



**Participant Workbook**  
**Tulsa Regional Training Conference**  
**July 10-12, 2018**



Dear Training Course Participant,

Over twenty five years ago Congress adopted the Indian Gaming Regulatory Act (IGRA) to provide statutory support for gaming by Indian tribes. The National Indian Gaming Commission (NIGC) was created by IGRA to partner with tribal regulators 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.

A properly trained and informed workforce is the most successful key to regulation and the assurance of compliance. Focused, targeted and responsive training and technical assistance programs provide a foundation that maintains the integrity and success of Indian gaming.

Through dedication and hard work, Indian gaming has experienced notable and successful growth thanks to the partnership of dedicated employee's, regulators and tribal governments and the NIGC. Our continued success depends on grabbing the growing momentum and "*Work Together for Success*", now and into the coming future.

With this backdrop in mind, we encourage you to take advantage of the NIGC training opportunities highlighted by this course. The Commission recognizes your work is essential to the success of Indian gaming and encourages you to use the tools you will receive and knowledge you will gain from this course to further regulatory excellence in Indian gaming.



**Jonodev Osceola Chaudhuri**  
**NIGC Chairman**



**Kathryn Isom-Clause**  
**Associate Commissioner**



**E. Sequoyah Simermeyer**  
**Associate Commissioner**



## Course Rationale

The National Indian Gaming Commission (NIGC) RGTCourse is designed to provide a common foundation of knowledge and skills to prepare Tribes to work together to effectively understand and meet requirements to ensure compliance and provide a successful basis for economic development.

NIGC Training is built around adult learning principles, with knowledge delivery for understanding and everywhere possible, application level exercises, workshops and opportunities to collaborate in or for each attendee to have an opportunity to achieve understanding, doing and getting feedback on results – and doing again! Working together and using the skills and knowledge applicable to improve processes as soon as they return to work.

### **The 6 key benefits to the NIGC Training Model:**

1. Provides real focus on issues and concerns important to attendees for meeting compliance.
2. Builds a sense of shared experience and language around the tools and methodologies.
3. Develops an understanding of the trends and concerns impacting Tribes and Indian Country in gaming.
4. Provides a safe environment for query, experimentation and failure.
5. Encourages application and testing in a true problem solving focus.
6. Provides a venue to develop relationships that improve communication, commitment and productivity.

# Course Descriptions

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The Regional Training Course is designed around information and knowledge sharing dealing with current and ongoing issues and concerns in Indian Gaming, critical learning areas for compliance, and new and trending changes in regulation. Infused with real time information, current opportunities and ground breaking tools, the course provides all attendees flexible and relevant learning options. The course is designed for novice and veteran staff. The course will offer instruction in the following content areas:

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## *Day 1 – All Participants*

### **Regional Compliance Issues: How to Achieve Compliance**

This course is designed to look at regionally specific issues in the areas of compliance, audit and tribal. We will discuss specific regional issues as noted by NIGC. Attendees will learn practical solutions to issues of non-compliance by using intent and testing criteria through the use of the NIGC Minimum Internal Control Standards and industry best practices.

### **Active Threat: Awareness, Preparedness and Resilience**

No course description available at time of print.

### **Human Trafficking“The Next Step”**

No course description available at time of print.

## *Day 2 – Track 1 General Session*

### **AUD-122 Internal Audit 2.0**

This course is designed to build upon the AUD-120 Internal Audit: A to Z twelve hour workshop. The objective of this workshop is to create an interactive environment in which Internal Auditors will have the opportunity to learn from and exchange ideas with their peers about the responsibilities and challenges that Internal Auditors encounter in conducting the audit. Targeted training and instruction will be provided in completing and performing audit steps, documenting work performed, and writing the determination of compliance of a finding. Upon completion of this course the Internal Auditor will obtain techniques that can be immediately applied in conducting internal audits.

## *Day 2 – Track 2 Gaming Commission Track*

### **Commissioner Workshop - Parts 1 and 2**

This course is designed to provide an understanding of the Tribal Gaming Regulatory Authorities (TRGAs) authority and responsibilities. Group activities and discussions will result in the development of specific duties that TGRAs can perform to assist in the regulation of their gaming operations. We will take a look at the Indian Gaming Regulatory Act (IGRA) and Tribal gaming ordinances to establish TGRA authority and identify submission requirements. We will also analyze associated laws and regulations to determine specific duties TGRA’s can perform to achieve their regulatory responsibilities. This course is based on real world scenarios, and will include handouts, discussions, and online polling.

*Part 1 - Understanding Your Authority*

*Part 2 - Tools of the Commission*

# Course Descriptions

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## *Day 3 – Track 1 General Session*

### **IT-113 IT Basics**

A learning block designed for tribal gaming regulators, operations and IT personnel that desire basic gaming and Information Technology knowledge. The objective of this lesson is to gain a basic understanding of Information Technology and gaming terminology, being able to differentiate between Class II and Class III gaming machines. You will gain an understanding of gaming and Information Technology at a beginning level to set a foundation for understanding the IT courses taught at the RGT.

### **AUD-121 Game Performance “When, Why and How”**

This course is designed to assist participants gain an understanding of game statistics. The objective is to create an interactive environment where attendees will learn how statistics serve as a benefit to identifying issues on the gaming floor. Topics will focus on the analysis of gaming machine, table game, bingo and card game statistics. Attendees will gain an enhanced understanding of the inherent risks associated with the gaming statistics and how the MICS are intended to mitigate those risks.

### **AUD-114 “New” Minimum Bankroll Worksheet**

This course is designed to address the requirements of gaming operations to maintain a minimum bankroll. The worksheet available on the NIGC website includes a breakout of Class II and Class III revenues including best practices. We will discuss the changes in the worksheet and attendees will complete a worksheet by calculating a minimum bankroll requirement.

## *Day 3 – Track 2 Gaming Commission Track*

### **Commissioner Workshop - Parts 2 & 3**

*Part 2 - Tools of the Commission*

*Part 3 - Gamesmanship 3.0*



## How to Get the Most Out of This Course

- ❖ **Take the right approach to learning.** To meet each attendee's needs, we provide a number of different learning tools. These include well-researched and professionally prepared materials and presentations by skilled and experienced subject matter experts. Although you'll have a preferred style of learning, we hope you'll take advantage of *all* the tools we offer.
- ❖ **Make a note of this.** This workbook and related materials will enable you to take notes, and have access to needed information. Instead of trying to take notes word-for-word, it is recommended that you list key points for later memory jogging. We will try and ensure you have as much information as you need to lessen the need for lengthy notes.
- ❖ **Don't hesitate, participate.** The course will be more interesting and productive when everyone participates. If you don't understand something, there is a good chance someone else does not either, so do everyone a favor and ask questions. Additionally, don't hesitate to answer our questions and share your relevant knowledge and experience with all of us.
- ❖ **Take a break.** Everyone has a limit to how much they can sit still and absorb. So use the break, network, share ideas, and get some fresh air. You can help keep us running smoothly by coming back on time.
- ❖ **Join in with the group.** Stay enthusiastic and involved.
- ❖ **Attendance.** You must fully attend the course, and where applicable, pass a final exam for full credit and to receive a training certificate. Please do your best to be on time for class and try to be here for the entire course.
- ❖ **Cell phones, PDA's and iPad's.** In an effort to minimize disruptions to class, please turn off all cell phones and PDA's. If they are your only emergency contact, please set them to vibrate. iPad's may be used, but should be for note taking.

**Please note:** This course is conducted in English with instruction facilitated by verbal and written communications.

## **Course Structure**

The Regional Training Course is a 3 day course developed to provide an encompassing event surrounding current, trending and critical knowledge areas in Indian gaming. Providing full staff learning opportunities, as well as focus area learning tracks, the course is designed to give tribal gaming regulators and operations personnel, commissions and staff a wide variety of subject needs to meet concerns and relevant areas of interest in Indian gaming.

Each instruction topic is focused around identified concern areas, new content and regulations and a variety of mechanisms for change, improvement and compliance for success. Each block focuses on various staff roles and responsibilities, focusing on similarities, differences, and opportunities for collaboration and sharing of practices and improvements. Most topic areas will pair an equal amount of time to facilitated lecture and action based learning.

The primary training methodologies will be interactive lecture, small group discussion, and case study. Action based learning will be facilitated through small groups and case study. Final learning will be measured through exercise completion and observation.

# Regional Training Course Agenda



START TIME		TULSA REGIONAL TRAINING COURSE July 10 <sup>th</sup> – 12 <sup>th</sup> , 2018  Prairie Band Casino & Resort 12305 150 <sup>th</sup> Road Mayetta, KS 66509	
Day One	09:00	Course Opening/Welcome	
	09:15	Regional Compliance Issues; How to Achieve Compliance	
	11:00	Active Threat: Awareness, Preparedness and Resilience	
	12:00	<i>Lunch (On Your Own)</i>	
	1:00	Active Threat: Awareness, Preparedness and Resilience	
	2:30	Human Trafficking “The Next Step”	
	4:00	<i>End of Day 1 courses</i>	
<b>DAY TWO- TRACKS</b>			
Day Two		<b>General Track</b>	<b>Understanding the Roles of the Gaming Commission</b>
	09:00	AUD-122 Internal Audit 2.0	Understanding your Authority
	12:00	<i>Lunch (On Your Own)</i>	<i>Lunch (On Your Own)</i>
	1:00	AUD-122 Internal Audit 2.0	Tools of the Commission
	4:00	<i>End of Day 2 courses</i>	
<b>DAY THREE- TRACKS</b>			
Day Three		<b>General Track</b>	<b>Understanding the Roles of the Gaming Commission</b>
	09:00	IT-113 IT Basics	Tools of the Commission
	11:00	AUD-121 Game Performance “When, Why and How”	
	12:00	<i>Lunch (On Your Own)</i>	<i>Lunch (On Your Own)</i>
	1:00	AUD-121 Game Performance “When, Why and How”	Gamesmanship 3.0
	3:00	AUD-114 “New” Minimum Bankroll Worksheet	
	4:00	<i>End of Regional Training Course</i>	
	<b>Thank you for Attending!!</b>		



# NIGC RTC Opening and Welcome

# NIGC RTC Opening and Welcome Participant Guide



National Indian Gaming Commission

## Introduction to the RTC

NIGC Training Department

KEY POINTS

# NIGC RTC Opening and Welcome Participant Guide



## Internet Access



WiFi \_\_\_\_\_

Password \_\_\_\_\_

Text Questions \_\_\_\_\_

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KEY POINTS



# NIGC RTC Opening and Welcome Participant Guide



## NIGC Training Program

- Revising training approach to be more process driven.
  - *“How To” instead of “How Come”*
- New Courses – Commissioners Track (12 hours) & AUD-122 Internal Audit 2.0 (6 hours)
- In the future Learning Management System
- A call for suggestions!

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KEY POINTS

# NIGC RTC Opening and Welcome Participant Guide



## Training Materials & Information

- RTC Training Materials – more interactive, hands on and scenario based
- Updated [Training Course Catalog](#)
- New technology for courses using Poll Everywhere
  - Polls
  - Surveys



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### KEY POINTS



## Course Evaluations

### Course Evaluation Purpose

- Allow participants to provide immediate feedback on their experience
- Encouraged to include ideas and recommendations
- Will be used to improve the course
- All course evaluations are anonymous



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### KEY POINTS





## Participating with Poll Everywhere



# Poll Everywhere

1



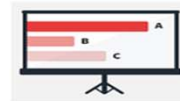
Leader asks a question

2



Participants respond

3



Responses are displayed immediately!

**NOTE: Polls are not active until they are displayed on the screen**

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KEY POINTS

# NIGC RTC Opening and Welcome Participant Guide



## Using Your Phone to Participate

Text **NIGC** to **22333**  
to join the session.

**NOTE: Polls are not active  
until they are displayed on  
the screen**



### KEY POINTS

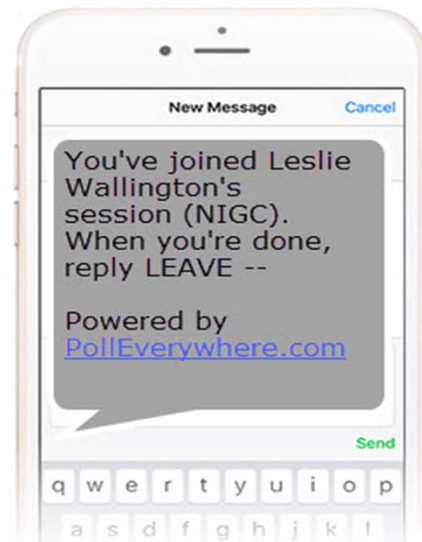
# NIGC RTC Opening and Welcome Participant Guide



## Response from Poll Everywhere

1. You will receive a text message confirming that you are in the polling session.
2. Do **NOT** select the [PollEverywhere.com](http://PollEverywhere.com) link.
3. Now you can enter your response to the poll as a text message.

**NOTE: Polls are not active until they are displayed on the screen**



### KEY POINTS

# NIGC RTC Opening and Welcome Participant Guide

How did you travel to the conference?

- A. Plane A
- B. Train B
- C. Car C
- D. Foot/Bicycle D

**Start the presentation to activate live content**  
If you see this message in presentation mode, install the add-in or get help at [PollEv.com/app](https://www.polleverywhere.com)

## KEY POINTS

Poll Title: How did you travel to the conference?  
[https://www.polleverywhere.com/multiple\\_choice\\_polls/yldbms0zVYqpf5](https://www.polleverywhere.com/multiple_choice_polls/yldbms0zVYqpf5)

# NIGC RTC Opening and Welcome Participant Guide



## Surveys from Poll Everywhere

1. Open a web browser on your phone.
2. In the address line type: **PollEv.com/nigc**
3. Click **Start Survey**.
4. Scroll down to access each question.
5. If you need to change your response, select **Clear Reponse**.
6. Only respond one time to each question.
7. Select **Submit** to submit your answers.

**NOTE: Surveys are not active until they are displayed on the screen**

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KEY POINTS

# NIGC RTC Opening and Welcome Participant Guide

**Practice Survey**

Start the presentation to see live content. Still no live content? Install the app or get help at [PollEv.com/app](https://www.polleverywhere.com/app)

## KEY POINTS

Poll Title: Practice Survey  
<https://www.polleverywhere.com/surveys/fwLU1SVlu>

# Tulsa RTC Regional Compliance Issues; How to Achieve Compliance



# Tulsa RTC Regional Guidance Participant Guide



National Indian Gaming Commission



Tulsa Regional Guidance – How to Achieve Compliance

NIGC Regional Staff

July 10, 2018

## KEY POINTS:

### Region Staff:

Tim Harper, Region Director

Marci Ober, Compliance Officer

Brian Moody, Compliance Officer

Miranda Blakley, Compliance Officer

Christie Jamison, Admin. Specialist

William Thomas, Lead Auditor

Paula Thompson, Auditor

Jeran Cox, IT Auditor

Suzanne Nunn, Region Attorney/OGC

# Tulsa RTC Regional Guidance Participant Guide



## Course Outline

- National/Regional Statistics
- Compliance
- Office of General Counsel
- Audit
- Tribal

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Licensing Summary

- FY 2017 Summary:
- Tulsa Region - 36,909 background and licensing actions were taken.



3

KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Licensing Actions Taken

- Included in the 36,909 actions:
- 7,104 Fingerprints were submitted and results disseminated to TGRA's
- 4,532 NOR's were received from TGRA's
- 3,833 IOL's were received from TGRA's

7/2/2018

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Licensing Summary (con't)

- 65 Revocations were received from TGRA's
- 4,271 No Objection letters were issued to TGRA's

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Conduct an investigation sufficient to make an eligibility determination.*
- 25 CFR § 556.5 Tribal eligibility determination.

### How to Achieve Compliance

- *Verification of all material in the application and any additional information you may develop during the verification process.*
- *Prepare Investigative Report.*

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### KEY POINTS

#### **§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 KE or PMO 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 KE or PMO position.

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Timely submission of Notice of Results (NOR) on Key Employees and Primary Management Officials; and gaming license eligibility.*
- *TGRA must submit the NOR **before** an IOL is submitted to NIGC.*
- *25 CFR § 558.3 Notification to NIGC.*

### How to Achieve Compliance

- *The NIGC Compliance Officer conducting a site visit can provide technical assistance as needed.*
- *Develop accountability log for each part of the background investigation process.*
- *Clock starts when the applicant begins working in the gaming operation.*

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### KEY POINTS

25 CFR §556.6(b)(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, DOB, and SS number; (ii) Date on which the applicant began or will begin work as KE or PMO; (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.

§558.3(a). Notification to NIGC of license decisions and retention obligations. (a) After a tribe has provided a notice of results (NOR) of the background check to the Commission, a tribe may license a PMO or KE.



# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- **Consolidating Schedules:** 571.12(d)(1) *If a Gaming Operation has multiple gaming places, facilities or locations on the Tribe's Indian lands – Tribe may choose to consolidate financial statements.*

### How to Achieve Compliance

- *In accordance with 571.12(d)(1) the tribe may choose the option of combining all properties into one financial statement. The consolidated statement then must include consolidating schedules of revenue, expenses, and net change for each operation.*

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- **Comparative Financial Statements:** *Each gaming operation is required to prepare comparative financial statements on an annual basis in accordance with generally accepted accounting principles (GAAP) and those statements audited by an independent certified public accountant (CPA). 571.12(a)(b)*

### How to Achieve Compliance

- *Each tribe must prepare and submit audited financial statements of two or more periods that are presented in columnar form.*

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Quarterly statements are to be reconciled with tribe's audited or reviewed financial statements for each gaming operation.*
- *25 CFR § 514.6 (e) Fee Reconciliation.*

### How to Achieve Compliance

- *Reconcile with audited or reviewed financial statements.*
- *For items not on Financial Statement, (i.e., cost of structures) use General/Sub ledgers.*

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### KEY POINTS

25 CFR § 514.6 (e) As required by part 571 of this chapter, quarterly statements must be reconciled with a tribe's audited or reviewed financial statements for each gaming location. These reconciliations must be made available upon the request of any authorized representative of the Commission.

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Develop and implement adequate TICS / SICS for each gaming operation.*
- 25 CFR § 543.3 Tribal Internal Controls (TICS) & System of Internal Controls (SICS).

### How to Achieve Compliance

- *Develop the TICS and SICS yourself or by going to tribes that have fully operating TICS and SICS and reviewing those controls.*
- *Implement*
- *Request Technical assistance from NIGC.*

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### KEY POINTS

25 CFR § 543.3 (b) TICS. TGRAs must ensure that TICS are established and implemented that provide a level of control that equals or exceeds the applicable standards set forth in this part. (c) SICS. Each gaming operation must develop a SICS, as approved by the TGRA, to implement the TICS. (2) *New gaming operations.* All gaming operations that commence operations after the effective date of this part must comply with this part before commencement of operations.

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Completion of annual internal audits for each gaming operation.*
- 25 CFR § 543.23 (c) Internal audits.

### How to Achieve Compliance

- *Work with your Internal Auditor or contracted outside independent audit firm to conduct the IA periodically throughout the fiscal year, department by department.*

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### KEY POINTS

25 CFR § 543.23(c) (1) Internal auditor(s) perform audits of each department of a gaming operation, at least annually, to review compliance with the TICS, SICS, and these MICS, which include at least the following areas: (i) Bingo, (ii) Pull tabs, (iii) Card games, (iv) Gaming promotions, (v) Complimentary services, (vi) Patron deposit accounts, (vii) Lines of credit procedures, (viii) Drop and count standards, (ix) Cage, vault, cash, cash equivalent procedures, (x) IT, (xi) Accounting standards.

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- 25 CFR § 571.13(a) - Submission of Financial Statements and Audits.
- 120 days

### Intent

*Timely submission of financial statements covering all financial activities of each class II and class III gaming operation on the tribe's Indian lands for each fiscal year, in accordance with §571.12*

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Facility licensing: 559.2.*
- *When must a tribe notify the Chair that it is considering issuing a new facility license?*

### How to Achieve Compliance

- *Provide notice 120 days prior to opening.*
- *Forward to NIGC new and renewal licenses within 30 days.*

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KEY POINTS



# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Accompanying attestation with all facility license submissions and language must meet regulation requirements. Usually the responsibility of the TGRA.*
- 25 CFR § 559.4  
Notification to NIGC.

### How to Achieve Compliance

- *Develop a process to ensure that when the facility license is renewed and forwarded to NIGC, the attestation is also submitted.*
- *Contact other TGRA 's who may share their attestation process.*
- *Contact NIGC for assistance.*

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### KEY POINTS

25 CFR § 559.4 A tribe shall submit to the Chair with each facility license an attestation certifying that by issuing the facility license, 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. This means that a tribe has identified and enforces laws, resolutions, codes, policies, standards or procedures applicable to each gaming place, facility, or location that protect the environment and the public health and safety, including standards, under tribal-state compact or Secretarial procedures.

# Tulsa RTC Regional Guidance Participant Guide



## Compliance Issues

### Issue

- *Receipt of a NIGC Letter of Concern (LoC) and Issues of Non-Compliance.*
- 25 CFR §573.2 Letter of Concern.

### How to Achieve Compliance

- *In 2017 the Tulsa Region issued **no** LoC's.*
- *LoC is first step in the enforcement process.*
- *NIGC and the TGRA have identified a compliance issue and the TGRA will develop a plan to correct the issue.*
- *NIGC will provide TA and monitor compliance progress.*

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### KEY POINTS

#### **§573.2 When may a letter of concern be issued?**

(a) Prior to the Chair taking an enforcement action, a letter of concern may be provided by NIGC staff, detailing concerns regarding compliance with the Act, this chapter, or any tribal ordinance or resolution approved by the Chair under part 522 of this chapter. A letter of concern describes the available facts and information, includes a preliminary assessment regarding the incident or condition, and indicates that it may be a violation.

(b) Action under this section does not constitute agency action.

(c) A letter of concern issued under paragraph (a) of this section must provide a time period for the respondent to respond. If the letter of concern is resolved without enforcement action, NIGC staff may send an investigation completion letter pursuant to §571.4 of this chapter.

(d) The Chair's discretion to take an enforcement action is not limited or constrained in any way by this section. When the Chair takes enforcement action before a letter of concern is issued, the enforcement action must state the reasons for moving directly to an enforcement action without first issuing a letter of concern.

# Tulsa RTC Regional Guidance Participant Guide



## Small & Charitable Gaming



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### KEY POINTS

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## Bingo is bingo

- 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.

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KEY POINTS

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## Which regulations apply?

- All of them (almost)
  - Background and licensing KE/PMO
  - Quarterly fee worksheets\*
  - Annual audits\*
  - Facility licenses\*
  - MICS\*
  - Technical standards

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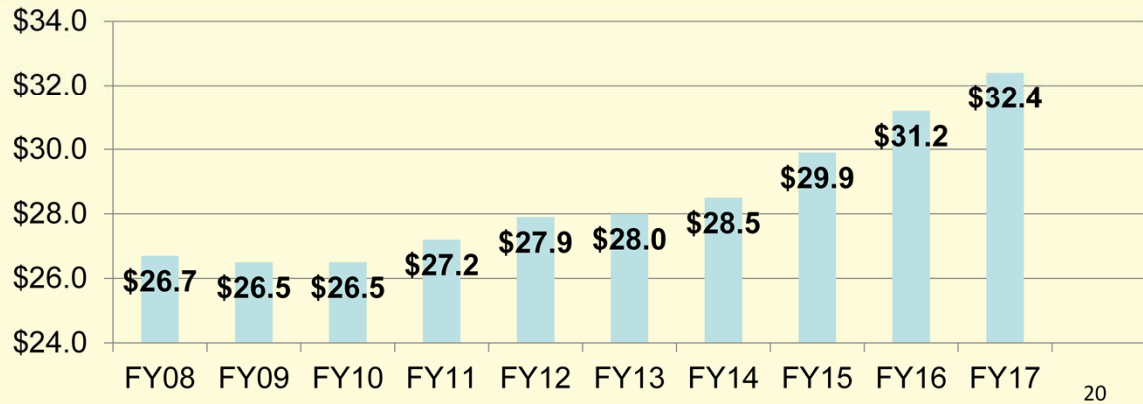
KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



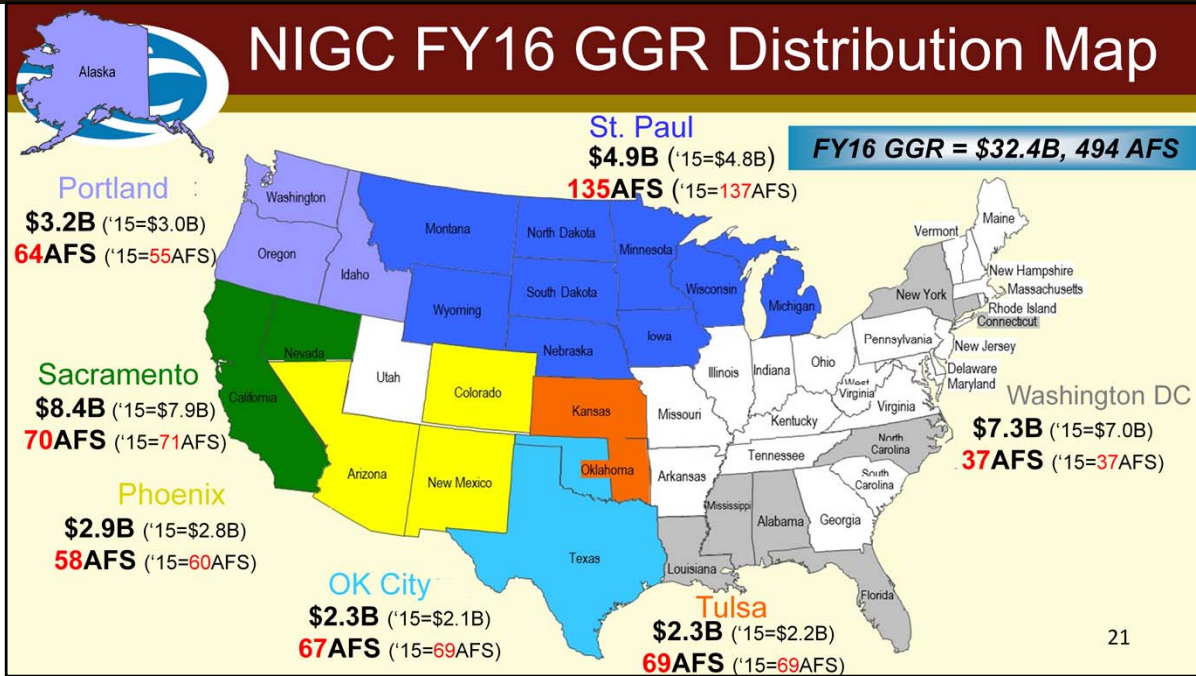
## GGR Trending

2017 Indian Gaming Revenues Increase 3.9% to \$32.4 Billion



### KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## KEY POINTS



# Tulsa RTC Regional Guidance Participant Guide



## Financial Statistics

### Industry

- GGR \$31.2
- P/M 38%
- D/E 83%
- Current Ratio 1.21
- ROA 0.42

### Tulsa Region

- \$2.3
- 40%
- 58%
- 1.44
- 0.40

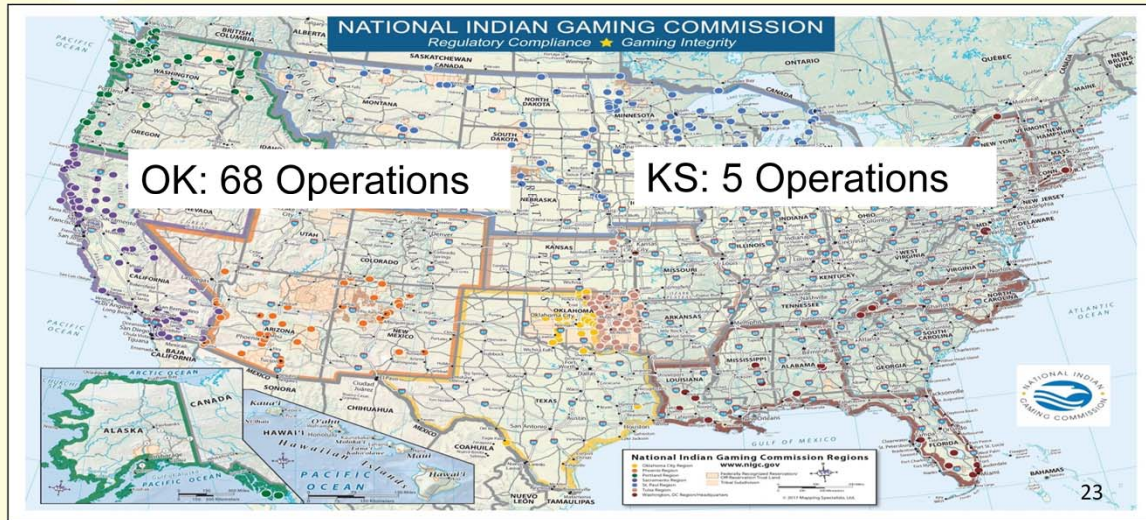


### KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Regional Statistics

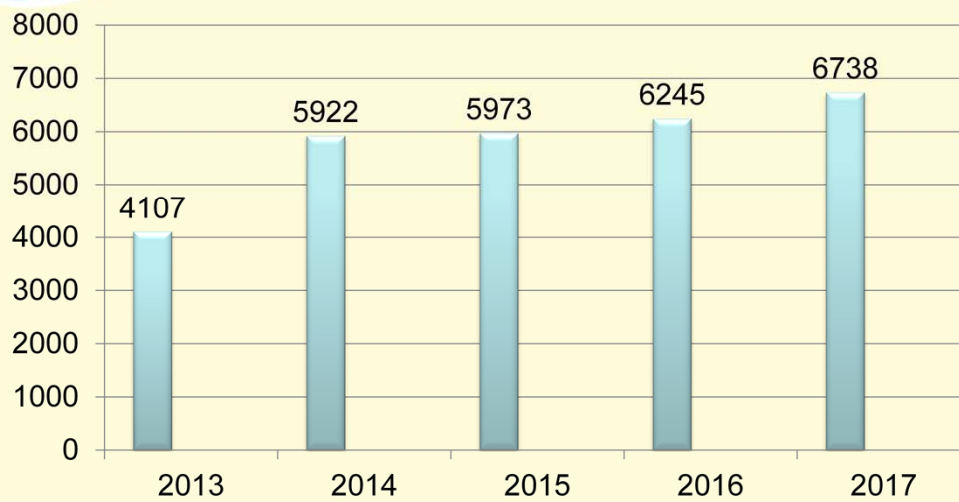


### KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Overall MICS Exceptions



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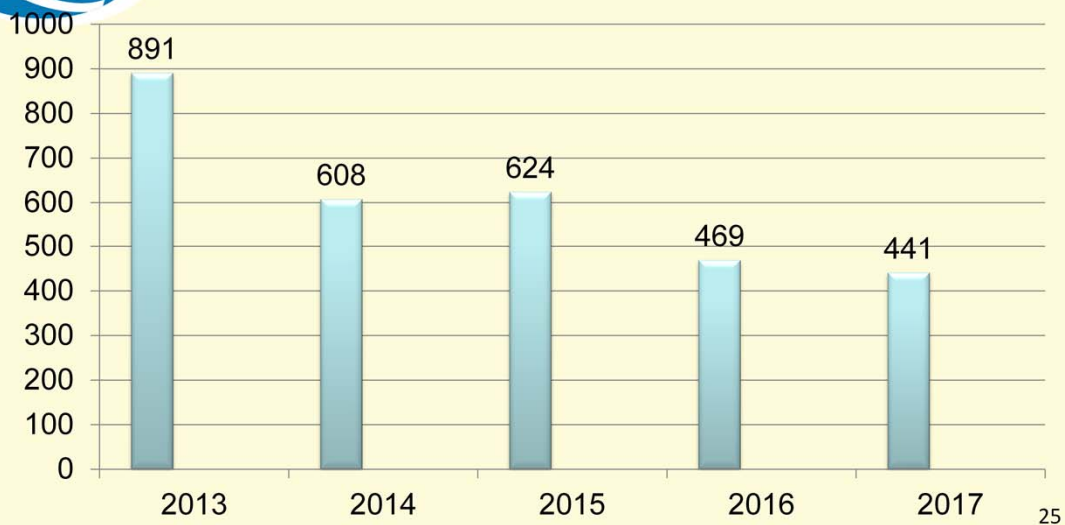
### KEY POINTS

This is the total MICS exception as reported in the Agreed Upon Procedures for Indian Gaming

# Tulsa RTC Regional Guidance Participant Guide

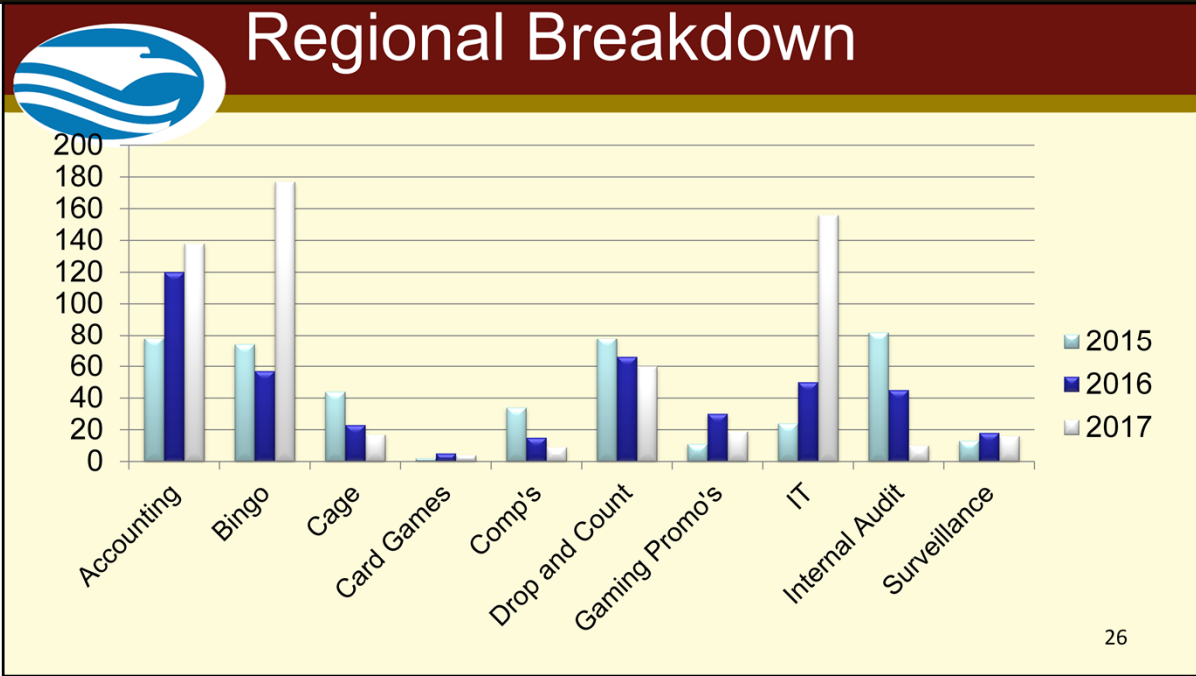


## Tulsa Regional Exceptions



### KEY POINTS

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## KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Audit Issues

### Number 1 Issue

543.24(d)(8)(i)

(d) Controls (4) *Drop and count.*

(i) Quarterly, unannounced currency counter and currency counter interface (if applicable) tests must be performed, and the test results documented and maintained. ...

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Handout 1

- Top findings for Tulsa Region
- Intent and recommendation

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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Tribal Issues

### What are your particular issues?

- Consultation topics status
- Sports betting

### Solutions?

- Open discussion of any issues in particular?

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KEY POINTS



# Tulsa RTC Regional Guidance Participant Guide



## Questions?

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30

KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide



## Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



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KEY POINTS

# Tulsa RTC Regional Guidance Participant Guide

## Regional Guidance Course Evaluation

When survey is active, respond at [PolleEv.com/nigc](https://www.polleverywhere.com/nigc)

0 surveys done

0 surveys underway

Start the presentation to see live content. Still no live content? Install the app or get help at [PolleEv.com/app](https://www.polleverywhere.com/app)

### KEY POINTS

Poll Title: Regional Guidance Course Evaluation

<https://www.polleverywhere.com/surveys/W2pH9SJPI>

**Tulsa Regional Audit Findings - Handout 1**

	<b>Finding</b>	<b>Intent</b>	<b>Recommendation</b>
1	<p><b>Auditing Revenue 543.24(d)(4)(ii)(C)</b>                      (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>	<p>Detective control. Helps ensure fraudulent activity is not occurring on players' accounts which are no longer being used.</p>	<p>Review TICS &amp; SICS to ensure they outline the requirements to review the documentation related to inactive/closed accounts. Review Revenue Audit Checklists for monthly audits to ensure they include this requirement. Work with IT to design/generate a report that identifies accounts that are classified as inactive and/or closed. Generate supporting documentation of audits to evidence the completion of the audit.</p>
2	<p><b>Auditing Revenue 543.24(d)(4)(ii)(B)</b>                      (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:                      (B) Review exception reports, including transfers between accounts; and</p>	<p>Detective control. Helps ensure fraudulent activity is not occurring on players' accounts.</p>	<p>Review TICS &amp; SICS to ensure they outline the requirements to review the documentation related to transfers between accounts. Review Revenue Audit Checklists for monthly audits to ensure they include this requirement. Work with IT to design/generate a report that identifies transfers between accounts and merged accounts. Generate supporting documentation of audits to evidence the completion of the audit. Best practices should include that all transfers between accounts be properly authorized, documented, retained and provided to the TGRA upon request.</p>

**Tulsa Regional Audit Findings - Handout 1**

	<b>Finding</b>	<b>Intent</b>	<b>Recommendation</b>
<b>2</b>	<p><b>Information Technology</b>  <b>543.20(f)(5)</b>  <i>(f) User controls.</i>                      (5) Access credentials of terminated users must be deactivated within an established time period approved by the TGRA.</p>	<p>Preventative control. Ensure only authorized users have access to the casino's systems</p>	<p>Review TICS &amp; SICS to ensure they establish a time period for which users must be terminated. Review Active and Terminated Employee lists and compare to active users in system. Review documentation required to notify IT that an individual user's access needs to be terminated. Best practices would recommend that with-in 24hrs of termination of an employee, a department independent of the department of the terminated employee, must ensure that access credentials are disabled. In the event termination of an employee in a critical position access credentials should be removed within 2 hours. TICS should include that documentation of access credential removal is maintained and available to the TGRA upon request.</p>
<b>2</b>	<p><b>Auditing Revenue</b>  <b>543.24(d)(4)(iii)</b>                      (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>	<p>Detective control. Helps ensure fraudulent activity is not occurring in players' tracking system. Ensures all modifications are properly authorized.</p>	<p>Review TICS &amp; SICS to ensure they outline the requirements to review the documentation related to parameter changes in the Player Tracking System (PTS). Review Revenue Audit Checklists for annual audits to ensure they include this requirement. Work with IT to design/generate a report that identifies system parameter changes. Generate supporting documentation of audits to evidence the completion of the audit. TICS should require that the documentation is maintained and made available to the TGRA upon request.</p>

**Tulsa Regional Audit Findings - Handout 1**

	<b>Finding</b>	<b>Intent</b>	<b>Recommendation</b>
5	<p><b>Auditing Revenue</b>  <b>543.24(d)(8)(i)</b>                      (d) Controls must be established and procedures implemented to audit of each of the following operational areas:  <i>(8) Drop and count.</i>                      (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.</p>	<p>Detective/Preventative control. Helps ensure count equipment is accurate and functioning properly. This ensures accounting information is accurate.</p>	<p>Review TICS &amp; SICS to ensure they fully outline the requirements to perform the unannounced currency counter and interface. Review Revenue Audit Checklists for quarterly audits to ensure they include this requirement. Generate supporting documentation of performed tests to evidence their completion, and these results should contain signatures attesting to performing tests. TICS should require that the documentation and signatures of the individual(s) performing the test are maintained and available to the TGRA upon request.</p>
5	<p><b>Gaming promotions and player tracking systems</b>  <b>543.12(c)(1)</b>  <i>(c) Player tracking systems and gaming promotions.</i>                      (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.</p>	<p>Preventive control. Helps ensure fraudulent activity is not occurring in players' tracking system. Ensures all modifications are properly authorized.</p>	<p>Review TICS &amp; SICS to ensure they fully identify the department responsible for performing changes to the <i>Player Tracking System</i>. If changes are performed by an independent department, ensure process for requesting system modifications is properly documented. If changes are made by a department that is not independent, ensure sufficient evidence is generated by the independent department designated in the SICS which is performing the random sample. TICS should require that the documentation be maintained and available to the TGRA upon request.</p>



Active Threat:  
Awareness, Preparedness and Resilience



# Active Threat Awareness, Preparedness and Resilience

## Participant Guide

Slide 1



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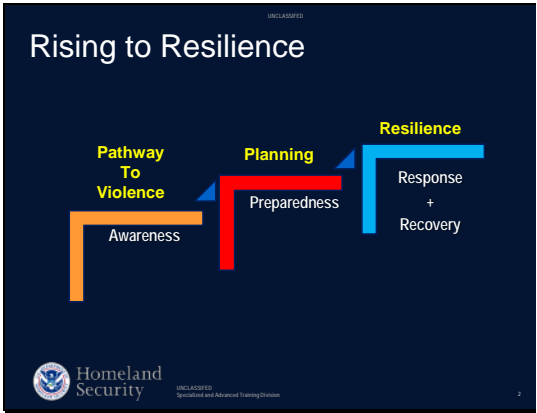
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Slide 2



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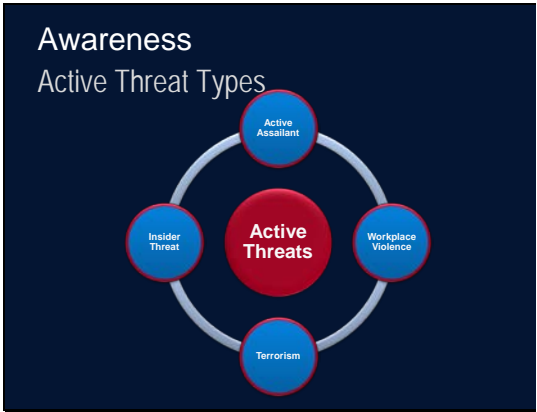
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Slide 3



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# Active Threat Awareness, Preparedness and Resilience

## Participant Guide

Slide 7

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### Improve Situational Awareness

- Floor plans – Room layouts;
- Knowing what type of lock system doors have and how they operate is extremely important;
- Comprehension of the Situation;
- Thinking Ahead/Decision-making.

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Slide 8

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### Awareness

Behavioral Indicators

Attack

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Slide 9

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### Preparedness

PLAN  
PLAN  
PLAN

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# Active Threat Awareness, Preparedness and Resilience Participant Guide


Slide 10

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## Emergency Action Plan

An effective plan includes

- The preferred method for reporting emergencies;
- Procedures to be followed by employees who remain to operate critical functions;
- Procedures to account for all employees;
- An emergency notification system to alert:
  - Employees and visitors through out venue/resort, Local law enforcement.
- Plans must involve top management (President, CEO), senior management (General Managers), and facilities (Security, Maintenance) and operational management (Guest Services, Valet, Casino, Restaurant, Catering).



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Slide 11

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## Emergency Action Planning

- Safe havens at your facility
- Location of exits and identify at least two evacuation routes
- Post evacuation routes in noticeable locations throughout the venue
- Safe destinations once your staff has evacuated
- Local area hospitals



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Slide 12

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## Emergency Action Planning

- Training and Exercise
  - Conduct Active Threat training at your venue
  - Conduct Active Threat exercises at your venue
  - Include local law enforcement and first responders during training and exercises
  - Encourage local first responders to train for an active shooter scenario at your location.
- Review past events at other locations to determine problems and benefits found during their event to include in your plan



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# Active Threat Awareness, Preparedness and Resilience

## Participant Guide

Slide 13

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### Emergency Action Plan

Exercises

- Recognizing the sound of gunshots
- Reacting quickly when gunshots are heard and/or when a shooting is witnessed:
  - Evacuating the area
  - Hiding out
  - Acting against the shooter as a last resort
  - Calling 911
- Reacting when law enforcement arrives
- Adopting the survival mind set during times of crisis

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Slide 14

Stop The Bleed



1 Apply Pressure with Hands

2 Apply Dressing and Press

3 Apply Tourniquet

FOR OFFICIAL USE ONLY

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Slide 15

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### Meet Everyone's Needs

- Ensure that plans provide for functional needs of your staff/guest:
  - Hearing or sight-impaired
  - Mobility-impaired
  - Limited or no English proficiency
- Assign assist personnel to those who require it the same as you do for a fire evacuation.

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# Active Threat Awareness, Preparedness and Resilience

## Participant Guide


Slide 16

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### Venue Preparedness

Human Resources

- Conduct effective employee screening and background checks
- Create a system for reporting signs of potential violent behavior
- Make counseling available.
- Help develop the active threat plan.

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Slide 17

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### Venue Preparedness

Managers, Supervisors

- Develop access control kits (keys, security system pass codes or cards);
- Distribute critical items to appropriate managers/supervisors
  - Floor plans
  - Keys
  - Venue personnel contact list and telephone numbers
- Coordinate with your security department to ensure physical security of the site;
- Assemble crisis kits
  - Radios, floor plans, personnel roster, emergency contact numbers, flash lights, first aid kits

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Slide 18

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### Communication

- How will first observers/responders communicate the threat? To whom?
- How will the threat be communicated to everyone in the facility? Code words?

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# Active Threat Awareness, Preparedness and Resilience


## Participant Guide

Slide 19

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### Be prepare to

- Take immediate action;
- Active the emergency notification system;
- Remain calm;
- Lock and barricade doors;
- Evacuate people via a designated evacuation route to a safe area.

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Slide 20

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### Resilience

- What can be expected after an active shooter is no longer a threat?
- All staff will be asked to stay on the scene for questions and examination.
- Any staff hospitalized will need their current status confirmed.
- Staff may be scattered between hospitals, assembly points or busy talking to police officials; what procedures are in place to account for all staff and notify families?
- How will you partner with local authorities to account for all staff?

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Slide 21

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### Resilience

- Do you have an organization that can make outbound calls to family members and report on confirmed status information?
- Establish Family Assistance Center
- Employee Assistance Programs
- Federal Victim Assistance Programs
- Reopening and Resuming Operations
  - Individuals recover from traumatic incidents at their own rates. Some may be able to reestablish their normal routines and return within days, while others may need more time.

