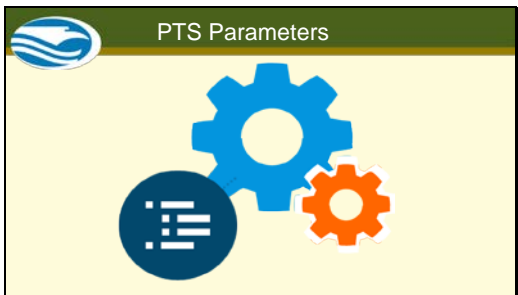
See Handout

- _____
- _____
- _____
- _____
- _____
- _____



Poll Title: It is important to review System Parameters for the Player Tracking System at least on an annual basis?

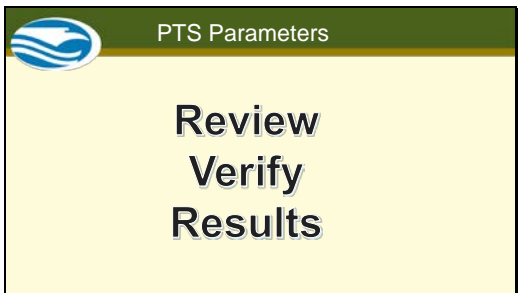
https://www.polleverywhere.com/multiple_choice_polls/73u2FmQisr7Ysnsgufa62



Key Points:

Why is it important to review changes to Player Tracking System Parameters?

At least annually, all computerized player tracking systems must be reviewed by agent(s) independent of the individuals that set up or make changes to the system parameters. The review must be performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization Document and maintain the test results



Key Points:

Review should be independent of personnel who have access to make changes to configuration parameters
Verify parameters are correctly set and have not been altered without appropriate authorization by management

May include:

- Changes to point structures
- Parameters for promotional events
- Access to player tracking system
- Results of review should be documented and maintained

- _____
- _____
- _____
- _____
- _____
- _____

AUD-123 Applying Auditing Revenue



Practical Exercise #3



Key Points:

Activity:

Time: 15 minutes

Personal Activity

Review and discussion of handouts related to review of Player Tracking System Parameters

- _____
- _____
- _____
- _____
- _____
- _____



Handout- Player Tracking System



Key Points:

See Handout

- _____
- _____
- _____
- _____
- _____
- _____



Handouts – Documented Authorization



Key Points:

See Handouts-

- Documented authorization of basic point structure
- Documented authorization of bonus program point structure

- _____
- _____
- _____
- _____
- _____
- _____



Handout- Exception Report

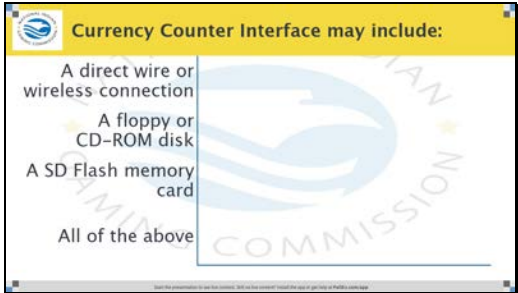


Key Points:

See Handout – Exception Report

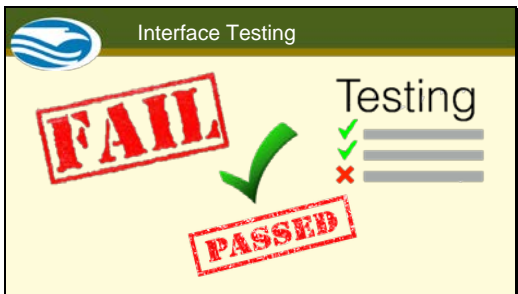
- _____
- _____
- _____
- _____
- _____
- _____

AUD-123 Applying Auditing Revenue



Poll Title: Currency Counter Interface may include:

https://www.polleverywhere.com/multiple_choice_polls/n18VRd62fUCI8KAXIdjV4



Key Points:

Why is it important to test the count equipment?

At least quarterly, unannounced currency counter and currency counter interface (if applicable) tests must be performed, and the test results documented and maintained. All denominations of currency and all types of cash out tickets counted by the currency counter must be tested. This test may be performed by internal audit or the TGRA. The result of these tests must be documented and signed by the agent(s) performing the test



Key Points:

Activity

Time: 10 minutes

Personal Activity

Instructions:

Review and discuss provided documents used to document the performance of the currency counter test



Key Points:

Quarterly Review

Determine transactions completed by the system

- _____
- _____
- _____
- _____
- _____
- _____

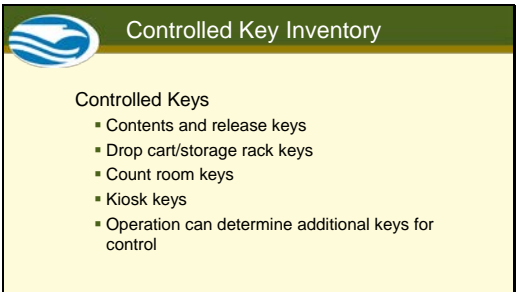
AUD-123 Applying Auditing Revenue



Key Points:

At least quarterly, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes users' access within the system (i.e., system administrator).

Determine whether the transactions completed by the system administrator provide adequate control over the access to the drop and count keys. Also, determine whether any drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized.



Key Points:

Controlled Keys

- Contents and release keys
- Drop cart/storage rack keys
- Count room keys
- Kiosk keys
- Operation can determine additional keys for control



Key Points:

At least quarterly, an inventory of all controlled keys must be performed and reconciled to records of keys made, issued, and destroyed.

Investigations must be performed for all keys unaccounted for, and the investigation documented.

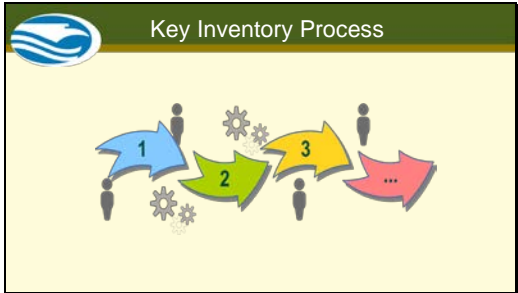
- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

- _____
- _____
- _____
- _____
- _____

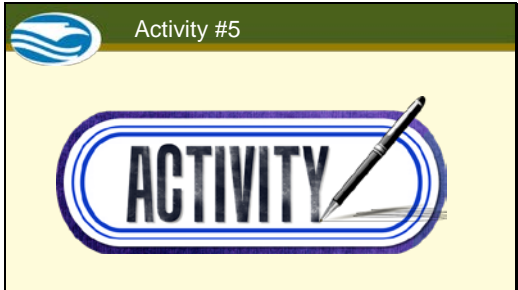
AUD-123 Applying Auditing Revenue



Key Points:

Physical Inventory

- Key Boxes
- Duplicate Key Storage Area(s)
- Personnel
- For any sensitive keys issued during inventory
- Inventory Reconciliation
- Investigation(s)



Key Points:

Activity

Time: 30 minutes

Group Activity

Use the handouts provided to document the physical key inventory and prepare a key inventory reconciliation

Activity #5

Key Inventory Exercise

- Using the handouts provided, you will document the performance of a key inventory using the blank inventory forms.
- Assume that all keys are still present in the locations indicated on the 10/15/18 Perpetual Key Inventory Log except:
 - Use the destruction log to remove the destroyed keys from inventory
 - Use the key transaction log to adjust the keys moved to a different location
 - Use the key order invoice to add the keys ordered (these keys were all placed in the 'Duplicate Key Safe')

Key Points:

Activity

Key Inventory Exercise Instructions:

Using the handouts provided, you will document the performance of a key inventory using the blank inventory forms.

Assume that all keys are still present in the locations indicated on the 10/15/18 Perpetual Key Inventory Log except:

Use the destruction log to remove the destroyed keys from inventory

Use the key transaction log to adjust the keys moved to a different location

Use the key order invoice to add the keys ordered (these keys were all placed in the 'Duplicate Key Safe')



Key Points:

Twice annually, a count must be performed of all funds in all gaming areas (i.e. cages, vaults, and booths (including reserve areas), kiosks, cash-out ticket redemption machines, and change machines.

Count all chips and tokens by denomination and type. Count individual straps, bags, and imprest banks on a sample basis.

Reconcile all amounts counted to the amounts recorded on the corresponding accountability forms to ensure that the proper amounts are recorded.

AUD-123 Applying Auditing Revenue



Count Gaming Areas



Key Points:

Maintain documentation evidencing the amount counted for each area and the subsequent comparison to the corresponding accountability form. The count must be completed within the same gaming day for all areas.



Controlled Inventory



Key Points:

Why is it important for controlled inventory to be closely monitored? At least monthly, verify receipt, issuance, and use of controlled inventory, including, but not limited to, bingo cards, pull tabs, playing cards, keys, pre-numbered and/or multi-part forms.

- _____
- _____
- _____
- _____
- _____
- _____



Controlled Inventory



Key Points:

Controlled Inventory may have multiple logs depending on the purpose of the log

Manual Payout Forms

Accounting Log – Used to monitor receipt, issuance to storage on gaming operation floor, and to document forms stored in accounting

Main Cage Log – Used to monitor receipt from accounting (storage), issuance to floor personnel, and return (if applicable)

Revenue Audit – Used to track and monitor the use of controlled inventory and ensure forms issued to floor personnel are used for verified transactions



Questions?



Key Points:

Do you have any questions?

Practical Exercise #1

Winter Weekend Escape Promotion

Greetings! All of us at the Generic Casino want to heat up your winter with a weekend drawing promotion. From 5:00 PM through 11:00 PM each day on January 12th and 13th we will hold a drawing each hour and award 2 patrons a cash prize. Cash prizes will increase throughout the evenings. You will be given one entry to the drawing event based on verified membership in the “Generic Casino Players Club” and can earn additional entries based on your play at the Casino during the promotional hours. So put on your snow boots and head out to the Generic Casino for your Winter Weekend Escape.

Rules: Guests must register for entry into the promotion at the Generic Casino Players Club booth area beginning January 5th through January 13th. Upon verification of Players Club membership guests will be given one entry to the drawing event. Guests may earn additional entries into the drawings with verified play on the Casino’s gaming machines between 5:00 PM through 10:55 PM each day of the promotion. The rate for additional entries will be one entry per 100 points of play. Guests must use their Player’s Club Cards during play to earn additional entries. All entries will accumulate throughout the promotional weekend. Guests may only win one drawing for the duration of this event. Players must be present to win. If drawing winner does not claim prize within 10 minutes of announcement, a new winner will be drawn.

Award Schedule*

	January 12	January 13
5:00 PM	\$50	\$50
6:00 PM	\$100	\$100
7:00 PM	\$150	\$150
8:00 PM	\$200	\$200
9:00 PM	\$250	\$250
10:00 PM	\$300	\$300
11:00 PM	\$500	\$500

*Two prizes of the indicated amounts will be awarded each hour

Winter Weekend Escape Promotion Payout Log

Date	Time*	Award	Patron Name
1/12	5:05 PM	\$50	Ralph Jones
1/12	5:10 PM	\$50	Kari Woods
1/12	6:02 PM	\$50	Stefi Hienz
1/12	6:08 PM	\$50	Rich Miller
1/12	7:02 PM	\$150	Jose Ramierez
1/12	7:06 PM	\$150	Victor Hill
1/12	8:00 PM	\$200	Betty McGregor
1/12	8:04 PM	\$200	Wendy Stine
1/12	9:05 PM	\$250	Barbara Bentley
1/12	9:20 PM	\$250	Jim Fergosi
1/12	10:05 PM	\$300	Rod Carew
1/12	11:09 PM	\$500	Katrina Witt
1/12	11:12 PM	\$500	Sara Bechtal
1/13	6:03 PM	\$50	Wendy Stine
1/13	6:10 PM	\$50	Carin Burmeister
1/13	7:04 PM	\$100	Alana Burns
1/13	7:07 PM	\$100	Richard Harris
1/13	8:04 PM	\$150	Jaime Lopez
1/13	8:10 PM	\$150	Deana Quinlan
1/13	9:02 PM	\$200	Miwan Park
1/13	9:17 PM	\$200	Chris Taylor
1/13	10:03 PM	\$250	Alex Young
1/13	10:10 PM	\$250	Cristiano Alburitel
1/13	11:05 PM	\$300	Heidi Jo Wade
1/13	11:05 PM	\$300	Melanie Holley
1/13	12:02 AM	\$500	Henry Washington
1/13	12:04 AM	\$500	Jaime Stauffer

*Actual time prizes awarded/collected

Casino company analyst pleads guilty in \$860,000 slot scheme

 reviewjournal.com/news/crime-courts/casino-company-analyst-pleads-guilty-860000-slot-scheme

By Jeff German LAS VEGAS REVIEW-JOURNAL

May 10, 2012 - 2:00am

As an analyst for the state's largest casino company, Tony Ahn was a trusted employee who had access to valuable player's club information.

But federal court documents show that Ahn, 27, betrayed that trust in 2009, hatching an elaborate slot machine scheme from within the company, then known as MGM Mirage, to unlawfully win \$863,895.

Ahn used his company position to identify regular customers with unused free play points, transferred the points to counterfeit players club cards and recruited people to gamble with the cards at the company's casinos along the Strip, the court documents allege.

MGM Mirage and law enforcement authorities eventually got wise to the scheme, even tracking the group's interactions on Facebook.

This week, Ahn, who lost his job amid the cheating scandal, pleaded guilty in federal court to spearheading the conspiracy.

Free play points earned by thousands of MGM Mirage club members, many of whom lived outside Nevada, were stolen between July 2009 and July 2010, the court documents allege.

The company under its new name, MGM Resorts International, owns 16 casinos in Nevada, including 10 on the Strip.

Three other indicted members of Ahn's ring, Joseph Ramirez, David Evans and David Pecor, have pleaded guilty and are waiting to be sentenced. Ahn's brother, Danny, is to be charged and enter a guilty plea next week.

Ahn pleaded guilty on Monday before U.S. District Judge James Mahan to three charges: trafficking in, production and use of counterfeit access devices; fraudulent transactions with access devices; and conspiracy to commit access device fraud.

Ahn, who is free on his own recognizance, declined comment after entering his plea. He faces an Aug. 6 sentencing.

According to his agreement with prosecutors, Ahn admitted stealing customer data from MGM Mirage in the summer of 2009. That data included the free play points, with personal identification numbers and card numbers needed to access the points.

Alan Feldman, senior vice president of public affairs for MGM Resorts International, said the company's internal Fraud Control Group uncovered the scheme and reported it to Nevada gaming regulators and the FBI.

"They were monitoring his activities for several months in conjunction with law enforcement," he said. "They pieced this case together very carefully."

Feldman said information was obtained during the investigation by "keeping very close watch" over the social media posts of the group members.

"As people were being questioned, they claimed no knowledge of one another, yet their posts showed otherwise," Feldman said.

Ahn had recruited Ramirez and Evans to the scheme, giving them counterfeit players club cards encoded with the stolen customer data and instructing them to pose as slot machine customers, Ahn's plea agreement states.

Later, Ahn provided Ramirez and Evans with a computer, card encoder and blank players club cards and taught them how to encode the stolen customer data onto the cards.

Pecor and Danny Ahn also were brought into the scheme, court documents allege. Pecor was given counterfeit players club cards to use, and Ahn became a middleman for his brother, providing Ramirez and Evans with stolen customer data while collecting the brothers' share of the slot machine winnings.

In March 2010, state authorities arrested one of the unindicted members of the group for playing with counterfeit players club cards, the documents say.

Shortly after the arrest, Ahn and the group took measures to cover their tracks.

Ramirez and Evans buried the computer, card encoder, a flash drive and blank players club cards in the desert, according to the court documents.

But months after the February 2011 indictment of Ahn and his co-defendants, FBI agents, with help from Ramirez and Evans, dug up the items and impounded them as evidence, sources said.

Assistant U.S. Attorney Michael Chu said in court that the defendants have agreed to pay back the \$863,895 stolen from the casinos in the scam.

They also have agreed to forfeit more than \$30,000 in cash seized by FBI agents, with a pickup, a motorcycle, several weapons, a laptop computer and several cellphones.

Contact Jeff German at jgerman@reviewjournal.com or 702-380-8135.

Copyright ©[Las Vegas Review Journal, Inc.](#) 2016. All rights reserved. • [Privacy Policy](#)

Player Tracking**Monthly Manual Point Activity Report****Run Date: 1/2/2019**

Date	User Name	Player Name	Player ID	Reason	Prior Balance	Adjustments	New Balance	Comment
12/1/2018	Frank Smith	Stephanie Robinson	1	Customer Service	455,600.00	10,000.00	467,600.00	Adjustment
12/7/2018	Tony Jones	John Brown	2	Promotion	154,504.00	12,000.00	166,504.00	Points Play Promo per Mkt e-mail
12/7/2018	Tony Jones	Jane Miller	3	Promotion	89,060.00	12,000.00	101,060.00	Points Play Promo per Mkt e-mail
12/7/2018	Tony Jones	Thomas Williams	5	Promotion	36,457.00	12,000.00	48,457.00	Points Play Promo per Mkt e-mail
12/15/2018	Frank Smith	Michael Taylor	4	Customer Service	119,172.00	10,000.00	131,172.00	Adjustment

Report Period: 12/1/18-12/31/18

Tony Jones

From: James Car <Marketing_Director@Casino1.com>
Sent: Thursday, December 06, 2018 2:46 PM
To: Tony Jones <Players_Club_Manager@Casino1.com>
Subject: Point Adjustment Week Ending 12/6/2018
Attachments:

Categories: Yellow Category

Please add 12,000 points to each account below for the December Holiday Bonus Points Promotion.

Player Name	Player ID
John Brown	2
Jane Miller	3
Thomas Williams	5

Best Regards,

James Car
Director of Marketing
Casino 1
Phone (702) 123-4567

Player Tracking
Monthly Exception Report Detail
Run Date: 1/2/2019

Date	User Name	Player Name	Player ID	Reason	Prior Balance	Adjustments	New Balance	Comment
12/4/2018	Frank Smith	Thomas Williams	1	Merge Duplicate Account	10,652.00	9,275.00	19,927.00	Point Transfer
12/4/2018	Frank Smith	Tomas Williams	6	Merge Duplicate Account	9,275.00	(9,275.00)	-	Point Transfer
12/5/2018	Frank Meyers	Jane Miller	3	Merge Duplicate Account	23,000.00	24,000.00	47,000.00	Husband Deceased
12/5/2018	Frank Meyers	John Miller	7	Merge Duplicate Account	24,000.00	(24,000.00)	-	Deceased. Transfer Points to Wife
12/29/2018	Fred Hayes	Steve Rich	10	Merge Duplicate Account	-	6,532.00	6,532.00	Transfer
12/29/2018	Fred Hayes	Barbara Biggs	13	Merge Duplicate Account	6,532.00	(6,532.00)	-	Transfer
12/29/2018	Fred Hayes	Steve Rich	10	Merge Duplicate Account	6,532.00	12,654.00	19,186.00	Transfer
12/29/2018	Fred Hayes	Wendy Davis	16	Merge Duplicate Account	12,654.00	(12,654.00)	-	Transfer
12/29/2018	Fred Hayes	Steve Rich	10	Merge Duplicate Account	19,186.00	8,766.00	27,952.00	Transfer
12/29/2018	Fred Hayes	Bob Hersch	18	Merge Duplicate Account	8,766.00	(8,766.00)	-	Transfer
12/29/2018	Fred Hayes	Steve Rich	10	Merge Duplicate Account	27,952.00	3,200.00	31,152.00	Transfer
12/29/2018	Fred Hayes	Tina Eutsy	19	Merge Duplicate Account	3,200.00	(3,200.00)	-	Transfer

Report Period: 12/1/18-12/31/18

Player Tracking
Inactive Account Activity Report
Run Date: 1/2/2019

Inactive Date	Date Accessed	Access User Name	Player Name	Player ID	Inactive Category	Prior Balance	Adjustment	New Balance	Comment
3/4/2018	12/1/2018	Tony Jones	Kandis Davis	21	No recent activity	10,652.00	(10,652.00)	-	Inactive: Expiring of point balance
3/4/2018	12/1/2018	Tony Jones	John Miller	25	No recent activity	9,275.00	(9,275.00)	-	Inactive: Expiring of point balance
3/4/2018	12/1/2018	Tony Jones	Chris Goodrich	29	No recent activity	23,000.00	(23,000.00)	-	Inactive: Expiring of point balance
5/6/2018	12/29/2018	Fred Hayes	Barbara Biggs	13	No recent activity	6,532.00	(6,532.00)	-	Transfer
7/2/2018	12/29/2018	Fred Hayes	Wendy Davis	16	No recent activity	12,654.00	(12,654.00)	-	Transfer
7/2/2018	12/29/2018	Fred Hayes	Bob Hersch	18	No recent activity	8,766.00	(8,766.00)	-	Transfer
8/4/2018	12/29/2018	Fred Hayes	Tina Eutsy	19	No recent activity	3,200.00	(3,200.00)	-	Transfer

Report Period: 12/1/18-12/31/18

Player Tracking
Settings Report
Date Run: 12/10/2018

MACHINES

Normal Play

Amount Played

Points Awarded

Bonus Play

Date Start Date End

Frequency

Day(s) of Bonus

Time Start

Type of Bonus

Amount Played

Bonus Award

Points Awarded with Bonus

Memo to File

Date: 4/19/16

Re: Player's Club Point Structure

As of 4/20/2016 the Player's Club Point Structure for the Generic Casino will be 1 point awarded per \$0.01 of coin-in. No change to the basic point structure is authorized without documented notification from the Director of Marketing and Player Development and approval by the Gaming Commission.

Signed,

James Car

James Car
Director of Marketing
Generic Casino
Phone (702) 123-4567

Gaming Commission Approval *Berta Davis* 4/19/16

Memo to File

Date: 12/30/17

Re: Player's Club Bonus Point Structure

Beginning on 1/1/2018 we will begin to offer a new Player's Club Promotional Point Structure. On every Friday beginning at 10:00 PM through 12:00 AM 1 bonus point will be awarded to the basic point structure resulting in 2 points being awarded per \$0.01 of coin-in. This promotion will run until further notice per documented notification from the Director of Marketing and Player Development and approval by the Gaming Commission.

Signed,

James Car

James Car
Director of Marketing
Generic Casino
Phone (702) 123-4567

Gaming Commission Approval *Berta Davis* 12/30/17

Player Tracking

Exception Report

Reporting Period: 1/1/2018 to 12/31/2018

Date/Time of Exception	User Login Name	User Name	Job Description	User Groups	Activity	Prior Data	New Data
10/16/2018 23:45	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:1	Points Awarded:10
10/17/2018 3:15	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:10	Points Awarded:1
10/23/2018 23:55	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:1	Points Awarded:10
10/24/2018 3:05	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:10	Points Awarded:1
11/1/2018 23:52	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:1	Points Awarded:10
11/2/2018 2:07	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:10	Points Awarded:1
11/9/2019 23:49	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:1	Points Awarded:10
11/10/2019 3:52	Jdoe	John Doe	IT	IT Administrator	Change to basic point structure	Points Awarded:10	Points Awarded:1

Cage Disbursement Form

Date: 12/15/18

Purpose: Test Money for Quarterly Currency Counter Test

Denomination	Amount
\$1	\$50
\$5	\$100
\$10	\$350
\$20	\$500
\$50	\$500
\$100	\$1000
Test Tickets	\$500

Clara Baker

Cage Cashier

Michelle Terrel

Cage Supervisor

Greg Rowland (Revenue Auditor)

Received by (include position)

Cashstar Currency Counter System v.2.1

Date: 12/15/2018

Count ID: Test

Type	# Instruments	Amount
\$1	50	50
\$5	20	100
\$10	35	350
\$20	25	500
\$50	10	500
\$100	10	1,000
Tickets	4	500
Total:		3,000

Casino Management System

Count Data for: 12/15/18

Count Type: Test

	# Instruments	Amount
\$ 1	50	\$ 50
\$ 5	20	\$ 100
\$ 10	35	\$ 350
\$ 20	25	\$ 500
\$ 50	10	\$ 500
\$ 100	10	\$ 1,000
Tickets	4	\$ 500
Total count:		\$ 3,000

Manual Count Sheet for Quarterly Currency Counter Test

Date of Test: 12/15/18 (4th Quarter)

Denomination	# of Instruments	Hand Count	Currency Counter	System	Issues Noted
\$1	50	\$ 50	\$ 50	\$ 50	None
\$5	20	\$ 100	\$ 100	\$ 100	None
\$10	35	\$ 350	\$ 350	\$ 350	None
\$20	25	\$ 500	\$ 500	\$ 500	None
\$50	10	\$ 500	\$ 500	\$ 500	None
\$100	10	\$ 1,000	\$ 1,000	\$ 1,000	None
Tickets	4	\$ 500	\$ 500	\$ 500	None
Total Counted		\$ 3,000	\$ 3,000	\$ 3,000	None

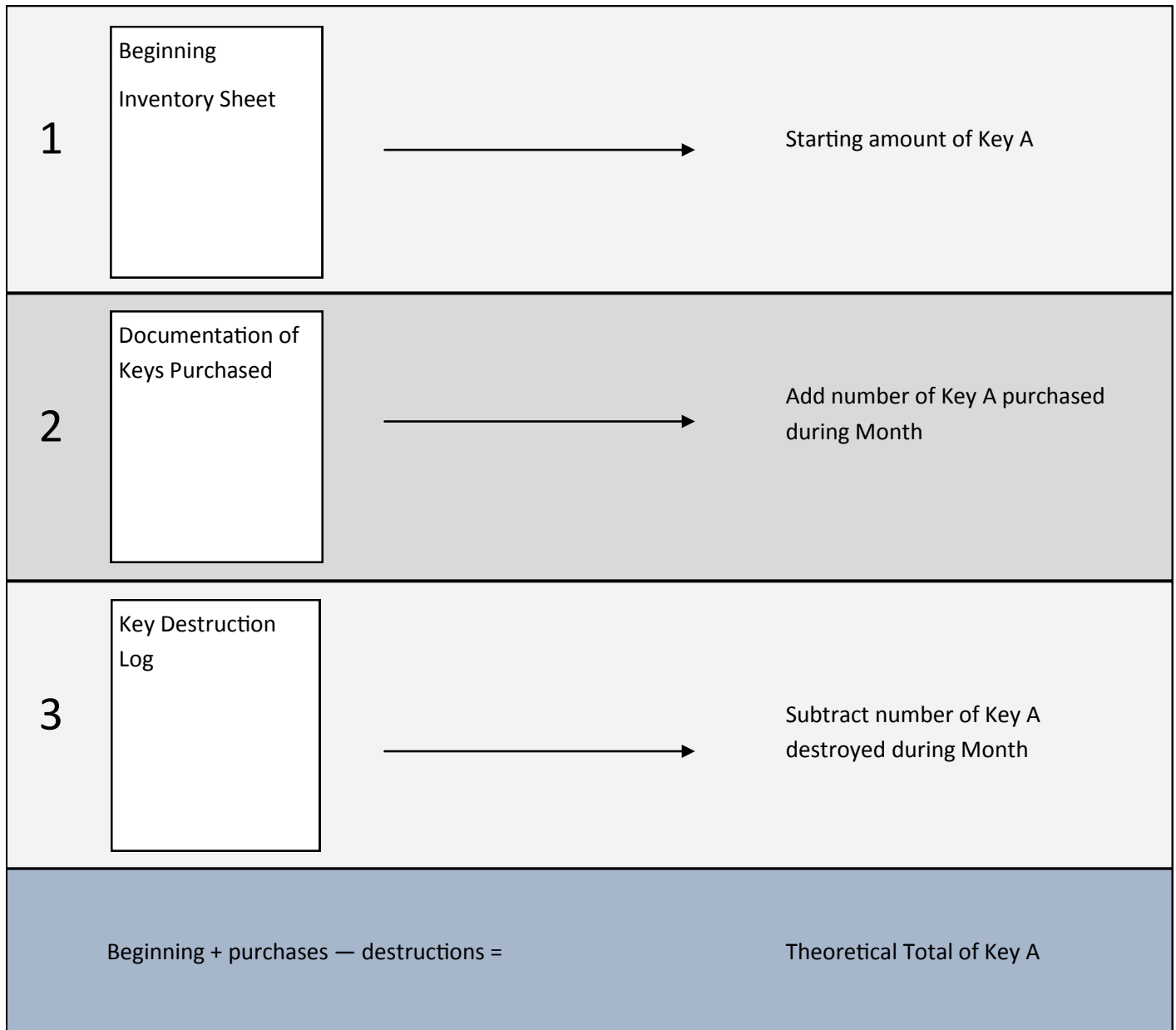
- ✓ Counter Equipment Working Properly
- Counter Equipment Not Working Properly

Test performed by: Greg Rowland

Date: 12/15/2018

Monthly Reconciliation of Key Inventory

§543.24(8) Drop and count. (iv) At least quarterly, an inventory of all controlled keys must be performed and reconciled to records of keys made, issued, and destroyed. Investigations must be performed for all keys unaccounted for, and the investigation documented.



Ending Inventory
Sheet

(This is the final
physical Count)

Compare Theoretical Total to the Actual number counted

Count the actual number of
Keys on hand

Do the numbers match?

* If not, someone needs to investigate?

Key Inventory Exercise

Using the handouts provided, you will document the performance of a key inventory using the blank inventory forms.

Assume that all keys are still present in the locations indicated on the 10/15/18 Perpetual Key Inventory Log except:

- Use the destruction log to remove the destroyed keys from inventory
- Use the key transaction log to adjust the keys moved to a different location
- Use the key order invoice to add the keys ordered (these keys were all placed in the 'Duplicate Key Safe')

Perpetual Key Inventory Log as of 10/15/18 (3rd Quarter)

Location	ID	Key Ring #	Description	Documented Qty	Qty Counted	Variance
Electronic Key Box	CDC1452	3	Bingo Machine Contents	1	1	0
Electronic Key Box	CDR1569	3	Bingo Machine Release	1	1	0
Electronic Key Box	CDR1602	4	Bingo Machine Release	1	1	0
Electronic Key Box	CDR1605	5	Bingo Machine Release	1	1	0
Electronic Key Box	CDR1608	6	Bingo Machine Release	1	1	0
Electronic Key Box	CDC1455	6	Bingo Machine Contents	1	1	0
Electronic Key Box	AWE135	7	Kiosk Cassette Contents	1	1	0
Electronic Key Box	WES122	8	Kiosk Door Key	1	1	0
Electronic Key Box	FRR533	9	Card Games Drop Box Release	1	1	0
Electronic Key Box	YTT442	9	Card Games Drop Box Contents	1	1	0
Electronic Key Box	FRR534	10	Card Games Drop Box Release	1	1	0
Electronic Key Box	CK31	11	Drop Cart Lock Key	1	1	0
Electronic Key Box	CK34	12	Drop Cart Lock Key	1	1	0
Electronic Key Box	RK566	13	Count Room Key	1	1	0
Duplicate Key Safe	CDC1465	N/A	Bingo Machine Contents	1	1	0
Duplicate Key Safe	CDC1466	N/A	Bingo Machine Contents	1	1	0
Duplicate Key Safe	CDC1467	N/A	Bingo Machine Contents	1	1	0
Duplicate Key Safe	CDR1610	N/A	Bingo Machine Release	1	1	0
Duplicate Key Safe	CDR1611	N/A	Bingo Machine Release	1	1	0
Duplicate Key Safe	AWE137	N/A	Kiosk Cassette Contents	1	1	0
Duplicate Key Safe	AWE138	N/A	Kiosk Cassette Contents	1	1	0
Duplicate Key Safe	WES123	N/A	Kiosk Door Key	1	1	0
Duplicate Key Safe	FRR535	N/A	Card Games Drop Box Release	1	1	0
Duplicate Key Safe	FRR536	N/A	Card Games Drop Box Release	1	1	0
Duplicate Key Safe	YTT444	N/A	Card Games Drop Box Contents	1	1	0
Duplicate Key Safe	CK35	N/A	Drop Cart Lock Key	1	1	0
Duplicate Key Safe	RK567	N/A	Count Room Key	1	1	0

Inventory performed by Drew Akiyama

Date: 10/15/2018

CONTROLLED KEY DESTRUCTION LOG

[illegible]

KEY TRANSACTION LOG

Date:12/4/2018

Department: _____

Contact Person:

[illegible]

BestKeys Inc.

PURCHASE ORDER

155 South 2nd Street
Las Vegas, NV 89179
Phone 702-855-3211 **Fax** 702-855-3215

TO:
Dave Guy
GENERIC CASINO
123 Lucky Lane
Winterpark, Oklahoma 7777
918-777-7777

SHIP TO:
Dave Guy
GENERIC CASINO
123 Lucky Lane
Winterpark, Oklahoma 7777
918-777-7777

P.O. DATE	REQUISITIONER	SHIPPED VIA	F.O.B. POINT	TERMS
12/2/18	Dave Guy	Fedex	N/A	123

QTY	UNIT	DESCRIPTION	UNIT PRICE	TOTAL
2	20	Key for Kiosk Door (engrave key numbers WES125, WES126)	2.35	4.70
4	36	Key for Bingo Machine Release (engrave key numbers CDR1615, CDR1616, CDR1617, CDR1618)	5.40	21.60
4	42	Key for Card Games Drop Box Contents (engrave key numbers YTT450, YTT451, YTT452, YTT453)	6.00	24.00
			SUBTOTAL	50.30
			SALES TAX	4.03
			SHIPPING & HANDLING	4.00
			OTHER	0.00
			TOTAL	58.33

OWNER of BestKeys, Inc

12.2.18

Authorized by

Date

Quarterly Key Inventory Log as of 12/16/18 (4th Quarter)

[illegible]

Twice Annual Cash Count

Count Areas

- Cage
 - Cashier Window Drawers
 - Vault
 - Fill Bank
 - Chip Vault (New/Unissued Chips)
 - Cash In Safe
 - Marker Bank
 - Electronic Cash/Coin Dispensers and Employee Bank Disbursement Kiosks
 - Other Retail Banks Issued From Cage
 - Kiosks (if part of Cage accountability)
 - Deposits In Transit
 - Satellite Cages
- Table Games/Pit
 - Chip Inventories
 - Active Markers
- High Limit Rooms Card Games Drop Box Contents
 - Slots
 - Table Games
- Bingo
 - Paymaster
 - Cashier Windows
 - Runners
- Keno
- Race & Sports
- Poker
 - Poker Bank/Cage
 - Brush Drawer
 - Supervisor Drawer
 - Poker Tables

Accounting Prenumbered Form Storage Control Log
Manual Payout Forms

Date Received	Beginning Form Number	Ending Form Number	Date Issued to Cage
1/4/2018	1000	1050	1/11/2018
3/2/2018	1051	1100	3/6/2018
5/3/2018	1101	1150	5/12/2018
7/1/2018	1151	1200	7/20/2018
9/4/2018	1201	1250	9/8/2018
11/6/2018	1251	1300	

Main Cage Prenumbered Form Control Log
Manual Payout Forms
Forms 1000-1050 received on 1/11/18

Form Number	Date	Issued to	Comments
1000	1/15/2018	S. Michaels	Verified Manual Payout, Computerized jackpot ticket did not print
1001	1/15/2018	S. Michaels	Verified Manual Payout, Computerized jackpot ticket did not print
1002	1/19/2018	D. Clark	Verified Manual Payout, Computerized jackpot ticket did not print
1003	1/21/2018	D. Clark	Verified Manual Payout, system down during upgrade
1004	1/21/2018	S. Michaels	Verified Manual Payout, system down during upgrade
1005	1/21/2018	D. Clark	Verified Manual Payout, system down during upgrade
1006	1/25/2018	H. Smith	Verified Manual Payout, Computerized jackpot ticket did not print
1007	1/26/2018	D. Clark	Form not needed, form returned to Cage
1007	1/28/2018	H. Smith	Verified Manual Payout, Computerized jackpot ticket did not print

Revenue Audit Prenumbered Form Control Log									
Manual Payout Forms									

[illegible]

§543.24 What are the minimum internal control standards for auditing revenue?

(a) *Supervision.* Supervision must be provided as needed for bingo operations by an agent(s) with authority equal to or greater than those being supervised.

(b) *Independence.* Audits must be performed by agent(s) independent of the transactions being audited.

(c) *Documentation.* The performance of revenue audit procedures, the exceptions noted, and the follow-up of all revenue audit exceptions must be documented and maintained.

(d) Controls must be established and procedures implemented to audit of each of the following operational areas:

(1) *Bingo.* (i) At the end of each month, verify the accuracy of the ending balance in the bingo control log by reconciling it with the bingo paper inventory. Investigate and document any variance noted.

(ii) Daily, reconcile supporting records and documents to summarized paperwork or electronic records (e.g. total sales and payouts per shift and/or day).

(iii) At least monthly, review variances related to bingo accounting data in accordance with an established threshold, which must include, at a minimum, variance(s) noted by the Class II gaming system for cashless transactions in and out, electronic funds transfer in and out, external bonus payouts, vouchers out and coupon promotion out. Investigate and document any variance noted.

(iv) At least monthly, review statistical reports for any deviations from the mathematical expectations exceeding a threshold established by the TGRA. Investigate and document any deviations compared to the mathematical expectations required to be submitted per §547.4.

(v) At least monthly, take a random sample, foot the vouchers redeemed and trace the totals to the totals recorded in the voucher system and to the amount recorded in the applicable cashier's accountability document.

(2) *Pull tabs.* (i) Daily, verify the total amount of winning pull tabs redeemed each day.

(ii) At the end of each month, verify the accuracy of the ending balance in the pull tab control log by reconciling the pull tabs on hand. Investigate and document any variance noted.

(iii) At least monthly, compare for reasonableness the amount of pull tabs sold from the pull tab control log to the amount of pull-tab sales.

(iv) At least monthly, review statistical reports for any deviations exceeding a specified threshold, as defined by the TGRA. Investigate and document any large and unusual fluctuations noted.

(3) *Card games.* (i) Daily, reconcile the amount indicated on the progressive sign/meter to the cash counted or received by the cage and the payouts made for each promotional progressive pot and pool. This reconciliation must be sufficiently documented, including substantiation of differences and adjustments.

(ii) At least monthly, review all payouts for the promotional progressive pots, pools, or other promotions to verify payout accuracy and proper accounting treatment and that they are conducted in accordance with conditions provided to the patrons.

(iii) At the conclusion of each contest/tournament, reconcile all contest/tournament entry and payout forms to the dollar amounts recorded in the appropriate accountability document.

(4) *Gaming promotions and player tracking.* (i) At least monthly, review promotional payments, drawings, and giveaway programs to verify payout accuracy and proper accounting treatment in accordance with the rules provided to patrons.

(ii) At least monthly, for computerized player tracking systems, perform the following procedures:

(A) Review authorization documentation for all manual point additions/deletions for propriety;

(B) Review exception reports, including transfers between accounts; and

(C) Review documentation related to access to inactive and closed accounts.

(iii) At least annually, all computerized player tracking systems must be reviewed by agent(s) independent of the individuals that set up or make changes to the system parameters. The review must be performed to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization Document and maintain the test results.

(5) *Complimentary services or items.* At least monthly, review the reports required in §543.13(d). These reports must be made available to those entities authorized by the TGRA or by tribal law or ordinance.

(6) *Patron deposit accounts.* (i) At least weekly, reconcile patron deposit account liability (deposits ±adjustments–withdrawals = total account balance) to the system record.

(ii) At least weekly, review manual increases and decreases to/from player deposit accounts to ensure proper adjustments were authorized.

(7) *Lines of credit.* (i) At least three (3) times per year, an agent independent of the cage, credit, and collection functions must perform the following review:

(A) Select a sample of line of credit accounts;

(B) Ascertain compliance with credit limits and other established credit issuance procedures;

(C) Reconcile outstanding balances of both active and inactive (includes write-offs and settlements) accounts on the accounts receivable listing to individual credit records and physical instruments. This procedure need only be performed once per year for inactive accounts; and

(D) Examine line of credit records to determine that appropriate collection efforts are being made and payments are being properly recorded.

(E) For at least five (5) days during the review period, subsequently reconcile partial payment receipts to the total payments recorded by the cage for the day and account for the receipts numerically.

(ii) At least monthly, perform an evaluation of the collection percentage of credit issued to identify unusual trends.

(8) *Drop and count.* (i) At least quarterly, unannounced currency counter and currency counter interface (if applicable) tests must be performed, and the test results documented and maintained. All denominations of currency and all types of cash out tickets counted by the currency counter must be tested. This test may be performed by internal audit or the TGRA. The result of these tests must be documented and signed by the agent(s) performing the test.

(ii) At least quarterly, unannounced weigh scale and weigh scale interface (if applicable) tests must be performed, and the test results documented and maintained. This test may be performed by internal audit or the TGRA. The result of these tests must be documented and signed by the agent(s) performing the test.

(iii) For computerized key security systems controlling access to drop and count keys, perform the following procedures:

(A) At least quarterly, review the report generated by the computerized key security system indicating the transactions performed by the individual(s) that adds, deletes, and changes users' access within the system (*i.e.*, system administrator). Determine whether the transactions completed by the system administrator provide adequate control over the access to the drop and count keys. Also, determine whether any drop and count key(s) removed or returned to the key cabinet by the system administrator was properly authorized;

(B) At least quarterly, review the report generated by the computerized key security system indicating all transactions performed to determine whether any unusual drop and count key removals or key returns occurred; and

(C) At least quarterly, review a sample of users that are assigned access to the drop and count keys to determine that their access to the assigned keys is appropriate relative to their job position.

(iv) At least quarterly, an inventory of all controlled keys must be performed and reconciled to records of keys made, issued, and destroyed. Investigations must be performed for all keys unaccounted for, and the investigation documented.

(9) *Cage, vault, cash, and cash equivalents.* (i) At least monthly, the cage accountability must be reconciled to the general ledger.

(ii) At least monthly, trace the amount of cage deposits to the amounts indicated in the bank statements.

(iii) Twice annually, a count must be performed of all funds in all gaming areas (*i.e.* cages, vaults, and booths (including reserve areas), kiosks, cash-out ticket redemption machines, and change machines. Count all chips and tokens by denomination and type. Count individual straps, bags, and imprest banks on a sample basis. Reconcile all amounts counted to the amounts recorded on the corresponding accountability forms to ensure that the proper amounts are recorded. Maintain documentation evidencing the amount counted for each area and the subsequent comparison to the

corresponding accountability form. The count must be completed within the same gaming day for all areas.

(A) Counts must be observed by an individual independent of the department being counted. It is permissible for the individual responsible for the funds to perform the actual count while being observed.

(B) Internal audit may perform and/or observe the two counts.

(iv) At least annually, select a sample of invoices for chips and tokens purchased, and trace the dollar amount from the purchase invoice to the accountability document that indicates the increase to the chip or token inventory to ensure that the proper dollar amount has been recorded.

(v) At each business year end, create and maintain documentation evidencing the amount of the chip/token liability, the change in the liability from the previous year, and explanations for adjustments to the liability account including any adjustments for chip/token float.

(vi) At least monthly, review a sample of returned checks to determine that the required information was recorded by cage agent(s) when the check was cashed.

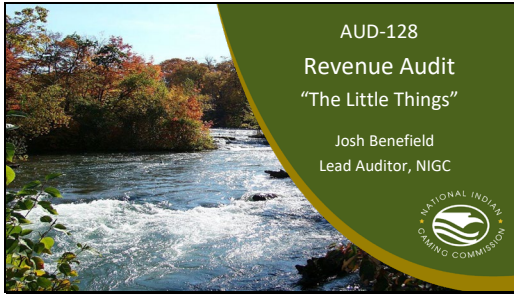
(vii) At least monthly, review exception reports for all computerized cage systems for propriety of transactions and unusual occurrences. The review must include, but is not limited to, voided authorizations. All noted improper transactions or unusual occurrences identified must be investigated and the results documented.

(viii) Daily, reconcile all parts of forms used to document increases/decreases to the total cage inventory, investigate any variances noted, and document the results of such investigations.


(10) *Inventory.* (i) At least monthly, verify receipt, issuance, and use of controlled inventory, including, but not limited to, bingo cards, pull tabs, playing cards, keys, pre-numbered and/or multi-part forms.

(ii) Periodically perform minimum bankroll calculations to ensure that the gaming operation maintains cash in an amount sufficient to satisfy the gaming operation's obligations.

AUD-128 Auditing Revenue “The Little Things”




- _____
- _____
- _____
- _____
- _____
- _____

Objectives


- Cover the basics of auditing revenue
- Discuss controls
- Review procedure documentation
- Explore preparation & tracking of exception notices

Key Points:

- Cover the basics of auditing revenue
- Discuss controls
- Review procedure documentation
- Explore preparation & tracking of exception notices

Key Processes


- Verify
- Review
- Compare
- Reconcile




Key Points:

Auditing Revenue largely consists of performing the following processes:

- Verify
- Review
- Compare
- Reconcile

Verify

- Verification procedures usually involve verifying balances, transactions, and proper controls.




Key Points:


Verification procedures usually involve verifying balances, transactions, and proper controls.

Consider the most effective method(s)

Determine what documents you will need, whom you may need to speak with, and if any observations will need to be performed

Document performance of verifications

Review



Key Points:

Reviews make up the majority of auditing revenue procedures

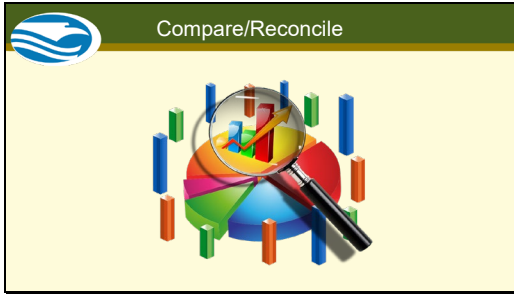
Reviews mean more than just looking at a number or a report

Reviews require an evaluation of the information examined

Scheduling reviews is critical: Daily, monthly, quarterly, annual

- _____
- _____
- _____
- _____
- _____
- _____

AUD-128 Auditing Revenue “The Little Things”



Key Points:

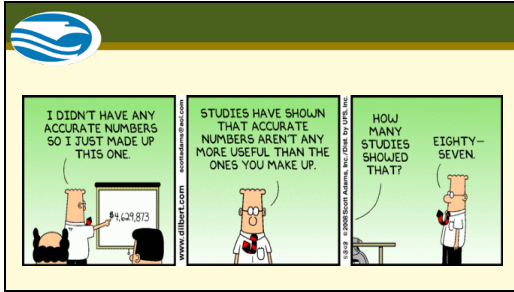
Analyzing data

Uses multiple sources of information

Compare source documentation to summary reports or posted information

Investigations are necessary when variances are identified

May require creation of reconciliation forms to document testing and variances



Key Points:

Are there other controls (outside of auditing revenue) in which auditing revenue procedures may be useful?

- _____
- _____
- _____
- _____



Key Points:

Are there other controls (outside of auditing revenue) in which auditing revenue procedures may be useful?

Bingo

For manual payment of a voucher of \$500 or more, require a supervisory employee to verify the validity of the voucher prior to payment

Pull Tabs

At least two agents must document and verify all prize payouts above \$600, or lower threshold as authorized by management and approved by the TGRA

Drop and Count

■ Procedures must be implemented to ensure that any corrections to the count documentation are permanent and identifiable, and that the original, corrected information remains legible. Corrections must be verified by two count team agents.

Cage and Vault

■ The cage and vault inventories (including coin rooms) must be counted independently by at least two agents, attested to by signature, and recorded in ink or other permanent form at the end of each shift during which the activity took place.

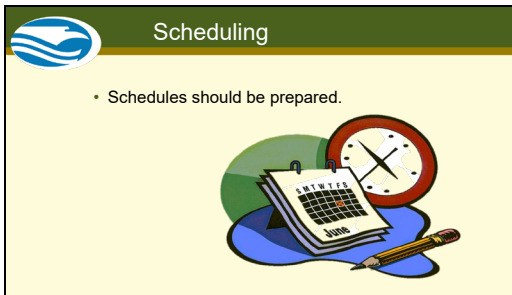
- _____
- _____
- _____
- _____
- _____
- _____

AUD-128 Auditing Revenue “The Little Things”



Key Points:

The operation must establish, as approved by the TGRA, the threshold level at which a variance must be reviewed to determine the cause. Any such review must be documented



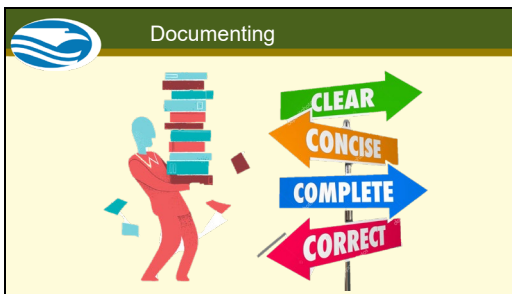
Key Points:

How can a schedule help manage the auditing revenue process?

Ensure required auditing revenue procedures are performed on a timely basis
Keeps infrequently performed procedures top-of-mind

Ensure adequate resources are available for auditing revenue procedures

Useful for keeping track of infrequent reviews, special projects, and follow-up reviews

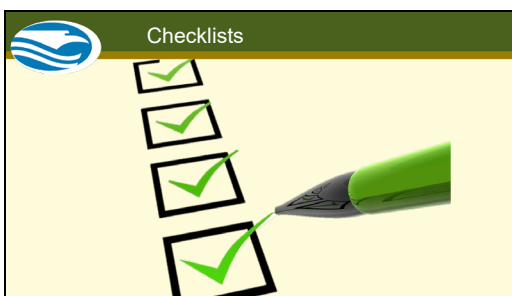


Key Points:

Why is proper documentation of auditing revenue procedures important?

Performance of auditing revenue procedures should be clearly documented

- Checkmarks, initials or signatures and dates on reports reviewed
- Creating documents showing performance of reconciliations and other documented testing procedures
- Auditing Revenue checklists



Key Points:

Daily/Monthly/Quarterly/Annual checklist(s)

Checklists should provide sufficient detail to clearly identify auditing revenue procedures

Checklists should be dated and initialed by the revenue auditor(s) to document accountability for the performance of the auditing revenue procedures



Key Points:

Exception notices should include a documented summary of the non-compliance identified, include:

- Date of noncompliance
- Responsible department (employee if available)
- Department Management (if applicable)
- Date notice is issued
- Response
- Deadline/due date for response

AUD-128 Auditing Revenue “The Little Things”



Key Points:

- An 'Exception Notice' Log is a useful tool
- Tracks instances of non-compliance
- Helps identify date of exceptions, in case documentation for the day needs to be reviewed at a later time
- Tracks receipt of responses from operational staff and/or management
- Helps plan follow-up, if needed
- Can be used to track patterns of non-compliance
- May identify areas where additional training is needed

[illegible]

Key Points:

See Handout

- _____
- _____
- _____
- _____
- _____
- _____
- _____



Key Points:

If you have any questions in the future, please contact NIGC.