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# Active Threat Awareness, Preparedness and Resilience


## Participant Guide

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### Resilience

- Prepare and enact continuity plans to keep operations going.
- Agreements with other casinos?
- Identifying an off-site location where operations can take place
- External crisis communications team
- Anniversaries and beyond

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Slide 23

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### Resources

- U.S. Department of Homeland Security  
[www.dhs.gov/active-shooter-preparedness](http://www.dhs.gov/active-shooter-preparedness)
- U.S. Department of Labor  
[www.osha.gov/publications/osha2088.pdf](http://www.osha.gov/publications/osha2088.pdf)
- Americans with Disabilities Act  
[www.ada.gov/2010ADAstandards\\_index.html](http://www.ada.gov/2010ADAstandards_index.html)
- Disability.gov  
[www.disability.gov](http://www.disability.gov)

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Slide 24

 **Homeland Security**

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# Active Threat Awareness, Preparedness and Resilience

## Participant Guide

Slide 25



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# Human Trafficking "The Next Steps"







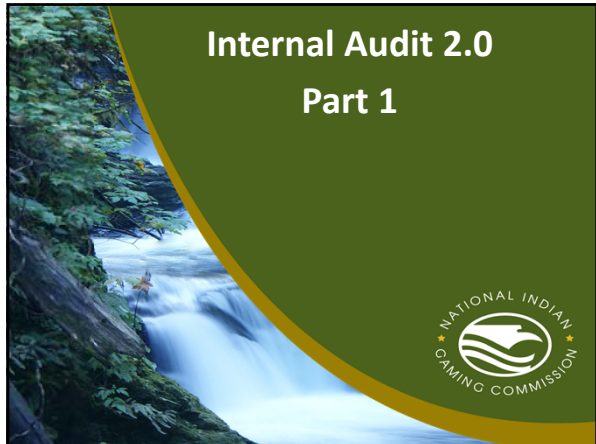








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Part 1



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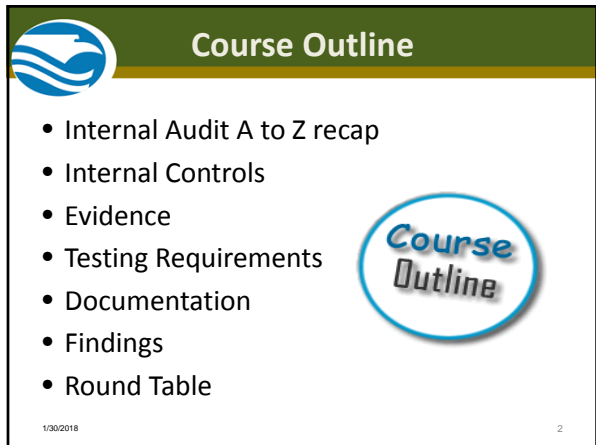
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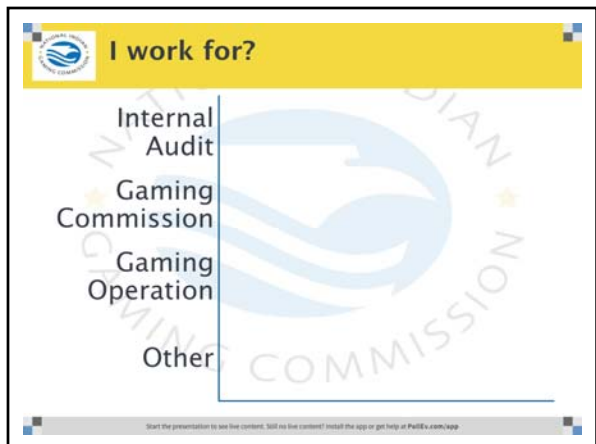
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 **I took the NIGC IA: A to Z Workshop?**

Yes  
No  
Huh?



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 **Review**

Independent Purpose  
Fundamentals  
Regulations Ethics

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 **Review**

Development & Planning

*Let's Recap*

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 **Review**

Performance	
Gathering Data	Sampling
Audit Procedures	Testing

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 **Sampling Bonus**

Audit tools: determine sample dates and choose dates based on sample size

- [Random.org/calendar-dates/](http://Random.org/calendar-dates/)
- `=randbetween(date(2017,1,1), date(2017,3,31))`

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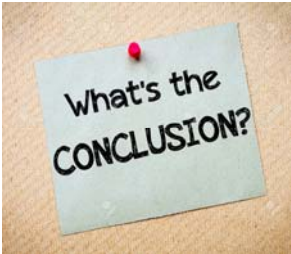
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 **Review**

*Exit Meeting*  
*Final Report*  
*Follow-Up*



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 **Exercise #1 – Handout 1**

Take a few minutes and create a flowchart of the drop process



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 **Break**



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 **Drop and Count Checklist**

- As part of this training, we will review Drop and Count to apply what we are learning.

	Yes	No	W/P Ref	Standard	Comments
<b>(b) Count room access</b>					
2 Are controls established and procedures implemented to limit physical access to the count room to count team agents, designated staff, and other authorized persons, to include the following: Are count team agents restricted from exiting or entering the count room during the count except for emergencies or scheduled breaks?	---	---	---	543.17(b)(1)	

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 **Exercise 2 - Handout #2**

- On the checklist determine the testing requirements for the following questions:
- #10, #75, #93 and #141



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 **Internal Controls**



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 **Internal Controls**



When might it be necessary to modify audit procedures?

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 **Internal Controls**



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 **Do all count team agents sign the count sheet attesting to their participation in the count? Which is the least appropriate?**

Inquiry  
Examine the count sheet  
Observe the process

Start the presentation to see live content. Get no live content! Install the app or get help at [PAISL.com/app](http://PAISL.com/app)

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 **Exercise #3 - Handout #2**

- Revisit the testing requirements for the following questions:
- #10, #75, #93 and #141



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**Evidence**

- Appropriateness
  - Quality of evidence
- Sufficiency
  - Quantity of evidence



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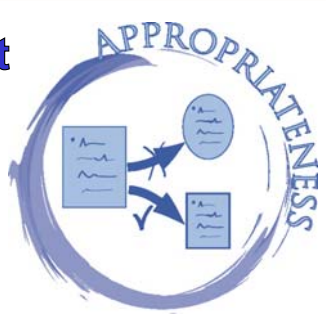
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**Evidence**

**Relevant**

**Valid**

**Reliable**



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**Evidence**

**General Reliability**

More		Less
Effective	Controls	Weak/nonexistent
Direct	Testing	Indirect
Originals	Documents	Copies

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**Evidence**

**General Reliability**

More Less

Speak freely Testimonials Intimidated

Unbiased/direct Testimonials Biased/partial

Third Party Evidence obtained Direct interest

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**Evidence**

**SUFFICIENCY**

Quantity

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**Testing Requirements**

**Inquiry**



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 **Testing Requirements**

Inquiry

- Consider knowledge, objectivity, experience, responsibility, and qualifications of those being questioned
- Ask clear, concise, and relevant questions
- Use open or closed questions as appropriate
- Listen actively and effectively
- Consider reactions and responses
- Ask follow-up questions
- Evaluating the response

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 **Testing Requirements**

**INQUIRY**  
**RESPONSES**



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 **Group Work**

- With your group, come up with questions for testing Drop & Count checklist

**INQUIRY**

Inquiry alone is not sufficient to test the operating effectiveness of controls

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 **Questions**



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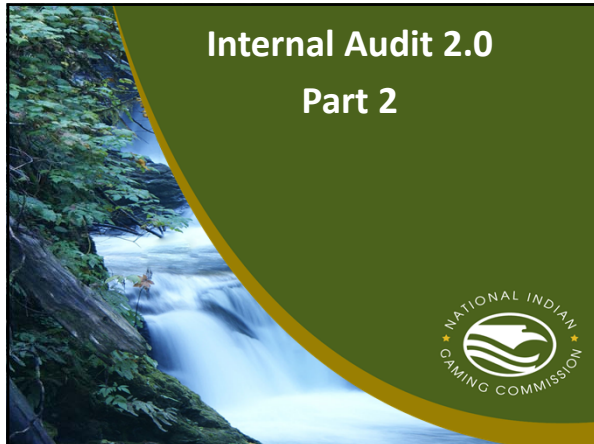
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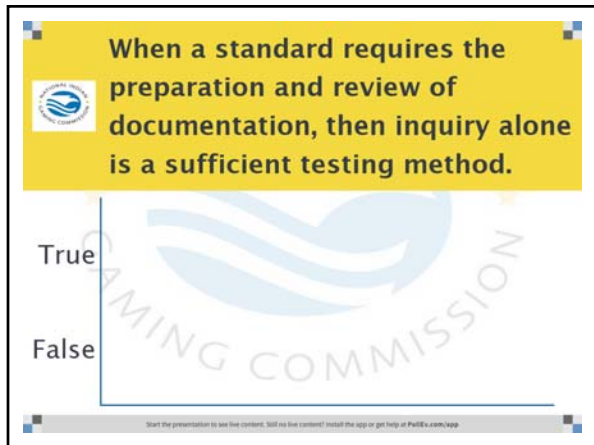
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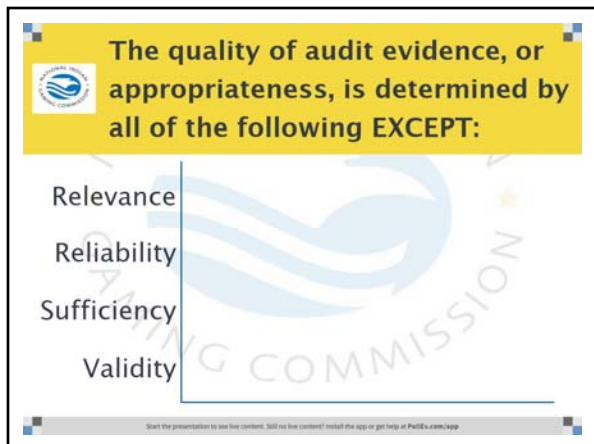
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 **Session Outline**

- Testing Requirements
- Documentation
- Findings
- Round Table



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 **Testing Requirements**



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 **Exercise #1 – Handout 3 & 4**

**Break into groups, working together read each scenario, and identify the issue(s) and locate the corresponding Minimum Internal Control Standard(s). Then write a finding and include a recommendation.**



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 **Scenario #1**



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 **Scenario #2**

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 **Testing Requirements**

Inspection of Records or Documents

- Provides evidence of reliability
- Nature and source affirms or supports effectiveness of controls over their production



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### Exercise #2 – Handout 3 & 4

Identify the issue(s) and locate the corresponding Minimum Internal Control Standard(s). Then write a finding and include a recommendation.



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### Scenario #3

Look at scenario #3 and review the Count Team work schedule (you received copies for 2 months) provided by the Count Manager.

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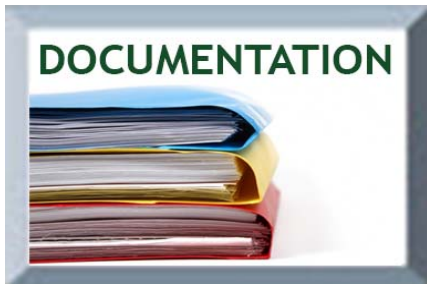
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### Documentation



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 **The five elements of a finding are?**

Criteria, Condition, Cause, Element, Recommendation

Objective, Condition, Cause, Element, Recommendation

Criteria, Condition, Cause, Effect, Recommendation

Objective, Condition, Cause, Effect, Recommendation

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 **Findings**



**CRITERIA**

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 **Findings**

Condition

- The situation that exists
- Determined and documented during the audit



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### Condition Exercise Example

Review of inventory documents for last inventory performed (Oct. 2017). There are four separate inventory documents that account for the drop and count keys. There is a inventory sheet for the keys in the Electronic Key box for GM Drop and count keys. There are 2 inventory sheets for duplicate keys in the safe. The safe is located in the Key Tech's office. It has a dual lock to be opened. A key tech and a Security supervisor are present to open the safe.

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### Condition Exercise Example

There are duplicate GM drop and count keys in the safe as well as duplicate override keys for the Elec. Key box. The drop and count keys recorded on these sheets agreed to the actual number in the safe and in the Elec. Key Box. However, since the inventory is not maintained in a perpetual manner, I am unable to determine if these logs are updated as keys are added or removed or if the logs are updated only at the quarterly inventory. The Key Tech also maintained a document that accounted for the destruction of keys on July 3rd, 2017. According to the Key tech, this is the only destruction of keys completed since the casino opened in 2015.

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### Findings

#### Cause

- Identifies reason or explanation for condition



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## Findings

**Effect or potential effect**

- Establishes impact or potential impact of difference between condition and criteria
- Identifies consequences of the condition
- May be used to demonstrate the need for corrective action to identified problems or risks

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## Finding Example

Based on inquiry and review of supporting documentation, it was determined the inventory of all count room, gaming machine and table games drop box release, storage rack and contents keys performed quarterly is not reconciled to records of keys made, issued, and destroyed. Because these records are not utilized as part of the inventory process, the gaming operation is unable to properly identify unaccounted for keys to determine whether investigations should be performed with the investigation being documented.

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## Finding Example

In addition, we were unable to verify if the gaming operation is aware of exactly how many keys they should currently have on-hand based on records of keys made, received from vendors, and destructions. Performing an effective quarterly key inventory including reconciliation to appropriate records is critical for the gaming operation for accountability purposes and to identify possible risk exposure and misappropriation of sensitive keys

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### Example

- Recommendation:
- It is the recommendation of the NIGC that gaming operation personnel review all records of sensitive keys to determine how many keys should be currently on-hand and perform a physical inventory to confirm their presence at the casino.

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### Example

In addition, the gaming operation should establish and maintain a perpetual inventory of sensitive keys with updates based on documentation of keys made, issued, and destroyed. The perpetual inventory should then be used as the basis for the performance of the quarterly physical inventory process.

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### Exercise #3



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 **Group Work**

**In your groups discuss the issue we have given your group. Discuss possible solutions and write it on the paper we have given you.**

**Choose a speaker to present your issue and solutions to the class.**

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 **Inquiries**

- [Audit\\_MICS\\_inquiry@nigc.gov](mailto:Audit_MICS_inquiry@nigc.gov)

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## Handout #1 – Flowchart

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In the area below create a flowchart of the drop process:

## Handout #2

### Audit Checklist

#### § 543.17 - Drop and Count

	Yes	No	W/P Ref	Standard	Comments
<b>(b) Count room access</b>					
2				543.17(b)(1)	
					Are controls established and procedures implemented to limit physical access to the count room to count team agents, designated staff, and other authorized persons, to include the following:  Are count team agents restricted from exiting or entering the count room during the count except for emergencies or scheduled breaks?
3				543.17(b)(2)	
					Are controls established and procedures implemented to limit physical access to the count room to count team agents, designated staff, and other authorized persons, to include the following:  Is surveillance notified whenever count room agents exit or enter the count room during the count?
4				543.17(b)(3)	
					Are controls established and procedures implemented to limit physical access to the count room to count team agents, designated staff, and other authorized persons, to include the following:  Does the count team policy, at a minimum, address the transportation of extraneous items such as personal belongings, tool boxes, beverage containers, etc., into or out of the count room?
<b>(c) Count team</b>					
5				543.17(c)(1)	
					Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:  For Tier A and B operations, are all counts performed by at least two agents?

## Handout #2

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- |    |  |       |       |       |              |
|----|--|-------|-------|-------|--------------|
| 6  | Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:<br><br>For Tier C operations, are all counts performed by at least three agents?   | _____ | _____ | _____ | 543.17(c)(1) |
| 7  | Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:<br><br>For Tier A and B operations, during the count are there at least two count team agents in the count room until the drop proceeds have been accepted into cage/vault accountability?   | _____ | _____ | _____ | 543.17(c)(2) |
| 8  | Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:<br><br>For Tier C operations, during the count are there at least three count team agents in the count room until the drop proceeds have been accepted into cage/vault accountability?   | _____ | _____ | _____ | 543.17(c)(2) |
| 9  | Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:<br><br>For Tier A and B operations, are count team agents rotated on a routine basis such that the count team is not consistently the same two agents more than four days per week? (This standard does not apply to gaming operations that utilize a count team of more than two agents). | _____ | _____ | _____ | 543.17(c)(3) |
| 10 | Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:  | _____ | _____ | _____ | 543.17(c)(3) |
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## Handout #2

For Tier C operations, are count team agents rotated on a routine basis such that the count team is not consistently the same three agents more than four days per week? (This standard does not apply to gaming operations that utilize a count team of more than three agents).

11	Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:  Are functions performed by count team agents rotated on a routine basis?	_____	_____	_____	543.17(c)(4)
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12	Are controls established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud, to include the following:  Are count team agents independent of the department being counted? (A cage/vault agent may be used if they are not the sole recorder of the count and do not participate in the transfer of drop proceeds to the cage/vault. An accounting agent may be used if there is an independent audit of all count documentation.)	_____	_____	_____	543.17(c)(5)
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**(e) Player interface and financial instrument storage component drop standards**

24	Is surveillance notified when the drop is to begin so that surveillance may monitor the activities?	_____	_____	_____	543.17(e)(1)
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25	Are at least two agents involved in the removal of the player interface storage component drop (at least one of whom is independent of the player interface department)?	_____	_____	_____	543.17(e)(2)
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26	Are all financial instrument storage components removed only at the time previously designated by the gaming operation?	_____	_____	_____	543.17(e)(3)
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27	Is the previously designated drop time reported to the TGRA?	_____	_____	_____	543.17(e)(3)
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## Handout #2

28	If an emergency drop is required, is surveillance notified before the drop is conducted?	___	___	___	543.17(e)(3)
29	If an emergency drop is required, is the TGRA informed within the timeframe approved by TGRA?	___	___	___	543.17(e)(3)
30	Are the financial instrument storage components removed by an agent independent of the player interface department?	___	___	___	543.17(e)(4)
31	Are financial instruments transported directly to the count room or other equivalently secure area with comparable controls and locked in a secure manner until the count takes place?	___	___	___	543.17(e)(4)
32	Is security provided for the financial instrument storage components removed from player interfaces and awaiting transport to the count room?	___	___	___	543.17(e)(4)(i)
33	Is the transportation of financial instrument storage components performed by a minimum of two agents, at least one of whom is independent of the player interface department?	___	___	___	543.17(e)(4)(ii)
34	Are all financial instrument storage components posted with a number corresponding to a permanent number on the player interface?	___	___	___	543.17(e)(5)
<b>(g) Player interface financial instrument count standards</b>					
70	Is access to stored full financial instrument storage components restricted to:				
	Authorized members of the drop and count teams?	___	___	___	543.17(g)(1)
	(Note: In an emergency, authorized persons may be granted access for the resolution of a problem.)				

## Handout #2

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71	Is the player interface financial instrument count performed in a count room or other equivalently secure area with comparable controls?	___	___	___	543.17(g)(2)
72	Is access to the count room during the count restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel?	___	___	___	543.17(g)(3)
73	If counts from various revenue centers occur simultaneously in the count room, are procedures in effect that prevent the commingling of funds from different revenue centers?	___	___	___	543.17(g)(4)
74	Is the count team restricted from having access to amount-in or bill-in meter amounts until after the count is completed and the drop proceeds are accepted into the cage/vault accountability?	___	___	___	543.17(g)(5)
75	Are count equipment and systems tested with the results documented prior to beginning the first count to ensure the accuracy of the equipment?	___	___	___	543.17(g)(6)
76	If a currency counter interface is used: Is it adequately restricted to prevent unauthorized access?	___	___	___	543.17(g)(7)(i)
77	If a currency counter interface is used: Are the currency drop figures transferred via direct communications line or computer storage media to the accounting department?	___	___	___	543.17(g)(7)(ii)
78	Are the financial instrument storage components individually emptied and counted so as to prevent the commingling of funds between storage components until the count of the storage component has been recorded?	___	___	___	543.17(g)(8)
79	Is the count of each storage component recorded in ink or other permanent form of recordation?	___	___	___	543.17(g)(8)(i)

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## Handout #2

80	Are coupons or other promotional items that are not included in gross revenue recorded on a supplemental document by the count team members or accounting personnel?	___	___	___	543.17(g)(8)(ii)
81	Are all single-use coupons cancelled daily by an authorized agent to prevent improper recirculation?	___	___	___	543.17(g)(8)(ii)
82	If currency counters are utilized: Does a count team member observe the loading and unloading of all currency at the currency counter, including rejected currency?	___	___	___	543.17(g)(9)
83	Is currency that is rejected by the currency counter counted manually twice, with the counts recorded per interface terminal as well as in total? Rejected currency must be posted to the player interface from which it was collected.	___	___	___	543.17(g)(10)
84	Are storage components, when emptied, shown to another member of the count team, or to another agent who is observing the count, or to surveillance, provided that the count is monitored in its entirety by an agent independent of the count?	___	___	___	543.17(g)(11)
85	Are procedures implemented to ensure that any corrections to the count documentation are permanent, identifiable and that the original, corrected information remains legible?	___	___	___	543.17(g)(12)
86	Are corrections verified by two count team agents?	___	___	___	543.17(g)(12)
87	Is the count sheet reconciled to the total drop by a count team member who does not function as the sole recorder?  (Note: This standard does not apply to vouchers removed from the financial instrument storage components)	___	___	___	543.17(g)(13)
88	Are count variances reconciled and documented?  (Note: This standard does not apply to vouchers removed from the financial instrument storage components)	___	___	___	543.17(g)(13)

## Handout #2

89	Do all count team agents sign the report attesting to their participation in the count?	___	___	___	543.17(g)(14)
90	Is a final verification of the total drop proceeds performed by at least two agents before transfer to cage/vault, one of whom is a supervisory count team member and one a count team agent?  (Note: This verification does not require a complete recount of the drop proceeds, but does require a review sufficient to verify the total drop proceeds being transferred.)	___	___	___	543.17(g)(15)
91	If a counter/system is used, does final verification include a comparison of currency counted totals to the currency counter/system report?	___	___	___	543.17(g)(15)(i)
92	Are unresolved variances documented and the documentation included with the final count record forwarded to accounting?	___	___	___	543.17(g)(15)(ii)
93	Do the two agents who perform the final verification sign the report attesting to the accuracy of the total drop proceeds verified?	___	___	___	543.17(g)(15)(iv)
94	Does final verification include turning over all drop proceeds and cash equivalents that were counted to the cage or vault cashier (who must be independent of the count team) or to an agent independent of the revenue generation and the count process for verification?	___	___	___	543.17(g)(15)(v)
95	Does the cage/vault cashier or agent certify, by signature, the amount of the drop proceeds delivered and received?	___	___	___	543.17(g)(15)(v)
96	Are any unresolved variances reconciled, documented, and/or investigated by accounting/revenue audit?	___	___	___	543.17(g)(15)(v)
97	After certification by the agent receiving the funds, are the drop proceeds transferred to the cage/vault?	___	___	___	543.17(g)(16)
98	Are the count documentation and records maintained separately from the drop proceeds being transferred to the cage/vault?	___	___	___	543.17(g)(16)(i)

## Handout #2

99	Does the cage/vault agent verify the drop proceeds without having prior knowledge or record of the total drop proceeds?	___	___	___	543.17(g)(16)(ii)
100	Are all of the count records forwarded to accounting secured and accessible only by accounting agents?	___	___	___	543.17(g)(16)(iii)
101	Does the cage/vault agent receiving the transferred drop proceeds assume accountability of the funds by signing the count sheet, thereby ending the count?	___	___	___	543.17(g)(16)(iv)
102	Are any unresolved variances between total drop proceeds recorded on the count sheet and the amounts verified by the cage/vault documented and investigated?	___	___	___	543.17(g)(16)(v)
103	Is the count sheet, with all supporting documentation, delivered to the accounting department by a count team member or agent independent of the cashiers department (alternatively, the count sheet may be adequately secured and accessible only by accounting department staff)?	___	___	___	543.17(g)(17)
<b>(k) Variances</b>					
141	Has the gaming operation established a threshold level, at which a variance must be reviewed to determine the cause?	___	___	___	543.17(k)
	State the type(s) of variance and threshold level(s) or percentage(s) : _____				
142	Has the gaming operation received TGRA approval for the variance threshold(s)?	___	___	___	543.17(k)
143	Are reviews of variances exceeding the established threshold(s) documented?	___	___	___	543.17(k)

### **§543.17 Minimum Internal Control Standards for Drop and Count**

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

(b) *Count room access.* Controls must be established and procedures implemented to limit physical access to the count room to count team agents, designated staff, and other authorized persons. Such controls must include the following:

(1) Count team agents may not exit or enter the count room during the count except for emergencies or scheduled breaks.

(2) Surveillance must be notified whenever count room agents exit or enter the count room during the count.

(3) The count team policy, at a minimum, must address the transportation of extraneous items such as personal belongings, tool boxes, beverage containers, etc., into or out of the count room.

(c) *Count team.* Controls must be established and procedures implemented to ensure security of the count and the count room to prevent unauthorized access, misappropriation of funds, forgery, theft, or fraud. Such controls must include the following:

(1) For Tier A and B operations, all counts must be performed by at least two agents. For Tier C operations, all counts must be performed by at least three agents.

(2) For Tier A and B operations, at no time during the count can there be fewer than two count team agents in the count room until the drop proceeds have been accepted into cage/vault accountability. For Tier C operations, at no time during the count can there be fewer than three count team agents in the count room until the drop proceeds have been accepted into cage/vault accountability.

(3) For Tier A and B operations, count team agents must be rotated on a routine basis such that the count team is not consistently the same two agents more than four days per week. This standard does not apply to gaming operations that utilize a count team of more than two agents. For Tier C operations, count team agents must be rotated on a routine basis such that the count team is not consistently the same three agents more than four days per week. This standard does not apply to gaming operations that utilize a count team of more than three agents.

(4) Functions performed by count team agents must be rotated on a routine basis.

(5) Count team agents must be independent of the department being counted. A cage/vault agent may be used if they are not the sole recorder of the count and do not participate in the transfer of

## Handout#3 – Scenario Activity

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drop proceeds to the cage/vault. An accounting agent may be used if there is an independent audit of all count documentation.

(d) *Card game drop standards.* Controls must be established and procedures implemented to ensure security of the drop process. Such controls must include the following:

(1) Surveillance must be notified when the drop is to begin so that surveillance may monitor the activities.

(2) At least two agents must be involved in the removal of the drop box, at least one of whom is independent of the card games department.

(4) Once the drop is started, it must continue until finished.

(5) All drop boxes may be removed only at the time previously designated by the gaming operation and reported to the TGRA. If an emergency drop is required, surveillance must be notified before the drop is conducted and the TGRA must be informed within a timeframe approved by the TGRA.

(6) At the end of each shift:

(i) All locked card game drop boxes must be removed from the tables by an agent independent of the card game shift being dropped;

(ii) For any tables opened during the shift, a separate drop box must be placed on each table, or a gaming operation may utilize a single drop box with separate openings and compartments for each shift; and

(iii) Card game drop boxes must be transported directly to the count room or other equivalently secure area by a minimum of two agents, at least one of whom is independent of the card game shift being dropped, until the count takes place.

(7) All tables that were not open during a shift and therefore not part of the drop must be documented.

(8) All card game drop boxes must be posted with a number corresponding to a permanent number on the gaming table and marked to indicate game, table number, and shift, if applicable.

(e) *Player interface and financial instrument storage component drop standards.* (1) Surveillance must be notified when the drop is to begin so that surveillance may monitor the activities.

(2) At least two agents must be involved in the removal of the player interface storage component drop, at least one of whom is independent of the player interface department.



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(3) All financial instrument storage components may be removed only at the time previously designated by the gaming operation and reported to the TGRA. If an emergency drop is required, surveillance must be notified before the drop is conducted and the TGRA must be informed within a timeframe approved by the TGRA.

(4) The financial instrument storage components must be removed by an agent independent of the player interface department, then transported directly to the count room or other equivalently secure area with comparable controls and locked in a secure manner until the count takes place.

(i) Security must be provided for the financial instrument storage components removed from player interfaces and awaiting transport to the count room.

(ii) Transportation of financial instrument storage components must be performed by a minimum of two agents, at least one of whom is independent of the player interface department.

(5) All financial instrument storage components must be posted with a number corresponding to a permanent number on the player interface.

(f) *Card game count standards.* (1) Access to stored, full card game drop boxes must be restricted to:

(i) Authorized members of the drop and count teams; and

(ii) In an emergency, authorized persons for the resolution of a problem.

(2) The card game count must be performed in a count room or other equivalently secure area with comparable controls.

(3) Access to the count room during the count must be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

(4) If counts from various revenue centers occur simultaneously in the count room, procedures must be in effect to prevent the commingling of funds from different revenue centers.

(5) Count equipment and systems must be tested, with the results documented, at minimum before the first count begins to ensure the accuracy of the equipment.

(6) The card game drop boxes must be individually emptied and counted so as to prevent the commingling of funds between boxes until the count of the box has been recorded.

(i) The count of each box must be recorded in ink or other permanent form of recordation.

## Handout#3 – Scenario Activity

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(ii) For counts that do not utilize a currency counter, a second count must be performed by a member of the count team who did not perform the initial count. Separate counts of chips and tokens must always be performed by members of the count team.

(iii) Coupons or other promotional items not included in gross revenue must be recorded on a supplemental document by either the count team members or accounting personnel. All single-use coupons must be cancelled daily by an authorized agent to prevent improper recirculation.

(iv) If a currency counter interface is used:

(A) It must be restricted to prevent unauthorized access; and

(B) The currency drop figures must be transferred via direct communications line or computer storage media to the accounting department.

(7) If currency counters are utilized, a count team member must observe the loading and unloading of all currency at the currency counter, including rejected currency.

(8) Two counts of the currency rejected by the currency counter must be recorded per table, as well as in total. Posting rejected currency to a nonexistent table is prohibited.

(9) Card game drop boxes, when empty, must be shown to another member of the count team, to another agent observing the count, or to surveillance, provided that the count is monitored in its entirety by an agent independent of the count.

(10) 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.

(11) The count sheet must be reconciled to the total drop by a count team member who may not function as the sole recorder, and variances must be reconciled and documented.

(12) All count team agents must sign the count sheet attesting to their participation in the count.

(13) A final verification of the total drop proceeds, before transfer to cage/vault, must be performed by at least two agents, one of whom is a supervisory count team member, and one a count team agent.

(i) Final verification must include a comparison of currency counted totals against the currency counter/system report, if any counter/system is used.

(ii) Any unresolved variances must be documented, and the documentation must remain part of the final count record forwarded to accounting.

## Handout#3 – Scenario Activity

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(iii) This verification does not require a complete recount of the drop proceeds, but does require a review sufficient to verify the total drop proceeds being transferred.

(iv) The two agents must sign the report attesting to the accuracy of the total drop proceeds verified.

(v) All drop proceeds and cash equivalents that were counted must be submitted to the cage or vault agent (who must be independent of the count team), or to an agent independent of the revenue generation source and the count process, for verification. The agent must certify, by signature, the amount of the drop proceeds delivered and received. Any unresolved variances must be reconciled, documented, and/or investigated by accounting/revenue audit.

(14) After verification by the agent receiving the funds, the drop proceeds must be transferred to the cage/vault.

(i) The count documentation and records must not be transferred to the cage/vault with the drop proceeds.

(ii) The cage/vault agent must have no knowledge or record of the drop proceeds total before it is verified.

(iii) All count records must be forwarded to accounting or secured and accessible only by accounting agents.

(iv) The cage/vault agent receiving the transferred drop proceeds must sign the count sheet attesting to the verification of the total received, and thereby assume accountability of the drop proceeds, ending the count.

(v) Any unresolved variances between total drop proceeds recorded on the count sheet and the cage/vault final verification during transfer must be documented and investigated.

(15) The count sheet, with all supporting documents, must be delivered to the accounting department by a count team member or an agent independent of the cage/vault. Alternatively, it may be secured so that it is only accessible to accounting agents.

(g) *Player interface financial instrument count standards.* (1) Access to stored full financial instrument storage components must be restricted to:

(i) Authorized members of the drop and count teams; and

(ii) In an emergency, authorized persons for the resolution of a problem.

(2) The player interface financial instrument count must be performed in a count room or other equivalently secure area with comparable controls.

## Handout#3 – Scenario Activity

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(3) Access to the count room during the count must be restricted to members of the drop and count teams, with the exception of authorized observers, supervisors for resolution of problems, and authorized maintenance personnel.

(4) If counts from various revenue centers occur simultaneously in the count room, procedures must be in effect that prevent the commingling of funds from different revenue centers.

(5) The count team must not have access to amount-in or bill-in meter amounts until after the count is completed and the drop proceeds are accepted into the cage/vault accountability.

(6) Count equipment and systems must be tested, and the results documented, before the first count begins, to ensure the accuracy of the equipment.

(7) If a currency counter interface is used:

(i) It must be adequately restricted to prevent unauthorized access; and

(ii) The currency drop figures must be transferred via direct communications line or computer storage media to the accounting department.

(8) The financial instrument storage components must be individually emptied and counted so as to prevent the commingling of funds between storage components until the count of the storage component has been recorded.

(i) The count of each storage component must be recorded in ink or other permanent form of recordation.

(ii) Coupons or other promotional items not included in gross revenue may be recorded on a supplemental document by the count team members or accounting personnel. All single-use coupons must be cancelled daily by an authorized agent to prevent improper recirculation.

(9) If currency counters are utilized, a count team member must observe the loading and unloading of all currency at the currency counter, including rejected currency.

(10) Two counts of the currency rejected by the currency counter must be recorded per interface terminal as well as in total. Rejected currency must be posted to the player interface from which it was collected.

(11) Storage components, when empty, must be shown to another member of the count team, to another agent who is observing the count, or to surveillance, provided that the count is monitored in its entirety by an agent independent of the count.

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

## Handout#3 – Scenario Activity

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(13) The count sheet must be reconciled to the total drop by a count team member who may not function as the sole recorder, and variances must be reconciled and documented. This standard does not apply to vouchers removed from the financial instrument storage components.

(14) All count team agents must sign the report attesting to their participation in the count.

(15) A final verification of the total drop proceeds, before transfer to cage/vault, must be performed by the at least two agents, one of whom is a supervisory count team member and the other a count team agent.

(i) Final verification must include a comparison of currency counted totals against the currency counter/system report, if a counter/system is used.

(ii) Any unresolved variances must be documented and the documentation must remain a part of the final count record forwarded to accounting.

(iii) This verification does not require a complete recount of the drop proceeds but does require a review sufficient to verify the total drop proceeds being transferred.

(iv) The two agents must sign the report attesting to the accuracy of the total drop proceeds verified.

(v) All drop proceeds and cash equivalents that were counted must be turned over to the cage or vault cashier (who must be independent of the count team) or to an agent independent of the revenue generation and the count process for verification. Such cashier or agent must certify, by signature, the amount of the drop proceeds delivered and received. Any unresolved variances must be reconciled, documented, and/or investigated by accounting/revenue audit.

(16) After certification by the agent receiving the funds, the drop proceeds must be transferred to the cage/vault.

(i) The count documentation and records must not be transferred to the cage/vault with the drop proceeds.

(ii) The cage/vault agent must not have knowledge or record of the drop proceeds total before it is verified.

(iii) All count records must be forwarded to accounting secured and accessible only by accounting agents.

(iv) The cage/vault agent receiving the transferred drop proceeds must sign the count sheet attesting to the verification of the total received, and thereby assuming accountability of the drop proceeds, and ending the count.

## Handout#3 – Scenario Activity

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(v) Any unresolved variances between total drop proceeds recorded on the count room report and the cage/vault final verification during transfer must be documented and investigated.

(17) The count sheet, with all supporting documents, must be delivered to the accounting department by a count team member or agent independent of the cashiers department. Alternatively, it may be adequately secured and accessible only by accounting department.

(h) *Collecting currency cassettes and financial instrument storage components from kiosks.* Controls must be established and procedures implemented to ensure that currency cassettes and financial instrument storage components are securely removed from kiosks. Such controls must include the following:

(1) Surveillance must be notified prior to the financial instrument storage components or currency cassettes being accessed in a kiosk.

(2) At least two agents must be involved in the collection of currency cassettes and/or financial instrument storage components from kiosks and at least one agent should be independent of kiosk accountability.

(3) Currency cassettes and financial instrument storage components must be secured in a manner that restricts access to only authorized agents.

(4) Redeemed vouchers and pulltabs (if applicable) collected from the kiosk must be secured and delivered to the appropriate department (cage or accounting) for reconciliation.

(5) Controls must be established and procedures implemented to ensure that currency cassettes contain the correct denominations and have been properly installed.

(i) *Kiosk count standards.* (1) Access to stored full kiosk financial instrument storage components and currency cassettes must be restricted to:

(i) Authorized agents; and

(ii) In an emergency, authorized persons for the resolution of a problem.

(2) The kiosk count must be performed in a secure area, such as the cage or count room.

(3) If counts from various revenue centers and kiosks occur simultaneously in the count room, procedures must be in effect that prevent the commingling of funds from the kiosks with any revenue centers.

(4) The kiosk financial instrument storage components and currency cassettes must be individually emptied and counted so as to prevent the commingling of funds between kiosks until the count of the kiosk contents has been recorded.

## Handout#3 – Scenario Activity

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- (i) The count of must be recorded in ink or other permanent form of recordation.
- (ii) Coupons or other promotional items not included in gross revenue (if any) may be recorded on a supplemental document. All single-use coupons must be cancelled daily by an authorized agent to prevent improper recirculation.
- (5) Procedures must be implemented to ensure that any corrections to the count documentation are permanent, identifiable, and the original, corrected information remains legible. Corrections must be verified by two agents.
- (j) *Controlled keys*. Controls must be established and procedures implemented to safeguard the use, access, and security of keys for kiosks.
- (k) *Variiances*. 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.

### Audit Exercise

**Break into groups, working together read each scenario, and identify the issue(s) and locate the corresponding Minimum Internal Control Standard(s). Then write a finding and include a recommendation.**

#### **Scenario #1:**

You are observing the drop and count process of the financial instrument storage component (drop box) from the player interface (gaming machine) on October 13, 2017. You notice that the gaming operation is utilizing the following drop boxes:



You notice that the drop boxes have no numbers that correspond to the machine and inquire as to how they know which box to put at which machine. You learn that the drop box has a chip in it that once it is inserted into the machine the bill validator will receive this information from the machine and store it on the chip in the box. Also, that this information can be retrieved from the drop box by docking it on a docking station that can read the chip and produce a bar code ticket that can be scanned into the count database. Determine compliance or non-compliance.





## Handout #4

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### Scenario #2:

You are performing an audit of the Drop & Count Department of a Tier C gaming operation to determine compliance with NIGC MICS 543.17. You observe the financial instrument storage component (drop box) count process on October 13, 2017. You observe that three count team members begin count of the currency using one currency counter and when the drop process is completed the drop team helps to count the funds. At that time both currency counters are used to count the currency. You observe this view of the count room. NOTE: Look at the picture on the PowerPoint slide. Determine compliance or non-compliance.

**Criteria (Standard/MICS Reference):** \_\_\_\_\_

### Condition:

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### Recommendation:

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## Handout#5 – Drop & Count Schedule

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28-Aug	29-Aug	30-Aug	31-Aug	1-Sep	2-Sep	3-Sep
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny			Jenny	Jenny	Jenny	Jenny
Ronnie	Ronnie		Ronnie		Ronnie	Ronnie
Grace			Grace		Grace	Grace
Roger			Roger		Roger	Roger
<b>Guy</b>		<b>Guy</b>	<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick	Mick		Mick		Mick	Mick
Wendy	Wendy	Wendy			Wendy	Wendy
Clyde	Clyde	Clyde	Clyde	Clyde		
		Carrie	Carrie	Carrie	Carrie	Carrie
Anthony	Anthony		Anthony		Anthony	Anthony

4-Sep	5-Sep	6-Sep	7-Sep	8-Sep	9-Sep	10-Sep
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny	Jenny		Jenny		Jenny	Jenny
Ronnie			Ronnie	Ronnie	Ronnie	Ronnie
Grace	Grace		Grace		Grace	Grace
Roger	Roger		Roger		Roger	Roger
<b>Guy</b>		<b>Guy</b>	<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick		Mick	Mick		Mick	Mick
Wendy	Wendy	Wendy			Wendy	Wendy
Clyde			Clyde	Clyde	Clyde	Clyde
Carrie		Carrie	Carrie		Carrie	Carrie
Anthony	Anthony			Anthony	Anthony	Anthony

11-Sep	12-Sep	13-Sep	14-Sep	15-Sep	16-Sep	17-Sep
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny			Jenny	Jenny	Jenny	Jenny
	Ronnie	Ronnie	Ronnie		Ronnie	Ronnie
Grace			Grace		Grace	Grace
Roger			Roger		Roger	Roger
<b>Guy</b>		<b>Guy</b>			<b>Guy</b>	<b>Guy</b>
Mick	Mick		Mick		Mick	Mick
Wendy	Wendy	Wendy			Wendy	Wendy
Clyde			Clyde	Clyde	Clyde	Clyde
Carrie	Carrie	Carrie	Carrie	Carrie		
	Anthony	Anthony	Anthony			Anthony

18-Sep	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny			Jenny		Jenny	Jenny
	Ronnie	Ronnie	Ronnie		Ronnie	Ronnie
Grace			Grace		Grace	Grace
Roger	Roger		Roger		Roger	Roger
<b>Guy</b>			<b>Guy</b>	<b>Guy</b>	<b>Guy</b>	<b>Guy</b>
Mick		Mick	Mick		Mick	Mick
		Wendy	Wendy	Wendy	Wendy	Wendy
Clyde			Clyde	Clyde	Clyde	Clyde
Carrie	Carrie	Carrie	Carrie			Carrie
Anthony	Anthony		Anthony		Anthony	Anthony

## Handout#5 – Drop & Count Schedule

25-Sep	26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	1-Oct
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny			Jenny	Jenny	Jenny	Jenny
Ronnie		Ronnie	Ronnie		Ronnie	Ronnie
Grace			Grace		Grace	Grace
Roger			Roger		Roger	Roger
	<b>Guy</b>		<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick	Mick		Mick		Mick	Mick
Wendy	Wendy				Wendy	Wendy
Clyde	Clyde	Clyde	Clyde	Clyde		
		Carrie		Carrie	Carrie	Carrie
Anthony		Anthony	Anthony		Anthony	Anthony

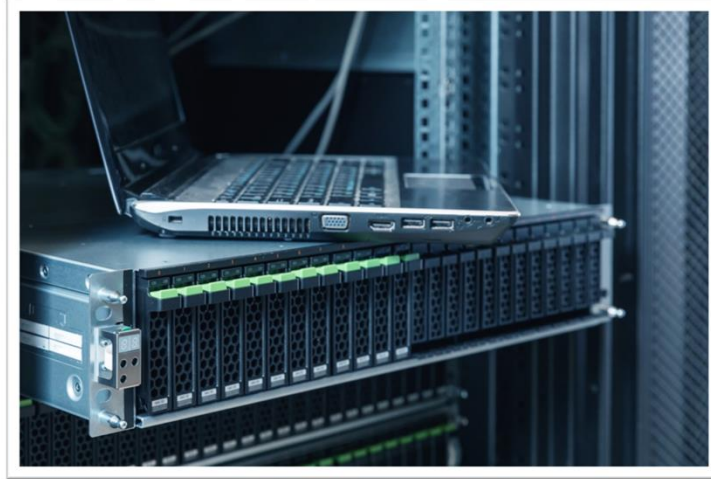
2-Oct	3-Oct	4-Oct	5-Oct	6-Oct	7-Oct	8-Oct
Monday	Tue	Wed	Thur	Fri	Sat	Sun
	Jenny	Jenny	Jenny		Jenny	Jenny
	Ronnie	Ronnie	Ronnie		Ronnie	Ronnie
Grace			Grace	Grace	Grace	Grace
Roger			Roger		Roger	Roger
<b>Guy</b>		<b>Guy</b>	<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick		Mick	Mick		Mick	Mick
Wendy	Wendy	Wendy			Wendy	Wendy
Clyde			Clyde	Clyde	Clyde	Clyde
Carrie	Carrie			Carrie		
Anthony			Anthony	Anthony	Anthony	Anthony

9-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct
Monday	Tue	Wed	Thur	Fri	Sat	Sun
Jenny			Jenny	Jenny	Jenny	Jenny
Ronnie		Ronnie	Ronnie		Ronnie	Ronnie
Grace		Grace	Grace		Grace	Grace
Roger		Roger	Roger		Roger	Roger
<b>Guy</b>			<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick	Mick		Mick		Mick	Mick
Wendy	Wendy	Wendy	Wendy	Wendy		
Clyde			Clyde	Clyde	Clyde	Clyde
Carrie	Carrie				Carrie	Carrie
Anthony	Anthony		Anthony		Anthony	Anthony

16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct	22-Oct
Monday	Tue	Wed	Thur	Fri	Sat	Sun
	Jenny	Jenny	Jenny		Jenny	Jenny
Ronnie		Ronnie	Ronnie		Ronnie	Ronnie
Grace		Grace	Grace		Grace	Grace
Roger		Roger	Roger		Roger	Roger
<b>Guy</b>		<b>Guy</b>	<b>Guy</b>		<b>Guy</b>	<b>Guy</b>
Mick	Mick	Mick	Mick			
	Wendy	Wendy	Wendy	Wendy	Wendy	
Clyde		Clyde		Clyde	Clyde	Clyde
Carrie			Carrie	Carrie	Carrie	Carrie
Anthony	Anthony	Anthony	Anthony			Anthony

# IT-113 IT Basics

## IT-113 Information Technology Basics



**Information Technology Division**

### KEY POINTS



# IT-113 Information Technology Basics Participant Guide

## Knowledge Reviews & Course Evaluations

### Knowledge Review Purpose

- Check for immediate understanding and retention
- Used to improve courses
- Provide your name & email address
- Completed twice:
  - at the end of the course
  - 90 days after course via email

### Evaluation Purpose

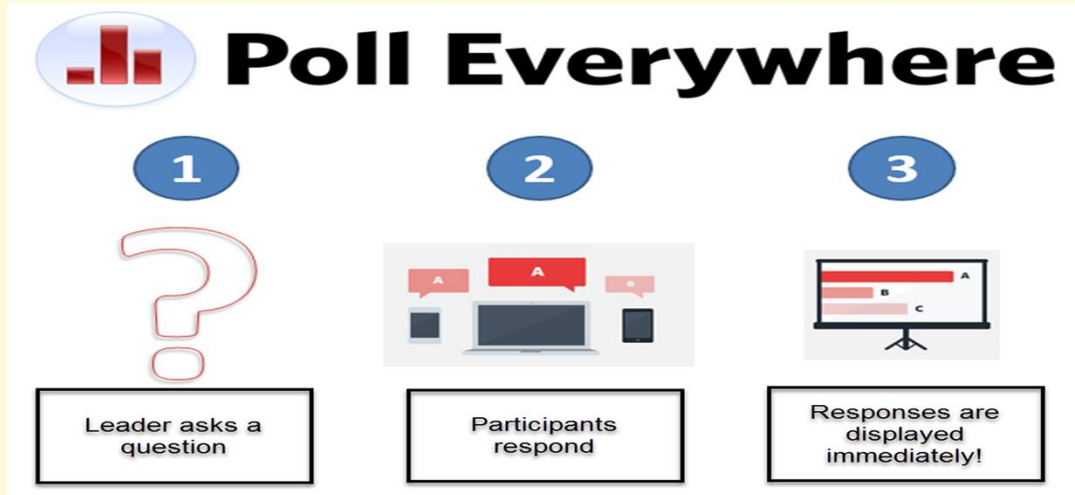
- Allow participants to provide immediate feedback on their experience
- Encouraged to include ideas and recommendations
- Will be used to improve the course

2

### KEY POINTS



## Participating with Poll Everywhere



3

### KEY POINTS

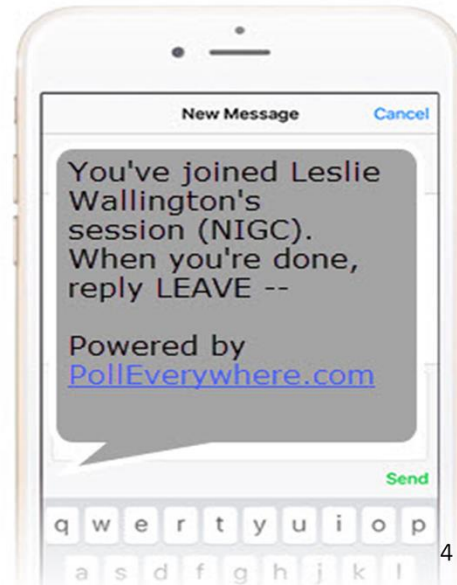
During the presentations we will be asking you polling question and we would you like to practice using the Poll Everywhere.