- [illegible]



The Requirements of IGRA & Pitfalls of Non-Compliance

Suzanne Nunn
Staff Attorney





Course Objectives

- Be able to maximize compliance with IGRA and NIGC Regulations.
- Understand the NIGC enforcement process
- Understand the NIGC Appeal Process
- Identify IGRA's Requirements in Tribal Law

2



Applicable Laws

<ul style="list-style-type: none">• Indian Gaming Regulatory Act 25 U.S.C. § § 2701 to 2721• NIGC regulations 25 C.F.R. parts 501-577• DOI regulations 25 C.F.R. parts 290, 291	<ul style="list-style-type: none">• Tribal gaming ordinances & regulations https://www.nigc.gov/general-counsel/gaming-ordinances• Tribal-State Compact or "Secretarial Procedures" 25 U.S.C. § 2710(d); 25 C.F.R. part 290
---	---

3



Overview of Key IGRA Req's

IGRA Requires:

- Approved gaming ordinance
- For Class III gaming, an approved Tribal-State compact
- All gaming must be on "Indian lands"
- Net gaming revenues used for 5 (possibly 6) purposes
- Facility licenses for each (gaming) place, facility or location
- A Tribe to maintain the sole proprietary interest in, and responsibility for, gaming operation

4



Overview of Key IGRA Req's (cont).

- Safely construct, maintain and operate gaming facilities to adequately protect environment, public health & safety
- Background investigations, eligibility determinations, and gaming license for every key employee and primary management
- Annual audits of each gaming operations
- Approved management contracts, if 3rd party will be managing gaming operation
- Regulation of "Individually owned gaming"

25 U.S.C. § 2710(b)(4)(A)-(B), (d); 25 C.F.R. § 522.10

5



Tribal Gaming Ordinances

- Class II or III gaming ordinance must be approved by NIGC Chair
- Ordinance is effective only after approval
- Must contain all provisions required by IGRA & NIGC regulations
- Disapproval can be appealed to NIGC within 30 days

25 U.S.C. § 2710; 25 C.F.R. Parts 522 and 528

6



Ordinance Amendments

- Amendments must be submitted to NIGC Chair for approval within **15** days of enactment
- OGC will review the entire ordinance when reviewing an Amendment.

7



Indian Lands

- Gaming must be conducted on "Indian lands"
 - Definition of "Indian lands" in IGRA & NIGC regs
 - Reservation, or
 - Trust lands or Restricted Fee Lands
 - Tribe must have jurisdiction over lands
 - Tribe must exercise governmental power over lands

25 U.S.C. §§ 2703(4), 2710(b)(2), 2710(d)(1); 25 C.F.R. § 502.12

8



Class III Gaming Compacts

- Class III gaming requires an approved Class III Tribal-State compact
 - "An agreement between a tribe and a state about class III gaming"
- Class III gaming must be conducted in full compliance with all provisions of compact
- Secretarial Procedures
 - Unusual option
 - Takes the place of a Compact

25 U.S.C. §§ 2710(d)(1)(C), 2710(d)(3)(B) & (d)(8)(A) 25 C.F.R. part 291

9



Sole Proprietary Interest

- IGRA requires the tribe to retain the sole proprietary interest in, and responsibility for, the gaming activity
 - On paper and in practice
- 3 criteria to assess compliance with SPI:
 - Term of the contractual relationship
 - Amount of revenue paid to 3rd party
 - Compare financial risk assumed with value provided to tribe
 - Control given to 3rd party over the gaming activity

25 U.S.C. § 2710(b)(2)(A), § 2702(2)

10



Uses of Gaming Revenues

- Tribe must use its net gaming revenues for one or more of the following five purposes:
 - (1) Funding tribal government operations or programs
 - (2) Providing for general welfare of tribe and its members*
 - (3) Promoting tribal economic development
 - (4) Donating to charitable organizations
 - (5) Helping fund local government agencies\

*Per Capita Payments are an exception

25 C.F.R. § 522.4(b)(2)₁₁



Per Capita Payments

- Per Capita Requirements:
 - (1) Tribe must have an approved Revenue Allocation Plan (RAP) in place
 - (2) RAP must allocate net gaming revenues to one or more of the five uses allowed by IGRA
 - (3) RAP must be approved by Secretary of the Interior
 - (4) Per capita payments must be disbursed to guardians of legally incompetent persons
 - (5) Tribal members must be notified that payments are subject to federal taxes

25 U.S.C. § 2710(b)(3), § 2710(d)(1)(A)(ii); 25 C.F.R. part 290, § 522.4(b)(2)(ii)

12



Background Investigations

- Tribes must conduct background investigations of all *primary management official* (PMO) and *key employee* (KE) applicants of the *gaming operation* before they can be licensed
 - Must be conducted according to requirements in tribe's gaming ordinance and NIGC regulations, Parts 556 & 558
 - NIGC Regulations specify jobs that are PMO/KE
 - Tribe can *designate* additional PMO/KE who will need a full background investigation

25 C.F.R. §§ 522.4(b)(5), 502.14, 502.19

13



Safe Construction & Operation of Gaming Facilities

Tribes must safely construct, maintain and operate gaming facilities to adequately protect environment, public health & public safety

25 U.S.C. § 2710(b)(1)(E), (d)(2)(A); 25 C.F.R. §§ 522.4(b)(7) & 522.6

14



Facility Licenses

- Tribes must issue license for each place, facility, or location at which Class II or Class III gaming is conducted
- The Tribe must provide notice to NIGC Chair that license is being considered **120 days** before opening of new facility, place or location
- Once license is issued, copy must be submitted to NIGC Chair within **30 days**

25 USC § 2710 (b)(2)(E); 25 C.F.R. §§ 522.5(b)(6), 569.2(a), 569.3

15



Annual Audits & Financial Statements

- Annual audit must be conducted by *independent* Certified Public Accountant (CPA) conducted of each gaming operation
- Audit must be based on annual financial statements of each gaming operation
- Two copies of the annual audit must be submitted to NIGC within **120 days** of end of fiscal year

28 U.S.C. § 2710(b)(2)(C)-(D); 25 C.F.R. §§ 522.4(b)(4), 522.6, 571.12-13

16



Agreed-Upon Procedures

- Agreed-Upon Procedures (AUPs) must be performed *annually* by independent CPA to verify that the Class II gaming operation is in compliance with Class II minimum internal control standards (MICS)
- CPA will prepare a report of their findings and present it to the Tribe
- Tribe must submit AUP reports to NIGC **120 days** after the end of the fiscal year.

25 C.F.R. § 542.3(f)

17



Annual Fees

- Annual fees must be paid by each tribal gaming operation to NIGC
 - Fee rate set annually by NIGC and Published on or before November 1.
 - Based on the gross gaming revenue for the fiscal year ending prior to January 1 of the current year.
- Fee payments are calculated by each gaming operation in a "Quarterly Statement."
- For current fee rate, go to:

<http://www.nigc.gov/finance/Annual-fees>

25 U.S.C. § 2717; 25 C.F.R. § 514

18



Annual Fees & Quarterly Statements

- Quarterly statements must be submitted to NIGC with each quarter
- Quarterly statements must show:
 - Gaming operation's gross gaming revenues
 - Calculation of fees owed
 - All amounts used in calculation
- Calculate your tribe's quarterly fee amount, go to:
<http://www.nigc.gov/images/uploads/2016WorksheetQuarterFinal.pdf>
25 U.S.C. § 2717; 25 C.F.R. § 514

19



Management Contracts

- A "management contract" is:
 - Contract, subcontract or collateral agreement between:
 - Indian tribe and contractor or
 - Contractor and subcontractor
 - That provides for management of all, or part of, a gaming operation.
- A "collateral agreement" is:
 - Contract that is related to management contract, either directly or indirectly
 - Any rights, duties or obligations created between tribe and management contractor or subcontractor

25 C.F.R. § 502.15, 502.5; NIGC Bulletin 94-5

20



Management Contracts

- Must be submitted to NIGC Chair for review within **60 days** of execution by parties.
- Is effective only when approved by NIGC Chair
- Tribe may not allow Contractor to operate under management contract terms before approval

25 U.S.C. §§ 2710(d)(a), 2711; 25 C.F.R. Part 531, 533

21



Management Contracts

- Chair will approve contract if:
 - Length of term does not exceed **5** years or **7** years if "good cause" is shown.
 - Fees must be reasonable "in light of surrounding circumstances" and can't exceed **30%** of net revenues
 - May exceed 30%, but not 40% in rare circumstances.
 - Complete Background investigations of:
 - Persons with management responsibility for management contract
 - Directors of corporation that is party to the management contract
 - Persons or entities with financial interest in management contract

25 C.F.R. part 537, § 533.6

22



Management Contracts

- Management contracts, and amendments are void if not approved by NIGC Chair.
- After approval, can be void if:
 - Non-compliance with NIGC-approved contract terms
 - Management violates standards of NIGC management contract regulations
 - There are changes to persons *with a financial interest in or management responsibility* for a management contract that have not been approved by NIGC Chair in accordance with NIGC regulations

25 U.S.C. § 2711; 25 C.F.R. parts 531, 533, 535 & 537

23



Tips for Compliance

- Be proactive
 - Know the laws that apply to you and your gaming operation and where to find them.
- Be assertive
 - Take advantage of NIGC expertise, services and on-line resources
- Seek assistance
 - For compliance issues contact NIGC Regional staff
 - For legal questions contact OGC.
- Learn from other examples
 - www.nigc.gov/general-counsel

24



Tips for Compliance

- Be informed & use on-line tools
- Visit NIGC website
 - Review relevant bulletins
 - Print and use:
 - Model Gaming Ordinance & Checklist
 - Fee schedule, worksheet & calculation tool
 - MICS worksheet & audit checklists
 - AUP Report formats
 - Management Contract checklists
 - Review upcoming trainings and attend one
 - Access IGRA and NIGC & DOI regulations

25



Tips for Compliance (SPI)

- Be vigilant
 - Pay attention to telltale signs of possible SPI violations
 - Low risk to 3rd party, high compensation, long term
 - 3rd party right to control tribal regulatory and management decisions
 - Veto power given to 3rd party over tribal laws/regulations
 - 3rd party access to gaming operation books, records, financial statements and/or reports
- Follow your gut instincts
 - Before acting on a suspicion, investigate

26



Tips For Compliance (Deadlines)

- Gaming Ordinances & Amendments - 15 days after enactment
- Notice of Results of Investigation – within 60 days after applicant begins work
- Licensing of PMO/KE Notices – 30 days after decision.
- Facility License Notices - 120 days before issuance.
 - Notice of license issuance – within 30 days of issuance
 - Facility License Renewal Notice – within 30 days of issuance
 - Notice of revocation/reinstatement of license – within 30 days

27



Tips For Compliance (Deadlines)

- Annual audit report & financial statements
 - **120** days after end of fiscal year
- Annual Agreed-Upon-Procedures report
 - **120** days after end of fiscal year
- Annual fees/Quarterly Statements
 - March 30, June 30, September 30, December 31
- Management Contracts
 - **60** days of execution
- Management Contract Amendments
 - **30** days of execution

28



Obtain Req'd Approvals

- Tribal Gaming Ordinances
- Ordinance Amendments
- Management Contracts
- Management Contract Amendments
- Tribal-State Compacts
- Revenue Allocation Plans (RAPs)

29



Questions

NIGC Office of General
Counsel
(202) 632-7003



30



CMP-105

Tribal Background Investigations and Licensing (TBIS)

CMP-105 – Tribal Background Investigations and Licensing



The image shows a presentation slide titled "Purpose". It features the National Indian Gaming Commission logo on the left. To the right of the logo, the word "Purpose" is written in white on a blue background. Below this, there is a list of three bullet points in black text on a yellow background. To the right of the list is a black silhouette of a human head in profile, facing left, with four colorful gears (blue, pink, green, and orange) inside the head. The bottom of the slide shows a sunset over a body of water with some dark silhouettes in the foreground.

- **Review** background and licensing process
- **Discuss** licensing submission requirements under 556/558
- **Ensure** compliance regarding the Notice of License through increased awareness and understanding



NOTES

IGRA

Licensing is a key element in maintaining the integrity of the Indian gaming industry and ensuring that tribes are the primary beneficiaries of their gaming activities.

IGRA Section 2710(F)

An Indian Tribe may engage in gaming if there is an adequate system which—

(i) ensures that background investigations are conducted on the primary management officials and key employees of the gaming enterprise and that oversight of such officials and their management is conducted on an ongoing basis; and

(ii) includes—

25 CFR §502.10 Gaming operation.

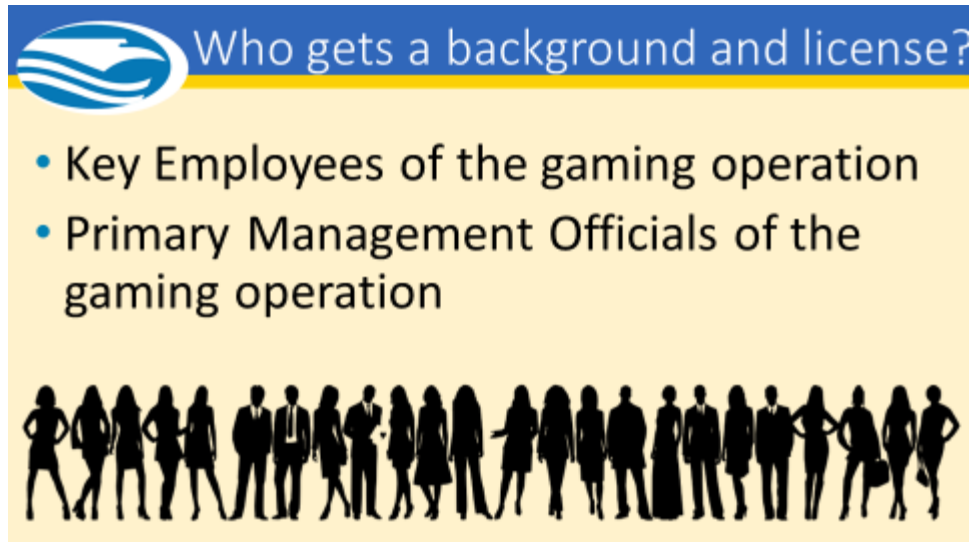
Gaming operation means each economic entity that is licensed by a tribe, operates the games, receives the revenues, issues the prizes, and pays the expenses. A gaming operation may be operated by a tribe directly; by a management contractor; or, under certain conditions, by another person or other entity.

(I) tribal licenses for primary management officials and key employees of the gaming enterprise with prompt notification to the Commission of the issuance of such licenses;

(II) a standard whereby any person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the public interest or to the effective regulation of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices and methods and activities in the conduct of gaming shall not be eligible for employment; and

(III) notification by the Indian tribe to the Commission of the results of such background check before the issuance of any of such licenses...

NOTES



25 CFR §502.14 Key employee means:

- (a) A person who performs one or more of the following functions:
Bingo caller, counting room supervisor, Chief of Security, custodian of gaming supplies or cash, floor manager, pit boss, dealer, croupier, approver of credit, or custodian of gambling devices including persons with access to cash and accounting records within such devices;
- (b) If not otherwise included, any other person whose total cash compensation is in excess of \$50,000 per year; or,
- (c) If not otherwise included, the four most highly compensated persons in the gaming operation.
- (d) Any other person designated by the tribe as a key employee.

NOTES

25 CFR 502.19 Primary management official means:


- (a) The person having management responsibility for a management contract;
- (b) Any person who has authority:
 - (1) To hire and fire employees; or
 - (2) To set up working policy for the gaming operation; or
- (c) The chief financial officer or other person who has financial management responsibility.
- (d) Any other person designated by the tribe as a primary management official.

Designation may be accomplished by many methods:
adoption of tribal code, promulgation of regulation, by
tribal order, by action of the TGRA, etc.


How did you designate additional KE/PMO positions?

How often do you review job descriptions for new
changes?

**List Positions your TGRA has designated as KE or PMO that is not already
included in the definitions:**



The Application



- First contact with the applicant
- Your investigation begins with your observations and conversations
- Emphasis on complete answers and no blanks
- Alias – blog names, screen name, etc.



What do you see during the interview?

Do tattoos, dress or demeanor indicate gang affiliation or other illegal activity?

Does their lifestyle fit their previous employment history and job level?

NOTES

Application Tips:

Review application to ensure all spaces are filled in and no blank spaces remain.


Provide adequate space and voluntary statement forms to discourage minimalizing of facts.

Instruct the applicant to write a detailed statement for all negative information including who, what, where, when, how, why, and how much.

NOTES


What has to be in the application? From 25 CFR § 556.4:

1. Full name, other names used (oral or written), social security number(s), birth date, place of birth, citizenship, gender, all languages (spoken or written);
2. Currently and for the previous five years: Business and employment positions held, ownership interests in those businesses, business and residence addresses, and driver's license numbers;
3. The names and current addresses of at least three personal references, including one personal reference who was acquainted with the applicant during each period of residence listed under paragraph (a)(2) of this section;
4. Current business and residence telephone numbers;
5. A description of any existing and previous business relationships with Indian tribes, including ownership interests in those businesses;
6. A description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;
7. The name and address of any licensing or regulatory agency with which the person has filed an application for a license or permit related to gaming, whether or not such license or permit was granted;
8. For each felony for which there is an ongoing prosecution or a conviction, the charge, the name and address of the court involved, and the date and disposition if any;
9. For each misdemeanor conviction or ongoing misdemeanor prosecution (excluding minor traffic violations) within 10 years of the date of the application, the name and address of the court involved and the date and disposition;
10. For each criminal charge (excluding minor traffic charges) whether or not there is a conviction, if such criminal charge is within 10 years of the date of the application and is not otherwise listed pursuant to paragraph (a)(8) or (a)(9) of this section, the criminal charge, the name and address of the court involved and the date and disposition;
11. The name and address of any licensing or regulatory agency with which the person has filed an application for an occupational license or permit, whether or not such license or permit was granted;
12. A photograph;
13. Any other information a tribe deems relevant; and
14. Fingerprints....



FBI Fingerprints

- The FBI authorized dissemination of the criminal history record information reports (CHRI) only to tribal governments, per FBI Policy.
- The CHRI may be used solely for determining a particular applicant's eligibility for a gaming license.
- CHRI must be reviewed before a final licensing decision is made.
- Ensure CHRI Privacy Rights Notice is signed at time of fingerprinting.



The applicant can refute any information found and this should be listed in the privacy notice. Refer to FBI privacy notice for guidance.

Cost:

\$18.00 per fingerprint card, invoiced monthly

Tips for good prints:

- Make sure that the applicant's hands are clean from oils, perfumes, lotion, etc.
- Take your time when doing the prints.
- If your live scan device hasn't been calibrated or serviced since initial installation, do so.
- Always enter reason code **Indian Gaming Licensee** on the fingerprint card.

What is in the FBI MOU?

MEMORANDUM OF UNDERSTANDING REGARDING THE DISSEMINATION OF CRIMINAL HISTORY RECORD INFORMATION BY THE NATIONAL INDIAN GAMING COMMISSION

In order to facilitate the undersigned tribe (Tribe) in determining the suitability of individuals who have applied for positions as key employees or primary management officials in its gaming operation(s), the National Indian Gaming Commission (NIGC) will be obtaining criminal history record information (CHRI) from the Federal Bureau of Investigation (FBI) on these individuals and disseminating such information to the Tribe.

This memorandum sets forth the following conditions under which the NIGC will disseminate the CHRI to the Tribe:

1. Prior to taking an applicant's fingerprints, the Tribe agrees to provide the applicant with a written notification that informs the applicant that: (i) his or her fingerprints will be used to check the criminal history records maintained by the FBI; (ii) he or she has the opportunity to complete or challenge the accuracy of the information contained in the FBI identification record; (iii) the procedures for obtaining a copy of his or her FBI criminal history record are set forth at 28 CFR §§ 16.30 - 16.33, or by visiting the FBI's website at <<http://www.fbi.gov/about-us/cjis/background-checks>>; and (iv) the procedure for obtaining a change, correction, or updating an FBI identification record are set forth at 28 CFR § 16.34. The Tribe understands that if it does not provide the applicant with this written notification, the NIGC will not disseminate the CHRI to the Tribe.
2. The Tribe understands that the FBI has retained the right to approve the dissemination of the CHRI and may, at some future date, prohibit the NIGC from disseminating CHRI. The Tribe further understands that the NIGC will not release any CHRI without first having received all required prior approvals from the FBI and will not release any CHRI when prohibited from doing so by the FBI. The Tribe also understands that the FBI may impose additional restrictions on the dissemination and use of the CHRI (in addition to those imposed by the NIGC), and that the Tribe will be subject to all such additional restrictions.
3. The Tribe agrees that any CHRI disseminated by the NIGC may be used by the Tribe solely for the purpose of determining a particular applicant's suitability for employment in the Tribe's gaming operation(s).
4. The Tribe understands that NIGC disseminations will only contain the CHRI on a particular applicant and will not contain any NIGC recommendations or conclusions. However, the NIGC reserves the right to furnish (to the Tribe) summary memoranda containing the results of the CHRI.
5. The Tribe agrees that any and all CHRI with which it is provided shall be afforded proper security. The Tribe shall ensure that access to all CHRI disseminated by the NIGC, including all summary memoranda, is restricted to tribal personnel directly involved in licensing deliberations. The Tribe agrees to maintain records of the identities of all persons having access to the CHRI and such records shall be furnished to the NIGC upon request.
6. The Tribe agrees that, except in connection with proceedings related to the Tribe's licensing determinations for its gaming employees, neither the CHRI nor any summary memoranda disseminated by the NIGC shall be reproduced, distributed, or introduced in a court of law or administrative hearing, without the NIGC's prior written consent.
7. The NIGC agrees to promptly notify tribal authorities in the event that the NIGC determines that it is necessary to discontinue disseminating CHRI to the Tribe (either in whole or in part) due to the Tribe's failure to comply with the conditions set forth in this memorandum.

The Tribe acknowledges and consents to the above-stated conditions on this ____ day of _____,
20____.

Name of Tribe

Name of Authorized Tribal Official (PRINT)

NOTES

***If you cannot locate your MOU, send
a written request to the NIGC
Region Office and they will provide
you with a copy.***



The graphic features a blue header with a white circular logo containing a stylized wave and the text "Name Search Request". Below the header, on a yellow background, is a bulleted list of instructions. To the right of the list, several names are displayed in various colors and fonts: "John" in orange, "Heather" in blue, "CAROL" in red, "Stefanie" in green, "Lynne" in black, and "Jose" in purple.

- Fingerprints must have been rejected twice for poor image quality.
- No charge will be assessed on the first fingerprint resubmission.
- Resubmission should be made within 30 days of return.
- There is approximately a 3-6 week turnaround due to FBI backlog.

NAME SEARCH TIPS:

You must have two illegible/invalid submissions before a Name Search can be done.

You will receive an email indicating if a set of prints are illegible/invalid instructing to do a resubmission.

Make sure enter the FBI TCN number so that you will not be billed twice.

CJIS NAME SEARCH REQUEST FORM

Please complete the attached form to request a name check. Please be advised that an individual's fingerprints must be rejected twice for technical issues prior to requesting a name check.

ORI of State/Federal/Regulatory Agency: USNIGC00Z

Your agency's Point of Contact (POC) for the response: Seneca Chavis

Phone number of POC: 202-632-7023

Fax number of POC: 202-606-4935

**Address of requesting agency: NIGC
1441 L Street, NW, Ste. 9100
Washington, DC 20005**

Please fax XX or mail _____ my response to this request.

Subject of Name Check

Transaction Control Number (TCN) of subject's fingerprint submission:

Name: _____ Alias: _____

Date of Birth: _____ Place of Birth: _____

Sex: _____ Race: _____ Height: _____ Weight: _____ Eyes: _____ Hair: _____

Social Security Number: _____ Miscellaneous Number: _____

State Identification Number: _____ OCA: _____

Sample FBI CHRI Report showing arrests...

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

AZDPS2000
TCN
AGENCY CASE

THE FBI IDENTIFIED YOUR TEN-PRINT SUBMISSION WHICH CONTAINED
THE FOLLOWING DESCRIPTORS:

NAME

DATE ARRESTED/FINGERPRINTED 2006/03/12

SEX	RACE	BIRTH DATE	HEIGHT	WEIGHT	EYES	HAIR
M		1936/09/09	604	220	HAZEL	WHITE

STATE ID	BIRTH PLACE
	CALIFORNIA

OTHER BIRTH DATES	SCARS-MARKS-TATTOOS	SOCIAL SECURITY	MISC NUMBERS
NONE	NONE		NONE

ALIAS NAME(S)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

AZDPS2000
PART 2

ICN

- FBI IDENTIFICATION RECORD - FBI NO-


1-ARRESTED OR RECEIVED 1956/03/26
AGENCY-POLICE DEPARTMENT REDLANDS (CA0360800)
AGENCY CASE-
CHARGE 1-ARSON BURNING PALM TREES

COURT-
CHARGE-ARSON BURNING PALM TREES
SENTENCE-
90 DAS SUSP IF \$50 RESTIT MADE & 2 YRS PROB

2-ARRESTED OR RECEIVED 1977/09/07 SID-
AGENCY-SHERIFF'S OFFICE NORWALK (CA0190000)
AGENCY CASE-
CHARGE 1-MISD DRUNK DRIVING ON HWY


COURT-
CHARGE-23102A
SENTENCE-
09-08-77 G/P FINE 190

RECORD UPDATED 2007/04/17



Privacy Act and False Statements

- The application must include an updated Privacy Act Statement and Notice Regarding False Statements
- Must be verbatim and signed by the employee.



Common Findings:

Old Privacy Act and Notice Regarding False statements are used and not verbatim.

§ 556.2 & 556.3 Privacy Act and Notice Regarding False Statements


In compliance with the Privacy Act of 1974, the following information is provided: Solicitation of the information on this form is authorized by 25 U.S.C. 2701 *et seq.* The purpose of the requested information is to determine the eligibility of individuals to be granted a gaming license. The information will be used by the Tribal gaming regulatory authorities and by the National Indian Gaming Commission (NIGC) members and staff who have need for the information in the performance of their official duties. The information may be disclosed by the Tribe or the NIGC to appropriate Federal, Tribal, State, local, or foreign law enforcement and regulatory agencies when relevant to civil, criminal or regulatory investigations or prosecutions or when pursuant to a requirement by a tribe or the NIGC in connection with the issuance, denial, or revocation of a gaming license, or investigations of activities while associated with a tribe or a gaming operation. Failure to consent to the disclosures indicated in this notice will result in a tribe's being unable to license you for a primary management official or key employee position.

The disclosure of your Social Security Number (SSN) is voluntary. However, failure to supply a SSN may result in errors in processing your application.

A false statement on any part of your license application may be grounds for denying a license or the suspension or revocation of a license. Also, you may be punished by fine or imprisonment (U.S. Code, title 18, section 1001).

Background Investigation (BI) General Info

- Begin by verifying information in the application.
- Obtain documentation from applicant to verify information such as a birth certificate, social security card, driver's license or other documents.
- Use public records when possible.



Common Conviction/Sentencing



- No disposition
- Suspended
- Restitution Paid/Dismissed
- Convicted/Pardoned
- Dismissed in the Interest of Justice
- Deferred/Dismissed
- Deferred
- Conviction/Sentence

Major issues or behaviors:

- Patterns of repeat criminal history
- Other than honorable military discharge
- Drug Manufacturing
- Armed Robbery
- Embezzlement
- Forgery
- Violent behavior - rape, arson, use of firearm, child abuse etc.

Moderate issues or behaviors:

- Drug related offences
- Petty theft
- Harassment
- Employment related misconduct
- Bogus Check

Minor issues or behaviors:

- Minor alcohol offences
- Traffic violations
- One-time bad check
- Disturbing the peace

How can you use a credit in your background investigation?

- Determine if the applicant has repeated bankruptcies. If an applicant files for bankruptcy every 7 years, this could be a pattern of financial issues. The applicant may have poor financial skills, which may affect the operations finances. Further evaluation should be conducted.
- Determine if the applicant's monthly debt payments exceed their anticipated income. If the applicant is applying for a cash handling position and they have significant debt, this could increase the risk of theft or embezzlement.
- Credit history helps determine if the applicant is living beyond their means. If an applicant does not have the money to support their current lifestyle, you may be setting yourself up for employee theft.

If the TGRA uses credit reports to evaluate the applicant's eligibility for a license, include a notice required under the **FAIR CREDIT REPORTING ACT 15 USC § 1681**.

Do not forget to consider dishonest behavior. This includes:

False statements

Forged documents

Past employment issues

What else should I do during my background investigation?

NOTES

Verify three references - 25 CFR § 556.4 (a) (3) - must be three! If you only ask for three references on the application, consider asking for five in case you cannot get ahold of a reference. In addition, you can ask a reference for another reference.

Check other Tribal Gaming Licenses - 25 CFR § 556.4 (a)(7)- If a gaming commission has not responded after several attempts to verify licensing, contact your NIGC Compliance Officer for assistance. Do not wait until your submission is late to the NIGC.

Verify education - recommended - if the Casino position requires a high school diploma or college degree, verify the education requirement with the school. There are websites in which people can obtain a fake diploma or degree for a small fee.

Verify work history - 25 CFR § 556.4 (a) (2) - Call all employers during the past 5 years. Although they may not disclose details, you will at least know the applicant worked at that business. If the business is no longer open, have the applicant, give you the name and number for a supervisor or fellow employee to verify employment. In addition, you can use W-2 forms to verify dates of employment. If your Commission does not have the budget to

verify work numbers, please document any information you have in the Investigative report, which we will discuss later in the course.

Obtain certified court documents - recommended - do not allow applicant to provide you with OSCN or ODCR printouts. Get full, certified copies of all court documents.

Collect valid ID's - recommended - The following is from the IRS website:

LISTS OF ACCEPTABLE DOCUMENTS				
All documents must be UNEXPIRED				
Employees may present one selection from List A or a combination of one selection from List B and one selection from List C.				
LIST A		LIST B		LIST C
Documents that Establish Both Identity and Employment Authorization	OR	Documents that Establish Identity	AND	Documents that Establish Employment Authorization
1. U.S. Passport or U.S. Passport Card		1. Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address		1. A Social Security Account Number card, unless the card includes one of the following restrictions: (1) NOT VALID FOR EMPLOYMENT (2) VALID FOR WORK ONLY WITH INS AUTHORIZATION (3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION
2. Permanent Resident Card or Alien Registration Receipt Card (Form I-551)		2. ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address		2. Certification of Birth Abroad issued by the Department of State (Form FS-545)
3. Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa		3. School ID card with a photograph		3. Certification of Report of Birth issued by the Department of State (Form DS-1350)
4. Employment Authorization Document that contains a photograph (Form I-766)		4. Voter's registration card		4. Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal
5. For a nonimmigrant alien authorized to work for a specific employer because of his or her status: a. Foreign passport; and b. Form I-94 or Form I-94A that has the following: (1) The same name as the passport, and (2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form.		5. U.S. Military card or draft record		5. Native American tribal document
		6. Military dependent's ID card		6. U.S. Citizen ID Card (Form I-197)
		7. U.S. Coast Guard Merchant Mariner Card		7. Identification Card for Use of Resident Citizen in the United States (Form I-179)
		8. Native American tribal document		8. Employment authorization document issued by the Department of Homeland Security
		9. Driver's license issued by a Canadian government authority		
		For persons under age 18 who are unable to present a document listed above:		
		10. School record or report card		
		11. Clinic, doctor, or hospital record		
		12. Day-care or nursery school record		
6. Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI				

Illustrations of many of these documents appear in Part 8 of the Handbook for Employers (M-274).

Refer to Section 2 of the instructions, titled "Employer or Authorized Representative Review and Verification," for more information about acceptable receipts.

Tribal Access Portal (TAP) at <https://tap.nigc.gov/>

NATIONAL INDIAN GAMING COMMISSION

TRIBAL ACCESS PORTAL

WARNING - You have accessed a secure U.S. government system that stores data and records containing sensitive information protected by various federal statutes, including the Privacy Act of 1974 (5 U.S.C. § 552a). This system is to be used by authorized users* only. Unauthorized user actions or attempts to: (i) access, upload, change, or delete information on this system; (ii) modify this system; (iii) deny access to this system; or (iv) otherwise misuse this system, are strictly prohibited. Such unauthorized or wrongful actions, or attempts thereof, could subject the unauthorized user to civil, administrative, or criminal penalties.

*An Authorized User is an agent or employee of: (1) any tribal law enforcement or regulatory agency when such person accesses the system to verify information supplied by applicant key employees and primary management officials (as defined by NIGC regulations) in connection with determining suitability for employment in an Indian gaming operation; (2) a tribe who seeks information relevant to current or potential employees in Indian gaming operations; and (3) any tribal agency involved in a civil regulatory or enforcement action to protect the integrity of Indian gaming.

For Existing/Returning User

User ID:

Password:

Screen Code:

Type screen code provided on right!

For New User (Create an account)

Your Work Email:

Retype Your Work Email:

Screen Code:

Type screen code provided on left!

Forgot your Password?

Access to the TAP portal will allow you to enter an applicant's name and social security number to determine if they have been fingerprinted with any other Indian Gaming Commission within the Nation.

A gaming commission can have as many TAP users as needed.

Password expires every 30 days.

Additional Resources

- www.mgc.state.ms.us
- Missouri Gaming Commission
- www.mgc.dps.mo.gov
- Nevada Gaming Control Board
- List of excluded, wanted, and denied.
- gaming.nv.gov
- New Jersey Casino Control
- www.state.nj.us/casinos
- Employee list, exclusion list
- New Mexico Gaming Control Board
- California Gambling Control Commission
- www.cgcc.ca.gov
- Mississippi Gaming Commission
- www.nmgcb.org
- Pennsylvania Gaming Control Board
- www.pgcb.state.pa.us
- Washington State Gaming Commission
- www.wsgc.wa.gov

Verify the applicant's occupational license or permit history and status by contacting those agencies.

- Accountancy Board
- Security Licensing
- State Bar
- Nursing License Board
- Others

DO NOT FORGET TO GOOGLE!

NOTES



Investigative Report

- Steps taken in conducting a background investigation;
- Results obtained;
- Conclusions reached; and
- The basis for those conclusions.



Common Findings:

Investigative Report does not document:

Negative information,

Criminal history not disclosed or documented

Prior terminations, negative personal or employment references, etc.

Negative Credit report information

Remember most NORs do not qualify as a complete investigative report.

SAMPLE INVESTIGATIVE REPORT

INVESTIGATIVE REPORT:

Applicant Jane Ann Doe submitted her gaming application for licensing on July 1, 2014. Doe was issued a Key Employee temporary license on July 2, 2014.

Jane Ann Doe was born on January 22, 1977 in Seattle, Washington located in King County. A birth certificate was provided and displayed the name of Jane Ann Doe. Doe provided a written statement she previously used the name of Jane Ann Smith, due to marriage. A social security card and valid driver license was also provided. Doe carries an Oklahoma Driver's license with no restrictions, which expires on 3/31/2015.

Doe resided at 123 Elm Street, Oklahoma City, OK, Oklahoma County from November 2011 to present. Doe has also resided at 777 Lucky Ave, Moore, OK, Cleveland County from 2008 to November 2011. A credit report lists additional addresses of RT 1 Box 12, Luther, OK and 9734 Ocean View, Seattle, WA. Doe provided a written statement for both addresses identifying Luther, OK as a friend's house she stayed in temporarily and Seattle, WA as her parent's address where she still receives mail.

The credit report show two accounts in collections and three medical bills. Doe's FBI fingerprint dissemination report dated July 7, 2014 revealed one prior arrest:

What is negative information?

- **Poor Credit – collections, bankruptcies**
- **Revoked, suspended or denied gaming licenses**
- **Poor references - personal and employment**
- **Criminal History**
- **Involuntary terminations or terminations with little or no explanation.**

Oklahoma County – **2012 - Misdemeanor domestic violence charge.** Doe provided certified court documents and a written statement stating she was intoxicated and got into a physical altercation with her husband at the time. Doe received a **1 year deferred sentence** and is currently paying court costs and fine.

A nationwide 7-year criminal history check was performed which did not reveal any additional arrests or active warrants.

A county criminal report was also run for the following counties:

King County, Washington,
Oklahoma County, Oklahoma
Cleveland County, Oklahoma.

These checks did not reveal any additional arrests or active warrants.

Doe's work history is as follows:

7/2014 – Present	Lucky Times Casino
5/2012 – 7/2014	Temps R Us
2008 – 1/2012	Walmart

Work references revealed a termination from Temps R Us for violations of policies and procedures. A voluntary statement was provided by Doe which stated she was a no call no show for 3 days. Walmart currently utilizes a work number and was not able to be contacted. Doe provided the name and phone number of her previous supervisor who was able to verify her employment at Walmart.

Doe has never applied for a gaming license with any other Gaming Commission.

Doe has never served in the military so no DD 214 was received.

Three personal references were contacted. All references provided positive feedback and recommended Doe for employment. References also verified residential history.

Doe attended Einstein High School in Seattle, Washington and graduated in 1995. Einstein School verified all provided transcripts and the diploma were valid.

No other negative information was found during the investigation.

CONCLUSIONS:

Based on review of all documents and results of the investigation, along with personal interviews and statements from the applicant, Doe is eligible for a gaming license with the Gaming Commission under the Eligibility Standards adopted on October 1, 2005. Applicant Jane Doe is hereby presented to the Gaming Commission for approval to grant a Key Employee License.

Sarah Smith
Licensing Investigator

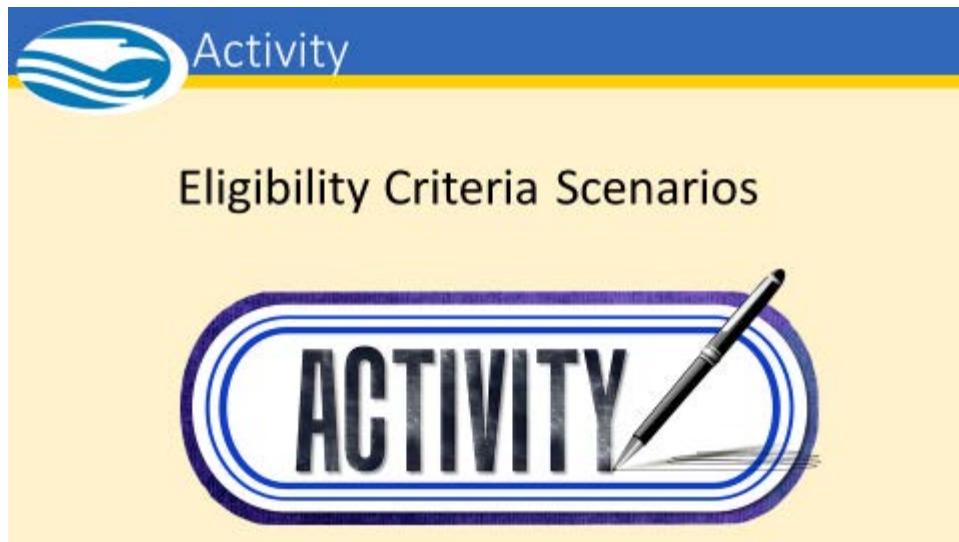
Date



Poll Everywhere

Has your Tribal Gaming Commission created and adopted eligibility criteria for licensing?

11/28/2018 12



Activity: Eligibility Determination

Small Group Activity

TIME: 15-30 minutes

Supplies:

- Scenarios handout
- Sample Eligibility Criteria Handout

Instructions

- Review the sample Eligibility Criteria handout as well as the Scenarios Handout.
- Work with your group to answer the questions for each.
- Present your groups responses to other participants.

Scenarios: Is this person eligible? What else would you like to know?

40-Year-old male applied as General Manager of your casino. His previous gaming license was revoked for failure to protect tribal assets. FBI criminal record indicated felony theft in 2012. Applicant received 36 months in prison and a three year suspended sentence. Applicant is still paying fines. A voluntary statement from the applicant states he took home Casino property (tvs, cooler, projection equipment, kitchen items) for a large personal football watch party. The applicant also used his Casino credit card to purchase additional food items. The items were not returned and the applicant was charged with theft. The applicant has no other negative information including references.


24-year-old female applied as a Cage Cashier for your casino. The applicant has no previous gaming and one previous employer who gave a positive reference. ODCR revealed a misdemeanor Petty larceny from retailer in 2015. The applicant received a deferred sentence, which has been completed. A police report provided by the applicant indicates the applicant stole diapers and formula from a local drug store. A voluntary statement from the applicant states she was broke and unemployed and could not provide basic items for her newborn. The applicant has had no other negative criminal history.

34-year-old female applied as a Players Club attendant. The applicant has a 2010 misdemeanor charge for prostitution. The applicant had met all the requirements of her suspended sentence and all fines are paid. The applicant has no previous work history. In a meeting with the Gaming Commission, the applicant stated she ran away from home at the age of 16 and did not have an education or a job. She felt that prostitution was the only way she could earn money. After her arrest, the applicant obtained her GED and attended community college.


55-year-old male applied as a security office for your casino. The applicant retired from the United States Marine Corps and provided a DD 214. Applicant was previously terminated from a Casino for violating policies and procedures. Upon further investigation, the applicant was terminated for failing to notify surveillance of found money in the amount of \$100.00. The applicant does not have a criminal history record.

26-year-old male applied as a surveillance officer. The applicant has a 2011 breaking and entering charge which he received a suspended sentence. The applicant stated he did not know he received this charge and sentence although court documents show he appeared in court for the sentencing. Applicant also stated the Breaking and Entering charge was when he attempted to gain access to his locked house. However, court documents show he broke into a home, which was not his dwelling. Applicant has seven large bills in collections and received a bad reference from a previous employer stating he misused his position for personal gain.

NOTES



Eligibility Determination



After conducting an investigation, the TGRA will make a determination based on:

- Prior activities;
- Criminal record, if any; and
- Reputation, habits and associations.

§ 556.5 Tribal eligibility determination.

A tribe shall conduct an investigation sufficient to make an eligibility determination.

(a) To make a finding concerning the eligibility of a key employee or primary management official for granting of a gaming license, an authorized tribal official shall review a person's:

- (1) Prior activities;
- (2) Criminal record, if any; and
- (3) Reputation, habits and associations.

(b) If the authorized tribal official, in applying the standards adopted in a tribal ordinance, determines that licensing of the person poses a threat to the public interest or to the effective regulation of gaming, or creates or enhances the dangers of unsuitable, unfair, or illegal practices and methods and activities in the conduct of gaming, an authorizing tribal official shall not license that person in a key employee or primary management official position.

Eligibility can only be determined after the entire background is completed.

The licensing agent will take into consideration all facts and information found during the background to determine if the applicant is prohibited

from or eligible to hold a gaming license. I.e. Honesty, timeliness in providing required documents, etc.

Depending on the position held by the applicant and negative information found in the background, and the circumstance surrounding the negative information, your *Gaming Commission* may choose to issue the applicant a conditional license or deny the license.

NOTES

Sample Conditional License Agreement

Date:

Name of Applicant:

Position Applied For:

The above-named applicant applied for a privileged Gaming License as a primary management official – key employee (circle one) through the (enter Commission name) (Commission). During the application process and background investigation derogatory information was disclosed, to wit: (list derogatory information)

After careful and thorough consideration of all available information obtained, it is the decision of the Commission that the applicant shall be issued a Conditional License based upon agreement to the following, effective throughout the period of licensure:

- Applicant agrees not to violate any Tribal, State, or Federal laws.
- Applicant agrees to abide by all regulatory requirements of the Commission.
- Applicant agrees to notify the Commission within 48 hours of any arrest, excluding minor traffic offenses.
- Applicant agrees to notify the Commission if they are promoted or reassigned to any other position within the casino.
- (List any other conditions the Commission deems necessary.)

The Conditional License is being granted for a

☐ Six-Month Term

☐ One-Year Term

☐ Two-Year Term

By agreeing to the above conditions, the applicant is subject to suspension, denial or revocation of Gaming License should the applicant fail to comply. The application shall be reviewed upon expiration of the Conditional License and periodically throughout the term of agreement.

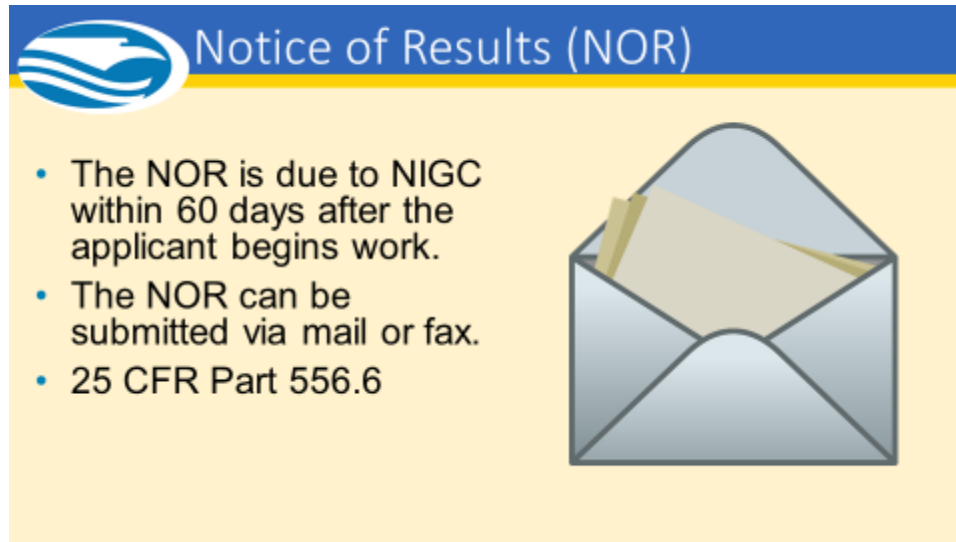
Applicant

Date

Commissioner

Date

***Check your Gaming Ordinance and/or licensing requirements that may apply to conditional licensing.**



NIGC Regulations 25 CFR Part 556.6

The Notice of Results shall contain:

- Applicant's name, date of birth, social security number, and date of hire.
- A summary of the information presented in the investigative report which shall at a minimum include:
 - Licenses that have previously been denied;
 - Gaming licenses that have been revoked, even if subsequently reinstated;
 - Every known criminal charge brought against the applicant within the last 10 years of the date of application; and
 - Every felony of which the applicant has been convicted or any ongoing prosecution.

Sample NOR Next Page!

SAMPLE NOR

Tribe Name _____

Determination of Eligibility/Suitability & Notification of Results to NIGC
(25 USC 2710 & 25 CFR 558.2)

I. APPLICANT INFORMATION

Employee Name _____ SSN _____ DOB _____

☐ Male ☐ Female Date Hired _____ Date transferred to Key or Mgmt. Position _____

Applicant Status: ☐ Key Employee ☐ Primary Management ☐ Other
Position _____

II. SYNOPSIS OF BACKGROUND INVESTIGATION CONDUCTED

- ☐ Current Address & Residence History (previous 5 years) ☐ Credit Check
☐ Past Employment ☐ Proof of Self-employment
☐ Personal Character References ☐ Tribal and/or District Court Record Check
☐ Criminal History Record Check/FBI check ☐ Verified existing and previous relationships with Indian Tribes and the gaming industry.

The criminal investigation revealed:

- ☐ FBI fingerprints revealed no record.
☐ Applicant notes a criminal charge on the application not reflected on FBI results.
 Explanation: _____

- ☐ FBI fingerprints revealed the previous charge(s): _____

OTHER GAMING LICENSES VERIFIED

- ☐ Employee has never applied for another gaming license ☐ Employee has applied for previous gaming license

Licensing agency _____ License Status & Position: _____

Licensing agency _____ License Status & Position: _____

III. ELIGIBILITY DETERMINATION

Based upon the information reviewed and the investigative findings and taking into consideration the applicant's prior activities, criminal record, if any, reputation, habits and associations, the _____ Gaming Commission has determined that the above named individual:

- ☐ Should be **granted** a gaming license
☐ Should be granted a **conditional** gaming license for a period of _____ months.
 Condition _____
☐ Should be **denied** a gaming license.
☐ Did not fully and correctly fill out their Tribal License application as required
☐ Other _____
☐ Has had their license **revoked** for cause (Please attach a summary of cause for revocation)
 Revoked for _____
☐ Not licensed by the Tribe
☐ Notes related to the above determination if needed: _____




Authorized Tribal Official_____
Date

Common problems with NOR submissions

- Incorrect spelling of applicant's name
- Missing Date of hire
- Incorrect Social Security Number
- Date of Transfer to Key Position missing
- Failure to list criminal dispositions
- Failure to address negative gaming license verification
- Licensing decision is not marked
- NOR not signed
- Conditions not listed


NOTES

Possible Responses from NIGC

-  Asks for additional information
-  Issues No Objection Letter
-  Issues Objection Letter

NIGC No Objection Letter

- Within 30 days of receiving the tribe's NOR, the Region Office will review the submission and may issue a no objection letter to the tribe.
- These letters are in standard form and may contain one or several applicant names.
- Letters can now be sent electronically through email.



SAMPLE No Objection Letter

The National Indian Gaming Commission has reviewed the notifications of results of the background investigations, including the eligibility determinations, submitted on the primary management officials and/or key employees who have applied for a gaming license.

Based on information provided pursuant to NIGC regulations, 25 C.F.R. § 556.6, the NIGC has no objections to the licensing of the following individuals:


Doe, John Lee Doe, Jane

See 25 C.F.R. § 558.2(b).

In accordance with NIGC regulations, 25 C.F.R. § 558.3(b), a tribe shall notify the NIGC within 30 days of the issuance of a gaming license. Therefore, please notify this office within 30 days of each issued license for the above-mentioned individuals.


If the tribe does not issue a license to an applicant, due to a denial, withdrawal, or a voluntary or involuntary termination, please notify this office, pursuant to 25 C.F.R. § 558.3(d), and forward copies of the notification of results and the eligibility determination for each applicant for our records.