Your participation is voluntary and your responses are anonymous.



## Response from Poll Everywhere

1. You will receive a text message confirming that you are in the polling session.
2. Do **NOT** select the [PollEverywhere.com](http://PollEverywhere.com) link.
3. Now you can enter your response to the poll as a text message.



### KEY POINTS

After your first text sent to 22333 you will receive a confirmation message.

Do NOT select the link included here.

Simply respond to the poll listed on the PowerPoint.



## Using Your Phone to Participate

1. Text **NIGC** to **22333** to join the session.
2. Then text your response to the question: **How did you travel to the conference?**
  - A. Plane
  - B. Train
  - C. Car
  - D. Foot/Bicycle



### KEY POINTS

1. Text **NIGC** to **22333** to join the session.
2. Then text your response to the question:

# IT-113 Information Technology Basics Participant Guide

**How did you travel to the conference?**

- A. Plane
- B. Train
- C. Car
- Foot/Bicycle

**Start the presentation to activate live content**  
If you see this message in presentation mode, install the add-in or get help at PollEv.com/app

0%

## KEY POINTS

Poll Title: How did you travel to the conference?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/yldbms0zVYqpf5](https://www.polleverywhere.com/multiple_choice_polls/yldbms0zVYqpf5)

# IT-113 Information Technology Basics Participant Guide



How would you rate your IT experience level in a Casino environment?

Low  
Medium  
High

Start the presentation to see live content. Still no live content? Install the app or get help at [PollEv.com/app](https://www.pollEv.com/app)

## KEY POINTS

Poll Title: How would you rate your IT experience level in a Casino environment?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/EhU9Jx1JIRA08XR](https://www.polleverywhere.com/multiple_choice_polls/EhU9Jx1JIRA08XR)

# IT-113 Information Technology Basics Participant Guide



How would you rate your experience level in the differences between what Class II Gaming is vs. Class III Gaming?

Low  
Medium  
High

Start the presentation to see live content. Still no live content? Install the app or get help at [PollEv.com/app](https://www.pollEv.com/app)

## KEY POINTS

Poll Title: How would you rate your experience level in the differences between what Class II Gaming is vs. Class III Gaming?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/FtHi407GEQsvUiG](https://www.polleverywhere.com/multiple_choice_polls/FtHi407GEQsvUiG)



## IT Basics - Overview

- Gaming Terminology
- Class II Review
- Class III Review
- Activity



### KEY POINTS



# IT-113 Information Technology Basics Participant Guide



## IT Basics

EGM

TITO

RNG

SMIB

MICS

Paytable

System  
Verification

CMS

Remote  
Access

TICS

### KEY POINTS

1. **EGM** is used as a shorthand for "Electronic Gaming Machine."
2. **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.
3. **SICS/TICS** – System Internal Controls
4. **SMIB** – Slot Machine Interface Board; a device containing logic and interface boards inside the card box or gaming machine. These boards store machine data until polled by the system
5. **TITO** – Ticket In Ticket Out; ticketing offered through the use of a validation system as a form of currency exchange at the gaming device
6. **MICS** – Minimum Internal Controls
7. **Paytable** - a program that contains the pay amounts as a function of each winning combination and also the virtual reel strips and weightings to arrive at a specified RTP
8. **CMS** - Casino Management System
9. **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.
10. **System Verification** – Ability to verify compliant software from a Independent Test Lab with a software verification tool.





## KEY POINTS

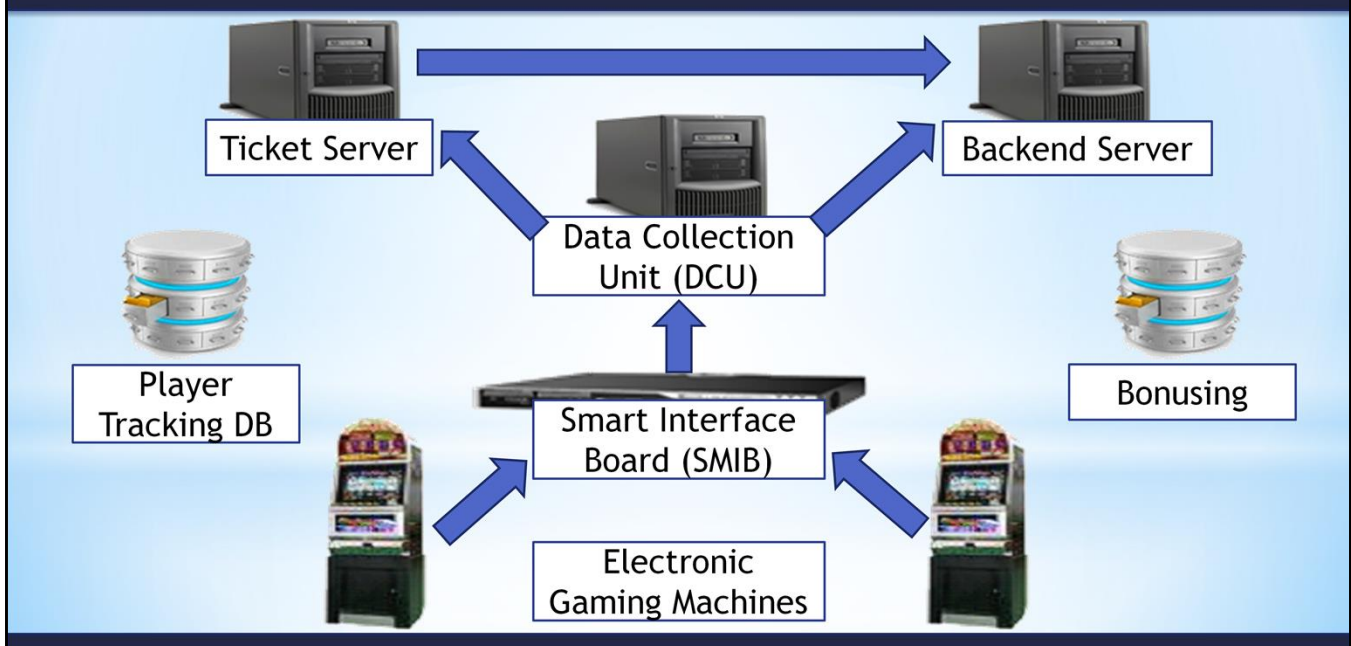
1. Player Interface and Bank Switch
2. IDF Closet, Game and Report Server
3. Smart Interface Board, Online Acct. Sys. And Kiosk

IDF closet switch: Intermediate distribution frame is a room (closet) which contains network equipment.

- Smart interface board: gaming device and network interface device adapted to connect a gaming device to a network are provided. The network interface device includes a data handler and a firewall. The data handler has processing and memory resources, and is adapted to perform data handling functions for transferring data between a network and a gaming device controller. The firewall is adapted to inhibit transfer of at least some unauthorized data received from the network to the gaming device controller.



## Class III Gaming System



### KEY POINTS

- Primary source of game outcomes are determined using reel strip stop positions.
- All logic for the game resides in the cabinet. You are playing against the logic inside the electronic gaming machine.
- There is no minimum player requirement to initiate game play.
- Game play is not contingent upon system connectivity.



## Activity #1

In your own words...



### KEY POINTS

**ACTIVITY** – Explaining one of the concepts covered or terminology in your own words.

### Group Work

**TIME:** 15 minutes

### Instructions:

1. Select a note taker and a presenter(the instructor will make assignments)
2. Present your explanation or definition to the class.



## Activity #2

# Hands On Activity



### KEY POINTS

**ACTIVITY** – Explaining one of the concepts covered or terminology in your own words.

### Group Work

**TIME:** 15 minutes



## Questions

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### KEY POINTS



# IT-113 Information Technology Basics Participant Guide

**Course Eval IT-113 IT Basics**  
When survey is active, respond at [PolleEv.com/nigc](https://www.polleverywhere.com/nigc)

**0 surveys done**  
0 surveys underway

Start the presentation to see live content. Still no live content? Install the app or get help at [PolleEv.com/app](https://www.polleverywhere.com/app)

## KEY POINTS

Poll Title: Course Eval IT-113 IT Basics

<https://www.polleverywhere.com/surveys/9qcpEmUT2>

## IT-113 IT Basics Glossary

Term	Definition
<b>Action</b>	The total amount of money bet in a specific period of time.
<b>Arm</b>	The gaming machines and/or electronic player interface (slot machine) arm is the lever located traditionally on the right side of the gaming machines and/or electronic player interface (slot machine). This arm/lever is pulled to activate the reels. Also, once pulled the arm stops the RNG and the symbols are determined. In newer gaming machines and/or electronic player interface (slot machine) versus traditional gaming machines and/or electronic player interface (slot machine), the arm no longer actually pulls the reel; they could just as easily use a button to activate the reel.
<b>Bank</b>	This is used in reference to a row of gaming machines and/or electronic player interface (slot machine) in an establishment.
<b>Bars</b>	Bars are a common symbol you'll see on many gaming machines and/or electronic player interface (slot machine). It is usually a rectangular shape with the word BAR printed on it. There are usually single, double, and triple bar symbols on the reel.
<b>Bonus</b>	The bonus on gaming machines and/or electronic player interface (slot machine) refers to a special feature of the particular game theme, which is activated when certain symbols appear in a winning combination. Bonuses vary depending upon the game. Some bonus rounds are a special session of free spins (the number of which is often based on the winning combination that triggers the bonus), often with a different or modified set of winning combinations as the main game, and often with winning credit values increased by a specific multiplier, which is prominently displayed as part of the bonus graphics and/or animation (which in many cases is of a slightly different design or color scheme from the main game). In other bonus rounds, the player is presented with several items on a screen from which to choose. As the player chooses items, a number of credits is revealed and awarded. Some bonuses use a mechanical device, such as a spinning wheel, that works in conjunction with the bonus to display the amount won.
<b>Bonus Game</b>	A secondary event in a gaming machines and/or electronic player interface (slot machine) game that permits the player to win additional money through an activity other than the spinning of reels.
<b>Bonus Multiplier Slots</b>	These machines offer larger top jackpots as incentive for gamers to play max coins. On these machines the top jackpot symbol will only payout if you have played the max coins on that spin.
<b>Bonus Video Slots:</b>	The most graphically loaded glitziest slots to hit the market. These machines offer the chance to go to a second level bonus round. They are known for their many features and options for players.
<b>Call Attendant</b>	When someone hits a major jackpot, this is the person who comes and makes a "hand" payout. Can also refer to the person who oversees the operation of the gaming machines and/or electronic player interface (slot machine).



## IT-113 IT Basics Glossary

Term	Definition
<b>Candle</b>	A light on top of the gaming machines and/or electronic player interface (slot machine). It flashes to alert the operator that change is needed, hand pay is requested or a potential problem with the machine.
<b>Carousel</b>	Refers to a grouping of gaming machines and/or electronic player interface (slot machine)s, or many "banks" of gaming machines and/or electronic player interface (slot machine)s. Often times the gaming machines and/or electronic player interface (slot machine) carousels are organized by gaming machines and/or electronic player interface (slot machine)s of a similar type, and the gaming machines and/or electronic player interface (slot machine) grouping traditionally got the nickname "carousel" because the slots are often in an oval or circular shape.
<b>Certified</b>	Certified gaming machines and/or electronic player interface (slot machine) are examined by casino regulators to ensure the gaming machines and/or electronic player interface (slot machine) conforms to the laws for payout percentages. These machines are clearly marked as "certified."
<b>Class II game characteristics</b>	<p>The player is playing against other players and competing for a common prize. There is not necessarily a winner in each game. The game continues until there is a winner.</p> <p>In a given set there are a certain number of wins and losses. Once a certain combination has occurred it cannot occur again until a new batch is initiated. This is most obvious in scratch-card games using cards that come in packs. Once a card has been pulled from a pack, the combinations on that card cannot occur again until a new pack of cards is installed. One game is dependent on previous games.</p> <p>The player must be an active participant. They must recognize events as they occur and must recognize when they have won and announce their winning. Bingo is an excellent example here.</p> <p>All players play from the same set of numbers as the numbers are announced.</p>
<b>Class III game characteristics</b>	The player is playing against the house. Each game is independent of previous games. Any possible outcome can occur in any game. Wins are announced automatically.
<b>Coin hopper</b>	Normally this is a rotating container (older games) where the coins that are immediately available for payouts are held. The hopper is a mechanical device that rotates coins into the coin tray when a player collects credits/coins (by pressing a "Cash Out" button). When a certain preset coin capacity is reached, a coin diverter automatically redirects, or "drops," excess coins into a "drop bucket" or "drop box." (Unused coin hoppers can still be found even on games that exclusively employ Ticket-In Ticket-Out technology, as a vestige.)
<b>Coin Size</b>	This can reference the size of a bet. On multiple coin gaming machines and/or electronic player interface (slot machine) a player can use more than one coin on a spin.

## IT-113 IT Basics Glossary

Term	Definition
<b>Coin-Free Play</b>	Gaming machines and/or electronic player interface (slot machine) play that involves using printed tickets or credit tokens instead of coins.
<b>Coin-In</b>	Refers to the total amount of money a player puts into a gaming machines and/or electronic player interface (slot machine).
<b>Comps</b>	These are complimentary amenities for higher rolling gamblers. Such “comps” may include: free drinks, buffets, show tickets, custom foods, discount hotel rooms, and even cash rebates.
<b>Control (Main) Program</b>	The control program (software that operates the gaming device’s functions such as metering, RNG, control of peripherals, e.g. bill acceptor)
<b>Credit</b>	A credit is the gaming machines and/or electronic player interface (slot machine) equivalent to coins. When you insert coins or bills into the machine you are awarded one credit for each coin. You are also awarded credits for winning spins. Each credit awarded is equivalent to one coin. You can turn your credits back into coins by pressing the Cash Out button on the machine.
<b>Credit meter</b>	A visual LED display of the amount of money or credits on the machine. On video reel machines this is either a simulated LED display, or represented in a different font altogether, based on the design of the game graphics.
<b>Double Machines</b>	These machines pay double or triple if winning combinations of certain symbols line up.
<b>Drop Bucket</b>	Also known as a “drop box,” the drop bucket collects the excess coins that the coin hopper drops. This “bucket” is located at the gaming machines and/or electronic player interface (slot machine)’s base and is collected regularly by the casino. Though the “drop box” and “drop bucket” are similar, traditionally “drop buckets” are found in lower denomination gaming machines and/or electronic player interface (slot machine) whereas “drop boxes” have lids and locks and are used in higher denomination gaming machines and/or electronic player interface (slot machine).
<b>Drop bucket or drop box</b>	A container located in a gaming machines and/or electronic player interface (slot machine)'s base where excess coins are diverted from the hopper. Typically, a drop bucket is used for low denomination gaming machines and/or electronic player interface (slot machine) and a drop box is used for high denomination gaming machines and/or electronic player interface (slot machine). A drop box contains a hinged lid with one or more locks whereas a drop bucket does not contain a lid. The contents of drop buckets and drop boxes are collected and counted by the casino on a scheduled basis.
<b>EGM</b>	Stands for "Electronic Gaming Machine" and is often referred to by initials.

## IT-113 IT Basics Glossary

Term	Definition
<b>Flat-Top</b>	“Flat-top” gaming machines and/or electronic player interface (slot machine) pay out a non-progressive jackpot. The name also refers to the gaming machines and/or electronic player interface (slot machine)’s appearance—the machine has a flat-top that allows the player to sit while playing.
<b>Fraud</b>	<p>Mechanical gaming machines and/or electronic player interface (slot machine) and their coin acceptors were sometimes susceptible to cheating devices and other scams. One historical example involved spinning a coin with a short length of plastic wire. The weight and size of the coin would be accepted by the machine and credits would be granted. However, the spin created by the plastic wire would cause the coin to exit through the reject chute into the payout tray. This particular scam has become obsolete due to improvements in newer gaming machines and/or electronic player interface (slot machine).</p> <p>Modern gaming machines and/or electronic player interface (slot machine) are controlled by EPROM computer chips and, in large casinos; coin acceptors have become obsolete in favor of bill acceptors. These machines and their bill acceptors are designed with advanced anti-cheating and anti-counterfeiting measures and are difficult to defraud. Early computerized gaming machines and/or electronic player interface (slot machine) were sometimes defrauded through the use of cheating devices, such as the "slider" or "monkey paw" used by notorious gaming machines and/or electronic player interface (slot machine) cheat.</p>
<b>Hand Pay</b>	Refers to a payout made by an attendant or at an exchange point ("cage"), rather than by the gaming machines and/or electronic player interface (slot machine) itself. A hand pay occurs when the amount of the payout exceeds the maximum amount that was preset by the gaming machines and/or electronic player interface (slot machine) operator. Usually, the maximum amount is set at the level where the operator must begin to deduct taxes. A hand pay could also be necessary as a result of a short pay.
<b>Hard Count</b>	This is the process casinos (and banks) use to count coin currency. The hard count takes place in an extremely secure hard count room and is done through the use of weigh scales. The coins and tokens are divided by denominations, and then placed on a weigh scale programmed to calculate the total amount of the coins. The only exception to using the weigh scales for hard currency is with high end tokens—often \$25 dollars or more apiece, these are often hand counted.
<b>Hit</b>	Any winning combination of symbols on the pay line.
<b>Hit Frequency</b>	The frequency/hit rate with which a gaming machines and/or electronic player interface (slot machine) registers a winning combination relative to the number of games played.

## IT-113 IT Basics Glossary

Term	Definition
<b>Hold and Re-spin</b>	A non-traditional style gaming machines and/or electronic player interface (slot machine) that allows a player to hold one or more of the gaming machines and/or electronic player interface (slot machine) reels and spin the rest of the reels again. This type of gaming machines and/or electronic player interface (slot machine) gives the player the chance to obtain a better combination of reels on the second spin.
<b>Hold Percentage</b>	The "hold" is discussed among casino executives. It is the opposite of the payback percentage, and represents the amount of money the casino is making from a machine or the slot department in general. This can be thought of as a betting fee.
<b>Hopper</b>	This is where the money is stored inside the machine. When the hopper overflows, the excess change flows over into a bucket. The "excess" is the profit the casino takes home. Hoppers are generally emptied in the morning before the crowds arrive.
<b>House</b>	Another term for casino. Casino literally translates as house in Italian.
<b>House Edge</b>	Also known as Hold. Expressed as a percentage, this is the amount of money the casino holds out of a bet as profit for the casino. This can be thought of as a betting fee. It is the opposite of the payback percentage, and represents the amount of money the casino is making from a machine or the slot department in general.
<b>Jackpot</b>	A gaming machines and/or electronic player interface (slot machine)'s highest payout or can references the top prize in any gambling game.
<b>Linked machines</b>	Often machines are linked together in a way that allows a group of machines to offer a particularly large prize, or "jackpot." Each gaming machines and/or electronic player interface (slot machine) in the group contributes a small amount to this progressive jackpot, awarded to a player who gets, for example, a royal flush on a video poker machine or a specific combination of symbols on a regular or nine-line gaming machines and/or electronic player interface (slot machine). The amount paid for the progressive jackpot is usually far higher than any single gaming machines and/or electronic player interface (slot machine) could pay on its own.
<b>Load</b>	Used as a verb. To play the maximum number of coins or tokens allowable in a specific gaming machines and/or electronic player interface (slot machine).
<b>Loose Machine</b>	A gaming machines and/or electronic player interface (slot machine) that is paying out well. This is likely because it is set with a higher payout percentage.
<b>Low Level</b>	Also known as a "Slant Top" gaming machines and/or electronic player interface (slot machine), this type of slot includes a stool so that players can sit while they play.
<b>Max Bet</b>	The maximum amount a player can bet on one spin.

## IT-113 IT Basics Glossary

Term	Definition
<b>MEAL book (Machine entry authorization log)</b>	A log of the employee's entries into the machine.
<b>Mechanical Slots</b>	This refers to the traditional gaming machines and/or electronic player interface (slot machine) that operate with mechanical reels.
<b>MODIFY (AP)</b>	A status used to classify a product that has been modified from its' previous version, which may include: <ol style="list-style-type: none"> <li>1. Manufacturer name change;</li> <li>2. Future implementation of new technology;</li> <li>3. Additional support for new peripheral equipment (Bill Validator, Printer).</li> </ol>
<b>Multiline /Multi-line</b>	A gaming machines and/or electronic player interface (slot machine) with more than one pay line. Gaming machines and/or electronic player interface (slot machine) may have several pay lines.
<b>Multiplier</b>	A gaming machines and/or electronic player interface (slot machine) with a pay schedule where the pay schedule for each winning combination is multiplied evenly by each coin wagered.
<b>NON-MANDATORY UPGRADE (NU)</b>	A status used to classify a product that has been superseded by a non-critical upgraded version. Items classified as obsolete may remain in use but it is recommended NU items not be used for new installations. An 'NU' status generally indicates that the software still fully meets the applicable technical standards of the jurisdiction. Reasons for this assigned status may include: <ol style="list-style-type: none"> <li>1. Inconsequential bug fixes which do not constitute a revocation;</li> <li>2. Program enhancements in the form of new features;</li> <li>3. Help screen verbiage clarification which does not constitute a revocation;</li> <li>4. Issues that require a power cycle to restore (inconvenient but not critical).</li> </ol>
<b>Not Approved (NA)</b>	Status for items that have not been tested against or meets GLI-11 standards for Gaming devices in Casinos and/or under the GLI-13 standards for On-Line Monitoring and Control Systems (MCS) and Validation Systems in Casinos.
<b>Odds</b>	The probability of an event. Odds are traditionally expressed as a ratio.
<b>Optimal Play</b>	This is the payout percentage if a player uses the optimal strategy on a skill based gaming machines and/or electronic player interface (slot machine).
<b>Pay Cycle</b>	This refers to a belief among slots players that a machine might be due to payout in order to meet the payout percentage. It is important to understand that the payout percentages work over the course of thousands of plays.

## IT-113 IT Basics Glossary

Term	Definition
<b>Pay For Play</b>	These are generally one-two-three coins option gaming machines and/or electronic player interface (slot machine) with staggered payoffs. The more coins you put the better the payoffs.
<b>Pay Line</b>	Usually the line in the middle of the slot window but also it can be three lines, five lines or even more on video slots. Only symbols on a pay line will result in a win.
<b>Pay Table</b>	This is the payoff schedule. It tells you what symbols you need to line up to win and how much you will be paid if you get the right order. Many gaming machines and/or electronic player interface (slot machine) have the pay table printed directly on the machine. However, most video gaming machines and/or electronic player interface (slot machine) have opted to hide the pay table. For these, you simply need to hit a button to bring it up. Online slots usually have the pay table posted on the same screen or via a button on the machine.
<b>Payback</b>	The percentage of winnings a machine will payout in relation to the amount put in, also known as payout percentage.
<b>Payback Percentage</b>	This is the amount of money the gaming machines and/or electronic player interface (slot machine) eventually pays back to its slot players. This number is not over a few spins, but rather, covers tens or even hundreds of thousands of spins. This term is often misunderstood. The payback percentage applies to total dollars run through the machine and not the money you personally have entered.
<b>Pay-line:</b>	The pay-line is the line drawn on the glass or screen where the symbols must line up to create a payoff. Many newer gaming machines and/or electronic player interface (slot machine), especially video gaming machines and/or electronic player interface (slot machine) have many V-shaped pay-lines that go up, down, across, and diagonally.
<b>Personality (Data) Program</b>	The personality program (software that contains data example reel strips, cards, help screens, graphic sequences to be used by main program)
<b>Poker Machine</b>	Also known as "pokie." The name for a gaming machines and/or electronic player interface (slot machine) in Australia.
<b>Progressive Jackpot</b>	The jackpot on a gaming machines and/or electronic player interface (slot machine) grows as each bet is played. There are two types of progressive jackpots: individual progressive jackpot and multiple progressive jackpot. Individual jackpot is a progressive jackpot that only builds on the bets of one gaming machines and/or electronic player interface (slot machine). Multiple jackpots build as bets are placed on multiple gaming machines and/or electronic player interface (slot machine). More than one gaming machines and/or electronic player interface (slot machine) is linked to a single progressive jackpot; jackpots grow very quickly on multiple progressive jackpots.

## IT-113 IT Basics Glossary

Term	Definition
<b>Progressive Slots</b>	A group of gaming machines and/or electronic player interface (slot machine) linked together to pay one common big jackpot.
<b>Progressive Ticker</b>	Also known as a Progressive Meter. This shows how much a progressive jackpot is worth.
<b>Random Number Generators</b>	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. This means that the result varies depending on exactly when the game is played.
<b>Reels</b>	The symbol-covered wheel. In traditional gaming machines and/or electronic player interface (slot machine), these reels spin around and come to a stop in random fashion dictated by the payout percentage. There are multiple types of reel games i.e. three, four and five reels to name a few. The more reels the harder it is to hit a jackpot.
<b>REVOKED (RV)</b>	<p>A status used to classify items that should be removed from use due to the Existence of critical issues. A jurisdiction has the choice of continuing to use items that have been placed in a revoked status. A 'RV' status generally indicates that the software does not meet the applicable technical standards of the jurisdiction; however, please be reminded, revocations may also at times be requested by the gaming suppliers due to compatibility issues that are unrelated to compliance with the technical standards. Reasons for revocation may include:</p> <ol style="list-style-type: none"> <li>1. Game integrity issues;</li> <li>2. Affects accounting/revenue reporting;</li> <li>3. Issues which may prompt a patron dispute;</li> <li>4. Previous version was found to be non-compliant with jurisdictional regulation;</li> <li>5. Malfunctions requiring a RAM Clear;</li> <li>6. Help/Pay screen was incorrect or misleading;</li> <li>7. Loss of data.</li> </ol>
<b>RNG</b>	Each gaming machines and/or electronic player interface (slot machine) has a computer chip in it that selects random numbers. RNG means Random Number Generator. The RNG determines if your spin is a winner or loser. This computer chip constantly cycles though numbers until a coin is placed in the gaming machines and/or electronic player interface (slot machine). Once the button or lever is pushed the reel stops on the symbol combination determined by the number the RNG stopped on as the coin was inserted.
<b>Rollup</b>	The sounds used to announce a win while the gaming machines and/or electronic player interface (slot machine) meters tally the amount won.

## IT-113 IT Basics Glossary

Term	Definition
<b>Scatter Pay</b>	Scatter pay gaming machines and/or electronic player interface (slot machine) are ones that will pay you something back just for having a particular symbol anywhere in the window. Rather than paying out based on winning symbols aligning on a single payline, scatter pay gaming machines and/or electronic player interface (slot machine) allow the winning combinations to be “scattered” across the screen.
<b>Short Pay</b>	References a gaming machines and/or electronic player interface (slot machine) partial payout of a players gaming machines and/or electronic player interface (slot machine) winnings. If the coin hopper is low, a gaming machine and/or electronic player interface (slot machine) attendant or the cage will hand pay the remainder amount due to the player.
<b>Signature Slots</b>	The house brand of gaming machines and/or electronic player interface (slot machine). Casinos create their own brand of looser gaming machines and/or electronic player interface (slot machine) to generate PR for the casino.
<b>Slant Top Slot</b>	Also known as a “Low Level” gaming machines and/or electronic player interface (slot machine), this type of slot includes a stool so that players can sit while they play.
<b>Slot Club</b>	A frequent gaming machines and/or electronic player interface (slot machine) player can join a slot club at a casino to earn rewards and incentives for time and money spent at the gaming machines and/or electronic player interface (slot machine). A player receives a slot club card which is then inserted into a gaming machines and/or electronic player interface (slot machine) while a player is gaming. The card then records the time and money spent on the slots and rewards bonuses and comps accordingly.
<b>Slot Placement</b>	Strategy facilities use to tempt players; facilities generally position the better paying gaming machines and/or electronic player interface (slot machine) in areas where other players can see gaming machines and/or electronic player interface (slot machine) payout.
<b>Slot Schedule</b>	This is information posted on the front of slot that discloses what type of slot, denomination, and win amounts possible for each coin played.
<b>Slot Talk</b>	The information traded between players, a good way to improve slots knowledge.
<b>Slot Tournament</b>	A special event in which players compete for preset cash prizes on specially programmed gaming machines and/or electronic player interface (slot machine), receiving points for accumulated credits. Tournaments are free for players and during a tournament a player doesn’t use coins to activate the machines. Tournament prizes are based off the number of credits a player accumulates during the competition. Often times the freebies and prizes are worth significantly more than the price of admission into the tournament.



## IT-113 IT Basics Glossary

<b>Term</b>	<b>Definition</b>
<b>Slots</b>	The nickname for gaming machines and/or electronic player interface (slot machine).
<b>Slots Drop</b>	The amount of money that goes through the gaming machines and/or electronic player interface (slot machine).
<b>Stand Up Slot</b>	Also known as an “Upright” gaming machines and/or electronic player interface (slot machine), this type of machine allows player to stand up while playing.
<b>Stops</b>	This is the dead space between the symbols on a reel. When a reel spins around and a symbol does not land on a payline, it has landed on a stop.
<b>Symbols</b>	These are the fun characters and items that appear on the gaming machines and/or electronic player interface (slot machine)'s reel. A common symbol is a colored bar or a piece of fruit, like a cherry.
<b>Take/Pay Cycle</b>	Based on the assumption that most gaming machines and/or electronic player interface (slot machine) work on cycles, it is when to expect a machine to pay out following a certain amount of money fed into the game.
<b>Theoretical Hold Worksheet</b>	A document provided by the manufacturer for all gaming machines and/or electronic player interface (slot machine), which indicates the theoretical percentage that the gaming machines and/or electronic player interface (slot machine) should hold based on the amount paid in. The worksheet also indicates the reel strip settings, number of coins that may be played, the payout schedule, the number of reels and other information descriptive of the particular type of gaming machines and/or electronic player interface (slot machine).
<b>Tight Machine</b>	A gaming machines and/or electronic player interface (slot machine) that is not paying much out. This is likely because it is set with a lower payout percentage.
<b>Tilt</b>	This term originates with the older mechanical gaming machines and/or electronic player interface (slot machine). Mechanical gaming machines and/or electronic player interface (slot machine) had tilt switches. If a coin is jammed in the gaming machines and/or electronic player interface (slot machine) now, the tilt light comes on, if the machine owes the player any winnings it is stored in the memory and pays out once the problem is fixed. Today, the term tilt can refer to many different kinds of mechanical failure from reel motor failure to door switch problems.
<b>Token</b>	A form or payment gaming machines and/or electronic player interface (slot machine) take to authorize a play. The tokens work just like coins and can be bought to represent different monetary denominations.
<b>Upright</b>	Also known as a “Stand Up” gaming machines and/or electronic player interface (slot machine), this type of machine allows player to stand up while playing.

## IT-113 IT Basics Glossary

<b>Term</b>	<b>Definition</b>
<b>Video Lottery Terminal</b>	Video lottery terminal is connected to a centralized computer system that allows the lottery jurisdiction to monitor game play and perform control functions. A video lottery terminal at a minimum will utilize randomness in determination of prizes, contain some form of activation to initiate the selection process, and make use of a methodology for delivery of the determined outcome.
<b>Video Gaming machines and/or electronic player interface (slot machine)</b>	A gaming machines and/or electronic player interface (slot machine) with a video screen on which the reels and other elements are simulated with graphics and animation.
<b>Virtual Reel</b>	Virtual reels are on video gaming machines and/or electronic player interface (slot machine) and they rely on computerized selection of reel symbols. Just like mechanical reels, the results are determined by the RNG.
<b>Volatility</b>	The ratio of size versus frequency of jackpots in a slot game.
<b>Wild Symbol</b>	Essentially acts like the joker in some cards came. The wild symbol can act as any other symbol on the reel.

# IT-113 IT Basics Glossary

## Table of Acronyms/Abbreviations Networking

<b>ARP</b>	Address Resolution Protocol
<b>ATA</b>	Advanced Technology Attachment
<b>C&amp;A</b>	Certification and Accreditation
<b>CCE</b>	Common Configuration Enumeration
<b>CGE</b>	Cisco Global Exploiter
<b>CIO</b>	Chief Information Officer
<b>CIRT</b>	Computer Incident Response Team
<b>CISO</b>	Chief Information Security Officer
<b>CTO</b>	Chief Technology Officer
<b>CVE</b>	Common Vulnerabilities and Exposures
<b>CVSS</b>	Common Vulnerability Scoring System
<b>CWE</b>	Common Weakness Enumeration
<b>DNS</b>	Domain Name System
<b>DoS</b>	Denial of Service
<b>DSL</b>	Digital Subscriber Line
<b>FIPS</b>	Federal Information Processing Standards
<b>FISMA</b>	Federal Information Security Management Act
<b>FrSIRT</b>	French Security Incident Response Team
<b>FTP</b>	File Transfer Protocol
<b>GOTS</b>	Government Off-the-Shelf
<b>GPS</b>	Global Positioning System
<b>GUI</b>	Graphical User Interface
<b>HHS</b>	Department of Health and Human Services

## IT-113 IT Basics Glossary

<b>HTTP</b>	Hypertext Transfer Protocol
<b>IAM</b>	Information Assessment Methodology
<b>ICMP</b>	Internet Control Message Protocol
<b>IDART</b>	Information Design Assurance Red Team
<b>IDPS</b>	Intrusion Detection and Prevention System
<b>IDS</b>	Intrusion Detection System
<b>IEEE</b>	Institute of Electrical and Electronics Engineers
<b>IIS</b>	Internet Information Server
<b>IP</b>	Internet Protocol
<b>IPS</b>	Intrusion Prevention System
<b>ISO</b>	International Standards Organization
<b>ISSO</b>	Information Systems Security Officer
<b>IT</b>	Information Technology
<b>ITL</b>	Information Technology Laboratory
<b>IV</b>	Initialization Vector
<b>LAN</b>	Local Area Network
<b>MAC</b>	Media Access Control
<b>NAT</b>	Network Address Translation
<b>NIS</b>	Network Information System
<b>NIST</b>	National Institute of Standards and Technology
<b>NSA</b>	National Security Agency
<b>NVD</b>	National Vulnerability Database
<b>OMB</b>	Office of Management and Budget
<b>OS</b>	Operating System
<b>OSSTMM</b>	Open Source Security Testing Methodology Manual

## IT-113 IT Basics Glossary

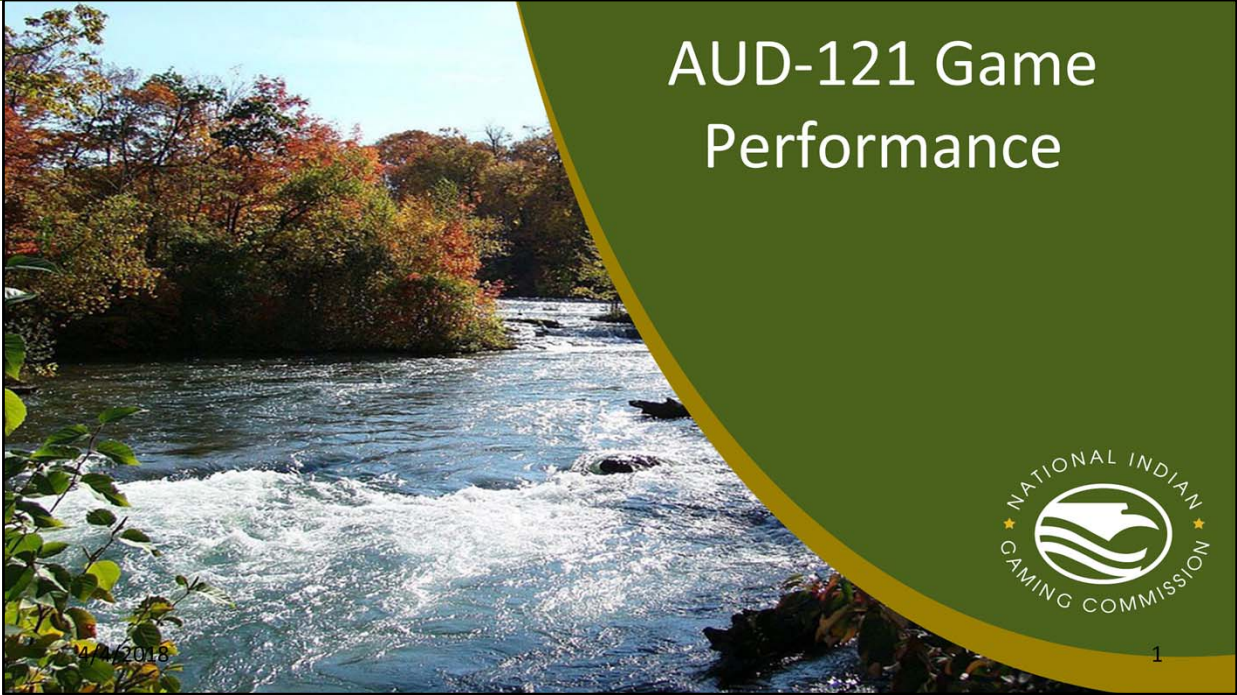
<b>OWASP</b>	Open Web Application Security Project
<b>P2P</b>	Peer-to-Peer
<b>PBX</b>	Private Branch Exchange
<b>PDA</b>	Personal Digital Assistant
<b>PII</b>	Personally Identifiable Information
<b>PIN</b>	Personal Identification Number
<b>POA&amp;M</b>	Plan of Action and Milestones
<b>POP</b>	Post Office Protocol
<b>RF</b>	Radio Frequency
<b>ROE</b>	Rules of Engagement
<b>SCADA</b>	Supervisory Control and Data Acquisition
<b>SCAP</b>	Security Content Automation Protocol
<b>SHA</b>	Secure Hash Algorithm
<b>SIP</b>	Session Initiation Protocol
<b>SME</b>	Subject Matter Expert
<b>SMTP</b>	Simple Mail Transfer Protocol
<b>SNMP</b>	Simple Network Management Protocol
<b>SP</b>	Special Publication
<b>SQL</b>	Structured Query Language
<b>SSH</b>	Secure Shell
<b>SSID</b>	Service Set Identifier
<b>SSL</b>	Secure Sockets Layer
<b>SSN</b>	Social Security Number
<b>STD</b>	Security Tool Distribution
<b>TCP</b>	Transmission Control Protocol

## IT-113 IT Basics Glossary

<b>TCP/IP</b>	Transmission Control Protocol/Internet Protocol
<b>TCP/UDP</b>	Transmission Control Protocol/User Datagram Protocol
<b>TFTP</b>	Trivial File Transfer Protocol
<b>THC</b>	The Hacker's Choice
<b>UDP</b>	User Datagram Protocol
<b>URL</b>	Uniform Resource Locator
<b>US-CERT</b>	United States Computer Emergency Readiness Team
<b>USB</b>	Universal Serial Bus
<b>VM</b>	Virtual Machine
<b>VoIP</b>	Voice Over Internet Protocol
<b>VPN</b>	Virtual Private Network
<b>WAN</b>	Wide Area Network
<b>WEP</b>	Wired Equivalent Privacy
<b>WIDPS</b>	Wireless Intrusion Detection and Prevention System
<b>WLAN</b>	Wireless Local Area Network
<b>WVE</b>	Wireless Vulnerabilities and Exploits
<b>XML</b>	Extensible Markup Language

# AUD-121 Game Performance

# AUD-121 Game Performance Participant Guide



## KEY POINTS



# AUD-121 Game Performance Participant Guide



## Objectives

- Define Statistical Analysis
- Calculate statistics associated with:
  - Pull Tabs
  - Bingo Manual/Electronic
  - Table Games
  - Gaming Machines

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KEY POINTS



## Statistical Analysis

The science of collecting, exploring and presenting large amounts of data to discover underlying patterns and trends.

- *How is it used for Gaming?*



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### KEY POINTS

# AUD-121 Game Performance Participant Guide

How is statistical analysis used in gaming?

Start the presentation to see live content. Still no live content? Install the app or get help at [PolleEv.com/app](https://www.polleverywhere.com/app)

**KEY POINTS**

Poll Title: How is statistical analysis used in gaming?  
[https://www.polleverywhere.com/free\\_text\\_polls/6brvDUomnQOksI5](https://www.polleverywhere.com/free_text_polls/6brvDUomnQOksI5)

# AUD-121 Game Performance Participant Guide



## Pull Tabs



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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Definitions

- **Win** – the net win resulting from gaming activities.
  - The difference between gambling wins and losses before associated operating expenses
- **Write** – The total amount wagered on Pull Tabs and Bingo.
- **Win-to-Write Hold %** – Win divided by write to determine hold %.

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### KEY POINTS

You should be aware of these definitions and how to do the calculations associated with them as appropriate.

# AUD-121 Game Performance Participant Guide



## Pull Tab Game Performance Analysis

### Integrity



### Functionality



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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Pull Tabs MICS

- 543.9(f)(1-2) (pull tabs) *Statistical records.*
- 543.24(d)(2)(i-iv) (Auditing Revenue)



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### KEY POINTS

- (1) Statistical records must be maintained, including (for games sold in their entirety or removed from play) a win-to-write hold percentage as compared to the expected hold percentage derived from the flare.
  - (2) A manager independent of the pull tab operations must review statistical information when the pull tab deal has ended or has been removed from the floor and must investigate any unusual statistical fluctuations. These investigations must be documented, maintained for inspection, and provided to the TGRA upon request.
- (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.



# AUD-121 Game Performance Participant Guide



## Pull Tab Flare Example

1. Total winning pull tabs? **160**
2. What is the total payout? **\$3,000**
3. What is the total revenue? **\$3,996**
4. What is Theoretical Win? **\$996**
5. What is the Hold%? **25%**

4/4/2018



### KEY POINTS

See if you can come up with the answers to these questions.

1. Total winning pull tabs?
2. What is the total payout?
3. What is the total revenue?
4. What is the hold percentage?



# AUD-121 Game Performance Participant Guide



## Activity #1- Theoretical Win and Hold %

**Break into groups, working together review the example Pull Tab Flare. Using your smart phone/calculator, compute the Theoretical Net Win and Hold Percentage and include on the Activity #1 handout.**



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### KEY POINTS

**Activity:** How to Calculate Pull Tabs Theoretical Win & Hold Percentage

**Individual Work**

**TIME:** 15 minutes

**Supplies: (per group)**

- Example Flare Handout
- Calculator on your smartphone

**Instructions**

1. Using the handout and the calculator on your smartphone determine the following:
  - Theoretical Win
  - Hold Percentage

# AUD-121 Game Performance Participant Guide



## Activity #1- Theoretical Win and Hold %

### Activity #1 Calculating Theoretical Win and Hold Percentage

Total Tickets	Cost	Total Revenue
3420	\$2	6,840
# Winners	Ticket Payout	Total Payout
4	\$599	2,396
4	\$300	1,200
8	\$100	800
4	\$50	200
20	\$4	80
240	\$2	480
<b>Total</b>		<b>5,156</b>
Calculate Theoretical Net Win:		1,684
Calculate Theoretical		24.62%

4/4/2018

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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Practice Calculations

<u>Total Tickets</u>	<u>Cost</u>	<u>Total Revenue</u>
6,000	\$ .50	\$ 3,000

<u># winners</u>	<u>Ticket Payout</u>	<u>Total Payout</u>
4	\$200	\$ 800
4	\$50	200
4	\$25	100
8	\$10	80
20	\$5	100
585	\$1	585
<b>Total</b>		<b>\$ 1,865</b>



**Theoretical Net Win**

**Theoretical Hold %**

$$\$3,000 - 1,865 = \mathbf{\$1,135}$$

$$\$1,135 / \$3,000 = \mathbf{37.8\%}$$

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### KEY POINTS

See if you can calculate the Theoretical Net Win and the Theoretical Hold Percentage.

# AUD-121 Game Performance Participant Guide



## Actual Performance

Note: TICS/ SICS include +-3% for variances.



# Winners	Ticket Payout	Total Payout
5	\$200	\$ 1000
6	\$50	300
2	\$25	50
7	\$10	70
17	\$5	85
383	\$1	383
<b>Total</b>	<b>\$</b>	<b>1,888</b>

Total Tickets	Cost	Total Revenue
3,224	\$ 0.50	\$ 1,612

Win/ (Loss)
\$1,612 - \$1,888 = (\$276)

Hold %
-\$276 / \$1,612 = -17.1%

### KEY POINTS

# AUD-121 Game Performance Participant Guide



## What can happen if pull tab statistical information is shared?

### Women charged in pull-tab scam The two used insider information to profit, federal prosecutors say.



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#### KEY POINTS

##### Women charged in pull-tab scam

**KLAWOCK: The two used inside information to profit, federal prosecutors say.**

By NICOLE TSONG

Anchorage Daily News

(Published: April 22, 2003)

Playing pull-tabs is supposed to be a gamble, but federal prosecutors say two Klawock women used inside information to turn the odds in their favor and win \$93,158 over one year.

Janine D. Harmon, 36, and Delores A. Peratrovich, 53, were charged by a federal grand jury last week with one count of conspiracy and three counts of mail fraud each.

Harmon was the manager of gaming operations for Klawock Cooperative Association, according to the indictment. She managed accounting records for pull-tab games and also was a dealer. Money from the games was used to fund the tribe's general operations.

Peratrovich had a similar role at the Klawock Liquor Store, managing pull-tab accounts and dealing pull tabs as the store's manager. Profits from the tabs went to the city of Klawock for education, public safety and heritage, the indictment says.

Klawock, which has about 850 residents, is on the west coast of Prince of Wales Island, 56 air miles west of Ketchikan.

Because of their jobs, both women were prohibited from playing pull-tabs at their respective organizations.

Pull-tabs are usually sold to customers for \$1 per ticket with a set number of winning tickets in every batch. A typical game has odds of about 86 percent, which means if someone bought all the tickets in a game, they would win 86 cents for every dollar wagered and lose 14 cents, the indictment says.

But Harmon and Peratrovich traded inside knowledge learned on the job about which games had sold most tickets but still had winning tickets left, unfairly increasing their odds of scoring money, the indictment charges.

"Playing these games with inside information is no longer 'gambling' because the player knows that if they buy all of the remaining tickets, their winnings are guaranteed to exceed their wager," the indictment says.

From September 2000 to September 2001, Harmon won \$27,963 playing at the liquor store on games including Crazy 8's, Gold Digger and Iditarod, and Fountain of Loot.

On one day, she scored \$2,554, according to the indictment. Peratrovich won \$66,195 playing the games from the tribe, such as Hey Diddle Diddle, Gold Digger and I Love You Man. On her best day, she won \$3,030, the indictment said.

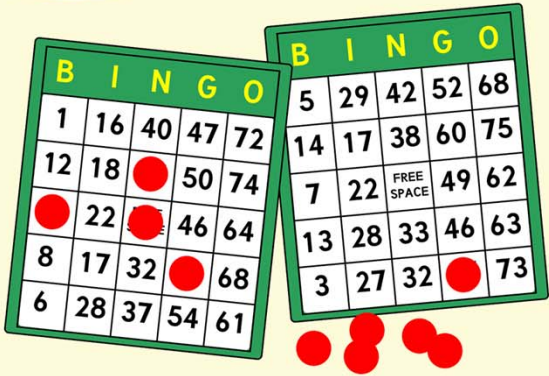
The mail fraud charges are based on the pair's ordering the pull-tabs through the mail, intending to cheat on the games, according to the indictment.

They face a maximum of five years in prison and a fine of \$250,000 for each count.

# AUD-121 Game Performance Participant Guide



## Bingo (Session)



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### KEY POINTS



# AUD-121 Game Performance Participant Guide



## BINGO - Game Performance Analysis

### Integrity



### Functionality



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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Bingo MICS

- 543.8(l) (Bingo) *Variance*.
- 543.24(d)(1)(i-v)(Auditing Revenue)



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### KEY POINTS

(l) Variance. The operation must establish, as approved by the TGRA, the threshold level at which a variance, including deviations from the mathematical expectations required by 25 CFR 547.4, will be reviewed to determine the cause. Any such review must be documented.

#### (1) Bingo.

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



# AUD-121 Game Performance Participant Guide



## Bingo (Session)

### Bingo statistical reports

#### Win, write, and win-to-write hold %

- Shift or session
- Day
- Month-to-date
- Year-to-date



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#### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Bingo (Session)

### Bingo Session Summary

January 6, 2017

	Sales	Payouts	Net	Hold
<b>Packages</b>	\$26,500	\$13,200		
<b>Upgrades</b>	4,380			
<b>Total</b>	<b>\$30,880</b>	<b>\$13,200</b>	<b>\$17,680</b>	
Warm ups	\$4,655	\$2,000	\$2,655	57.04%
Early Birds	3,102	1,500	1,602	51.64%
EZ Bingo	876	550	326	37.21%
Crazy T	1,191	700	491	41.23%
Mega Jackpot	5,026	5,500	(474)	-9.43%
Letter X	1,630	1,500	130	7.98%
Inside frame	1,128	650	478	42.38%
Super Jackpot	9,756	11,000	(1,244)	-12.75%
<b>Grand Total</b>	<b>\$58,244</b>	<b>\$36,600</b>	<b>\$21,644</b>	<b>37.16%</b>

#### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Bingo (Session)

### Bingo Monthly Summary - January Statistics

Prior FY 31.07%

	<b>Sales</b>	<b>Payouts</b>	<b>Net</b>	<b>Hold</b>
1/06/2017	\$ 58,244	\$ 36,600	\$ 21,644	37.16%
1/07/2017	39,756	30,598	9,158	23.04%
1/13/2017	52,746	42,198	10,548	20.00%
1/14/2017	43,156	37,895	5,261	12.19%
1/20/2017	59,431	43,589	15,842	26.66%
1/21/2017	36,089	32,156	3,933	10.90%
1/27/2017	58,165	37,845	20,320	34.94%
1/28/2017	45,678	34,567	11,111	24.32%
<b>Month to date</b>	<b>\$ 393,265</b>	<b>\$ 295,448</b>	<b>\$ 97,817</b>	<b>24.87%</b>

#### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Bingo (Session)

### Bingo Annual Summary - Year to Date

Note: TICS/ SICS include +-3% for variances.

Prior FY	31.07%
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	Sales	Payouts	Net	Hold
Oct-16	\$451,023	\$321,232	\$129,791	28.78%
Nov-16	\$402,209	\$285,857	\$116,352	28.93%
Dec-16	\$364,421	\$282,632	\$81,789	22.44%
Jan-17	\$393,265	\$295,448	\$97,817	24.87%
<b>Year to Date</b>	<b>\$1,610,918</b>	<b>\$1,185,169</b>	<b>\$425,749</b>	<b>26.43%</b>

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#### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Bingo (Electronic)

4 CORNERS IN 4 BALLS  
**\$2,669.36**

GAME NUMBER: 837681153    BALLS DRAWN: 38

CREDIT BET: \$18.68    WIN: 50

7 19 36 51 71  
8 25 42 48 66  
10 20 25 59 64  
4 28 37 47 68  
12 17 33 53 67

Card# 84100531 - Acard# 832016

Congratulations!  
Respins Feature Completed  
Playing 5 Reels for 50 Credits  
Three RAVEN win 500 x 3 = 1500

REEL POWER

CASH OUT    HELP    SEE PAYS    PLAY

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### KEY POINTS

Next we will look at electronic bingo.



# AUD-121 Game Performance Participant Guide



## 543 MICS & Technical Standards

543.8(l) (Bingo) *Variance*.

543.24(d)(1)(i-v)(Auditing Revenue)

547.4(a) (Fairness)

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### KEY POINTS

#### § 547.4 What are the rules of general application for this part?

(a) *Fairness*. No Class II gaming system may cheat or mislead users. All prizes advertised must be available to win during the game. A test laboratory must calculate and/or verify the **mathematical expectations of game play**, where applicable, in accordance with the manufacturer stated submission. The results must be included in the test laboratory's report to the TGRA. At the request of the TGRA, the manufacturer must also submit the mathematical expectations of the game play to the TGRA.

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

(l) *Variance*. The operation must establish, as approved by the TGRA, the threshold level at which a variance, including deviations from the **mathematical expectations** required by 25 CFR 547.4, will be reviewed to determine the cause. Any such review must be documented.

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

(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.

# AUD-121 Game Performance Participant Guide



## Activity #2- Bingo Game Variances

**Break into groups, working together review the example Bingo statistical report. Identify which bingo games, if any, are considered a variance and require an investigation. Include investigative procedures that could be performed and documentation to be reviewed. Circle the variances on the Activity #2 handout and include procedures and documentation.**

**Note: TICS/ SICS include +3% for variances.**



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### KEY POINTS

**Activity:** Bingo Game Variance and Investigations

**Individual Work**

**TIME:** 20 minutes

**Supplies: (per group)**

- Example Bingo Game Statistical Report
- Calculator on your smartphone

### Instructions

1. Using the handout, identify the Bingo Game variances and determine which machines, if any, require an investigation. Include recommended investigation procedures and types of documentation needed to be reviewed.

# AUD-121 Game Performance Participant Guide



## Activity #2



Game	MNum	PAR	Coin In	Coin Out	Win	Actual Hold %	Variance
Bingo Game XXX	790305	3.23%	304,010	332,497	-28,487	-8.57%	-11.80%
	790313	3.23%	299,060	289,110	9,950	3.44%	0.21%
	790340	3.23%	243,570	265,755	-23,185	-8.69%	-11.92%
	790356	3.23%	169,630	161,405	8,225	5.10%	1.87%
	790360	3.23%	238,110	255,280	-17,170	-6.73%	-9.96%
	790473	3.23%	259,170	240,340	18,830	7.83%	4.60%
	790474	3.23%	343,395	351,606	-8,211	-2.34%	-5.57%
	790551	3.23%	579,440	604,865	-25,425	-4.20%	-7.43%
	790579	3.23%	664,995	670,197	-5,202	-0.78%	-2.68%
	790611	3.23%	300,775	298,724	2,051	0.69%	-2.54%
	790612	3.23%	442,465	474,125	-31,660	-6.68%	-9.91%
<b>Game Total</b>	<b>3.23%</b>	<b>3,844,620</b>	<b>3,944,905</b>	<b>-100,285</b>	<b>-2.61%</b>	<b>-5.84%</b>	
Bingo Game YYY	605673	3.52%	230,886	246,649	-15,763	-6.83%	-10.35%
	605847	3.52%	248,558	244,783	3,775	1.52%	-2.00%
	605864	3.52%	175,559	167,756	7,803	4.44%	0.92%
	605979	3.52%	217,833	214,312	3,521	1.62%	-1.90%
	606015	3.52%	195,241	191,026	4,215	2.16%	-1.36%
	606228	3.52%	247,255	232,465	14,790	5.98%	2.46%
	606275	3.52%	283,053	296,447	-13,394	-4.73%	-8.25%
	606352	3.52%	155,355	148,871	6,484	4.17%	0.65%
	606391	3.52%	173,528	168,950	4,578	2.64%	-0.88%
	606399	3.52%	229,076	219,542	9,534	4.16%	0.64%
	606466	3.52%	240,460	228,610	11,850	4.93%	1.41%
<b>Game Total</b>	<b>3.52%</b>	<b>2,396,804</b>	<b>2,359,411</b>	<b>37,393</b>	<b>1.56%</b>	<b>-1.96%</b>	
Bingo Game ZZZ	580144	4.73%	118,750	111,084	7,665	6.45%	1.72%
	580146	4.73%	105,320	111,448	-6,129	-5.82%	-10.55%
	580151	4.73%	113,179	121,249	-8,071	-7.13%	-11.86%
	580157	4.73%	106,319	106,622	-304	-0.29%	-5.02%
	580158	4.73%	146,838	159,085	-12,247	-8.34%	-13.07%
	580160	4.73%	110,854	103,358	7,496	6.76%	2.03%
	580168	4.73%	101,095	92,834	8,261	8.17%	3.44%
	580169	4.73%	107,234	100,742	6,493	6.05%	1.32%
	580180	4.73%	166,197	175,703	-9,506	-5.72%	-10.45%
	580183	4.73%	150,141	154,870	-4,729	-3.15%	-7.88%
	580196	4.73%	139,488	145,283	-5,796	-4.15%	-8.88%
<b>Game Total</b>	<b>4.73%</b>	<b>1,365,412</b>	<b>1,382,279</b>	<b>-16,867</b>	<b>-1.24%</b>	<b>-5.97%</b>	

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### KEY POINTS

**Activity:** Which of these Bingo Games would you investigate?

**Group Work**

**TIME:** 30 minutes

**Supplies:** (per group)

- Handout Bingo Machine Results Report (same as table on slide)

### Instructions

1. Break up into small groups.
2. Review the data for each bingo machine and determine which of the numbers may trigger an investigation and why.
3. Participate in class discussion.



# AUD-121 Game Performance Participant Guide



## Activity #2



Game	MNum	PAR	Coin In	Coin Out	Win	Actual Hold %	Variance
<b>Bingo Game XXX</b>	790305	3.23%	304,010	332,497	-28,487	-8.57%	-11.80%
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	790612	3.23%	442,465	474,125	-31,660	-6.68%	-9.91%
<b>Game Total</b>		<b>3.23%</b>	<b>3,844,620</b>	<b>3,944,905</b>	<b>-100,285</b>	<b>-2.61%</b>	<b>-5.84%</b>
605673	3.52%	230,886	246,649	-15,763	-6.83%	-10.35%	

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### KEY POINTS

**Activity:** Which of these machines would you investigate?

**Group Work**

**TIME: 30 minutes**

**Supplies: (per group)**

- Handout Bingo Machine Results Report (same as table on slide)

### Instructions

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# AUD-121 Game Performance Participant Guide



## Activity #2



	Total						
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### KEY POINTS

**Activity:** Which of these machines would you investigate?

**Group Work**

**TIME:** 30 minutes

**Supplies:** (per group)

- Handout Bingo Machine Results Report (same as table on slide)

### Instructions

1. Break up into small groups.
2. Review the data for each bingo machine and determine which of the numbers may trigger an investigation and why.
3. Participate in class discussion.

# AUD-121 Game Performance Participant Guide



## Table Games



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**KEY POINTS**

Next well look at table games.

# AUD-121 Game Performance Participant Guide



## TABLE GAMES Performance Analysis

### Integrity



### Functionality



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### KEY POINTS

# AUD-121 Game Performance Participant Guide



What can happen if you do NOT perform analysis of games

[Co-Founder of Casino-Cheating Criminal Enterprise Sentenced to 36 Months in Prison for Targeting Casinos Across the United States](#)



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## KEY POINTS

**Link to the DOJ story:** <https://www.justice.gov/opa/pr/co-founder-casino-cheating-criminal-enterprise-sentenced-36-months-prison-targeting-casinos>

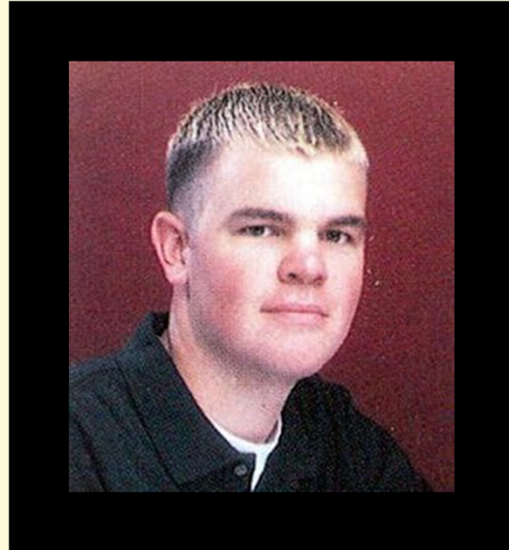
There was also a show made based on this called American Greed Episode 62 Blackjack Cheaters

# AUD-121 Game Performance Participant Guide



What can happen if you do NOT perform analysis of games

## Seattle Mayor's son indicted



### KEY POINTS

Link to story about Jacob Nickels indictment: <https://www.seattletimes.com/seattle-news/nickels-son-indicted-with-dozens-in-scheme-to-cheat-casinos/>





### **§3. What are the minimum internal control standards for table games?**

(g) Analysis of table game performance standards.

(1) Single Deck Black Jack...

(2)-(5) Hold percentage by table, type of game, shift, day, cumulative month-to-date, and cumulative year-to-date.

Reviewed by independent management at least monthly and investigate and document large variances.

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#### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Table Games Definitions

**What is the Win equal to?**

**What is the Drop equal to?**

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**KEY POINTS**

What are the definitions for each of these terms?



# AUD-121 Game Performance Participant Guide



## Activity #3- Table Games Theo Win and Hold %

**Break into groups, working together review the example Table Games statistical report. Using your smart phone/calculator, compute the Hold% and Variance for each Table Game Type identified and include on the Activity #3 handout.**



**Note: TICS/ SICS include +-3% for variances.**

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### KEY POINTS

**Activity:** How to Calculate Table Games Hold Percentage and Variance

**Individual Work**

**TIME: 20 minutes**

**Supplies: (per group)**

- Example Table Games Statistical Report Handout
- Calculator on your smartphone

### Instructions

1. Using the handout and the calculator on your smartphone determine the following:
  - Hold Percentage
  - Variance

# AUD-121 Game Performance Participant Guide



## Activity #3



Summary	Table Type	Drop	Win	Hold%	Base Hold %	Variance
Baccarat	Mini Baccarat	5,304,711	241,471		8.1%	
	Midi Baccarat	8,237,637	1,606,784		13.1%	
	EZ Baccarat	807,290	102,370		16.5%	
	<b>Baccarat Total:</b>	<b>14,349,638</b>	<b>1,950,625</b>		<b>11.7%</b>	
BlackJack	BlackJack	5,921,554	541,128		18.6%	
	Single Deck BlackJack	1,064,592	211,312		20.9%	
	Double Deck BlackJack	7,067,915	1,124,432		15.6%	
	SW BlackJack	494,857	117,249		25.3%	
	Free Bet BlackJack	682,476	150,106		20.3%	
	Spanish 21	231,629	70,109		30.7%	
	Bet em All	734,762	111,572		19.00%	
	<b>BlackJack Total:</b>	<b>16,197,785</b>	<b>2,325,908</b>		<b>17.8%</b>	
	Pai Gow	1,175,740	303,635		29.4%	
Specialty	Three Card Poker	547,012	236,739		35.7%	
	Four Card Poker	463,142	142,054		34.7%	
	Ultimate Hold'em	484,495	177,391		35.3%	
	Dealer Bluff	567,054	195,049		31.0%	
	American Roulette	1,317,756	353,373		25.3%	
	Craps	673,395	148,112		20.6%	
	Mississippi Stud	434,817	140,717		34.5%	
	Seven Up Pai Gow	465,190	214,686		30.00%	
	<b>Specialty Total:</b>	<b>6,128,601</b>	<b>1,911,756</b>		<b>29.6%</b>	
	<b>Grand Total</b>	<b>36,676,024</b>	<b>6,188,289</b>		<b>24.5%</b>	

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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Activity #3



Summary	Table Type	Drop	Win	Hold%	Base Hold %	Variance
Baccarat	Mini Baccarat	5,304,711	241,471	4.6%	8.1%	-3.5%
	Midi Baccarat	8,237,637	1,606,784	19.5%	13.1%	6.4%
	EZ Baccarat	807,290	102,370	12.7%	16.5%	-3.8%
	<b>Baccarat Total:</b>	<b>14,349,638</b>	<b>1,950,625</b>	<b>13.6%</b>	<b>11.7%</b>	<b>1.9%</b>
BlackJack	BlackJack	5,921,554	541,128	9.1%	18.6%	-9.5%
	Single Deck BlackJack	1,064,592	211,312	19.8%	20.9%	-1.1%
	Double Deck BlackJack	7,067,915	1,124,432	15.9%	15.6%	0.3%
	SW BlackJack	494,857	117,249	23.7%	25.3%	-1.6%
	Free Bet BlackJack	682,476	150,106	22.0%	20.3%	1.7%
	Spanish 21	231,629	70,109	30.3%	30.7%	-0.4%
	Bet em All	734,762	111,572	15.2%	19.00%	-3.8%
	<b>BlackJack Total:</b>	<b>16,197,785</b>	<b>2,325,908</b>	<b>14.4%</b>	<b>17.8%</b>	<b>-3.4%</b>
Specialty	Pai Gow	1,175,740	303,635	25.8%	29.4%	-3.6%
	Three Card Poker	547,012	236,739	43.3%	35.7%	7.6%
	Four Card Poker	463,142	142,054	30.7%	34.7%	-4.0%
	Ultimate Hold'em	484,495	177,391	36.6%	35.3%	1.3%
	Dealer Bluff	567,054	195,049	34.4%	31.0%	3.4%
	American Roulette	1,317,756	353,373	26.8%	25.3%	1.5%
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	<b>Grand Total</b>	<b>36,676,024</b>	<b>6,188,289</b>	<b>16.9%</b>	<b>24.5%</b>	<b>-7.6%</b>

4/4/2018

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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Records by Table

Table	TT	Drop Information		Markers	Marker Payments			Stat Win	Hold %
		Cash	Stat Drop	Issued	Cash	Chips	Transfer		
BC-1	MB	39,155	39,155	-	-	-	-	14,900	38.05%
BC-2	MB	32,669	32,669	-	-	-	-	17,929	54.88%
BC-3	MB	323,969	323,969	-	-	-	-	56,214	17.35%
BC-4	MB	1,153,635	1,153,635	-	-	-	-	(73,285)	-6.35%
BC-5	MB	1,926,447	1,926,447	-	-	-	-	143,877	7.47%
BC-6	MB	1,821,836	1,828,836	7,000	-	-	7,000	81,836	4.47%
BC-7	MD	1,046,017	1,053,017	7,000	-	-	7,000	140,627	13.35%
BC-8	MD	1,635,620	1,731,220	95,600	-	5,000	90,600	323,660	18.70%
BC-9	MD	1,747,246	1,827,246	80,000	-	8,000	72,000	444,676	24.34%
BC-10	MD	743,115	824,115	81,000	-	4,000	77,000	13,365	1.62%
BC-11	EZ	807,290	807,290	-	-	-	-	102,370	12.68%
BJ-1	BJ	49,803	49,803	-	-	-	-	10,976	22.04%
BJ-2	BJ	441,239	441,239	-	-	-	-	98,239	22.26%
BJ-3	BJ	37,419	37,419	-	-	-	-	914	2.44%
BJ-4	BJ	38,669	38,669	-	-	-	-	9,749	25.21%
BJ-5	BJ	471,525	473,025	1,500	-	500	1,000	74,255	15.70%
BJ-6	BJ	22,606	22,606	-	-	-	-	(6,594)	-29.17%
BJ-7	BJ	19,730	19,730	-	-	-	-	460	2.33%
BJ-8	BJ	22,500	22,500	-	-	-	-	3,015	13.40%
BJ-9	BJ	18,493	18,493	-	-	-	-	1,568	8.48%
BJ-10	BJ	29,322	29,322	-	-	-	-	6,432	21.94%
BJ-11	BJ	27,286	27,286	-	-	-	-	8,291	30.39%
BJ-12	BJ	100,163	100,163	-	-	-	-	(10,647)	-10.63%
BJ-13	BJ	470,336	470,336	-	-	-	-	71,176	15.13%
BJ-14	BJ	2,139,403	2,336,483	197,080	-	142,580	54,500	218,943	9.37%
BJ-15	BJ	653,150	691,150	38,000	-	12,000	26,000	(65,680)	-9.50%
BJ-16	BJ	47,874	47,874	-	-	-	-	(3,557)	-7.43%
BJ-17	BJ	26,429	26,429	-	-	-	-	(10,096)	-38.20%
BJ-18	BJ	25,563	25,563	-	-	-	-	2,898	11.34%
BJ-19	BJ	54,423	55,423	1,000	-	-	1,000	17,473	31.53%
BJ-20	BJ	98,598	98,598	-	-	-	-	(10,242)	-10.39%
BJ-21	BJ	108,892	108,892	-	-	-	-	17,692	16.25%
BJ-22	BJ	50,417	50,417	-	-	-	-	(2,573)	-5.10%

### KEY POINTS

Refer to the handout titled Records by Table which looks similar to the table on the slide.

# AUD-121 Game Performance Participant Guide



## Daily Table Records

Patron	Total	01-Aug	02-Aug	03-Aug	04-Aug	05-Aug	06-Aug	07-Aug	08-Aug
AAAAAAA	(157.7)	-	-	(32.6)	-	-	-	-	(29.4)
BBBBBBB	(132.4)	-	-	-	-	(26.8)	(101.0)	-	-
CCCCCCC	(90.0)	(0.4)	0.7	(1.3)	(7.9)	11.8	-	-	-
DDDDDDD	(35.2)	-	-	-	-	-	-	-	-
EEEEEEE	(27.0)	-	-	-	-	-	(30.2)	(16.1)	-
FFFFFFF	(22.6)	-	-	-	-	-	-	-	-

Patron	Total	09-Aug	10-Aug	11-Aug	12-Aug	13-Aug	14-Aug	15-Aug	16-Aug
AAAAAAA	(157.7)	-	-	-	-	-	-	-	-
BBBBBBB	(132.4)	-	-	(22.0)	-	-	-	-	-
CCCCCCC	(90.0)	-	-	-	-	-	-	(69.4)	(9.3)
DDDDDDD	(35.2)	-	-	(4.9)	(19.0)	-	-	-	-
EEEEEEE	(27.0)	-	-	-	-	8.0	(39.7)	-	25.0
FFFFFFF	(22.6)	-	-	-	-	-	-	-	-

Patron	Total	17-Aug	18-Aug	19-Aug	20-Aug	21-Aug	22-Aug	23-Aug	24-Aug
AAAAAAA	(157.7)	(37.3)	-	(37.9)	-	-	-	-	-
BBBBBBB	(132.4)	-	-	174.4	(157.0)	-	-	-	-
CCCCCCC	(90.0)	(57.3)	43.1	-	-	-	-	-	-
DDDDDDD	(35.2)	-	-	14.0	(20.8)	-	-	-	-
EEEEEEE	(27.0)	-	-	-	-	-	-	-	-
FFFFFFF	(22.6)	-	-	-	-	-	-	-	-

Patron	Total	25-Aug	26-Aug	27-Aug	28-Aug	29-Aug	30-Aug	31-Aug
AAAAAAA	(157.7)	-	-	-	-	(20.5)	-	-
BBBBBBB	(132.4)	-	-	-	-	-	-	-
CCCCCCC	(90.0)	-	-	-	-	-	-	-
DDDDDDD	(35.2)	-	-	-	-	-	-	(4.5)
EEEEEEE	(27.0)	-	-	-	-	26.1	-	-
FFFFFFF	(22.6)	-	-	-	(22.6)	-	-	-

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### KEY POINTS

Refer to the handout titled Records by Table which looks similar to the table on the slide.

# AUD-121 Game Performance Participant Guide



## Gaming Machines



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### KEY POINTS

Next we will look at gaming machines.



# AUD-121 Game Performance Participant Guide



## GAMING MACHINE Performance Analysis

### Integrity



### Functionality



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### KEY POINTS



## Class III MICS Guidance

### §4. What are the minimum internal control standards for gaming machines?

(h) Standards for evaluating theoretical and actual hold percentages.

(1)-(6) Par sheets, multi-game machines, adjusted theoretical holds, and manufacture performance standards.

**Having an  
ACCURATE THEORETICAL HOLD %**

41

#### KEY POINTS

Review your handout for this set of standards and note where it makes reference to Accurate Theoretical Hold %





## Class III MICS Guidance

(h) Standards for evaluating theoretical and actual hold percentages cont...

(7)-(13) Records of changes to machines, functioning meters and meter readings.

**Having an  
ACCURATE ACTUAL HOLD %**

42

### KEY POINTS

Review your handout for this set of standards and note where it makes reference to Accurate Theoretical Hold %



## Class III MICS Guidance

(h) Standards for evaluating theoretical and actual hold percentages cont...

(14)-(18) Monthly statistical report, not commingling various hold percentages or distorting actual, review of monthly reports and investigations of large variances.

### **Comparing ACTUAL to THEORETICAL**

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#### **KEY POINTS**

Review your handout for this set of standards and note where it makes reference to comparing Actual to Theoretical

# AUD-121 Game Performance Participant Guide



## PAR Sheet

Total Game Outcomes	262,144
Winning Outcomes	35,424
Losing Outcomes	226,720
Total Coin In	\$786,432
Total Coin Out	\$747,190
Total Win	\$39,242
Theoretical Hold %	<b>4.99%</b>
Theoretical Win %	<b>95.01%</b>
4/4/2018	

Reel Strip Number 6179 HOLD % 4.991 Denomination:  
 MODEL #: KK2PX PAYTABLE 107A209  
 90% Confidence value, 10,000,000 pulls- LOW #: 94.04 HIGH #: 95.10

COIN	PERCENT	HIT	TOTAL HITS	TOTAL PAYS	SYM	NUMBER / REEL
#	PAY BACK	FREQ				R1 R2 R3
1	88.427%	12.769%	33474	231780	---	23 25 30
2	93.361%	13.513%	35424	489480	1B	8 12 14
3	95.009%	13.513%	35424	747180	2B	12 10 4
					3B	6 4 6
					7	9 9 6
					27	6

This is a 3 reel, 3 Coin 64 stop machine. Reel Combs: 262144

PAY COMBO	# PER REEL	HITS	PULLS/HIT	PAYS	TOTAL PAY
---	23 25 30	17250	15	2	34500
Coin # 2		17250	15	2	34500
Coin # 3		17250	15	2	34500
AB AB AB	26 26 24	14256	18	10	142560
Coin # 2		14256	18	10	142560
Coin # 3		14256	18	10	142560
1B 1B 1B	8 12 14	1344	195	20	26880
Coin # 2		1344	195	20	26880
Coin # 3		1344	195	20	26880
2B 2B 2B	12 10 4	480	546	40	19200
Coin # 2		480	546	40	19200
Coin # 3		480	546	40	19200
3B 3B 3B	6 4 6	144	1820	60	8640
Coin # 2		144	1820	60	8640
Coin # 3		144	1820	60	8640

SS:6179 3R3BM BM EPC:95.009 HTFC:13.513 P:M 15:32:20 1-DEC-94 Page: 2

PAY COMBO	# PER REEL	HITS	PULLS/HIT	PAYS	TOTAL PAY
A7 A7 A7	15 13 10	0	*****	0	0
Coin # 2		1368	192	100	136800
Coin # 3		1368	192	200	273600
7 7 7	9 9 6	0	*****	0	0
Coin # 2		486	539	150	72900
Coin # 3		486	539	300	145800
27 27 27	6 4 4	0	*****	0	0
Coin # 2		96	2731	500	48000
Coin # 3		96	2731	1000	96000

Total hits 38424 Total Coins Paid 747190

### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Confidence Value for Par Sheet

Reel Strip Number 6179 HOLD % 4.991 Denomination:  
 MODEL # : XK29X PAYTABLE 107A209  
 90% Confidence value, 10,000,000 pulls-- LOW %: 94.84 HIGH %: 95.18

COIN #	PERCENT PAY BACK	HIT FREQ	TOTAL HITS	TOTAL PAYS	SYM	NUMBER / REEL		
						R1	R2	R3
1	88.417%	12.769%	33474.	231780.	--	23	25	30
2	93.361%	13.513%	35424.	489480.	1B	8	12	14
3	95.009%	13.513%	35424.	747180.	2B	12	10	4
					3B	6	4	6
					7	9	9	6
					Z7	6	4	4

This is a 3 reel , 3 Coin 64 stop machine. Reel Combos : 262144.

HANDLE PULLS	90% CONFIDENCE VALUES	
	LOWER PERCENTAGE	UPPER PERCENTAGE
1000.	77.63	112.39
10000.	89.51	100.50
100000.	93.27	96.75
1000000.	94.46	95.56
10000000.	94.84	95.18

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### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Activity #4- Gaming Machine Variances and Investigations

Break into groups, working together review the example Gaming Machine statistical report. Identify which gaming machines, if any, are considered a variance and require an investigation. Include investigative procedures that could be performed and documentation to be reviewed. Circle the variances on the Activity #4 handout and include procedures and documentation.

Note: TICS/ SICS include  $\pm 3\%$  for variances.



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### KEY POINTS

**Activity:** Gaming Machine Variance and Investigations

**Individual Work**

**TIME:** 20 minutes

**Supplies: (per group)**

- Example Gaming Machine Statistical Report
- Calculator on your smartphone

### Instructions

1. Using the handout, identify the gaming machine variances and determine which machines, if any, require an investigation. Include recommended investigation procedures and types of documentation needed to be reviewed.

# AUD-121 Game Performance Participant Guide

Mach #	Denom		Coin In	Gross Drop	JP+TK	Net Win	Theo	Act %	Var %	Estimated Dollar Var
1413	0.01	MTD	47,983	30,897	26,507	4,390	5.08%	9.15%	4.07%	1,952
		YTD	651,438	374,051	340,768	33,283	5.08%	5.11%	0.03%	190
		LTD	3,061,760	1,795,445	1,533,455	261,989	5.08%	8.56%	3.48%	106,452
1414	0.01	MTD	45,840	30,221	25,825	4,396	5.08%	9.59%	4.51%	2,067
		YTD	740,070	430,278	408,016	22,262	5.08%	3.01%	-2.07%	-15,333
		LTD	4,218,400	2,495,613	2,366,492	129,121	5.08%	3.06%	-2.02%	-85,174
1415	0.01	MTD	118,109	38,444	35,176	3,268	2.60%	2.77%	0.17%	198
		YTD	1,111,700	347,310	334,320	12,990	2.60%	1.17%	-1.43%	-15,915
		LTD	6,559,033	2,014,397	1,972,489	41,908	2.60%	0.64%	-1.96%	-128,627
1416	0.01	MTD	112,876	40,365	38,111	2,254	2.60%	2.00%	-0.60%	-681
		YTD	1,366,211	509,267	498,022	11,244	2.60%	0.82%	-1.78%	-24,277
		LTD	5,054,980	1,935,213	1,942,287	-7,074	2.60%	-0.14%	-2.74%	-138,504
1418	0.01	MTD	92,205	45,405	47,743	-2,338	3.54%	-2.54%	-6.08%	-5,602
		YTD	960,736	511,438	512,594	-1,155	3.54%	-0.12%	-3.66%	-35,165
		LTD	5,476,194	2,966,343	3,024,303	-57,960	3.54%	-1.06%	-4.60%	-251,817
1419	0.01	MTD	133,574	65,464	85,419	-19,955	5.02%	-14.94%	-19.96%	-26,660
		YTD	1,565,406	759,790	780,381	-20,591	5.02%	-1.32%	-6.34%	-99,175
		LTD	5,792,003	2,887,201	2,926,429	-39,228	5.02%	-0.68%	-5.70%	-329,987
2063	1.00	MTD	85,745	63,611	63,774	-163	5.02%	-0.19%	-5.21%	-4,467
		YTD	2,753,754	1,448,854	1,319,426	129,428	5.02%	4.70%	-0.32%	-8,810
		LTD	15,696,398	8,403,353	7,652,671	750,682	5.02%	4.78%	-0.24%	-37,277
2064	1.00	MTD	81,083	63,088	42,428	20,660	5.02%	25.48%	20.46%	16,590
		YTD	2,490,519	1,374,846	1,258,616	116,230	5.02%	4.67%	-0.35%	-8,794
		LTD	11,705,439	6,599,261	6,167,218	432,042	5.02%	3.69%	-1.33%	-155,571
2065	1.00	MTD	122,701	77,303	67,606	9,697	5.02%	7.90%	2.88%	3,537
		YTD	2,440,102	1,357,552	1,234,949	122,603	5.02%	5.02%	0.00%	110
		LTD	13,908,581	7,873,802	7,175,054	698,748	5.02%	5.02%	0.00%	537
2066	1.00	MTD	131,135	79,249	77,885	1,364	5.00%	1.04%	-3.96%	-5,193
		YTD	2,331,900	963,991	1,245,327	-281,336	5.00%	-12.06%	-17.06%	-397,931
		LTD	10,959,930	4,627,157	5,728,506	-1,101,350	5.00%	-10.05%	-15.05%	-1,649,346
2067	1.00	MTD	114,584	69,585	69,846	-261	5.00%	-0.23%	-5.23%	-5,990
		YTD	1,956,375	768,907	776,311	-7,404	5.00%	-0.38%	-5.38%	-105,223
		LTD	9,194,963	3,690,754	3,803,924	-113,170	5.00%	-1.23%	-6.23%	-572,918
2068	1.00	MTD	146,913	71,181	62,922	8,259	5.00%	5.62%	0.62%	913
		YTD	1,865,744	703,037	699,877	3,160	5.00%	0.17%	-4.83%	-90,127

## KEY POINTS

Look at each of the machine data and see if the information warrants an investigation.



# AUD-121 Game Performance Participant Guide



## Questions

Contact Information:

[TRAINING@nigc.gov](mailto:TRAINING@nigc.gov)



### KEY POINTS

# AUD-121 Game Performance Participant Guide



## Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



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### KEY POINTS



# AUD-121 Game Performance Participant Guide

**Course Eval - AUD 121 - Game Performance**  
When survey is active, respond at [PolleEv.com/nigc2](https://www.polleverywhere.com/nigc2)

**0 surveys done**  
0 surveys underway

Start the presentation to see live content. Still no live content? Install the app or get help at [PolleEv.com/app](https://www.polleverywhere.com/app)

**KEY POINTS**

Poll Title: Course Eval - AUD 121 - Game Performance  
<https://www.polleverywhere.com/surveys/OMqELsOmM>

Activity #1- Calculating Theoretical Win and Hold Percentage

**\$2 PER PLAY**

# BULLSEYE™

**\$599 \$599**

**\$599 \$599**

**\$300 \$300**

**\$300 \$300**

**\$100 \$100 \$100 \$100**

**\$100 \$100 \$100 \$100**




**4 WIN**

**\$50 \$50**

**\$50 \$50**

**\$4**

**\$2**








Pull Tab Purchasers - This pull tab game is not legal in Minnesota unless an outline of Minnesota with the letters "MN" inside it is imprinted on this sheet, and the serial number imprinted on the bar code at the bottom of this sheet is the same as the serial number on the pull tab ticket you have purchased.

DATE IN \_\_\_\_\_ DATE OUT \_\_\_\_\_  
SIGNATURE \_\_\_\_\_

TKT. CT. **3420**  
FORM#  
  
MN01278



© Paramount Games  
Wheatland, PA. 16161 MADE IN U.S.A.

## Activity #1- Calculating Theoretical Win and Hold Percentage

Total Tickets	Cost	Total Revenue
3420		
# winners	Ticket Payout	Total Payout
	\$599	
	\$300	
	\$100	
	\$50	
	\$4	
	\$2	
	<b>Total</b>	

Calculate Theoretical Net Win:

Calculate Theoretical Hold%:

# Activity #2

Game	MNum	PAR	Games	Coin In	Coin Out	Win	Actual Hold %	Variance
Bingo Game XXX	790305	3.23%	1	304,010	332,497	-28,487	-8.57%	-11.80%
	790313	3.23%	1	299,060	289,110	9,950	3.44%	0.21%
	790340	3.23%	1	243,570	266,755	-23,185	-8.69%	-11.92%
	790356	3.23%	1	169,630	161,405	8,225	5.10%	1.87%
	790360	3.23%	1	238,110	255,280	-17,170	-6.73%	-9.96%
	790473	3.23%	1	259,170	240,340	18,830	7.83%	4.60%
	790474	3.23%	1	343,395	351,606	-8,211	-2.34%	-5.57%
	790551	3.23%	1	579,440	604,865	-25,425	-4.20%	-7.43%
	790579	3.23%	1	664,995	670,197	-5,202	-0.78%	2.68%
	790611	3.23%	1	300,775	298,724	2,051	0.69%	-2.54%
	790612	3.23%	1	442,465	474,125	-31,660	-6.68%	-9.91%
	<b>Game Total</b>		<b>3.23%</b>	<b>11</b>	<b>3,844,620</b>	<b>3,944,905</b>	<b>-100,285</b>	<b>-2.61%</b>
Bingo Game YYY	605673	3.52%	1	230,886	246,649	-15,763	-6.83%	-10.35%
	605847	3.52%	1	248,558	244,783	3,775	1.52%	-2.00%
	605864	3.52%	1	175,559	167,756	7,803	4.44%	0.92%
	605979	3.52%	1	217,833	214,312	3,521	1.62%	-1.90%
	606015	3.52%	1	195,241	191,026	4,215	2.16%	-1.36%
	606228	3.52%	1	247,255	232,465	14,790	5.98%	2.46%
	606275	3.52%	1	283,053	296,447	-13,394	-4.73%	-8.25%
	606352	3.52%	1	155,355	148,871	6,484	4.17%	0.65%
	606391	3.52%	1	173,528	168,950	4,578	2.64%	-0.88%
	606399	3.52%	1	229,076	219,542	9,534	4.16%	0.64%
	606466	3.52%	1	240,460	228,610	11,850	4.93%	1.41%
	<b>Game Total</b>		<b>3.52%</b>	<b>12</b>	<b>2,396,804</b>	<b>2,359,411</b>	<b>37,393</b>	<b>1.56%</b>
Bingo Game ZZZ	580144	4.73%	1	118,750	111,084	7,665	6.45%	1.72%
	580146	4.73%	1	105,320	111,448	-6,129	-5.82%	-10.55%
	580151	4.73%	1	113,179	121,249	-8,071	-7.13%	-11.86%
	580157	4.73%	1	106,319	106,622	-304	-0.29%	-5.02%
	580158	4.73%	1	146,838	159,085	-12,247	-8.34%	-13.07%
	580160	4.73%	1	110,854	103,358	7,496	6.76%	2.03%
	580168	4.73%	1	101,095	92,834	8,261	8.17%	3.44%
	580169	4.73%	1	107,234	100,742	6,493	6.05%	1.32%
	580180	4.73%	1	166,197	175,703	-9,506	-5.72%	-10.45%
	580183	4.73%	1	150,141	154,870	-4,729	-3.15%	-7.88%
	580196	4.73%	1	139,488	145,283	-5,796	-4.15%	-8.88%
	<b>Game Total</b>		<b>4.73%</b>	<b>11</b>	<b>1,365,412</b>	<b>1,382,279</b>	<b>-16,867</b>	<b>-1.24%</b>

As a Group/ Table, perform the following;

1. Identify the "Bingo" variances;
2. Identify the investigative procedures that should be performed;
3. Identify the types of documentation that should be reviewed.

## Activity #3

Summary	Table Type	Drop	Win	Hold%	Base Hold %	Variance
Baccarat	Mini Baccarat	5,304,711	241,471		8.1%	
	Midi Baccarat	8,237,637	1,606,784		13.1%	
	EZ Baccarat	807,290	102,370		16.5%	
	<b>Baccarat Total:</b>	<b>14,349,638</b>	<b>1,950,625</b>		<b>11.7%</b>	
BlackJack	BlackJack	5,921,554	541,128		18.6%	
	Single Deck BlackJack	1,064,592	211,312		20.9%	
	Double Deck BlackJack	7,067,915	1,124,432		15.6%	
	SW BlackJack	494,857	117,249		25.3%	
	Free Bet BlackJack	682,476	150,106		20.3%	
	Spanish 21	231,629	70,109		30.7%	
	Bet em All	734,762	111,572		19.00%	
	<b>BlackJack Total:</b>	<b>16,197,785</b>	<b>2,325,908</b>		<b>17.8%</b>	
Specialty	Pai Gow	1,175,740	303,635		29.4%	
	Three Card Poker	547,012	236,739		35.7%	
	Four Card Poker	463,142	142,054		34.7%	
	Ultimate Hold'em	484,495	177,391		35.3%	
	Dealer Bluff	567,054	195,049		31.0%	
	American Roulette	1,317,756	353,373		25.3%	
	Craps	673,395	148,112		20.6%	
	Missippi Stud	434,817	140,717		34.5%	
	Seven Up Pai Gow	465,190	214,686		30.00%	
	<b>Specialty Total:</b>	<b>6,128,601</b>	<b>1,911,756</b>		<b>29.6%</b>	
	<b>Grand Total</b>	<b>36,676,024</b>	<b>6,188,289</b>		<b>24.5%</b>	

As a Group/ Table, perform the following;

1. Calculate the Hold %;
2. Calculate the Variance.

# Activity #4

Mach #	Denom		Coin In	Gross Drop	JP+TK	Net Win	Theo	Act %	Var %	Estimated Dollar Var
1413	0.01	MTD	47,983	30,897	26,507	4,390	5.08%	9.15%	4.07%	1,952
		YTD	651,438	374,051	340,768	33,283	5.08%	5.11%	0.03%	190
		LTD	3,061,760	1,795,445	1,533,455	261,989	5.08%	8.56%	3.48%	106,452
1414	0.01	MTD	45,840	30,221	25,825	4,396	5.08%	9.59%	4.51%	2,067
		YTD	740,070	430,278	408,016	22,262	5.08%	3.01%	-2.07%	-15,333
		LTD	4,218,400	2,495,613	2,366,492	129,121	5.08%	3.06%	-2.02%	-85,174
1415	0.01	MTD	118,109	38,444	35,176	3,268	2.60%	2.77%	0.17%	198
		YTD	1,111,700	347,310	334,320	12,990	2.60%	1.17%	-1.43%	-15,915
		LTD	6,559,033	2,014,397	1,972,489	41,908	2.60%	0.64%	-1.96%	-128,627
1416	0.01	MTD	112,876	40,365	38,111	2,254	2.60%	2.00%	-0.60%	-681
		YTD	1,366,211	509,267	498,022	11,244	2.60%	0.82%	-1.78%	-24,277
		LTD	5,054,980	1,935,213	1,942,287	-7,074	2.60%	-0.14%	-2.74%	-138,504
1418	0.01	MTD	92,205	45,405	47,743	-2,338	3.54%	-2.54%	-6.08%	-5,602
		YTD	960,736	511,438	512,594	-1,155	3.54%	-0.12%	-3.66%	-35,165
		LTD	5,476,194	2,966,343	3,024,303	-57,960	3.54%	-1.06%	-4.60%	-251,817
1419	0.01	MTD	133,574	65,464	85,419	-19,955	5.02%	-14.94%	-19.96%	-26,660
		YTD	1,565,406	759,790	780,381	-20,591	5.02%	-1.32%	-6.34%	-99,175
		LTD	5,792,003	2,887,201	2,926,429	-39,228	5.02%	-0.68%	-5.70%	-329,987
2063	1.00	MTD	85,745	63,611	63,774	-163	5.02%	-0.19%	-5.21%	-4,467
		YTD	2,753,754	1,448,854	1,319,426	129,428	5.02%	4.70%	-0.32%	-8,810
		LTD	15,696,398	8,403,353	7,652,671	750,682	5.02%	4.78%	-0.24%	-37,277
2064	1.00	MTD	81,083	63,088	42,428	20,660	5.02%	25.48%	20.46%	16,590
		YTD	2,490,519	1,374,846	1,258,616	116,230	5.02%	4.67%	-0.35%	-8,794
		LTD	11,705,439	6,599,261	6,167,218	432,042	5.02%	3.69%	-1.33%	-155,571
2065	1.00	MTD	122,701	77,303	67,606	9,697	5.02%	7.90%	2.88%	3,537
		YTD	2,440,102	1,357,552	1,234,949	122,603	5.02%	5.02%	0.00%	110
		LTD	13,908,581	7,873,802	7,175,054	698,748	5.02%	5.02%	0.00%	537
2066	1.00	MTD	131,135	79,249	77,885	1,364	5.00%	1.04%	-3.96%	-5,193
		YTD	2,331,900	963,991	1,245,327	-281,336	5.00%	-12.06%	-17.06%	-397,931
		LTD	10,959,930	4,627,157	5,728,506	-1,101,350	5.00%	-10.05%	-15.05%	-1,649,346
2067	1.00	MTD	114,584	69,585	69,846	-261	5.00%	-0.23%	-5.23%	-5,990
		YTD	1,956,375	768,907	776,311	-7,404	5.00%	-0.38%	-5.38%	-105,223
		LTD	9,194,963	3,690,754	3,803,924	-113,170	5.00%	-1.23%	-6.23%	-572,918
2068	1.00	MTD	146,913	71,181	62,922	8,259	5.00%	5.62%	0.62%	913
		YTD	1,865,744	703,037	699,877	3,160	5.00%	0.17%	-4.83%	-90,127
		LTD	10,634,741	4,077,615	3,849,324	228,291	5.00%	2.15%	-2.85%	-303,446

As a Group/ Table, perform the following;

1. Identify the gaming machine variances;
2. Identify the investigative procedures that should be performed;
3. Identify the types of documentation that should be reviewed.

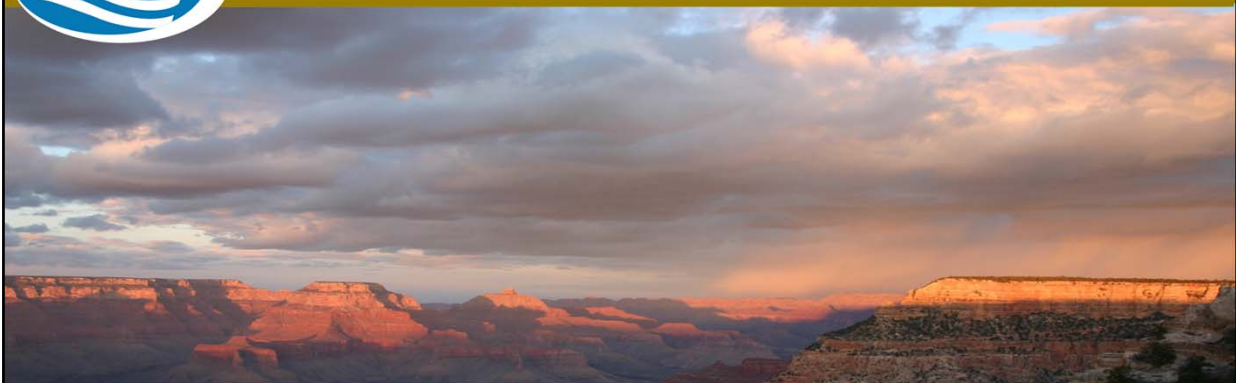
# AUD-114 Minimum Bankroll



# AUD-114 Minimum Bankroll Participant Guide



National Indian Gaming Commission



## AUD-114 Minimum Bankroll Worksheet

KEY POINTS





## Poll

**Why is there a need for a Minimum Bankroll?**

2

KEY POINTS

# AUD-114 Minimum Bankroll Participant Guide



## Why?

- Original Worksheet was adopted in ????
- Did not differentiate between Class II and Class III revenue centers.