Please feel free to contact us if you have any questions, and as always, we are pleased to provide any training or technical assistance at the tribe's request.



NIGC Objection Letter

- NIGC may notify the tribe of an objection to the licensing of an individual.
- The tribe makes the final decision to license and notifies NIGC of determination.
- If license is granted before receiving the objection, notice and hearing shall be provided to the licensee as in § 558.4.



Currently account for approximately 1% of all submissions

As a rule, applicants with a criminal history related to illegal gambling, theft, fraud, embezzlement, violent crimes, and drug activity over and above simple possession will result in an objection.

Numerous arrests, recent criminal activity, unpaid fines, and outstanding warrants may also result in an objection.

Significant involvement in regulatory infractions resulting in enforcement actions by regulatory agencies may also result in an objection.

SAMPLE OBJECTION LETTER LICENSING RESPONSE TO NIGC

March 3, 2008

Tom Cunningham, Region Director
National Indian Gaming Commission
215 Dean A McGee Avenue Suite 218
Oklahoma City, OK 73102

RE: NIGC Objection to Applicant XXX

Dear Mr. Cunningham,

On February 26, 2008 I received the notification of objection, written February 13th and mailed February 22, 2008, to the issuance of a Key Employee gaming license to the following applicant:

Doe, John XXX-XX-1234

This objection is in accordance with §558.4(b) of the NIGC Regulations and that based on the same the Tribe is required to reconsider the licensing of this applicant and advise your office of our final determination.

After careful reconsideration of all available information, I stand by my original determination to license Mr. Doe.

If you have any questions or concerns please feel free to contact me.

Sincerely,

Gaming Commissioner
XXX Gaming Commission

SAMPLE OBJECTION LETTER CONDITIONAL RESPONSE TO NIGC

March 3, 2008

Tom Cunningham, Region Director
National Indian Gaming Commission
215 Dean A McGee Avenue Suite 218
Oklahoma City, OK 73102

RE: NIGC Objection to Applicant XXX

Dear Mr. Cunningham,

On February 26, 2008 I received the notification of objection, written February 13th and mailed February 22, 2008, to the issuance of a Key Employee gaming license to the following applicant:

Doe, John

XXX-XX-1234

This objection is in accordance with §558.4(b) of the NIGC Regulations and that based on the same the Tribe is required to reconsider the licensing of this applicant and advise your office of our final determination.

After careful reconsideration of all available information, I stand by my original determination to license Mr. Doe with stipulations. We are issuing a Conditional License. We have added conditions that Mr. Doe has agreed to and must adhere to throughout the duration of licensure. These terms shall ensure the protection of assets, integrity, and effective regulation of the enterprise.

The conditions for the issuance of the license are as follows:

- Applicant agrees not to violate any Tribal, State or Federal laws.
- Applicant agrees to abide by all regulatory requirements of the Commission.

Compliance with these terms will be monitored and reviewed periodically. The applicant was advised and fully understands that failure to comply with the above conditions will result in suspension pending investigation that may lead to revocation of the license.

If you have any questions or concerns please feel free to contact me.

Sincerely,

Gaming Commissioner
XXX Gaming Commission

SAMPLE OBJECTION LETTER DENIAL RESPONSE TO NIGC

March 3, 2008

Tom Cunningham, Region Director
National Indian Gaming Commission
215 Dean A McGee Avenue Suite 218
Oklahoma City, OK 73102

RE: NIGC Objection to Applicant XXX

Dear Mr. Cunningham,

On February 26, 2008 I received the notification of objection, written February 13th and mailed February 22, 2008, to the issuance of a Key Employee gaming license to the following applicant:

Doe, John XXX-XX-1234


This objection is in accordance with §558.4(b) of the NIGC Regulations and that based on the same the Tribe is required to reconsider the licensing of this applicant and advise your office of our final determination.

After careful reconsideration of all available information, I choose to rescind my original determination to license Mr. Doe. Please accept this letter as a denial of Mr. Doe's gaming license.


If you have any questions or concerns please feel free to contact me.

Sincerely,

Gaming Commissioner
XXX Gaming Commission



Notice of License/Issuance of License



- After an NOR has been signed and submitted to the NIGC a license can be issued.
- Within **30 days** after granting a license, notify the NIGC of the issuance of the license.
- Please take steps to ensure this is being completed timely.
- Several methods available to make the notification.

Tribe Name

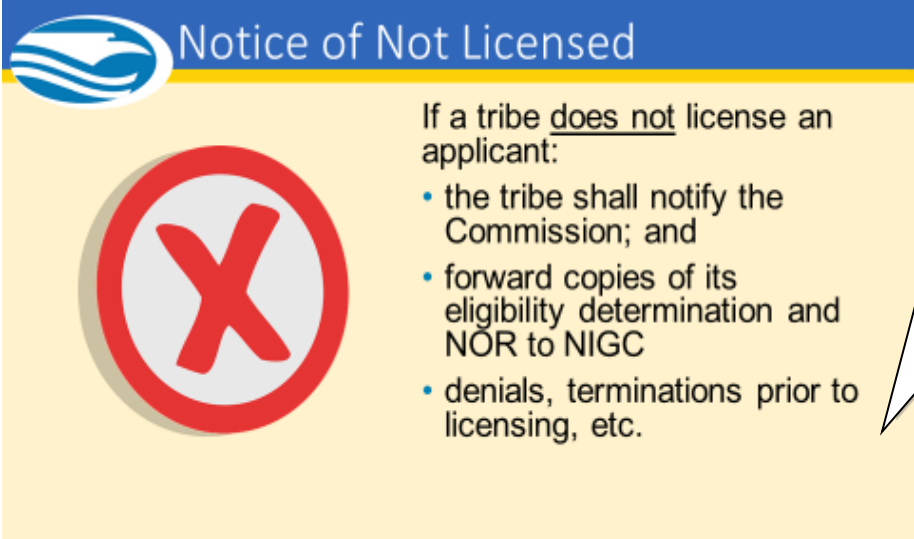
Notice of Licenses issued
25 USC 2706, 2710, 2712 § 558.3

APPLICANT INFORMATION

Employee Name _____ SSN _____ Date Licensed _____

Employee Name _____ SSN _____ Date Licensed _____

Employee Name _____ SSN _____ Date Licensed _____



Notice of Not Licensed

If a tribe does not license an applicant:

- the tribe shall notify the Commission; and
- forward copies of its eligibility determination and NOR to NIGC
- denials, terminations prior to licensing, etc.

The applicant quit or was fired prior to licensing decision.

The applicant was denied.

The applicant withdrew from process.

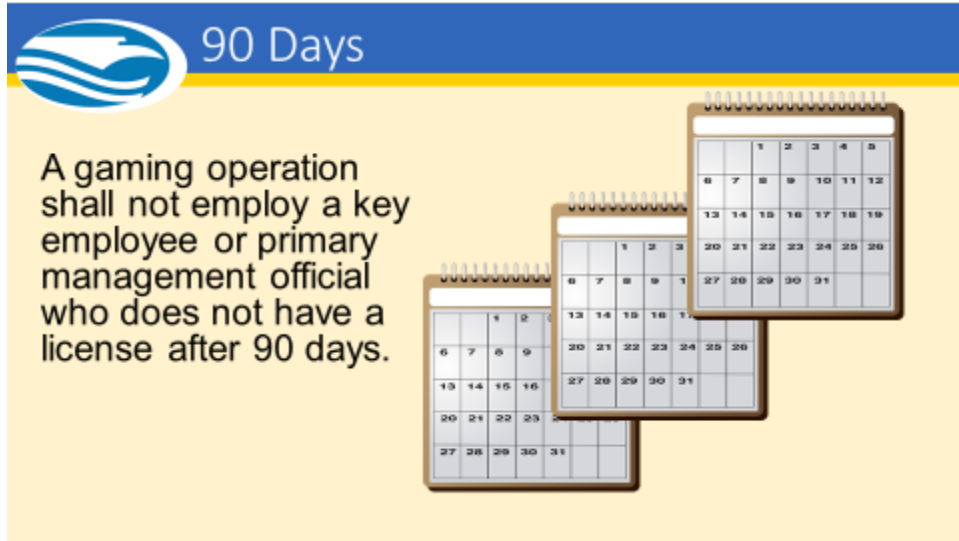
Simply Use The NOR to Notify NIGC the Applicant was NOT LICENSED

From Sample NOR:

- ☐ Not licensed by the Tribe

Timely submissions of Not Licensed by Tribe helps the NIGC maintain an accurate licensing database.

NOTES



Notes

Other Notices

Renewals

Courtesy Notices

- Please notify NIGC of legal name changes for KE/PMOs.
- Social Security Number corrections or changes.
- This helps maintain accurate information within the database.

Renewals

If you use the NIGC/FBI electronic fingerprint link to process renewals, you must send your NIGC Region Office a notification that you are renewing the applicant fingerprinted. That allows NIGC to clear the fingerprint as permissible.

Tribe Name

Notice of Renewal Fingerprints
25 USC 2706, 2710, 2712 § 558.3

RENEWAL NOTICE

Employee Name _____ SSN _____

Employee Name _____ SSN _____

Employee Name _____ SSN _____

Courtesy Notices

Any time there is an update in the applicant's name or social security number, please notify the NIGC Region office by mail or fax. Name changes occur when there has been a marriage, divorce or adoption. Social security number changes are usually due to a correction but sometimes due to ID theft.



Poll Everywhere


1. NOR due in ____ days.
2. NIGC review in ____ days.
3. Notice of license due in ____ days.
4. No KE/PMO works in casino more than ____ days without a license.

23


NOTES

[illegible]

Can you keep a secret?

Confidentiality

- Information from investigation **MUST** remain confidential.
- Background information can only be shared with individuals who are **DIRECTLY** involved in the licensing process.
- Management is **NOT** authorized to review or receive background investigation results, specifically FBI record information.
- Management should **ONLY** be informed of the decision.



25 CFR § 556.4(c): In conducting a background investigation, a tribe or its agents shall keep confidential the identity of each person interviewed in the course of the investigation.

§ 558.4 Notice of Info Impacting Eligibility and Right to Hearing.

- (a) If, after the issuance of a gaming license, the Commission receives reliable information indicating that a key employee or a primary management official is not eligible for employment under § 556.5 of this chapter, the Commission shall notify the issuing tribe of the information.
- (b) Upon receipt of such notification under paragraph (a) of this section, a tribe shall immediately suspend the license and shall provide the licensee with written notice of suspension and proposed revocation.
- (c) A tribe shall notify the licensee of a time and a place for a hearing on the proposed revocation of a license.
- (d) A right to a hearing under this part shall vest only upon receipt of a license granted under an ordinance approved by the Chair.
- (e) After a revocation hearing, a tribe shall decide to revoke or to reinstate a gaming license. A tribe shall notify the Commission of its decision within **45 days** of receiving notification from the Commission pursuant to paragraph (a) of this section.

NOTES

Follow the tribe's suspension process and time line to ensure due process.

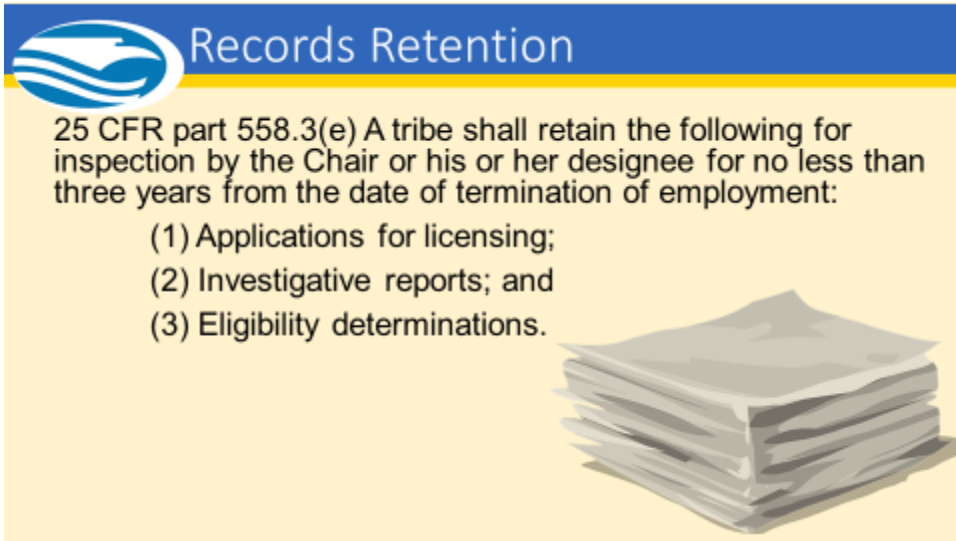
NIGC Receives Bad News



- The Commission will notify the issuing tribe of the information.
- The tribe must immediately suspend the license and start the hearing process.

25

NOTES

A graphic titled "Records Retention" with a blue header and yellow background. It features a logo of a stylized blue wave on the left. The text states: "25 CFR part 558.3(e) A tribe shall retain the following for inspection by the Chair or his or her designee for no less than three years from the date of termination of employment: (1) Applications for licensing; (2) Investigative reports; and (3) Eligibility determinations." To the right of the text is an illustration of a stack of papers.

Records Retention


25 CFR part 558.3(e) A tribe shall retain the following for inspection by the Chair or his or her designee for no less than three years from the date of termination of employment:

- (1) Applications for licensing;
- (2) Investigative reports; and
- (3) Eligibility determinations.

Check your Gaming Ordinance to determine additional retention requirements!

NOTES


Save Files for 3 years after termination! This can be in paper or electronic format!



TIMS Reports

The NIGC's Database used to track Fingerprints, NORs, and Licensing Submissions & is capable of generating several useful reports including:

- Fingerprints with missing NORs
- NOR Submissions



27

TRIBE NOR SUBMISSION REPORT

TRIBE C		From:	01/01/2014	To:	05/08/2014	
NAME	SSN	HIRE DATE	NOR Rcvd Date	Elapsed Days	Over 60 Days	Running Count over 60 days
Anderson, John	123-45-6789	09/17/2013	01/02/2014	107	47	1
Blank, Bob	123-45-6789	09/17/2013	03/20/2014	184	124	2
Chandler, John	123-45-6789	01/11/2013	07/11/2014	546	486	3
Dawson, Jane	123-45-6789	03/10/2014	04/04/2014	25	0	
Elliott, Sammy	123-45-6789	02/18/2014	04/04/2014	45	0	
France, Paris	123-45-6789	03/14/2014	05/08/2014	55	0	
Goat, Harry	123-45-6789	09/16/2013	02/18/2014	155	95	4
Johnson, John	123-45-6789	09/16/2013	01/02/2014	108	48	5
Lee, Jane	123-45-6789	03/07/2014	04/17/2014	41	0	
Miller, Bob	123-45-6789	02/19/2014	04/17/2014	57	0	
Murphy, Sally	123-45-6789	02/18/2014	04/04/2014	45	0	
Norris, Chelsea	123-45-6789	02/26/2014	04/04/2014	37	0	
Park, Joe	123-45-6789	08/26/2013	01/02/2014	129	69	6
Richards, Rich	123-45-6789	03/10/2014	04/04/2014	25	0	
Star Gazer, John	123-45-6789	02/21/2014	04/04/2014	42	0	
Tau, Sam	123-45-6789	01/31/2012	07/16/2014	897	837	7
Thomas, Tom	123-45-6789	02/28/2014	04/04/2014	35	0	
Thompson, Bill	123-45-6789	01/24/2013	04/04/2014	435	375	8
Williams, Suzie	123-45-6789	12/03/2013	01/29/2014	57	0	
Zoolander, Fred	123-45-6789	03/06/2014	04/17/2014	42	0	
Total Count:	20	% Non-compliance:		40	Non-compliance Count: 8	

This sample report lists all NORs submitted (20). It indicates that 8 NORs were late. This is demonstrated by any applicant with a number in the "Over 60 Days" and "Running Count" column. This tribe has a non-compliance rate of 40%. As a general rule, Tribes with a compliance rate of less than 90% are asked to take corrective actions. To remedy this,

the TGRA should ensure all future NORs are submitted in 60 days or less from the date of hire or beginning work.


TRIBE A MISSING NOR REPORT

Name	ssn	Status Date	Elapse Days		Count
Anderson, John Doe	123-45-6789	2014-03-06	127	127	1
Black, Jane Doe	123-45-6789	2014-06-19	22		
Carr, Jan Doe	123-45-6789	2014-06-18	23		
Deer, John Doe	123-45-6789	2014-04-03	99	99	2
Fish, Jon Doe	123-45-6789	2014-06-02	39		
Game Runner, Jane	123-45-6789	2014-06-18	23		
Star Gazer, John Doe	123-45-6789	2014-06-17	24		
Thomas, Tom Doe	123-45-6789	2014-06-27	14		
Woods, Jane Doe	123-45-6789	2014-07-08	3		
Zoolander, Fred Doe	123-45-6789	2014-06-18	23		

Count: **10**

This sample report lists all applicants who were fingerprinted by the TGRA. Those applicants who have been printed for more than 60 days without any further submission are deemed out of compliance. This is demonstrated by any applicant with a number in the "Count" column. Note Anderson and Deer have 127 and 99 elapsed days. To remedy this, the TGRA should submit an NOR, Not Licensed by the Tribe or a Renewal Notice.

Notes




What to Expect During a Licensing File Review

NIGC Compliance Officers will review background investigation files on-site, usually on an annual basis.

The review determines if the tribe is:

- Maintaining complete applications,
- Conducting adequate background investigations,
- Making timely submissions
- Proper storage and security to files and FBI CHRI.



See Bulletin # 2014-02 located at

www.nigc.gov/Reading_Room/Bulletins.aspx

Employee's files are randomly selected for review. Each file must contain:

- Application, photo, investigative report, and eligibility determination.
- Finger Prints and FBI CHRI results.
- Documents to support the investigative steps taken including employer / reference questionnaire, credit report, copy of driver's license, social security card, and/or birth certificate.

Copy of NIGC no objection letter (recommended).

Copy of License Issued notice to NIGC (recommended).

NOTES

NIGC Employee File Review Checklist...

Disclaimer to Users:

The information and format provided in this document are a suggestion only. It is not intended to cover all information that may be required by NIGC, Tribal Gaming Ordinance, Regulation or State Compact.

LAST
NAME: _____ FIRST: _____ MI: _____

SOCIAL SECURITY NUMBER: _XXX-XX-_____ POSITION: _____

	YES	NO
Privacy Act Notice	_____	_____
False Statement Notice	_____	_____
Full Name	_____	_____
Other Names	_____	_____
Citizenship	_____	_____
SSN	_____	_____
Date of Birth	_____	_____
Languages spoken	_____	_____
Place of Birth	_____	_____
Gender	_____	_____
Driver License Numbers (past 5 years)	_____	_____
Current and/or 5 year business and employment	_____	_____
Names and addresses of 3 personal references	_____	_____
Current business and residential telephone numbers	_____	_____
Current and previous business with Tribe(s)	_____	_____
Current and previous gaming relations	_____	_____
Felony information: Conviction/prosecution	_____	_____
Misdemeanor information within last 10 years	_____	_____
Previous Gaming Licenses held	_____	_____
Previous Business/Occupational Licenses held	_____	_____
Applications signed	_____	_____
Clear quality photograph	_____	_____
Documents to verify information in the application (i.e. credit report, copy of social security card, copy of driver license, photograph.)	_____	_____
Copy of NIGC concurrence letter (optional)	_____	_____
Signed Investigative Report	_____	_____
FBI Fingerprint Results (less than 1 year old)	_____	_____
Signed Eligibility Determination	_____	_____
Documents to verify steps taken in the Background Investigation (i.e. request letters, license verifications, reference checks, criminal dispositions, police reports and/or affidavits of facts)	_____	_____

Date of hire _____
Date submitted to the NIGC _____
Date of Concurrence _____
Date submitted less than 60 days Yes _____ No _____

_____ Application meets NIGC regulation requirements: (See Application Checklist)

_____ Investigative report complete:

“Steps Taken” conducted in background investigation

Results of Background Investigation

Explanation of any derogatory information found and reasons why the Tribe believes the individual is suitable for licensing.

Review file to make sure the following steps been taken and documented:

- Review and verify the information provided in the application
- contact previous employers
- contact personal references
- FBI record check performed prior to licensing applicant and submitting to NIGC
- Any derogatory information listed or discovered during the investigation has been thoroughly documented, and an explanation has been included describing why the individual is or is not suitable for a gaming license.

Comments:

Note: Oklahoma State Compact requires information regarding the applicants military service history or DD214. Yes _____ No _____

Compliance Officer's Signature

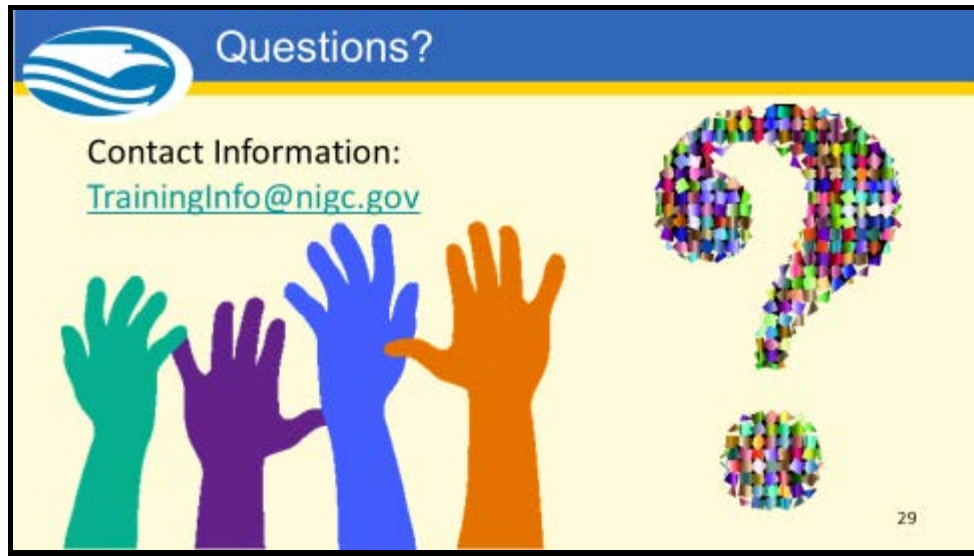
Date

Common Problems found in licensing files:

- Gaps in employment history or residential history.
- Negative information not documented in investigative report.
- Criminal history not disclosed or documented in investigation report.
- Prior terminations, negative personal or employment references, etc.
- Prior gaming license not disclosed or documented in investigative report.
- Photo not included or of poor quality.
- Fingerprints over one year old.
- Signatures or initials missing.

Common Problems with submitted documents

- NIGC not notified that a license was issued.
- NIGC not notified that a license was not issued.
- Criminal History not listed on NOR.



Questions?

Contact Information:
TrainingInfo@nigc.gov

The slide features a blue header with a white logo of a stylized wave and the text 'Questions?'. Below the header, the contact information is displayed. The background is yellow and includes four colorful hand silhouettes (green, purple, blue, orange) and a large question mark composed of many small, multi-colored puzzle pieces. The number '29' is in the bottom right corner.

NIGC LICENSING REGULATIONS

SUBCHAPTER E—GAMING LICENSES AND BACKGROUND INVESTIGATIONS FOR KEY EMPLOYEES AND PRIMARY MANAGEMENT OFFICIALS

PARTS 550–555 [RESERVED]

PART 556—BACKGROUND INVESTIGATIONS FOR PRIMARY MANAGEMENT OFFICIALS AND KEY EMPLOYEES

Sec.

- 556.1 Scope of this part.
- 556.2 Privacy notice.
- 556.3 Notice regarding false statements.
- 556.4 Background investigations.
- 556.5 Tribal eligibility determination.
- 556.6 Report to the Commission.
- 556.7 Notice.
- 556.8 Compliance with this part.

AUTHORITY: 25 U.S.C. 2706, 2710, 2712.

SOURCE: 78 FR 5279, Jan. 25, 2013, unless otherwise noted.

§ 556.1 Scope of this part.

Unless a tribal-state compact assigns sole jurisdiction to an entity other than a tribe with respect to background investigations, the requirements of this part apply to all class II and class III gaming. The procedures and standards of this part apply only to primary management officials and key employees. This part does not apply to any license that is intended to expire within 90 days of issuance.

§ 556.2 Privacy notice.

(a) A tribe shall place the following notice on the application form for a key employee or a primary management official before that form is filled out by an applicant:

In compliance with the Privacy Act of 1974, the following information is provided: Solicitation of the information on this form is authorized by 25 U.S.C. 2701 *et seq.* The purpose of the requested information is to determine the eligibility of individuals to be granted a gaming license. The information will be used by the Tribal gaming regulatory authorities and by the National Indian Gaming Commission (NIGC) members and staff who have need for the information in the performance of their official duties. The information may be disclosed by the Tribe or the NIGC to appropriate Federal, Tribal, State, local, or foreign law enforcement and regulatory

agencies when relevant to civil, criminal or regulatory investigations or prosecutions or when pursuant to a requirement by a tribe or the NIGC in connection with the issuance, denial, or revocation of a gaming license, or investigations of activities while associated with a tribe or a gaming operation. Failure to consent to the disclosures indicated in this notice will result in a tribe's being unable to license you for a primary management official or key employee position.

The disclosure of your Social Security Number (SSN) is voluntary. However, failure to supply a SSN may result in errors in processing your application.

(b) A tribe shall notify in writing existing key employees and primary management officials that they shall either:

(1) Complete a new application form that contains a Privacy Act notice; or

(2) Sign a statement that contains the Privacy Act notice and consent to the routine uses described in that notice.

(c) All license application forms used one-hundred eighty (180) days after February 25, 2013 shall comply with this section.

§ 556.3 Notice regarding false statements.

(a) A tribe shall place the following notice on the application form for a key employee or a primary management official before that form is filled out by an applicant:

A false statement on any part of your license application may be grounds for denying a license or the suspension or revocation of a license. Also, you may be punished by fine or imprisonment (U.S. Code, title 18, section 1001).

(b) A tribe shall notify in writing existing key employees and primary management officials that they shall either:

(1) Complete a new application form that contains a notice regarding false statements; or

(2) Sign a statement that contains the notice regarding false statements.

National Indian Gaming Commission, Interior**§ 556.5**

(c) All license application forms used 180 days after February 25, 2013 shall comply with this section.

§ 556.4 Background investigations.

A tribe shall perform a background investigation for each primary management official and for each key employee of a gaming operation.

(a) A tribe shall request from each primary management official and from each key employee all of the following information:

(1) Full name, other names used (oral or written), social security number(s), birth date, place of birth, citizenship, gender, all languages (spoken or written);

(2) Currently and for the previous five years: Business and employment positions held, ownership interests in those businesses, business and residence addresses, and driver's license numbers;

(3) The names and current addresses of at least three personal references, including one personal reference who was acquainted with the applicant during each period of residence listed under paragraph (a)(2) of this section;

(4) Current business and residence telephone numbers;

(5) A description of any existing and previous business relationships with Indian tribes, including ownership interests in those businesses;

(6) A description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;

(7) The name and address of any licensing or regulatory agency with which the person has filed an application for a license or permit related to gaming, whether or not such license or permit was granted;

(8) For each felony for which there is an ongoing prosecution or a conviction, the charge, the name and address of the court involved, and the date and disposition if any;

(9) For each misdemeanor conviction or ongoing misdemeanor prosecution (excluding minor traffic violations) within 10 years of the date of the application, the name and address of the court involved and the date and disposition;

(10) For each criminal charge (excluding minor traffic charges) whether or not there is a conviction, if such criminal charge is within 10 years of the date of the application and is not otherwise listed pursuant to paragraph (a)(8) or (a)(9) of this section, the criminal charge, the name and address of the court involved and the date and disposition;

(11) The name and address of any licensing or regulatory agency with which the person has filed an application for an occupational license or permit, whether or not such license or permit was granted;

(12) A photograph;

(13) Any other information a tribe deems relevant; and

(14) Fingerprints consistent with procedures adopted by a tribe according to § 522.2(h) of this chapter.

(b) If, in the course of a background investigation, a tribe discovers that the applicant has a notice of results on file with the NIGC from a prior investigation and the tribe has access to the earlier investigative materials (either through the NIGC or the previous tribal investigative body), the tribe may rely on those materials and update the investigation and investigative report under § 556.6(b)(1).

(c) In conducting a background investigation, a tribe or its agents shall keep confidential the identity of each person interviewed in the course of the investigation.

§ 556.5 Tribal eligibility determination.

A tribe shall conduct an investigation sufficient to make an eligibility determination.

(a) To make a finding concerning the eligibility of a key employee or primary management official for granting of a gaming license, an authorized tribal official shall review a person's:

(1) Prior activities;

(2) Criminal record, if any; and

(3) Reputation, habits and associations.

(b) If the authorized tribal official, in applying the standards adopted in a tribal ordinance, determines that licensing of the person poses a threat to the public interest or to the effective

§ 556.6

regulation of gaming, or creates or enhances the dangers of unsuitable, unfair, or illegal practices and methods and activities in the conduct of gaming, an authorizing tribal official shall not license that person in a key employee or primary management official position.

§ 556.6 Report to the Commission.

(a) When a tribe employs a primary management official or a key employee, the tribe shall maintain a complete application file containing the information listed under § 556.4(a)(1) through (14).

(b) Before issuing a license to a primary management official or to a key employee, a tribe shall:

(1) Create and maintain an investigative report on each background investigation. An investigative report shall include all of the following:

(i) Steps taken in conducting a background investigation;

(ii) Results obtained;

(iii) Conclusions reached; and

(iv) The basis for those conclusions.

(2) Submit a notice of results of the applicant's background investigation to the Commission no later than sixty (60) days after the applicant begins work. The notice of results shall contain:

(i) Applicant's name, date of birth, and social security number;

(ii) Date on which applicant began or will begin work as key employee or primary management official;

(iii) A summary of the information presented in the investigative report, which shall at a minimum include a listing of:

(A) Licenses that have previously been denied;

(B) Gaming licenses that have been revoked, even if subsequently reinstated;

(C) Every known criminal charge brought against the applicant within the last 10 years of the date of application; and

(D) Every felony of which the applicant has been convicted or any ongoing prosecution.

(iv) A copy of the eligibility determination made under § 556.5.

25 CFR Ch. III (4–1–13 Edition)**§ 556.7 Notice.**

(a) All notices under this part shall be provided to the Commission through the appropriate Regional office.

(b) Should a tribe wish to submit notices electronically, it should contact the appropriate Regional office for guidance on acceptable document formats and means of transmission.

§ 556.8 Compliance with this part.

All tribal gaming ordinances and ordinance amendments approved by the Chair prior to the February 25, 2013 and that reference this part, do not need to be amended to comply with this part. All future ordinance submissions, however, must comply.

PART 557 [RESERVED]**PART 558—GAMING LICENSES FOR KEY EMPLOYEES AND PRIMARY MANAGEMENT OFFICIALS****Sec.**

558.1 Scope of this part.

558.2 Review of notice of results for a key employee or primary management official.

558.3 Notification to NIGC of license decisions and retention obligations

558.4 Notice of disqualifying information and licensee right to a hearing.

558.5 Submission of notices.

558.6 Compliance with this part.

AUTHORITY: 25 U.S.C. 2706, 2710, 2712.

SOURCE: 78 FR 5280, Jan. 25, 2013, unless otherwise noted.

§ 558.1 Scope of this part.

Unless a tribal-state compact assigns responsibility to an entity other than a tribe, the licensing authority for class II or class III gaming is a tribal authority. The procedures and standards of this part apply only to licenses for primary management officials and key employees. This part does not apply to any license that is intended to expire within 90 days of issuance.

§ 558.2 Review of notice of results for a key employee or primary management official.

(a) Upon receipt of a complete notice of results for a key employee or primary management official as required by § 556.6(b)(2) of this chapter, the Chair

National Indian Gaming Commission, Interior**Pt. 559**

has 30 days to request additional information from a tribe concerning the applicant or licensee and to object.

(b) If the Commission has no objection to issuance of a license, it shall notify the tribe within thirty (30) days of receiving notice of results pursuant to §556.6(b)(2) of this chapter.

(c) If, within the 30-day period described in §558.3(a), the Commission provides the tribe with a statement itemizing objections to the issuance of a license to a key employee or to a primary management official applicant for whom the tribe has provided a notice of results, the tribe shall reconsider the application, taking into account the objections itemized by the Commission. The tribe shall make the final decision whether to issue a license to such applicant.

(d) If the tribe has issued the license before receiving the Commission's statement of objections, notice and hearing shall be provided to the licensee as provided by §558.4.

§ 558.3 Notification to NIGC of license decisions and retention obligations.

(a) After a tribe has provided a notice of results of the background check to the Commission, a tribe may license a primary management official or key employee.

(b) Within 30 days after the issuance of the license, a tribe shall notify the Commission of its issuance.

(c) A gaming operation shall not employ a key employee or primary management official who does not have a license after ninety (90) days.

(d) If a tribe does not license an applicant—

(1) The tribe shall notify the Commission; and

(2) Shall forward copies of its eligibility determination and notice of results, under §556.6(b)(2) of this chapter, to the Commission for inclusion in the Indian Gaming Individuals Record System.

(e) A tribe shall retain the following for inspection by the Chair or his or her designee for no less than three years from the date of termination of employment:

- (1) Applications for licensing;
- (2) Investigative reports; and
- (3) Eligibility determinations.

§ 558.4 Notice of information impacting eligibility and licensee's right to a hearing.

(a) If, after the issuance of a gaming license, the Commission receives reliable information indicating that a key employee or a primary management official is not eligible for employment under §556.5 of this chapter, the Commission shall notify the issuing tribe of the information.

(b) Upon receipt of such notification under paragraph (a) of this section, a tribe shall immediately suspend the license and shall provide the licensee with written notice of suspension and proposed revocation.

(c) A tribe shall notify the licensee of a time and a place for a hearing on the proposed revocation of a license.

(d) A right to a hearing under this part shall vest only upon receipt of a license granted under an ordinance approved by the Chair.

(e) After a revocation hearing, a tribe shall decide to revoke or to reinstate a gaming license. A tribe shall notify the Commission of its decision within 45 days of receiving notification from the Commission pursuant to paragraph (a) of this section.

§ 558.5 Submission of notices.

(a) All notices under this part shall be provided to the Commission through the appropriate Regional office.

(b) Should a tribe wish to submit notices electronically, it should contact the appropriate Regional office for guidance on acceptable document formats and means of transmission.

§ 558.6 Compliance with this part.

All tribal gaming ordinances and ordinance amendments that have been approved by the Chair prior to February 25, 2013 and that reference this part do not need to be amended to comply with this section. All future ordinance submissions, however, must comply.

PART 559—FACILITY LICENSE NOTIFICATIONS AND SUBMISSIONS

Sec.

559.1 What is the scope and purpose of this part?

SAMPLE SUITABILITY CRITERIA

Example Standards for Licensing

- (a) **Generally.** The Commission shall make a determination on an individual's suitability for licensing based on information obtained from all reasonable sources that shows the individual's character, honesty and integrity.
- (b) **Favorable Suitability Determination.** The Commission shall not issue a temporary work permit, regular license or make a favorable suitability determination on an individual unless and until the applicant has satisfied the Commission that the applicant is a person of good character, honesty and integrity.
- (c) **Grounds for Unfavorable Suitability Determination.** The Commission shall render an unfavorable suitability determination for any grounds deemed reasonable by the Commission including, but not limited to, the following:
 - (1) There is evidence of an untrue or misleading statement of material fact or willful omission of any material fact in any application, statement, or notice filed with the Commission or made in connection with any investigation, including the background investigation;
 - (2) the applicant has been convicted of (either by plea or by verdict) or has entered a plea of guilty or nolo contendere to any felony charge or any gambling-related crime within the preceding ____years of the date of the application for license;
 - (3) the applicant has been convicted of (either by plea or by verdict) any misdemeanor violation involving theft or dishonesty that has been upheld or is pending within the preceding ____years of the date of the application for license;
 - (4) the applicant has offered something of value or, by some other means, has improperly sought to influence any Commissioner, commission employee, any Tribal official or gaming operation official in an effort to obtain favorable action on license application;
 - (5) the applicant has promoted, played or participated in any gaming activity that applicant knows or should have known was being operated in violation of applicable law;
 - (6) the applicant has been denied a license, had a license revoked, or was not renewed by any governmental entity engaged in the regulation of gaming activity, except where the denial was based on a technical deficiency that was subsequently corrected by the applicant or for a reason not related to licensing that the Commission feels is not material to its licensing requirements;

(7) the applicant has been known to associate with persons reliably believed by law enforcement agencies to be engaged in corrupt or criminal activities or with persons identified by the NIGC or any other gaming regulatory agency as being disqualified from gaming activity;

(8) if for any reason, including but not limited to, the applicant's prior conduct background, reputation, activities or associations the Commission determines that licensing of the applicant could:

- i. pose a threat to the public interest or to the effective regulation of gaming activity on tribal land,
- ii. create or enhance the dangers of unsuitable, unfair or illegal practices, methods or activities in the conduct of gaming activity,
- iii. adversely affect the general credibility, security, honesty or fairness of tribal gaming, generally or relating to the Tribe's gaming operation,
- iv. result in adverse performance, misconduct or misbehavior by the applicant, or
- v. result in adverse publicity for the Tribe and its gaming operation.

(9) the Commission shall have the discretion to render an unfavorable suitability determination for a primary management or key employee license on the basis of other unfavorable information, regardless of whether any of the criteria in this regulation is expressly satisfied.

(10) The Commission may consider, but not be limited to, the following information pertaining to an applicant's criminal history when making a licensing suitability determination.

- i. the nature and severity of the conduct that constituted the offense or crime;
- ii. the length of time that has passed since conviction;
- iii. any criminal activity since last conviction;
- iv. completion or satisfaction of the sentence; probation, parole or payment of the fine;
- v. the number of offenses or crimes;
- vi. impact on job duties;
- vii. documents submitted by applicant to clarify background investigation information.

SAMPLE HEARING SCRIPTS

SAMPLE HEARING PROCESS

1. Chair/Acting Chair calls the hearing in session.
2. Chair – Advise the subject of the reason for the hearing, i.e. “Mr./Ms. _____ the Commission has agreed that your license should be suspended, denied or revoked for _____. You have been advised in writing of your right to this hearing and your right to have representation.”

“The purpose of this hearing is for you to have an opportunity to show cause why the Commission should not proceed with suspension, denial, or revocation of your license.”
“Mr./Ms. _____, are you ready to proceed?” (if yes, call the Executive Director to present the case).
3. Mr./Ms. _____ (Executive Director) please raise our right hand. Do you swear that any and all testimony and evidence that you are about to submit is the truth, the whole truth and nothing but the truth, so help you God?
4. The Executive Director produces and explains all documents and gives any additional relevant testimony.
5. The Executive Director at this time may advise the Commission of any additional witnesses He/She would like to have called.
6. Mr./Ms. _____ (Subject), do you have any witnesses that you wish to call upon? (if so, call upon them and swear in same as in #3 above).
7. Mr./Ms. _____ (Subject), do you wish to testify and/or submit any relevant evidence at this time? (if so, call upon them and swear in same as in #3 above).
8. Upon completion of subject’s testimony, the Commission may ask questions of anyone. The Commission should ask the Director if he/she wishes to rebut or add anything.

If the Director adds or rebuts, make the same offer to subject.

9. Upon completion of all testimony, the Chair should thank all present for their time and assistance.

The Chair should then advise the subject:

“This concludes the hearing. The Commission will weigh the circumstances and facts presented in closed session and make its ruling at that time. Mr./Ms. _____, you will be notified in writing by certified, return receipt mail within _____ days of this hearing regarding the Commission’s ruling. You are now dismissed, thank you.”

10. The Commission should immediately discuss the case, make a ruling and direct the Executive Director to proceed accordingly.

FBI FINGERPRINT TECHNIQUES

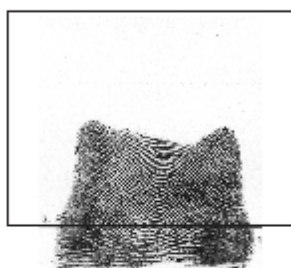
U.S. Department of Justice
Federal Bureau of Investigation
Criminal Justice Information Services Division



FINGERPRINTS

Capturing Legible Fingerprints

Proper Capture of Image within Fingerprint Block



INCORRECT

Image printed too low in block.

Image protrudes into neighboring fingerprint block.



CORRECT

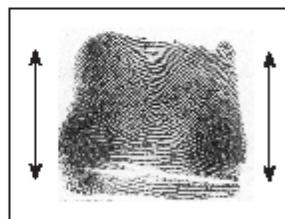
Entire image printed in the center of the block.

Proper Orientation of Rolled Fingerprint Impressions



INCORRECT

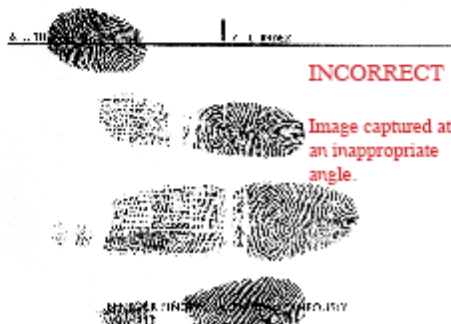
Image captured at an angle.



CORRECT

Capture image in a vertical upright position.

Proper Capture of Plain Fingerprint Impressions



INCORRECT

Image captured at an inappropriate angle.



CORRECT

Image captured at an appropriate angle.

Page 1

January 2013

Recording Legible Fingerprints

Introduction to Recording Legible Fingerprints

The FBI's Integrated Automated Fingerprint Identification System (IAFIS) is the largest biometric database of criminals in the world. Clear, legible fingerprints form the foundation of the Fingerprint Master File, which continues to grow by approximately 13,000 records each day. Agencies submitting fingerprints to the FBI should be aware of the proper procedures for recording fingerprints. The following information will assist agencies in obtaining fingerprints that meet FBI standards.

Fingerprint Impression Types

Type 4

- Rolled impressions are the ten individually-taken fingerprint images rolled from nail to nail. The plain impressions are used to verify the sequence and accuracy of the rolled impressions.

Type 14

- Identification flat impressions are taken simultaneously without rolling. These are referred to as plain, slap, or flat impressions. The individual's right and left four fingers should be captured first, followed by the two thumbs (4-4-2 method). Instituting this finger capture method ensures the highest level of fingerprint sequence accuracy.

Basic Fingerprint Equipment

Fingerprints can be recorded utilizing the following methods:

- Standard Fingerprint Card (e.g., FD-249 and FD-258)—Use ink to record fingerprint images on standard fingerprint cards.
- Live Scan—Fingerprint images can be submitted electronically using a live scan device. Electronic fingerprinting equipment should be properly maintained at all times. For a list of certified devices, please refer to the FBI Certified Products List at www.fbibiospecs.org.

Fingerprinting Process

- The recommended height for recording legible fingerprints is approximately 39 inches from the floor. This allows the forearm of an average adult to be parallel with the floor. This is the recommended position to record fingerprints.

- Soap and water are preferred; however, rubbing alcohol may be substituted.
 - If hands are moist, wipe each finger with rubbing alcohol. If hands are dry or flaky use a small amount of hand lotion and wipe off any residue.
 - If capturing fingerprints electronically, ensure the live scan fingerprint device is properly calibrated and the platen is free of dust, dirt, and any residual fingerprint images.
- The individual's hands should be cleaned prior to printing:
- Instruct the individual to look away from the fingerprint device, not to assist in the fingerprint process, and to relax. Grasp the individual's right hand at the base of the thumb with your right hand. Cup your hand over the individual's fingers, tucking under those fingers not being printed. Guide the finger being printed with your left hand.
- If using the ink and paper method, roll the finger on the inking plate or pad so the entire fingerprint pattern area is evenly covered with ink. The ink should cover from one edge of the nail to the other and from the crease of the first joint to the tip of the finger. Using the correct amount of ink is vital.
- When taking the rolled impression, the side of the finger bulb is placed upon the card or platen. The finger is then rolled to the other side until it faces the opposite direction. Care should be exercised so the bulb of each finger, from tip to below the first joint, is rolled evenly. Generally, the weight of the finger is the maximum pressure needed to clearly record a fingerprint. In order to take advantage of the natural movement of the forearm, the hand should be rotated from the more difficult position to the easiest position. This requires the thumbs be rolled toward and the fingers away from the center of the individual's body. Roll each finger from nail to nail in the appropriate space, taking care to lift each finger up after rolling to avoid smudging.
- When using the ink and paper method and a rolled impression is not acceptable, you may use an adhesive retab to cover the fingerprint in its space. (Only two retabs can be applied to each fingerprint block.) For live scan, the image should be deleted and retaken.
- For a Type-4, plain impressions are typically printed last. The technician simultaneously presses the individual's four fingers (of the right hand), keeping the fingers together on the surface of the card or live scan device (at a 45-degree angle) to capture all four fingers in the allotted space. Repeat this process for the left hand and then print both thumbs. Type-14 capture protocol requires the technician to simultaneously press the

individual's four fingers on the surface of the live scan device at a 90-degree vertical angle. Care should be taken to capture all fingers in the allotted space. Repeat this process for the left hand and then print both thumbs simultaneously (4-4-2 method). Capturing all fingers and thumbs in a vertical position improves finger segmentation software accuracy.

- Complete all required textual information. It is important to enter the appropriate data in all fields when known.

Special Circumstances

Deformed or missing fingers:

If the finger is deformed, every attempt should be made to record the fingerprint in both the rolled and plain impression blocks. A postmortem kit, which is more commonly known as a spoon, can be utilized to assist in recording these images. If unable to record the image, simply place a notation in the fingerprint block (e.g., deformed, webbed) or electronically apply the Unable to Print (UP) code in data field 2.084.

Missing fingers are fingers physically present but cannot be recorded at the time of capture due to injury. Each missing finger should be designated via a notation in the fingerprint block (e.g., bandaged, injured, crippled, paralyzed) or electronically apply the UP code in data field 2.084.

Fully amputated fingers:

An amputated finger occurs when the finger's first joint is no longer physically present. Amputated fingers should be designated via a notation in the fingerprint block (e.g., amp, missing at birth, severed) or electronically apply the Amputated (XX) code in data field 2.084.

Tip-amputated fingers:

If a portion of the first joint is present, record the available fingerprint pattern area in both the rolled and plain impression blocks.

Extra fingers:

When fingerprinting an individual with an extra finger, record only the thumb and the next four fingers. Do not record the extra finger as either a rolled or plain impression.

Scarred fingers:

Record scarred fingers in both the rolled and plain impressions without a notation.

Worn fingerprints:

An individual, by the nature of their work or age, may have very thin or worn ridges in the pattern area. Apply light pressure and use very little ink to record these types of fingerprint impressions. A technique known as “milking the finger” can be used to raise the fingerprint ridges prior to printing. This technique involves applying pressure or rubbing the fingers in a downward motion from palm to fingertip.

For more information about recording legible fingerprints or to request training, visit [our website](#) or contact the Customer Service Group at (304) 625-5590 or via e-mail at liaison@leo.gov.

NATIONAL INDIAN GAMING COMMISSION
--

BULLETIN

No. 93-2

June 22, 1993

Subject: Procedures for Processing Fingerprint Cards

The National Indian Gaming Commission (NIGC) is currently implementing procedures to process fingerprint cards submitted by tribes as part of their employee background investigations. This bulletin is intended to provide you with information concerning the steps to be followed to ensure the prompt processing of all submitted fingerprint cards.

Under the NIGC's ordinance regulations, prior to the issuance of a license, a tribe is required to perform a fingerprint check, through the FBI records system, as part of the background investigation on each individual who has applied for a position as a key employee or primary management official in its gaming operation[s]. The information obtained as a result of this fingerprint check will assist the tribe in determining the applicant's suitability for employment.

The FBI has recently issued a policy statement concerning access to criminal history record information (CHRI) by the NIGC, state agencies and tribal governments. A copy of this policy statement is enclosed for your information. As you will note, under this policy the NIGC is authorized to process fingerprint cards and issue copies of the reports of the fingerprint checks directly to the requesting tribes. Because of the highly sensitive nature of the reports, the FBI has required the NIGC to take steps to ensure that there is no improper dissemination of CHRI, that the information is used only for authorized purposes, and that the CHRI is securely maintained.

In order to ensure compliance with these FBI requirements, it is necessary for each tribe receiving CHRI to execute the enclosed Memorandum of Understanding (MOU). The MOU also places certain restrictions on the use of CHRI in administrative and judicial proceedings, reserves NIGC's right to furnish the tribe CHRI in the form of summary memoranda, restricts the availability of NIGC employees to testify relative to CHRI, reserves NIGC's right to discontinue providing CHRI where a tribe has failed to comply with the terms of the MOU, and acknowledges the FBI's right to impose additional restrictions on the release of CHRI.

FBI policy also authorizes CHRI access by state regulatory agencies and tribal governments under certain specified conditions (see Policy Statement at pages 4-5). Tribes should determine if the conditions exist which would permit them to process fingerprint cards directly or through a state agency. Where the qualifying conditions have been met, the tribe may elect to use such agencies to process its fingerprint cards. It should be noted, however, that under current FBI policy, such requests will not routinely be processed through Bureau of Indian Affairs (BIA) law enforcement offices. The language contained in the Preamble to the NIGC's final ordinance regulations indicating that the BIA is available for such purposes is inaccurate and should be disregarded. BIA law enforcement offices may, however, continue to take the fingerprints of applicants for key employee and primary management official positions and forward the subject fingerprint cards to the NIGC for processing.