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### KEY POINTS



## Changes

- Break out of Class II requirements and Class III revenues
- Better defined requirements for variable amounts
- Updated look-up tables based on Best Practices



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KEY POINTS

# AUD-114 Minimum Bankroll Participant Guide



## Minimum Bankroll Main

National Indian Gaming Commission			
Minimum Bankroll Verification (MBV)			
		On Hand	Next Business Day
<b>Cash Available</b>			
1	Cash In Cage	1a	1b
2	Less: Customer Deposits Including Wagering Accounts	2a	2b -
3	Net Cash In Cage	3a -	3b -
4	Cash On Casino Floor	4a	4b
5	Cash In Bank	N/A	
6	Cash Available	6a -	6b -
<b>Required Bankroll</b>			
7	Gross Gaming Revenue (Prior Business Year)		
	7 X 1.00%	7a -	7b -
8	Per Machine/ Other Gaming Requirement (50% - On Hand; 100% - Next Business Day)	8a -	8b -
9	Variable Amounts Requirement		9 -
10	Total Bankroll Requirement	10a -	10b -
11	Cash Excess / (Deficiency)	11a -	11b -

### KEY POINTS

# AUD-114 Minimum Bankroll Participant Guide



## Class II Machine and Other Class II Gaming Requirements

Class II Machine Requirement				
	Denomination	# of Machines	Per Machine Requirement	Requirement
12	\$ .01-\$.50 & Multi Denom		\$350	-
13	\$1.00		\$500	-
14	> \$1.00		\$1,000	-
15	<b>Total Class II Machine Requirement</b>			
Other Gaming Areas				
16	Manual Bingo- Highest Payout Offered			
17	Pull Tabs- Highest Payout Offered			
18	<b>Total Other Gaming Area Requirement</b>			
19	<b>Total Per Machine and Other Gaming Requirement</b>			
Variable Amounts Requirements				
20	Highest Class II Machine Payout			
21	Card Games Progressive			
22	Other Progressives			
23	Contest / Tournament Payout Liability			
24	Customer Deposits Including Wagering Accounts			
25	Miscellaneous Promotions		N	N/A

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### KEY POINTS

- Includes slot banks, booths, kiosks, etc.
- Includes keno, bingo, card room banks, etc.

# AUD-114 Minimum Bankroll Participant Guide



## Class III Machine, Table Game, and Other Gaming Requirements

<b>Class III Requirement</b>			
Denomination	# of Machines	Per Machine Requirement	Requirement
\$.01-\$.50 & Multi Denom		\$350	-
\$1 Slot Machine		\$500	-
> \$1.00		\$1,000	-
<b>Total Class III Machine Requirement</b>			
<b>Table Games Requirement</b>			
Game	# of Tables	Per Table Requirement	Requirement
"21" & Roulette		\$2,000	-
Craps		\$2,000	-
Baccarat		\$2,000	-
Other Games		\$2,000	-
<b>Total Table Games Requirement</b>			
<b>Other Gaming Areas</b>		Game Offered? (Y/N)	
Race Book		N	N/A
Pari-Mutuel Wagering		N	N/A
Sports Pool		N	N/A
Keno		N	
<b>Total Other Gaming Area Requirement</b>			

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### KEY POINTS

- Less balance of gaming machine, table game and pari-mutuel requirement
- Less highest gaming machine progressive payout or non-progressive payout

# AUD-114 Minimum Bankroll Participant Guide



## Class III Machine, Table Game, and Other Gaming Requirements (cont.)

<b>Total Class III Machine and Gaming Requirement</b>		
<b>Variable Amounts Requirements</b>		
Highest Slot Payout		
Table Games Progressive		
Race and Sports Book Progressive		
Other Progressives		
Contest / Tournament Payout Liability		
Customer Deposits Including Wagering Accounts		
Miscellaneous Promotions	N	N/A
Periodic Payment Liabilities		
<b>Total Variable Amounts Requirement</b>		

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### KEY POINTS

- Less balance of gaming machine, table game and pari-mutuel requirement
- Less highest gaming machine progressive payout or non-progressive payout

# AUD-114 Minimum Bankroll Participant Guide



## Look-Up Tables Class II

### Machine Requirement Look-up Table

GGR:	>\$100 million	\$15-100 million	\$8-15 million	\$3-8 million	<\$3 million
.01 - .50 & multi-denom	\$ 1,000	\$ 800	\$ 500	\$ 500	\$ 350
\$1 machine	\$ 1,800	\$ 1,500	\$ 1,000	\$ 750	\$ 500
Denoms > \$1	\$ 5,000	\$ 4,000	\$ 3,000	\$ 2,000	\$ 1,000

### Miscellaneous Promotions

GGR:	>\$100 million	\$15-100 million	\$8-15 million	\$3-8 million	<\$3 million
Large promo Payouts	\$ 500,000	\$ 350,000	\$ 200,000	\$100,000	\$ 50,000

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### KEY POINTS



# AUD-114 Minimum Bankroll Participant Guide



## Look-Up Tables Class III

<b>Class III</b>					
<b>Slot Requirement Look-up Table</b>					
GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
.01 - .50 & multi-denom	\$ 1,000	\$ 800	\$ 500	\$ 500	\$ 350
\$1 slots	\$ 1,800	\$ 1,500	\$ 1,000	\$ 750	\$ 500
Denoms > \$1	\$ 5,000	\$ 4,000	\$ 3,000	\$ 2,000	\$ 1,000
<b>Table Games Requirement Look-up Table</b>					
GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
"21" and Roulette	\$ 30,000	\$ 15,000	\$ 10,000	\$ 5,000	\$ 3,000
Craps	\$ 60,000	\$ 30,000	\$ 20,000	\$ 15,000	\$ 5,000
Baccarat	\$ 100,000	\$ 50,000	\$ 30,000	\$ 20,000	\$ 10,000
Other	\$ 10,000	\$ 8,000	\$ 5,000	\$ 4,000	\$ 2,000
<b>Race and Sports book Requirement Look-up Table</b>					
GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
Race book	\$ 2,500	\$ 2,000	\$ 1,600	\$ 800	\$ 500
Pari-mutuel	\$ 30,000	\$ 22,500	\$ 15,000	\$ 7,000	\$ 4,000
Sports pool	\$ 25,000	\$ 20,000	\$ 15,000	\$ 10,000	\$ 7,500
<b>Miscellaneous Promotions</b>					
GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
Large promo Payouts	\$ 500,000	\$ 350,000	\$ 200,000	\$ 100,000	\$ 50,000

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### KEY POINTS



## Variable Amount Requirements

- If progressives are included enter the highest progressive offered.
- Miscellaneous Promotions (refer to look-up table).



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### KEY POINTS

This is for all In-House progressives which the operation has a liability for. This includes all gaming revenue centers e.g., Card Games, Bingo, Class III gaming machines, Table Games etc... This information would be included in the respected worksheet.

MISC Promotions can be defined as e.g. drawings, scratch off tickets, wheel spins, slot machine pulls, Using the look-up table and if the promotion exceeds the threshold enter Y it will automatically put in the liability amount. NOTE: There are different requirements for Class II V.s. Class III as Tier level is taken into account.

# AUD-114 Minimum Bankroll Participant Guide



## Activity #1

- Using the Practical Exercise and provided worksheet determine your operations Minimum Bankroll requirement



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### KEY POINTS

**Activity:** Determine Minimum Bankroll Requirements

**Individual Work**

**TIME:** 15 minutes

**Supplies:** (per group)

- Practical Exercise #1
- Calculator on your smartphone

### Instructions

1. Using the handout and the calculator on your smartphone determine the operations minimum bankroll requirements.



## Questions

Contact Information:

[TRAINING@nigc.gov](mailto:TRAINING@nigc.gov)



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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



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### KEY POINTS

## Practical Exercise 1

You are the Accounting professional at your operation and are responsible for completing the minimum bankroll worksheet. Based on review of your audited financials your property is a mixed Class II and Class III facility and your GGR was \$120,000,000. Your cash in cage is \$2 million, you have customer deposits amounting to \$20K, and you have 5 Kiosk each with \$15K in them, you maintain \$10 million in your bank with \$2 million of which is restricted. Your gaming Breakdown is below;

- Your operation has 1000 Gaming machines 700 Class III 300 @ \$1.00 machines and 400 @ .01 thru .25.
- 300 Class II machines 100 @ \$5.00, 200 @ .01-.50.
- 10 Table Games 5 BJ and 5 Craps
- Bingo offering a top prize of \$100,000
- In house progressives amounts as follows;

### Class III Machines

111,000

220,000

21,000

### Class II Machines

31,000

8000

1200

### Table Games

24,000

16,000

3000

### Card Games

Bad Beat @ 37,000

Additionally, your operation offers a free spin promotion paying out \$250,000 on a Class III game and \$75,000 for a Class II, Promotional pull tab

## National Indian Gaming Commission Minimum Bankroll Verification (MBV) Instructions

- 1) Cash in Cage:
  - a) "On Hand" – includes currency only. Currency is defined as paper money issued by the United States Government and does **NOT** include coin or foreign currency.
  - b) "Next Business Day" – includes line **1a** plus all items in the cage that could be converted to currency by the next business day. This would include, but is not limited to, the following items:
    - i) Coin.
    - ii) Personal checks, payroll checks, cashier's checks, and traveler's checks.
      - Exclude counter checks and markers.
    - iii) Foreign currency and foreign chips / tokens.
- 2) Customer Deposits – include front money, safekeeping, and wagering accounts.
  - a) "On Hand" – includes only deposits made in cash and included in the count of cage currency.
  - b) "Next Business Day" – includes all deposits.
    - Include all amounts held on behalf of patrons.
- 3) Net Cash in Cage – line **1** less line **2**.
- 4) Cash on Casino Floor:
  - a) "On Hand" – includes all currency maintained in gaming areas other than the cage. Some areas would be, but are not limited to, the following:
    - i) Class II and III change banks, booths, carousels, vaults, and gaming kiosks.
      - Exclude funds in Class II and III Machines
    - ii) Bingo, Pull Tabs and Poker Banks.
  - b) "Next Business Day" – includes line **4a** plus all items maintained in gaming areas other than the cage that can be converted to currency by the next business day.
- 5) Cash in Bank:
  - a) "On-Hand" – N/A as currency included in "Next Business Day".
  - b) "Next Business Day" – funds held at financial institutions that can be converted to currency and be at the casino by the next business day.
    - Must use a current and accurate book balance.
      - i) Balance must include all bank fees incurred.
      - ii) Book balance may be increased by the amount of checks cut but still held on property, if verifiable.
        - A Letter of Credit may be included if it has been issued to the gaming operation only.
        - Restricted funds may not be included (e.g. CD held as deposit, bonds, jackpot insurance guarantees, debt reserves, etc.).
- 6) Cash Available – sum of lines **3**, **4** and **5**.
- 7) Gross Gaming Revenue (GGR) – Enter GGR from previous year and MBV calculates 1 percent.
  - New operations with less than 1 year of reported revenue should use projections.
- 8) Per Machine/ Table Game/ Other Gaming Area requirement. MBV calculates from Class II and Class III tabs.
  - a) "On Hand" – is 50% of the figure from **8b**.
  - b) "Next Business Day" – is 100% of the figures from lines **19** and **42**.
- 9) Variable Amounts Requirement. MBV calculates from Class II and Class III tabs.
  - a) "On Hand" – no requirement.
  - b) "Next Business Day" – calculates the figure from lines **27** and **51**.
- 10) Total Bankroll Requirement – sum of lines **7** through **9**.
- 11) Cash Excess / (Deficiency) – line **6** less line **10**.

### Class II Tab

- 12) # of Machines – Enter the number of Class II machines being operated with a denomination of \$.01-\$.50.
- 13) # of Machines – Enter the number of Class II machines being operated with a denomination of \$1.
- 14) # of Machines – Enter the number of Class II machines being operated with a denomination >\$1.
- 15) Total Class II Machine Requirement- sum of lines **12**, **13**, and **14**.
- 16) Manual Bingo – Enter the highest in-house progressive or non-progressive payout offered, regardless of related
- 17) Pull Tabs – Enter the highest in-house progressive or non-progressive payout offered, regardless of related insurance
- 18) Total Other Gaming Area Requirement- sum of lines **16** and **17**.

- 19) Total Machine and Other Gaming Requirement-sum of lines **15 and 18**.
- 20) Highest Class II Machine Payout – Enter the greater of: 1) highest in-house progressive displayed meter amount or, 2) largest non-progressive payout offered.
  - i) If largest non-progressive payout is a non-cash item (e.g. car) with a cash option, use the greater of the cost of personal property or cash option.
  - ii) Exclude 3<sup>rd</sup> party operated wide area progressives where the 3<sup>rd</sup> party is responsible for the progressive
  - iii) Include related party wide area progressives if the gaming operation is responsible for paying the jackpot.
- 21) Card Games Progressive Liabilities – Enter the highest progressive offered.
- 22) Other Class II Progressives – Enter 100% of the progressive payout liability from games not included above.
- 23) Contest / Tournament Payout Liability for Class II– must include all amounts owed to patrons.
  - i) Until contest / tournament begins, all entry fees collected must be included.
  - ii) After the contest / tournament begins, all payout commitments to public must be included (e.g., weekly prizes and grand prize).
- 24) Customer Deposits for Class II including Wagering Accounts- Enter amounts from **2** above that pertain to Class II (note lines **24** and **48** should equal line **2**).  
Miscellaneous Promotions Class II (e.g. drawings, scratch off tickets, wheel spins, slot machine pulls, etc.) – refer to
- 25) Look-up Tables for thresholds. For promotional payouts that exceed the applicable threshold, enter Y. If no promotional payouts exceed the threshold, enter N as no amount need be entered.
- 26) Periodic Payments for Class II– Enter the present value of the total sums owed to patrons for annuities or periodic
- 27) Total Variable Amounts Requirement – sum of lines **20, 21, 22, 23, 24, 25** and **26**.



**National Indian Gaming Commission  
Minimum Bankroll Verification (MBV)**

		On Hand	Next Business Day
<b>Cash Available</b>			
<b>1</b>	Cash In Cage	1a	1b
<b>2</b>	Less: Customer Deposits Including Wagering Accounts	2a	2b -
<b>3</b>	Net Cash In Cage	3a -	3b -
<b>4</b>	Cash On Casino Floor	4a	4b
<b>5</b>	Cash In Bank	N/A	5
<b>6</b>	Cash Available	6a -	6b -
<b>Required Bankroll</b>			
<b>7</b>	Gross Gaming Revenue (Prior Business Year)		
	7 X 1.00%	7a -	7b -
<b>8</b>	Per Machine/ Other Gaming Requirement (50% - On Hand; 100% - Next Business Day)	8a -	8b -
<b>9</b>	Variable Amounts Requirement		9 -
<b>10</b>	Total Bankroll Requirement	10a -	10b -
<b>11</b>	Cash Excess / (Deficiency)	11a -	11b -

**Class II Machine and Other Class II Gaming Requirements**

<b>Class II Machine Requirement</b>				
Denomination	# of Machines	Per Machine Requirement	Requirement	
12 \$ .01-\$.50 & Multi Denom		\$350	-	
13 \$1.00		\$500	-	
14 > \$1.00		\$1,000	-	
15 <b>Total Class II Machine Requirement</b>			-	

Enter information in blue highlighted areas only.

Note: All shaded yellow cells contain formulas and cross references and do not require input.

<b>Other Gaming Areas</b>			
16 Manual Bingo- Highest Payout Offered			
17 Pull Tabs- Highest Payout Offered			
18 <b>Total Other Gaming Area Requirement</b>			-

19 <b>Total Per Machine and Other Gaming Requirement</b>	-
--	---

<b>Variable Amounts Requirements</b>			
20 Highest Class II Machine Payout			
21 Card Games Progressive			
22 Other Progressives			
23 Contest / Tournament Payout Liability			
24 Customer Deposits Including Wagering Accounts			
25 <b>Miscellaneous Promotions</b>	N	N/A	
26 <b>Periodic Payment Liabilities</b>			
27 <b>Total Variable Amounts Requirement</b>			-

### Class III Machine, Table Game, and Other Gaming Requirements

Class III Requirement				
	Denomination	# of Machines	Per Machine Requirement	Requirement
28	\$.01-\$.50 & Multi Denom		\$350	-
29	\$1 Slot Machine		\$500	-
30	> \$1.00		\$1,000	-
31	<b>Total Class III Machine Requirement</b>			-

Enter information in blue highlighted areas only.

Note: All shaded yellow cells contain formulas and cross references and do not require input.

Table Games Requirement				
	Game	# of Tables	Per Table Requirement	Requirement
32	"21" & Roulette		\$2,000	-
33	Craps		\$2,000	-
34	Baccarat		\$2,000	-
35	Other Games		\$2,000	-
36	<b>Total Table Games Requirement</b>			-

	Other Gaming Areas	Game Offered? ( Y / N )		
37	Race Book	N	N/A	
38	Pari-Mutuel Wagering	N	N/A	
39	Sports Pool	N	N/A	
40	Keno	N		
41	<b>Total Other Gaming Area Requirement</b>			-

42	<b>Total Class III Machine and Gaming Requirement</b>			-
----	---	--	--	---

Variable Amounts Requirements				
43	Highest Slot Payout			
44	Table Games Progressive			
45	Race and Sports Book Progressive			
46	Other Progressives			
47	Contest / Tournament Payout Liability			
48	Customer Deposits Including Wagering Accounts			
49	Miscellaneous Promotions	N	N/A	
50	Periodic Payment Liabilities			
51	<b>Total Variable Amounts Requirement</b>			-

## Minimum Bankroll Look-Up Tables

Class II						Class III					
<b>Machine Requirement Look-up Table</b>						<b>Slot Requirement Look-up Table</b>					
GGR:	>\$100 million	\$15-100 million	\$8-15 million	\$3-8 million	<\$3 million	GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
.01 - .50 & multi-denom	\$ 1,000	\$ 800	\$ 500	\$ 500	\$ 350	.01 - .50 & multi-denom	\$ 1,000	\$ 800	\$ 500	\$ 500	\$ 350
\$1 machine	\$ 1,800	\$ 1,500	\$ 1,000	\$ 750	\$ 500	\$1 slots	\$ 1,800	\$ 1,500	\$ 1,000	\$ 750	\$ 500
Denoms > \$1	\$ 5,000	\$ 4,000	\$ 3,000	\$ 2,000	\$ 1,000	Denoms > \$1	\$ 5,000	\$ 4,000	\$ 3,000	\$ 2,000	\$ 1,000
<b>Miscellaneous Promotions</b>						<b>Table Games Requirement Look-up Table</b>					
GGR:	>\$100 million	\$15-100 million	\$8-15 million	\$3-8 million	<\$3 million	GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
Large promo Payouts	\$ 500,000	\$ 350,000	\$ 200,000	\$ 100,000	\$ 50,000	"21" and Roulette	\$ 30,000	\$ 15,000	\$ 10,000	\$ 5,000	\$ 3,000
						Craps	\$ 60,000	\$ 30,000	\$ 20,000	\$ 15,000	\$ 5,000
						Baccarat	\$ 100,000	\$ 50,000	\$ 30,000	\$ 20,000	\$ 10,000
						Other	\$ 10,000	\$ 8,000	\$ 5,000	\$ 4,000	\$ 2,000
<b>Race and Sports book Requirement Look-up Table</b>						<b>Miscellaneous Promotions</b>					
GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million	GGR:	>\$130 million	\$72-130 million	\$36-72 million	\$12-36 million	<\$12 million
Race book	\$ 2,500	\$ 2,000	\$ 1,600	\$ 800	\$ 500	Large promo Payouts	\$ 500,000	\$ 350,000	\$ 200,000	\$ 100,000	\$ 50,000
Pari-mutuel	\$ 30,000	\$ 22,500	\$ 15,000	\$ 7,000	\$ 4,000						
Sports pool	\$ 25,000	\$ 20,000	\$ 15,000	\$ 10,000	\$ 7,500						

Y  
N

Commissioners Track Part 1  
Understanding the Requirements

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide

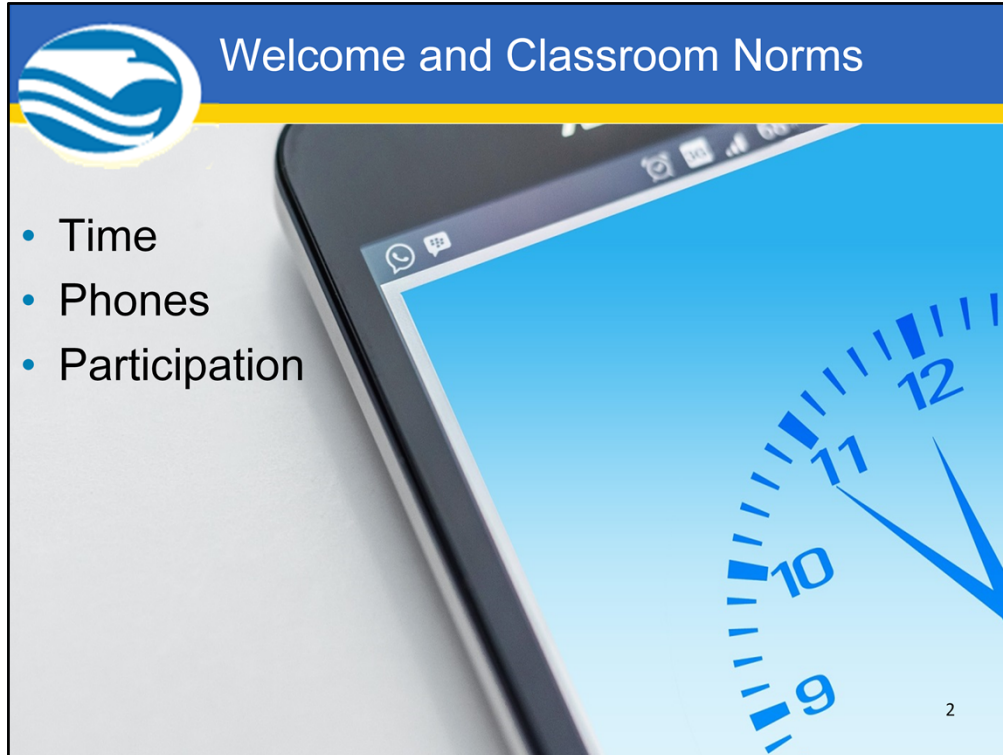
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## KEY POINTS

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide

A presentation slide titled "Welcome and Classroom Norms" with a blue header and a yellow horizontal line. On the left is a circular logo with a white graduation cap and blue waves. The main content area features a list of three bullet points: "Time", "Phones", and "Participation". The background of the slide is a close-up of a smartphone screen displaying a blue clock face with white numbers and hands. A small number "2" is visible in the bottom right corner of the slide.

Welcome and Classroom Norms

- Time
- Phones
- Participation

2

## KEY POINTS

### Logistics:

- Breaks every 50 minutes
- You will use your cell phone to participate

# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide



### Knowledge Reviews & Course Evaluations

#### Knowledge Review Purpose

- Check for immediate understanding and retention
- Used to improve courses
- Provide your name & email address
- Completed twice:
  - at the end of the course
  - 90 days after course via email

#### Evaluation Purpose

- Allow participants to provide immediate feedback on their experience
- Encouraged to include ideas and recommendations
- Will be used to improve the course


3

#### KEY POINTS




# Commissioner's Track Part 1 – Understanding the Requirements


## Participant Guide





### Participating with Poll Everywhere



## Poll Everywhere

- 

Leader asks a question
- 

Participants respond
- 

Responses are displayed immediately!

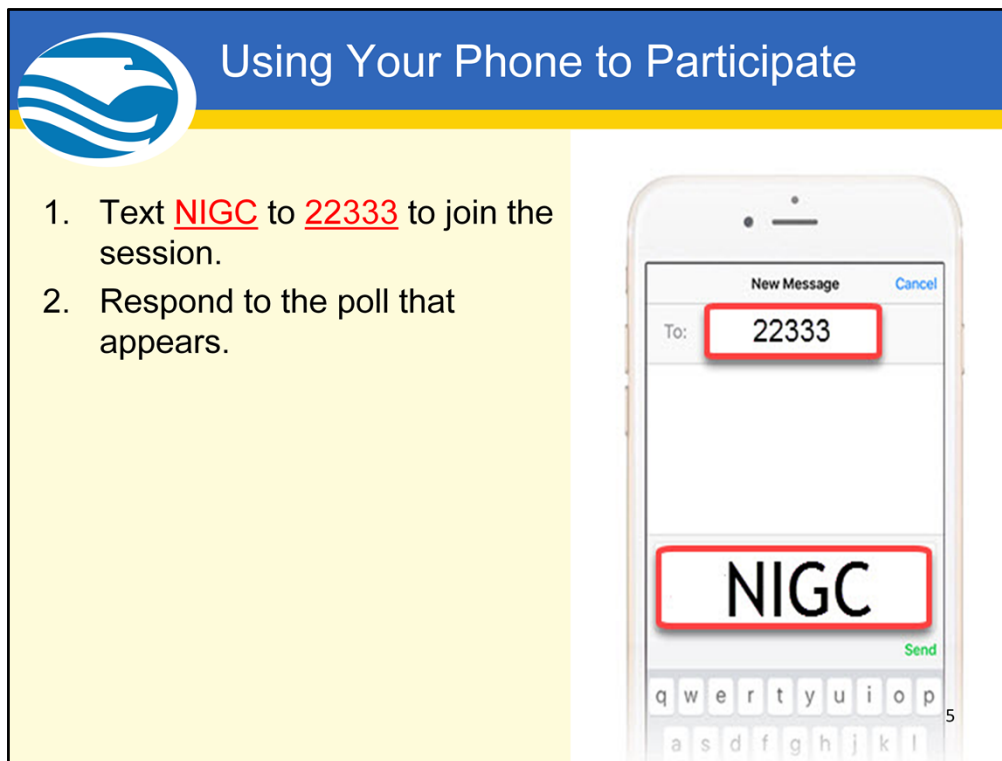
4

#### KEY POINTS

Your participation is voluntary and your responses are anonymous.

# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide



The graphic features a blue header with the title "Using Your Phone to Participate" and a logo of a blue wave inside a white circle. Below the header is a yellow background with two numbered steps. To the right is a white smartphone displaying a text message interface. The "To:" field contains "22333" and the message body contains "NIGC".

**Using Your Phone to Participate**

1. Text **NIGC** to **22333** to join the session.
2. Respond to the poll that appears.



The smartphone screenshot shows a "New Message" screen. The "To:" field is highlighted with a red box and contains the number "22333". The message body is highlighted with a red box and contains the text "NIGC". A green "Send" button is visible to the right of the text input field. A portion of a keyboard is visible at the bottom of the screen.


### KEY POINTS

We're going to have a practice poll question so you get used to using Poll Everywhere.

1. Text **NIGC** to **22333** to join the session.
2. Then text your response to the question.

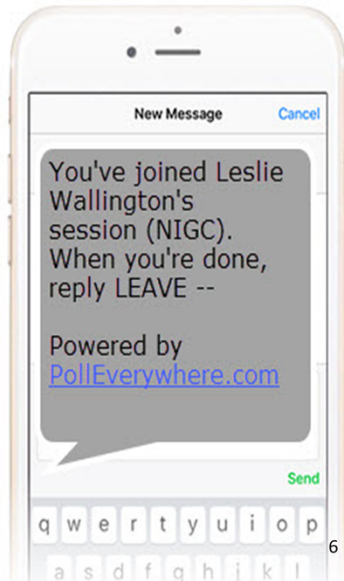
# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide



### Response from Poll Everywhere

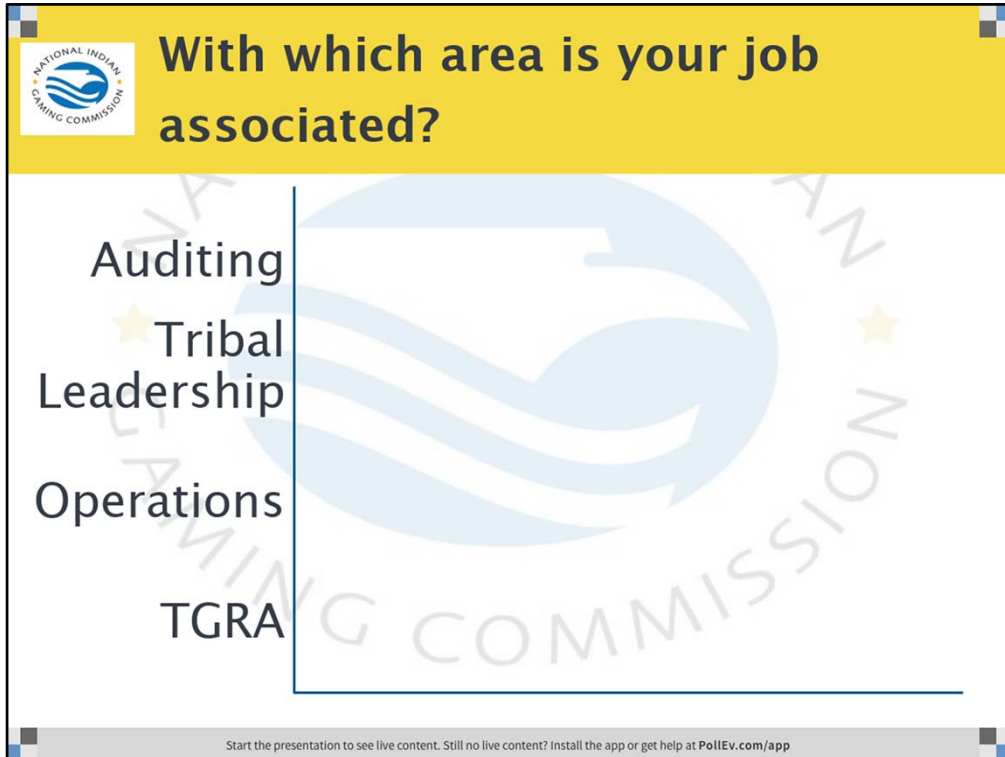
1. You will receive a text message confirming that you are in the polling session.
2. Do **NOT** select the [PollEverywhere.com](http://PollEverywhere.com) link.
3. Now you can enter your response to the poll as a text message.



#### KEY POINTS

- Do **not** click on the link that shows up in the text message you receive.
- Simply respond to the poll question listed on the power point slide.
- You will see the audience responses displayed on the screen.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



The image shows a poll interface for the National Indian Gaming Commission. At the top left is the logo, which consists of a blue circle with a white wave and the text "NATIONAL INDIAN GAMING COMMISSION" around it. To the right of the logo is a yellow banner with the question "With which area is your job associated?". Below the banner is a white area with a large, faint watermark of the commission's logo. On the left side of this area, there is a vertical list of four options: "Auditing", "Tribal Leadership", "Operations", and "TGRA". A blue vertical line is positioned to the right of the text, and a blue horizontal line is at the bottom of the list. At the bottom of the poll interface, there is a small grey bar with the text "Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app".

## KEY POINTS

Poll Title: With which area is your job associated?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/KQrRS4JiaQ5ILS1](https://www.polleverywhere.com/multiple_choice_polls/KQrRS4JiaQ5ILS1)

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide

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## Course Objectives

- Mission Statements
- Cabazon
- IGRA
- Gaming Ordinance
- Authority and Responsibilities of the TGRA

8

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KEY POINTS

# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide




### KEY POINTS

An effective mission statement contains seven essential elements. One element is brevity. The statement should be between 11 and 22 words and directly point to a central goal, one that clients and employees can easily remember within a few minutes. Effective visions are challenging, inspiring employees to strive to reach a high, yet attainable goal, usually of national or international status for the company. A clear vision projects its goals into the future, and is stable. In other words, vision statements do not shift or change in the face of market trends or passing whims. The most effective visions inspire staff to set high goals and reach for these goals. The most effective visions affect both staff and the public.

(<https://toughnickel.com/industries/Walt-Disney-Companys-Mission-Statement-and-Vision-A-formula-for-success>)

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



## Mission Statements

The NIGC's mission is to (1) promote tribal economic development, self-sufficiency, and strong tribal governments; (2) maintain the integrity of the Indian gaming industry; and (3) ensure that Tribes are the primary beneficiaries of their gaming activities. To fulfill its mission and achieve compliance, the NIGC works within the framework created by the IGRA by providing sound guidance, removing unnecessary roadblocks, and sensibly regulating gaming activities conducted by sovereign Indian tribes on Indian lands without stymieing the economic development and entrepreneurial spirit of tribes.

10

### KEY POINTS

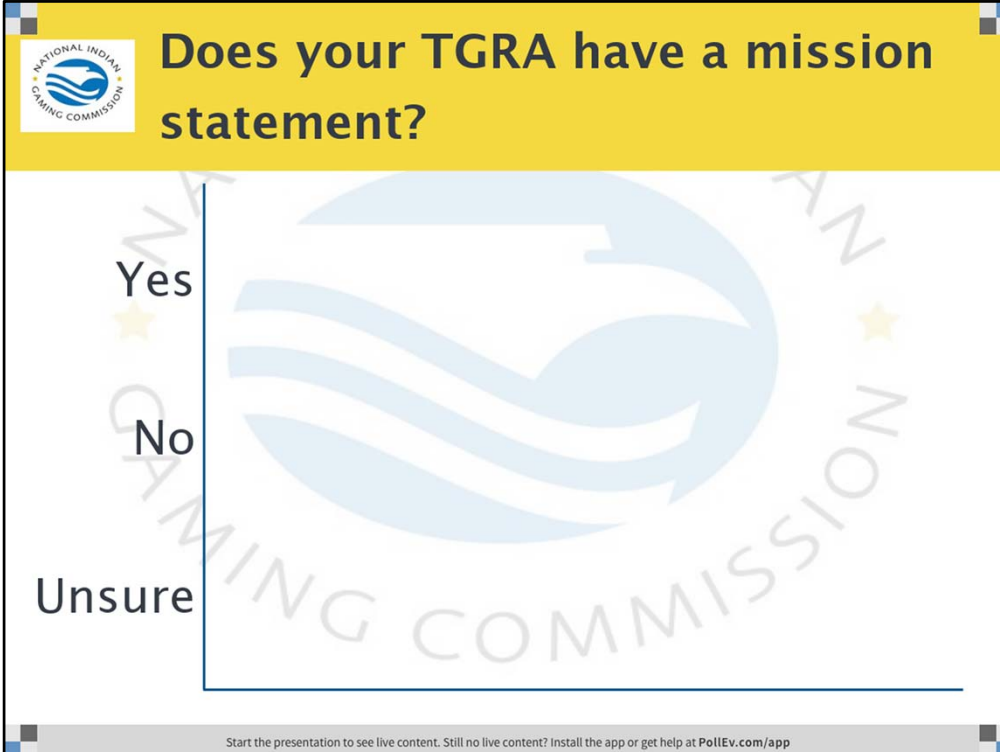
#### Mission

See slide for the NIGC Mission Statement.

#### Vision

The Commission's vision is to utilize all of its regulatory tools, including training, technical assistance, public education, and enforcement, to empower and partner with tribal governments to ensure regulatory compliance and gaming integrity that respects the capabilities and responsibilities of each sovereign tribe.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



The image shows a poll interface for the National Indian Gaming Commission. The poll title is "Does your TGRA have a mission statement?". The poll options are "Yes", "No", and "Unsure". The poll is currently in a "no live content" state, as indicated by the text at the bottom: "Start the presentation to see live content. Still no live content? Install the app or get help at PollEv.com/app".

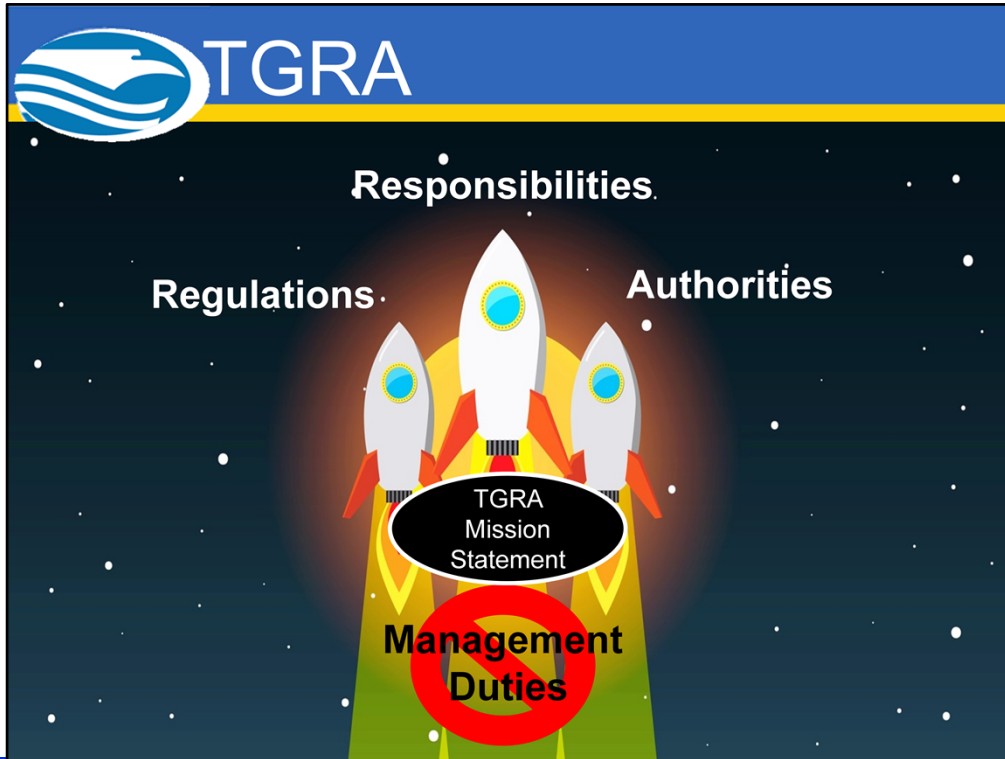
## KEY POINTS

Poll Title: Does your TGRA have a mission statement?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/iI2oJ2iU76py2NZ](https://www.polleverywhere.com/multiple_choice_polls/iI2oJ2iU76py2NZ)



# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



## KEY POINTS

- Your mission statement drives your regulatory direction.
- It helps maintain focus on regulatory issues and achieve the organization's goals.
- Ask yourself: How does each task or TGRA responsibilities help meet your mission and organizational goals?

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide

The graphic for Activity #1 features a blue header with a white circular logo on the left containing a stylized blue wave. To the right of the logo, the text "Activity #1" is written in white. Below the header is a yellow background with the title "Writing Your Own Mission Statement" in bold blue text. In the center is a large blue oval with a white border containing the word "ACTIVITY" in bold black letters, with a black pen nib pointing to the end of the word. The number "13" is in the bottom right corner of the graphic.

Activity #1

## Writing Your Own Mission Statement

ACTIVITY

13

### KEY POINTS

**Activity:** Writing Your Own Mission Statement

**Group Work**

**TIME:** 30-45 minutes

**Supplies:** (per group)

- Large Post It Notes
- Markers
- Handout: NIGC Mission Statement

### Instructions

1. Break up into small groups.
2. Select a recorder
3. Review the NIGC Mission Statement
4. Use the Post It Note to create and write down a mission statement for a Tribal Gaming Regulatory Authority (TGRA).
5. A few things to consider when creating your group's mission statement:
  - It should include regulatory focus and purpose.
  - It has to be usable, understandable, achievable, and have full TGRA support.

# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide



14

### KEY POINTS

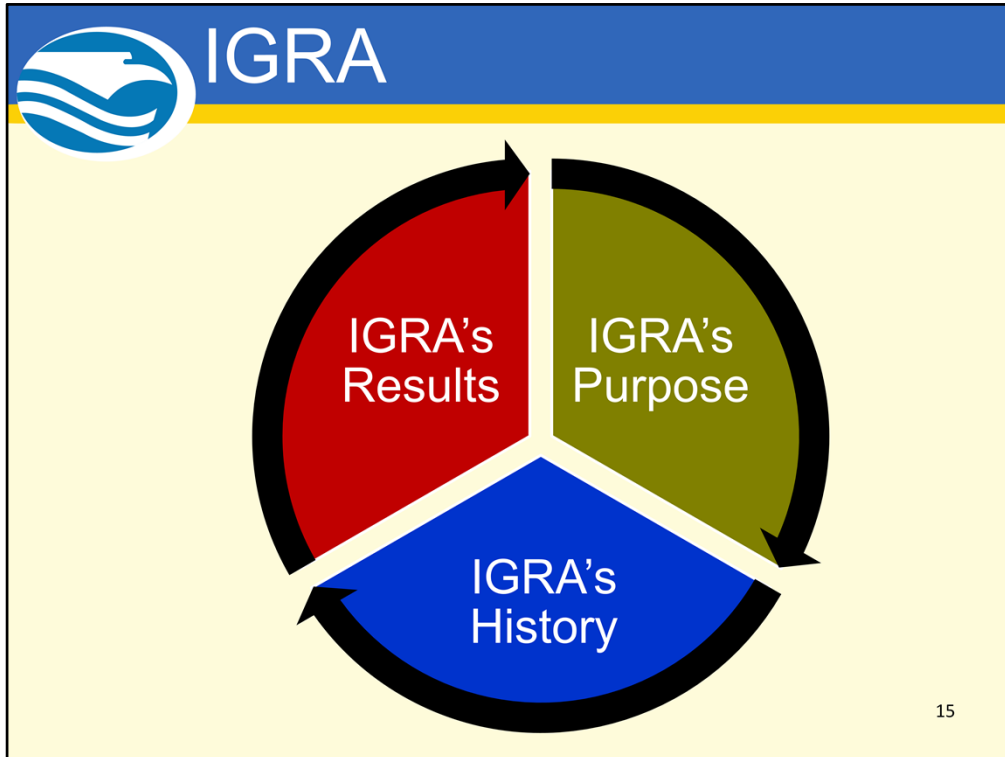
#### 1987 Supreme Court Ruling:

- Affirmed a tribe's right to regulate gaming on tribal lands.
- Recognized the importance of Tribal self-governance and self-determination.
- Tribes have the authority to game on reservations unfettered by any state or county regulation.
- Tribal & federal interests supported gambling, which preempted state/county regulation.
- The Court emphasized the compelling need in Indian Country for economic development and that the gaming operations were a major source of employment.

#### Indian Gaming Regulatory Act:

- Congress established IGRA in the wake of Cabazon.
- Enacted by Congress in 1988.
- 25 U.S.C. §§ 2701 – 2721
- IGRA recognizes tribes' "exclusive right to regulate gaming activity..." §2701(5)

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



## KEY POINTS

### The Indian Gaming Regulatory Act's (IGRA) History

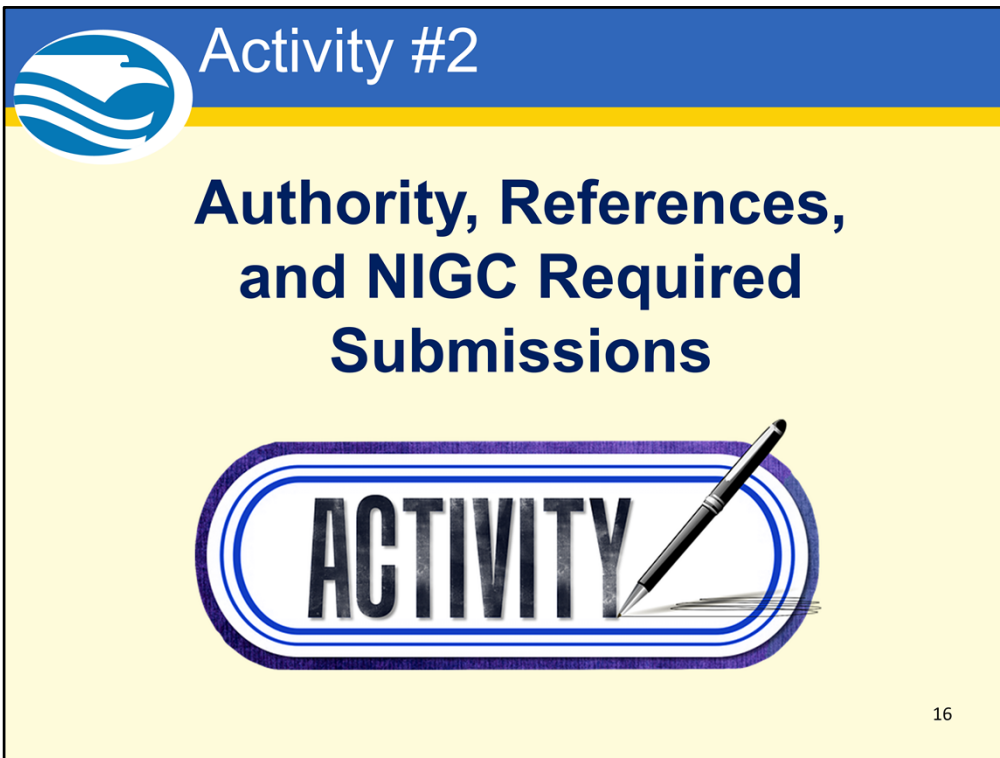
IGRA (25 U.S.C. §§ 2701 – 2721) was enacted in 1988 in the wake of *Cabazon*

- Maintains Tribes as primary regulators
- Established the regulatory role of the National Indian Gaming Commission (NIGC) for Class II gaming (States regulate Class III)
- Established the legal framework Tribes' are required to comply with in regards to gaming on tribal lands.

Purpose of IGRA (25 U.S.C. §2702):

- Promote tribal economic development, self-sufficiency, and strong tribal governments
- Shield tribes from organized crime
- Ensure tribes are the primary beneficiary of the gaming activities
- Ensure gaming is conducted fairly and honestly
- Establish federal regulatory authority for gaming on Indian lands

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



The graphic features a blue header with a white wave logo on the left and the text 'Activity #2' in white. Below the header is a yellow background with the title 'Authority, References, and NIGC Required Submissions' in bold blue text. At the bottom of the graphic is a blue oval containing the word 'ACTIVITY' in bold black letters, with a black pen nib pointing to the right as if writing on a surface.

16

## KEY POINTS

**Activity: #2 Authority, References, and NIGC Required Submissions**

**Group Work**

**TIME: 60 minutes**

**Supplies: (per group)**

- Activity #2 IGRA and Ordinance activities gaming commissioner
- Activity #2 Handout #1 IGRA-USCODE-2014-title25-chap29
- Activity #2 Handout #2 Bulletin 2014-2 revised model ordinance
- Highlighters
- Your tribal ordinance

## Instructions

NIGC regulation require a number of submissions. When completed this chart will serve as a quick reference for each required submission.

1. Work with individuals from your TGRA or individually.
2. Review IGRA handout. Locate each IGRA authority reference and highlight the applicable section.
3. Discuss how is responsible for the submission at your Tribe and how the TGRA is notified when the submission is sent.
4. Identify the frequency of each required submission and document your response in the applicable box.
5. **STOP!** Do not complete "Tribal Ordinance Requirement". This section will be completed after discussions on tribal on Tribal ordinance.