Set forth below are the steps to be followed whenever a tribe elects to use the NIGC to process the fingerprints cards of applicants for employment in its gaming operations:

1. A duly authorized official of the tribe should execute the enclosed MOU and return it to the NIGC at the earliest possible date. No copies of criminal history reports will be forwarded to a tribe until the NIGC has received a properly executed MOU.
2. The tribe should notify the NIGC which law enforcement agency/office(s) will be taking the fingerprints for the tribe and designate a contact person at the identified agency/office(s). In addition, the tribe should indicate the number of cards which the NIGC should send to this agency/office making allowances for lost or damaged cards. The forwarded cards will reflect the Originating Agency Identifier (ORI) number assigned to the NIGC by the FBI.
3. The tribe should provide NIGC with a list of individuals whose fingerprint cards the NIGC will be receiving from the law enforcement agency/office and a check to the National Indian Gaming Commission to cover the cost of processing those cards (number of cards X \$35.00). The list should also contain the social security number and date of birth of each listed individual and the name of the law enforcement agency/office taking the fingerprints. The \$35.00 per card charge for processing consists of a \$17.00 fee charged by the FBI and \$18.00 to cover NIGC's costs, including personnel, postage and telephone.
4. Once fingerprints have been taken, the agency taking the prints should forward the completed cards directly to the NIGC. The NIGC will process only those cards received directly from a law enforcement agency.
5. Once the NIGC receives: 1) the completed fingerprint card; 2) the required list of the individuals whose fingerprint cards the NIGC will be receiving and 3) a check to cover

costs, it will forward the fingerprint cards to the FBI for processing. The FBI is currently averaging 21 working days to process a fingerprint card.

6. Upon completion of the fingerprint check, the FBI will forward a report of the findings to the NIGC. Subject to compliance with the conditions set forth in the enclosed Memorandum of Understanding (MOU), NIGC will forward a copy of this report to the submitting tribe to be used in determining of the suitability of the applicant for employment in the tribe's gaming operation.

7. The NIGC will retain the original reports and the processed fingerprint cards and will incorporate them into the Indian Gaming Individual Records System. This system will be subject to the Commission's Privacy Act Procedures. see 25 CFR Sections 515.1-12 (58 FR 5814-5818, January 22, 1993).

NIGC regulations require a tribe to perform a background check on applicants for key employee or management official positions following approval of a tribal ordinance by the Chairman. In order to facilitate the prompt distribution of CHRI, however, the NIGC will process fingerprint card submissions which meet the requirements of Paragraph 5 prior the approval of a gaming ordinance.

It is important to note, however, that until such time a tribe's gaming ordinance has been approved by the Chairman, the procedures for forwarding employee applications and investigative reports set forth in Sections 558.3 and 558.4 cannot be initiated by the tribe and the time periods contained in those provisions do not begin to run. It should be further noted that if the tribe is conducting a background investigation consistent with the requirements of Part 556, the CHRI constitutes only one of a number of sources of information which the tribe must consider in making eligibility determinations for employment in its gaming operation.

These procedures are effective immediately.

For additional information contact Fingerprint Processing at (202) 632-7003.

GLOSSARY

CFR – Code of Federal Regulations

CHRI – Criminal History Report Information/Criminal History Record Index – A report usually received from the Federal Bureau of Investigation which contains an individual's arrest and conviction data. Records are not always complete and may be missing some or all data.

IGRA – Indian Gaming Regulatory Act of 1988

NIGC – National Indian Gaming Commission – Independent federal regulatory body charged with carrying out IGRA.

NOR- Notice of Results – Report submitted to NIGC listing the results of an applicant's background investigation and eligibility determination.

TGRA – Tribal Gaming Regulatory Authority/Gaming Commission – branch of tribal government charged with carrying out the tribe's obligations under IGRA and the tribal gaming ordinance.

TIMS – Tribal Information Management System – database used by NIGC to store and track licensing submissions and tribal contact information.

SAMPLE ELIGIBILITY CRITERIA

Example Standards for Licensing

- (a) **Generally.** The Commission shall make a determination on an individual's eligibility for licensing based on information obtained from all reasonable sources that shows the individual's character, honesty and integrity.
- (b) **Favorable Eligibility Determination.** The Commission shall not issue a temporary work permit, regular license or make a favorable eligibility determination on an individual unless and until the applicant has satisfied the Commission that the applicant is a person of good character, honesty and integrity.
- (c) **Grounds for Unfavorable Eligibility Determination.** The Commission shall render an unfavorable eligibility determination for any grounds deemed reasonable by the Commission including, but not limited to, the following:
 - (1) There is evidence of an untrue or misleading statement of material fact or willful omission of any material fact in any application, statement, or notice filed with the Commission or made in connection with any investigation, including the background investigation;
 - (2) the applicant has been convicted of (either by plea or by verdict) or has entered a plea of guilty or nolo contendere to any felony charge or any gambling-related crime within the preceding ____years of the date of the application for license;
 - (3) the applicant has been convicted of (either by plea or by verdict) any misdemeanor violation involving theft or dishonesty that has been upheld or is pending within the preceding ____years of the date of the application for license;
 - (4) the applicant has offered something of value or, by some other means, has improperly sought to influence any Commissioner, commission employee, any Tribal official or gaming operation official in an effort to obtain favorable action on license application;
 - (5) the applicant has promoted, played or participated in any gaming activity that applicant knows or should have known was being operated in violation of applicable law;
 - (6) the applicant has been denied a license, had a license revoked, or was not renewed by any governmental entity engaged in the regulation of gaming activity, except where the denial was based on a technical deficiency that was subsequently corrected by the applicant or for a reason not related to licensing that the Commission feels is not material to its licensing requirements;
 - (7) the applicant has been known to associate with persons reliably believed by law enforcement agencies to be engaged in corrupt or criminal activities or with persons identified by the NIGC or any other gaming regulatory agency as being disqualified from gaming activity;

(8) if for any reason, including but not limited to, the applicant's prior conduct background, reputation, activities or associations the Commission determines that licensing of the applicant could:

- i. pose a threat to the public interest or to the effective regulation of gaming activity on tribal land,
- ii. create or enhance the dangers of unsuitable, unfair or illegal practices, methods or activities in the conduct of gaming activity,
- iii. adversely affect the general credibility, security, honesty or fairness of tribal gaming, generally or relating to the Tribe's gaming operation,
- iv. result in adverse performance, misconduct or misbehavior by the applicant, or
- v. result in adverse publicity for the Tribe and its gaming operation.

(9) the Commission shall have the discretion to render an unfavorable eligibility determination for a primary management or key employee license on the basis of other unfavorable information, regardless of whether any of the criteria in this regulation is expressly satisfied.

(10) The Commission may consider, but not be limited to, the following information pertaining to an applicant's criminal history when making a licensing eligibility determination.

- i. the nature and severity of the conduct that constituted the offense or crime;
- ii. the length of time that has passed since conviction;
- iii. any criminal activity since last conviction;
- iv. completion or satisfaction of the sentence; probation, parole or payment of the fine;
- v. the number of offenses or crimes;
- vi. impact on job duties;
- vii. documents submitted by applicant to clarify background investigation information.

Activity: Eligibility Determination

Small Group Activity

TIME: 15-30 minutes

Supplies:

- Scenarios handout
- Sample Eligibility Criteria Handout

Instructions

- Review the sample Eligibility Criteria handout as well as the Scenarios Handout.
- Work with your group to answer the questions for each.
- Present your groups responses to other participants.

Scenarios: Is this person eligible? What else would you like to know?

40-Year-old male applied as General Manager of your casino. His previous gaming license was revoked for failure to protect tribal assets. FBI criminal record indicated felony theft in 2012. Applicant received 36 months in prison and a three year suspended sentence. Applicant is still paying fines. A voluntary statement from the applicant states he took home Casino property (tvs, cooler, projection equipment, kitchen items) for a large personal football watch party. The applicant also used his Casino credit card to purchase additional food items. The items were not returned and the applicant was charged with theft. The applicant has no other negative information including references.

Notes: _____

24-year-old female applied as a Cage Cashier for your casino. The applicant has no previous gaming and one previous employer who gave a positive reference. ODCR revealed a misdemeanor Petty larceny from retailer in 2015. The applicant received a deferred sentence which has been completed. A police report provided by the applicant indicates the applicant stole diapers and formula from a local drug store. A voluntary statement from the applicant states she was broke and unemployed and could not

provide basic items for her newborn. The applicant has had no other negative criminal history.

Notes: _____

34-year-old female applied as a Players Club attendant. The applicant has a 2010 misdemeanor charge for prostitution. The applicant had met all the requirements of her suspended sentence and all fines are paid. The applicant has no previous work history. In a meeting with the Gaming Commission, the applicant stated she ran away from home at the age of 16 and did not have an education or a job. She felt that prostitution was the only way she could earn money. After her arrest, the applicant obtained her GED and attended community college.

Notes: _____

55-year-old male applied as a security office for your casino. The applicant retired from the United States Marine Corps and provided a DD 214. Applicant was previously terminated from a Casino for violating policies and procedures. Upon further investigation, the applicant was terminated for failing to notify surveillance of found money in the amount of \$100.00. The applicant does not have a criminal history record.

Notes: _____

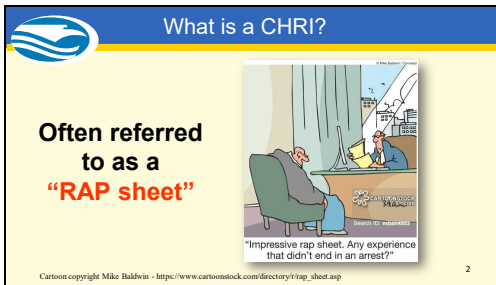
26-year-old male applied as a surveillance officer. The applicant has a 2011 breaking and entering charge which he received a suspended sentence. The applicant stated he didn't know he received this charge and sentence although court documents show he appeared in court for the sentencing. Applicant also stated the Breaking and Entering

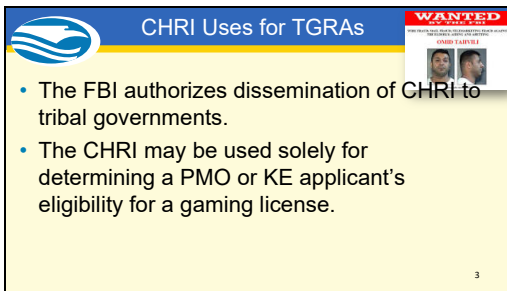
charge was when he attempted to gain access to his locked house. However, court documents show he broke into a home which was not his dwelling. Applicant has 7 large bills in collections and received a bad reference from a previous employer stating he misused his position for personal gain.

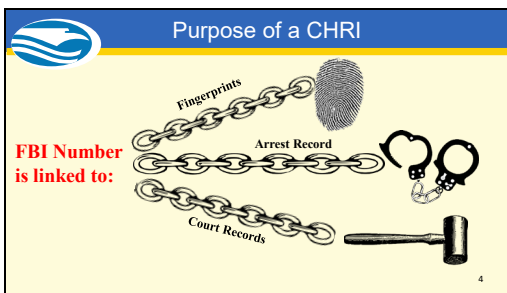
Notes: _____

CMP-103 Understanding the FBI CHRI









CMP-103 Understanding the FBI CHRI

Parts of the CHRI – Cover Page

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z ICN E2010041000000209700

THE FOLLOWING FBI IDENTIFICATION RECORD FOR FX7PW078 IS FURNISHED FOR
OFFICIAL USE ONLY.
THE TENPRINT BIOGRAPHICS AS SUBMITTED IN THE ORIGINAL TRANSACTION ARE:
NAME SMITH, MERRY SUNFLOWER, DOB 19861107

DESCRIPTORS ON FILE ARE AS FOLLOWS:

NAME SMITH, MERRY SUNFLOWER FBI No. FX7PW078

SEX F RACE W BIRTH DATE 19861107 HEIGHT 508 WEIGHT 145 EYES BROWN HAIR BROWN

BIRTH CITY LOS ANGELES BIRTH PLACE LOS ANGELES CALIFORNIA

PATTERN CLASS
LS LS LS LS LS LS LS LS LS LS

OTHER BIRTH SOCIAL SCARS-MARKS-TATTOOS SECURITY MISC NUMBERS
DATES NONE NONE 234-56-7891 IO-00440

ALIAS NAME(S)
NONE

5

Types of Responses

2/14/2019

6

Arrest Information

What's included?

7

Court Information

What's included?

8

CMP-103 Understanding the FBI CHRI



Supervision or In Custody Information



9



Wanted Notice Information

Wanted Information

will appear on a CHRI if there is an outstanding warrant for the subject's arrest



10




Wanted Notice



What do you do?

11



Sex Offender Registry Information

1-DATE OF APPLICATION 2014/03/07R (DATE FP)
AGENCY-NATL IND GAMING COMM WASHINGTON (USNIGC00Z)
AGENCY CASE-MNWHHEAR11
CIVIL PRINT - 03/07/2014

- * SEXUAL OFFENDER REGISTRY INFORMATION
- * THE SUBJECT OF THIS RECORD HAS REGISTERED AS A SEXUAL OFFENDER
- * WITH THE FOLLOWING AGENCY:
 - * AGENCY-STATE BUREAU SAINT PAUL (MNBCA0000)
 - * AGENCY CASE - 2008P0R021411
 - * NCIC NUMBER - NIC/X801166936
 - * REGISTERED AS - DUCK, DAISY DOLLY

12


CMP-103 Understanding the FBI CHRI



Felonies

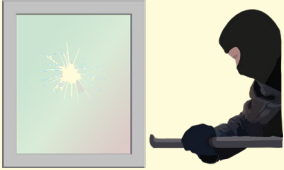


13




Felonies

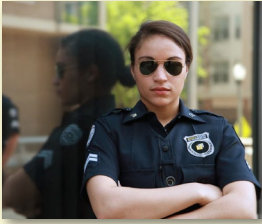
Can be broken into classes (A, B, etc.) or levels of seriousness according to what punishments may be imposed




14



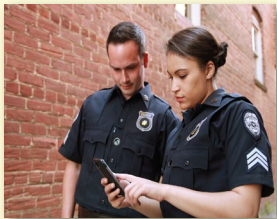
Misdemeanors



15



Infractions



16

CMP-103 Understanding the FBI CHRI



Possible Rulings and Outcomes



17



Common Mistakes




18



How to Correct Mistakes



19



Abbreviations and Terms

CHRI Common Abbreviations –
<http://www.criminalbackgroundrecords.com/glossary-abbreviations-criminal-background-check.html>

CHRI Terms and Definitions -
<http://www.criminalbackgroundrecords.com/glossary-criminal-justice-terms-definitions.html>

20

CMP-103 Understanding the FBI CHRI




Questions?

Contact Information:
TrainingInfo@nigc.gov




21



Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



CMP-103 Understanding the FBI CHRI Course Evaluation

When survey is active, respond at: [PollTV.com/nigc2](https://polltv.com/nigc2)

0 surveys done

0 surveys underway

Survey powered by PollTV. © 2015 PollTV, Inc. All rights reserved. For more information, visit www.polltv.com

Activity – How to Read a RAP Sheet

Answer the following questions using the RAP sheet provided in the Participant Guide at the end of the course.

1. What is the NFF State on this record?
2. In what states has this person been arrested?
3. What is the agency that has an outstanding warrant for this person?
4. What is the date of the warrant?
5. What are the three dates of arrest in Oklahoma?
6. What is the arrest charge, the court charge and disposition for the first Oklahoma arrest?
7. What is the disposition for the third Oklahoma arrest?
8. What is the court charge for the 1-6-2002 date of arrest?
9. What is the disposition for the 1-6-2002 arrest?
10. What are the two charges for the eighth arrest?

Activity Arrest Record

1. 01: 1691. 02: 02011. 03: 112001. 04: SRE1. 05: 201903011. 06: 21. 07: USNI GC00Z1. 08: WVI AFI SOZ1.
09: E20190600000001689501. 10: CATRI BE01201903011050481. 11: 00. 001. 12: 00. 002. 001: 78182. 0
02: 002. 009: CATRI BE212. 014: 137451XA02. 018: KALE, ERIN 2. 039: TRI BE GAMING

ADDRESS, SOME CITY CA 955312. 041: 244 PRINT LANE, SOME CITY, CA,
955002. 059: I 2. 073: USNI GC00Z2. 075:

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNI GC00Z
TCN CATRI BE0120190301105048
AGENCY CASE CATRI BE212

THE FBI IDENTIFIED YOUR TEN-PRINT SUBMISSION WHICH
CONTAINED THE FOLLOWING DESCRIPTORS:

NAME KALE, ERIN

SEX	RACE	BIRTH DATE	HEIGHT	WEIGHT	EYES	HAIR
M	W	1978/12/31	507	175	BLUE	BROWN

STATE ID	BIRTH PLACE
NULL	NEBRASKA

CITIZENSHIP
UNITED STATES

OTHER BIRTH DATES	SCARS-MARKS-TATTOOS	SOCIAL SECURITY	MISC NUMBERS
NONE	NONE	456-78-9101	NONE

ALIAS NAME(S)
NONE

END OF COVER SHEET

Activity Arrest Record

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z

ICN E2019060000000168950

BECAUSE ADDITIONS OR DELETIONS MAY BE MADE AT ANY TIME, A NEW COPY
SHOULD BE REQUESTED WHEN NEEDED FOR SUBSEQUENT USE.

THIS RECORD IS SUBJECT TO THE
FOLLOWING USE AND DISSEMINATION RESTRICTIONS

UNDER PROVISIONS SET FORTH IN TITLE 28, CODE OF FEDERAL
REGULATIONS (CFR), SECTION 50.12, BOTH GOVERNMENTAL AND NONGOVERNMENTAL
ENTITIES AUTHORIZED TO SUBMIT FINGERPRINTS AND RECEIVE FBI IDENTIFICATION
RECORDS MUST NOTIFY THE INDIVIDUALS FINGERPRINTED THAT THE FINGERPRINTS
WILL BE USED TO CHECK THE CRIMINAL HISTORY RECORDS OF THE FBI.
IDENTIFICATION RECORDS OBTAINED FROM THE FBI MAY BE USED SOLELY FOR
THE PURPOSE REQUESTED AND MAY NOT BE DISSEMINATED OUTSIDE THE RECEIVING
DEPARTMENT, RELATED AGENCY OR OTHER AUTHORIZED ENTITY. IF THE INFORMATION
ON THE RECORD IS USED TO DISQUALIFY AN APPLICANT, THE OFFICIAL MAKING THE
DETERMINATION OF SUITABILITY FOR LICENSING OR EMPLOYMENT SHALL PROVIDE THE
APPLICANT THE OPPORTUNITY TO COMPLETE, OR CHALLENGE THE ACCURACY OF, THE
INFORMATION CONTAINED IN THE FBI IDENTIFICATION RECORD. THE DECIDING
OFFICIAL SHOULD NOT DENY THE LICENSE OR EMPLOYMENT BASED ON THE
INFORMATION IN THE RECORD UNTIL THE APPLICANT HAS BEEN AFFORDED A
REASONABLE TIME TO CORRECT OR COMPLETE THE INFORMATION, OR HAS DECLINED TO
DO SO. AN INDIVIDUAL SHOULD BE PRESUMED NOT GUILTY OF ANY CHARGE/ARREST
FOR WHICH THERE IS NO FINAL DISPOSITION STATED ON THE RECORD OR OTHERWISE
DETERMINED. IF THE APPLICANT WISHES TO CORRECT THE RECORD AS IT APPEARS
IN THE FBI'S CJIS DIVISION RECORDS SYSTEM, THE APPLICANT SHOULD
BE ADVISED THAT THE PROCEDURES TO CHANGE, CORRECT OR UPDATE THE RECORD ARE
SET FORTH IN TITLE 28, CFR, SECTION 16.34.

- FBI IDENTIFICATION RECORD -

WHEN EXPLANATION OF A CHARGE OR DISPOSITION IS NEEDED, COMMUNICATE
DIRECTLY WITH THE AGENCY THAT FURNISHED THE DATA TO THE FBI.

END OF PART 1 - PART 2 TO FOLLOW

Activity Arrest Record
UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z
PART 2

ICN E2019060000000168950

- FBI IDENTIFICATION RECORD - FBI NO. -137451XA0

NAME	FBI NO.	DATE REQUESTED
KALE, ERIN	136451XA1	2019/03/01

SEX	RACE	BIRTH DATE	HEIGHT	WEIGHT	EYES	HAIR
M	W	1978/12/31	507	140	BLU	BRO

BIRTH PLACE
NEBRASKA

PATTERN CLASS	CITIZENSHIP
LS LS LS LS LS LS LS	UNITED STATES

1-ARRESTED OR RECEIVED 1994/02/27 SID- IL34195020
AGENCY-SHERIFF'S OFFICE BLOOMINGTON (ILO570000)
AGENCY CASE-SB2187

CHARGE 1-BURGLARY

COURT- ()
CHARGE-III/720 ILCS 5-0/19-1, BURGLARY-CLASS 2 FELONY
III/CDD-19940227 CHARGES NOT FILED BY STATES ATTORNEY

2-ARRESTED OR RECEIVED 2008/10/19 SID- IL34195020
AGENCY-SPOL-ST TRPRS D-6 PONTIAC (ILO539900)
AGENCY CASE-130179759

FINGERPRINT INFORMATION
BSI/2000092800276
PRINT DATE/2008/10/19

NAME USED-KALE, ERIN
CHARGE 1-DUI/DRUGS
CHARGE 2-POSSESS CANNABIS
CHARGE 3-INSURANCE--OPERATE UNINSURED

END OF PART 2 - PART 3 TO FOLLOW

Activity Arrest Record

USNIGC00Z
PART 3

ICN E2019060000000168950

- FBI IDENTIFICATION RECORD - FBI NO. -136451XA1
CHARGE 4-ILLEGAL POSS/TRNSP LIQ--DRIVER
CHARGE 5-ILLEGAL LANE USAGE
CHARGE 6-IMPROPR LANE CHANGE W/O SIGNAL

COURT- ()

CHARGE-III/720 ILCS 550-0/4-C, POSS CANNABIS/10-30 GRAM/1ST-CLASS A
MISDEMEANOR
III/CDD-20130329 GUILTY
CHARGE-III/625 ILCS 5-0/11-501-A-5, DUI/DRUGS-CLASS A MISDEMEANOR
III/CDD-20130329 NOLLE PROSEQUI

3-ARRESTED OR RECEIVED 2012/12/31 SID- IL34195020
AGENCY-SHERIFF'S OFFICE PEKIN (IL0900000)
AGENCY CASE-1205018

FINGERPRINT INFORMATION

BSI/2000174193321
PRINT DATE/2012/12/31

NAME USED-KALE, ERIN
CHARGE 1-DRIVING UNDER THE INFLUENCE
CHARGE 2-DRIVING UNDER THE INFLUENCE

COURT- ()

CHARGE-III/625 ILCS 5-0/11-501-A-1, DUI/ALCOHOL-CLASS A MISDEMEANOR
III/CDD-20140321 WITHHOLD JUDGEMENT/SUPERVISION SENTENCED TO
SUPERVISION 24 MOS
CHARGE-III/625 ILCS 5-0/11-501-A-2, DUI/ALCOHOL-CLASS A MISDEMEANOR
III/CDD-20140321 DISMISSED

4-ARRESTED OR RECEIVED 2014/05/23 SID- IL34195020
AGENCY-SHERIFF'S OFFICE PEKIN (IL0900000)
AGENCY CASE-

FINGERPRINT INFORMATION

BSI/2000207510476
PRINT DATE/2014/05/23

END OF PART 3 - PART 4 TO FOLLOW

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z
PART 4

ICN E2019060000000168950

Activity Arrest Record
- FBI IDENTIFICATION RECORD - FBI NO. -136451XA1
NAME USED-KALE, ERIN
CHARGE 1-DRIV LIC REVOKED OR SUSPENDED

5-ARRESTED OR RECEIVED 2016/10/22 SID- CA26824731
AGENCY-SHERIFF'S OFFICE SOME CITY (CA0080000)
AGENCY CASE-0043226

FINGERPRINT INFORMATION
BSI/40146320089
PRINT DATE/2016/10/22

CHARGE 1-001 COUNTS OF DUI ALCOHOL/DRUGS

COURT-SHERIFF'S OFFICE SOME CITY (CA0080000)
CHARGE-MRD/23152(A) VC-DUI ALCOHOL/DRUGS
MRD/PROS REL-DET ONLY-LACK OF CORPUS

RECORD UPDATED 2019/03/01

ALL ENTRIES CONTAINED IN THIS FBI RECORD ARE BASED ON
FINGERPRINT COMPARISONS AND PERTAIN TO THE SAME INDIVIDUAL.

THE USE OF THIS RECORD IS REGULATED BY LAW. IT IS PROVIDED FOR OFFICIAL
USE ONLY AND MAY BE USED ONLY FOR THE PURPOSE REQUESTED.

1.01:172 1.02:0201 1.03:1 1 2 00 1.04:SRE 1.05:20190212 1.06:2 1.07:USNIGC00Z 1.08:WVIAFIS0Z
1.09:E2019043000000209700 1.10:CANAME0102122019152933967 1.11:00.00 1.12:00.00 2.001:5282
2.002:00CANAMEC51 2.014:FX5PWVJW3 2.018:SMITH,MERRY SUNFLOWER 2.059:I
2.073:USNIGC00Z 2.075:

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z ICN E2019043000000209700

THE FOLLOWING FBI IDENTIFICATION RECORD FOR FX7PWUJW8 IS FURNISHED FOR
OFFICIAL USE ONLY.
THE TENPRINT BIOGRAPHICS AS SUBMITTED IN THE ORIGINAL TRANSACTION ARE:
NAME SMITH, MERRY SUNFLOWER DOB 1996/12/07

DESCRIPTORS ON FILE ARE AS FOLLOWS:

NAME SMITH,MERRY SUNFLOWER

SEX	RACE	BIRTH DATE	HEIGHT	WEIGHT	EYES	HAIR
F	W	1996/12/07	508	145	BROWN	BROWN

BIRTH CITY	BIRTH PLACE
LOS ANGELES	CALIFORNIA

PATTERN CLASS
LS LS LS LS LS LS LS LS LS LS

OTHER BIRTH DATES	SOCIAL SCARS-MARKS-TATTOOS	SECURITY	MISC NUMBERS
NONE	NONE	234-56-7891	IO-00440

ALIAS NAME(S)
NONE

END OF COVER SHEET

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z

ICN E2019043000000209700

BECAUSE ADDITIONS OR DELETIONS MAY BE MADE AT ANY TIME, A NEW COPY SHOULD BE REQUESTED WHEN NEEDED FOR SUBSEQUENT USE.

THIS RECORD IS SUBJECT TO THE
FOLLOWING USE AND DISSEMINATION RESTRICTIONS

UNDER PROVISIONS SET FORTH IN TITLE 28, CODE OF FEDERAL REGULATIONS (CFR), SECTION 50.12, BOTH GOVERNMENTAL AND NONGOVERNMENTAL ENTITIES AUTHORIZED TO SUBMIT FINGERPRINTS AND RECEIVE FBI IDENTIFICATION RECORDS MUST NOTIFY THE INDIVIDUALS FINGERPRINTED THAT THE FINGERPRINTS WILL BE USED TO CHECK THE CRIMINAL HISTORY RECORDS OF THE FBI. IDENTIFICATION RECORDS OBTAINED FROM THE FBI MAY BE USED SOLELY FOR THE PURPOSE REQUESTED AND MAY NOT BE DISSEMINATED OUTSIDE THE RECEIVING DEPARTMENT, RELATED AGENCY OR OTHER AUTHORIZED ENTITY. IF THE INFORMATION ON THE RECORD IS USED TO DISQUALIFY AN APPLICANT, THE OFFICIAL MAKING THE DETERMINATION OF SUITABILITY FOR LICENSING OR EMPLOYMENT SHALL PROVIDE THE APPLICANT THE OPPORTUNITY TO COMPLETE, OR CHALLENGE THE ACCURACY OF, THE INFORMATION CONTAINED IN THE FBI IDENTIFICATION RECORD. THE DECIDING OFFICIAL SHOULD NOT DENY THE LICENSE OR EMPLOYMENT BASED ON THE INFORMATION IN THE RECORD UNTIL THE APPLICANT HAS BEEN AFFORDED A REASONABLE TIME TO CORRECT OR COMPLETE THE INFORMATION, OR HAS DECLINED TO DO SO. AN INDIVIDUAL SHOULD BE PRESUMED NOT GUILTY OF ANY CHARGE/ARREST FOR WHICH THERE IS NO FINAL DISPOSITION STATED ON THE RECORD OR OTHERWISE DETERMINED. IF THE APPLICANT WISHES TO CORRECT THE RECORD AS IT APPEARS IN THE FBI'S CJIS DIVISION RECORDS SYSTEM, THE APPLICANT SHOULD BE ADVISED THAT THE PROCEDURES TO CHANGE, CORRECT OR UPDATE THE RECORD ARE SET FORTH IN TITLE 28, CFR, SECTION 16.34.

- FBI IDENTIFICATION RECORD -

WHEN EXPLANATION OF A CHARGE OR DISPOSITION IS NEEDED, COMMUNICATE DIRECTLY WITH THE AGENCY THAT FURNISHED THE DATA TO THE FBI.

END OF PART 1 - PART 2 TO FOLLOW

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
CRIMINAL JUSTICE INFORMATION SERVICES DIVISION
CLARKSBURG, WV 26306

USNIGC00Z
PART 2

ICN E2019043000000209700

- FBI IDENTIFICATION RECORD - FBI NO.-FX7PWUJW8

NAME	FBI NO.	DATE REQUESTED
SMITH,MERRY SUNFLOWER	FX5PWVJW3	2019/02/12

SEX	RACE	BIRTH DATE	HEIGHT	WEIGHT	EYES	HAIR
F	W	1996/12/07	508	145 BRO	BRO	

BIRTH PLACE
CALIFORNIA

PATTERN CLASS	CITIZENSHIP
LS LS LS LS LS LS LS LS LS LS LS	UNITED STATES

1-ARRESTED OR RECEIVED 2018/01/05 SID- CA37349788
AGENCY-SHERIFF'S OFFICE SAN DIEGO (CA0370000)
AGENCY CASE-18101013A

FINGERPRINT INFORMATION
BSI/40200109498
PRINT DATE/2018/01/05

PALMPRINT INFORMATION
BSI/40200109497
PRINT DATE/2018/01/05

CHARGE 1-001 COUNTS OF INF CORP INJ,SPOUSE/COHAB

COURT-SHERIFF'S OFFICE SAN DIEGO (CA0370000)

CHARGE-MRD/273.5(A) PC-INFLICT CORPORAL INJ SPOUSE/COHAB

MRD/RELEASED/DETENTION ONLY

RECORD UPDATED 2019/02/12

ALL ENTRIES CONTAINED IN THIS FBI RECORD ARE BASED ON
FINGERPRINT COMPARISONS AND PERTAIN TO THE SAME INDIVIDUAL.

THE USE OF THIS RECORD IS REGULATED BY LAW. IT IS PROVIDED FOR OFFICIAL
USE ONLY AND MAY BE USED ONLY FOR THE PURPOSE REQUESTED.

1.01:167 1.02:0201 1.03:1 1 2 00 1.04:SRE 1.05:20190212 1.06:2 1.07:USNIGC00Z 1.08:WVIAFIS0Z
1.09:E2019043000000204527 1.10:CACODE20190212143959 1.11:00.00 1.12:00.00 2.001:993 2.002:00
2.009: CACODEL01 2.014:486NVT068 2.018:DOE,JANE 2.039:NAME OF TRIBE 2.040:STEWARD
2.041:31885 SUBMITTING TRIBE ADDRESS
92234 2.059:N 2.073:USNIGC00Z 2.075: CIVIL APPLICANT RESPONSE


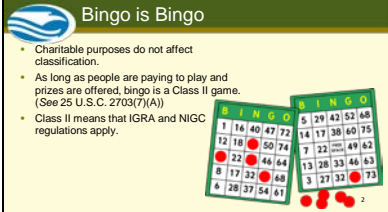
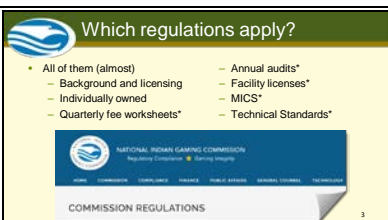
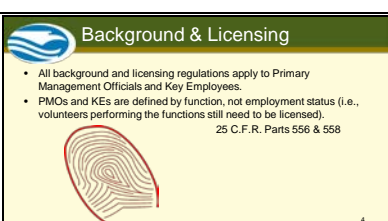
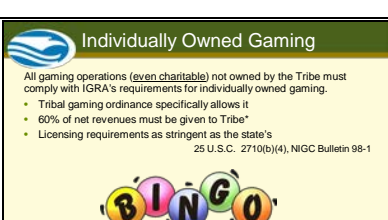
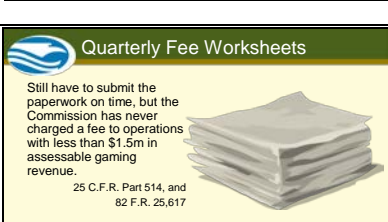
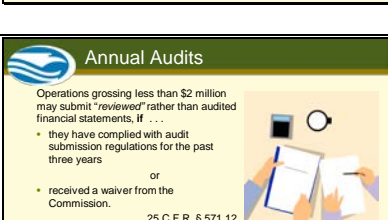
ICN E2019043000000204527 CIDN OCA CACODEL01
DOE,JANE DOB 1993/08/30
MNU SOC 345 67 8910 SEX F RAC I HGT 511
USNIGC00Z NATL IND GAMING COMM
WASHINGTON DC 2019/02/12

A SEARCH OF THE FINGERPRINTS ON THE ABOVE
INDIVIDUAL HAS REVEALED NO PRIOR ARREST
DATA. CJIS DIVISION
2019/02/12 FEDERAL BUREAU OF INVESTIGATION




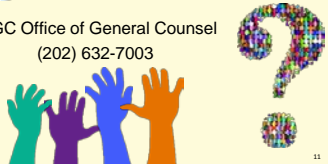


USNIGC00Z
SECURITY OFFICER
NATL IND GAMING COMM
1849 C ST NW
WASHINGTON,DC 20240-0002

1.01:168 1.02:0201 1.03:1 1 2 00 1.04:ERRT 1.05:20190108 1.06:2 1.07:USNIGC00Z 1.08:WVIAFIS0Z
1.09:E20190080000000194258 1.10:CATRIB20190108143457 1.11:00.00 1.12:00.00 2.001:228 2.002:00 2.0
09:CATRIBB47 2.060:L0008 - The quality of the characteristics is too low to be used.. Candidate(s) were found.
Please resubmit a new set of fingerprints for comparison to the candidate(s). 2.073:USNIGC00Z

OGC-105 Small and Charitable Gaming Participant Guide

 <p>Small & Charitable Gaming [NAME] [POSITION] Office of General Counsel</p>	<p>KEY POINTS</p>
 <p>Bingo is Bingo</p> <ul style="list-style-type: none"> Charitable purposes do not affect classification. As long as people are paying to play and prizes are offered, bingo is a Class II game. (See 25 U.S.C. 2703(7)(A)). Class II means that IGRA and NIGC regulations apply. 	<p>KEY POINTS</p>
 <p>Which regulations apply?</p> <ul style="list-style-type: none"> All of them (almost) <ul style="list-style-type: none"> Background and licensing Facility licenses* Individually owned MICS* Quarterly fee worksheets* Technical Standards* <p>ANNUAL AUDITS*</p> <p>NATIONAL INDIAN GAMING COMMISSION Regulating Operations • Enforcing Integrity</p> <p>COMMISSION REGULATIONS</p>	<p>KEY POINTS</p> <p>Items with asterisks are lesser or different standards for small and/or charitable operations. The background and licensing requirements apply to key employees and primary management officials, both of which are defined by function, not by employment status.</p>
 <p>Background & Licensing</p> <ul style="list-style-type: none"> All background and licensing regulations apply to Primary Management Officials and Key Employees. PMOs and KEs are defined by function, not employment status (i.e., volunteers performing the functions still need to be licensed). <p>25 C.F.R. Parts 556 & 558</p>	<p>KEY POINTS</p>
 <p>Individually Owned Gaming</p> <p>All gaming operations (even charitable) not owned by the Tribe must comply with IGRA's requirements for individually owned gaming.</p> <ul style="list-style-type: none"> Tribal gaming ordinance specifically allows it 60% of net revenues must be given to Tribe* Licensing requirements as stringent as the state's <p>25 U.S.C. 2710(b)(4), NIGC Bulletin 98-1</p>	<p>KEY POINTS</p> <p>* Tribe can choose to give the 60% of net revenues back to the charity as a permissible use of gaming revenue. An arm of the Tribe— (Pow Wow Committee) may own some and they are considered tribally owned. The others, such as church and community service groups, fall under the individually owned requirements.</p>
 <p>Quarterly Fee Worksheets</p> <p>Still have to submit the paperwork on time, but the Commission has never charged a fee to operations with less than \$1.5m in assessable gaming revenue.</p> <p>25 C.F.R. Part 514, and 82 F.R. 25,617</p>	<p>KEY POINTS</p> <p>Any amendments to the tribal gaming ordinance must also be approved by the Chair of the NIGC.</p>
 <p>Annual Audits</p> <p>Operations grossing less than \$2 million may submit "reviewed" rather than audited financial statements, if . . .</p> <ul style="list-style-type: none"> they have complied with audit submission regulations for the past three years or received a waiver from the Commission. <p>25 C.F.R. § 571.12</p>	<p>KEY POINTS</p> <p>When requesting a waiver to submit a review, a tribe should submit information that will allow the Commission to make an informed decision, including, but not limited to, a cost comparison of an audit versus a review, prior good faith efforts to regulate the entity, any compliance issues, the level of risk for misappropriation of revenues, etc.</p>

OGC-105 Small and Charitable Gaming Participant Guide

<p>Facility Licenses</p> <p>Tribes are not required to notify NIGC in advance of occasional charitable gaming events lasting not longer than one week (normally would need to provide 120-day notice).</p> <p>Tribes must still license all facilities where gaming takes place (charitable or not) and provide a copy of each facility license to NIGC within 30 days <i>after</i> issuance.</p> <p>25 C.F.R. § 559.2(c), 559.3</p> 	<p>KEY POINTS</p> <p>Merriam-Webster's Dictionary: "occasional" - encountered, occurring, appearing, or taken at irregular or infrequent intervals</p>
<p>Minimum Internal Control Standards</p> <p>Small and Charitable operations with gross revenues less than \$3 million may be exempt from the MICS if the TGRA allows it and</p> <ul style="list-style-type: none"> TGRA provides alternate procedures, and If it is charitable, gaming must be run by the charity's employees or volunteers (i.e., not a third party donating the money to the cause) <p>25 C.F.R. § 543.4</p> 	<p>KEY POINTS</p> <p>NOTES: Alternative procedures must:</p> <ul style="list-style-type: none"> Protect the integrity of the games offered; Safeguard the assets used in connection with the operation; and Create, prepare, and maintain records in accordance with GAAP
<p>Technical Standards</p> <p>Similar to the MICS, Charitable operations with gross revenues less than \$3 million may be exempt from the technical standards if the TGRA allows it and</p> <ul style="list-style-type: none"> All proceeds are for the benefit of the charitable operation, and Gaming is conducted by the charity's employees or volunteers (i.e., not a third party donating the money to the cause) <p>25 C.F.R. § 547.5(e)</p> 	<p>KEY POINTS</p> <p>Note: there is NO exemption for small gaming operations, but it is really on the vendor/manufacture to satisfy the machines they are selling/leasing, not on the tribe or operation.</p>
<p>Questions</p> <p>NIGC Office of General Counsel (202) 632-7003</p> 	<p>KEY POINTS</p> <p>If you have any questions in the future, please contact NIGC.</p>
<p>Course Evaluation</p> <ul style="list-style-type: none"> Provide an honest assessment of your experience Written suggestions and comments are greatly appreciated and allow us to improve your experience 	<p>KEY POINTS</p> <p>To launch the survey, open a browser window on your device and enter the URL: PolleEV.com/nigc2</p> <p>Please take some time to complete the course evaluation. We use the data from the course evaluations to help improve our future training courses.</p>
	<p>Poll Title: OGC-105 Small & Charitable Gaming Course Evaluation https://www.polleverywhere.com/surveys/aFoyVQ5tJsm7k8vB2r5Pu</p>

CMP- 110 Misuse of Gaming Revenue



KEY POINTS

Gamesmanship 1.0 focused on Management Contracts.
Gamesmanship 2.0 focused on Management and Sole Proprietary Interest.
Gamesmanship 3.0 will focus on the Use of Net Gaming Revenues.

What to expect?

- IGRA review
- Misuse of gaming revenue violation of IGRA
- Where to uncover potential violations

KEY POINTS

- Define net gaming revenue
- Discuss allowable uses of net gaming revenues
- Discuss improper uses of net gaming revenues
- Notice of Violation (NOV)
- How TGRA can work inside the casino
- Detection using scenarios driven discussions and activities

IGRA's Allowable Uses of NGR

KEY POINTS

A **tribe** shall use **net revenues** from any tribal gaming or from any individually owned games only for one or more of the following purposes:

- 1.
- 2.
- 3.
- 4.
- 5.

IGRA Definitions

KEY POINTS

Net revenues means **Gross Gaming Revenues** of an Indian gaming operation less—
(a) Amounts paid out as, or paid for, prizes; and
(b) Total gaming-related operating expenses, including all those expenses of the gaming operation commonly known as operating expenses and non-operating expenses consistent with professional accounting pronouncements, excluding management fees.

See 25 CFR § 502.16

Misuse of Gaming Revenue (MGR)

- Violation of IGRA and NIGC regulations
- Five specific purposes
- When revenue is used for some other purpose(s), it can result in a Notice of Violation (NOV)

KEY POINTS

IGRA requires that net gaming revenues from Indian gaming be used for public purposes that are consistent with those typically provided by governments.

CMP- 110 Misuse of Gaming Revenue



When Does the Trouble Start?

Gaming revenue is spent by someone for something that is not:

- **A legitimate operating expense of the gaming operations**
and/or
- Bona fide tribal program or a per capita payment according to the approved plan.

6

KEY POINTS

Remember only legitimate operating expenses can be deducted from gross gaming revenues.



DISCUSSION - Identify Legitimate Expenses

- | | |
|---------------------------------------|-------------------------------|
| 1. NFL super bowl tickets | 4. Set of 4 tires |
| 2. Dinner at a 5 star restaurant | 5. Airline ticket to New York |
| 3. Payment made directly to Sam Smith | 6. Taxi cab |
| | 7. Parking |

7

KEY POINTS

- This is a list of expenses identified by the casino accounting department
- Review this list of expenses
- Figure out how you can determine if they are legitimate
- Be prepared to support your choice



When does the Trouble Start

Gaming revenue is spent by someone for something that is not:

- A legitimate operating expense of the gaming operations
and/or
- **Bona fide tribal program or a per capita payment according to the approved plan.**

8

KEY POINTS

Remember net gaming revenues can only be used for the 5 approved uses in IGRA.



Tribal Programs Guidance

Impromptu tribal programs and programs with no written criteria or guidelines are not bona-fide programs and likely are a misuse of gaming revenue.



9

KEY POINTS

Tribal programs have written criteria.



Per Capita Payments Guidance

- Should be authorized
- Should be listed on a RAP
- Authorization should provide necessary information, etc.



10

KEY POINTS

What is a good authorized per capita payment?

CMP- 110 Misuse of Gaming Revenue



Tribal Program Scenario

11

KEY POINTS

READ THIS SCENARIO - The Tribe offers heating assistance during the winter months. It is an approved program through tribal council resolution #445-A. To apply, a tribal member must complete an application, submit it to the tribal welfare department, and wait for approval.

In December near the holidays the Tribe is often closed to observe holidays. The CEO at the casino receives a call from the Tribal Chairperson who provides verbally authorization to use the casino credit card to purchase a tank of propane gas for a member whose home is freezing. In addition, the Chairman requested that a \$200.00 in cash be issued to the tribal member so they may put gas in their vehicle.




Per Capita Scenario

12

KEY POINTS

READ THIS SCENARIO -The Tribe has an approved RAP plan by DOI. The RAP authorizes 50% of net gaming revenues to be paid by the Tribe to all eligible tribal members on a quarterly basis for per capita payments, 50% is to operate the Tribal government.

At a December Tribal Membership meeting the Tribal Chair announces that the Tribe is going to give each tribal member a \$500.00 Christmas bonus and a ham. The Chair contacts the casino CEO and tells him that the Tribal Member Christmas bonuses will be issued from the Casino Cage as they were approved in the Casino budget; line item "Sponsorships/Donations Account" and the hams can be purchased by the casino restaurant since they get a discount on food purchases. The CEO provides a membership list to the casino accounting department and requests that casino checks are issued to each member as he would rather issue a check than cash. He also requests that the restaurant manager order a 1000 hams. Casino accounting recognize both expenses as a deduction from the Casino's "Sponsorships/Donations Account" since it has already been approved by Tribal Council according to policy.



Detection is Key


Why it Happens	How it Happens
<ul style="list-style-type: none">• Lack of Awareness• Good Intentions/Few Options• Pressure• Collusion	<ul style="list-style-type: none">• Lack of procurement and accounting policies• Fraudulent purchases• Misuse of credit cards• Ghost employees/consultants• Contract rates


13

KEY POINTS

Think About - How misuse of revenue can occur inside the casino and how TGRA can detect it.

CMP- 110 Misuse of Gaming Revenue

 Detection – Using Management Letters



14

KEY POINTS

- Management letters are SAS 114 and SAS 115
- Required by 25 C.F.R 571(13)

Think about - How you can use it?

Who is getting them and who is looking at them?


 DISCUSSION – Management Letters



15



KEY POINTS

- Listen to the scenarios read by instructor
- Develop investigative procedures for each scenario
- You may share your procedures with the class during the discussion.

 Activity

Detection

Credit Card Statements

16

KEY POINTS

Activity: Detection – Credit Card Statement Review Handout

Small Group Activity

TIME: 15 minutes

Directions:

- Assign a note taker and presenter.
- Review the scenario as a group.
- Develop investigative procedures for your scenario.
- Write down your procedure on the Post-It note.
- Present your procedure to the class.

 DISCUSSION – Detection Accounting Records



17

KEY POINTS

Activity: Detection – Accounting Records

Discussion

TIME: 10 minutes

Directions:

- Review accounting detail for accounts
 - Donations account
 - Consultant fees
 - Management fees
 - Wire transfers
- Compare FY to previous year for large increases or decreases ask why?
- How do you get details from accounting based on the information you find in the account records?
- Discuss with your group some ways to investigate the records and be prepared to present your procedure to the class.

CMP- 110 Misuse of Gaming Revenue

 Activity

Detection

Donations/Sponsorship Account



ACTIVITY

18

KEY POINTS


Activity: Detection – Sponsorships/Donations Account Handout

Small Group Activity

TIME: 10 minutes


Directions:

- Assign a note taker and presenter.
- Review the scenario as a group.
- Develop investigative procedures for your scenario.
- Write down your procedure on the Post-It note.
- Present your procedure to the class.

 Activity

Detection

Consultant Fees



ACTIVITY

19

KEY POINTS


Activity: Detection – Consultant Fees Handout

Small Group Activity

TIME: 10 minutes


Directions:

- Assign a note taker and presenter.
- Review the scenario as a group.
- Develop investigative procedures for your scenario.
- Write down your procedure on the Post-It note.
- Present your procedure to the class.

 Activity

Detection

Wire Transfers



ACTIVITY

20

KEY POINTS

Activity: Detection – Wire Transfers Handout


Small Group Activity

TIME: 10 minutes

Directions:

- Assign a note taker and presenter.
- Review the scenario as a group.
- Develop investigative procedures for your scenario.
- Write down your procedure on the Post-It note.
- Present your procedure to the class.

CMP- 110 Misuse of Gaming Revenue



Additional Resources

Bulletins, OGC Reviews, and Technical Assistance

Links to resources:

- [2005-1 Use of Net Gaming Revenues Bulletin](#)
- [1994-5 Approved Management Contracts v. Consulting Agreements](#)



21

KEY POINTS

- Any agreement can be management if it authorizes management activity.
- Provides distinctions between Consultant Agreements and Management Contracts
- Optional Contract Review by Office of General Counsel.

Resources:

- **2005-1 Use of Net Gaming Revenues Bulletin**
<https://www.nigc.gov/compliance/detail/use-of-net-gaming-revenues-bulletin>
- **1994-5 Approved Management Contracts v. Consulting Agreements (Unapproved Management Contracts are Void)**
<https://www.nigc.gov/compliance/detail/approved-management-contracts-v.-consulting-agreements-unapproved-management>




Questions?

- Division of Compliance
- Office of General Counsel (OGC)
- 202-632-7003



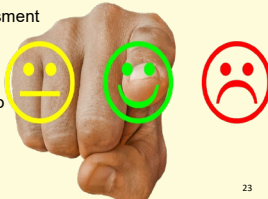
22

KEY POINTS



Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



23

KEY POINTS

To launch the survey, open a browser window on your device and enter the URL:
[PollEV.com/nigc2](https://www.poll Everywhere.com/nigc2)

Please take some time to complete the course evaluation.
We use the data from the course evaluations to help improve our future training courses.

CMP-110 Misuse of Gaming Revenue Course Evaluation

When survey is active, respond at [PollEV.com/nigc2](https://www.poll Everywhere.com/nigc2)

0 surveys done

0 surveys underway

Poll Title: CMP-110 Misuse of Gaming Revenue Course Evaluation
<https://www.poll Everywhere.com/surveys/cixqtnFPkA43SLOZ51olu>

Activity Credit Card Statement Review

Directions:

1. Assign a note taker and presenter.
2. Review the scenario as a group.
3. Develop investigative procedures for your scenario.
4. Write down your procedure on the Post-It note.
5. Present your procedure to the class.

As part of a quarterly review, the TGRA compliance department randomly reviews credit card statements to ensure proper supporting documentation, reconciliation and signatures are maintained.

Date	Description	Amount
4/1/2018	Ticketmaster.com	\$4,200.00
4/2/2018	Best Buy	\$1,900.00
4/7/2018	Excel gas/electric company	\$4,200.00
4/8/2018	T-Mobile	\$454.00
4/12/2018	Steakhouse	\$747.52
4/19/2018	Cash Advance MGM Vegas	\$1,452.00
4/19/2018	Men warehouse	\$676.00
4/20/2018	Delta Airline Tickets to Paris	\$6,980.00
4/21/2018	Buffalo Wild Wings	\$65.00
4/22/2018	Mel's bar	\$72.00
4/24/2018	Ford Dodge Lincoln dealership	\$676.00

Activity Sponsorships/Donations Account Review

Directions:

1. Assign a note taker and presenter.
2. Review the scenario as a group.
3. Develop investigative procedures for your scenario.
4. Write down your procedure on the Post-It note.
5. Present your procedure to the class.

Scenario

The Casino has a line item in their approved budget for Sponsorships and Donations. Donations and Sponsorships are recognized as an expense of the gaming operation. On a monthly basis the TGRA Compliance department reviews this account.