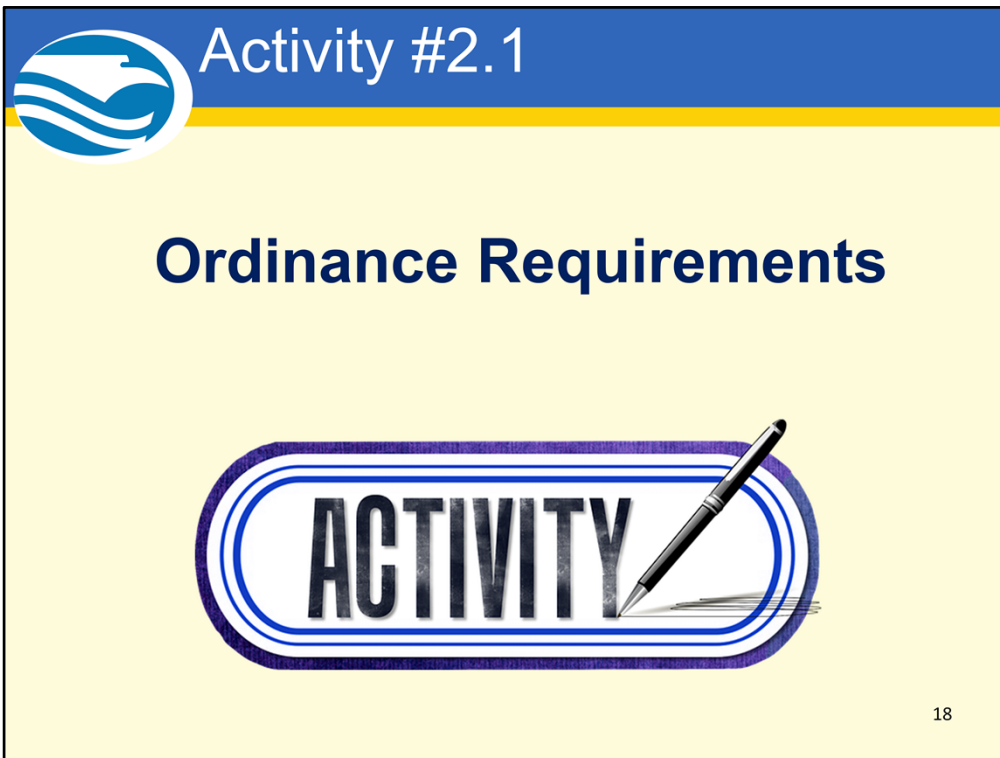
# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



## KEY POINTS

- Tribal law creates authority to regulate gaming.
- Before gaming commences, a tribe must have a gaming ordinance approved by the NIGC Chair.
- A gaming ordinance provides the foundation in which a tribe may regulate gaming.
- Each tribe is encouraged to tailor a gaming ordinance that best suits their needs.
- Incorporating IGRA & NIGC regulation requirements.
  - Example – Model Gaming Ordinance ([www.nigc.gov/compliance/bulletins](http://www.nigc.gov/compliance/bulletins))
    - Published January 10, 2018
- Separate from the gaming ordinance/code are the tribal rules and regulations. The rules and regulations are more in-depth as opposed to the ordinance informing the public about the law. The rules and regulations inform the public how the law will be carried out. Tribal rules and regulations do not need NIGC approval. Tribal rules and regulations may be revised at any time and do not need to be reviewed by the NIGC.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



The graphic features a blue header with a white circular logo on the left containing a stylized blue wave and a white bird-like shape. To the right of the logo, the text "Activity #2.1" is written in white. Below the header is a yellow background with the title "Ordinance Requirements" in bold blue text. In the center is a large, stylized graphic of the word "ACTIVITY" in bold black letters, enclosed in a blue and white rounded rectangular border. A black pen is shown writing the word "ACTIVITY" on a surface.

18

## KEY POINTS

**Activity: #2.1 Ordinance Requirements**

**Group Work**

**TIME: 60 minutes**


**Supplies: (per group)**

- Use the same worksheet from activity #2
- Highlighters
- Your tribal ordinance


## Instructions

1. Review your Tribal Ordinance and identify the requirements for each submission
2. List your tribal ordinance reference or page number by applicable section in the box provided.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



**Name at least one duty or task you perform that helps to fulfill your regulatory duty.**



Start the presentation to see live content. Still no live content? Install the app or get help at [Pollev.com/app](https://www.pollev.com/app)

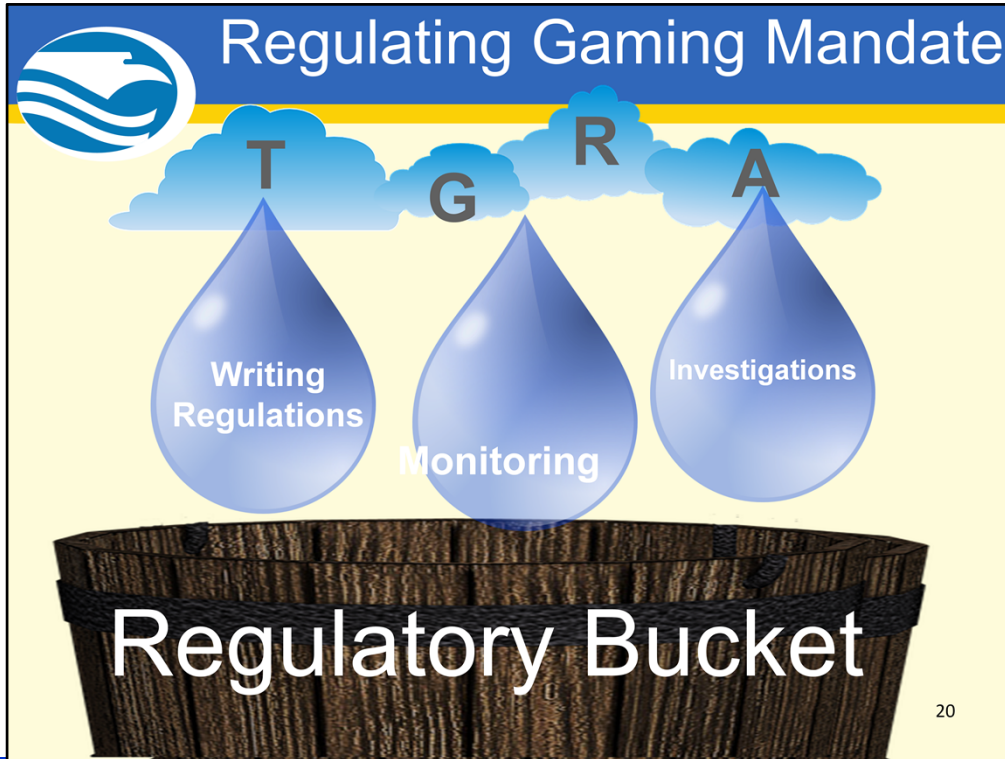
## KEY POINTS

Poll Title: Name at least one duty or task you perform that helps to fulfill your regulatory duty.  
[https://www.pollev.com/free\\_text\\_polls/iksG0l6R6Pqt7s6](https://www.pollev.com/free_text_polls/iksG0l6R6Pqt7s6)

Your participation is voluntary and your responses are anonymous.



# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



## KEY POINTS

Visualize filling this Regulatory Bucket with all of the regulatory duties the TGRA performs to fulfill their responsibilities to regulate Indian gaming.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



Activity #3

**TGRA Responsibilities,  
Authority, Compliance, and  
Tools**

**ACTIVITY**

21

## KEY POINTS:

**Activity:** TGRA Responsibilities, Authority, Compliance, and Tools

**Group Work**

**TIME:** 60 minutes

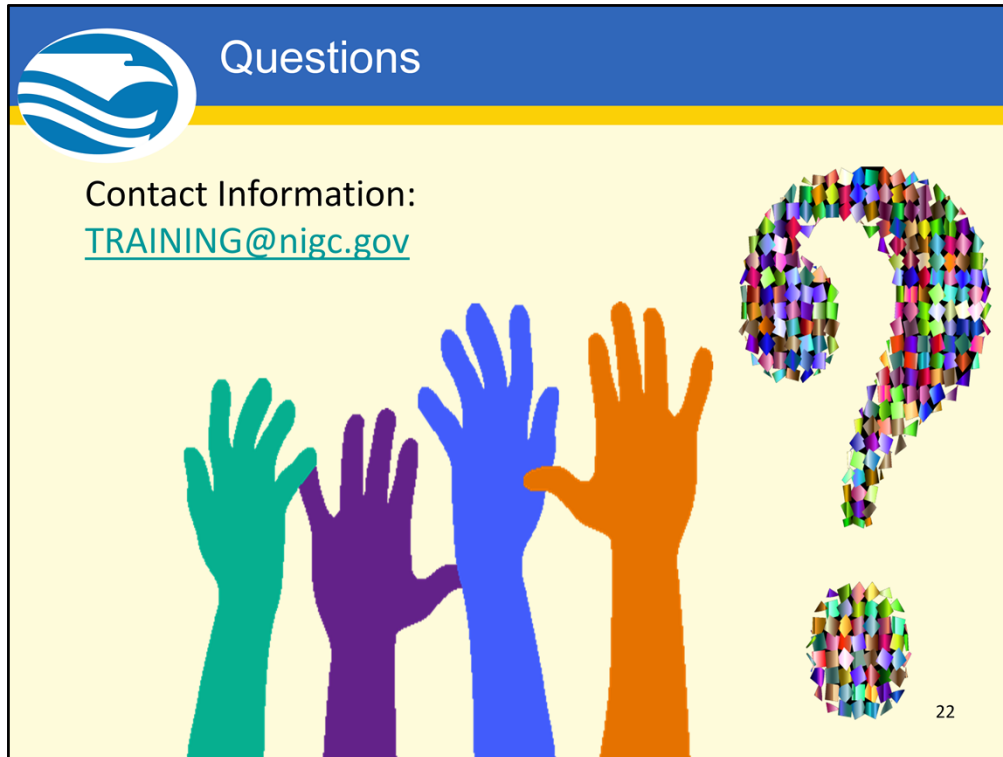
**Supplies:** (per group)

- Activity #3 TGRA Responsibilities, Authority, Compliance, and Tools
- Bulletins 1999-3 and 1994-3
- Highlighters

## Instructions

1. Divide into groups.
2. Discuss the TGRA's regulatory tasks listed below in the "Responsibility" field.
  - Under each responsibility, list additional tasks that can be performed by the TGRA to achieve the mission of regulating Indian gaming.
3. Discuss the specific authority to carry out each task.
4. Discuss how you will achieve the task, including what resources (compliance, surveillance, internal audit, backgrounds etc.) you will rely on.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide



**Questions**

Contact Information:  
[TRAINING@nigc.gov](mailto:TRAINING@nigc.gov)

22

## KEY POINTS

If you have any questions or would like information about additional topics and training please contact the NIGC training department.

# Commissioner's Track Part 1 – Understanding the Requirements

## Participant Guide



The slide features a blue header with the text "Course Evaluation" and a logo of a stylized blue wave. The main content area is yellow and contains two bullet points, a hand pointing to the right, and three emoticons: a yellow neutral face, a green happy face, and a red sad face. The number "23" is in the bottom right corner.

**Course Evaluation**

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience

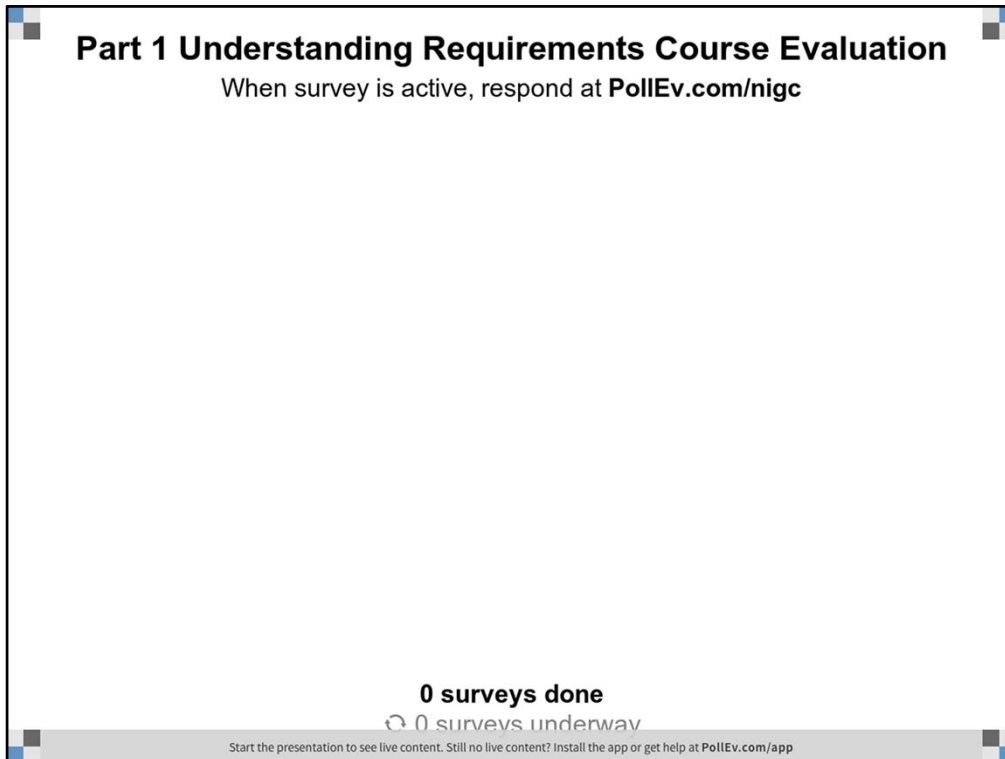
23

### KEY POINTS

- Our last task is to complete the course evaluation.
- We use the information from both to evaluate the effectiveness of the course and to make improvements so please provide specific written feedback if applicable.

# Commissioner's Track Part 1 – Understanding the Requirements Participant Guide

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## KEY POINTS

Poll Title: Part 1 Understanding Requirements Course Evaluation  
<https://www.polleverywhere.com/surveys/ZvmziSrAu>

## **Activity #1 NIGC Mission Statement**

### **NIGC's Mission and Vision Statements:**

**MISSION** The NIGC's primary mission is to work within the framework created by the Indian Gaming Regulatory Act (IGRA) for the regulation of gaming activities conducted by sovereign Indian tribes on Indian lands to fully realize IGRA's goals: (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.

**VISION** The Commission's vision is to adhere to the principles of good government, including transparency and agency accountability; to promote fiscal responsibility; to operate with consistency and clarity to ensure fairness in the administration of IGRA; and to respect the capabilities and responsibilities of each sovereign Indian tribe in order to fully promote tribal economic development, self-sufficiency and strong tribal governments.

**KEY – Activity #2 - Authority, References and NIGC Required Submissions**  
**Activity #2.1 - Ordinance Requirements**

**Directions for Activity #2**

NIGC regulations require a number of submissions. When completed, this chart will serve as a quick reference for each required submission.

1. Work with individuals from your TGRA or individually.
2. Review IGRA handout. Locate each IGRA authority reference and highlight the applicable section.
3. Discuss how is responsible for the submission at your Tribe and how the TGRA is notified when the submission is sent.
4. Identify the frequency of each required submission and document your response in the applicable box.
5. **STOP!** Do not complete “Tribal Ordinance Requirement”. This section will be completed after discussions on tribal on Tribal ordinance.

**Directions for Activity #2.1**

1. Review your Tribal Ordinance and identify the requirements for each submission
2. List your tribal ordinance reference or page number by applicable section in the box provided.

<b>IGRA Authority</b>	<b>Associated NIGC Regulation</b>	<b>NIGC Required Submission</b>	<b>Responsibility within the Tribe/Casino/TGRA Understanding who submits the document and is TGRA notified.</b>	<b>Frequency of Submission</b>	<b>Tribal Ordinance Reference/Authority</b>
<b>2717 (a)</b>	25 CFR §514	Fees			
<b>2710 (e)</b>	25 CFR §522	Ordinance			
<b>2710 (b)(2)(F)</b>	25 CFR§ 556	Backgrounds/ Investigations			
<b>2710 (c)</b>	25 CFR§ 558	Licensing			

**KEY – Activity #2 - Authority, References and NIGC Required Submissions  
Activity #2.1 - Ordinance Requirements**

<b>IGRA Authority</b>	<b>Associated NIGC Regulation</b>	<b>NIGC Required Submission</b>	<b>Responsibility within the Tribe/Casino/TGRA Understanding who submits the document and is TGRA notified.</b>	<b>Frequency of Submission</b>	<b>Tribal Ordinance Reference/Authority</b>
<b>2710 (b)(1)</b>	25 CFR§ 559	Facility License and Attestations			
<b>2710 (b)(2)(D)</b>	25 CFR§ 522 (mentions \$25,000 specifically) 25 CFR§ 571 (mentions audits)	Review of contracts \$25,000 or more			
<b>2710 (d)(9) 2711</b>	25 CFR§ 533	Approval of Management Contracts			
<b>2706(b)(1-4) 2706(b)(10)</b>	25 CFR§ 543	Agreed upon procedures audit			
<b>2710 (b)(2)(c)</b>	25 CFR §571	Audited financials			



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.

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## Revised Model Gaming Ordinance<sup>1</sup>

### 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. Definitions<sup>2</sup>

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<sup>1</sup> 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.

<sup>2</sup> 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

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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;

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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.”

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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]**

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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.**

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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.<sup>3</sup>

**[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:

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<sup>3</sup> A tribe may consider expanding the definition of “key employee,” but may not limit it.

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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.<sup>4</sup>

[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.

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<sup>4</sup> A tribe may consider expanding the definition of "primary management official," but may not limit it.

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## 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.<sup>5</sup>
- 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;<sup>6</sup>

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<sup>5</sup> A tribe is not required to allow individually owned gaming, but if it does, it must include these provisions in its ordinance.

<sup>6</sup> 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

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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.<sup>7</sup>

[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.<sup>8</sup>

[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:

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<sup>7</sup> 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.

<sup>8</sup> It is not necessary to include all five of the permissible uses in the ordinance, but a tribe may not include any additional uses.

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1. The Tribe has prepared a plan<sup>9</sup> 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 Commission<sup>10</sup>**

- 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

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<sup>9</sup> 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.

<sup>10</sup> 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.

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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.

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- 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].

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- 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;

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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

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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.

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## 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 year<sup>11</sup> (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]

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<sup>11</sup> The amount may exceed, but not be less than, \$25,000.

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- 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 Resolution<sup>12</sup>

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]

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<sup>12</sup> 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.

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- 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.<sup>13</sup> 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.<sup>14</sup>

**[25 C.F.R. § 559.2(a)]**

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<sup>13</sup> The facility license notice shall contain the information and documentation set out in 25 C.F.R. § 559.2(b).

<sup>14</sup> 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.

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- 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.<sup>15</sup>

[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]<sup>16</sup> 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]

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<sup>15</sup> 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.

<sup>16</sup> 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 Forms<sup>17</sup>

- 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:

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<sup>17</sup> 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 Investigations<sup>18</sup>**

- A. The Tribe shall perform a background investigation for each primary management official and key employee in its gaming operation.<sup>19</sup> 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)]**

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<sup>18</sup> 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.

<sup>19</sup> 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].<sup>20</sup>

**[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;

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<sup>20</sup> 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;<sup>21</sup>
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);**

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<sup>21</sup> 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 Investigations<sup>22</sup>**

- 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;<sup>23</sup>
  5. Conduct a criminal history records check;<sup>24 25</sup>

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<sup>22</sup> 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.

<sup>23</sup> 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.

<sup>24</sup> A tribe should check federal, state and tribal court records for any criminal activity or any other information deemed to be relevant.

<sup>25</sup> 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;<sup>26</sup>
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.

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<sup>26</sup> 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 Licenses<sup>27</sup>**

- 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)]**

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<sup>27</sup> 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 Commission<sup>28</sup> 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)]**

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<sup>28</sup> 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.<sup>29</sup>

**[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:

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<sup>29</sup> 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 Vendors<sup>30</sup>

Vendors of gaming services or supplies, with a value of \$25,000<sup>31</sup> 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),

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<sup>30</sup> 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.

<sup>31</sup> 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 than 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;<sup>32</sup>
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;

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<sup>32</sup> 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;<sup>33</sup>
  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;

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<sup>33</sup> 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**

<p><b>Tribe:</b> _____</p> <p><b>Classes of Gaming:</b> _____</p> <p><b>Internal Due Date:</b> _____</p> <p>(45 days from receipt)</p> <p><b>Date of Review:</b> _____</p> <p><b>Date(s) of Previous Ordinance and/or Amendment Approval(s), if any:</b> _____</p>	<p><b>Ordinance or Resolution #:</b> _____</p> <p><b>Amendment?</b> YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p><b>Date Received:</b> _____</p> <p><b>Due Date:</b> (90 days from receipt) _____</p> <p><b>Reviewer:</b> _____</p>
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**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
			<p><b>1.</b> Copy of an ordinance, resolution, or ordinance amendment certified as authentic by an authorized tribal official. (§ 522.2(a))</p> <p>To verify authenticity, the following is required:</p> <ul style="list-style-type: none"> <li>• A copy of the tribe’s Constitution or other governing document. _____</li> <li>• Is the signatory to the tribal gaming ordinance recognized by the BIA?                             <ul style="list-style-type: none"> <li>• BIA employee called and date: _____</li> </ul> </li> <li>• Does the body adopting the ordinance have authority under the tribe’s governing document?                             <ul style="list-style-type: none"> <li>• Name of body: _____</li> </ul> </li> <li>• What is the quorum requirement? _____</li> <li>• Did the governing body have a quorum to pass the ordinance or resolution?                             <ul style="list-style-type: none"> <li>• Quorum when passed: _____</li> </ul> </li> </ul>
			<p><b>2.</b> Copies of all tribal gaming regulations. (§ 522.2(d)) (If missing, please obtain.)</p>

			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**

- 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:
  - 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
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			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.)
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**§ 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))
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			3. If the tribe authorizes individually-owned gaming, does the ordinance meet the requirements of §§ 522.10 or 522.11? (§ 522.4(b)(1))
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			4. Does the ordinance require that net gaming revenues be used only for one or more of the following purposes:
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			<ul style="list-style-type: none"> <li>• to fund tribal government operations or programs;</li> <li>• to provide for the general welfare of the tribe and its members;</li> <li>• to promote tribal economic development;</li> <li>• to donate to charitable organizations; or</li> <li>• to help fund operations of local government agencies? (§ 522.4(b)(2)) *</li> </ul> <p>If the ordinance provides for the use of net revenues for any other purpose, please note and list the additional purposes.</p>
			<p><b>5.</b> Does the ordinance specify that per capita payments will only be made pursuant to an approved revenue allocation plan? (§ 522.4(b)(2)(ii))</p>
			<p><b>6.</b> 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))</p>
			<p><b>7.</b> 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))</p>
			<p><b>8.</b> 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?</p> <p>(§ 522.4(b)(6); § 522.6(b); 25 USC 2710(b)(1))</p> <p>(If the ordinance includes any specific facility license provisions, please review for, and note, any inconsistencies with 25 CFR part 559.)</p>
			<p><b>9.</b> 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))</p>
<b>Part 556 Requirements</b>			



			<p><b>10.</b> 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)?</p>
			<p><b>11.</b> 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)?</p>
			<p><b>12.</b> 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?</p>
			<p>a) full name, other names used (oral or written), SSN(s), birth date, place of birth, citizenship, gender, and all languages spoken or written;</p>
			<p>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);</p>
			<p>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;</p>
			<p>d) current business and residence telephone numbers;</p>
			<p>e) a description of any existing and previous business relationships with Indian tribes, including ownership interests in those businesses;</p>
			<p>f) a description of any existing and previous business relationships with the gaming industry generally, including ownership interests in those businesses;</p>
			<p>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;</p>
			<p>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;</p>
			<p>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;</p>

			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) *
			<b>13.</b> 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))
			<b>14.</b> 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"> <li>• prior activities;</li> <li>• criminal record, if any; and</li> <li>• reputation, habits, and associations. (§ 556.5(a)) *</li> </ul>
			<b>15.</b> 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)) *
			<b>16.</b> 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><b>17.</b> 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"> <li>• steps taken in conducting a background investigation;</li> <li>• results obtained;</li> <li>• conclusions reached; and</li> <li>• the basis for those conclusions. (§ 556.6(b)(1)) *</li> </ul>
			<p><b>18.</b> 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"> <li>• the applicant’s name, date of birth, and SSN;</li> <li>• date on which the applicant began or will begin work as a PMO or key employee;</li> <li>• a summary of the information presented in the investigative report, including: <ul style="list-style-type: none"> <li>• license(s) that have previously been denied;</li> <li>• gaming licenses that have been revoked, even if subsequently reinstated;</li> <li>• every known criminal charge brought against the applicant within the last 10 years of the date of the application; and</li> <li>• every felony of which the applicant has been convicted or any ongoing prosecution.</li> </ul> </li> <li>• a copy of the eligibility determination made under § 556.5. (§556.6(b)(2)) *</li> </ul>
<b>Part 558 Requirements</b>			
			<p><b>19.</b> 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><b>20.</b> Does the ordinance require the tribe to take NIGC objections into account when reconsidering a license application? (§ 558.2(c))</p>

		<p><b>21.</b> 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><b>22.</b> 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><b>23.</b> 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><b>24.</b> 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><b>25.</b> Does the ordinance require a tribe that does not license an applicant to:</p> <ul style="list-style-type: none"> <li>• notify the NIGC; and</li> <li>• 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))</li> </ul>
		<p><b>26.</b> 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"> <li>• applications for licensing;</li> <li>• investigative reports; and</li> <li>• eligibility determinations? (§ 558.3(e) *)</li> </ul>
		<p><b>27.</b> 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><b>28.</b> 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>

		<b>29.</b> Does the ordinance require the tribe to decide to revoke or reinstate a license after a revocation hearing? (§ 558.4(e))
		<b>30.</b> 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)).

SUBCHAPTER III—SPECIAL PROGRAMS RELATING TO ADULT EDUCATION FOR INDIANS

§ 2631. Repealed. Pub. L. 103-382, title III, § 367, Oct. 20, 1994, 108 Stat. 3976

Section, Pub. L. 100-297, title V, § 5330, Apr. 28, 1988, 102 Stat. 410, related to improvement of educational opportunities for adult Indians. See section 7851 of Title 20, Education.

SUBCHAPTER IV—PROGRAM ADMINISTRATION

§§ 2641 to 2643. Repealed. Pub. L. 103-382, title III, § 367, Oct. 20, 1994, 108 Stat. 3976

Section 2641, Pub. L. 100-297, title V, § 5341, Apr. 28, 1988, 102 Stat. 411; Pub. L. 100-427, § 21, Sept. 9, 1988, 102 Stat. 1612, related to establishment of Office of Indian Education within Department of Education. See section 3423c of Title 20, Education.

Section 2642, Pub. L. 100-297, title V, § 5342, Apr. 28, 1988, 102 Stat. 412; Pub. L. 100-427, § 22, Sept. 9, 1988, 102 Stat. 1613, established National Advisory Council on Indian Education.

Section 2643, Pub. L. 100-297, title V, § 5343, Apr. 28, 1988, 102 Stat. 413, authorized appropriations for administration of Indian education programs. See section 7882 of Title 20, Education.

SUBCHAPTER V—MISCELLANEOUS

§ 2651. Repealed. Pub. L. 103-382, title III, § 367, Oct. 20, 1994, 108 Stat. 3976

Section, Pub. L. 100-297, title V, § 5351, Apr. 28, 1988, 102 Stat. 413; Pub. L. 100-427, § 23, Sept. 9, 1988, 102 Stat. 1613, defined terms for purposes of this chapter. See section 7881 of Title 20, Education.

CHAPTER 29—INDIAN GAMING REGULATION

Sec.	
2701.	Findings.
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2718.	Authorization of appropriations.
2719.	Gaming on lands acquired after October 17, 1988.
2720.	Dissemination of information.
2721.	Severability.

§ 2701. Findings

The Congress finds that—

(1) numerous Indian tribes have become engaged in or have licensed gaming activities on Indian lands as a means of generating tribal governmental revenue;

(2) Federal courts have held that section 81 of this title requires Secretarial review of

management contracts dealing with Indian gaming, but does not provide standards for approval of such contracts;

(3) existing Federal law does not provide clear standards or regulations for the conduct of gaming on Indian lands;

(4) a principal goal of Federal Indian policy is to promote tribal economic development, tribal self-sufficiency, and strong tribal government; and

(5) Indian tribes have the exclusive right to regulate gaming activity on Indian lands if the gaming activity is not specifically prohibited by Federal law and is conducted within a State which does not, as a matter of criminal law and public policy, prohibit such gaming activity.

(Pub. L. 100-497, § 2, Oct. 17, 1988, 102 Stat. 2467.)

SHORT TITLE

Pub. L. 100-497, § 1, Oct. 17, 1988, 102 Stat. 2467, provided: "That this Act [enacting this chapter and sections 1166 to 1168 of Title 18, Crimes and Criminal Procedure] may be cited as the 'Indian Gaming Regulatory Act'."

§ 2702. Declaration of policy

The purpose of this chapter is—

(1) to provide a statutory basis for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments;

(2) to provide a statutory basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and players; and

(3) to declare that the establishment of independent Federal regulatory authority for gaming on Indian lands, the establishment of Federal standards for gaming on Indian lands, and the establishment of a National Indian Gaming Commission are necessary to meet congressional concerns regarding gaming and to protect such gaming as a means of generating tribal revenue.

(Pub. L. 100-497, § 3, Oct. 17, 1988, 102 Stat. 2467.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

§ 2703. Definitions

For purposes of this chapter—

(1) The term "Attorney General" means the Attorney General of the United States.

(2) The term "Chairman" means the Chairman of the National Indian Gaming Commission.

(3) The term "Commission" means the National Indian Gaming Commission established pursuant to section 2704 of this title.

(4) The term "Indian lands" means—

(A) all lands within the limits of any Indian reservation; and

(B) any lands title to which is either held in trust by the United States for the benefit of any Indian tribe or individual or held by any Indian tribe or individual subject to restriction by the United States against alienation and over which an Indian tribe exercises governmental power.

(5) The term "Indian tribe" means any Indian tribe, band, nation, or other organized group or community of Indians which—

(A) is recognized as eligible by the Secretary for the special programs and services provided by the United States to Indians because of their status as Indians, and

(B) is recognized as possessing powers of self-government.

(6) The term "class I gaming" means social games solely for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals as a part of, or in connection with, tribal ceremonies or celebrations.

(7)(A) The term "class II gaming" means—

(i) the game of chance commonly known as bingo (whether or not electronic, computer, or other technologic aids are used in connection therewith)—

(I) which is played for prizes, including monetary prizes, with cards bearing numbers or other designations,

(II) in which the holder of the card covers such numbers or designations when objects, similarly numbered or designated, are drawn or electronically determined, and

(III) in which the game is won by the first person covering a previously designated arrangement of numbers or designations on such cards,

including (if played in the same location) pull-tabs, lotto, punch boards, tip jars, instant bingo, and other games similar to bingo, and

(ii) card games that—

(I) are explicitly authorized by the laws of the State, or

(II) are not explicitly prohibited by the laws of the State and are played at any location in the State,

but only if such card games are played in conformity with those laws and regulations (if any) of the State regarding hours or periods of operation of such card games or limitations on wagers or pot sizes in such card games.

(B) The term "class II gaming" does not include—

(i) any banking card games, including baccarat, chemin de fer, or blackjack (21), or

(ii) electronic or electromechanical facsimiles of any game of chance or slot machines of any kind.

(C) Notwithstanding any other provision of this paragraph, the term "class II gaming" includes those card games played in the State of Michigan, the State of North Dakota, the State of South Dakota, or the State of Wash-

ington, that were actually operated in such State by an Indian tribe on or before May 1, 1988, but only to the extent of the nature and scope of the card games that were actually operated by an Indian tribe in such State on or before such date, as determined by the Chairman.

(D) Notwithstanding any other provision of this paragraph, the term "class II gaming" includes, during the 1-year period beginning on October 17, 1988, any gaming described in subparagraph (B)(ii) that was legally operated on Indian lands on or before May 1, 1988, if the Indian tribe having jurisdiction over the lands on which such gaming was operated requests the State, by no later than the date that is 30 days after October 17, 1988, to negotiate a Tribal-State compact under section 2710(d)(3) of this title.

(E) Notwithstanding any other provision of this paragraph, the term "class II gaming" includes, during the 1-year period beginning on December 17, 1991, any gaming described in subparagraph (B)(ii) that was legally operated on Indian lands in the State of Wisconsin on or before May 1, 1988, if the Indian tribe having jurisdiction over the lands on which such gaming was operated requested the State, by no later than November 16, 1988, to negotiate a Tribal-State compact under section 2710(d)(3) of this title.

(F) If, during the 1-year period described in subparagraph (E), there is a final judicial determination that the gaming described in subparagraph (E) is not legal as a matter of State law, then such gaming on such Indian land shall cease to operate on the date next following the date of such judicial decision.

(8) The term "class III gaming" means all forms of gaming that are not class I gaming or class II gaming.

(9) The term "net revenues" means gross revenues of an Indian gaming activity less amounts paid out as, or paid for, prizes and total operating expenses, excluding management fees.

(10) The term "Secretary" means the Secretary of the Interior.

(Pub. L. 100-497, § 4, Oct. 17, 1988, 102 Stat. 2467; Pub. L. 102-238, § 2(a), Dec. 17, 1991, 105 Stat. 1908; Pub. L. 102-497, § 16, Oct. 24, 1992, 106 Stat. 3261.)

#### REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

#### AMENDMENTS

1992—Par. (7)(E). Pub. L. 102-497 struck out "or Montana" after "Wisconsin".

1991—Par. (7)(E), (F). Pub. L. 102-238 added subpars. (E) and (F).

#### CLASS II GAMING WITH RESPECT TO INDIAN TRIBES IN WISCONSIN OR MONTANA ENGAGED IN NEGOTIATING TRIBAL-STATE COMPACTS

Pub. L. 101-301, § 6, May 24, 1990, 104 Stat. 209, provided that: "Notwithstanding any other provision of law, the

term 'class II gaming' includes, for purposes of applying Public Law 100-497 [25 U.S.C. 2701 et seq.] with respect to any Indian tribe located in the State of Wisconsin or the State of Montana, during the 1-year period beginning on the date of enactment of this Act [May 24, 1990], any gaming described in section 4(7)(B)(ii) of Public Law 100-497 [25 U.S.C. 2703(7)(B)(ii)] that was legally operated on Indian lands on or before May 1, 1988, if the Indian tribe having jurisdiction over the lands on which such gaming was operated made a request, by no later than November 16, 1988, to the State in which such gaming is operated to negotiate a Tribal-State compact under section 11(d)(3) of Public Law 100-497 [25 U.S.C. 2710(d)(3)]."

**TRIBAL-STATE COMPACT COVERING INDIAN TRIBES IN MINNESOTA; OPERATION OF CLASS II GAMES; ALLOWANCE OF ADDITIONAL YEAR FOR NEGOTIATIONS**

Pub. L. 101-121, title I, § 118, Oct. 23, 1989, 103 Stat. 722, provided that: "Notwithstanding any other provision of law, the term 'Class II gaming' in Public Law 100-497 [25 U.S.C. 2701 et seq.], for any Indian tribe located in the State of Minnesota, includes, during the period commencing on the date of enactment of this Act [Oct. 23, 1989] and continuing for 365 days from that date, any gaming described in section 4(7)(B)(ii) of Public Law 100-497 [25 U.S.C. 2703(7)(B)(ii)] that was legally operated on Indian lands on or before May 1, 1988, if the Indian tribe having jurisdiction [sic] over the lands on which such gaming was operated, requested the State of Minnesota, no later than 30 days after the date of enactment of Public Law 100-497 [Oct. 17, 1988], to negotiate a tribal-state compact pursuant to section 11(d)(3) of Public Law 100-497 [25 U.S.C. 2710(d)(3)]."

**§ 2704. National Indian Gaming Commission**

**(a) Establishment**

There is established within the Department of the Interior a Commission to be known as the National Indian Gaming Commission.

**(b) Composition; investigation; term of office; removal**

(1) The Commission shall be composed of three full-time members who shall be appointed as follows:

(A) a Chairman, who shall be appointed by the President with the advice and consent of the Senate; and

(B) two associate members who shall be appointed by the Secretary of the Interior.

(2)(A) The Attorney General shall conduct a background investigation on any person considered for appointment to the Commission.

(B) The Secretary shall publish in the Federal Register the name and other information the Secretary deems pertinent regarding a nominee for membership on the Commission and shall allow a period of not less than thirty days for receipt of public comment.

(3) Not more than two members of the Commission shall be of the same political party. At least two members of the Commission shall be enrolled members of any Indian tribe.

(4)(A) Except as provided in subparagraph (B), the term of office of the members of the Commission shall be three years.

(B) Of the initial members of the Commission—

- (i) two members, including the Chairman, shall have a term of office of three years; and
- (ii) one member shall have a term of office of one year.

(5) No individual shall be eligible for any appointment to, or to continue service on, the Commission, who—

(A) has been convicted of a felony or gaming offense;

(B) has any financial interest in, or management responsibility for, any gaming activity; or

(C) has a financial interest in, or management responsibility for, any management contract approved pursuant to section 2711 of this title.

(6) A Commissioner may only be removed from office before the expiration of the term of office of the member by the President (or, in the case of associate member, by the Secretary) for neglect of duty, or malfeasance in office, or for other good cause shown.

**(c) Vacancies**

Vacancies occurring on the Commission shall be filled in the same manner as the original appointment. A member may serve after the expiration of his term of office until his successor has been appointed, unless the member has been removed for cause under subsection (b)(6) of this section.

**(d) Quorum**

Two members of the Commission, at least one of which is the Chairman or Vice Chairman, shall constitute a quorum.

**(e) Vice Chairman**

The Commission shall select, by majority vote, one of the members of the Commission to serve as Vice Chairman. The Vice Chairman shall serve as Chairman during meetings of the Commission in the absence of the Chairman.

**(f) Meetings**

The Commission shall meet at the call of the Chairman or a majority of its members, but shall meet at least once every 4 months.

**(g) Compensation**

(1) The Chairman of the Commission shall be paid at a rate equal to that of level IV of the Executive Schedule under section 5315 of title 5.

(2) The associate members of the Commission shall each be paid at a rate equal to that of level V of the Executive Schedule under section 5316 of title 5.

(3) All members of the Commission shall be reimbursed in accordance with title 5 for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(Pub. L. 100-497, § 5, Oct. 17, 1988, 102 Stat. 2469.)

**§ 2705. Powers of Chairman**

(a) The Chairman, on behalf of the Commission, shall have power, subject to an appeal to the Commission, to—

(1) issue orders of temporary closure of gaming activities as provided in section 2713(b) of this title;

(2) levy and collect civil fines as provided in section 2713(a) of this title;

(3) approve tribal ordinances or resolutions regulating class II gaming and class III gaming as provided in section 2710 of this title; and



(4) approve management contracts for class II gaming and class III gaming as provided in sections 2710(d)(9) and 2711 of this title.

(b) The Chairman shall have such other powers as may be delegated by the Commission.

(Pub. L. 100-497, § 6, Oct. 17, 1988, 102 Stat. 2470.)

#### § 2706. Powers of Commission

##### (a) Budget approval; civil fines; fees; subpoenas; permanent orders

The Commission shall have the power, not subject to delegation—

(1) upon the recommendation of the Chairman, to approve the annual budget of the Commission as provided in section 2717 of this title;

(2) to adopt regulations for the assessment and collection of civil fines as provided in section 2713(a) of this title;

(3) by an affirmative vote of not less than 2 members, to establish the rate of fees as provided in section 2717 of this title;

(4) by an affirmative vote of not less than 2 members, to authorize the Chairman to issue subpoenas as provided in section 2715 of this title; and

(5) by an affirmative vote of not less than 2 members and after a full hearing, to make permanent a temporary order of the Chairman closing a gaming activity as provided in section 2713(b)(2) of this title.

##### (b) Monitoring; inspection of premises; investigations; access to records; mail; contracts; hearings; oaths; regulations

The Commission—

(1) shall monitor class II gaming conducted on Indian lands on a continuing basis;

(2) shall inspect and examine all premises located on Indian lands on which class II gaming is conducted;

(3) shall conduct or cause to be conducted such background investigations as may be necessary;

(4) may demand access to and inspect, examine, photocopy, and audit all papers, books, and records respecting gross revenues of class II gaming conducted on Indian lands and any other matters necessary to carry out the duties of the Commission under this chapter;

(5) may use the United States mail in the same manner and under the same conditions as any department or agency of the United States;

(6) may procure supplies, services, and property by contract in accordance with applicable Federal laws and regulations;

(7) may enter into contracts with Federal, State, tribal and private entities for activities necessary to the discharge of the duties of the Commission and, to the extent feasible, contract the enforcement of the Commission's regulations with the Indian tribes;

(8) may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Commission deems appropriate;

(9) may administer oaths or affirmations to witnesses appearing before the Commission; and

(10) shall promulgate such regulations and guidelines as it deems appropriate to implement the provisions of this chapter.

##### (c) Omitted

##### (d) Application of Government Performance and Results Act

###### (1) In general

In carrying out any action under this chapter, the Commission shall be subject to the Government Performance and Results Act of 1993 (Public Law 103-62; 107 Stat. 285).

###### (2) Plans

In addition to any plan required under the Government Performance and Results Act of 1993 (Public Law 103-62; 107 Stat. 285), the Commission shall submit a plan to provide technical assistance to tribal gaming operations in accordance with that Act.

(Pub. L. 100-497, § 7, Oct. 17, 1988, 102 Stat. 2470; Pub. L. 109-221, title III, § 301(a), May 12, 2006, 120 Stat. 341.)

#### REFERENCES IN TEXT

This chapter, referred to in subsecs. (b)(4), (10) and (d)(1), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

The Government Performance and Results Act of 1993, referred to in subsec. (d), is Pub. L. 103-62, Aug. 3, 1993, 107 Stat. 285, which enacted section 306 of Title 5, Government Organization and Employees, sections 1115 to 1119, 9703, and 9704 of Title 31, Money and Finance, and sections 2801 to 2805 of Title 39, Postal Service, amended section 1105 of Title 31, and enacted provisions set out as notes under sections 1101 and 1115 of Title 31. For complete classification of this Act to the Code, see Short Title of 1993 Amendment note set out under section 1101 of Title 31 and Tables.

#### CODIFICATION

Subsec. (c) of this section, which required the Commission to submit a report to Congress every two years on various matters relating to the operation of the Commission, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 114 of House Document No. 103-7.

#### AMENDMENTS

2006—Subsec. (d). Pub. L. 109-221 added subsec. (d).

#### § 2707. Commission staffing

##### (a) General Counsel

The Chairman shall appoint a General Counsel to the Commission who shall be paid at the annual rate of basic pay payable for GS-18 of the General Schedule under section 5332 of title 5.

##### (b) Staff

The Chairman shall appoint and supervise other staff of the Commission without regard to the provisions of title 5 governing appointments in the competitive service. Such staff shall be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, except that no individual so ap-

pointed may receive pay in excess of the annual rate of basic pay payable for GS-17 of the General Schedule under section 5332 of that title.

**(c) Temporary services**

The Chairman may procure temporary and intermittent services under section 3109(b) of title 5, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS-18 of the General Schedule.

**(d) Federal agency personnel**

Upon the request of the Chairman, the head of any Federal agency is authorized to detail any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this chapter, unless otherwise prohibited by law.

**(e) Administrative support services**

The Secretary or Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(Pub. L. 100-497, § 8, Oct. 17, 1988, 102 Stat. 2471.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (d), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

REFERENCES IN OTHER LAWS TO GS-16, 17, OR 18 PAY RATES

References in laws to the rates of pay for GS-16, 17, or 18, or to maximum rates of pay under the General Schedule, to be considered references to rates payable under specified sections of Title 5, Government Organization and Employees, see section 529 [title I, § 101(c)(1)] of Pub. L. 101-509, set out in a note under section 5376 of Title 5.

**§ 2708. Commission; access to information**

The Commission may secure from any department or agency of the United States information necessary to enable it to carry out this chapter. Upon the request of the Chairman, the head of such department or agency shall furnish such information to the Commission, unless otherwise prohibited by law.

(Pub. L. 100-497, § 9, Oct. 17, 1988, 102 Stat. 2472.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2709. Interim authority to regulate gaming**

Notwithstanding any other provision of this chapter, the Secretary shall continue to exercise those authorities vested in the Secretary on the day before October 17, 1988, relating to supervision of Indian gaming until such time as the Commission is organized and prescribes regulations. The Secretary shall provide staff and sup-

port assistance to facilitate an orderly transition to regulation of Indian gaming by the Commission.

(Pub. L. 100-497, § 10, Oct. 17, 1988, 102 Stat. 2472.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2710. Tribal gaming ordinances**

**(a) Jurisdiction over class I and class II gaming activity**

(1) Class I gaming on Indian lands is within the exclusive jurisdiction of the Indian tribes and shall not be subject to the provisions of this chapter.

(2) Any class II gaming on Indian lands shall continue to be within the jurisdiction of the Indian tribes, but shall be subject to the provisions of this chapter.

**(b) Regulation of class II gaming activity; net revenue allocation; audits; contracts**

(1) An Indian tribe may engage in, or license and regulate, class II gaming on Indian lands within such tribe's jurisdiction, if—

(A) such Indian gaming is located within a State that permits such gaming for any purpose by any person, organization or entity (and such gaming is not otherwise specifically prohibited on Indian lands by Federal law), and

(B) the governing body of the Indian tribe adopts an ordinance or resolution which is approved by the Chairman.

A separate license issued by the Indian tribe shall be required for each place, facility, or location on Indian lands at which class II gaming is conducted.

(2) The Chairman shall approve any tribal ordinance or resolution concerning the conduct, or regulation of class II gaming on the Indian lands within the tribe's jurisdiction if such ordinance or resolution provides that—

(A) except as provided in paragraph (4), the Indian tribe will have the sole proprietary interest and responsibility for the conduct of any gaming activity;

(B) net revenues from any tribal gaming are not to be used for purposes other than—

(i) to fund tribal government operations or programs;

(ii) to provide for the general welfare of the Indian tribe and its members;

(iii) to promote tribal economic development;

(iv) to donate to charitable organizations;

or

(v) to help fund operations of local government agencies;

(C) annual outside audits of the gaming, which may be encompassed within existing independent tribal audit systems, will be provided by the Indian tribe to the Commission;

(D) all contracts for supplies, services, or concessions for a contract amount in excess of

\$25,000 annually (except contracts for professional legal or accounting services) relating to such gaming shall be subject to such independent audits;

(E) 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; and

(F) 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—

(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.

(3) Net revenues from any class II gaming activities conducted or licensed by any Indian tribe may be used to make per capita payments to members of the Indian tribe only if—

(A) the Indian tribe has prepared a plan to allocate revenues to uses authorized by paragraph (2)(B);

(B) the plan is approved by the Secretary as adequate, particularly with respect to uses described in clause (i) or (iii) of paragraph (2)(B);

(C) 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 under a plan approved by the Secretary and the governing body of the Indian tribe; and

(D) the per capita payments are subject to Federal taxation and tribes notify members of such tax liability when payments are made.

(4)(A) A tribal ordinance or resolution may provide for the licensing or regulation of class II gaming activities owned by any person or entity other than the Indian tribe and conducted on Indian lands, only if the tribal licensing requirements include the requirements described in the subclauses of subparagraph (B)(i) and are at least as restrictive as those established by State law governing similar gaming within the jurisdiction of the State within which such Indian lands are located. No person or entity, other

than the Indian tribe, shall be eligible to receive a tribal license to own a class II gaming activity conducted on Indian lands within the jurisdiction of the Indian tribe if such person or entity would not be eligible to receive a State license to conduct the same activity within the jurisdiction of the State.

(B)(i) The provisions of subparagraph (A) of this paragraph and the provisions of subparagraphs (A) and (B) of paragraph (2) shall not bar the continued operation of an individually owned class II gaming operation that was operating on September 1, 1986, if—

(I) such gaming operation is licensed and regulated by an Indian tribe pursuant to an ordinance reviewed and approved by the Commission in accordance with section 2712 of this title,

(II) income to the Indian tribe from such gaming is used only for the purposes described in paragraph (2)(B) of this subsection,

(III) not less than 60 percent of the net revenues is income to the Indian tribe, and

(IV) the owner of such gaming operation pays an appropriate assessment to the National Indian Gaming Commission under section 2717(a)(1) of this title for regulation of such gaming.