Date	Acct. 100-1024 donations account	Amount
7/1/2018	Ford tires	\$475.00
7/2/2018	Check #1245	\$525
7/3/2018	Girls Scouts of America	\$600.00
7/8/2018	University of CA	\$6,900.00
7/9/2018	Gill's Cancer Benefit	\$500.00
7/11/2018	Tribal kids Xmas party	\$7,500.00
7/12/2018	AZ community school	\$1,000.00

Activity Consultant Fees Review

Directions:

1. Assign a note taker and presenter.
2. Review the scenario as a group.
3. Develop investigative procedures for your scenario.
4. Write down your procedure on the Post-It note.
5. Present your procedure to the class.

Scenario

There is a line item in the General Ledger for consultant fees.

The TGRA Compliance reviews accounting records on a monthly basis for irregular entries and requests supporting documentation for the payments.

Date	Acct. 100-1024 Consultant fees account	Amount
7/1/2018	Marketing Consultant	\$1,500.00
7/2/2018	Check #1245 B. Barry	\$1,525.00
7/3/2018	B Barry check #2563 consultant	\$600.00
7/8/2018	HR consultant	\$69,000.00
7/9/2018	MGM management fee	\$500.00
7/11/2018	Tribal gas station project	\$7,500.00
8/1/2018	Marketing Consultant	\$1,500.00

Activity Wire Transfer Review

Directions:

1. Assign a note taker and presenter.
2. Review the scenario as a group.
3. Develop investigative procedures for your scenario.
4. Write down your procedure on the Post-It note.
5. Present your procedure to the class.

On a quarterly basis, the TGRA compliance department reviews the reconciliations of the casino's bank statements to the deposits and transfers to the Tribe.

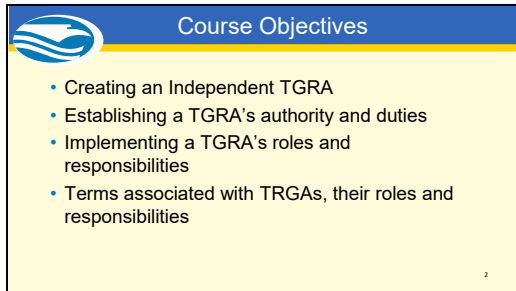
Date	Acct. 100-1024 Bank Statement Casino	Amount
7/1/2018	Transfer to tribe	\$1,525.00
7/2/2018	Check #1245 B. Barry	\$1,525.00
7/3/2018	Wire transfer acct #1234consultant	\$6,000.00
7/8/2018	Transfer to tribe	\$69,000.00
7/9/2018	Transfer to tribe	\$50,000.00
7/11/2018	Wire transfer acct#754 Barry	\$7,500.00
8/1/2018	Transfer to tribe	\$15,000.00

COM-111 Roles and Responsibilities



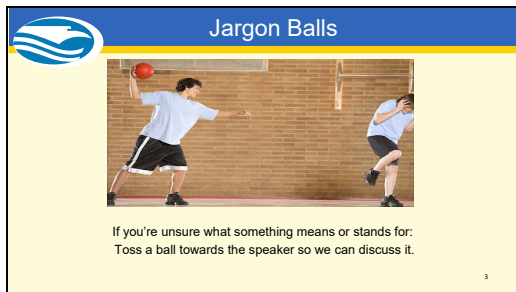
KEY POINTS

- _____
- _____
- _____
- _____
- _____



KEY POINTS

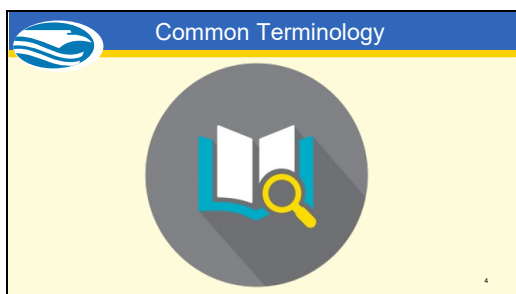
- _____
- _____
- _____
- _____
- _____



KEY POINTS

If you do **not** know some industry terms or jargon you can toss a foam ball at the instructor or speaker to let them know.

- _____
- _____
- _____
- _____
- _____



KEY POINTS

Examples of Agency Names

Tribal Gaming Commission
Tribal Gaming Agency
Tribal Gaming Authority
Tribal Gaming Regulatory Authority

Common Titles and Terms

Commissioner
Gaming Inspector
Compliance Officer
Internal Auditor
MICS, TICS, SICS
Owner (Tribe)
Operations(Mgmt.)

COM-111 Roles and Responsibilities

Does your organization have a Tribal Gaming Commission?

Yes

No

Unsure

KEY POINTS

Using your mobile device, text **NIGC to 22333** to join the session.
Text your response to the following polls:

Poll Title: Does your organization have a Tribal Gaming Commission?
https://www.polleverywhere.com/multiple_choice_polls/wPk4dISkzVtJC BtLcbLV

Are the Commissioners independent from the owner/operator?

Yes

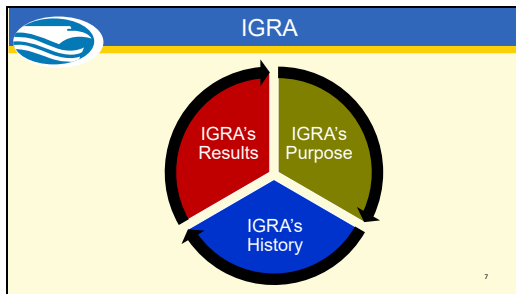
No

Unsure

KEY POINTS

Using your mobile device, text **NIGC to 22333** to join the session.
Text your response to the following polls:

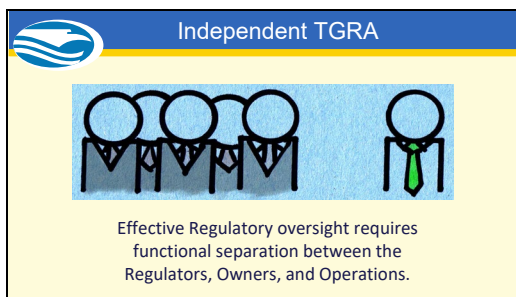
Poll Title: Are the Commissioners independent from the owner/operator?
https://www.polleverywhere.com/multiple_choice_polls/nV2cfFcmwTYhR 4YyFOuXd



KEY POINTS

- California v. Cabazon Band of Mission Indians
- IGRA (25 U.S.C. §§ 2701 – 2721) was enacted in 1988 in the wake of *Cabazon*

- _____
- _____
- _____
- _____
- _____



KEY POINTS

- Clearly defined and established by Ordinance or Tribal law
- Separate arm of the Tribal Government
- Exclusively for regulation and monitoring of the gaming operations

- _____
- _____
- _____
- _____
- _____
- _____

COM-111 Roles and Responsibilities



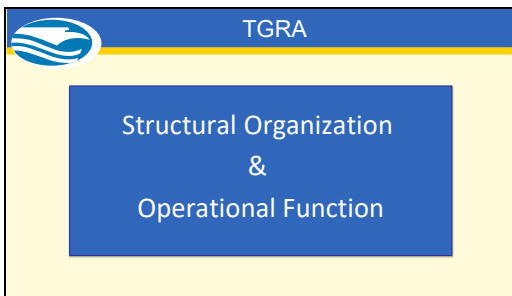
KEY POINTS

- Gaming Ordinance outlines TGRA authority
- Licensing Department
- Enforcement/Investigations
- Internal Audit
- Commission



KEY POINTS

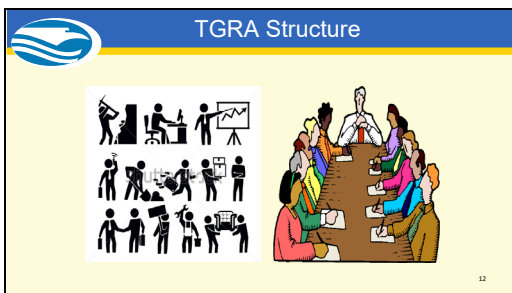
- Commission Gaming Regulation ensures that all gaming within a Tribe's jurisdiction operates in accordance with Tribal Laws and Regulations.
- In order to maintain objectivity and independence the TGRA should be both politically and personally separated from tribal politics and operations.



KEY POINTS

Examples of matters to be considered in establishing the TGRA:

- Clearly defined responsibilities, powers, and enforcement Authority
- Number of Commissioners, term length, selection process and necessary qualifications, removal process, time commitment, and continuity of the Commission
- Funding
- Procedures for conducting official commission business and appeal/hearing procedures
- Procedures for regular reports to Tribal Government



KEY POINTS

- Working Commission
- Board Style

- _____
- _____
- _____
- _____
- _____
- _____

COM-111 Roles and Responsibilities



KEY POINTS

In your group discuss:

- What is the overarching goal of TGRAs?
- As regulators, what are your day to day responsibilities?
 - Write regulations
 - Conduct investigations
 - Monitor Compliance
- What steps do you take to ensure compliance?

Activity: Round Table Discussion

Time: 15 mins



KEY POINTS

- The TGRA has authority in regulating gaming
- Cabazon reaffirmed the Tribe's authority to regulate gaming
- The passing of IGRA provided some specific requirements and submissions
- The bulk of the responsibilities are left to the Tribe



KEY POINTS

- Tribal law creates TGRA authority to regulate gaming.
- Before gaming commences, a tribe must have a gaming ordinance approved by the NIGC Chair.
- Example – Model Gaming Ordinance (www.nigc.gov/compliance/bulletins)
 - Published January 10, 2018



KEY POINTS

Activity: Important aspects of the Gaming Ordinance

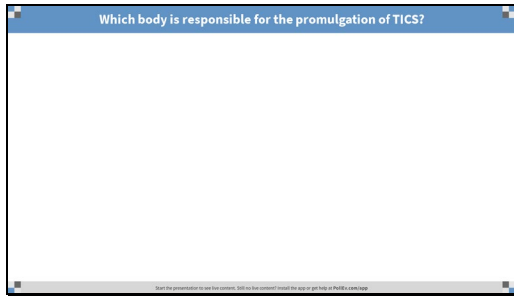
- In your group identify a group leader to present the groups answer.
- Identify procedures or policies within the Model Gaming Ordinance (or their own) to minimize those conflicts from the topic assigned.

Group Work

TIME: 30-45 minutes

- _____
- _____
- _____
- _____

COM-111 Roles and Responsibilities

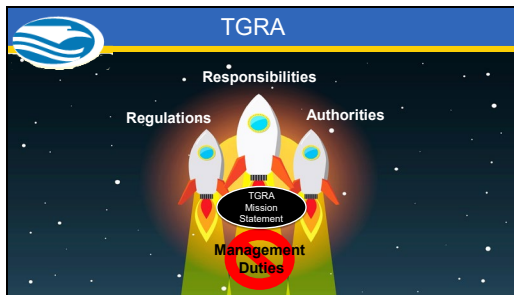


KEY POINTS

Using your mobile device, text **NIGC to 22333** to join the session.
Text your response to contribute to the word cloud.

Do you know which body is responsible for the promulgation of TICS?
https://www.polleverywhere.com/free_text_polls/Brbtoti9YIRdeJSMZ6qi8

Promulgation is the formal proclamation or declaration that a new statutory or administrative law has come into force and effect after its final approval. In some jurisdictions, this additional step is necessary before the law can take effect.



KEY POINTS

TGRA's do not manage the facility, their job is to make sure that the facility operates within Tribal, Federal laws and if applicable within the regulations set forth in the State Compact.

Ask yourself: How does each task or TGRA responsibility help meet your regulatory mission and organizational goals?



KEY POINTS

Using your mobile device, text **NIGC to 22333** to join the session.
Text your response to contribute to the word cloud.

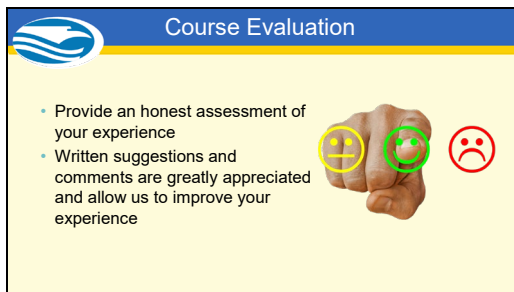
Poll Title: **Does your TGRA review operations contracts?**
https://www.polleverywhere.com/multiple_choice_polls/aBDxR6EiPjlrye6U83KoT

NIGC Office of General Council: legal_opinions@nigc.gov



KEY POINTS

If you have any questions in the future, please contact NIGC.



KEY POINTS

To launch the survey, open a browser window on your device and enter the URL: **PolIEV.com/nigc2**

Please take some time to complete the course evaluation.
We use the data from the course evaluations to help improve our future training courses.

CMP-111 Compliance Roles and Responsibilities Scenario Activity

Instructions: Read over these scenarios and identify procedures or policies within the Model Gaming Ordinance (or their own) to minimize the conflicts.

Licensing Scenario:

Tribal Elections are coming up and one of the elected officials comes to you the licensing agent and asks to see the background check of an employee that is running against them.

Enforcement/Monitoring Scenario:

As a member of the TGRA you receive information that a consultant hired by the operations dept. has been working on site for several months. The consultant does not have a gaming license, yet he/she appears to be supervising, training, and even terminating employees.

Audit Scenario:

It is time for the annual audit. Management praises their internal auditors and decides it would be a waste of tribal money to pay an outside firm to conduct an annual audit so they propose having the tribe use the annual audit that their internal auditors have already done which contains no findings.

Removal of a Commissioner Scenario:

The tribal elections are over and the new chairperson feels that he would be a better regulator than the current commissioner, so he terminates the commissioner 1 year early and appoints himself as the new tribal gaming commissioner.

Bulletin No. 2018-1

Date: January 10, 2018

Subject: Revised Model Gaming Ordinance

This Bulletin provides guidance for tribal governments on the development and updating of a tribal gaming ordinance. It revises and supersedes the guidance previously provided and published by the NIGC in Bulletin No. 2014-2 (May 5, 2014), Bulletin 05-05 (August 24, 2005) and Bulletin 93-1 (June 10, 1993). The Commission offers this revised Model Gaming Ordinance (“Model Ordinance”) to assist tribes with meeting the ordinance requirements of IGRA and the NIGC’s regulations, and with crafting effective ordinances that address each tribe’s unique regulatory needs.

The Model Ordinance not only contains provisions that are required by IGRA and NIGC regulations, but also provisions that are recommended but are not required. Many section and provisions of this Model Ordinance were taken from a variety of tribal gaming ordinances so that tribes could benefit from the collective knowledge and experience of the more than 250 gaming tribes. Some sections of the Model Ordinance present different options so that tribes may adopt and use language and provisions that will work best for them.

Explanatory footnotes and matters that appear in italics in the text of the Model Ordinance are for reference only and should not be included in a tribe’s gaming ordinance. Shaded areas are included for a tribe to insert its specific information.

In addition to the revised Model Ordinance, the NIGC is also posting the checklist used by the Office of General Counsel when performing the review of an ordinance. The checklist includes all the provisions required by IGRA and the NIGC’s regulations.

For any questions about the revised Model Ordinance or the checklist, please contact the Office of General Counsel at (202) 632-7003.

Table of Contents to Revised Model Gaming Ordinance

Section 1.	Purpose.....	1
Section 2.	Applicability	1
Section 3.	Definitions	1
Section 4.	Gaming Authorized.....	6
Section 5.	Ownership of Gaming	7
Section 6.	Use of Net Gaming Revenues	8
Section 7.	Per Capita Payments.....	8
Section 8.	Gaming Commission	9
Section 9.	Audits.....	15
Section 10.	Environment and Public Health and Safety.....	15
Section 11.	Patron Dispute Resolution	16
Section 12.	Facility Licenses.....	16
Section 13.	Agent for Service of Process	18
Section 14.	Tribal Access to Financial Information	18
Section 15.	License Application Forms.....	19
Section 16.	License Fees	20
Section 17.	Background Investigations	20
Section 18.	Procedures for Conducting Background Investigations.....	23
Section 19.	Investigative Reports	24
Section 20.	Eligibility Determinations.....	25
Section 21.	Notice of Results of Background Investigations.....	25
Section 22.	Granting Gaming Licenses	26
Section 23.	Denying Gaming Licenses	28
Section 24.	Gaming License Suspensions and Revocations	29
Section 25.	Records Retention	29
Section 26.	Licenses for Vendors	30
Section 27.	Submission of a Vendor License Application	30
Section 28.	Contents of the Vendor License Application	30
Section 29.	Vendor Background Investigations.....	32

Section 30.	Vendor License Fees	33
Section 31.	Vendor Background Investigation Reports	33
Section 32.	Vendors Licensed by Recognized Regulatory Authorities	33
Section 33.	Compliance with Federal Law	33
Section 34.	Repeal	33
Section 35.	Effective Date	34

Revised Model Gaming Ordinance¹

Section 1. Purpose

The [Tribal Council or other authorized Tribal governing body] of the [name of Tribe] ("Tribe"), empowered by the [Tribe's Constitution and/or other governing authority] to enact ordinances, hereby enacts this ordinance in order to govern and regulate the operation of [class II and/or class III] gaming operations on the Tribe's Indian lands.

OR

The [Tribal Council or other authorized government body] of the [name of Tribe] ("Tribe"), empowered by the [Tribe's Constitution and/or other governing authority] to enact ordinances, hereby enacts this ordinance to promote tribal economic development, self-sufficiency and sovereignty; to shield the operation of gaming from organized crime and other corrupting influences; and to ensure that gaming is conducted fairly and honestly by both the operator and players.

[25 U.S.C. § 2702(1)-(3)]

Section 2. Applicability

Unless specifically indicated otherwise, all provisions of this ordinance shall apply to [class II and/or class III] gaming on the Tribe's Indian lands.

Section 3. Definitions²

¹ Provisions, or text, in black are recommended for a tribal gaming ordinance, but are not required by IGRA or the NIGC's regulations. Provisions, or text, in green are not required to be included in a tribal gaming ordinance, but, if included, must be consistent with the language used in IGRA and/or the NIGC's regulations. Provisions, or text in blue are required by IGRA and/or NIGC's regulations to be included in a tribal gaming ordinance. Provisions, or text, in red are required to be submitted to the NIGC with a tribe's request for approval of its gaming ordinance, but may instead be included in the ordinance itself. For ease of reference, a color key is included at the bottom of each page.

² A tribe may expand on its "Definitions" section by including definitions which reflect features unique to the tribe and the structure, size, and regulation of its gaming operation. If a tribe chooses to include

Black:	Recommended, but not required
Green:	Not required, but, if included, must be consistent with IGRA and the NIGC regulations
Blue:	Must be included
Red:	Must be included in ordinance or submitted separately

The following terms shall have the same meaning and effect as those same terms as defined in the Indian Gaming Regulatory Act (“IGRA”), 25 U.S.C. §§ 2701 *et seq.*, and the National Indian Gaming Commission (“NIGC”) regulations, 25 C.F.R. §§ 500 *et seq.*, if they are defined in IGRA and the NIGC’s regulations.

A. Class I gaming.

1. Social games played solely for prizes of minimal value; or
2. Traditional forms of Indian gaming when played by individuals in connection with tribal ceremonies or celebrations.

[25 U.S.C. § 2703(6); 25 C.F.R. § 502.2]

B. Class II gaming.

1. Bingo or lotto (whether or not electronic, computer or other technologic aids are used) when players:
 - a. Play for prizes with cards bearing numbers or other designations;
 - b. Cover numbers or designations when objects, similarly numbered or designated, are drawn or electronically determined; and
 - c. Win the game by being the first person to cover a designated pattern on such cards;
2. Pull-tabs, punch boards, tip jars, instant bingo and other games similar to bingo, if played in the same location as bingo or lotto;
3. Non-banking card games that:
 - a. State law explicitly authorizes, or does not explicitly prohibit, and are played legally anywhere in the state; and
 - b. Players play in conformity with state laws and regulations concerning hours, periods of operation, and limitations on wagers and pot sizes;

definitions in its ordinance, it may, alternatively, cite directly to IGRA or the NIGC’s regulations and forego repeating language from IGRA or the NIGC’s regulations. For instance, a definition could read: “Class I gaming’ means those gaming activities as defined as class I gaming in IGRA at 25 U.S.C. § 2703(6), and the NIGC’s regulations at 25 C.F.R. § 502.2.”

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

4. Card games played in the states of Michigan, North Dakota, South Dakota or Washington, if:
 - a. A tribe actually operates the same card games as played on or before May 1, 1988, as determined by the NIGC Chair; and
 - b. The pot and wager limits remain the same as on or before May 1, 1988, as determined by the NIGC Chair;
5. Individually owned class II gaming operations –
 - a. That were operating on September 1, 1986;
 - b. That meet the requirements of 25 U.S.C. § 2710(b)(4)(B);
 - c. Where the nature and scope of the game remains as it was on October 17, 1988; and
 - d. Where the ownership interest or interests are the same as on October 17, 1988.

[25 U.S.C. § 2703(7); 25 C.F.R. § 502.3]

C. Class III gaming. All forms of gaming that are not class I or class II gaming, including, but not limited to:

1. Any house banking game, including but not limited to –
 - a. Card games such as baccarat, chemin de fer, blackjack (21), and pai gow (if played as house-banking games); and
 - b. Casino games such as roulette, craps, and keno;
2. Any slot machines, as defined in 15 U.S.C. § 1711(a)(1), and electronic or electromechanical facsimiles of any game of chance;
3. Any sports betting and pari-mutuel wagering, including but not limited to, wagering on horse racing, dog racing or jai alai; or
4. Lotteries.

[25 U.S.C. § 2703(8); 25 C.F.R. § 502.4]

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- D. **Commission.** The Tribal Gaming Commission established to perform regulatory oversight and to monitor compliance with tribal, federal and applicable state regulations.
- E. **Commissioner.** A Tribal Gaming Commissioner.
- F. **Directly related to.** A spouse, child, parent, grandparent, grandchild, aunt, uncle, or first cousin.
- G. **Director.** A member of the Tribal Gaming Board of Directors.
- H. **Facility License.** A separate license issued by the Tribe to each place, facility or location on Indian lands where the Tribe elects to allow class II or III gaming;
- [25 C.F.R. § 502.23]
- I. **Gaming Operation.** Each economic entity that is licensed by the Tribe, operates the games, receives the revenues, issues the prizes, and pays the expenses. A gaming operation may be operated by the Tribe directly; by a management contractor; or, under certain conditions, by another person or entity.
- [25 C.F.R. § 502.10]
- J. **Indian lands.**
1. Land within the limits of an Indian reservation; or
 2. Land over which an Indian tribe exercises governmental power and that is either;
 - a. Held in trust by the United States for the benefit of any Indian tribe or individual; or
 - b. Held by an Indian tribe or individual subject to restriction by the United States against alienation.

[25 U.S.C. § 2703(4); 25 C.F.R. § 502.12;
See also 25 U.S.C. § 2719; 25 C.F.R. § 292]

K. Key Employee.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

1. A person who performs one or more of the following function:
 - a. Bingo caller;
 - b. Counting room supervisor;
 - c. Chief of Security;
 - d. Custodian of gaming supplies or cash;
 - e. Floor manager;
 - f. Pit boss
 - g. Dealer;
 - h. Croupier;
 - i. Approver of credit; or
 - j. Custodian of gambling devices, including persons with access to cash and accounting records within such devices;
2. If not otherwise included, any other person whose total cash compensation is in excess of \$50,000 per year;
3. If not otherwise included, the four most highly compensated persons in the gaming operation; or
4. Any other person designated by the tribe as a key employee.³

[25 C.F.R. § 502.14]

- L. **Licensee.** A tribally owned class II or class III gaming operation or a person licensed by the Tribal Gaming Commission as a primary management official, key employee or other gaming employee under the provisions of this ordinance.
- M. **Management Contract.** Any contract, subcontract or collateral agreement between an Indian tribe and a contractor or between a contractor and a subcontractor if such contract or agreement provides for the management of all or part of a gaming operation.

[25 C.F.R. § 502.15]

- N. **Net Revenues.** Gross gaming revenues of an Indian gaming operation less:

³ A tribe may consider expanding the definition of “key employee,” but may not limit it.

Black:	Recommended, but not required
Green:	Not required, but, if included, must be consistent with IGRA and the NIGC regulations
Blue:	Must be included
Red:	Must be included in ordinance or submitted separately

1. Amounts paid out as, or paid for, prizes; and
2. Total gaming-related operating expenses, including all those expenses of the gaming operation commonly known as operating expenses and non-operating expenses consistent with professional accounting pronouncements, excluding management fees.

[25 U.S.C. § 2703(9); 25 C.F.R. § 502.16]

O. Primary Management Official.

1. The person(s) having management responsibility for a management contract.
2. Any person who has authority:
 - a. To hire and fire employees; or
 - b. To set up working policy for the gaming operation; or
 - c. The chief financial officer or other person who has financial management responsibility.
3. Any other person designated by the Tribe as a primary management official.⁴

[25 C.F.R. § 502.19]

P. Tribal-State Compact. An agreement between a tribe and state about class III gaming under 25 U.S.C. § 2710(d).

Q. Tribe. The [name of the Tribe].

Section 4. Gaming Authorized

[Class II and/or class III] gaming are authorized to be conducted on the Tribe's Indian lands, if such gaming is conducted in accordance with this ordinance, the Indian Gaming Regulatory Act, the NIGC's regulations, and any other applicable laws or regulations.

⁴ A tribe may consider expanding the definition of "primary management official," but may not limit it.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

Section 5. Ownership of Gaming

- A. The Tribe shall have the sole proprietary interest in and responsibility for the conduct of any gaming operation authorized by this Ordinance, except as expressly provided in this Ordinance.

**[25 U.S.C. § 2710(b)(2)(A);
25 C.F.R. §§ 522.4(b)(1), 522.6(c)]**

- B. No person or entity, other than the Tribe, shall conduct gaming without obtaining a license from the Tribal Gaming Commission.⁵
- C. The Tribal Gaming Commission may issue a license for individually-owned gaming so long as:
1. The individually owned gaming operation is licensed and regulated pursuant to this Ordinance;
 2. The income to the Tribe from an individually owned gaming operation is used only for the purposes listed in this Ordinance;
 3. Not less than 60 percent of the net revenues of the individually-owned gaming operation is income to the Tribe;
 4. The owner of the individually owned gaming pays an annual assessment to NIGC pursuant to 25 C.F.R. § 514.1; and
 5. The Tribal Gaming Commission applies licensing standards that are at least as restrictive as those established by State law governing similar gaming;⁶

⁵ A tribe is not required to allow individually owned gaming, but if it does, it must include these provisions in its ordinance.

⁶ If a tribe is going to permit individually owned gaming, it develop or reference these standards either in its ordinance or its individually owned gaming policies. *See* 25 U.S.C. § 2710(b)(4) and 25 C.F.R. § 522.10

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

6. The Tribal Gaming Commission determines that the owner of the individually owned gaming would be eligible to receive a State license to conduct the same activity within the jurisdiction of the surrounding State.⁷

[25 U.S.C § 2710(b)(4)(A)-(B);
25 C.F.R. §§ 502.3(e), 522.4(b)(1), 522.6(c), 522.10, 522.11]

Section 6. Use of Net Gaming Revenues

A. Net revenues from Tribal gaming shall be used only for the following purposes:

1. To fund Tribal government operations or programs;
2. To provide for the general welfare of the Tribe and its members;
3. To promote Tribal economic development;
4. To donate to charitable organizations; or
5. To help fund operations of local government agencies.⁸

[25 U.S.C. § 2710(b)(2)(B);
25 C.F.R. §§ 522.4(b)(2), 522.6(b)]

Section 7. Per Capita Payments

- A. Net revenues from any [class II and/or class III] gaming activities conducted or licensed by the Tribe may be used to make per capita payments to Tribal members if:

⁷ This requirement shall not bar the continued operation of an individually owned gaming operation that was operating on September 1, 1986, if the gaming activity remains within the same nature and scope as it was on October 17, 1988; and the ownership interests are the same as on October 17, 1988.

⁸ It is not necessary to include all five of the permissible uses in the ordinance, but a tribe may not include any additional uses.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

1. The Tribe has prepared a plan⁹ to allocate revenues to one or more of the five uses authorized by section 6(A) of this ordinance;
2. The plan is approved by the Secretary of the Interior as adequate, particularly with respect to the uses described in sections 6(A)(1) and 6(A)(3) of this ordinance;
3. The interests of minors and other legally incompetent persons who are entitled to receive any of the per capita payments are protected and preserved, and the per capita payments are disbursed to the parents or legal guardian of such minors or legal incompetents in such amounts as may be necessary for the health, education, or welfare of the minor or other legally incompetent person; and
4. The per capita payments are subject to Federal taxation and the Tribe notifies its members of such tax liability when payments are made.

[25 U.S.C. § 2710(b)(3);
25 C.F.R. §§ 522.4(b)(2)(ii), 522.6(b)]

Section 8. Gaming Commission¹⁰

- A. The Tribe hereby establishes a Tribal Gaming Commission (“Commission”) to regulate the Tribe’s gaming operations. The Commission shall consist of [insert chosen number] members, including a Chair, Vice-Chair and at least one additional Commissioner.
- B. The Commission will conduct oversight to ensure compliance with Tribal, federal and, if applicable, state laws and regulations. It will serve as the licensing authority for individuals employed in the gaming operation and will

⁹ A tribal revenue allocation plan (“RAP”) must satisfy the BIA regulations in 25 C.F.R. part 290 for approval by the Secretary of the Interior. Any questions about RAP requirements or approvals should be directed to the U.S. Department of Interior, Office of Indian Gaming.

¹⁰ This provision is recommended, but not required by IGRA or the NIGC’s regulations. Usually a tribal gaming commission is the entity that acts on behalf of a tribe to regulate its gaming operation. If a tribe opts to establish a gaming commission, it may wish to include more details in this section, such as how many commissioners should be enrolled tribal members; the length of their appointments; any additional restrictions on commissioners’ activities, relationships and holdings; how often written reports will be required of the commission; and how complaints will be processed by the commission.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

administer background investigations as part of the licensing process. The Commission will also have a role in monitoring compliance with the gaming operation's internal controls and in tracking gaming revenues. In order to carry out its regulatory duties, the Commission shall have unrestricted access to all areas of the gaming operation and to all of its records. The Commission shall have authority to take enforcement actions, including suspension or revocation of an individual gaming license, when appropriate.

C. Commissioner positions shall be filled in the following manner:

Through appointment by the [Tribe's general voting body] pursuant to an election.

OR

Through appointment by the [Tribal governing body].

OR

[Insert the Tribe's chosen method].

D. Terms of office for Commissioners shall be as follows: the Chair shall serve an initial term of one (1) year, with subsequent Chairs serving 3-year terms; and the Vice-Chair and Commissioner(s) shall serve an initial term of two (2) years, with subsequent Vice-Chairs and Commissioners serving 3-year terms.

E. The following persons are not eligible to serve as Commissioners: [Tribal governing body] members, while serving as such; current employees of the gaming operation; gaming contractors (including any principal of a management, or other contracting company); persons directly related to, or sharing a residence with, any of the above; and persons ineligible to be key employees or primary management officials. Non-tribal members previously convicted of any felony or misdemeanor offense of embezzlement, theft or any other money-related or honesty-related misdemeanor offense, such as fraud, cannot serve as Commissioner. Tribal members previously convicted of any felony or misdemeanor offense of embezzlement, theft or any other offense related to money or honesty, such as fraud, will only be allowed to serve as a Commissioner if the [Tribal governing body] specifically finds that a significant amount of time has passed and the person is now of trustworthy character.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- F. The [Tribal governing body] shall require a criminal history check with appropriate law enforcement agencies for each Commissioner candidate; shall review the candidate's criminal history check results; and shall make an appropriate eligibility determination before appointing an individual to the position of Commissioner.
- G. The Tribe recognizes the importance of an independent Tribal Gaming Commission in maintaining a well-regulated gaming operation. The Commission shall be independent of, and act independently and autonomously from, the [Tribal governing body] in all matters within its purview. No prior, or subsequent, review by the [Tribal governing body] of any actions of the Commission shall be required or permitted except as otherwise explicitly provided in this ordinance. To avoid potential conflicts of interest between the operation and regulation of the gaming facility, the Tribe requires that, at a minimum:
1. No member of the [Tribal governing body] or Tribal Gaming Board of Directors may serve on the Tribal Gaming Commission;
 2. No member directly related to, or living with, any [Tribal governing body] member or Tribal Gaming Board of Directors member may serve on the Tribal Gaming Commission;
 3. Members of the Commission are prohibited from gambling in the facility;
 4. Commissioners are prohibited from accepting complimentary items from the gaming operation, excepting food and beverages valued under [redacted] dollars (\$.00); and
 5. Commissioners may only be removed from office by the [Tribal governing body], prior to the expiration of their respective terms, for neglect of duty, misconduct, malfeasance or other acts that would render a Commissioner unqualified for the position.
- H. Nominees for Commissioner positions must satisfy the eligibility standards set forth for primary management officials and key employees found in Section 21 of this ordinance. All requisite background investigations shall be performed under the direction of [office or entity that will conduct the background investigations].

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

I. The Tribal Gaming Commission shall:

1. Conduct background investigations, or cause such investigations to be conducted, for primary management officials and key employees;
2. Review and approve all investigative work conducted in connection with the background investigations of primary management officials and key employees;
3. Create and maintain investigative reports based on the background investigations of primary management officials and key employees;
4. Designate a law enforcement agency to obtain and process fingerprints and conduct a criminal history check that shall include a check of criminal history records information maintained by the Federal Bureau of Investigation.;
5. Make licensing eligibility determinations, which shall be signed by the Chair of the Commission;
6. Submit a notice of results to the NIGC of the background investigations done for each primary management official and key employee applicant;
7. Issue gaming licenses to primary management officials and key employees of the operation, if warranted by the eligibility determination;
8. Establish standards for licensing Tribal gaming facilities;
9. Issue gaming licenses to Tribal gaming facilities;
10. Inspect, examine and monitor all of the Tribe's gaming activities, and have immediate access to review, inspect, examine, photocopy and audit all records of the gaming facilities and operations;
11. Ensure compliance with all Tribal, federal and applicable state laws, rules and regulations regarding Indian gaming;
12. Investigate any suspicion of wrongdoing associated with any gaming activities;

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

13. Hold hearings on patron complaints, in accordance with procedures established in this ordinance and the Tribal gaming regulations;
14. Comply with any and all reporting requirements under IGRA, the NIGC's regulations and any tribal-state compact to which the Tribe is a party, and any other applicable law;
15. Promulgate and issue regulations necessary to comply with applicable internal control standards;
16. Promulgate and issue regulations on the levying of fees and/or taxes associated with gaming license applications;
17. Promulgate and issue regulations on the levying of fines and/or the suspension or revocation of gaming licenses for violations of this ordinance or any Tribal, federal or applicable state gaming regulations;
18. Establish a list of persons not allowed to game in the Tribe's gaming facilities in order to maintain the integrity of the gaming operation;
19. Establish a list of persons who have voluntarily agreed to be excluded from the Tribal gaming facilities, and create regulations for enforcing the exclusions;
20. Provide referrals and information to the appropriate law enforcement officials when such information indicates a violation of Tribal, federal or state statutes, ordinances, regulations, codes or resolutions;
21. Create a list of regulatory authorities that conduct background investigations of, and licenses, vendors who are recognized as trustworthy;
22. Draft regulations exempting vendors from the licensing and/or background investigation requirements if they have received a license from a recognized regulatory authority;
23. Perform such other duties the Commission deems appropriate for the proper regulation of the Tribal gaming operation; and

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

24. Promulgate such regulations and guidelines as deemed appropriate to implement the provisions of this ordinance, so long as they are in furtherance of, and not in conflict with, any provisions of this ordinance.
- J. Before adopting, amending and repealing regulations, the Commission shall give notice of any such proposed action to the [Tribal governing body], the gaming operation(s) and all other persons whom the Commission has reason to believe have a legitimate interest in the proposed action. The notice shall invite comments and describe the general nature of the proposed action and the manner in which comments on the proposed action shall be received by the Commission.
 - K. The Commission shall ensure that all records and information obtained as a result of an employee background investigation, including but not limited to, the identity of each person interviewed in the course of an investigation, shall remain confidential and shall not be disclosed to any persons who are not directly involved in the licensing and employment processes. Information obtained during the course of an employee background investigation shall be disclosed to members of management, human resource personnel and/or others employed by the Tribal gaming operation on a need-to-know basis, for actions taken in their official capacities.
 - L. The confidentiality requirements in Section 8(J), above, do not apply to requests for such records or information from any Tribal, federal or state law enforcement or regulatory agency, or for the use of such records or information by the Commission and staff in the performance of their official duties.
 - M. A majority of the Commission shall constitute a quorum. The concurrence of a majority of the Commissioners shall be required for any final determination by the Commission. The Commission may act in its official capacity, even if there are vacancies on the Commission.
 - N. Commissioners shall be compensated at a level determined by the [tribal governing authority]. In order to ensure the Commission is not improperly influenced, a Commissioner's compensation shall not be based on a percentage of gaming revenue.
 - O. The Commission shall keep a written record of all its meetings.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

Section 9. Audits

- A. The Tribe shall cause to be conducted independent audits of gaming operations annually and shall submit the results of those audits to the NIGC.

[25 U.S.C. § 2710(b)(2)(C);
25 C.F.R. § 522.4(b)(3)]

- B. Annual audits shall conform to generally accepted auditing standards.

[25 C.F.R. § 571.12(b)]

- C. All gaming-related contracts that result in the purchase of supplies, services or concessions for more than \$25,000 in any year¹¹ (except contracts for professional legal and accounting services) shall be specifically included within the scope of the audit conducted under Section 9(A) of this ordinance.

[25 U.S.C. § 2710(b)(2)(D);
25 C.F.R. §§ 522.4(b)(4), 522.6(b)]

- D. Copies of the annual audit of each licensed gaming operation, and each audit for supplies, services or concessions of each gaming operation, shall be furnished to the NIGC within 120 days after the end of each fiscal year of the gaming operation.

[25 C.F.R. § 571.13]

Section 10. Environment and Public Health and Safety

- A. Each gaming facility shall be constructed, maintained, and operated in a manner that adequately protects the environment and the health and safety of the public.

[25 U.S.C. § 2710(b)(2)(E);
25 C.F.R. §§ 522.4(b)(7), 522.6(b), and 559.4]

¹¹ The amount may exceed, but not be less than, \$25,000.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- B. [Tribal official or group] shall identify and enforce laws, resolutions, codes, policies, standards, or procedures, which are applicable to each gaming place, facility or location, to ensure adequate protection of the environment and the health and safety of the public.

[25 C.F.R. § 559.4]

Section 11. Patron Dispute Resolution¹²

Patrons with complaints against the gaming establishment shall have as their sole remedy the right to file a petition for relief with the Tribal Gaming Commission. Complaints shall be submitted in writing. The Commission shall hold a hearing within 30 days of receipt of the petitioner's complaint. The petitioner may have counsel present at the hearing. The petitioner may be allowed to present evidence, at the discretion of the Commission. After the hearing, the Commission shall render a decision in a timely fashion. All such decisions will be final when issued. Any patron complaint must be submitted to the Commission within thirty (30) days of the incident giving rise to the complaint. All claims by patrons shall be limited to a maximum recovery of [enter dollar amount] per occurrence, and a cumulative limit of [enter dollar amount] per patron in any 12-month period, except disputes relating to a patron's entitlement to a game prize, which shall be limited to the amount of such prize. The Commission's decision shall constitute the complainant's final remedy.

[25 C.F.R. § 522.2(f)]

Section 12. Facility Licenses

- A. The Tribe shall issue a separate license to each place, facility or location on Indian lands where [class II and/or class III] gaming is conducted under this ordinance.

[25 U.S.C. § 2710(b)(1);
25 C.F.R. §§ 522.4(b)(6), 522.6(b) and 559]

¹² 25 C.F.R. § 522(f) requires a tribe to include in its ordinance a description of the procedures in place for resolving disputes between the gaming public and a tribe or the gaming public and a tribe's management contractor. This section provides an example of a dispute resolution process used by tribes with gaming operations.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- B. The Tribal Gaming Commission is responsible for issuing new or renewed facility licenses to each place, facility or location.
- C. The Tribal Gaming Commission shall require that a facility license application be completed by the chief management official of the gaming facility for each gaming place, facility or location.
- D. The Tribal Gaming Commission shall identify the environmental, health and public safety standards with which the place, facility or location must comply, and specify the form, conditions and content of a facility license application. The application shall include:
- E. A legal description of the lands upon which the facility is located, and a certification that the site constitutes “Indian lands,” as defined in IGRA, the NIGC’s regulations, the NIGC Office of General Counsel and DOI Solicitor Offices’ Indian lands legal opinions, judicial decisions and any other applicable law.
- F. The Tribal Gaming Commission shall only issue a facility license if the application includes the required information and documentation, and sufficiently satisfies any additional conditions deemed necessary by the Tribe.
- G. The Tribe or Tribal Gaming Commission shall submit to the NIGC Chair a notice that issuance of a facility license is under consideration by the Tribal Gaming Commission.¹³ This notice must be submitted at least 120 days before the opening of any new place, facility or location on Indian lands where [class II and/or class III] gaming will occur.¹⁴

[25 C.F.R. § 559.2(a)]

¹³ The facility license notice shall contain the information and documentation set out in 25 C.F.R. § 559.2(b).

¹⁴ The NIGC does not notify the tribe that a facility complies with the requirements for gaming on Indian land unless the tribe specifically requests such notice.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- H. The Tribal Gaming Commission shall submit a copy of each newly issued or renewed facility license to the NIGC Chair within 30 days of issuance, along with any other required documentation.¹⁵

[25 C.F.R. § 559.3]

- I. The Tribe shall notify the NIGC Chair within 30 days if a facility license is terminated or expires, or if a gaming place, facility, or location closes or reopens.

[25 C.F.R. § 559.5]

Section 13. Agent for Service of Process

The Tribe designates [identity of an official position]¹⁶ as the agent for service of any official determination, order or notice of violation.

[25 C.F.R. §§ 519.1, 522.2(g), 522.6(a)]

Section 14. Tribal Access to Financial Information

A copy of the Tribal gaming operation's annual audit will be made available for review, upon request, to:

[the Tribe's Business Committee]

OR

[enrolled Tribal member]

¹⁵ Under 25 C.F.R. § 559.4, a tribe is required to submit an attestation certifying that by issuing the facility licenses, the tribe has determined that the construction and maintenance of the gaming facility, and the operation of that gaming, is conducted in a manner which adequately protects the environment and the public health and safety.

¹⁶ The NIGC recommends identifying an official position rather than naming a specific person as the agent for service of process.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

OR

[desired Tribal group]

Section 15. License Application Forms¹⁷

- A. The following notice shall be placed on the Tribe's license application form for a key employee or a primary management official before it is filled out by an applicant:

In compliance with the Privacy Act of 1974, the following information is provided: Solicitation of the information on this form is authorized by 25 U.S.C. §§ 2701 *et seq.* The purpose of the requested information is to determine the eligibility of individuals to be granted a gaming license. The information will be used by the Tribal gaming regulatory authorities and by the National Indian Gaming Commission members and staff who have need for the information in the performance of their official duties. The information may be disclosed by the Tribe or the NIGC to appropriate Federal, Tribal, State, local or foreign law enforcement and regulatory agencies when relevant to civil, criminal or regulatory investigations or prosecutions or when pursuant to a requirement by a tribe or the NIGC in connection with the issuance, denial, or revocation of a gaming license, or investigations of activities while associated with a tribe or a gaming operation. Failure to consent to the disclosures indicated in this notice will result in a tribe being unable to license you for a primary management official or key employee position.

The disclosure of your Social Security Number (SSN) is voluntary. However, failure to supply a SSN may result in errors in processing your application.

[25 C.F.R. § 556.2(a)]

- B. The following additional notice shall be placed on the application form for a key employee or a primary management official before it is filled out by an applicant:

¹⁷ The provisions related to the Privacy Act and False Statement notifications must be included in the ordinance exactly as written in the NIGC's regulations.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

A false statement on any part of your license application may be grounds for denying a license or the suspension or revocation of a license. Also, you may be punished by fine or imprisonment (U.S. Code, title 18, section 1001).

[25 C.F.R. § 556.3(a)]

Section 16. License Fees

The Tribe may charge a license fee, to be set by the Tribal Gaming Commission, to cover its expenses in investigating and licensing key employees and primary management officials of the gaming operation.

Section 17. Background Investigations¹⁸

- A. The Tribe shall perform a background investigation for each primary management official and key employee in its gaming operation.¹⁹ The investigation must be sufficient to allow the Tribal Gaming Commission to make an eligibility determination under Section 20 of this ordinance.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.4(b)(5), 556.4]**

- B. The Tribal Gaming Commission is responsible for conducting the background investigations of primary management officials and key employees. The background investigation shall include a check of criminal history records information maintained by the Federal Bureau of Investigations.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.2(h), 522.6(a)]**

¹⁸ Unless a tribal-state compact provides that a state has exclusive jurisdiction over conducting background investigations and issuing licenses for class III gaming operations, the background investigation provisions apply to both class II and class III gaming.

¹⁹ Background investigations, and the related procedures and standards in 25 C.F.R. part 556, are required for primary management officials and key employees of a tribe's gaming operation. A tribe may, however, wish to require all employees of its gaming operation to undergo background investigations.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- C. The Tribe shall request fingerprints from each primary management official and key employee. The law enforcement agency designated to take fingerprints is [name of responsible law enforcement agency].²⁰

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.2(h), 522.6(a), 556.4(a)(14)]**

- D. The Tribal Gaming Commission shall request from each primary management official and key employee all of the following information:
1. Full name, other names used (oral or written), social security number, birth date, place of birth, citizenship, gender and all languages (spoken and/or written);
 2. Currently, and for the previous five (5) years; business and employment positions held, ownership interests in those businesses, business and residential addresses, and driver's license numbers;
 3. The names and current addresses of at least three (3) personal references, including one (1) personal reference who was acquainted with the applicant during each period of residence listed under paragraph (C)(2) of this section;
 4. Current business and residential telephone numbers, and all cell phone numbers;
 5. A description of any existing and previous business relationships with other tribes, including any ownership interests in those businesses;
 6. A description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;

²⁰ A tribe is required to submit the name of the law enforcement agency that will take fingerprints and provide a description of the procedures for conducting a criminal history check by a law enforcement agency; however, it is not required to include such information in the ordinance. *See* 25 C.F.R. §§ 522.2(h), 522.6(a).

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

7. The name and address of any licensing or regulatory agency with which the person has filed an application for a license or permit related to gaming, whether or not such license or permit was granted;
8. For each felony for which there is an ongoing prosecution or a conviction, the charge, the name and address of the court involved, and the date of disposition, if any;
9. For each misdemeanor conviction or ongoing misdemeanor prosecution (excluding minor traffic violations) within 10 years of the date of the application, the name and address of the court involved and the date of disposition, if any;
10. For each criminal charge (excluding minor traffic charges), whether or not there is a conviction, if such criminal charge is within 10 years of the date of the application, and is not otherwise listed pursuant to paragraphs (C)(8) or (C)(9) of this Section, the criminal charge, the name and address of the court involved, and the date of disposition, if any;
11. The name and address of any licensing or regulatory agency with which the person has filed an application for an occupational license or permit, whether or not such license or permit was granted;
12. A photograph;²¹
13. Any other information the Tribe deems relevant; and
14. Fingerprints obtained in accordance with procedures adopted by the Tribe

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.2(h), 522.4(b)(5), 522.6(a), 556.4(a)(1)-(14)]**

- E. When a primary management official or key employee is employed by the Tribe, a complete application file, containing all of the information listed in Section 18(C), shall be maintained.

[25 U.S.C. § 2710(b)(2)(F);

²¹ A *current* photograph is recommended.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

25 C.F.R. §§ 522.4(b)(5), 556.6(a)]

- F. The Tribal Gaming Commission, and its investigators, shall keep confidential the identity of each person interviewed in the course of conducting a background investigation.

[25 C.F.R. §§ 522.4(b)(5), 556.4(c)]

Section 18. Procedures for Conducting Background Investigations²²

- A. The Tribal Gaming Commission, or its agent, shall employ or engage an investigator to conduct a background investigation of each applicant for a primary management official or key employee position. The investigator shall:
1. Verify the applicant's identity through items such as a social security card, driver's license, birth certificate or passport;
 2. Contact each personal and business reference provided in the license application, when possible;
 3. Conduct a personal credit check;
 4. Conduct a civil history check;²³
 5. Conduct a criminal history records check;^{24 25}

²² Most of the actions recommended in this provision are not required to be included in the ordinance. However, an ordinance must require that a background investigation be sufficient for a tribe to make an eligibility determination for licensing purposes. Additionally, an authorized tribal official must be able to review a person's prior activities, criminal record (if any), and reputation, habits and associations to make an eligibility finding for licensing purposes. *See* 25 U.S.C. § 2710(b)(2)(F)(II); 25 C.F.R. § 556.5.

²³ A tribe should look for items of concern including past or outstanding judgments, current liens, past or pending lawsuits, and any other information deemed to be relevant.

²⁴ A tribe should check federal, state and tribal court records for any criminal activity or any other information deemed to be relevant.

²⁵ A tribe may want to perform a check of tribal criminal history also. Tribal criminal records are not reflected in federal or state databases.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

6. Based on the results of the criminal history records check, as well as information acquired from an applicant's self-reporting or from any other source, obtain information from the appropriate court regarding any past felony and/or misdemeanor convictions or ongoing prosecutions within the past 10 years;²⁶
7. Inquire into any previous or existing business relationships with the gaming industry, including with any tribes with gaming operations, by contacting the entities or tribes;
8. Verify the applicant's history and current status with any licensing agency by contacting the agency; and
9. Take other appropriate steps to verify the accuracy of the information, focusing on any problem areas noted.

[25 U.S.C. § 2710(b)(2)(F); 25 C.F.R. §§ 522.4(b)(5), 556.5]

Section 19. Investigative Reports

- A. A Tribe shall create and maintain an investigative report for each background investigation of a primary management official or key employee.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.4(b)(5), 556.6(b)(1)]**

- B. Investigative reports shall include all of the following information:
 - a. Steps taken in conducting the investigation;
 - b. Results obtained;
 - c. Conclusions reached; and
 - d. The basis for those conclusions.