(i) The exemption from the application of this subsection provided under this subparagraph may not be transferred to any person or entity and shall remain in effect only so long as the gaming activity remains within the same nature and scope as operated on October 17, 1988.

(iii) Within sixty days of October 17, 1988, the Secretary shall prepare a list of each individually owned gaming operation to which clause (i) applies and shall publish such list in the Federal Register.

**(c) Issuance of gaming license; certificate of self-regulation**

(1) The Commission may consult with appropriate law enforcement officials concerning gaming licenses issued by an Indian tribe and shall have thirty days to notify the Indian tribe of any objections to issuance of such license.

(2) If, after the issuance of a gaming license by an Indian tribe, reliable information is received from the Commission indicating that a primary management official or key employee does not meet the standard established under subsection (b)(2)(F)(i)(II) of this section, the Indian tribe shall suspend such license and, after notice and hearing, may revoke such license.

(3) Any Indian tribe which operates a class II gaming activity and which—

(A) has continuously conducted such activity for a period of not less than three years, including at least one year after October 17, 1988; and

(B) has otherwise complied with the provisions of this section<sup>1</sup>

may petition the Commission for a certificate of self-regulation.

(4) The Commission shall issue a certificate of self-regulation if it determines from available information, and after a hearing if requested by the tribe, that the tribe has—

<sup>1</sup> So in original. Probably should be followed by a comma.

(A) conducted its gaming activity in a manner which—

(i) has resulted in an effective and honest accounting of all revenues;

(ii) has resulted in a reputation for safe, fair, and honest operation of the activity; and

(iii) has been generally free of evidence of criminal or dishonest activity;

(B) adopted and is implementing adequate systems for—

(i) accounting for all revenues from the activity;

(ii) investigation, licensing, and monitoring of all employees of the gaming activity; and

(iii) investigation, enforcement and prosecution of violations of its gaming ordinance and regulations; and

(C) conducted the operation on a fiscally and economically sound basis.

(5) During any year in which a tribe has a certificate for self-regulation—

(A) the tribe shall not be subject to the provisions of paragraphs (1), (2), (3), and (4) of section 2706(b) of this title;

(B) the tribe shall continue to submit an annual independent audit as required by subsection (b)(2)(C) of this section and shall submit to the Commission a complete resume on all employees hired and licensed by the tribe subsequent to the issuance of a certificate of self-regulation; and

(C) the Commission may not assess a fee on such activity pursuant to section 2717 of this title in excess of one quarter of 1 per centum of the gross revenue.

(6) The Commission may, for just cause and after an opportunity for a hearing, remove a certificate of self-regulation by majority vote of its members.

**(d) Class III gaming activities; authorization; revocation; Tribal-State compact**

(1) Class III gaming activities shall be lawful on Indian lands only if such activities are—

(A) authorized by an ordinance or resolution that—

(i) is adopted by the governing body of the Indian tribe having jurisdiction over such lands,

(ii) meets the requirements of subsection (b) of this section, and

(iii) is approved by the Chairman,

(B) located in a State that permits such gaming for any purpose by any person, organization, or entity, and

(C) conducted in conformance with a Tribal-State compact entered into by the Indian tribe and the State under paragraph (3) that is in effect.

(2)(A) If any Indian tribe proposes to engage in, or to authorize any person or entity to engage in, a class III gaming activity on Indian lands of the Indian tribe, the governing body of the Indian tribe shall adopt and submit to the Chairman an ordinance or resolution that meets the requirements of subsection (b) of this section.

(B) The Chairman shall approve any ordinance or resolution described in subparagraph (A), unless the Chairman specifically determines that—

(i) the ordinance or resolution was not adopted in compliance with the governing documents of the Indian tribe, or

(ii) the tribal governing body was significantly and unduly influenced in the adoption of such ordinance or resolution by any person identified in section 2711(e)(1)(D) of this title.

Upon the approval of such an ordinance or resolution, the Chairman shall publish in the Federal Register such ordinance or resolution and the order of approval.

(C) Effective with the publication under subparagraph (B) of an ordinance or resolution adopted by the governing body of an Indian tribe that has been approved by the Chairman under subparagraph (B), class III gaming activity on the Indian lands of the Indian tribe shall be fully subject to the terms and conditions of the Tribal-State compact entered into under paragraph (3) by the Indian tribe that is in effect.

(D)(i) The governing body of an Indian tribe, in its sole discretion and without the approval of the Chairman, may adopt an ordinance or resolution revoking any prior ordinance or resolution that authorized class III gaming on the Indian lands of the Indian tribe. Such revocation shall render class III gaming illegal on the Indian lands of such Indian tribe.

(ii) The Indian tribe shall submit any revocation ordinance or resolution described in clause (i) to the Chairman. The Chairman shall publish such ordinance or resolution in the Federal Register and the revocation provided by such ordinance or resolution shall take effect on the date of such publication.

(iii) Notwithstanding any other provision of this subsection—

(I) any person or entity operating a class III gaming activity pursuant to this paragraph on the date on which an ordinance or resolution described in clause (i) that revokes authorization for such class III gaming activity is published in the Federal Register may, during the 1-year period beginning on the date on which such revocation ordinance or resolution is published under clause (ii), continue to operate such activity in conformance with the Tribal-State compact entered into under paragraph (3) that is in effect, and

(II) any civil action that arises before, and any crime that is committed before, the close of such 1-year period shall not be affected by such revocation ordinance or resolution.

(3)(A) Any Indian tribe having jurisdiction over the Indian lands upon which a class III gaming activity is being conducted, or is to be conducted, shall request the State in which such lands are located to enter into negotiations for the purpose of entering into a Tribal-State compact governing the conduct of gaming activities. Upon receiving such a request, the State shall negotiate with the Indian tribe in good faith to enter into such a compact.

(B) Any State and any Indian tribe may enter into a Tribal-State compact governing gaming activities on the Indian lands of the Indian tribe, but such compact shall take effect only

when notice of approval by the Secretary of such compact has been published by the Secretary in the Federal Register.

(C) Any Tribal-State compact negotiated under subparagraph (A) may include provisions relating to—

(i) the application of the criminal and civil laws and regulations of the Indian tribe or the State that are directly related to, and necessary for, the licensing and regulation of such activity;

(ii) the allocation of criminal and civil jurisdiction between the State and the Indian tribe necessary for the enforcement of such laws and regulations;

(iii) the assessment by the State of such activities in such amounts as are necessary to defray the costs of regulating such activity;

(iv) taxation by the Indian tribe of such activity in amounts comparable to amounts assessed by the State for comparable activities;

(v) remedies for breach of contract;

(vi) standards for the operation of such activity and maintenance of the gaming facility, including licensing; and

(vii) any other subjects that are directly related to the operation of gaming activities.

(4) Except for any assessments that may be agreed to under paragraph (3)(C)(iii) of this subsection, nothing in this section shall be interpreted as conferring upon a State or any of its political subdivisions authority to impose any tax, fee, charge, or other assessment upon an Indian tribe or upon any other person or entity authorized by an Indian tribe to engage in a class III activity. No State may refuse to enter into the negotiations described in paragraph (3)(A) based upon the lack of authority in such State, or its political subdivisions, to impose such a tax, fee, charge, or other assessment.

(5) Nothing in this subsection shall impair the right of an Indian tribe to regulate class III gaming on its Indian lands concurrently with the State, except to the extent that such regulation is inconsistent with, or less stringent than, the State laws and regulations made applicable by any Tribal-State compact entered into by the Indian tribe under paragraph (3) that is in effect.

(6) The provisions of section 1175 of title 15 shall not apply to any gaming conducted under a Tribal-State compact that—

(A) is entered into under paragraph (3) by a State in which gambling devices are legal, and  
(B) is in effect.

(7)(A) The United States district courts shall have jurisdiction over—

(i) any cause of action initiated by an Indian tribe arising from the failure of a State to enter into negotiations with the Indian tribe for the purpose of entering into a Tribal-State compact under paragraph (3) or to conduct such negotiations in good faith,

(ii) any cause of action initiated by a State or Indian tribe to enjoin a class III gaming activity located on Indian lands and conducted in violation of any Tribal-State compact entered into under paragraph (3) that is in effect, and

(iii) any cause of action initiated by the Secretary to enforce the procedures prescribed under subparagraph (B)(vii).

(B)(i) An Indian tribe may initiate a cause of action described in subparagraph (A)(i) only after the close of the 180-day period beginning on the date on which the Indian tribe requested the State to enter into negotiations under paragraph (3)(A).

(ii) In any action described in subparagraph (A)(i), upon the introduction of evidence by an Indian tribe that—

(I) a Tribal-State compact has not been entered into under paragraph (3), and

(II) the State did not respond to the request of the Indian tribe to negotiate such a compact or did not respond to such request in good faith,

the burden of proof shall be upon the State to prove that the State has negotiated with the Indian tribe in good faith to conclude a Tribal-State compact governing the conduct of gaming activities.

(iii) If, in any action described in subparagraph (A)(i), the court finds that the State has failed to negotiate in good faith with the Indian tribe to conclude a Tribal-State compact governing the conduct of gaming activities, the court shall order the State and the Indian Tribe<sup>2</sup> to conclude such a compact within a 60-day period. In determining in such an action whether a State has negotiated in good faith, the court—

(I) may take into account the public interest, public safety, criminality, financial integrity, and adverse economic impacts on existing gaming activities, and

(II) shall consider any demand by the State for direct taxation of the Indian tribe or of any Indian lands as evidence that the State has not negotiated in good faith.

(iv) If a State and an Indian tribe fail to conclude a Tribal-State compact governing the conduct of gaming activities on the Indian lands subject to the jurisdiction of such Indian tribe within the 60-day period provided in the order of a court issued under clause (iii), the Indian tribe and the State shall each submit to a mediator appointed by the court a proposed compact that represents their last best offer for a compact. The mediator shall select from the two proposed compacts the one which best comports with the terms of this chapter and any other applicable Federal law and with the findings and order of the court.

(v) The mediator appointed by the court under clause (iv) shall submit to the State and the Indian tribe the compact selected by the mediator under clause (iv).

(vi) If a State consents to a proposed compact during the 60-day period beginning on the date on which the proposed compact is submitted by the mediator to the State under clause (v), the proposed compact shall be treated as a Tribal-State compact entered into under paragraph (3).

(vii) If the State does not consent during the 60-day period described in clause (vi) to a proposed compact submitted by a mediator under clause (v), the mediator shall notify the Secretary and the Secretary shall prescribe, in consultation with the Indian tribe, procedures—

<sup>2</sup> So in original. Probably should not be capitalized.

(I) which are consistent with the proposed compact selected by the mediator under clause (iv), the provisions of this chapter, and the relevant provisions of the laws of the State, and (II) under which class III gaming may be conducted on the Indian lands over which the Indian tribe has jurisdiction.

(8)(A) The Secretary is authorized to approve any Tribal-State compact entered into between an Indian tribe and a State governing gaming on Indian lands of such Indian tribe.

(B) The Secretary may disapprove a compact described in subparagraph (A) only if such compact violates—

- (i) any provision of this chapter,
- (ii) any other provision of Federal law that does not relate to jurisdiction over gaming on Indian lands, or
- (iii) the trust obligations of the United States to Indians.

(C) If the Secretary does not approve or disapprove a compact described in subparagraph (A) before the date that is 45 days after the date on which the compact is submitted to the Secretary for approval, the compact shall be considered to have been approved by the Secretary, but only to the extent the compact is consistent with the provisions of this chapter.

(D) The Secretary shall publish in the Federal Register notice of any Tribal-State compact that is approved, or considered to have been approved, under this paragraph.

(9) An Indian tribe may enter into a management contract for the operation of a class III gaming activity if such contract has been submitted to, and approved by, the Chairman. The Chairman's review and approval of such contract shall be governed by the provisions of subsections (b), (c), (d), (f), (g), and (h) of section 2711 of this title.

#### (e) Approval of ordinances

For purposes of this section, by not later than the date that is 90 days after the date on which any tribal gaming ordinance or resolution is submitted to the Chairman, the Chairman shall approve such ordinance or resolution if it meets the requirements of this section. Any such ordinance or resolution not acted upon at the end of that 90-day period shall be considered to have been approved by the Chairman, but only to the extent such ordinance or resolution is consistent with the provisions of this chapter.

(Pub. L. 100-497, § 11, Oct. 17, 1988, 102 Stat. 2472.)

#### REFERENCES IN TEXT

This chapter, referred to in subsecs. (a), (d)(7)(B)(iv), (vii)(I), (8)(B)(i), (C), and (e), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

#### CONSTITUTIONALITY

For information regarding constitutionality of certain provisions of section 11 of Pub. L. 100-497, see Congressional Research Service, *The Constitution of the United States of America: Analysis and Interpretation*, Appendix 1, Acts of Congress Held Unconstitutional in

Whole or in Part by the Supreme Court of the United States.

#### § 2711. Management contracts

##### (a) Class II gaming activity; information on operators

(1) Subject to the approval of the Chairman, an Indian tribe may enter into a management contract for the operation and management of a class II gaming activity that the Indian tribe may engage in under section 2710(b)(1) of this title, but, before approving such contract, the Chairman shall require and obtain the following information:

(A) the name, address, and other additional pertinent background information on each person or entity (including individuals comprising such entity) having a direct financial interest in, or management responsibility for, such contract, and, in the case of a corporation, those individuals who serve on the board of directors of such corporation and each of its stockholders who hold (directly or indirectly) 10 percent or more of its issued and outstanding stock;

(B) a description of any previous experience that each person listed pursuant to subparagraph (A) has had with other gaming contracts with Indian tribes or with the gaming industry generally, including specifically the name and address of any licensing or regulatory agency with which such person has had a contract relating to gaming; and

(C) a complete financial statement of each person listed pursuant to subparagraph (A).

(2) Any person listed pursuant to paragraph (1)(A) shall be required to respond to such written or oral questions that the Chairman may propound in accordance with his responsibilities under this section.

(3) For purposes of this chapter, any reference to the management contract described in paragraph (1) shall be considered to include all collateral agreements to such contract that relate to the gaming activity.

##### (b) Approval

The Chairman may approve any management contract entered into pursuant to this section only if he determines that it provides at least—

(1) for adequate accounting procedures that are maintained, and for verifiable financial reports that are prepared, by or for the tribal governing body on a monthly basis;

(2) for access to the daily operations of the gaming to appropriate tribal officials who shall also have a right to verify the daily gross revenues and income made from any such tribal gaming activity;

(3) for a minimum guaranteed payment to the Indian tribe that has preference over the retirement of development and construction costs;

(4) for an agreed ceiling for the repayment of development and construction costs;

(5) for a contract term not to exceed five years, except that, upon the request of an Indian tribe, the Chairman may authorize a contract term that exceeds five years but does not exceed seven years if the Chairman is satisfied

that the capital investment required, and the income projections, for the particular gaming activity require the additional time; and

(6) for grounds and mechanisms for terminating such contract, but actual contract termination shall not require the approval of the Commission.

**(c) Fee based on percentage of net revenues**

(1) The Chairman may approve a management contract providing for a fee based upon a percentage of the net revenues of a tribal gaming activity if the Chairman determines that such percentage fee is reasonable in light of surrounding circumstances. Except as otherwise provided in this subsection, such fee shall not exceed 30 percent of the net revenues.

(2) Upon the request of an Indian tribe, the Chairman may approve a management contract providing for a fee based upon a percentage of the net revenues of a tribal gaming activity that exceeds 30 percent but not 40 percent of the net revenues if the Chairman is satisfied that the capital investment required, and income projections, for such tribal gaming activity require the additional fee requested by the Indian tribe.

**(d) Period for approval; extension**

By no later than the date that is 180 days after the date on which a management contract is submitted to the Chairman for approval, the Chairman shall approve or disapprove such contract on its merits. The Chairman may extend the 180-day period by not more than 90 days if the Chairman notifies the Indian tribe in writing of the reason for the extension. The Indian tribe may bring an action in a United States district court to compel action by the Chairman if a contract has not been approved or disapproved within the period required by this subsection.

**(e) Disapproval**

The Chairman shall not approve any contract if the Chairman determines that—

(1) any person listed pursuant to subsection (a)(1)(A) of this section—

(A) is an elected member of the governing body of the Indian tribe which is the party to the management contract;

(B) has been or subsequently is convicted of any felony or gaming offense;

(C) has knowingly and willfully provided materially important false statements or information to the Commission or the Indian tribe pursuant to this chapter or has refused to respond to questions propounded pursuant to subsection (a)(2) of this section; or

(D) has been determined to be a 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 and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental thereto;

(2) the management contractor has, or has attempted to, unduly interfere or influence for its gain or advantage any decision or process of tribal government relating to the gaming activity;

(3) the management contractor has deliberately or substantially failed to comply with the terms of the management contract or the tribal gaming ordinance or resolution adopted and approved pursuant to this chapter; or

(4) a trustee, exercising the skill and diligence that a trustee is commonly held to, would not approve the contract.

**(f) Modification or voiding**

The Chairman, after notice and hearing, shall have the authority to require appropriate contract modifications or may void any contract if he subsequently determines that any of the provisions of this section have been violated.

**(g) Interest in land**

No management contract for the operation and management of a gaming activity regulated by this chapter shall transfer or, in any other manner, convey any interest in land or other real property, unless specific statutory authority exists and unless clearly specified in writing in said contract.

**(h) Authority**

The authority of the Secretary under section 81 of this title, relating to management contracts regulated pursuant to this chapter, is hereby transferred to the Commission.

**(i) Investigation fee**

The Commission shall require a potential contractor to pay a fee to cover the cost of the investigation necessary to reach a determination required in subsection (e) of this section.

(Pub. L. 100-497, § 12, Oct. 17, 1988, 102 Stat. 2479.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a)(3), (e)(1)(C), (3), (g), and (h), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2712. Review of existing ordinances and contracts**

**(a) Notification to submit**

As soon as practicable after the organization of the Commission, the Chairman shall notify each Indian tribe or management contractor who, prior to October 17, 1988, adopted an ordinance or resolution authorizing class II gaming or class III gaming or entered into a management contract, that such ordinance, resolution, or contract, including all collateral agreements relating to the gaming activity, must be submitted for his review within 60 days of such notification. Any activity conducted under such ordinance, resolution, contract, or agreement shall be valid under this chapter, or any amendment made by this chapter, unless disapproved under this section.

**(b) Approval or modification of ordinance or resolution**

(1) By no later than the date that is 90 days after the date on which an ordinance or resolution authorizing class II gaming or class III gaming is submitted to the Chairman pursuant

to subsection (a) of this section, the Chairman shall review such ordinance or resolution to determine if it conforms to the requirements of section 2710(b) of this title.

(2) If the Chairman determines that an ordinance or resolution submitted under subsection (a) of this section conforms to the requirements of section 2710(b) of this title, the Chairman shall approve it.

(3) If the Chairman determines that an ordinance or resolution submitted under subsection (a) of this section does not conform to the requirements of section 2710(b) of this title, the Chairman shall provide written notification of necessary modifications to the Indian tribe which shall have not more than 120 days to bring such ordinance or resolution into compliance.

**(c) Approval or modification of management contract**

(1) Within 180 days after the submission of a management contract, including all collateral agreements, pursuant to subsection (a) of this section, the Chairman shall subject such contract to the requirements and process of section 2711 of this title.

(2) If the Chairman determines that a management contract submitted under subsection (a) of this section, and the management contractor under such contract, meet the requirements of section 2711 of this title, the Chairman shall approve the management contract.

(3) If the Chairman determines that a contract submitted under subsection (a) of this section, or the management contractor under a contract submitted under subsection (a) of this section, does not meet the requirements of section 2711 of this title, the Chairman shall provide written notification to the parties to such contract of necessary modifications and the parties shall have not more than 120 days to come into compliance. If a management contract has been approved by the Secretary prior to October 17, 1988, the parties shall have not more than 180 days after notification of necessary modifications to come into compliance.

(Pub. L. 100-497, §13, Oct. 17, 1988, 102 Stat. 2481.)

REFERENCES IN TEXT

This chapter, referred to in subsec. (a), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2713. Civil penalties**

**(a) Authority; amount; appeal; written complaint**

(1) Subject to such regulations as may be prescribed by the Commission, the Chairman shall have authority to levy and collect appropriate civil fines, not to exceed \$25,000 per violation, against the tribal operator of an Indian game or a management contractor engaged in gaming for any violation of any provision of this chapter, any regulation prescribed by the Commission pursuant to this chapter, or tribal regulations, ordinances, or resolutions approved under section 2710 or 2712 of this title.

(2) The Commission shall, by regulation, provide an opportunity for an appeal and hearing

before the Commission on fines levied and collected by the Chairman.

(3) Whenever the Commission has reason to believe that the tribal operator of an Indian game or a management contractor is engaged in activities regulated by this chapter, by regulations prescribed under this chapter, or by tribal regulations, ordinances, or resolutions, approved under section 2710 or 2712 of this title, that may result in the imposition of a fine under subsection (a)(1) of this section, the permanent closure of such game, or the modification or termination of any management contract, the Commission shall provide such tribal operator or management contractor with a written complaint stating the acts or omissions which form the basis for such belief and the action or choice of action being considered by the Commission. The allegation shall be set forth in common and concise language and must specify the statutory or regulatory provisions alleged to have been violated, but may not consist merely of allegations stated in statutory or regulatory language.

**(b) Temporary closure; hearing**

(1) The Chairman shall have power to order temporary closure of an Indian game for substantial violation of the provisions of this chapter, of regulations prescribed by the Commission pursuant to this chapter, or of tribal regulations, ordinances, or resolutions approved under section 2710 or 2712 of this title.

(2) Not later than thirty days after the issuance by the Chairman of an order of temporary closure, the Indian tribe or management contractor involved shall have a right to a hearing before the Commission to determine whether such order should be made permanent or dissolved. Not later than sixty days following such hearing, the Commission shall, by a vote of not less than two of its members, decide whether to order a permanent closure of the gaming operation.

**(c) Appeal from final decision**

A decision of the Commission to give final approval of a fine levied by the Chairman or to order a permanent closure pursuant to this section shall be appealable to the appropriate Federal district court pursuant to chapter 7 of title 5.

**(d) Regulatory authority under tribal law**

Nothing in this chapter precludes an Indian tribe from exercising regulatory authority provided under tribal law over a gaming establishment within the Indian tribe's jurisdiction if such regulation is not inconsistent with this chapter or with any rules or regulations adopted by the Commission.

(Pub. L. 100-497, §14, Oct. 17, 1988, 102 Stat. 2482.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a)(1), (3), (b)(1), and (d), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.



**§ 2714. Judicial review**

Decisions made by the Commission pursuant to sections 2710, 2711, 2712, and 2713 of this title shall be final agency decisions for purposes of appeal to the appropriate Federal district court pursuant to chapter 7 of title 5.

(Pub. L. 100-497, § 15, Oct. 17, 1988, 102 Stat. 2483.)

**§ 2715. Subpoena and deposition authority****(a) Attendance, testimony, production of papers, etc.**

By a vote of not less than two members, the Commission shall have the power to require by subpoena the attendance and testimony of witnesses and the production of all books, papers, and documents relating to any matter under consideration or investigation. Witnesses so summoned shall be paid the same fees and mileage that are paid witnesses in the courts of the United States.

**(b) Geographical location**

The attendance of witnesses and the production of books, papers, and documents, may be required from any place in the United States at any designated place of hearing. The Commission may request the Secretary to request the Attorney General to bring an action to enforce any subpoena under this section.

**(c) Refusal of subpoena; court order; contempt**

Any court of the United States within the jurisdiction of which an inquiry is carried on may, in case of contumacy or refusal to obey a subpoena for any reason, issue an order requiring such person to appear before the Commission (and produce books, papers, or documents as so ordered) and give evidence concerning the matter in question and any failure to obey such order of the court may be punished by such court as a contempt thereof.

**(d) Depositions; notice**

A Commissioner may order testimony to be taken by deposition in any proceeding or investigation pending before the Commission at any stage of such proceeding or investigation. Such depositions may be taken before any person designated by the Commission and having power to administer oaths. Reasonable notice must first be given to the Commission in writing by the party or his attorney proposing to take such deposition, and, in cases in which a Commissioner proposes to take a deposition, reasonable notice must be given. The notice shall state the name of the witness and the time and place of the taking of his deposition. Any person may be compelled to appear and depose, and to produce books, papers, or documents, in the same manner as witnesses may be compelled to appear and testify and produce like documentary evidence before the Commission, as hereinbefore provided.

**(e) Oath or affirmation required**

Every person deposing as herein provided shall be cautioned and shall be required to swear (or affirm, if he so requests) to testify to the whole truth, and shall be carefully examined. His testimony shall be reduced to writing by the person taking the deposition, or under his direction,

and shall, after it has been reduced to writing, be subscribed by the deponent. All depositions shall be promptly filed with the Commission.

**(f) Witness fees**

Witnesses whose depositions are taken as authorized in this section, and the persons taking the same, shall severally be entitled to the same fees as are paid for like services in the courts of the United States.

(Pub. L. 100-497, § 16, Oct. 17, 1988, 102 Stat. 2483.)

**§ 2716. Investigative powers****(a) Confidential information**

Except as provided in subsection (b) of this section, the Commission shall preserve any and all information received pursuant to this chapter as confidential pursuant to the provisions of paragraphs (4) and (7) of section 552(b) of title 5.

**(b) Provision to law enforcement officials**

The Commission shall, when such information indicates a violation of Federal, State, or tribal statutes, ordinances, or resolutions, provide such information to the appropriate law enforcement officials.

**(c) Attorney General**

The Attorney General shall investigate activities associated with gaming authorized by this chapter which may be a violation of Federal law.

(Pub. L. 100-497, § 17, Oct. 17, 1988, 102 Stat. 2484.)

## REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (c), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2717. Commission funding**

(a)(1) The Commission shall establish a schedule of fees to be paid to the Commission annually by each gaming operation that conducts a class II or class III gaming activity that is regulated by this chapter.

(2)(A) The rate of the fees imposed under the schedule established under paragraph (1) shall be—

(i) no more than 2.5 percent of the first \$1,500,000, and

(ii) no more than 5 percent of amounts in excess of the first \$1,500,000,

of the gross revenues from each activity regulated by this chapter.

(B) The total amount of all fees imposed during any fiscal year under the schedule established under paragraph (1) shall not exceed 0.080 percent of the gross gaming revenues of all gaming operations subject to regulation under this chapter.

(3) The Commission, by a vote of not less than two of its members, shall annually adopt the rate of the fees authorized by this section which shall be payable to the Commission on a quarterly basis.

(4) Failure to pay the fees imposed under the schedule established under paragraph (1) shall,

subject to the regulations of the Commission, be grounds for revocation of the approval of the Chairman of any license, ordinance, or resolution required under this chapter for the operation of gaming.

(5) To the extent that revenue derived from fees imposed under the schedule established under paragraph (1) are not expended or committed at the close of any fiscal year, such surplus funds shall be credited to each gaming activity on a pro rata basis against such fees imposed for the succeeding year.

(6) For purposes of this section, gross revenues shall constitute the annual total amount of money wagered, less any amounts paid out as prizes or paid for prizes awarded and less allowance for amortization of capital expenditures for structures.

(b)(1) The Commission, in coordination with the Secretary and in conjunction with the fiscal year of the United States, shall adopt an annual budget for the expenses and operation of the Commission.

(2) The budget of the Commission may include a request for appropriations, as authorized by section 2718 of this title, in an amount equal the amount of funds derived from assessments authorized by subsection (a) of this section for the fiscal year preceding the fiscal year for which the appropriation request is made.

(3) The request for appropriations pursuant to paragraph (2) shall be subject to the approval of the Secretary and shall be included as a part of the budget request of the Department of the Interior.

(Pub. L. 100-497, § 18, Oct. 17, 1988, 102 Stat. 2484; Pub. L. 105-83, title I, § 123(a)(1)-(2)(B), Nov. 14, 1997, 111 Stat. 1566; Pub. L. 109-221, title III, § 301(b), May 12, 2006, 120 Stat. 341.)

#### REFERENCES IN TEXT

This chapter, referred to in subsec. (a)(1), (2), (4), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

#### AMENDMENTS

2006—Subsec. (a)(2)(B). Pub. L. 109-221 added subpar. (B) and struck out former subpar. (B) which read as follows: "The total amount of all fees imposed during any fiscal year under the schedule established under paragraph (1) shall not exceed \$8,000,000."

1997—Subsec. (a)(1). Pub. L. 105-83, § 123(a)(1), substituted "gaming operation that conducts a class II or class III gaming activity" for "class II gaming activity".

Subsec. (a)(2)(A)(i). Pub. L. 105-83, § 123(a)(2)(A), substituted "no more than 2.5 percent" for "no less than 0.5 percent nor more than 2.5 percent".

Subsec. (a)(2)(B). Pub. L. 105-83, § 123(a)(2)(B), substituted "\$8,000,000" for "\$1,500,000".

#### APPLICATION TO SELF-REGULATED TRIBES

Pub. L. 105-83, title I, § 123(a)(2)(C), Nov. 14, 1997, 111 Stat. 1566, as amended by Pub. L. 105-277, div. A, § 101(e) [title III, § 338], Oct. 21, 1998, 112 Stat. 2681-231, 2681-295, provided that: "[N]othing in subsection (a) of this section [amending this section] shall apply to the Mississippi Band of Choctaw."

#### § 2717a. Availability of class II gaming activity fees to carry out duties of Commission

In fiscal year 1990 and thereafter, fees collected pursuant to and as limited by section 2717 of this title shall be available to carry out the duties of the Commission, to remain available until expended.

(Pub. L. 101-121, title I, Oct. 23, 1989, 103 Stat. 718.)

#### CODIFICATION

Section was enacted as part of the Department of the Interior and Related Agencies Appropriations Act, 1990, and not as part of the Indian Gaming Regulatory Act which comprises this chapter.

#### § 2718. Authorization of appropriations

(a) Subject to section 2717 of this title, there are authorized to be appropriated, for fiscal year 1998, and for each fiscal year thereafter, an amount equal to the amount of funds derived from the assessments authorized by section 2717(a) of this title.

(b) Notwithstanding section 2717 of this title, there are authorized to be appropriated to fund the operation of the Commission, \$2,000,000 for fiscal year 1998, and \$2,000,000 for each fiscal year thereafter. The amounts authorized to be appropriated in the preceding sentence shall be in addition to the amounts authorized to be appropriated under subsection (a) of this section.

(Pub. L. 100-497, § 19, Oct. 17, 1988, 102 Stat. 2485; Pub. L. 102-238, § 2(b), Dec. 17, 1991, 105 Stat. 1908; Pub. L. 105-83, title I, § 123(b), Nov. 14, 1997, 111 Stat. 1566; Pub. L. 105-119, title VI, § 627, Nov. 26, 1997, 111 Stat. 2522.)

#### AMENDMENTS

1997—Subsec. (a). Pub. L. 105-119 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "Subject to the provisions of section 2717 of this title, there are hereby authorized to be appropriated for fiscal year 1998, and for each fiscal year thereafter, an amount equal to the amount of funds derived from the assessments authorized by section 2717(a) of this title for the fiscal year immediately preceding the fiscal year involved, for the operation of the Commission."

Pub. L. 105-83, § 123(b)(1), substituted "for fiscal year 1998, and for each fiscal year thereafter, an amount equal to the amount of funds derived from the assessments authorized by section 2717(a) of this title for the fiscal year immediately preceding the fiscal year involved," for "such sums as may be necessary".

Subsec. (b). Pub. L. 105-83, § 123(b)(2), added subsec. (b) and struck out former subsec. (b) which read as follows: "Notwithstanding the provisions of section 2717 of this title, there are hereby authorized to be appropriated not to exceed \$2,000,000 to fund the operation of the Commission for each of the fiscal years beginning October 1, 1988, and October 1, 1989. Notwithstanding the provisions of section 2717 of this title, there are authorized to be appropriated such sums as may be necessary to fund the operation of the Commission for each of the fiscal years beginning October 1, 1991, and October 1, 1992."

1991—Subsec. (b). Pub. L. 102-238 inserted at end "Notwithstanding the provisions of section 2717 of this title, there are authorized to be appropriated such sums as may be necessary to fund the operation of the Commission for each of the fiscal years beginning October 1, 1991, and October 1, 1992."

**§ 2719. Gaming on lands acquired after October 17, 1988**

**(a) Prohibition on lands acquired in trust by Secretary**

Except as provided in subsection (b) of this section, gaming regulated by this chapter shall not be conducted on lands acquired by the Secretary in trust for the benefit of an Indian tribe after October 17, 1988, unless—

(1) such lands are located within or contiguous to the boundaries of the reservation of the Indian tribe on October 17, 1988; or

(2) the Indian tribe has no reservation on October 17, 1988, and—

(A) such lands are located in Oklahoma and—

(i) are within the boundaries of the Indian tribe's former reservation, as defined by the Secretary, or

(ii) are contiguous to other land held in trust or restricted status by the United States for the Indian tribe in Oklahoma; or

(B) such lands are located in a State other than Oklahoma and are within the Indian tribe's last recognized reservation within the State or States within which such Indian tribe is presently located.

**(b) Exceptions**

(1) Subsection (a) of this section will not apply when—

(A) the Secretary, after consultation with the Indian tribe and appropriate State and local officials, including officials of other nearby Indian tribes, determines that a gaming establishment on newly acquired lands would be in the best interest of the Indian tribe and its members, and would not be detrimental to the surrounding community, but only if the Governor of the State in which the gaming activity is to be conducted concurs in the Secretary's determination; or

(B) lands are taken into trust as part of—

(i) a settlement of a land claim,

(ii) the initial reservation of an Indian tribe acknowledged by the Secretary under the Federal acknowledgment process, or

(iii) the restoration of lands for an Indian tribe that is restored to Federal recognition.

(2) Subsection (a) of this section shall not apply to—

(A) any lands involved in the trust petition of the St. Croix Chippewa Indians of Wisconsin that is the subject of the action filed in the United States District Court for the District of Columbia entitled *St. Croix Chippewa Indians of Wisconsin v. United States*, Civ. No. 86-2278, or

(B) the interests of the Miccosukee Tribe of Indians of Florida in approximately 25 contiguous acres of land, more or less, in Dade County, Florida, located within one mile of the intersection of State Road Numbered 27 (also known as Krome Avenue) and the Tamiami Trail.

(3) Upon request of the governing body of the Miccosukee Tribe of Indians of Florida, the Secretary shall, notwithstanding any other provision of law, accept the transfer by such Tribe to

the Secretary of the interests of such Tribe in the lands described in paragraph (2)(B) and the Secretary shall declare that such interests are held in trust by the Secretary for the benefit of such Tribe and that such interests are part of the reservation of such Tribe under sections 465 and 467 of this title, subject to any encumbrances and rights that are held at the time of such transfer by any person or entity other than such Tribe. The Secretary shall publish in the Federal Register the legal description of any lands that are declared held in trust by the Secretary under this paragraph.

**(c) Authority of Secretary not affected**

Nothing in this section shall affect or diminish the authority and responsibility of the Secretary to take land into trust.

**(d) Application of title 26**

(1) The provisions of title 26 (including sections 1441, 3402(q), 6041, and 6050I, and chapter 35 of such title) concerning the reporting and withholding of taxes with respect to the winnings from gaming or wagering operations shall apply to Indian gaming operations conducted pursuant to this chapter, or under a Tribal-State compact entered into under section 2710(d)(3) of this title that is in effect, in the same manner as such provisions apply to State gaming and wagering operations.

(2) The provisions of this subsection shall apply notwithstanding any other provision of law enacted before, on, or after October 17, 1988, unless such other provision of law specifically cites this subsection.

(Pub. L. 100-497, § 20, Oct. 17, 1988, 102 Stat. 2485.)

REFERENCES IN TEXT

This chapter, referred to in subsecs. (a) and (d)(1), was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2720. Dissemination of information**

Consistent with the requirements of this chapter, sections 1301, 1302, 1303 and 1304 of title 18 shall not apply to any gaming conducted by an Indian tribe pursuant to this chapter.

(Pub. L. 100-497, § 21, Oct. 17, 1988, 102 Stat. 2486.)

REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

**§ 2721. Severability**

In the event that any section or provision of this chapter, or amendment made by this chapter, is held invalid, it is the intent of Congress that the remaining sections or provisions of this chapter, and amendments made by this chapter, shall continue in full force and effect.

(Pub. L. 100-497, § 22, Oct. 17, 1988, 102 Stat. 2486.)

## REFERENCES IN TEXT

This chapter, referred to in text, was in the original "this Act", meaning Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, known as the Indian Gaming Regulatory Act, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2701 of this title and Tables.

### CHAPTER 30—INDIAN LAW ENFORCEMENT REFORM

Sec.	
2801.	Definitions.
2802.	Indian law enforcement responsibilities.
2803.	Law enforcement authority.
2804.	Assistance by other agencies.
2805.	Regulations.
2806.	Jurisdiction.
2807.	Uniform allowance.
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2815.	State, tribal, and local law enforcement cooperation.

#### § 2801. Definitions

For purposes of this chapter—

(1) The term "Branch of Criminal Investigations" means the entity the Secretary is required to establish within the Office of Justice Services under section 2802(d)(1) of this title.

(2) The term "Bureau" means the Bureau of Indian Affairs of the Department of the Interior.

(3) The term "employee of the Bureau" includes an officer of the Bureau.

(4) The term "enforcement of a law" includes the prevention, detection, and investigation of an offense and the detention or confinement of an offender.

(5) The term "Indian country" has the meaning given that term in section 1151 of title 18.

(6) The term "Indian tribe" has the meaning given that term in section 1301 of this title.

(7) The term "offense" means an offense against the United States and includes a violation of a Federal regulation relating to part or all of Indian country.

(8) The term "Secretary" means the Secretary of the Interior.

(10)<sup>1</sup> The term "tribal justice official" means—

(A) a tribal prosecutor;

(B) a tribal law enforcement officer; or

(C) any other person responsible for investigating or prosecuting an alleged criminal offense in tribal court.

(Pub. L. 101-379, § 2, Aug. 18, 1990, 104 Stat. 473; Pub. L. 111-211, title II, §§ 203(b), 211(a), July 29, 2010, 124 Stat. 2263, 2264.)

#### AMENDMENTS

2010—Pub. L. 111-211, § 211(a), redesignated and renumbered pars. (9) and (1) to (7) as (1) to (8), respectively, substituted "Office of Justice Services" for "Division

of Law Enforcement Services" in par. (1), and struck out former par. (8) which read as follows: "The term 'Division of Law Enforcement Services' means the entity established within the Bureau under section 2802(b) of this title."

Par. (10). Pub. L. 111-211, § 203(b), added par. (10).

#### SHORT TITLE OF 2010 AMENDMENT

Pub. L. 111-211, title II, § 201(a), July 29, 2010, 124 Stat. 2261, provided that: "This title [enacting part G (§458ccc et seq.) of subchapter II of chapter 14 of this title and sections 2810 to 2815, 3665a, and 3682 of this title, redesignating part F (§458bbb et seq.) of subchapter II of chapter 14 of this title as part H (§458ddd et seq.), amending this section and sections 458ddd-1, 458ddd-2, 1302, 1321, 2411 to 2413, 2414a, 2415, 2431 to 2433, 2441, 2442, 2451, 2453, 2802 to 2804, 2809, 3613, 3621, 3653, 3662, 3663, 3666, and 3681 of this title, sections 841, 845, 1162, 4042, and 4352 of Title 18, Crimes and Criminal Procedure, sections 872, 872a, 873, and 878 of Title 21, Food and Drugs, sections 534 and 543 of Title 28, Judiciary and Judicial Procedure, and sections 2996f, 3732, 3796h, 3796dd, 5616, 5783, and 13709 of Title 42, The Public Health and Welfare, enacting provisions set out as notes under this section and section 1302 of this title, section 872 of Title 21, section 534 of Title 28, and sections 3732, 3796h, 3796dd, and 14044 of Title 42, amending provisions set out as a note under section 534 of Title 28, and repealing provisions set out as a note under section 3651 of this title] may be cited as the 'Tribal Law and Order Act of 2010'."

#### SHORT TITLE

Pub. L. 101-379, § 1, Aug. 18, 1990, 104 Stat. 473, provided that: "This Act [enacting this chapter and provisions set out as a note under section 2991a of Title 42, The Public Health and Welfare] may be cited as the 'Indian Law Enforcement Reform Act'."

#### SEVERABILITY

Pub. L. 111-211, title II, § 204, July 29, 2010, 124 Stat. 2263, provided that: "If any provision of this title [see Short Title of 2010 Amendment note above], an amendment made by this title, or the application of such a provision or amendment to any individual, entity, or circumstance, is determined by a court of competent jurisdiction to be invalid, the remaining provisions of this title, the remaining amendments made by this title, and the application of those provisions and amendments to individuals, entities, or circumstances other than the affected individual, entity, or circumstance shall not be affected."

#### FINDINGS; PURPOSES

Pub. L. 111-211, title II, § 202, July 29, 2010, 124 Stat. 2262, provided that:

"(a) FINDINGS.—Congress finds that—

"(1) the United States has distinct legal, treaty, and trust obligations to provide for the public safety of Indian country;

"(2) Congress and the President have acknowledged that—

"(A) tribal law enforcement officers are often the first responders to crimes on Indian reservations; and

"(B) tribal justice systems are often the most appropriate institutions for maintaining law and order in Indian country;

"(3) less than 3,000 tribal and Federal law enforcement officers patrol more than 56,000,000 acres of Indian country, which reflects less than 1/2 of the law enforcement presence in comparable rural communities nationwide;

"(4) the complicated jurisdictional scheme that exists in Indian country—

"(A) has a significant negative impact on the ability to provide public safety to Indian communities;

"(B) has been increasingly exploited by criminals; and

<sup>1</sup> So in original. There is no par. (9).

### Activity #3 - TGRA Responsibilities, Authority, Compliance, and Tools

IGRA and Tribal Gaming Ordinance mandates/requires Tribes to regulate Indian Gaming activities within their boundaries. Identify what duties and/or responsibilities help achieve the mandate and mission of the TGRA.

1. Divide into groups.
2. Discuss the TGRA's regulatory tasks listed below in the "Responsibility" field.
  - a. Under each responsibility, list additional tasks that can be performed by the TGRA to achieve the mission of regulating Indian gaming.
3. Discuss the specific authority to carry out each task.
4. Discuss how you will achieve the task, including what resources (compliance, surveillance, internal audit, backgrounds etc.) you will rely on.

<b>Responsibility</b> Required or best practice duties TGRA can perform to achieve the mission	<b>Authority</b> IGRA, Tribal Ordinance, NIGC Regulation, Tribal Regulations	<b>Action Plan</b> How will you accomplish this task, and what resources will you need. Things to consider. Guide discussions on How to accomplish the task. Bring up things to consider.
1. Ensure that gaming facilities are constructed, maintained and operated in a manner that adequately protects the environment and the public health and safety		
2. Ensure that net revenues from any gaming activities are used for the limited purposes set forth in the tribal gaming ordinance		
3. Obtain annual independent outside audits. A Tribe shall submit to the Commission a copy of the report(s) and management letter(s) setting forth the results of each annual audit within 120 days after the end of each fiscal year of the gaming operation		

### Activity #3 - TGRA Responsibilities, Authority, Compliance, and Tools

<b>Responsibility</b> Required or best practice duties TGRA can perform to achieve the mission	<b>Authority</b> IGRA, Tribal Ordinance, NIGC Regulation, Tribal Regulations	<b>Action Plan</b> How will you accomplish this task, and what resources will you need. Things to consider. Guide discussions on How to accomplish the task. Bring up things to consider.
4. Establish or approve minimum internal control standards or procedures for the gaming operation		
5. Protect tribal assets		
6. Conduct investigations of possible violations and take appropriate enforcement action with respect to the tribal gaming ordinances and regulations		

### Activity #3 - TGRA Responsibilities, Authority, Compliance, and Tools

<b>Responsibility</b> Required or best practice duties TGRA can perform to achieve the mission	<b>Authority</b> IGRA, Tribal Ordinance, NIGC Regulation, Tribal Regulations	<b>Action Plan</b> How will you accomplish this task, and what resources will you need. Things to consider. Guide discussions on How to accomplish the task. Bring up things to consider.
7. Establish or approve rules of various games, and inspect games, tables, equipment, machines, cards, dice, and chips or tokens used in the gaming operation		

**Additional Tasks:** Discuss other tasks you perform to fulfill your regulatory mandate to regulate gaming. Develop a list of tasks and complete the table below.

<b>Responsibility</b> Required or best practice duties TGRA can perform to achieve the mission	<b>Authority</b> IGRA, Tribal Ordinance, NIGC Regulation, Tribal Regulations	<b>Action Plan</b> How will you accomplish this task, and what resources will you need. Things to consider. Guide discussions on How to accomplish the task. Bring up things to consider.
8.		
9.		

### Activity #3 - TGRA Responsibilities, Authority, Compliance, and Tools

<b>Responsibility</b> Required or best practice duties TGRA can perform to achieve the mission	<b>Authority</b> IGRA, Tribal Ordinance, NIGC Regulation, Tribal Regulations	<b>Action Plan</b> How will you accomplish this task, and what resources will you need. Things to consider. Guide discussions on How to accomplish the task. Bring up things to consider.
10.		
11.		

### Resources

**Model gaming ordinance recommended language (Section 8. Gaming Commission):**

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 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.



# NATIONAL INDIAN GAMING COMMISSION BULLETIN

No. 94-3

April 20, 1994

**Subject: Functions of a Tribal Gaming Commission**

## INTRODUCTION/OVERVIEW

In response to numerous requests, the National Indian Gaming Commission (NIGC) is providing this Bulletin regarding the establishment and functions of tribal gaming commissions. While neither the Indian Gaming Regulatory Act (IGRA) nor the NIGC regulations require tribes to establish tribal gaming commissions, there are specific governmental responsibilities tribes must undertake to engage in gaming under the IGRA. The NIGC believes that tribal gaming commissions are an appropriate type of governmental agency that can implement the regulatory responsibilities of the tribes under the IGRA. In fact, most governments that sanction gaming do so within a comprehensive regulatory environment, including active regulation through the use of gaming commissions. Aside from fulfilling the requirements under the IGRA, there are also many other regulatory duties that a tribal gaming commission can perform on behalf of a tribe.

This Bulletin addresses some of the regulatory responsibilities that are required under the IGRA and the regulations of the NIGC. This Bulletin also contains some recommendations for establishing tribal gaming commissions. Lastly, this Bulletin lists some of the regulatory responsibilities that tribal gaming commissions can perform on behalf of tribes. Also, it is important to note that many Indian tribes have already established tribal gaming commissions after which a tribe may wish to pattern its own commission.

## TRIBAL REGULATORY RESPONSIBILITIES

Tribal governments are recognized as having the right to engage in gaming. This authority is confirmed through the IGRA. Under the IGRA and the regulations of the NIGC, tribal governments are responsible for the regulation of gaming conducted on Indian lands. While tribal governments have the authority to engage in gaming either through tribally run operations or through operations run by management contractors, tribes must understand the importance of establishing a governmental regulatory framework under which gaming will be conducted. Most importantly, comprehensive regulation is a necessary component in the system

of checks and balances needed to ensure the integrity of the games and to protect the interest of the tribe.

Effective regulatory oversight requires that there be a separation between the regulation and operation of tribal gaming activities. For example, if a tribe owns and operates its own gaming facility, the governmental entity must be structured to ensure that the regulation of gaming is separate from the operation of gaming. On the other hand, if a tribe has entered into a management agreement, the management entity is responsible only for the operation of gaming. In such cases, the management entity is required to comply with all tribal gaming ordinances and regulations including those that address background investigations, suitability determinations, and licensing of key employees and primary management officials. Also, the regulatory entity should have no involvement in the operational or managerial decisions of a gaming facility, except to the extent that such issues may involve tribal law or regulations.