²⁶ A tribe may want to perform a check of tribal criminal history also. Tribal criminal records are not reflected in federal or state databases.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.4(b)(5), 556.6(b)(1)]

Section 20. Eligibility Determinations

- A. Before a license is issued to a primary management official or key employee, an authorized Tribal official shall make a finding concerning the eligibility of that person for receiving a gaming license by reviewing the applicant's prior activities, criminal record, if any, and reputation, habits and associations.

[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. §§ 522.4(b)(5), 556.5(a)]

- B. If the authorized Tribal official, in applying the standards adopted in this ordinance, determines that licensing the person poses a threat to the public interest or to the effective regulation of gaming, or creates or enhances the dangers of unsuitable, unfair or illegal practices, methods and/or activities in the conduct of gaming, he or she shall not license that person in a key employee or primary management official position.

[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 556.5(b)]

- C. Copies of the eligibility determination shall be included with the notice of results that must be submitted to the NIGC before the licensing of a primary management official or key employee.

[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 556.6(b)(2)]

Section 21. Notice of Results of Background Investigations

- A. Before issuing a license to a primary management official or key employee, the Tribal Gaming Commission shall prepare a notice of results of the applicant's background investigation to submit to the NIGC.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- B. The notice of results must be submitted to the NIGC no later than 60 days after the applicant begins working for the Tribe.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 556.6(b)(2)]**

- C. The notice of results shall include the following information:

1. The applicant's name, date of birth and social security number;
2. The date on which the applicant began, or will begin, working as a primary management official or key employee;
3. A summary of the information presented in the investigative report, including:
 - a. licenses that have previously been denied;
 - b. gaming licenses that have been revoked, even if subsequently reinstated;
 - c. every known criminal charge brought against the applicant within the last 10 years of the date of the application; and
 - d. every felony offense of which the applicant has been convicted or any ongoing prosecution; and
4. A copy of the eligibility determination made in accordance with Section 21.

[25 C.F.R. § 556.6(b)(2)(i)-(iv)]

Section 22. Granting Gaming Licenses²⁷

- A. All primary management officials and key employees of the gaming operation must have a gaming license issued by the Tribe.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 558.3(c)]**

²⁷ The procedures and standards of 25 U.S.C. part 558 apply only to licenses for primary management officials and key employees. *See* 25 C.F.R. § 558.1.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- B. The Tribal Gaming Commission²⁸ is responsible for granting and issuing gaming licenses to primary management officials and key employees.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 558.1]**

- C. The Tribal Gaming Commission may license a primary management official or key employee applicant after submitting a notice of results of the applicant's background investigation to the NIGC, as required by Section 22.

[25 C.F.R. § 558.3(a)]

- D. The Tribal Gaming Commission shall notify the NIGC of the issuance of a license to a primary management official or key employee within 30 days of issuance.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 558.3(b)]**

- E. The Tribe shall not employ an individual in a primary management official or key employee position who does not have a license after 90 days of beginning work at the gaming operation.

[25 C.F.R. § 558.3(c)]

- F. The Tribal Gaming Commission must reconsider a license application for a primary management official or key employee if it receives a statement of itemized objections to issuing such a license from the NIGC, and those objections are received within 30 days of the NIGC receiving a notice of results of the applicant's background investigation.

[25 C.F.R. § 558.2(c)]

- G. The Tribal Gaming Commission shall take the NIGC's objections into account when reconsidering a license application.

[25 C.F.R. § 558.2(c)]

²⁸ Unless a tribal-state compact assigns responsibility to an entity other than a tribe, the licensing authority for class II or class III gaming is a tribal authority. See 25 C.F.R. § 558.1.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- H. The Tribe will make the final decision whether to issue a license to an applicant for a primary management official or key employee position.

[25 C.F.R. § 558.2(c)]

- I. If the Tribal Gaming Commission has issued a license to a primary management official or key employee before receiving the NIGC's statement of objections, notice and a hearing shall be provided to the licensee, as required by Section 25.

[25 C.F.R. § 558.2(d)]

Section 23. Denying Gaming Licenses

- A. The tribal Gaming Commission shall not license a primary management official or key employee if an authorized Tribal official determines, in applying the standards in Section 21 for making a license eligibility determination, that licensing the person:

1. Poses a threat to the public interest;
2. Poses a threat to the effective regulation of gaming; or
3. Creates or enhances the dangers of unsuitable, unfair or illegal practices, methods and/or activities in the conduct of gaming.

**[25 U.S.C. § 2710(b)(2)(F);
25 C.F.R. § 556.5(b)]**

- B. When the Tribal Gaming Commission does not issue a license to an applicant for a primary management official or key employee position, or revokes a previously issued licenses after reconsideration, it shall:

1. Notify the NIGC; and
2. Forward copies of its eligibility determination and notice of results of the applicant's background investigation to the NIGC for inclusion in the Indian Gaming Individuals Record System.

[25 C.F.R. § 558.3(d)]

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

Section 24. Gaming License Suspensions and Revocations

- A. If, after a license is issued to a primary management official or a key employee, the Tribe receives notice from the NIGC that the primary management official or key employee is not eligible for employment, the Tribal Gaming Commission shall do the following:
1. Immediately suspend the license;
 2. Provide the licensee with written notice of the suspension and proposed revocation; and
 3. Provide the licensee with notice of a time and place for a hearing on the proposed revocation of the license.²⁹

[25 C.F.R. § 558.4(a)-(c)]

- B. Following a revocation hearing, the Tribe shall decide whether to revoke or reinstate the license at issue.

[25 C.F.R. § 558.4(e)]

- C. The Tribe shall notify the NIGC of its decision to revoke or reinstate a license within 45 days of receiving notification from the NIGC that a primary management official or key employee is not eligible for employment.

[25 CFR § 558.4(e)]

Section 25. Records Retention

- A. The Tribal Gaming Commission shall retain, for no less than three years from the date a primary management official or key employee is terminated from employment with the Tribe, the following documentation:

²⁹ Upon granting a permanent license under an ordinance approved by the Chair of the NIGC, a tribe must provide the right to a revocation hearing pursuant to 25 C.F.R. § 558. This section does not limit or prohibit a tribe from providing a hearing in other circumstances as well.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

1. Application for licensing;
2. Investigative Reports; and
3. Eligibility Determinations.

[25 C.F.R. § 558.3(e)]

Section 26. Licenses for Vendors³⁰

Vendors of gaming services or supplies, with a value of \$25,000³¹ or more annually, must have a vendor license from the Tribal Gaming Commission in order to transact business with the Tribal gaming operation. Contracts for professional legal and accounting services are excluded from this Section.

Section 27. Submission of a Vendor License Application

In order to obtain a gaming vendor license, the business must complete a vendor application and submit to background checks of itself and its principals. Principals of a business include those officers, directors, managers, owners, partners, and non-institutional stockholders that either own 10% or more of the business' stock or are the 10 largest stockholders, as well as the on-site supervisors or managers designated in an agreement with the Tribe, if applicable.

Section 28. Contents of the Vendor License Application

A. Applications for gaming vendor licenses must include the following:

1. Name of business, business address, business telephone number(s), federal tax identification number (or social security number, if a sole proprietorship), main office address (if different from business address),

³⁰ This provision is recommended, but not required by IGRA or the NIGC's regulations. A tribe may leave this optional section in its ordinance or may create a separate vendor licensing regulation.

³¹ A tribe may wish to evaluate the \$25,000 minimum based on the size of the operation and the average amount of its contracts.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

any other names used by the applicant in business, and type of service(s) applicant will provide;

2. Whether the applicant is a partnership, corporation, limited liability company, sole proprietorship or other entity;
3. If the applicant is a corporation, the state of incorporation and the qualification to do business in the State of [insert State name], if the gaming operation is in a different state then the state of incorporation.
4. Trade name, other names ever used and names of any wholly owned subsidiaries or other businesses owned by the vendor or its principals;
5. General description of the business and its activities;
6. Whether the applicant will be investing in, or loaning money to, the gaming operation, and if so, how much;
7. A description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;
8. A list of Indian tribes with which the vendor has an existing or previous business relationship, including ownership, financial or management interests in any non-gaming activity;³²
9. Names, addresses and telephone numbers of three (3) business references with whom the company has regularly done business for the last five (5) years;
10. The name and address of any licensing or regulatory agency with which the business has filed an application for a license or permit related to gaming, whether or not such license or permit was granted;
11. If the business has ever had a license revoked for any reason, the circumstances involved;

³² If a vendor has extensive interaction with Indian tribes, a tribe may want to limit this list to the ten (10) biggest contracts.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

12. A list of lawsuits to which the business has been a defendant, including the name and address of the court involved, and the date and disposition, if any;
 13. A list of the business' funding sources and any liabilities of \$50,000 or more;³³
 14. A list of the principals of the business, their social security numbers, addresses, telephone numbers, titles and percentage of ownership in the company; and
 15. Any further information the Tribe deems relevant.
- B. The following notice shall be placed on the application form for a vendor and its principals:
- Inclusion of false or misleading information in the vendor application may be grounds for denial or revocation of the Tribe's vendor license.
- C. A vendor may submit to the Tribal Gaming Commission a copy of a recent license application to another jurisdiction if it contains the information listed above. The vendor will be required to submit, in writing, any changes in the information since the other license application was filed, and any information requested by the Tribe not contained in the other application.

Section 29. Vendor Background Investigations

The Tribal Gaming Commission shall employ or otherwise engage an investigator to complete an investigation of a gaming vendor. This investigation shall include, at a minimum, the following steps:

- A. Verification of the vendor's business' incorporation status and qualifications to do business in the state where the gaming operation is located;
- B. Obtaining a business credit report, if available, and conducting a Better Business Bureau check on the vendor;

³³ A tribe may want to consider naming a higher amount for larger or publicly traded companies.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

- C. Conducting a check of the vendor's business' credit history;
- D. Calling and questioning each of the references listed in the vendor application; and
- E. Conducting an investigation of the principals of the vendor's business, including facilitating a criminal history check, obtaining criminal history check results, obtaining a credit report, and interviewing the personal references listed.

Section 30. Vendor License Fees

The Tribe may charge a license fee, to be set by the Tribal Gaming Commission, to cover its expenses in investigating and licensing vendors of the gaming operation.

Section 31. Vendor Background Investigation Reports

The investigator shall complete an investigative report covering each of the steps taken in the background investigation of the gaming vendor and its principals, and present it to the Tribal Gaming Commission.

Section 32. Vendors Licensed by Recognized Regulatory Authorities

The Tribal Gaming Commission may adopt regulations naming specific licensing authorities that it recognizes and may authorize exemptions to the vendor licensing process for vendors who have received a license from one of the named regulatory authorities.

Section 33. Compliance with Federal Law

The Tribe shall comply with all applicable federal laws, including the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*

Section 34. Repeal

To the extent that they are inconsistent with this ordinance, all prior Tribal gaming ordinances are hereby repealed.

Black: Recommended, but not required
 Green: Not required, but, if included, must be consistent with IGRA and the NIGC regulations
 Blue: Must be included
 Red: Must be included in ordinance or submitted separately

Section 35. Effective Date

This ordinance shall take effect immediately upon its approval by the NIGC Chair.

Black: Recommended, but not required
Green: Not required, but, if included, must
be consistent with IGRA and the
NIGC regulations
Blue: Must be included
Red: Must be included in ordinance
or submitted separately

REVIEWS OF ORDINANCES, RESOLUTIONS, AND ORDINANCE AMENDMENTS

A CHECKLIST OF STATUTORY & REGULATORY REQUIREMENTS

Tribe: _____ Classes of Gaming: _____ Internal Due Date: _____ (45 days from receipt) Date of Review: _____ Date(s) of Previous Ordinance and/or Amendment Approval(s), if any: _____	Ordinance or Resolution #: _____ Amendment? YES <input type="checkbox"/> NO <input type="checkbox"/> Date Received: _____ Due Date: (90 days from receipt) Reviewer: _____
---	---

I. Submission Requirements

- Some of this information may be included within the ordinance, but can also be submitted separately. In the case of an ordinance amendment, some of this information may have been previously submitted.
- For most amendments, only verification of authority is needed; however, the hard file of the previously approved ordinance should be reviewed.

Yes	N o	N/A	Cite and/or Comments
			1. Copy of an ordinance, resolution, or ordinance amendment certified as authentic by an authorized tribal official. (§ 522.2(a)) To verify authenticity, the following is required:
			<ul style="list-style-type: none"> A copy of the tribe's Constitution or other governing document.
			<ul style="list-style-type: none"> Is the signatory to the tribal gaming ordinance recognized by the BIA? <ul style="list-style-type: none"> BIA employee called and date:
			<ul style="list-style-type: none"> Does the body adopting the ordinance have authority under the tribe's governing document? <ul style="list-style-type: none"> Name of body:
			<ul style="list-style-type: none"> What is the quorum requirement?
			<ul style="list-style-type: none"> Did the governing body have a quorum to pass the ordinance or resolution? <ul style="list-style-type: none"> Quorum when passed:
			2. Copies of all tribal gaming regulations. (§ 522.2(d)) (If missing, please obtain.)

			3. Copies of all tribal-state compacts, or Secretarial procedures, when an ordinance or resolution concerns class III gaming. (§ 522.2(e)) (If missing, please obtain.)
			4. A description of procedures for resolving disputes between the gaming public and the tribe and/or the management contractor. (§ 522.2(f))
			5. Designation of an agent for service of any official determination, order, or notice of violation, as required by § 519.1. (§ 522.2(g))
			6. Identification of a law enforcement agency that will take fingerprints. (§ 522.2(h))
			7. A description of procedures for conducting a criminal history check by a law enforcement agency, including a check of criminal history records information maintained by the FBI. (§ 522.2(h))
II. General Content Requirements <ul style="list-style-type: none"> • An asterisk (*) after any item indicates that the language in the ordinance should generally mimic the language in either IGRA or NIGC regulations. • Ordinance amendments need only be reviewed if the amended provisions fall within the scope of IGRA or NIGC regulations. If so, check off the sections being amended, but you should also review the ordinance provisions related to any recently revised NIGC regulations. • If you can answer “yes” to any of the following three questions, please notify your supervisor immediately: <ul style="list-style-type: none"> • Is the ordinance, or amendment thereof, site-specific? • Aside from the games already classified in IGRA or NIGC regulations, does the ordinance or amendment thereof, define a specific game as a class II or class III game? • Does the ordinance, or amendment thereof, authorize the tribe to conduct internet gaming? 			
Yes	No	N/A	Cite and/or Comments
			1. While an ordinance is not required to define terms, if it does define any terms, are the definitions of said terms consistent with those contained in IGRA or NIGC regulations? (If not, please note them.)
§ 522.4 Requirements			
			2. Does the ordinance provide that the tribe will retain the sole proprietary interest in, and responsibility for, the conduct of the gaming operation? (§ 522.4(b)(1))
			3. If the tribe authorizes individually-owned gaming, does the ordinance meet the requirements of §§ 522.10 or 522.11? (§ 522.4(b)(1))
			4. Does the ordinance require that net gaming revenues be used only for one or more of the following purposes:

			<ul style="list-style-type: none"> • to fund tribal government operations or programs; 	
			<ul style="list-style-type: none"> • to provide for the general welfare of the tribe and its members; 	
			<ul style="list-style-type: none"> • to promote tribal economic development; 	
			<ul style="list-style-type: none"> • to donate to charitable organizations; or 	
			<ul style="list-style-type: none"> • to help fund operations of local government agencies? (§ 522.4(b)(2)) * <p>If the ordinance provides for the use of net revenues for any other purpose, please note and list the additional purposes.</p>	
			5. Does the ordinance specify that per capita payments will only be made pursuant to an approved revenue allocation plan? (§ 522.4(b)(2)(ii))	
			6. Does the ordinance require that annual, independent audits be conducted and the results submitted to the NIGC, including the independent audits of all gaming-related contracts resulting in purchases of supplies, services or concessions amounting to more than \$25,000 in any year (except contracts for professional legal or accounting services)? (§ 522.4(b)(3)-(b)(4))	
			7. Does the ordinance require the tribe to perform background investigations of PMOs and key employees according to requirements that are as stringent as those in parts 556 and 558? (§ 522.4(b)(5))	
			8. Does the ordinance require the tribe to issue a separate license to each place, facility, or location on Indian lands where a tribe elects to allow class II or class III gaming? (§ 522.4(b)(6); § 522.6(b); 25 USC 2710(b)(1)) (If the ordinance includes any specific facility license provisions, please review for, and note, any inconsistencies with 25 CFR part 559.)	
			9. Does the ordinance require the tribe to construct, maintain, and operate a gaming facility in a manner that adequately protects the environment and the public health and safety? (§ 522.4(b)(7))	
Part 556 Requirements				

			10. Does the ordinance require that the application form for a PMO or key employee contain a Privacy Act notice that incorporates the specific language set out in 25 CFR § 556.2(a)?
			11. Does the ordinance require that the application form for a PMO or key employee contain a false statement notice that incorporates the specific language set out in 25 CFR § 556.3(a)?
			12. Does the ordinance require the tribe, as part of the background investigation of each PMO and each key employee, to request all of the following information?
			a) full name, other names used (oral or written), SSN(s), birth date, place of birth, citizenship, gender, and all languages spoken or written;
			b) currently and for the previous five years: business and employment positions held, ownership interests in those businesses, business and residential addresses, and driver's license number(s);
			c) the names and current addresses of at least three personal references, including one personal reference who was acquainted with the applicant during each period of residence listed above;
			d) current business and residence telephone numbers;
			e) a description of any existing and previous business relationships with Indian tribes, including ownership interests in those businesses;
			f) a description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;
			g) the name and address of any licensing or regulatory agency with which the person has filed an application for a license or permit related to gaming, whether or not such license or permit was granted;
			h) for each felony for which there is an ongoing prosecution or a conviction, the charge, the name and address of the court involved, and the date and disposition, if any;
			i) for each misdemeanor conviction or ongoing misdemeanor prosecution (excluding minor traffic charges) within 10 years of the date of the application, the name and address of the court involved and the date and disposition;

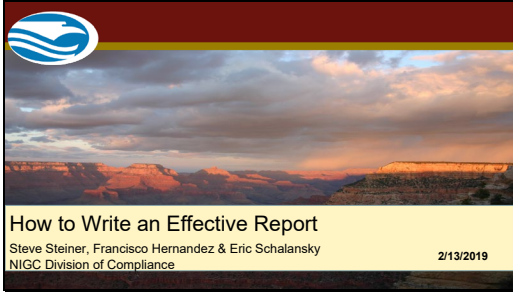
			j) for each criminal charge (excluding minor traffic charges) whether or not there is a conviction, if such criminal charge is within 10 years of the date of the application and is not otherwise listed, the criminal charge, the name and address of the court involved, and the date and disposition;	
			k) the name and address of any licensing or regulatory agency with which the person has filed an application for an occupational license or permit, whether or not such license or permit was granted;	
			l) a photograph;	
			m) any other information a tribe deems relevant; and	
			n) fingerprints consistent with procedures adopted by a tribe according to § 522.2(h). § 556.4(a)(1)-(14) *	
			13. Does the ordinance require that the tribe keep confidential the identity of each person interviewed in the course of conducting a background investigation? (§ 556.4(c))	
			14. Does the ordinance require that, in order to make a finding concerning the eligibility of a PMO or key employee for the granting of a gaming license, an authorized tribal official shall review a person's: <ul style="list-style-type: none"> • prior activities; • criminal record, if any; and • reputation, habits, and associations. (§ 556.5(a)) * 	
			15. Does the ordinance require that if, in applying the standards adopted in the ordinance, the authorized tribal official determines that licensing of the person poses a threat to the public interest or to the effective regulation of the gaming, or creates or enhances the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gaming, the authorized tribal official shall not license that person in a PMO or key employee position? (§ 556.5(b)) *	
			16. Does the ordinance require the tribe to maintain an individual's complete application file containing all of the information listed in § 556.4(a)(1)-(a)(14) when it employs the individual in a PMO or a key employee position? (§ 556.6(a))	

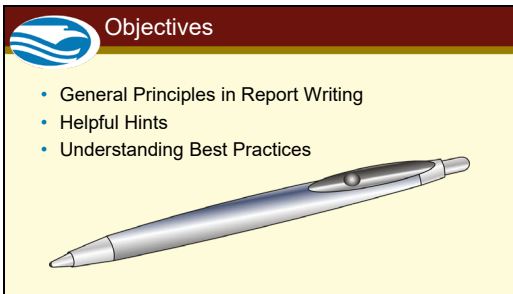
			<p>17. Does the ordinance require the tribe, before issuing a license to a PMO or to a key employee, to create and maintain an investigative report on each background investigation that includes all of the following:</p>
			<ul style="list-style-type: none"> • steps taken in conducting a background investigation;
			<ul style="list-style-type: none"> • results obtained;
			<ul style="list-style-type: none"> • conclusions reached; and
			<ul style="list-style-type: none"> • the basis for those conclusions. (§ 556.6(b)(1)) *
			<p>18. Does the ordinance require the tribe, before issuing a license to a PMO or to a key employee, to submit a notice of results of the applicant's background investigation to the Commission no later than 60 days after the applicant begins work, that includes:</p>
			<ul style="list-style-type: none"> • the applicant's name, date of birth, and SSN;
			<ul style="list-style-type: none"> • date on which the applicant began or will begin work as a PMO or key employee;
			<ul style="list-style-type: none"> • a summary of the information presented in the investigative report, including:
			<ul style="list-style-type: none"> <ul style="list-style-type: none"> • license(s) that have previously been denied;
			<ul style="list-style-type: none"> <ul style="list-style-type: none"> • gaming licenses that have been revoked, even if subsequently reinstated;
			<ul style="list-style-type: none"> <ul style="list-style-type: none"> • every known criminal charge brought against the applicant within the last 10 years of the date of the application; and
			<ul style="list-style-type: none"> <ul style="list-style-type: none"> • every felony of which the applicant has been convicted or any ongoing prosecution.
			<ul style="list-style-type: none"> • a copy of the eligibility determination made under § 556.5. (§556.6(b)(2)) *
Part 558 Requirements			
			<p>19. Does the ordinance require the tribe to reconsider a license application for a PMO or key employee if, within 30 days of the NIGC receiving a notice of results, the NIGC provides the tribe with a statement itemizing objections to the issuance of such license? (§ 558.2(c))</p>
			<p>20. Does the ordinance require the tribe to take NIGC objections into account when reconsidering a license application? (§ 558.2(c))</p>

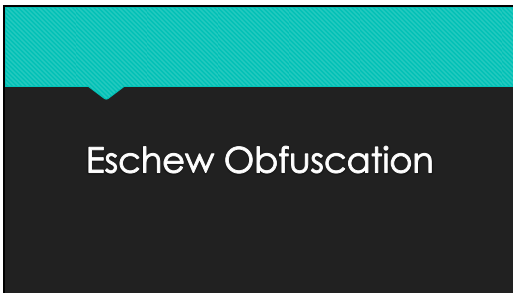
		<p>21. Does the ordinance provide that, if the tribe has issued the license before receiving the NIGC's statement of objection(s), a notice and hearing shall be provided to the licensee as required by § 558.4? (§ 558.2(d))</p>
		<p>22. Does the ordinance provide that the tribe may license a PMO or key employee after it has submitted a notice of results to the NIGC? (§ 558.3(a))</p>
		<p>23. Does the ordinance require the tribe to notify the NIGC of the issuance of a license to a PMO or key employee within 30 days of its issuance? (§ 558.3(b))</p>
		<p>24. Does the ordinance prohibit the tribe from employing an individual in a PMO or key employee position who does not have a license after 90 days? (§ 558.3(c))</p>
		<p>25. Does the ordinance require a tribe that does not license an applicant to:</p> <ul style="list-style-type: none"> • notify the NIGC; and • forward copies of its eligibility determination and notice of results to the NIGC for inclusion in the Indian Gaming Individuals Record System? (§ 558.3(d))
		<p>26. Does the ordinance require the tribe to retain the following documentation for no less than three years from the date of a PMO's or key employee's termination of employment:</p> <ul style="list-style-type: none"> • applications for licensing; • investigative reports; and • eligibility determinations? (§ 558.3(e)) *
		<p>27. Does the ordinance require the tribe, upon receipt of notification from the NIGC that a PMO or a key employee is not eligible for employment, to immediately suspend the license and provide the licensee with written notice of suspension and proposed revocation, including notifying the licensee of a time and a place for a hearing on the proposed revocation of the license? (§ 558.4(b)-(c)).</p>
		<p>28. Does the ordinance provide that the right to a revocation hearing vests only upon receipt of a license granted under an ordinance approved by the NIGC Chair?(§ 558.4(d)).</p>

			29. Does the ordinance require the tribe to decide to revoke or reinstate a license after a revocation hearing? (§ 558.4(e))
			30. Does the ordinance require the tribe to notify the NIGC of its decision to revoke or to reinstate a license within 45 days of receiving notification from the NIGC that a PMO or key employee is not eligible for employment? (§ 558.4(e)).

CMP- 112 How to Write an Effective Report

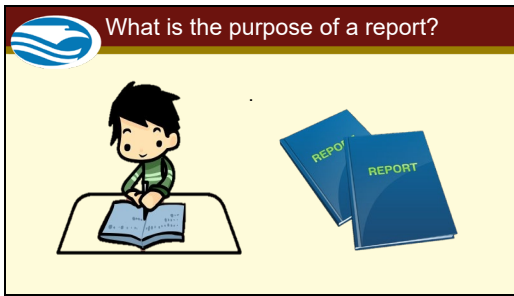






CMP- 112 How to Write an Effective Report

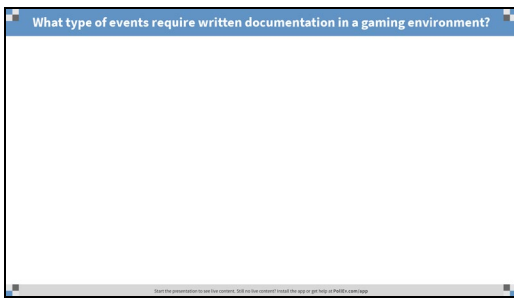


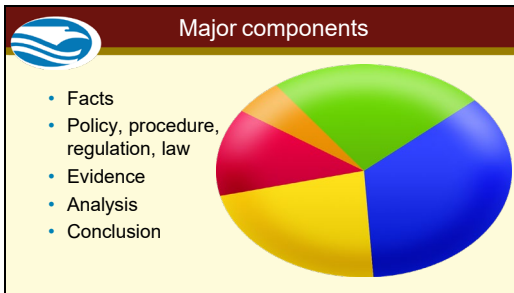




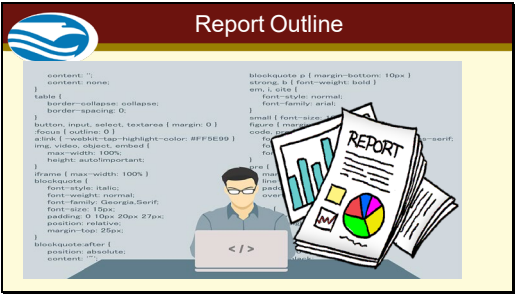
CMP- 112 How to Write an Effective Report





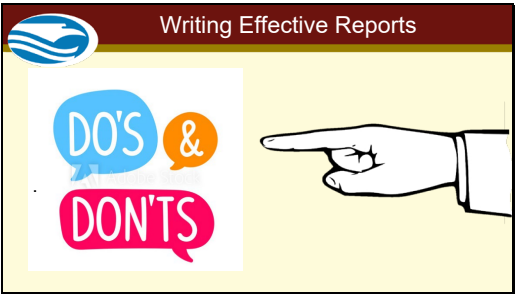


CMP- 112 How to Write an Effective Report



Report Outline

The slide features a dark red header with a white logo on the left. The main content area has a light blue background. On the left, there is a list of CSS properties: `font-family: sans-serif;`, `font-size: 12px;`, `font-weight: normal;`, `margin: 0;`, `padding: 0;`, `text-align: left;`, `width: 100%;`, `height: auto;`, `border: 1px solid black;`, `border-collapse: collapse;`, `border-spacing: 0;`, `float: left;`, `clear: both;`, `display: inline-block;`, `vertical-align: top;`, `width: 48%;`, `height: 100px;`, `background-color: #f0f0f0;`, `border: 1px solid black;`, `border-radius: 5px;`, `padding: 5px;`, `margin: 5px;`, `float: right;`, `clear: both;`, `display: inline-block;`, `vertical-align: top;`, `width: 48%;`, `height: 100px;`, `background-color: #f0f0f0;`, `border: 1px solid black;`, `border-radius: 5px;`, `padding: 5px;`, `margin: 5px;`. On the right, there is an illustration of a person sitting at a desk with a laptop, looking at a document titled 'REPORT' which contains a bar chart and a pie chart.



Writing Effective Reports

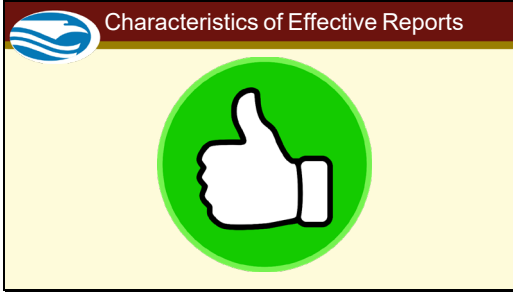
The slide features a dark red header with a white logo on the left. The main content area has a light blue background. On the left, there is a graphic with two speech bubbles: a blue one saying 'DO'S' and an orange one saying '&'. Below them is a pink speech bubble saying 'DON'TS'. On the right, there is an illustration of a hand pointing towards the left.



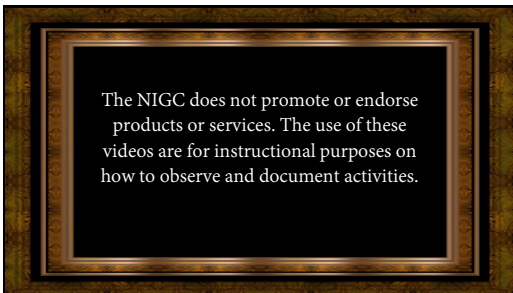
Common Report Problems

The slide features a dark red header with a white logo on the left. The main content area has a light blue background. In the center, there is a large orange emoji of a face with a hand covering its mouth, indicating a problem or mistake.

CMP- 112 How to Write an Effective Report








CMP- 112 How to Write an Effective Report

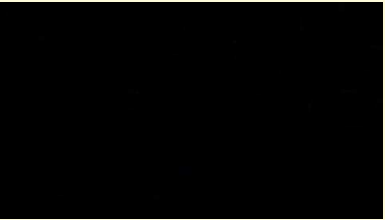



Good vs. Bad Reports






Report Writing Activity – Road Rage





Report Writing Activity – Bribery



CMP- 112 How to Write an Effective Report


 Report Writing Activity – Vehicle Theft




 Questions

Contact Information:
TrainingInfo@nigc.gov



 Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



CMP- 112 How to Write an Effective Report

CMP-112 How to Write an Effective Report Course Evaluation

When survey is active, respond at [PollEv.com/nlgc2](https://poll.ev.com/nlgc2)

0 surveys done

0 surveys in progress

See the presentation in your content. If not, click on the top right of the poll.



How to Write an Effective Report

Course Handout


I. Purpose

- a) To document an impartial account of the facts and circumstances of an event.
- b) Defend Investigation

II. Helpful Hints

- a) Write the report in a Microsoft Word or similar document and copy the text into the final report format.
- b) Complete every section of the report form, if utilized. Include the date, time, location, and the reason for the report in the text of the report.
- c) Be detailed as it relates to the facts. If someone was helpful or uncooperative, describe the actions of the person.
- d) Outline Components
- e) Introduction (the beginning) – The introduction should include a summary of the event and investigation. Describe the event, investigation plan, relevant regulations or laws and the result.
- f) The body (the middle) - of the report should detail the facts of the event, the scope of the investigation, the evidence gathered, the evidence reviewed and the analysis of the evidence.
- g) The conclusion (the end) should explain how, the analysis guided the results of the investigation.

III. Effective Characteristics

- a) Well organized
 - b) Grammatically correct
 - c) Defines all necessary terms, abbreviations and acronyms
 - d) Accurate
 - e) Specific Objective
- 

- f) Clear, Complete, Concise

IV. Common Problems

- a) Confusing
- b) Lack organization
- c) Not enough relevant details
- d) Not concise
- e) Poor grammar, punctuation, spelling
- f) Incorrect word use
- g) Use of terms, abbreviation and acronyms without explanation

V. WWWWWH

- a) Noticing details that matter – Height, clothing, speech, accent, things in the hand. Notice things, don't focus too much on describing them.
- b) Surroundings – Place, weather, crowded or not, temperature
- c) Action – What was happening, what are you describing?
- d) Subject – Who is the center of the action, the person doing the activity or the person who is the subject of the activity?
- e) Result – What happened as a result between the subject of the action and the object of the action?

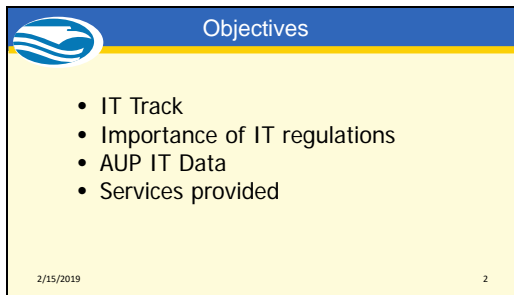
Notes:

IT-Overview and Importance of IT Regulations: Participant Guide



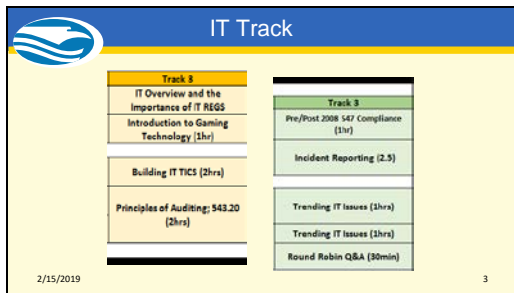
KEY POINTS

- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

- Courses developed based on:
 - Identified risks within the industry
 - 19% of IT Findings in the Agreed-Upon Procedures (AUP) reports



KEY POINTS

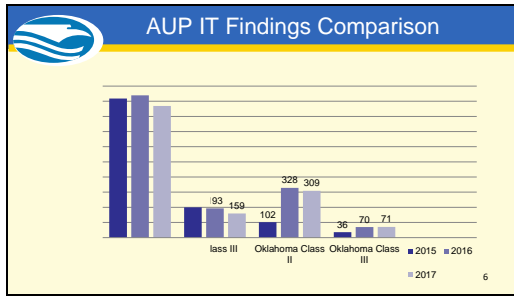
- Answer the poll question at www.pollev.com/nigc3



KEY POINTS

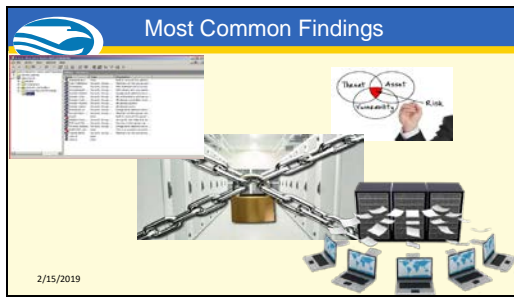
- 543.20 Minimum Internal Control Standards
- 547 Technical Standards

IT-Overview and Importance of IT Regulations: Participant Guide



KEY POINTS

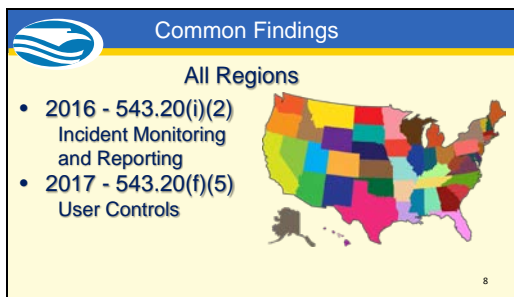
- Information Technology had a total of 869 findings related to 543.20
- This accounts for 19% of the total findings for Class II MICS



KEY POINTS

Most common findings are found in these areas:

- Incident Monitoring and reporting
- User controls
- Physical Security
- Logical security
- Data Back-ups



KEY POINTS

- In 2016 Incident Monitoring and Reporting was the most common finding throughout the country.
- In 2017 User Controls was the most common finding throughout the country.



KEY POINTS

2017 Most Common Finding – 543.20(f)(5) – User Controls

- MIC reads - Are access credentials of terminated users deactivated within an established time period approved by the TGRA? State the time period _____. (Inquiry and review TGRA approval)
- 2nd Most Common finding – 543.20(d)(3) – Physical Security
- MIC Reads - Is access to the systems' secured physical location restricted to agents in accordance with established policies and procedures, which include maintaining and updating a record of agents, granted access privileges? (Inquiry, observation, and review other – authorization lists)

IT-Overview and Importance of IT Regulations: Participant Guide



KEY POINTS

- Provide integrated technology for enhancing the Commission's regulatory mission to support tribes and tribal regulators
- Services provided:
 - Information Technology Vulnerability Assessments (ITVA)
 - Internal Control Assessment (ICA)
 - Site Specific Training



KEY POINTS

- What is an ITVA? A testing of a network and attached devices to discover known vulnerabilities. It is an approximation of the status of a network in terms of technical health
- Why do you need it done? To identify weaknesses before your network is exploited



KEY POINTS

- Common Findings:
 - Patches - missing hot fixes and updates
 - Remote code issues – attackers being able to execute code remotely due to missing patches
 - Out dated Operating Systems – windows XP etc.



KEY POINTS

- An Internal Control Assessment (ICA) is an evaluation of the IT department systems to the NIGC MICS
- Targeted audits on specific MICS areas such as IT.

IT-Overview and Importance of IT Regulations: Participant Guide




Site – Specific Training



2/15/2019 14

KEY POINTS


- Site – Specific Training (SST) is training that you can request where NIGC staff conducts training at your facility either in person or virtually through a teleconference.



How to request Services

Step 1) Go to <http://www.nigc.gov>


Step 2) Click Request Training.



2/15/2019 15

KEY POINTS

- To request training or an ITVA/ICA go to www.nigc.gov
- To request training information email Traininginfo@nigc.gov



Questions

Tim Cotton IT Auditor timothy_cotton@nigc.gov	Jeran Cox IT Auditor jeran_cox@nigc.gov	Michael Curry IT Auditor michael_curry@nigc.gov
Sean Mason IT Auditor sean_mason@nigc.gov	Travis Waldo Director, IT travis_waldo@nigc.gov	

16

KEY POINTS

If you would like more information or would like to request this training in person, please go to www.nigc.gov and hit the request training link.

Instructor Notes

Encourage participants to contact NIGC for further training and guidance.

FY2019 RTC Eval- IT Overview and the Importance of IT Regulations

When survey is active, respond at [Polltv.com/nigc3](https://www.polltv.com/nigc3)

0 surveys done

© 2019 NIGC

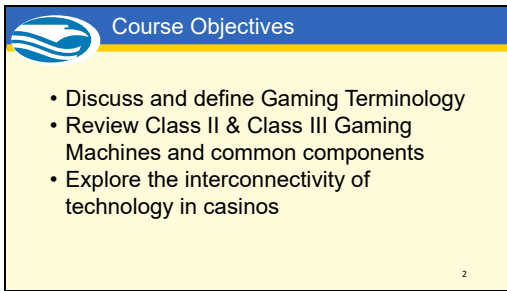
Poll Title: FY2019 RTC Eval- IT Overview and the Importance of IT Regulations
<https://www.polltv.com/surveys/nh7KUjtALloGW6MJCoKXy>

IT- 117 Introduction to Casino Technology



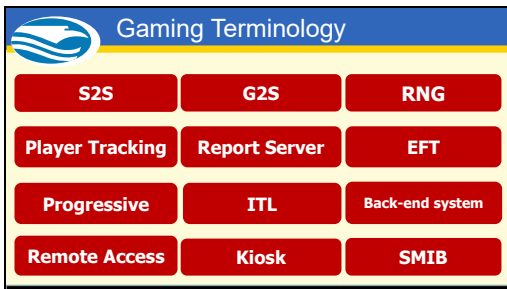
KEY POINTS

Welcome to IT-113 Introduction to Casino Technology



KEY POINTS

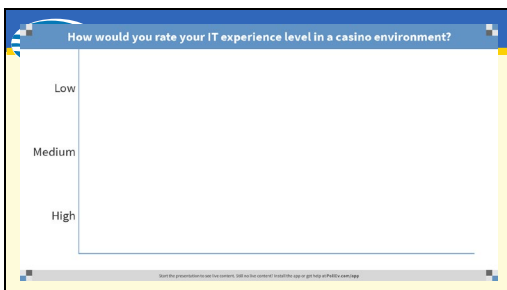
- _____
- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

Terms provided in Glossary Hand out in Participant Guide

- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

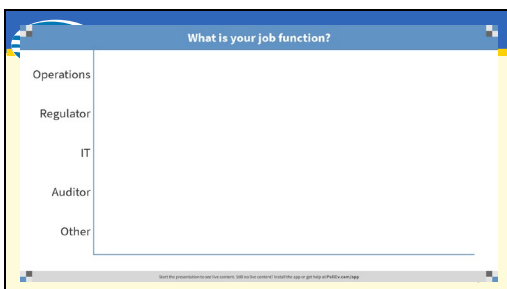
There are two ways to complete the poll.

Option 1 – Browser

- In a new browser window type: **PollEv.com/nigc3**
- Respond to the poll that appears

Option 2 – Texting

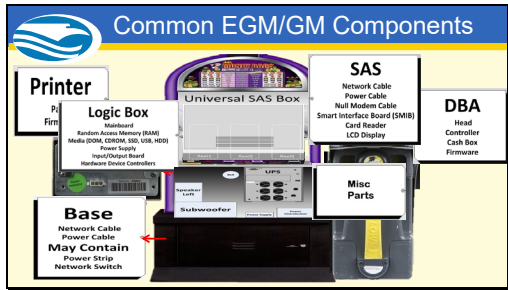
- Text **NIGC** to 22333 once
- Type your response based on the poll options



Poll Title: What is your job function?

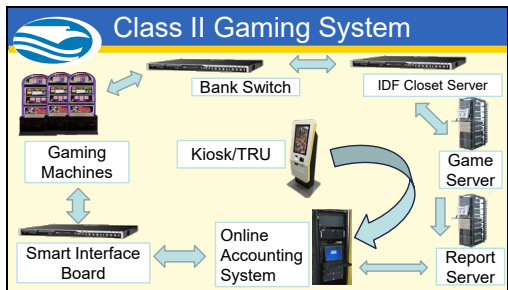
https://www.polleverywhere.com/multiple_choice_polls/oCwHz4WbrnTXeLFJQ7Mng

IT- 117 Introduction to Casino Technology



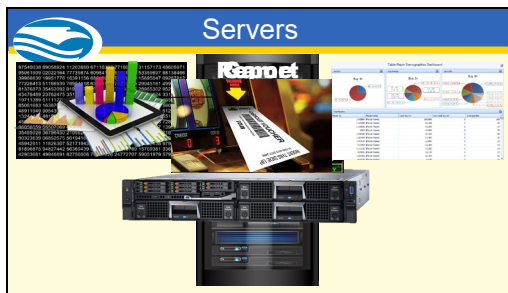
KEY POINTS

- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

- Pay attention to how these interact with each other
- _____
- _____
- _____
- _____
- _____



KEY POINTS

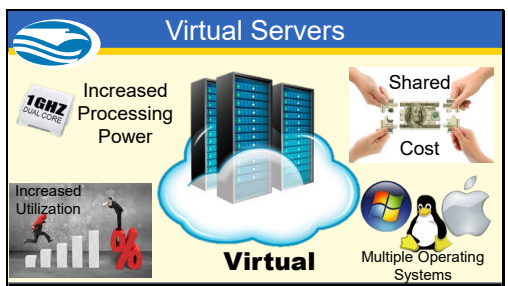
Game Server

- Located in a server room or other secured area typically under the control of the IT or Operations Department

Report Server

- Also located in the server room or other secured area
- Controls all game reporting and metering functions such as coin in, coin out, ticketing information, bonusing and player tracking information, etc.

- _____
- _____
- _____



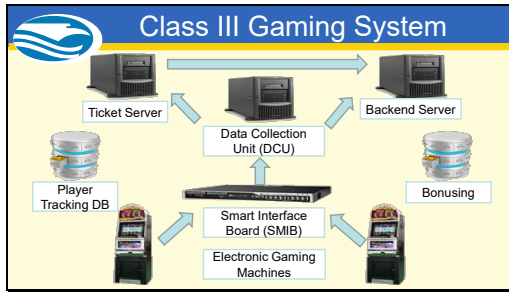
KEY POINTS

Virtual Server - Server that is usually located offsite and its resources are shared by multiple users who each have control over it. It means converting one physical server into multiple virtual machines that can each run their own operating system.

Cloud Based Computing- Delivery of computing service such as servers, storage, databases, networking, software, analytics, intelligence and more over the Internet instead of within local networked computers.

As technology continues to evolve this is the direction the industry is moving towards.

IT- 117 Introduction to Casino Technology



KEY POINTS

Primary source of game outcomes is determined using reel strip stop positions

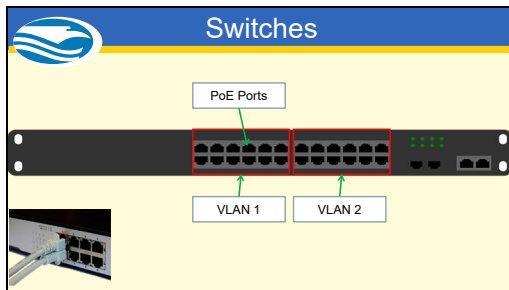
- _____
- _____
- _____



KEY POINTS

Components that are common to both Class III & Class III gaming systems

- _____
- _____
- _____



KEY POINTS

Bank Switch -

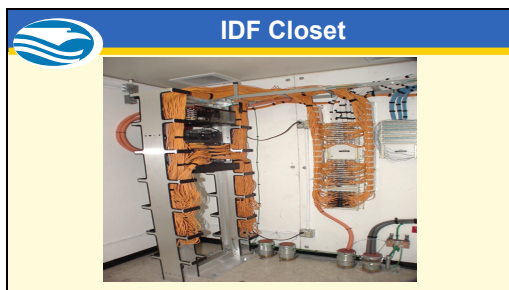
Managed Switch -

Unmanaged Switch -

VLAN - Any broadcast domain (logical division of a network) that is partitioned and isolated in a computer network at the data link layer

PoE - Power over Ethernet ports typically (RJ45- size of cord)

- _____
- _____
- _____



KEY POINTS

Intermediate Distribution Frame – is a distribution frame in a central office or customer premises, which cross-connects the user cable media to individual user line circuits.

- _____
- _____
- _____

IT- 117 Introduction to Casino Technology



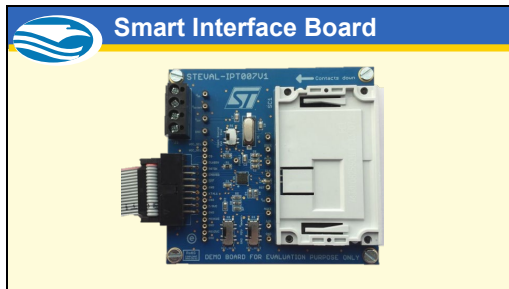
KEY POINTS

Online Accounting System:

- Streamlines frequent tasks
- Simplifies audits & work orders
- Machine management

Also Known as:

- CMS
- Back-end System
- Vendor Specific Software name



KEY POINTS

Smart Interface Board (SMIB) –

Converts the authentication protocol used by the EGM (typically-SAS, G2S) to the proprietary protocol used by the online accounting system. (Think of it as a translator between the EGM and the Online Accounting System)

Instructor Notes:

SAS VS. G2S –

Processing of data occurs in milliseconds to ensure the games operate as designed. For every push of the play button on the gaming machine the SMIB is processing data to assist with integrity and fairness of gaming while communicating with the backend systems.

SMIB board is the device that will alter the protocol used from SAS to the proprietary Protocol of the system

- All current games will talk a SAS Protocol and the SMIB board will collect the information and send it back to the CMS via the Proprietary protocol of the system
- Every system calls the SMIB board something else, i.e IGT calls it a BE2 (Bonus Engine), Konami calls it a NAMB board, Aristocrat calls it a Sentinel Board



KEY POINTS

Kiosks can serve as a companion to the online accounting systems by allowing patrons to be able to cash out their vouchers and/or gaming tickets. The information is then transferred to the accounting system for processing.

- _____
- _____
- _____

IT- 117 Introduction to Casino Technology



KEY POINTS

Questions to ask yourself:

- Is your surveillance network separated from your gaming network and/or your desktop environment?
- Is your Point of Sale system connected to your CMS or Player Tracking System?
- Are the procedures in place for port management in your facility being followed at all location on property?
- What kinds of remote access record keeping procedures do you have in place?
- What kind of firewall system?
- Are you aware of how interconnected your systems are?

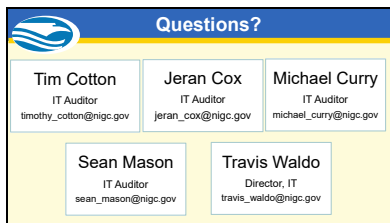


ACTIVITY

Work Individually

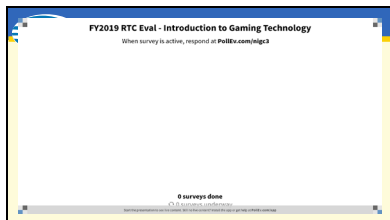
Handout –terminology / Hand-out in Participant Guide

Time: 10-15mins



KEY POINTS:

- _____
- _____
- _____



Poll Title: FY2019 RTC Eval - Introduction to Gaming Technology

<https://www.poll Everywhere.com/surveys/ql6HLWdMPgRQaYlqnHkpm>

1. **SAS** – System to system, protocol used to talk to the games and systems
2. **G2S** – Game to system, an updated protocol used to talk to the games and systems
3. **EFT** – Electronic Funds Transfer only to be replaced with AFT, Automatic Funds Transfer
4. **Report server** – This system will allow you to tally reports for accounting, Player information, slot data analysis.
5. **Remote Access** – Ability to access a computer such as an office network computer from a remote location. This allows individuals to work offsite from another location.
6. **Backend system** – This is the Casino Management system or the system that runs the accounting, player tracking, bonusing, etc.
7. **Kiosk** – This system can be a ticket redemption device, and player points inquiry, ATM, etc. or all in one.
8. **SMIB** – System to machine interface.
9. **Game Server** - Located in a server room or other secured area typically under the control of the IT or Operations Department
10. **Virtual Server** - Server that is usually located offsite and its resources are shared by multiple users who each have control over it.
11. **RNG** – Random Number Generator All modern machines are designed using pseudo random number generators ("PRNGs"), which are constantly generating random numbers, at a rate of hundreds or perhaps thousands per second. As soon as the "Play" button is pressed, the most recent random number is used to determine the result.
12. **Progressive** – Jackpot increases with each wager.
13. **Player Tracking** – This is the system that tracks what a player wagers as well as the habits of the player for marketing and tax reconciliation.
14. **ITL- Independent Testing Laboratory**- An organization recognized by a TGRA pursuant to 547.5(f)

Introduction to Gaming Technology

Terminology Matching Activity

Remote Access	SMIB	Virtual Server	SAS	G2S	Player Tracking	Progressive	EPI
Remote Server	Backend system	Game Server	EFT	Kiosk	EGM	Misc. Parts	DBA
VLAN	Network	ITL	POE	Bank Switch	Printer	Report System	Universal SAS Box
Logic Box	CMS	Unmanaged Switch	RNG	Managed Switch	Base	Cloud Based Server	

Instructions: Read the definitions below and write the correct definition from the word bank above.

1. _____ System to system, protocol used to talk to the games and systems
2. _____ an updated protocol used to talk to the games and systems
3. _____ only to be replaced with AFT, Automatic Funds Transfer
4. _____ All modern machines are designed using pseudo random number generators ("PRNGs"), which are constantly generating random numbers, at a rate of hundreds or perhaps thousands per second. As soon as the "Play" button is pressed, the most recent random number is used to determine the result.
5. _____ Jackpot increases with each wager.
6. _____ This system will allow you to tally reports for accounting, Player information, slot data analysis.
7. _____ Ability to access a computer such as an office network computer from a remote location. This allows individuals to work offsite from another location.
8. _____ This is the Casino Management system or the system that runs the accounting, player tracking, bonusing, etc.
9. _____ This system can be a ticket redemption device, and player points inquiry, ATM, etc. or all in one.
10. _____ System to machine interface.

11. _____ This is the system that tracks what a player wagers as well as the habits of the player for marketing and tax reconciliation.
12. _____ An organization recognized by a TGRA pursuant to 547.5(f)
13. _____ Casino Management System
14. _____ Connects two network devices (switches or routers) together
15. _____ Switches that allow access to one or more interfaces for the purpose of configuration or management of features such as Spanning Tree Protocol, port speed, VLANs, etc. "Managed Switch."
16. _____ allows Ethernet devices to communicate with one another, such as a PC or network printer, and those are typically what we call "plug and play."
17. _____ Any [broadcast domain](#) (logical division of a network) that is [partitioned](#) and isolated in a [computer network](#) at the [data link layer](#)
18. _____ Power over Ethernet ports typically (RJ45- size of cord)
19. _____ a group of two or more computer systems linked together.
20. _____ Electronic Player Interface
21. _____ Electronic Gaming Machine
22. _____ Dollar Bill Acceptor accepts and validates paper currency in exchange for product or service.
23. _____ Gaming apparatus capable of dispensing cash out slips which include bar code representing a unique identifier that provides the amount of "winnings".
24. _____ Also known as a pizza box typically houses the SMIB and player tracking card for game play. Slot Accounting System the protocol that automate gaming machine meter reporting and event logging. (Player Tracking, bonusing)
25. _____ Separately locked area of the gaming device which normally houses a mainboard and sensitive gaming media that communicates with the back of house servers.
26. _____ Normally contains less important hardware i.e. network and power cables
27. _____ Considered belly of the game include speakers, any bells and the backup power supply.

28. _____ also known as – Report Server, CMS (Casino Management System), Backend system
29. _____ Controls one or more applications or environments within a Class II Gaming Systems
30. _____ Server that is usually located offsite and its resources are shared by multiple users who each have control over it. It means converting one physical server into multiple virtual machines that can each run their own operating system.
31. _____ Delivery of computing service such as servers, storage, databases, networking, software, analytics, intelligence and more over the Internet instead of within local networked computers

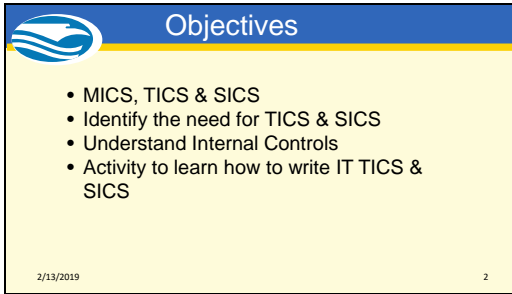
IT- 116 Building IT TICS/SICS



KEY POINTS

Welcome to the Building IT TICS/SICS course.

- _____
- _____
- _____
- _____



KEY POINTS

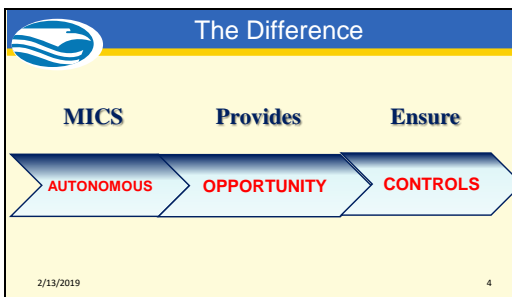
- MICS is the Minimum Internal Control Standards
- TICS is the Tribal Internal Control Standards
- SICS is the System Internal Control Standards



KEY POINTS

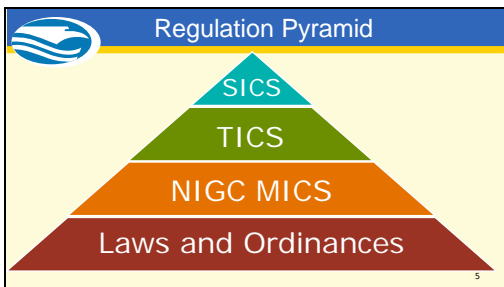
- The MICS are the minimum standards and a TGRA may establish and implement additional controls that do not conflict with those set out in this part.

- _____
- _____
- _____
- _____



KEY POINTS

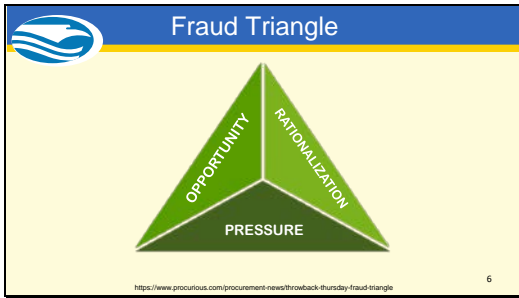
The creation of 543 MICS was intended to allow tribes the autonomy and flexibility to create standards that best meets their needs. (One size doesn't fit all)



KEY POINTS

- **Laws and ordinance** include state, tribal, and federal laws including the Tribal Ordinance.
- **MICS** – Minimum Internal Controls Standards
- **TICS** – Tribal Internal Control Standards
- **SICS** – System of Internal Controls Standards

IT- 116 Building IT TICS/SICS



KEY POINTS

Internal controls provide reasonable assurances for asset protection, risk mitigation and reduction in opportunities.

FOCUS on the WHY - We have internal controls for FRAUD prevention and HOW to control fraud is by developing strong SICS and TICS.

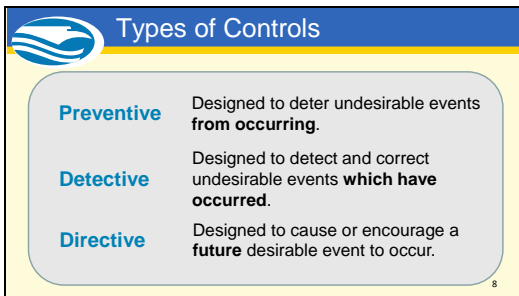
- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

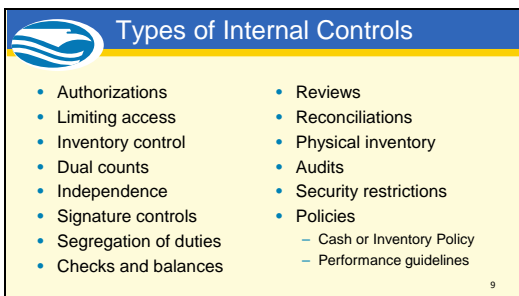
What do they do?

- Provide reasonable assurance.
- Helps mitigate risk.
- Helps management achieve organizational goals.



KEY POINTS ADD picture into slide KF

- **Preventive controls** are built into, not onto, the system.
- **Detective controls** are deferred to the end of the process.
- **Directive Control examples:** policy statements, performance guidelines, training programs, and incentive compensation plans.
- **Mitigating controls** which are designed to compensate for missing or excessively costly controls.

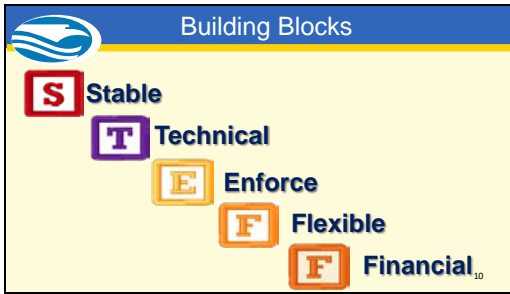


KEY POINTS

Typical types of controls in a gaming environment.

- [illegible]

IT- 116 Building IT TICS/SICS



KEY POINTS

Stable – Firm, Established

- Promote a regulatory environment
- Outcome focused
- Repeatable

Accomplished by:

- Employing individuals with requisite IT experience with
- In-depth knowledge of IT systems

Technical – Practical, High-tech

- Proper technical intelligence for IT TIC enhancement and
- Fostering objective, and transparent procedures

Enforce – Apply, Administer

- Proper technical intelligence for IT TIC enhancement and
- Fostering objective, and transparent procedures

Flexible – Pliable, Adaptable

- Respond promptly to technical changes
- Emerging IT threats

Financial – Economic Impact, Investment

- Be cost-effective
- Not encumber your IT team
- Protect assets with resilient IT TICS

NOTE: STEFF is not an official acronym. It was created by our IT department to help attendees understand the foundation in writing controls.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Applying Your Knowledge - STEFF

TIC 1 with STEFF

All aspects of a wireless network, including all hardware and software used therein, shall be subject to testing by the commission or an approved independent testing laboratory designated by the commission, and review and approval by the commission prior to the sale, installation, or use of the network by a licensed organization. The cost for which in all cases shall be borne by the licensed manufacturer.


12

KEY POINTS

Identify the STEFF model attributes in this Control Standard and explain your answers.

- _____
- _____
- _____
- _____
- _____
- _____

IT- 116 Building IT TICS/SICS



Risks and Controls

- Processes or areas that if not controlled could result in loss or abuse.
- Risk tolerance.
- Accepting risk operations vs. regulatory

Operations can't "accept the risk" if there is not a NIGC "MINIMUM", compact or Tribal ordinance provision.

12

KEY POINTS

Risk is the probability that an actual return on investment will be lowered or an exposure to danger.


Remember the fraud triangle. We understand that we can only control "opportunity." We achieve this by adding internal controls over our processes; which results in strong system of internal control and everyone must work together to ensure these controls are understood and followed. To achieve this, TGRA must expand on NIGC MICS to meet the needs of their property and Management must develop a strong SICS, as approved by the TGRA. So that TGRC works together with the operations to achieve compliance.

- Controls must be established(TICS) and procedures implemented(SICS)

Are controls established and procedures implemented to ensure adequate:

Control of physical and logical access to the information technology environment, including accounting, voucher, cashless and player tracking systems, among others used in conjunction with Class II gaming


543.20(c)(1)



Writing TICS

Goal: How best to direct Operations/IT

Let's examine Portable Media



Physical:

- Physical Access
- Environmental Harm
- Type of Media

Logical:

- Logical access to data
- Recovery Testing
- Backup Schedule


13

KEY POINTS

When writing TICS remember that the TICS are directives not procedures for IT/Operations to follow.

543.20(c)2 - Are controls established and procedures implemented to ensure adequate:

Physical and logical protection of storage media and its contents, including recovery procedures?



Example TIC


Example TIC:

The IT Department will manage security controls surrounding storage media (such as thumb/flash/USB drives and CD's) and portable devices (such as laptops, tablets and smart phones) with regard to sensitive Casino information.

15

Key Notes:


-
-
-
-
-
-
-
-
-
-



Writing SICS

Goal: Creating required policies and procedures

Let's examine Portable Devices.



Portable Media:

- Portable storage media
- Portable devices

15

KEY POINTS

When writing SICS remember that SICS are more focused on the procedures needed to fulfil the requirements of the TICS.

MIC:


543.20(c)2 - Are controls established and procedures implemented to ensure adequate:

Physical and logical protection of storage media and its contents, including recovery procedures?

TIC:

The IT Department will manage security controls surrounding storage media (such as thumb/flash/USB drives and CD's) and portable devices (such as laptops, tablets and smart phones) with regard to sensitive Casino information.

IT- 116 Building IT TICS/SICS

Example SIC

Example SIC:

Portable devices will be returned to the IT Department when a team member is terminated, resigns, or changes to a position that does not require the device. If damage to the device is noted, the IT Team Member will inform IT Management to review the portable device and Management will notify payroll if necessary

16

Key Points:

Example SIC:

Portable devices will be returned to the IT Department when a team member is terminated, resigns, or changes to a position that does not require the device. If damage to the device is noted, the IT Team Member will inform IT Management to review the portable device and Management will notify payroll if necessary

References hypothetical TIC:

The IT Department will manage security controls surrounding storage media (such as thumb/flash/USB drives and CD's) and portable devices (such as laptops, tablets and smart phones) with regard to sensitive Casino information.

Activity #1

MICS/TICS/SICS Review

ACTIVITY

17

KEY POINTS

Activity: MICS/TICS/SICS Review

Group Work


TIME: 15 minutes

Instructions:

Working in your groups.

Using the handout look at the standard provided in the MIC, Review the TICS and SICS and determine if the Standard is addressed in the TICS and SICS and is adequate. Circle YES or NO – be prepared to discuss.

- _____
- _____
- _____

Activity #2

Writing TICS & SICS for a Standard

ACTIVITY

18

KEY POINTS

Activity: Writing TICS & SICS for a Standard

Group Work

TIME: 30 minutes

Instructions:

TICS:

Working in your groups.

The instructor will assign a standard to each group from the screen.

Write a TICS for this standard

Share with the class.

SICS:

Working in your groups


The instructor will assign a standard to each group from the screen.

Write a SICS for this standard

Share with the class.

- _____
- _____
- _____
- _____
- _____
- _____

IT- 116 Building IT TICS/SICS


Activity #2

(c) Class II gaming systems' logical and physical controls.

- (1) Control of physical and logical access to the information technology environment,
- (2) Physical and logical protection of storage media and its contents
- (3) Access credential control methods
- (4) Record keeping and audit processes
- (5) Departmental independence

KEY POINTS:

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Questions

Tim Cotton

IT Auditor

timothy_cotton@nigc.gov

Jeran Cox

IT Auditor

jeran_cox@nigc.gov

Michael Curry

IT Auditor

michael_curry@nigc.gov

Sean Mason

IT Auditor

sean_mason@nigc.gov

Travis Waldo

Director, IT

travis_waldo@nigc.gov

20

KEY POINTS

If you would like more information or would like to request this training in person, please go to www.nigc.gov and hit the request training link.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

FY2019 RTC Eval - Building IT TICS

When survey is active, respond at [Poll Everywhere.com/nigc3](https://www.poll Everywhere.com/nigc3)

0 surveys done

Search for questions to see for content. Add new content or read the app or go to [Poll Everywhere.com](https://www.poll Everywhere.com)

Poll Title: FY2019 RTC Eval - Building IT TICS

<https://www.polleverywhere.com/surveys/AXctcN0xzJfAccveVQD91>

Building IT TICS/SICS

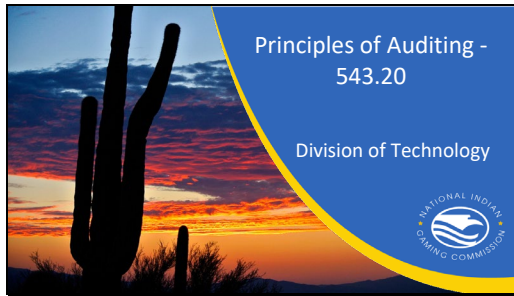
Activity 1

Directions: Look at the standard provided in the MIC, Review the TICS and SICS and determine if the Standard is addressed in the TICS and SICS and is adequate. Circle Yes or No and be prepared to discuss.

*Note: This activity is meant for demonstration purposes only. These examples of TICS and SICS are not meant to be an all-inclusive list of SICS/TICS necessary to address every aspect of the respective MICS.

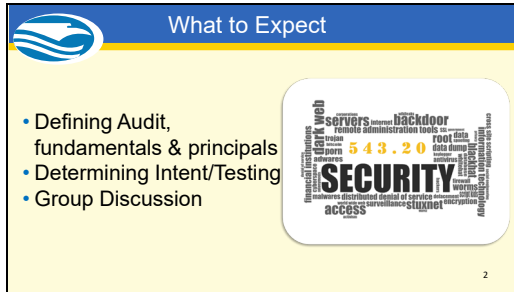
MICS	TICS	SICS
(c) Class II gaming systems' logical and physical controls. Controls must be established and procedures implemented to ensure adequate: (3) Access credential control methods	The Gaming Operation shall establish a system of internal controls to ensure that the Physical and Logical controls are adequate with regards to the Access control methods; at a minimum including computer systems, Key's, FOB's, critical applications of the Class II gaming System YES or NO	The IT Department, will review system access on a quarterly basis. Team members listed with access in each application and casino location will be verified as: active casino employees, having appropriate permission documented for their respective job title, additional accesses have been approved and are still necessary. YES or NO
(c) Class II gaming systems' logical and physical controls. Controls must be established and procedures implemented to ensure adequate: (4) Record keeping and audit processes	Class II gaming systems' logical and physical controls. Controls must be established and procedures implemented to ensure adequate record keeping and audit processes YES or NO	Documentation for projects and incident resolution will be maintained within the Acme Ticketing software. IT shall also maintain documentation of activity logs of maintenance and monitoring, backup schedules, remote access reports, instructions for devices and applications. YES or NO
(c) Class II gaming systems' logical and physical controls. Controls must be established and procedures implemented to ensure adequate Departmental independence, including, but not limited to, means to restrict agents that have access to information technology from having access to financial instruments.	Information Technology agents having access to gaming systems may not have signatory authority over financial instruments and must be independent of and restricted from access to: Payout forms, Accounting systems, Audit systems, and Class II live data files. YES or NO	Access to computer financial systems, the computer system, and information transmissions is limited to authorized Team Member(s). YES or NO

IT- Principles of Auditing 543.20



KEY POINTS

- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

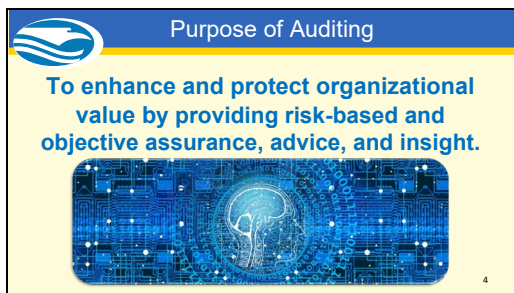
- _____
- _____
- _____
- _____
- _____
- _____



KEY POINTS

An IT **audit** is the examination and evaluation of an organization's **information technology** infrastructure, policies and operations. **Information technology audits** determine whether IT controls protect casino/tribal assets, ensure data integrity and are aligned with the business's overall goals.


- _____
- _____
- _____
- _____
- _____



KEY POINTS

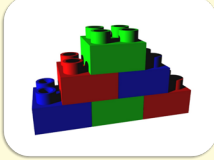
- _____
- _____
- _____
- _____
- _____

IT- Principles of Auditing 543.20



Fundamentals

- Independent & objective
- Adds value and improves organization's operations
- Helps accomplish objectives
- Systematic, disciplined evaluation
- Improve effectiveness of risk management, control, and governance

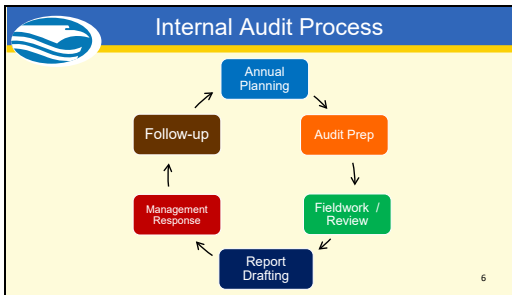


5

KEY POINTS

Basic overview of what an audit is and the fundamentals of completing all audits.


- _____
- _____
- _____
- _____
- _____



KEY POINTS

Flow Chart of the typical audit process

- _____
- _____
- _____
- _____
- _____




Intent / Control Development

Intent	Development
<ul style="list-style-type: none">• What is the standard asking?• What additional controls have been developed?	<ul style="list-style-type: none">• Mitigates risk• Ensures compliance

7


KEY POINTS

- Controls can basically have three functions
 - Prevent something undesired from happening
 - Detect when something undesired happened
 - Corrective Action that should be taken in the event that something undesired happened
- Standards should be written in a way that help ensure the intent is met



What is the Intent?

Do controls identify the supervisory agent in the department or area responsible for ensuring that the department or area is operating in accordance with established policies and procedures?




KEY POINTS


Determine the intent of this standard

- _____
- _____
- _____
- _____
- _____

IT- Principles of Auditing 543.20

Activity

What is the Intent of the Standard?



9

KEY POINTS


Activity: What is the Intent of the Standard?

Small Group Activity


TIME: 25 minutes

Directions:

- Assign a note taker and presenter.
- Review the handout as a group.
- Discuss your ideas with the group.
- Write down your responses on the Post-It note.
- Present your procedure to the class.

Testing Requirements

- Examination of Records
- Inquiry
- Review Supporting Documentation
- Review Policies and Procedures
- Review other
- Review TGRA Approval





10

KEY POINTS

Testing can include the following:

- Examination of Records
- Inquiry
- Review Supporting Documentation
- Review Policies and Procedures
- Review other
- Review TGRA Approval

Top 10 IT Findings



11


KEY POINTS




Review the Top 10 Handout.

Think about the standard and intent and how you might test for compliance.

Be prepared to share your ideas.

- _____
- _____
- _____
- _____
- _____

Questions



Tim Cotton
IT Auditor
timothy_cotton@nigc.gov

Jeran Cox
IT Auditor
jeran_cox@nigc.gov

Michael Curry
IT Auditor
michael_curry@nigc.gov

Sean Mason
IT Auditor
sean_mason@nigc.gov

Travis Waldo
Director, IT
travis_waldo@nigc.gov

12

KEY POINTS

If you would like more information or would like to request this training in person, please go to www.nigc.gov and hit the request training link.

IT- Principles of Auditing 543.20

Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



13

KEY POINTS

Please complete the course evaluation.

We review every completed evaluation and use the comments and feedback to help improve our courses.

FY2019 RTC Eval - Principals of Auditing

When survey is active, respond at [PollEv.com/nlmc3](https://poll-ev.com/nlmc3)

0 surveys done

0.0 surveys underway

Open the application in the browser. The survey is active until the end of 9th Aug at PollEv.com/nlmc3

Poll Title: FY2019 RTC Eval - Principles of Auditing

<https://www.polleverywhere.com/surveys/wS9O1aMqFuidYpL8eaSw3>

This image shows a blank sheet of white paper with horizontal ruling lines. A single vertical line runs down the left side, creating a narrow margin. The rest of the page is filled with evenly spaced horizontal lines for writing. There are no markings, text, or illustrations on the page.

Principles of Auditing: 543.20

Activity 1

Determining Intent

Instructions: In your groups read the standard, and determine what the intent of the standard is. Write down your answer and be prepared to discuss.

Standard	MICS	Intent
543.20(f)(5)	User Controls; Access credentials of terminated users must be deactivated within an established time period approved by the TGRA.	
543.20(i)(2)	(i) Incident Monitoring Reporting; Procedures must be implemented for (2) All security incidents must be responded to within an established time period approved by the TGRA and formally documented.	
543.20(i)(1)	(i) <i>Incident monitoring and reporting.</i> (1) Procedures must be implemented for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems.	

Technology Overview and Regulations

Handout 1

Top 10 highest findings

Standard	MIC	#of Findings
543.20(f)(5)	User Controls; Access credentials of terminated users must be deactivated within an established time period approved by the TGRA.	60
543.20(i)(2)	(i) Incident Monitoring Reporting; Procedures must be implemented for (2) All security incidents must be responded to within an established time period approved by the TGRA and formally documented.	45
543.20(i)(1)	(i) <i>Incident monitoring and reporting.</i> (1) Procedures must be implemented for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems.	37
543.20(d)(3)	(d) <i>Physical security</i> (3) Access to the systems' secured physical location must be restricted to agents in accordance with established policies and procedures, which must include maintaining and updating a record of agents granted access privileges.	32
543.20(j)(3)	(j) <i>Data backups</i> ; (iii) Secured storage of all backup data files and programs, or other adequate protection	30
543.20(h)(1)(v)	(h) <i>Remote access.</i> (1) Agents may be granted remote access for system support, provided that each access session is documented and maintained at the place of authorization. The	26

	documentation must include: (v) Description of work to be performed;	
543.20(e)(1)(i)	(e) <i>Logical security</i> . (1) Controls must be established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured: (i) Systems' software and application programs;	30
543.20(e)(1)(ii)	(e) <i>Logical security</i> . (1) Controls must be established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured: (ii) Data associated with Class II gaming; and	30
543.20(f)(4)	f) <i>User controls</i> . (4) Lost or compromised access credentials must be deactivated, secured or destroyed within an established time period approved by the TGRA.	29
543.20(h)(1)(vi)	(h) <i>Remote access</i> . (1) Agents may be granted remote access for system support, provided that each access session is documented and maintained at the place of authorization. The documentation must include: (vi) Date and time of start of end-user remote access session; and	26

Information Technology – Audit 25 CFR 543.20 Toolkit

Version 1.0

NIGC Compliance Division



NIGC Information Technology Audit–25 CFR 543.20 Toolkit

Over twenty five years ago Congress adopted the Indian Gaming Regulatory Act (IGRA) to provide a statutory basis for gaming by Indian tribes. The National Indian Gaming Commission (NIGC) was created by IGRA to regulate gaming activities conducted by sovereign Indian tribes on Indian lands. The mission of the NIGC is to fully realize IGRA's goals of: (1) promoting tribal economic development, self-sufficiency and strong tribal governments; (2) maintaining the integrity of the Indian gaming industry; and (3) ensuring that tribes are the primary beneficiaries of their gaming activities. One of the primary ways the NIGC does this is by providing training and technical assistance to Indian tribes and their gaming regulators.

The National Indian Gaming Commission (NIGC) is pleased to present this Toolkit to all Compliance and Auditing staff. This reference guide is intended to assist IT Auditor(s), Gaming Commissioner(s) and Operations personnel in the performance of measuring compliance of their operation(s) with 25 CFR 543.20. The toolkit is designed to provide each standard as it relates to 543.20, the language of the standard, the intent of the standard, and then a recommended testing step which will ensure minimum regulatory compliance.

This Toolkit is designed to meet the minimum requirements of the NIGC MICS and does not take into account operations Tribal Internal Controls Standards (TICS) and or System of Internal Controls Standards (SICS), which may require further testing. The NIGC encourages Operations to develop standards that exceed the Minimum Internal Control Standards , because each operation is unique, therefore a robust set of controls is warranted.

If you have questions or comments about this guide, please contact the NIGC Compliance Division at training@nigc.gov. For more information, visit the NIGC website at <http://www.nigc.gov>.

Citation	Language	Intent and Testing
§ 543.20 (a-b)		
543.20 (a)(1)	<i>Supervision.</i> (1) Controls must identify the supervisory agent in the department or area responsible for ensuring that the department or area is operating in accordance with established policies and procedures.	<p>Intent: To ensure that the TICS identify who is the supervisory agent in the department and is responsible for ensuring the IT Department is operating in accordance with established policy and procedures.</p> <p>Testing: 1. Review TICS to identify controls with respect to the supervision of the IT Department. 2. Identify any additional controls required by the TGRA with regards to supervision. 3. Review SICS to ensure that operations have identified and implemented controls with regards to the TGRA requirements in their TICS.</p>
543.20(a)(2)	The supervisory agent must be independent of the operation of Class II games.	<p>Intent: To ensure proper segregation of duties that the IT supervision is independent of all Class II Games. Best practices suggests that the IT department should be independent of all casino departments and should report directly to the General Manager.</p> <p>Testing: 1. Review Information Technology Organizational Chart. 2. Inquire with IT supervision to determine who they report to.</p>
543.20(a)(3)	Controls must ensure that duties are adequately segregated and monitored to detect procedural errors and to prevent the concealment of fraud.	<p>Intent: To ensure that IT personnel are not to be assigned conflicting roles, i.e., financial, accounting and gaming responsibilities that cannot be effectively monitored for the detection of fraud or the concealment of procedural errors.</p> <p>Testing: 1. Review Human Resources job descriptions in IT personnel files in addition to IT user groups and accounts. 2. Flag instances of computerized IT access to financial, accounting or gaming roles.</p>

Citation	Language	Intent and Testing
§ 543.20 (a-b)		
543.20(a)(4) (i-iii)	<p>Information technology agents having access to Class II gaming systems may not have signatory authority over financial instruments and payout forms and must be independent of and restricted from access to:</p> <ul style="list-style-type: none"> (i) Financial instruments; (ii) Accounting, audit, and ledger entries; and (iii) Payout forms. 	<p>Intent: IT personnel who possess access to Class II gaming shall not have access to or signatory authority over financial instruments, accounting, audit, ledger entries and payout forms.</p> <p>Testing: 1. Review system user access accounts of IT personnel for financial, accounting, ledger and payout form access. 2. Review physical payout forms for winners. 3. Review SICS to verify that IT personnel are not authorized to sign</p>
543.20(b)	<p>As used in this section only, a system is any computerized system that is integral to the gaming environment. This includes, but is not limited to, the server and peripherals for Class II gaming system, accounting, surveillance, essential phone system, and door access and warning systems.</p>	<p>Intent: Computerized 'systems' are defined as computerized systems integral to the operation of the gaming environment. Systems include electronic / electrical networked-system environments.</p> <p>Testing: Review gaming operations architectural plans and computerized network system design layout and applications system inventory.</p>

Citation	Language	Intent and Testing
§ 543.20 (c)		
543.20 (c)	Class II gaming systems' logical and physical controls. Controls must be established and procedures implemented to ensure adequate:	<p>Intent: To ensure that operational SICS have identified and implemented controls with regards to the TGRA requirements in their TICS.</p> <p>Testing: Review IT TICS, SICS and Policies and Procedures.</p>
543.20(c)(1)	Control of physical and logical access to the information technology environment, including accounting, voucher, cashless and player tracking systems, among others used in conjunction with Class II gaming;	<p>Intent: To ensure both physical and logical access to critical computerized environments, networks and application system are restricted to authorized users.</p> <p>Testing: Review IT TICS, SICS and Policies and Procedures for verification of controls in place for the control of both physical and logical access to the information technology environment used in conjunction with Class II gaming by reviewing the user access list against the current HR list.</p>
543.20(c)(2)	Physical and logical protection of storage media and its contents, including recovery procedures;	<p>Intent: To ensure that stored and archived financial, accounting and gaming data can be readily restored to the gaming operations 'live' environment during or after a critical system failure.</p> <p>Testing: 1. Review IT TICS, SICS and Policies and Procedures for data recovery controls and processes. 2. Review data backup and recovery scheduling, testing and physical assessment of the data storage facility.</p>

Citation	Language	Intent and Testing
§ 543.20 (c)		
543.20(c)(3)	Access credential control methods;	<p>Intent: To ensure that only properly vetted and authorized personnel have access to the gaming operations secured logical and physical environments.</p> <p>Testing: Review IT TICS, SICS and Policies and Procedures for effective logical and physical access control methods and reviewing the user access list against the current HR list.</p>
543.20(c)(4)	Record keeping and audit processes; and	<p>Intent: To ensure that administrative bookkeeping and accurate and timely documentation supporting audit processes is maintained.</p> <p>Testing: Review SICS and audit results with findings from previous internal and external audits and also any records kept by the IT operation.</p>
543.20(c)(5)	Departmental independence, including, but not limited to, means to restrict agents that have access to information technology from having access to financial instruments.	<p>Intent: To ensure that technical departments and technical personnel are restricted from access to financial instruments.</p> <p>Testing: Review SICS and organizational chart structure. Perform review of financial logical access permissions and authorizations of technical personnel. Flag access accounts authorizing IT personnel to financial instruments.</p>

Citation	Language	Intent and Testing
§ 543.20 (d-e)		
543.20(d)	<i>Physical security.</i> (1) The information technology environment and infrastructure must be maintained in a secured physical location such that access is restricted to authorized agents only.	<p>Intent: To ensure that the information technology environment and supporting environments are maintained in a secured physical location. Access is to be restricted to authorized personnel in a secured physical location that is accessible only to authorized personnel.</p> <p>Testing: Conduct physical walkthrough inspection noting the access / denial methods to restrict physical access to critical locations, i.e., HID card, hard-key, biometrics, pin code, password, etc.</p>
543.20(d)(2)	Access devices to the systems' secured physical location, such as keys, cards, or fobs, must be controlled by an independent agent.	<p>Intent: To ensure that those who are recipients of the security access tools, are not the same as those who authorize, manage and assign the security access tools.</p> <p>Testing: 1. Verify roles, responsibilities and organizational positions of the personnel responsible for physical access management. 2. Note any potential independent conflicts and effectiveness of managerial oversight.</p>
543.20(d)(3)	Access to the systems' secured physical location must be restricted to agents in accordance with established policies and procedures, which must include maintaining and updating a record of agents granted access privileges.	<p>Intent: To ensure only authorized agents gain access to secured physical locations, in accordance with established Policies and Procedures to include maintaining and updating a ledger or listing of those agents granted access privileges.</p> <p>Testing: Review SICS, TICS, Policies and Procedures also spot check any access logs and review of management's approved Authorized User Access Listing(s).</p>

Citation	Language	Intent and Testing
§ 543.20 (d-e)		
543.20(d)(4)	Network Communication Equipment must be physically secured from unauthorized access.	<p>Intent: To ensure the network infrastructure and equipment, organizational intranet and all incoming and outgoing network communications are secured from unauthorized access.</p> <p>Testing: 1. Verify the software application affected has the proper physical security measures in place that can be tested over the Network Communication Equipment environment. 2. Obtain network communications diagrams to include flow of internal and external data flows, hardware topology and system application flows. 3. Perform physical walkthrough of network communications architecture and facilities to include surveillance and security measures.</p>
543.20(e)(i-iii)	<p><i>Logical security.</i> (1) Controls must be established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured:</p> <ul style="list-style-type: none"> (i) Systems' software and application programs; (ii) Data associated with Class II gaming; and (iii) Communications facilities, systems, and information transmissions associated with Class II gaming systems. 	<p>Intent: To ensure that all organizational software systems and data and communication systems are restricted from unauthorized access.</p> <p>Testing: Verify the effectiveness of security and operational controls supporting the physical and logical segregation of the organizational intranet and external internet. This can be accomplished by reviewing diagrams and technical documents along with any logs</p>
543.20(e)(2)	Unused services and non-essential ports must be disabled whenever possible.	<p>Intent: To ensure the deactivation or isolation of unused services and non-essential communication and computer ports. Non-essential ports are to be disabled whenever possible.</p> <p>Testing: Review IT Policies and Procedures and perform walkthrough of open ports in vacated offices, cubicles, conference rooms, etc.</p>

Citation	Language	Intent and Testing
§ 543.20 (e-f)		
543.20 (e)(3)	Procedures must be implemented to ensure that all activity performed on systems is restricted and secured from unauthorized access, and logged.	<p>Intent: To ensure that procedures are in place that all activity performed on the computerized system is recorded and / or logged.</p> <p>Testing: Review SICS and IT Policies and Procedures. Review change management documentation, i.e., work requests, job orders, work orders and review access logs.</p>
543.20(e)(4)	Communications to and from systems via Network Communication Equipment must be logically secured from unauthorized access.	<p>Intent: To ensure that electronic communications, to include wireless, copper wire, satellite or cellular, is logically secured from unauthorized access.</p> <p>Testing: 1. Review TICS and SICS and Policies and Procedures. 2. Verify that network security measures are in place to include any necessary routers, firewalls, switches and encryption. 3. Verify that software upgrades to communications equipment is current.</p>
543.20(f)	<i>User controls.</i> (1) Systems, including application software, must be secured with passwords or other means for authorizing access.	<p>Intent: To ensure that only authorized system account holders have access to computerized systems, including application software.</p> <p>Testing: 1. Verify that all critical accounting, financial and gaming systems are secured with passwords or other means to limit logical system access. 2. Review user access listings.</p>

Citation	Language	Intent and Testing
§ 543.20 (e-f)		
543.20(f)(2)	Management personnel or agents independent of the department being controlled must assign and control access to system functions.	<p>Intent: To ensure that procedures are in place that all activity performed on the computerized system is recorded and / or logged.</p> <p>Testing: Review SICS and IT Policies and Procedures. Review change management documentation, i.e., work requests, job orders, work orders and review access logs.</p>
543.20(f) 3) (i-iii)(A-C)	<p>Access credentials such as passwords, PINs, or cards must be controlled as follows:</p> <ul style="list-style-type: none"> (i) Each user must have his or her own individual access credential; (ii) Access credentials must be changed at an established interval approved by the TGRA; and (iii) Access credential records must be maintained either manually or by systems that automatically record access changes and force access credential changes, including the following information for each user: <ul style="list-style-type: none"> (A) User's name; (B) Date the user was given access and/ or password change; and (C) Description of the access rights assigned to user. 	<p>Intent: To ensure that all authorized access holders meet minimum credential requirements to retain their access permissions.</p> <p>Testing: 1. Review TICS, SICS and group user account holders. 2. Review administrator account parameter settings for group and individual user access settings.</p>

Citation	Language	Intent and Testing
§ 543.20 (f-g)		
543.20 (f)(4)	Lost or compromised access credentials must be deactivated, secured or destroyed within an established time period approved by the TGRA.	<p>Intent: To ensure that lost or stolen user access credentials are deactivated in the minimum time period stated by the TGRA.</p> <p>Testing: Review TICS, SICS, Policies and Procedures and Employee Manuals for employee and IT Management action when compromised credentials are reported.</p>
543.20(f)(5)	Access credentials of terminated users must be deactivated within an established time period approved by the TGRA.	<p>Intent: To ensure that access credentials of terminated users are deactivated in the minimum time period stated by the TGRA.</p> <p>Testing: 1. Review TICS, SICS, Policies and Procedures and Employee Manuals for employee, IT Management and Human Resources action when compromised credentials are reported. 2. Review user access lists for former employees</p>
543.20(f)(6)	Only authorized agents may have access to inactive or closed accounts of other users, such as player tracking accounts and terminated user accounts.	<p>Intent: To ensure that terminated, transferred or resigned personnel accounts are only accessible by, or approved by, TGRA authorized agents.</p> <p>Testing: 1. Review TICS, SICS and IT Policies and Procedures regarding User Network Security and Access activity. 2. Verify appropriate access by comparing access logs/permissions to TICS/SICS/Policies & Procedures.</p>

Citation	Language	Intent and Testing
§ 543.20 (f-g)		
543.20(g)	<i>Installations and/or modifications.</i> (1) Only TGRA authorized or approved systems and modifications may be installed.	<p>Intent: To ensure that organizational personnel must first seek approvals of TGRA and IT Management prior to the introduction of outside software or modifications to the network or computerized systems.</p> <p>Testing: Review TICS, SICS and IT Policies and Procedures. Review a sampling of previous change management request forms for proper approvals and signatures.</p>
543.20(g)(2) (i-iv)	<p>Records must be kept of all new installations and/or modifications to Class II gaming systems. These records must include, at a minimum:</p> <ul style="list-style-type: none"> (i) The date of the installation or modification; (ii) The nature of the installation or change such as new software, server repair, significant configuration modifications; (iii) Evidence of verification that the installation or the modifications are approved; and (iv) The identity of the agent(s) performing the installation/modification. 	<p>Intent: To ensure that evidential and supporting documentation is retained for all new installations and modifications to Class II gaming systems.</p> <p>Testing: 1. Review TICS, SICS and IT Policies and Procedures regarding change management and asset management. 2. Review sampling of records retained of records of installations and / or modifications.</p>

Citation	Language	Intent and Testing
§ 543.20 (g-i)		
543.20 (g)(3)	Documentation must be maintained, such as manuals and user guides, describing the systems in use and the operation, including hardware.	<p>Intent: To ensure that documentation accompanying new or used hardware is retained describing said system in use and it's proper operation, to include hardware systems.</p> <p>Testing: 1. Review sampling of supporting system user manuals, specification sheets, build sheets, etc., and a walkthrough or the secured location(s) where maintained. 2. Documentation may be stored or archived in an approved documentation storage file onsite, or on the vendor / manufacturers website.</p>
543.20(h)(1) (i-vii)	<p><i>Remote access.</i> (1) Agents may be granted remote access for system support, provided that each access session is documented and maintained at the place of authorization. The documentation must include:</p> <ul style="list-style-type: none"> (i) Name of agent authorizing the access; (ii) Name of agent accessing the system; (iii) Verification of the agent's authorization; (iv) Reason for remote access; (v) Description of work to be performed; (vi) Date and time of start of end-user remote access session; and (vii) Date and time of conclusion of end-user remote access session. 	<p>Intent: To ensure remote access connections are secure, approved and accurately recorded / logged.</p> <p>Testing: Review SICS, TICS and IT Policies and Procedures and sampling of remote access session logs. Remote access logs at a minimum must provide bullet points (i) through (vii).</p>

Citation	Language	Intent and Testing
§ 543.20 (g-i)		
543.20(h)(2)	All remote access must be performed via a secured method.	<p>Intent: To ensure that lost or stolen user access credentials are deactivated in the minimum time period stated by the TGRA.</p> <p>Testing: Review TICS, SICS, Policies and Procedures and Employee Manuals for employee and IT Management action when compromised credentials are reported.</p>
543.20(i)	<i>Incident monitoring and reporting.</i> (1) Procedures must be implemented for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems.	<p>Intent: To ensure expedient and appropriate response to computerized incidents, faults, errors or cyber attacks.</p> <p>Testing: 1. Review TICS, SICS, IT Policies and Procedures and review sampling of Incident Responses and the courses of action taken. 2. Review relevant work orders, job orders or work requests completed to address the incident(s).</p>
543.20(i)(2)	All security incidents must be responded to within an established time period approved by the TGRA and formally documented.	<p>Intent: To ensure all security incidents are responded to and addressed within a practical time period to mitigate the associated incident risk.</p> <p>Testing: Review TICS, SICS, or P&P for a time period established by security incidents should be responded to as soon as possible from the moment of notification.</p>

Citation	Language	Intent and Testing
§ 543.20 (j-l)		
543.20 (j)(1) (i-v)	<p><i>Data backups.</i> (1) Controls must include adequate backup, including, but not limited to, the following:</p> <ul style="list-style-type: none"> (i) Daily data backup of critical information technology systems; (ii) Data backup of critical programs or the ability to reinstall the exact programs as needed; (iii) Secured storage of all backup data files and programs, or other adequate protection; (iv) Mirrored or redundant data source; and (v) Redundant and/or backup hardware. 	<p>Intent: To ensure that adequate data and software backup controls are in place to support expedient organizational data restoration.</p> <p>Testing: 1. Review TICS, SICS and data backup scheduling processes for all application systems hosted by the gaming operation. 2. Verify the secured storage of all backup data files and backup media.</p>
543.20(j) (2)(i-iii)	<p>Controls must include recovery procedures, including, but not limited to, the following:</p> <ul style="list-style-type: none"> (i) Data backup restoration; (ii) Program restoration; and (iii) Redundant or backup hardware restoration. 	<p>Intent: To ensure that organizational controls include data, program, hardware and network restoration and recovery procedures.</p> <p>Testing: 1. Review SICS, TICS and Information Technology Policies and Procedures regarding management of system recovery processes. 2. Review recovery and restoration documentation to include data, programs and redundant hardware.</p>
543.20(j)(3)	<p>Recovery procedures must be tested on a sample basis at specified intervals at least annually. Results must be documented.</p>	<p>Intent: To ensure that organizational recovery procedures are tested annually by Information Technology personnel and IT Management.</p> <p>Testing: 1. Review TICS, SICS and IT Policies and Procedures to routine recovery procedures. 2. Review annual recovery testing documentation for performance and results of recovery test.</p>

Citation	Language	Intent and Testing
§ 543.20 (j-l)		
543.20(j)(4)	Backup data files and recovery components must be managed with at least the same level of security and access controls as the system for which they are designed to support.	<p>Intent: To ensure that backup data files and recovery components are managed to at least the same stringent level of security as the systems for which they are supporting.</p> <p>Testing: Perform walkthrough of the backup data files physical location for security access restrictions, surveillance monitoring, fire suppression systems and HVAC equipment function.</p>
543.20(k)	Software downloads. Downloads, either automatic or manual, must be performed in accordance with 25 CFR 547.12.	<p>Intent: To ensure that software downloaded to the gaming operation from outside sources, either automatic or manual, is in strict compliance with 25 CFR 547.12.</p> <p>Testing: 1. Review TICS, SICS and Policies and Procedures. Verify that software downloads are delivered through secure methods. 2. Review Class II system records to verify that the Class II system has recorded the (a) date and time of the initiation and (b) completion of any download, (c) the components that received it, (d) the version of the download package and any software downloaded, (e) status of the download attempt (i.e., success or failure), (f), unique identifier of individual conducting or scheduling the download.</p>
543.20(l)	<i>Verifying downloads.</i> Following download of any Class II gaming system software, the Class II gaming system must verify the downloaded software using a software signature verification method. Using any method it deems appropriate, the TGRA must confirm the verification.	<p>Intent: To ensure that following the download of Class II gaming system software, the gaming system must verify the download with a software signature verification method, approved by the TGRA.</p> <p>Testing: 1. Review TICS, SICS and Policies and Procedures and verify that software downloads meet requirements. 2. Review records to confirm TGRA verification of software</p>

THIS PAGE INTENTIONALLY LEFT BLANK

25 CFR 543.20 Toolkit

Version 1.0

NIGC Compliance Division

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
§ 543.20 - Information Technology and Information Technology Data						
(a)	Supervision					
1.	Do controls identify the supervisory agent in the department or area responsible for ensuring that the department or area is operating in accordance with established policies and procedures? (Inquiry and review SICS)	_____	_____	_____	543.20(a)(1)	
2.	Is the supervisory agent independent of the operation of Class II games? (Inquiry and review other – organizational chart)	_____	_____	_____	543.20(a)(2)	
3.	Do controls ensure that duties are adequately segregated and monitored to detect procedural errors and to prevent the concealment of fraud? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(a)(3)	
4.	Are information technology agents with access to Class II gaming systems prevented from having signatory authority over financial instruments and payout forms? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(a)(4)	
5.	Are information technology agents with access to Class II gaming systems independent of and restricted from access to: Financial instruments? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(a)(4) (i)	
6.	Are information technology agents with access to Class II gaming systems independent of and restricted from access to: Accounting, audit, and ledger entries? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(a)(4) (ii)	
7.	Are information technology agents with access to Class II gaming systems independent of and restricted from access to: Payout forms? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(a)(4) (iii)	

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
(c) Class II gaming systems' logical and physical controls						
8.	Are controls established and procedures implemented to ensure adequate: Control of physical and logical access to the information technology environment, including accounting, voucher, cashless and player tracking systems, among others used in conjunction with Class II gaming? (Inquiry and review SICS)	_____	_____	_____	543.20(c)(1)	
9.	Are controls established and procedures implemented to ensure adequate: Physical and logical protection of storage media and its contents, including recovery procedures? (Inquiry and review SICS)	_____	_____	_____	543.20(c)(2)	
10.	Are controls established and procedures implemented to ensure adequate: Access credential control methods? (Inquiry and review SICS)	_____	_____	_____	543.20(c)(3)	
11.	Are controls established and procedures implemented to ensure adequate: Record keeping and audit processes? (Inquiry and review SICS)	_____	_____	_____	543.20(c)(4)	
12.	Are controls established and procedures implemented to ensure adequate: Departmental independence, including, but not limited to, means to restrict agents that have access to information technology from having access to financial instruments? (Inquiry and review SICS)	_____	_____	_____	543.20(c)(5)	
(d) Physical security						
13.	Is the information technology environment and infrastructure maintained in a secured physical location such that access is restricted to authorized agents only? (Inquiry and observation)	_____	_____	_____	543.20(d)(1)	
14.	Are access devices to the systems' secured physical location, such as keys, cards, or fobs, controlled by					

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
	an independent agent? (Inquiry and observation) (Definitional note: As used throughout this IT section, a system is any computerized system that is integral to the gaming environment. This includes, but is not limited to, the server and peripherals for Class II gaming system, accounting, surveillance, essential phone system, and door access and warning systems.)	_____	_____	_____	543.20(d)(2)	
15.	Is access to the systems' secured physical location restricted to agents in accordance with established policies and procedures, which includes maintaining and updating a record of agents, granted access privileges? (Inquiry, observation, and review other – authorization lists)	_____	_____	_____	543.20(d)(3)	
16.	Is the network communication equipment physically secured from unauthorized access? (Inquiry and observation)	_____	_____	_____	543.20(d)(4)	
(e)	Logical security					
17.	Are controls established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured: Systems' software and application programs? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(e)(1) (i)	
18.	Are controls established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured: Data associated with Class II gaming? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(e)(1) (ii)	
19.	Are controls established and procedures implemented to protect all systems and to ensure that access to the following is restricted and secured: Communications facilities, systems, and information transmissions associated with Class II gaming systems? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(e)(1) (iii)	

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
20.	Are unused services and non-essential ports disabled whenever possible? (Inquiry, observation and review supporting documentation)	_____	_____	_____	543.20(e)(2)	
21.	Are procedures implemented to ensure that all activity performed on systems is restricted and secured from unauthorized access? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(e)(3)	
22.	Are procedures implemented to ensure that all activity performed on systems is logged? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(e)(3)	
23.	Are communications to and from systems via Network Communication Equipment logically secured from unauthorized access? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(e)(4)	
(f) User controls						
24.	Are systems, including application software, secured with passwords or other means for authorizing access? (Inquiry and perform log-in tests on network system(s) and each stand-alone system)	_____	_____	_____	543.20(f)(1)	
25.	Is access to system functions assigned and controlled only by management personnel or agents independent of the department being controlled? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(f)(2)	
26.	Does each user have his or her own individual access credential (such as passwords, PIN's, or cards)? (Inquiry)	_____	_____	_____	543.20(f)(3) (i)	
27.	Are access credentials changed at an established interval approved by the TGRA? (Inquiry, review TGRA approval, and review other – system security settings)	_____	_____	_____	543.20(f)(3) (ii)	
28.	Are access credential records maintained for each user either manually or by systems that automatically record access changes and force access credential changes? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(f)(3) (iii)	

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
29.	Do access credential records include the following information for each user: User's name? (Review supporting documentation)	_____	_____	_____	543.20(f)(3) (iii)(A)	
30.	Do access credential records include the following information for each user: Date the user was given access and/or password change? (Review supporting documentation)	_____	_____	_____	543.20(f)(3) (iii)(B)	
31.	Do access credential records include the following information for each user: Description of the access rights assigned to user? (Review supporting documentation)	_____	_____	_____	543.20(f)(3) (iii)(C)	
32.	Are lost or compromised access credentials deactivated, secured or destroyed within an established time period approved by the TGRA? State the time period _____. (Inquiry and review TGRA approval)	_____	_____	_____	543.20(f)(4)	
33.	Are access credentials of terminated users deactivated within an established time period approved by the TGRA? State the time period _____. (Inquiry and review TGRA approval)	_____	_____	_____	543.20(f)(5)	
34.	Do only authorized agents have access to inactive or closed accounts of other users, such as player tracking accounts and terminated user accounts? (Inquiry and review other – authorization lists)	_____	_____	_____	543.20(f)(6)	
(g) Installations and/or modifications						
35.	Are only TGRA authorized or approved systems and modifications installed? (Inquiry and review TGRA approval)	_____	_____	_____	543.20(g)(1)	
36.	Are records kept of all new installations and/or modifications to Class II gaming systems that include the following, at a minimum: The date of the installation or modification? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(g)(2) (i)	
37.	Are records kept of all new installations and/or					

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
	modifications to Class II gaming systems that include the following, at a minimum:					
	The nature of the installation or change such as new software, server repair, significant configuration modifications? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(g)(2) (ii)	
38.	Are records kept of all new installations and/or modifications to Class II gaming systems that include the following, at a minimum:					
	Evidence of verification that the installation or the modifications are approved? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(g)(2) (iii)	
39.	Are records kept of all new installations and/or modifications to Class II gaming systems that include, the following, at a minimum:					
	The identity of the agent(s) performing the installation/ modification? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(g)(2) (iv)	
40.	Is documentation (such as manuals and user guides, describing the systems in use and the operation, including hardware) maintained? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(g)(3)	
(h) Remote access						
41.	Is documentation for each remote access system support session maintained at the place of authorization? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(h)(1)	
42.	Does documentation for each remote access session include:					
	Name of agent authorizing the access? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (i)	
43.	Does documentation for each remote access session include:					
	Name of agent accessing the system? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (ii)	
44.	Does documentation for each remote access session include:					

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
	Verification of the agent's authorization? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (iii)	
45.	Does documentation for each remote access session include: Reason for remote access? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (iv)	
46.	Does documentation for each remote access session include: Description of work to be performed? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (v)	
47.	Does documentation for each remote access session include: Date and time of start of end-user remote access session? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (vi)	
48.	Does documentation for each remote access session include: Date and time of conclusion of end-user remote access session? (Review supporting documentation)	_____	_____	_____	543.20(h)(1) (vii)	
49.	Is all remote access performed via a secured method? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(h)(2)	
(i) Incident monitoring and reporting						
50.	Are procedures implemented for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems? (Inquiry, review SICS, and review supporting documentation)	_____	_____	_____	543.20(i)(1)	
51.	Are all security incidents responded to within the established time period approved by the TGRA? State the time period_____. (Inquiry, review TGRA approval, and review supporting documentation)	_____	_____	_____	543.20(i)(2)	
52.	Are all security incidents and responses formally documented? (Inquiry, review TGRA approval, and review supporting documentation)	_____	_____	_____	543.20(i)(2)	

NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
(j) Data backups						
53.	Do controls include adequate backup, including, but not limited to, the following: Daily data backup of critical information technology systems? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(1) (i)	
54.	Do controls include adequate backup, including, but not limited to, the following: Data backup of critical programs or the ability to reinstall the exact programs as needed? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(1) (ii)	
55.	Do controls include adequate backup, including, but not limited to, the following: Secured storage of all backup data files and programs, or other adequate protection? (Inquiry and observation)	_____	_____	_____	543.20(j)(1) (iii)	
56.	Do controls include adequate backup, including, but not limited to, the following: Mirrored or redundant data source? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(1) (iv)	
57.	Do controls include adequate backup, including, but not limited to, the following: Redundant and/or backup hardware? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(1) (v)	
58.	Do controls include recovery procedures , including, but not limited to, the following: Data backup restoration? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(2) (i)	
59.	Do controls include recovery procedures , including, but not limited to, the following: Program restoration? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(2) (ii)	
60.	Do controls include recovery procedures , including, but not limited to, the following: Redundant or backup hardware restoration?	_____	_____	_____	543.20(j)(2) (iii)	


NATIONAL INDIAN GAMING COMMISSION
MICS CLASS II - AUDIT CHECKLIST
INFORMATION TECHNOLOGY & IT DATA (ITD)

#	MICS QUESTION	YES	NO	W/P REF	MICS	COMMENT
(Inquiry and review supporting documentation)						
61.	Are recovery procedures tested on a sample basis at specified intervals (at least annually) and results documented? State the interval _____. (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(3)	
62.	Are backup data files and recovery components managed with at least the same level of security and access controls as the system for which they are designed to support? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(j)(4)	
(k) Software downloads						
63.	Are downloads, either automatic or manual, performed in accordance with 25 CFR 547.12? (Inquiry and review SICS)	_____	_____	_____	543.20(k)	
(l) Verifying downloads						
64.	Following the download of any Class II gaming system software, does the Class II gaming system verify the downloaded software using a software signature verification method? (Inquiry and review supporting documentation)	_____	_____	_____	543.20(l)	
65.	Does the TGRA confirm the verification performed in checklist question 64 (TGRA can use any method it deems appropriate)? (Inquiry, review TGRA approval and review supporting documentation)	_____	_____	_____	543.20(l)	

IT- CFR547 Pre & Post 2008



- _____
- _____
- _____
- _____
- _____

Course Objectives

- Understand the Federal Ruling regarding Minimum Technical Standards
- Discuss who is affected
- Identify pre-2008 machines
- Explore compliant gaming machines
- Identify ITLs and their components

KEY POINTS

- _____
- _____
- _____
- _____

Why



2/13/2019 3

KEY POINTS

2008- Technical Standards was intended to fill a void due to the lack of a unified class II gaming system specifications

2012- The NIGC published a final rule in the **Federal Register** which included an amendment delaying the sunset provision by an additional five years. 77 FR 58473.

2016- The impending expiration of the sunset provision the Commission began consultations and reaching out to the tribes regarding the issue.

2017- After completion of consultation subsequent to public comments a compromise was reached.

- _____
- _____
- _____
- _____

The Compromise



2/13/2019 4

KEY POINTS

Tribes/Operations are allowed to continue using pre-2008 systems provided that the TGRA authorizes the continued use through the annual certification process.

- _____
- _____
- _____
- _____
- _____
- _____
- _____

IT- CFR547 Pre & Post 2008

Class II Manufacturers

 • 2014 Colossal Game Design 	 • 2014 PAT TRONICS • 2014 VGT	 • 2013 WMS • 2014 Bally	 • 2015 GTECH - igt
-------------------------------------	--------------------------------------	--------------------------------	------------------------

KEY POINTS

There are multiple examples of Class II Manufacturers.

- _____
- _____
- _____
- _____

Identification

Most common pre-2008 EGMs are VGT and Rocket systems.

Look for switch on cashbox door

KEY POINTS

Switch on the cashbox door and accompanying harness are the easiest visible difference for a pre-2008 EMG.

- _____
- _____
- _____
- _____

Software Differences

What's the Difference?

KEY POINTS

Don't rely on visual inspection of hardware differences to identify pre-2008 systems, because in some cases pre-2008 client software will load on newer chassis. Verify client version within the operator menu and check client version against ITL letters.

Part 547 – Minimum Technical Standards

<https://www.federalregister.gov/documents/2017/12/27/2017-27945/minimum-technical-standards-for-class-ii-gaming-systems-and-equipment/>

61172 Federal Register/Vol. 82, No. 247/Wednesday, December 27, 2017/Rules and Regulations

NATIONAL INDIAN GAMING COMMISSION

25 CFR Part 547

RIN 3145-AA04

Minimum Technical Standards for Class II Gaming Systems and Equipment

AGENCY: National Indian Gaming Commission

ACTION: Final rule

SUMMARY: The National Indian Gaming Commission is amending its minimum technical standards for Class II gaming systems and equipment.

any potentially significant economic and practical consequences of requiring immediate compliance, the Commission implemented a five-year sunset provision which allowed eligible gaming systems manufactured before November 10, 2008 (2008 Systems) to remain on the gaming floor. The Commission believed that a five-year period was sufficient for market forces to move systems toward compliance with the standards applicable to systems manufactured on or after November 10, 2008.

On September 21, 2012, the NIGC published a final rule in the Federal Register which included an amendment

write. Thereafter, on March 23, 2017, in Tulsa, OK, and April 12, 2017, in San Diego, CA, the NIGC conducted on the 2008 Systems and associated sunset provision of the minimum technical standards. The Commission also solicited written comments through May 31, 2017. In addition, NIGC staff attended meetings with the National Indian Gaming Association Class II Subcommittee, as well as other representatives from the gaming industry. The consultation and meetings, combined with the written comments, proved invaluable in the development of a discussion draft

KEY POINTS

See:

<https://www.federalregister.gov/documents/2017/12/27/2017-27945/minimum-technical-standards-for-class-ii-gaming-systems-and-equipment/>

- _____
- _____
- _____
- _____

Minimum Technical Standards

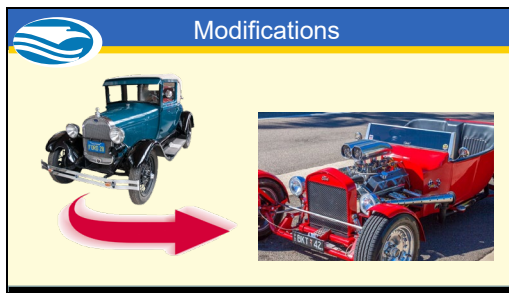
What does it mean?

KEY POINTS

"First and foremost, the Commission's minimum technical standards are just that—minimums."

"Repair and replacement of individual components of Class II gaming systems have been and continue to be permitted."

IT- CFR547 Pre & Post 2008



KEY POINTS

Modifications:

"Modification of components of 2008 Systems also continue to be permitted provided the TGRA determines that the modification either maintains compliance with the requirements for 2008 Systems or increases compliance with the requirements for newer systems."

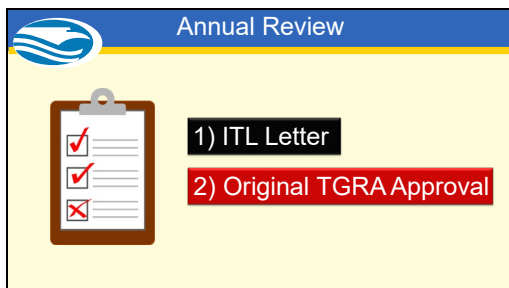


KEY POINTS

Requirements:

"The annual review requirement will ensure that 2008 Systems are adequately monitored and that 2008 Systems that meet the standards applicable to newer systems are identified by the TGRA and gaming operation. In addition, the annual review requirement requires the TGRA to identify the components of the 2008 System that prevent the system from being approved as a newer system."

- _____
- _____
- _____
- _____



KEY POINTS

547.5(2)(a)(i) Retain copies of the testing laboratory's report, the TGRA's compliance certificate, and the TGRA's approval of the use of the Class II gaming system;

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Annual Review					
Class II Gaming Systems Tracking Sheet					
Insert Tribe Name Tribal Gaming Authority					
Class II Gaming System Manufacturer or Supplier	Class II Gaming System Name(s) and Version	Class II Gaming System Maint(s) and Versions	Class II Gaming System Game Theme(s) and Versions	Electronic Gaming Machine Type(s) and version(s)	Date of Submission to Testing Laboratory
123 Manufacturing	Super Great Bingo v1.0	Operating System Version 1.2.1 Game Server Version 1.2.2 Report Server Version 1.2.1	Super Great Bingo Themes Version 1.0.0 Big Bucks Bingo, Super 800 Bucks Bingo, Awesome Bingo, etc	Super Great Bingo EGM version 2.1	November 15th 2008

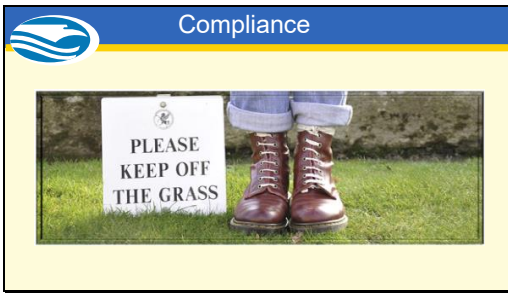
KEY POINTS

547.5(2)(a)(ii) Maintain records identifying the Class II gaming system and its current components; and the TGRA's approval of the use of the Class II gaming system;

547.5(2) (a)(iii) Annually review the testing laboratory reports associated with the Class II gaming system and its current components...

547.5(3)(b)(1)(v) Following receipt of the testing laboratory's report, the TGRA makes a finding that the Class II gaming system conforms to the standards established by... (543, TGRA)

IT- CFR547 Pre & Post 2008



KEY POINTS

Four critical components to be aware of:

- Fairness
- Game initiation and play
- Technical Software signature and random number generator
- Standards of artwork



KEY POINTS

547.4(a) fairness

547.8(b) Game initiation and play / 547.8(f) Software verification

Game must not deviate from a constant set of rules:

Can't change or duplicate cards

Can't play during tilts, etc.

Player must initiate play

Requires Signature checks



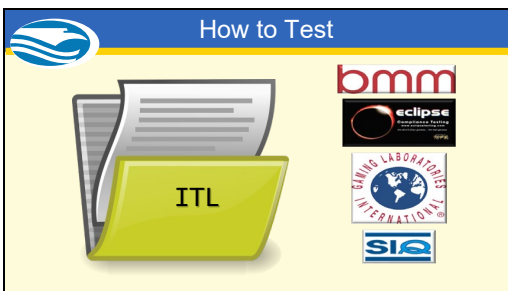
KEY POINTS

547.14 technical standards for electronic random number generation

- Statistical Randomness
- Unpredictable
- Non-repeatable
- Scaled and uniform

547.16 standards for game artwork, glass, and rules

- Rules clearly stated
- Disclaimers clearly stated
- Top prize odds.



KEY POINTS

- The Tribes can create a certification process for the pre-2008 Class II EGMs in accordance with 547 technical standards.
- Tribes can engage testing labs to perform the certification process.

- [illegible]

IT- CFR547 Pre & Post 2008



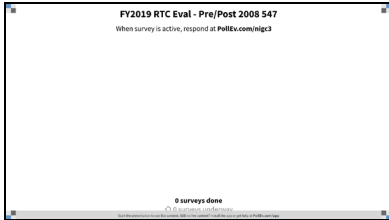
KEY POINTS

- Identify (do you have pre-2008 Class II EGMs?)
- Are they in compliance with 547?
- If not... Why?
- Take steps to ensure compliance with 547 including annual certification



KEY POINTS

- [illegible]



Poll Title: FY2019 RTC Eval - Pre/Post 2008 547

<https://www.polleverywhere.com/surveys/QczqnNh8QPmGeM1lV0jxL>

- [illegible]

Date: August 6, 2018

Bulletin No. 2018-2

Subject: 2008 Systems Annual Review; 25 C.F.R. § 547.5(a)(2)(iii)

On December 27, 2017, the Commission published changes to the Minimum Technical Standards for Class II Gaming Systems and Equipment regulations (25 C.F.R. Part 547) in the Federal Register ([82 FR 61172](#)). The new regulations became effective on January 26, 2018. This Bulletin provides guidance on the newly added requirement for annual review of Class II gaming systems manufactured before November 10, 2008 (2008 Systems).

Prior to the Commission's recent change, all 2008 Systems were required to be removed from the gaming floor by November of 2018 unless the system was approved as compliant with the standards for newer systems. The Commission determined that the continued operation of 2008 Systems is in the best interest of Indian gaming provided that such systems are subject to additional annual review by TGRAs. With the new change, the 2008 Systems can remain on the floor but each year the TGRA must review the testing laboratory reports associated with the 2008 System to determine whether it can be approved pursuant to the standards for newer systems. As part of the review, the TGRA must identify all 2008 Systems operating on the floor as well as any 2008 systems that were subsequently approved by the TGRA as compliant with the standards for new systems. Additionally, for the 2008 Systems that would not be approved as compliant with the standards for newer systems, the TGRA must identify the components of the system preventing such approval.

This annual review requirement is intended to ensure that 2008 Systems are adequately monitored and to identify any systems that technically meet the standards for newer systems but have not been approved pursuant to those standards. To complete the review, the TGRA must review the testing laboratory reports associated with the 2008 System that are maintained by the TGRA. If the TGRA determines that the testing laboratory reports for the 2008 System and its current components demonstrate that the 2008 System meets the standards for newer systems, the TGRA may make a finding that the system conforms to the standards for newer systems and include a finding in the annual review that the system was so approved. That system will then no longer be subject to the 2008 Systems provisions, including subsequent 2008 System annual reviews.

If the TGRA determines that the testing laboratory reports for the 2008 System and its current components do not demonstrate that the 2008 System meets the standards for newer systems and therefore cannot be approved pursuant to those standards, the TGRA must make a finding identifying which components prevent such approval. Such components will likely fall within one of three categories: 1) components for which the associated testing laboratory report includes a finding that the component does not meet the standards for newer systems, 2) components for which the associated testing laboratory report did not include a finding regarding whether the

component met the standards for newer systems, and 3) components for which the TGRA has not maintained a testing laboratory report.

Please note that pursuant to 547.5(c)(3) TGRAs must maintain testing laboratory reports for all component modifications made after January 26, 2018, the effective date of the new regulations. Prior to this date, certain hardware component modifications for 2008 Systems did not require testing laboratory reports. A TGRA may determine at its discretion whether to request testing laboratory reports from the gaming operation, vendor, or manufacturer for hardware component modifications for which reports had not previously been required.

Finally, it is important to note that the annual review only requires review of existing laboratory reports which the TGRA has maintained for systems and components in use on the gaming floor. TGRAs are not required to submit systems or components for new testing in order to complete the annual review.

If you have any questions please contact a NIGC region office or the NIGC Director of Compliance.

EGM Tracking Form

Vendor _____ Date _____ Time _____

Game Name _____ Bank _____ License # _____

Media Seal # _____ Par _____ Asset # _____ Serial # _____

Personality Software _____

Main Software _____

Other Software _____

Last Audit _____ Class _____ Leased By Vendor _____

Activity Install _____ Removal _____ Convert _____ Replace Part _____ Other _____

Upgrade _____ Relocate _____ Audit _____ Ekey / RC _____ Logic Box _____

Place Old Seal Here

Comments

Commission Representative Signature & Badge #

Print Name

Casino Representative Signature & Badge #

Print Name

Vendor Representative Signature & Badge #

Print Name

**Example Certification for a Class II Gaming System that
qualifies for Grandfathering status by the TGRA**

Date

Mr. Fake Person
Chairman
National Indian Gaming Commission
1441 L Street NW
Suite 9100
Washington, DC 20005

Mr. Not Realman
Vice Chairman
National Indian Gaming Commission
1441 L Street NW
Suite 9100
Washington, DC 20005

Dear Mr. Person;

As pursuant to Section 547.4(4) of the MINIMUM TECHNICAL STANDARDS FOR GAMING EQUIPMENT USED WITH THE PLAY OF CLASS II GAMES the **(TRIBAL GAMING AUTHORITY)** has formally reviewed the testing report provided by **(INSERT TESTING LABORATORY NAME)** on **(INSERT DATE HERE)** for the **(INSERT CLASS II GAMNIG MANUFACTURER OR SUPPLIER NAME) (INSERT CLASS II GAMING SYSTEM NAME(S) AND VERSION(S))**.

The **(TRIBAL GAMING AUTHORITY)** has made a finding that the **(INSERT CLASS II GAMNIG MANUFACTURER OR SUPPLIER NAME) (INSERT CLASS II GAMING SYSTEM NAME(S) AND VERSION(S))** submitted for testing to the standards established by Section 547.8(b), 547.8(f), 547.14, the minimum probability standards of 547.5(c) of the) of the MINIMUM TECHNOLOGY STANDARDS FOR GAMING EQUIPMENT USED WITH THE PLAY OF CLASS II GAMES and to any additional technical standards adopted by the **(LIST TRIBAL GAMING REGULATORY AUTHORITY HERE IF APPLICABLE)** qualifies for Grandfathering Status.

Pursuant to Section 547.4(5),(6) of the MINIMUM TECHNOLOGY STANDARDS FOR GAMING EQUIPMENT USED WITH THE PLAY OF CLASS II GAMES the **(INSERT TRIBAL GAMING AUTHORITY)** will retain a copy of the testing laboratory report and this certificate so long as the **(INSERT CLASS II GAMNIG MANUFACTURER OR SUPPLIER NAME) (INSERT CLASS II GAMING SYSTEM NAME(S) AND VERSION(S))** remains available to the public for play.

Sincerely,

Contact Name
Title
Tribal Gaming Regulatory Authority

--

--

[illegible]



KEY POINTS

- _____
- _____
- _____
- _____
- _____

Objectives

- Define Incident Response and Incident Reporting within the scope of the MICS and Service Management strategies
- Identify why we need Incident Reporting
- Review basic Incident Response and Reporting techniques
- Explore incident response reporting through scenario driven examples.

2/12/2019
2

KEY POINTS

- Define
- Identify
- Review



KEY POINTS

- IT accounts for 15% of all the MICS findings in the AUP.
- 543.20(i) Incident reporting accounted for 10% of the total IT findings in 2017

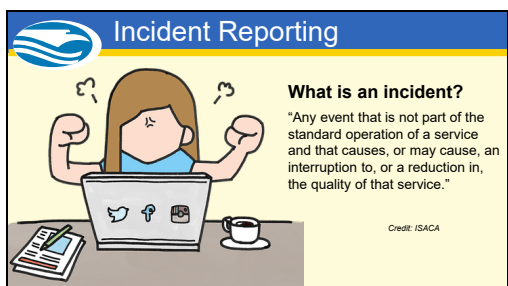


KEY POINTS

(i) Incident monitoring and reporting.

- Procedures must be implemented (SICS need to be developed) for responding to, monitoring, investigating, resolving, documenting, and reporting security incidents associated with information technology systems.

2) All security incidents must be responded to within an established time period approved by the TGRA and formally documented.



KEY POINTS

- ISACA's definition of Incident.
- Resources for official strategies:
 - NIST Special Publication 800-61-r2
 - NIST Special Publication 800-184
 - ISACA Incident Management and Response
 - ITIL Service Operation
 - ITIL IM
 - ISO 20000-1

Incident Response Plan (Part1)

Incident response plan
The operational component of incident management. Including **documented procedures** and guidelines for **defining the criticality of incidents**, reporting and escalation process, and recovery procedures.

Define types of Incidents

2/12/2019 6 Credit ISACA

- KEY POINTS**
- ISACA’s definition of **Incident response plan**
 - An incident Response Plan is the operational component of incident management.
 - The plan includes documented procedures and guidelines for defining the criticality of incidents, reporting and escalation process, and recovery procedures.

- Possible IT Incident categories:**
- Multiple Player Card failures
 - Public facing website down
 - IDF switch outage
 - Floor switch outage
 - Outage in virtual server environment
 - Power outage that results in system failure
 - Hardware cooling outage
 - Portion of any gaming floor outage
 - POS outage
 - Kiosk / ATM outage
 - Check / Cash Advance outage
 - Phone outages
 - Radio outage
 - Surveillance infrastructure outage
 - Any additional item at discretion of IT/GC/Operations management

Incident Response Plan (Part2)

Define Criticality

"An **Incident's priority** is usually determined by assessing its impact and urgency: '**Urgency**' is a measure of how quickly a resolution of the Incident is required. '**Impact**' is measure of the extent of the Incident and of the potential damage caused by the Incident before it can be resolved."

2/12/2019 7 Credit ITIL

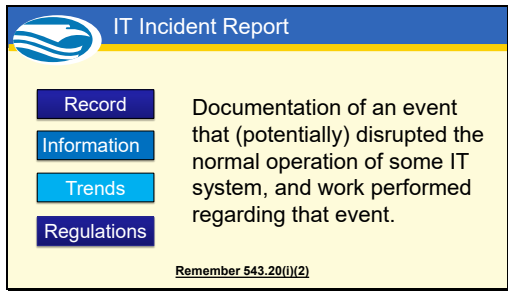
- KEY POINTS**
- To cover incidents with the correct resources we need to define how critical the incident is.
 - The **ITIL’s (Information Technology Infrastructure Library)** definition of Incident's Priority.

Incident Response Plan (Part3)

Define Response Procedures

2/12/2019 8

- KEY POINTS**
- Another important step in the Incident Response process is defining the appropriate procedures for each type of incident.
 - _____
 - _____
 - _____



IT Incident Report

- Record**
- Information**
- Trends**
- Regulations**

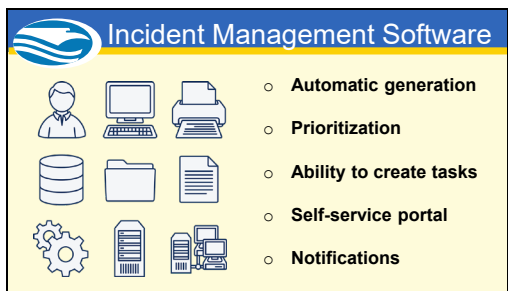
Documentation of an event that (potentially) disrupted the normal operation of some IT system, and work performed regarding that event.

Remember 543.20(i)(2)

KEY POINTS

- For the purposes of this course an **Incident Report** can be defined as documentation of an event that disrupted (or had the potential to disrupt) the normal operation of some IT system, and work performed regarding that event.
- Incident Reporting** is required by the MICS and that process of responding to, monitoring, investigating, resolving, and documenting, is just one important part of a robust ITSM (IT Service Management) plan. Other aspects of a service management plan include but are not limited to:

- A list of relevant contacts in the case of an incident
- Listed in the order to contact
- Don't include too many people
- Have a moderator for conference calls
- Documented process for initial response and support
- Record of resolution
- Ownership, monitoring, tracking
- Incident closure



Incident Management Software

- Automatic generation
- Prioritization
- Ability to create tasks
- Self-service portal
- Notifications

KEY POINTS

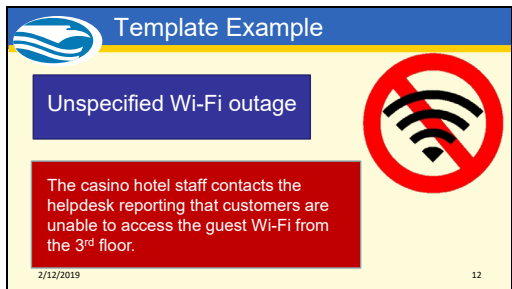
- Features to consider when choosing incident management software**
 - A central repository to log and track issues.
 - Automatic generation of incidents from email, chat, SMS, and more.
 - Automatic ticket routing, categorization, incident closure, and more.
 - Automatic incident prioritization based on impact and urgency.
 - Email and SMS communication from within the application.
 - Both customizable and predefined forms and templates.
 - A priority matrix that helps define the priority of tickets based on their impact and urgency.
 - The option to create multiple tasks for each incident.
 - Configurable rules to automatically drive tasks and route incidents.
 - Well-established response and resolution SLA management.
 - The option to pause the SLA timer for a specific period of time.
 - Ability to link incidents to other modules including problems and changes.
 - The option to associate incidents with related problems or convert an incident to a problem or a change.
 - A self-service portal where users can log their tickets.
 - Live chat included within the help desk.
 - A calendar showing technician availability.
 - A complete history of incidents and workstations.
 - Customizable roles and incident templates.
 - Task management for IT incidents.
 - Ability to create multiple sites.
 - A customizable knowledge base that allows end users to search for possible resolutions.

- Notifications for users and technicians.
- Automated user satisfaction surveys that collect feedback from end users.
- Support for integration with other IT management tools and applications.



KEY POINTS

- Refer to Participant Guide for the **Handout** - IT Incident Report Template.
NOTE: This template is an example document and not an official NIGC document.



KEY POINTS

- **Example scenario:**
 - The casino hotel staff contacts the helpdesk reporting that customers are unable to access the guest Wi-Fi from the 3rd floor.
- Assuming the immediate urgency of the incident has been resolved. Let's write from the perspective that we are reporting what has happened not troubleshooting and responding to the incident.



KEY POINTS

Activity:

1. Formulate an appropriate Incident Response for each scenario, and write a draft Incident Report.
2. Identify potential Regulatory and Operational actions that could be taken to mitigate repeat of the incident / service interruption
3. When applicable look for corresponding MICS. (Utilize 543.20 Toolkit in booklet)

Group Work

TIME: 1 ½ hours

Supplies: Per group


Notepad

Writing utensils

Group Instructions


- Working together read each scenario, and identify the issue(s).
- Each group will be assigned a different scenario.
- Each group will create an appropriate Incident Response
- Each group will write a draft Incident Report

- Identify Root Causes and possible Regulatory and Operational actions that could be taken
- Locate corresponding MICS covering aspects of the incident



Scenario #1


Jackpot malfunction




Patron claims that they won a jackpot of \$X. However the displayed credit award is not present within prize schedule



KEY POINTS

- Outcome (i.e. what was done):
The floor tech notifies the helpdesk who then notifies the TGRA, Surveillance, and IT teams to pull player tracking data from the report server.
TGRA pulls the relevant System Verification and ITL records for the software. Surveillance starts collecting video footage of the Player Interface in question.
- Hint: Think about who to notify, when to report to TGRA or not.



Scenario #1 Answer




KEY POINTS


Answers for Scenario #1:

- 1.
- 2.
- 3.
- 4.



Scenario #2


HVAC outage




The primary and only HVAC system in the server room has had a critical malfunction.

KEY POINTS

- Outcome (i.e. what was done):
 - IT staff opens the door to the server room, which Security monitors, and acquires portable air conditioning units from Facilities while the Facilities manager contacts an HVAC service technician.
- Hint: Think about which systems are being tested.



Scenario #2 Answers



KEY POINTS


Answers for Scenario #2:

- 1.
- 2.
- 3.
- 4.

Scenario #3

Cloud related
loss of data

It is discovered that the access credentials to the cloud based backup system have been lost due to turnover.




KEY POINTS

- Outcome (i.e. what was done):
The TGRA Licensing specialist had the hard drive on her office computer critically fail. That data was however stored online via a cloud based backup system. (Think: Carbonite, Backblaze)
- The recently departed IT Manager, at the time of creating the user account, made the account in his own name not the Casino's. Additionally, he had the only username and password. That password was lost. Other IT staff were unable to retrieve/reset password from the vendor within a timely manner and data regarding licensed vendor employees was not available causing delays of several days in approval processes.

- Hint: Think about vendor contracts.

Scenario #3 Answers



KEY POINTS


Answers for Scenario #3:

- 1.
- 2.
- 3.
- 4.

Scenario #4

Internal Data Breach via
online shared drive


It is discovered that a large volume of data was stolen via a Dropbox/Google Drive style file sharing service.



KEY POINTS

- Outcome (i.e. what was done):
Before leaving the company an employee in guest relations has uploaded a large volume of player tracking user account data to an unspecified Dropbox account.
- Hint: Think about allowed websites.

Scenario #4 Answers



KEY POINTS


Answers for Scenario #4:

- 1.
- 2.

Scenario # 5

Password policy


A finance manager sends a email notifying IT that the Kiosk management system doesn't support 4 character types.



KEY POINTS

- Outcome (i.e. what was done):
- IT investigates the software and verifies that non-alphanumeric character types are indeed not supported. TGRA approved SICS specify that "all password protected systems must use a minimum of 4 character types" However the software controlling the system cannot currently be upgraded.
- Hint: Think about your SICS

Scenario #5 Answers



KEY POINTS


Answers for Scenario #5:

- 1.
- 2.
- 3.

Scenario #6

External Attack


The public facing website is down. It appears to be the result of an attack.



KEY POINTS

- Outcome (i.e. what was done):
 - Troubleshooting reveals that the hosting site was using a self-signed expired certificate and the result was an attacker was able to install an exfiltration Trojan horse which proved to be too demanding for the system and caused it to crash. The certificate has been updated the server restored with a pre-injected version and Management is discussing using an external vendor for hosting the site in the future.
- Hint: Think about where your data resides and located.

Scenario #6 Answers



KEY POINTS


Answers for Scenario #6:

- 1.
- 2.
- 3.
- 4.

Scenario #7

POS outage


Receiving reports from floor that Player Points purchases are not processing correctly



KEY POINTS

- Outcome (i.e. what was done):
 - Upon troubleshooting it is discovered that in a recent update to the CMS, that particular CMS version was not tested with the casino's current POS systems in use at the bars and restaurants.
- Hint: Think about change management.

Scenario #7 Answers



KEY POINTS


Answers for Scenario #7:

- 1.
- 2.
- 3.
- 4.
- 5.

Scenario #8

UPS failure

During a weather event the server battery backup was discovered to have failed.




KEY POINTS

- Outcome (i.e. what was done):
The issue was discovered when during a weather event the Report Server had an unexpected power cycle and Player Terminals and EGMs on the floor went down during the time that it took the generator to start. Troubleshooting reveals that the UPS in use is 7 years old. SICs state that hardware is supposed to be reviewed and approved for reuse or decommission every five years.

- Hint: Think about non-networked systems.

Scenario #8 Answers



KEY POINTS

Answers for Scenario #8:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

Recap

LET'S RECAP...

2/12/2019 30

KEY POINTS

- Incident
- Incidence Response Plan
- Incident Report
- Responsibilities of 543.20(i)

Questions

Tim Cotton IT Auditor timothy_cotton@nigc.gov	Jeran Cox IT Auditor jeran_cox@nigc.gov	Michael Curry IT Auditor michael_curry@nigc.gov
Sean Mason IT Auditor sean_mason@nigc.gov	Travis Waldo Director, IT travis_waldo@nigc.gov	

FY2019 RTC Eval - Incident Reporting

When survey is active, respond at Pollbox.com/sjgr3

0 surveys done

0.0 seconds remaining

Interpretation: The survey is active and ready for responses. The pollbox URL is provided for respondents. The survey has not yet started, as indicated by the '0 surveys done' and '0.0 seconds remaining' status.

Poll Title: FY2019 RTC Eval - Incident Reporting
<https://www.poll Everywhere.com/surveys/4lBZjqyT2g5JbylgWJQfV>

Additional Notes:

This form is NOT an official NIGC document. This is an example template for the use of this course only.

IT INCIDENT REPORT

REPORTED DATE:	REPORTED BY:	INCIDENT TITLE/ NUMBER	INCIDENT OWNERSHIP

CRITICAL STATUS – (URGENT, HIGH, MEDIUM, LOW)

INFORMATION OF INCIDENT

DATE	TIME	PHONE	LOCATION	EMAIL
TITLE	MANAGER	MGMT CONTACT	DEPARTMENT AFFECTED	INCIDENT TYPE

INCIDENT OVERVIEW

NUMBER OF SYSTEMS EFFECTED	IP ADDRESS	COMPUTER/HOST	OPERATING SYSTEM/ DEVICE TYPE

DESCRIPTION

INCIDENT DESCRIPTION
IMPACT ASSESSMENT

RESULTING DAMAGE

IMMEDIATE ACTION TAKEN

ADDITIONAL INFORMATION

INFORMATION SECURITY INCIDENT INFORMATION SHARING

DEPARTMENT REQUIRING NOTIFICATION	POINT OF CONTACT NAME & NUMBER	DATE OF NOTIFICATION

REPORTING STAFF NAME: (PLEASE PRINT) _____ DATE: _____

SUPERVISOR NAME :(PLEASE PRINT) _____ DATE: _____

REPORT STAFF SIGNATURE: _____

SUPERVISOR SIGNATURE: _____

This form is NOT an official NIGC document. This is an example template for the use of this course only.

IT-115 Trending IT Issues



- _____
- _____
- _____
- _____
- _____

Objectives

- Explore and discuss trending IT issues
- Identify potential risks as related to casino environments
- Understanding Artificial Intelligence and the changing workforce

KEY POINTS

- _____
- _____
- _____
- _____

Activity – Identify the Issue

Facial Recognition
Geofencing
Keys / cards / seals
Drones
Voice authentication
Social media
Sports betting
Artificial Intelligence
Social / Skill based gaming
Mobile gaming / payments

KEY POINTS

- _____
- _____
- _____
- _____

Which issue concerns you the most?

Facial Recognition
Geofencing
Keys/cards/seals
Voice authentication
Social media
Sports betting
Artificial Intelligence
Social/Skill based gaming
Mobile gaming/payments

KEY POINTS

Poll Title: Which issue concerns you the most?

https://www.polleverywhere.com/multiple_choice_polls/mFZY3qNTYKYqm6IbbDmRS

What you are facing

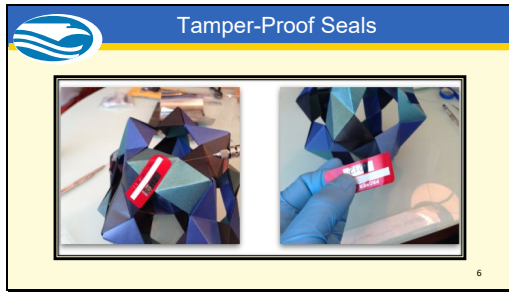
Tamper Proof Seals
RFID/NFC Cloning
Social & Skills Based Games
Social Media

KEY POINTS:

Wide range of common issues you might face

- _____
- _____
- _____
- _____

IT-115 Trending IT Issues

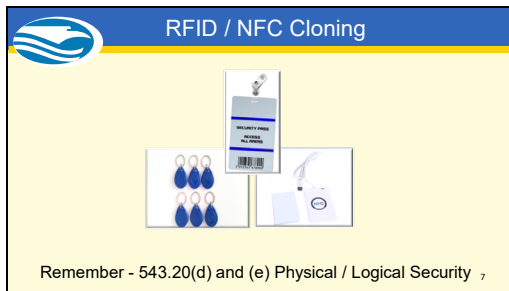


KEY POINTS

A variety of seals are easily removed and reapplied with only:

- Naphtha
- Syringe
- X-Acto knife
- Nitrile gloves

While a useful valuable tool to securing devices, packages and media, the inherent limitations and vulnerabilities of tamper evident seals necessitate strong regulations policies and procedures across operations. (i.e. Surveillance, Signatures, etc.)



KEY POINTS

Dangers for

- Key FOBs
- HID (Human Interface device)

Mainstream

- Cheap / portable
- How-to instructions are plentiful



KEY POINTS

What is a Social game? True skill based?

- Token based
- Online Promotion / Incentives
- Hybrid-Skill based games

Concerns

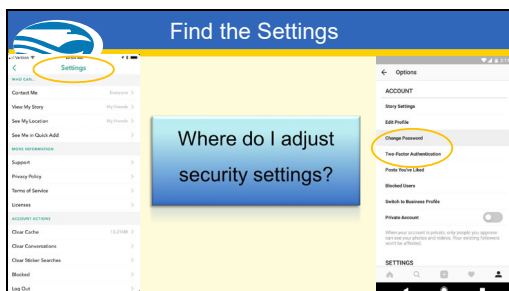
- Revenue Auditing
- Variable RTP



KEY POINTS

Tips for a safer Social Media experience

- Use a Secret Email Address
- Secure Those Security Questions
- Carefully choose your audience (Friends, public)
- Set Up Login Notifications (dual factor authentication)
- Do not link accounts

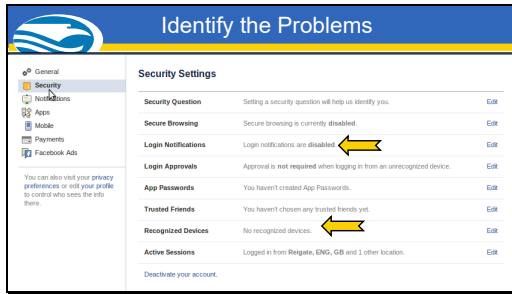


KEY POINTS

Know where your security settings are within your social media applications you use personally and through your company.

- _____
- _____
- _____
- _____

IT-115 Trending IT Issues



KEY POINTS

Know where your security settings are within your social media applications you use personally and through your company.

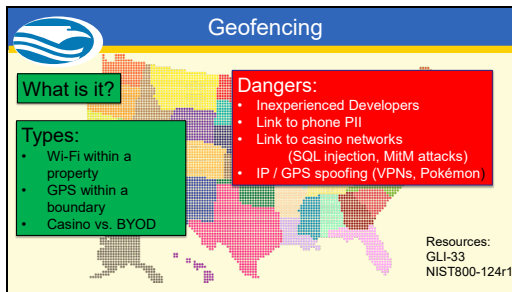
- _____
- _____
- _____
- _____



KEY POINTS

Various areas to consider when thinking about Sports Betting.

- Mainstream and traditional sports betting.
- Fantasy sports betting.
- ESports betting.
- Non-sport related betting.
- Parlay bets.
- In-game and in-play bets.
- Mobile betting



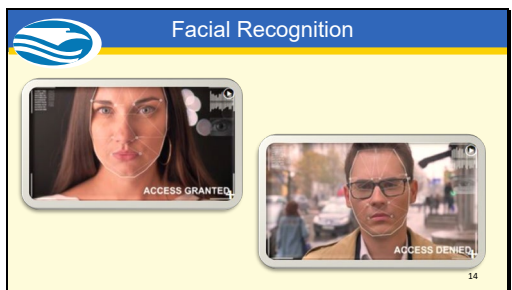
KEY POINTS

Resources for creating new regulations:

GLI-33 (regulatory)

NIST800-124r1 (operations / IT Security)

- _____
- _____
- _____
- _____



KEY POINTS

Current Uses-

- Already in place in casinos
- Evolution from SIFT
- License plate recognition
- Identifying whales and 86'd

Future Uses-

- Biometric identification
- Missing persons / trafficking
- Mobile payments
- Guest check-in

IT-115 Trending IT Issues



KEY POINTS

Possible Uses-

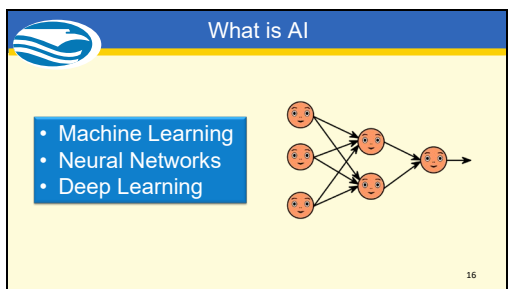
A tool to combine with other technologies.

Used in theme parks for locating people

Already in the home security industry

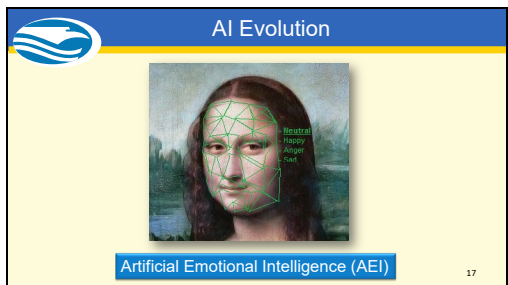
Powerful when combined with Facial recognition and AI

- _____
- _____
- _____
- _____



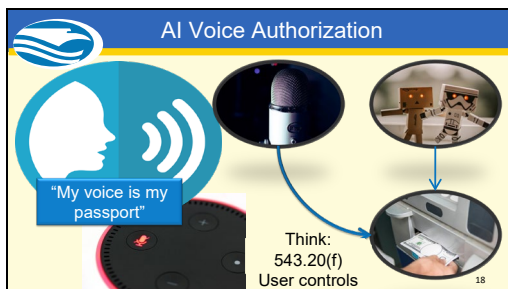
KEY POINTS:

- AI \neq Sentience
- Training or teaching software
- "Feed-forward"
- Node assigns weight to each connection. If total weight above threshold, data passes to next node.
- Think. "Suggested" choices



KEY POINTS

- Combination of facial recognition and AEI
- Marketed for casinos and security industry
- Training Poker players
- Predictive awareness techniques
- Evolution from SIFT

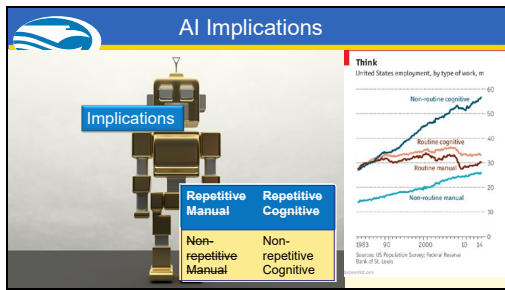


KEY POINTS

- Translation software
- Alexa / Google Home
- Increasingly used by banks
- Safety implications as proof of concept AI voice simulators exist

- _____
- _____
- _____
- _____
- _____
- _____
- _____

IT-115 Trending IT Issues



KEY POINTS

- Security and privacy
- Patron satisfaction
- Job safety
- More and more types of jobs in danger
- Everything from Receptionists -> Lawyers



KEY POINTS

Many jobs will be replaced in the future by AI

- _____
- _____
- _____
- _____



KEY POINTS

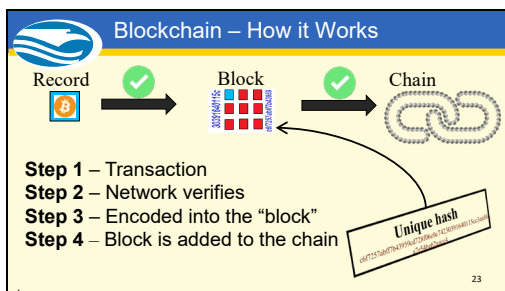
Phones & Cards

- Pay via phone bill
- Pay via chip or NFC
- Pay via QR code
- Using NFC as player cards
- Potentially the next step after TITO
- Possible bitcoin payments



KEY POINTS


- Electronic system on which you can build applications.
- A distributed database
- A peer-to-peer network
- Data is distributed
- Work is distributed
- Maintenance is distributed
- Validations are distributed



KEY POINTS

- _____
- _____
- _____
- _____


IT-115 Trending IT Issues



The Promise of Blockchain

Smart Contracts - Ethereum

- Usage of blockchain technology Mining Ether cryptocurrency (ETH)
- Running the programming code of a decentralized application not just currency TXN
- Smart Contracts are self operating computer programs that operate on a block chain



24

KEY POINTS

Smart Contracts - Ethereum

- Usage of blockchain technology Mining Ether cryptocurrency (ETH)
- Running the programming code of a decentralized application not just currency TXN
- Smart Contracts are self-operating computer programs that operate on a block chain



The Promise of Blockchain (cont.)

Smart Contracts – and Similar Technology



25


KEY POINTS

Currently there are commercial casino operations that accept cryptocurrency at their ATMs.

Vendors are exploring blockchain technology for payment systems

Smart Contracts – and Similar Technology

- Automated – no human involvement
- Record Registration
- Programmable
- Tune-able Trust
- Auditable by external auditors



Questions

<p>Tim Cotton IT Auditor timothy_cotton@nigc.gov</p>	<p>Jeran Cox IT Auditor jeran_cox@nigc.gov</p>	<p>Michael Curry IT Auditor michael_curry@nigc.gov</p>
<p>Sean Mason IT Auditor sean_mason@nigc.gov</p>	<p>Travis Waldo Director, IT travis_waldo@nigc.gov</p>	

26

KEY POINTS

If you would like more information or would like to request this training in person, please go to www.nigc.gov and hit the request training link.

- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

FY2019 RTC Eval - Trending IT Issues
When survey is active, respond at [Poll Everywhere.com/nigc3](https://www.poll Everywhere.com/surveys/6pUObwPSHpTeb1IYN74LW)

0 surveys done

KEY POINTS

Poll Title: FY2019 RTC Eval - Trending IT Issues

<https://www.poll Everywhere.com/surveys/6pUObwPSHpTeb1IYN74LW>

- _____
- _____
- _____
- _____

NIGC RTC Overall Evaluation

1. Why did you sign up to participate in the NIGC RTC? What did it offer you that was different from other offerings at other events?

2. Did the RTC deliver on your expectations? What was unique, inspiring, or important about this event?

3. If you attend future NIGC training events, what features would you most want to keep?

4. What would you improve for the next NIGC training event? What would you have added or taken away?

5. Do you think this course will affect your job? If so, please describe.

6. What other kinds of courses would you like to see NIGC offer? What other elements are missing from the NIGC RTCs and what might NIGC think about adding in the future?

Please share any additional feedback about this event or your involvement with the NIGC.

FY 2019 NIGC RTC Couse Evaluation

Course Title: _____

How did you attend the course(s)?

Virtually or In-person

Please rate the following on a scale from 1-5 with 1 being the lowest and 5 being the highest rating.

5 – Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree

Presenter(s)

Question	Rating
1. Knowledgeable in content areas	
2. Clarified content in response to questions	
Please provide specific suggestions or recommendations for the presenter.	

Content

3. Appropriate for intended audience	
4. Consistent with stated objectives	
Please provide specific suggestions or recommendations for the course content.	

Presentation Methods

5. Visual aids, handouts, and oral presentations supported the content	
6. Teaching methods were appropriate for subject matter	
Please provide specific suggestions or recommendations for the presentation methods.	

Please provide any other suggestions or recommendations so that we can improve our courses.