The authority to establish a regulatory structure or tribal gaming commission comes from the sovereign powers of tribal governments. An effective regulatory scheme should work to ensure that all gaming within a tribe's jurisdiction is operated in accordance with tribal laws and regulations. The tribal gaming commission should be an arm of the tribal government, established for the exclusive purpose of regulating and monitoring gaming on behalf of the tribe. It is important to note that if a tribe does not establish a tribal gaming commission, some other office or agency of the tribal government must fulfill these governmental obligations.

#### ESTABLISHING A TRIBAL GAMING COMMISSION

There are many different factors a tribe should consider when establishing a tribal gaming commission. Most importantly, a tribal gaming commission should be established by ordinance. The following organizational and operational issues should also be considered when establishing a tribal gaming commission:

1. The tribal gaming commission's responsibilities, powers, and enforcement authority should be specifically set forth in the tribal ordinance. Any responsibility reserved to the governing body of the tribe should also be specifically stated.
2. The ordinance should include provisions regarding the number of commissioners, the method of selecting commissioners including the qualifications needed and the background requirements, their terms of office, and the methods and grounds for removal of commission members. The NIGC suggests staggering the terms of the commissioners so as to provide continuity in the tribal gaming commission's activities during transition of commission members.
3. The ordinance should include a method for funding the tribal gaming commission and its staff. The NIGC suggests that funding be appropriated from the tribal government instead of direct funding from the gaming operation.
4. The ordinance should include the basic procedures for conducting official commission business, including provisions regarding appeal procedures of tribal gaming commission actions.

5. The ordinance should provide for the tribal gaming commission's autonomous authority. This authority should include, among other things, unrestricted access to any area of the gaming operation, including the books and records of the operation, in order to carry out the regulatory duties.

#### REGULATORY FUNCTIONS OF A TRIBAL GAMING COMMISSION

If a tribe elects to utilize a tribal gaming commission, the commission might be responsible for the regulatory functions outlined below. Items 1 - 12 are requirements contained in the IGRA and the NIGC's regulations. The remaining activities are additional and related functions a tribal gaming commission might perform.

1. Develop licensing procedures for all employees of the gaming operation pursuant to 25 CFR § 558.1(b).
2. Issue, suspend, revoke, and renew licenses of primary management officials and key employees upon completion of background investigations and after following the procedures contained in 25 CFR Parts 556 and 558.
3. Conduct background investigations on primary management officials and key employees according to requirements that are at least as stringent as those in 25 CFR Parts 556 and 558 pursuant to 25 CFR § 522.4(b)(5).
4. Forward completed employment applications for primary management officials and key employees to the NIGC pursuant to 25 CFR § 558.3. These applications should include the Privacy Act notice and the notice regarding false statements contained in 25 CFR §§ 556.2 and 556.3.
5. Forward completed investigative reports on each background investigation for each primary management official or key employee to the NIGC prior to issuing a license pursuant to 25 CFR § 556.5.
6. Review a person's prior activities, criminal record, if any, and reputation, habits and associations to make a finding concerning the eligibility of a key employee or primary management official for employment in a gaming operation pursuant to 25 CFR § 558.2.
7. Notify the NIGC if, after conducting a background investigation on a primary management official or a key employee, the tribe does not license the individual pursuant to 25 CFR § 556.5(d)(1).
8. Retain applications and reports of background investigations of primary management officials and key employees for no less than three years from termination of employment pursuant to 25 CFR § 558.1(c).
9. Issue separate licenses to each place, facility, or location on Indian lands where a tribe elects to allow gaming pursuant to 25 CFR § 522.4(b)(6).

10. Ensure that gaming facilities are constructed, maintained and operated in a manner that adequately protects the environment and the public health and safety pursuant to 25 CFR § 522.4(b)(7).
11. Obtain annual independent outside audits and submit these audits to the NIGC pursuant to 25 CFR § 522.4(b)(3). The scope of these audits should include all gaming related contracts that result in purchases of supplies, services or concessions for more than \$25,000 in any year pursuant to 25 CFR § 522.4(b)(4).
12. Ensure that net revenues from any gaming activities are used for the limited purposes set forth in the tribal gaming ordinance pursuant to 25 CFR § 522.4(b)(2).
13. If the tribe authorizes individually owned gaming, issue licenses according to the requirements contained in the tribal gaming ordinance pursuant to 25 CFR §§ 522.10 and 522.11.
14. Promulgate tribal gaming regulations pursuant to tribal law.
15. Monitor gaming activities to ensure compliance with tribal law/regulations.
16. Interact with other regulatory and law enforcement agencies regarding the regulation of gaming.
17. Conduct investigations of possible violations and take appropriate enforcement action with respect to the tribal gaming ordinances and regulations.
18. Provide independent information to the tribe on the status of the tribe's gaming activities.
19. Take testimony and conduct hearings on regulatory matters, including matters related to the revocation of primary management official and key employee licenses.
20. Establish or approve minimum internal control standards or procedures for the gaming operation, including the operation's credit policies and procedures for acquiring supplies and equipment.
21. Establish any supplementary criteria for the licensing of primary management officials, key employees, and other employees that the tribe deems necessary.
22. Establish standards for and issue licenses or permits to persons and entities who deal with the gaming operation such as manufacturers and suppliers of machines, equipment and supplies.
23. Maintain records on licensees and on persons denied licenses including persons otherwise prohibited from engaging in gaming activities within the tribe's jurisdiction.
24. Perform audits of business transactions to ensure compliance with regulations and/or policy.

25. Establish or approve rules of various games, and inspect games, tables, equipment, machines, cards, dice, and chips or tokens used in the gaming operation. Establish or approve video surveillance standards. Establish standards/criteria for gaming machines and facilitate the testing of machines for compliance.
26. Resolve patron disputes, employees grievances, and other problems, pursuant to the tribal gaming ordinance.

For additional information, contact Tim Harper or Susan Carletta at (202) 632-7003.

No. 99-3

October 12, 1999

**Subject: Independence of Tribal Gaming Commissions**

### **Introduction/Overview**

This Bulletin supplements NIGC Bulletin No. 94-3 (April 20, 1994) which discusses the role for a tribal gaming commission in helping a tribe meet its regulatory responsibilities under the Indian Gaming Regulatory Act (IGRA). Effective regulatory oversight requires a functional separation between the *operation* of tribal gaming and the *regulation* of that tribal gaming. In the NIGC's experience, a well-run tribal gaming commission, free to regulate without undue interference from tribal leadership, is the best vehicle for achieving this functional separation.

### **Discussion**

A tribal gaming commission is an arm of the tribal government established for the exclusive purpose of regulating and monitoring gaming on behalf of the tribe. The charter document for the tribal gaming commission should ensure that the commission is an independent body, separated completely from the tribe's role as owner and operator of the tribe's gaming activities. Responsibilities such as the adoption and establishment of rules and standards for the operation of gaming activity should be delegated to the tribal gaming commission. The exercise of such authority is strong evidence that the gaming commission functions in an independent capacity distinct from the tribal council.

The purpose of a tribal gaming commission is regulatory not managerial. A tribal gaming commission conducts oversight to ensure compliance with federal, tribal, and, if applicable, state laws and regulations. The commission serves as the licensing authority for individuals employed in the gaming operation, administering an effective program for background investigations as part of the licensing process. The commission also has a role in monitoring compliance with the internal control standards for the gaming operation and in tracking revenues. In order to carry out its regulatory duties, the commission should have unrestricted access to all areas of the gaming operation and to all records. A tribal gaming commission should have clear authority to take enforcement actions, including suspension or revocation of an individual gaming license, when appropriate.

A tribal government helps ensure the independence of a tribal gaming commission by creating for it a permanent and stable source of funding. This funding may originate in the tribal budget, which is recommended, or from license fees or assessments on the gaming revenue. The independence and integrity of the commission is seriously threatened if the tribal council is able to withhold funding from it or if the level of funding is not sufficient for the gaming commission to perform its role. Similarly,

approval for day-to-day expenditures for the gaming commission should be within the authority of the gaming commission or a staff supervisor and not from an outside party. The tribal gaming commission should be supported by a qualified staff.

The length of term in office and assurance of an opportunity to perform the required duties are important to the independence of tribal gaming commissions as both a matter of reality and perception. The term should be of fixed length and long enough to ensure stability. Continuity is fostered by staggering the terms of commission members thus avoiding wholesale changes in the membership. The commission should be non-partisan and non-political. Removal of commission members during term of office should be for good cause only and follow a procedure which provides for due process. Removal should not be permitted for simple disagreement with tribal leadership over matters that involve a gaming commissioner's exercise of discretion in the performance of duty.

While independence is critical, regular and open communication with tribal leadership and tribal membership is also important. The general aspects of the commission's regulations and its oversight of gaming activities are of vital interest to the tribe. Regular reports should be made to the tribal council and to the membership on the status and health of the gaming operation from a regulatory perspective.

Serious conflicts of interest in the exercise of its regulatory responsibilities as well as an appearance of impropriety are avoided if members of gaming commissions are prohibited from playing in the gaming activities they regulate. Commission members should not be employed by gaming operations or by the management company or consultant serving the gaming operation. Participation as a player or as an employee in the regulated operations will likely raise questions about the independence of the tribal gaming commission and potentially compromise its integrity or that of its members.

Ideally, no members of a tribal council would serve on the tribal gaming commission. Tribal council members and tribal gaming commission members may not always agree on matters about which the tribal gaming commission has taken a regulatory position because they may approach these matters from different perspectives. Actual and perceived independence for a tribal gaming commission is fostered if the roles of council member and gaming commissioner are separate and distinct.

### **Conclusion**

The NIGC encourages tribes to review their responsibilities and procedures in respect to gaming regulation and consider whether their tribal gaming commission operates in a sufficiently independent manner. This bulletin serve as guidance to tribes and identifies attributes of an independent tribal gaming commission but the NIGC recognizes that there may be other ways to achieve such independence. The overall goal is, of course, to ensure integrity in Indian gaming.

For additional information, a tribe may contact an NIGC field representative or the NIGC Office of General Counsel at (202) 632-7003.

Commissioners Track Part 2  
Tools of the Gaming Commission



# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

How does a Gaming Commission regulate? What tools do we have to enforce the various levels of law?

How do we get it done?

We will use critical thinking skills to discuss how different departments can assist TGRA's:

- Background Investigations and Licensing
- Internal Audit
- Compliance
- Surveillance

## Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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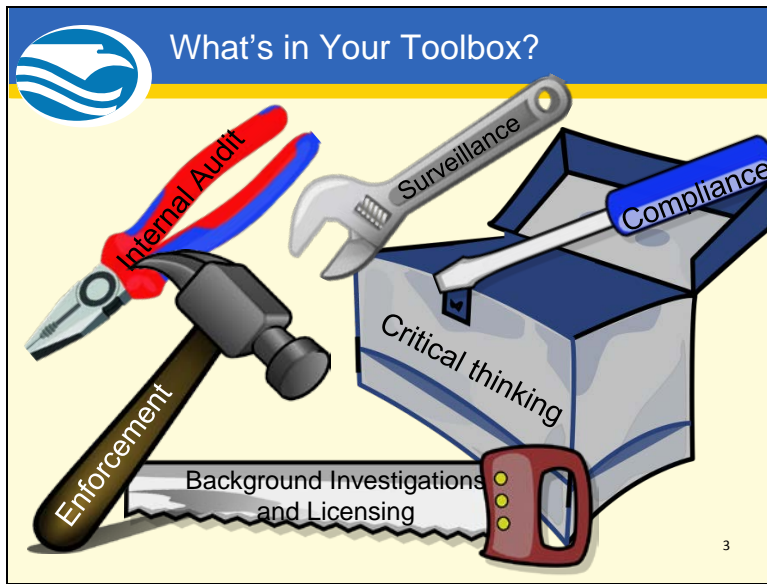
### KEY POINTS

Poll Title: What is the most important tool the TGRA uses to regulate Indian gaming?

[https://www.polleverywhere.com/free\\_text\\_polls/Cl1YtWNxjSsaYXG](https://www.polleverywhere.com/free_text_polls/Cl1YtWNxjSsaYXG)

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

Imagine the job of regulating the Indian casino as being a bit more physical in nature. As with any job it requires craft and skill. We must use the tools available to us in order to complete all of the jobs required of a tribal regulator.


As in any job, we have different tools for the varying number of tasks, each tool with its capabilities and limitations. A hammer, while very effective for nails usually proves less than useful for painting. A saw will work very well on lumber, but for bricklaying it may be more of a hindrance than help. Each tool accomplished a limited number of tasks. No one task is completed using only one tool, so as you work on each task, you will reach for another tool to move the job forward.

We are going to discuss tools the tribal regulator has at hand and how each may be used to protect the tribe's guests and assets.

As we discuss these tools today, you are welcome to make suggestions or ask questions. As with any job, we can always learn to institute better techniques to accomplish your goals.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide


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## Critical Thinking

**Skills:**

- Evaluation
- Analysis
- Interpretation
- Inference
- Self-Regulation
- Explanation



4

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### KEY POINTS

**Critical thinking is the ability to think clearly and rationally about what to do or what to believe.**

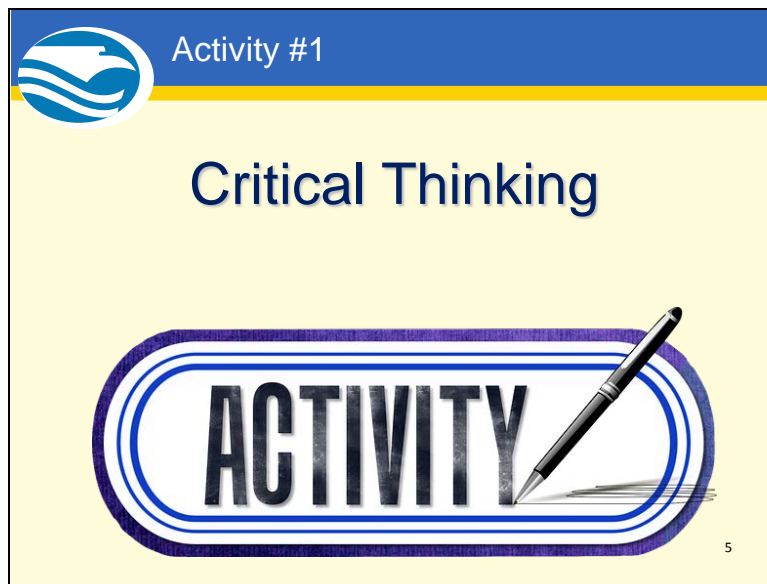
It includes the ability to engage in reflective and independent thinking. Someone with critical thinking skills is able to do the following :

- understand the logical connections between ideas
- identify, construct and evaluate arguments
- detect inconsistencies and common mistakes in reasoning
- solve problems systematically
- identify the relevance and importance of ideas
- reflect on the justification of one's own beliefs and values

Taken from: <http://philosophy.hku.hk/think/critical/ct.php>

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

### Critical Thinking Activity

#### Group Work

**TIME: 45 minutes**

#### Supplies: (per group)

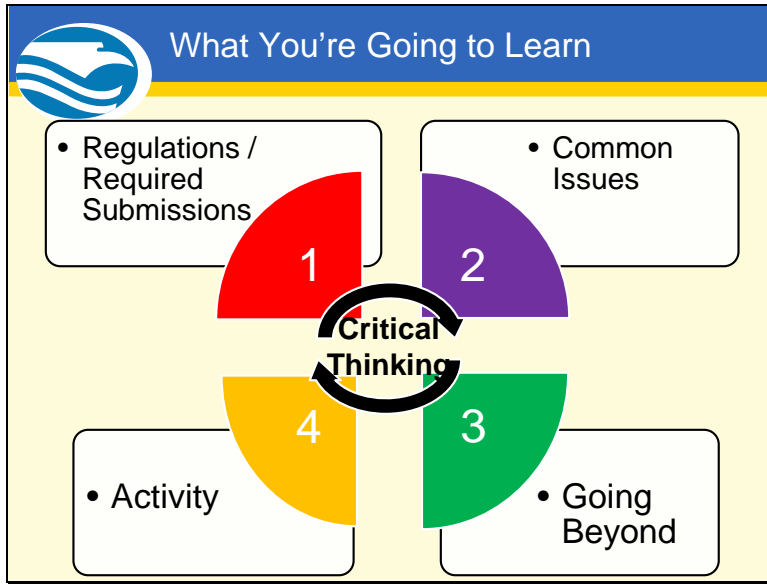
- Large Post-it notes
- Markers
- Activity #1 Critical Thinking Scenario worksheet

#### Instructions

- Break up into small groups.
- Review the Critical Thinking worksheet
- Work together to complete what you will need to do in order to accomplish this additional task
- Prepare to discuss.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

As we examine each tool of the gaming commission we are going to look at the following aspects:

- Regulations and required submissions
- Common issues
- How you can go beyond the regulations and required submissions
- Participate in an activity about that particular tool

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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Regulations 556 & 558

Regulation 556

Regulation 558

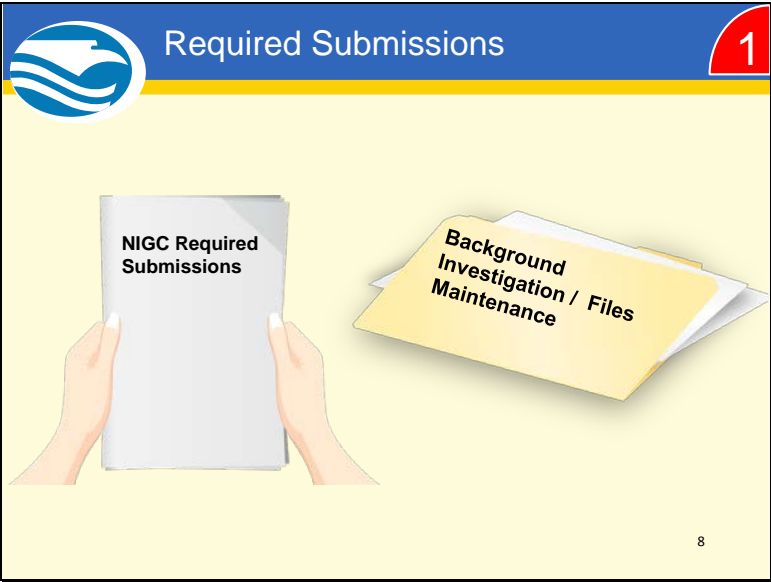
7

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## KEY POINTS

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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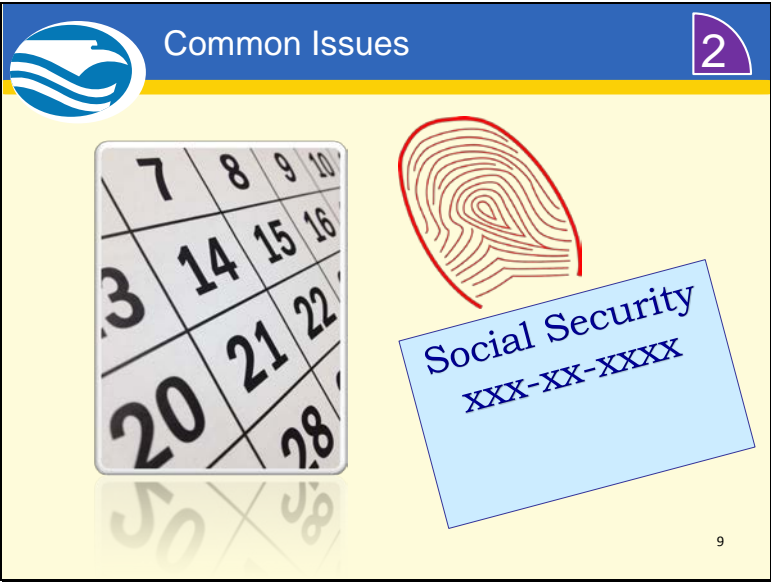
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## KEY POINTS



# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide



## KEY POINTS

**Discussion:** How can you use your critical thinking skills to create best practices, that go above and beyond the minimum requirements, for your background investigations.  
Above & Beyond the Required Submissions

### **25 CFR §556.5 Tribal eligibility determination. (NIGC Regulations)**

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.

**§2710(b)(s)(F) 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— (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.


# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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Going Beyond - The Required Submissions 3

- Utilizing the background investigation department as a tool to help you regulate



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## KEY POINTS

**Discussion:** How may background investigations aid the TGRA in performing regulatory duties?

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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### KEY POINTS

**Activity #2 - Eligibility Determination Activity**

**Small Group Activity**

**TIME: 60 minutes**

**Supplies:**

- Activity #2 - Eligibility determination worksheet

**Instructions**

- Discuss the TGRA responsibilities for conducting a thorough enough background investigation to make an eligibility determination.
- List specific tasks to achieve the IGRA mandate; highlighted section below.
- Group discussion.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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Surveillance Regs – 543.21

NIGC Surveillance Regulations

13

The slide features a blue header with a white logo on the left and a red circle with the number '1' on the right. Below the header, the text 'NIGC Surveillance Regulations' is underlined in blue. In the center, there is a circular photograph of a security guard from behind, wearing a white shirt with 'SECURITY' printed on it and a black cap. The background of the slide is light yellow.

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## KEY POINTS

Link to the NIGC Surveillance Regulations:

[https://www.ecfr.gov/cgi-bin/text-](https://www.ecfr.gov/cgi-bin/text-idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543_121)

[idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543\\_121](https://www.ecfr.gov/cgi-bin/text-idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543_121)

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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 Common Issues with Regs 

**Group Discussion on  
Common Issues**



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## KEY POINTS

**Discussion:** How to be compliant with these regulations.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

### Activity #3 - 543.21 Surveillance Regulations - Request for Intent of Regulation

#### Small Group Work

**TIME:** 45 minutes

#### Supplies: (per group)

- Activity #3 - 543.21 Surveillance Regulations - Request for Intent of Regulation worksheet

**Scenario:** Pretend you are the TGRA and the Surveillance department requests you to provide clarification on the surveillance TICS. Using the regulations below, provide clarification on the intent of the regulation and how to achieve compliance to each of the regulations. Provide your responses in the table below.

#### Instructions


- Break up into small groups.
- Review the worksheet.
- In your groups determine and write down intent of the standard.
- In your groups determine how you would provide guidance to the surveillance department so they may achieve compliance with the regulations.
- Prepare to discuss.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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Going Beyond – Using Surveillance  
Regulate **3**

**How do you utilize surveillance to regulate?**



16

The image shows five grey hexagonal nuts arranged in two columns (three on the left, two on the right) and a grey adjustable wrench positioned to the right of the nuts. The word "Surveillance" is written in black on the handle of the wrench. The entire graphic is set against a light yellow background within a blue-bordered box.

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## KEY POINTS

**Discussion:** Effective ways to use surveillance to achieve your regulatory responsibilities.



# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

§543.23(c): Controls and Procedures for:

- Annual Internal Audits Performed
- Internal Audit is Independent
- Internal Audit Placement in Organization
- Documentation and Reports
- Internal Audit Findings

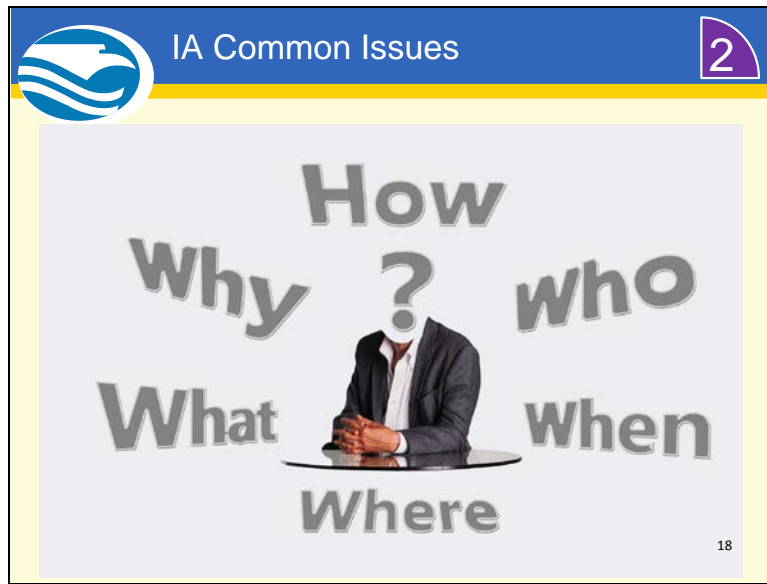
Link to regs:

[https://www.ecfr.gov/cgi-bin/text-](https://www.ecfr.gov/cgi-bin/text-idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543_123)

[idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543\\_123](https://www.ecfr.gov/cgi-bin/text-idx?SID=29cb30e616812eca0418468d1232fde7&mc=true&node=pt25.2.543&rgn=div5#se25.2.543_123)

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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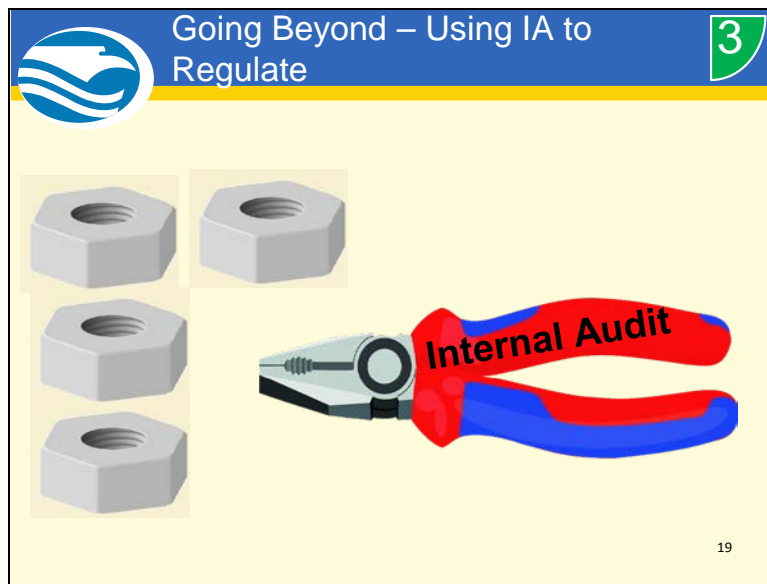
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## KEY POINTS

**Discussion:** Common issues

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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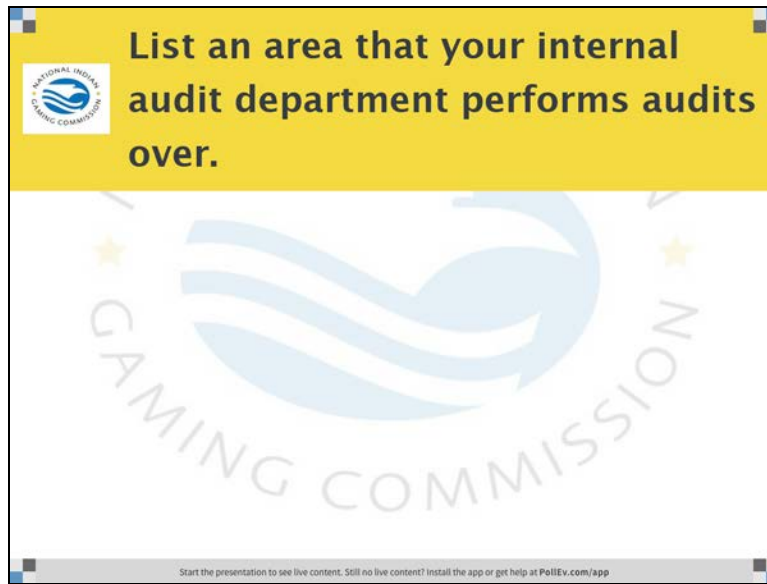
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## KEY POINTS

**Discussion:** Effective ways to use Internal Audit to achieve your regulator responsibility

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

Poll Title: List an area that your internal audit department performs audits over.

[https://www.polleverywhere.com/free\\_text\\_polls/s0jzJBIDtSh13ft](https://www.polleverywhere.com/free_text_polls/s0jzJBIDtSh13ft)

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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Going Beyond – Using Compliance to Regulate **3**



How do you utilize a Compliance department to help you regulate?



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## KEY POINTS

**Discussion:** How to use Compliance to achieve your regulatory responsibility.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide



## KEY POINTS

### Activity #4 – Critical Thinking - Using Compliance, Surveillance, Backgrounds and Internal Audit

**TIME: 1hr to 1.5hrs**

Communicating findings and using reports to regulate.

#### Supplies:

Activity #4 – Critical Thinking - Using Compliance, Surveillance, Backgrounds and Internal Audit worksheet

#### Instructions:

##### Part 1 – What reports does each department provide to the TGRA

##### Small group exercise

- Each department produces reports notifying the TGRA of internal control violations.
- (For example: Surveillance produces: incident reports, daily logs and suspicious activity reports. Internal audit produces: internal audit reports and follow up reports. Compliance produces: non-compliance reports.)
- Make a list of all reports that each department produces

##### Part 2 – How does the TGRA track the information received and how does it use this information to help them regulate?

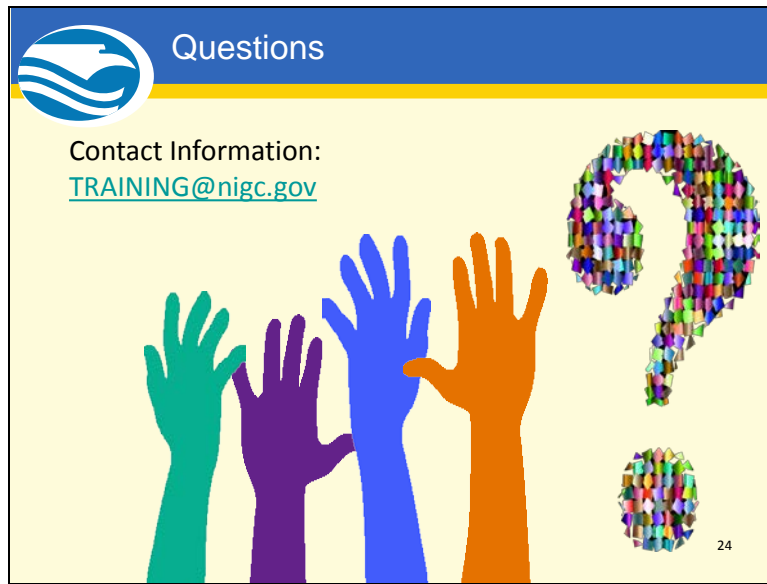
##### Group Discussion:

*Scenario: The TGRA receives a lot of reports from various departments notifying them of violations, suspicious activities and other procedure violations. Discuss how the TGRA can effectively track all of the violations or use all of the information being reported to them, so they can effectively regulate.*

Discuss how the information can be utilized effectively to help the TGRA regulate. Write your responses in the box below.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

If you have any questions or would like information about additional topics and training please contact the NIGC training department.



# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## Course Evaluation

- Provide an honest assessment of your experience
- Written suggestions and comments are greatly appreciated and allow us to improve your experience



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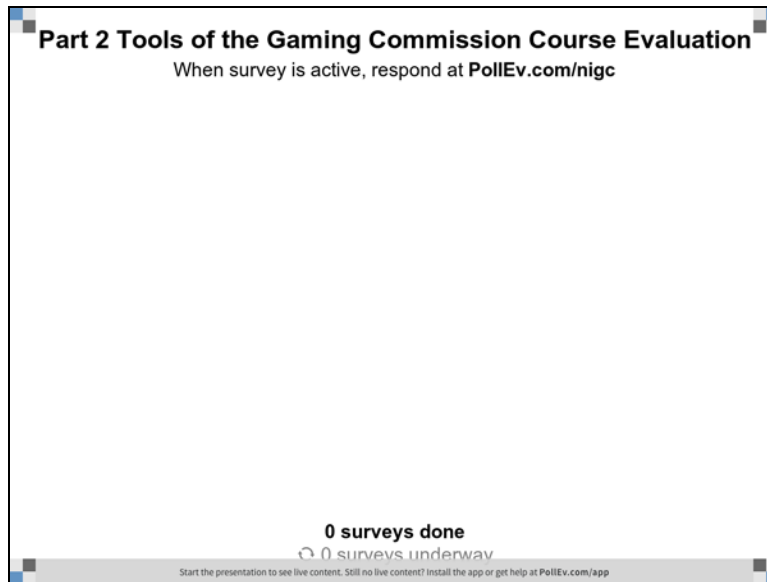
### KEY POINTS

Our last task is to complete the course evaluation.

We use the information from both to evaluate the effectiveness of the course and to make improvements so please provide specific written feedback if applicable.

# Commissioners Track Part 2 Tools of the Gaming Commission Participant Guide

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## KEY POINTS

Poll Title: Part 2 Tools of the Gaming Commission Course Evaluation

<https://www.polleverywhere.com/surveys/LgehpBBXW>

## Activity #1 – Critical Thinking Scenario

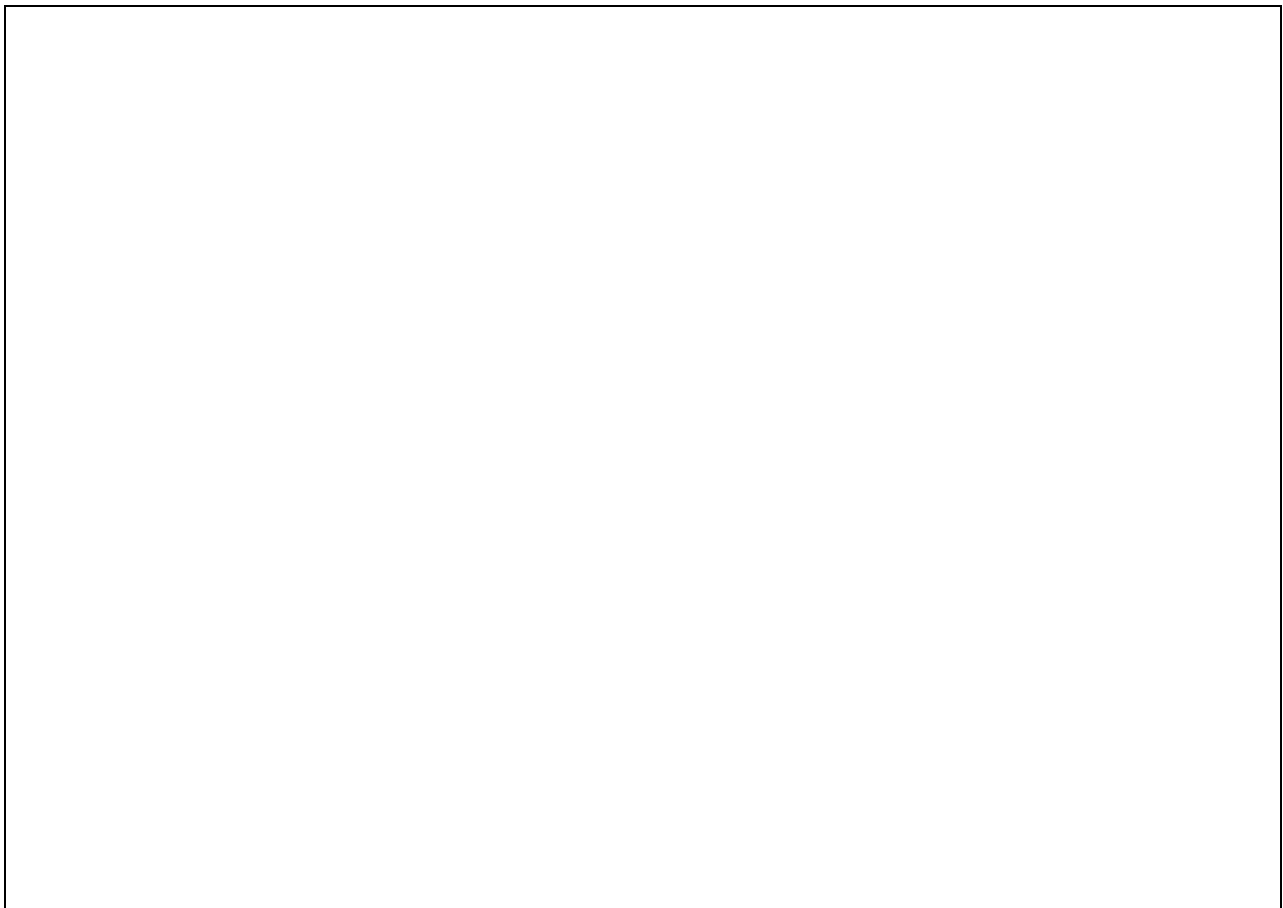
### Small Group Activity

Discuss with your group the following scenario:

*Tribal Council and/or Casino Management has decided to place fifteen (15) class II gaming machines in the Tribal gas station located across the parking lot from the current Casino. The Tribal gas station has never offered gaming. Your directive is ensure regulatory compliance over the project. Council provides a six (6) month deadline.*

Start by discussing Tribal Ordinance and NIGC submission or notification requirements. List additional tasks the TGRA must perform to ensure regulatory compliance upon opening.

Write your group's ideas on a Post It note and be prepared to discuss them with the rest of the class.

A large, empty rectangular box with a thin black border, intended for students to write their group's ideas and notes on a Post-it note.

## Activity #2 – Eligibility Determination

1. Discuss the TGRA responsibilities for conducting a thorough enough background investigation to make an eligibility determination.
2. List specific tasks to achieve the IGRA mandate; highlighted section below.
3. Group discussion.

### Group Discussion

#### **25 CFR §556.5 Tribal eligibility determination. (NIGC Regulations)**

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.**

#### **2710 (b)(2)(F)**

(F) **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— (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**;

## Activity #2 – Eligibility Determination

1. Discuss the TGRA responsibilities for conducting a thorough enough background investigation to make an eligibility determination.
2. List specific tasks to achieve the IGRA mandate; highlighted section below.
3. Group discussion.

### Task

Discuss what procedures your background and investigation department implements to meet the mandate:

*Develop an adequate system 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.*

Focus on developing procedures for investigating an applicant's habits and reputations, write your response in the box below and be prepared to discuss with the group.

## Activity #3 – 543.21 Surveillance Regulations - Request for Intent of Regulation

### Small Group Activity

Scenario: Pretend you are the TGRA and the Surveillance department requests you to provide clarification on the surveillance TICS. Using the regulations below, provide clarification on the intent of the regulation and how to achieve compliance to each of the regulations. Provide your responses in the table below.

<b>Regulation</b>	<b>Intent – What Does this Mean?</b>	<b>How would you ensure compliance with this standard?</b>
<b>(11) A periodic inspection of the surveillance systems must be conducted.</b>		

## Activity #3 – 543.21 Surveillance Regulations - Request for Intent of Regulation

### Small Group Activity

Scenario: Pretend you are the TGRA and the Surveillance department requests you to provide clarification on the surveillance TICS. Using the regulations below, provide clarification on the intent of the regulation and how to achieve compliance to each of the regulations. Provide your responses in the table below.

Regulation	Intent – What Does this Mean?	How would you ensure compliance with this standard?
<p>(4)(iii) The cage or vault area <b>in which exchange and transfer transactions occur</b> must be monitored and recorded by a dedicated camera or motion activated dedicated camera that provides coverage with sufficient clarity to <b>identify the chip values and the amounts on the exchange and transfer documentation</b>. Controls provided by a computerized exchange and transfer system constitute an adequate alternative to viewing the amounts on the exchange and transfer documentation.</p>		

## Activity #3 – 543.21 Surveillance Regulations - Request for Intent of Regulation

### Small Group Activity

Scenario: Pretend you are the TGRA and the Surveillance department requests you to provide clarification on the surveillance TICS. Using the regulations below, provide clarification on the intent of the regulation and how to achieve compliance to each of the regulations. Provide your responses in the table below.

Regulation	Intent – What Does this Mean?	How would you ensure compliance with this standard?
(5) Count rooms: <b>(ii) The surveillance system must provide coverage of count equipment with sufficient clarity to view any attempted manipulation of the recorded data.</b>		



## Activity #4 – Critical Thinking - Using Compliance, Surveillance, Backgrounds and Internal Audit

### Part 1 – What reports does each department provide to the TGRA

#### Small group exercise

1. Each department produces reports notifying the TGRA of internal control violations.
2. (For example: Surveillance produces: incident reports, daily logs and suspicious activity reports. Internal audit produces: internal audit reports and follow up reports. Compliance produces: non-compliance reports.)
3. Make a list of all reports that each department produces

<b>Department</b>	<b>Reports</b>
Surveillance	
Internal Audit	
Compliance	
Backgrounds	

## Activity #4 – Critical Thinking - Using Compliance, Surveillance, Backgrounds and Internal Audit

### Part 2 – How does the TGRA track the information received and how does it use this information to help them regulate?

#### Group Discussion:

*Scenario: The TGRA receives a lot of reports from various departments notifying them of violations, suspicious activities and other procedure violations. Discuss how the TGRA can effectively track all of the violations or use all of the information being reported to them, so they can effectively regulate.*

Discuss how the information can be utilized effectively to help the TGRA regulate. Write your responses in the box below.

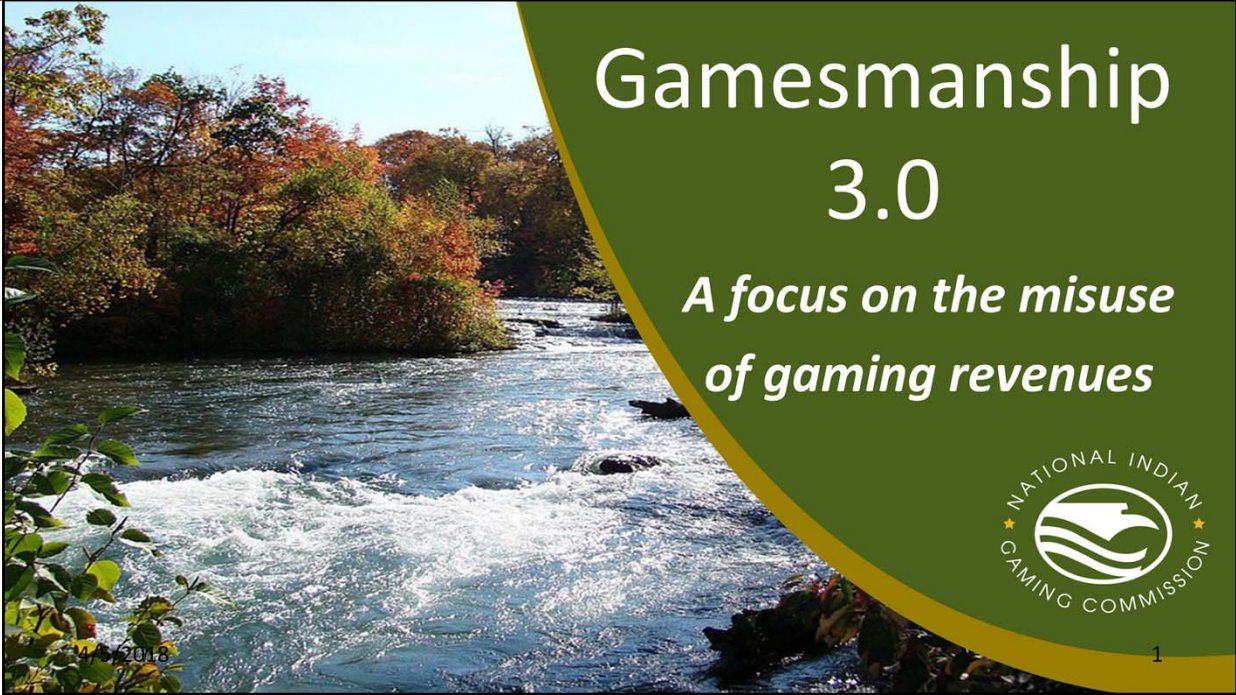
## Activity #4 – Critical Thinking - Using Compliance, Surveillance, Backgrounds and Internal Audit

### Part 3 – How Can Other Department Use this Information to Regulate?

Complete the table below. For example, how can the surveillance department use internal audit reports and compliance reports to help them perform their duties.

Department	Use Internal Audit Reports	Use Compliance Reports
Surveillance		
Compliance		
Internal Audit		

Commissioners Track Part 3  
Gamesmanship 3.0



KEY POINTS



### Do you understand what gamesmanship is?

- a. Yes, I fully understand
- b. Somewhat, I have an idea of what it is
- c. No, I do not know

#### KEY POINTS

Poll Title: Do you understand what gamesmanship is?

[https://www.polleverywhere.com/multiple\\_choice\\_polls/Y8Wf1xSzn0xkPyy](https://www.polleverywhere.com/multiple_choice_polls/Y8Wf1xSzn0xkPyy)



## What is gamesmanship?

NIGC considers that “gamesmanship” occurs when non Tribal-governmental interests manipulate business, professional, and employment relationships associated with Indian gaming operations to further their own interests at the expense of the Tribal gaming operation and the Tribe.



3

### KEY POINTS



## What is gamesmanship?

NIGC Protects Against Misuse of Gaming Revenue with Tribal Cooperation

Case Study: [Cheyenne-Arapaho Settlement Agreement](#)



4

**KEY POINTS**

The Cheyenne Arapaho Settlement Agreement (SA) will be used as a case study to learn more about gamesmanship.





### Gamesmanship Violations under IGRA



#### KEY POINTS

Under IGRA, Gamesmanship violations are enumerated as:

- Managing an Indian gaming operation without an approved management contract,
- A violation of the sole proprietary interest requirement,
- Misuse of gaming revenue.



## Know your Authority



6

### KEY POINTS



## Activity #1

# Locate your authority



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### KEY POINTS

**Activity:** Activity #1 – Locate Your Authority ~ Possible Gamesmanship Violations under IGRA

**Small Group Activity**

**TIME:** 30-45 minutes

**Supplies: (per group)**

- Model Gaming Ordinance worksheet
- IGRA
- Activity #1 – Locate Your Authority ~ Possible Gamesmanship Violations under IGRA
- Your Gaming Ordinance (provided by participants)

### Instructions

#### Part 1

1. Review the model gaming ordinance and identify the reference sections for each violation based on the IGRA reference provided.
2. Review your ordinance for similar required language and write down the language from their ordinance

#### Part 2

1. Discuss who is responsible for ensuring compliance.



### Misuse of Gaming Revenue (MGR)

- Violation of IGRA and NIGC regulations
- Five specific purposes
- When used for some other purpose, can result in a Notice of Violation



#### 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. The five public purposes specified by IGRA for a tribe's use of net revenues from its tribal gaming operations are:

- To fund tribal government operations or programs;
- To provide for the general welfare of the Indian tribe and its members;
- To promote tribal economic development;
- To donate to charitable organizations; and
- To help fund operations of local government agencies.



## Ways Misuse of Gaming Revenue Happens

### Why it Happens

- Lack of Awareness
- Good Intentions/Few Options
- Pressure
- Collusion

### How it Happens

- Lack of procurement and accounting policies
- Fraudulent purchases
- Misuse of credit cards
- Ghost employees
- Contract rates

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KEY POINTS



## Activity #2 – Misuse of Gaming Revenue (MGR) Red Flags



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### KEY POINTS

**Activity #2 – Misuse of Gaming Revenues Red Flags**

**Small Group Activity**

**TIME: 30-45 minutes**

#### Supplies:

- Activity #2 Misuse of Gaming Revenue worksheet
- Red Flags worksheet

#### Instructions

1. Review the red flags on the #2 activity worksheet along with the Red Flags worksheet.
2. Work with your group to answer the questions for each.
3. Present your groups responses to other participants.





## Activity #3 – Misuses of Gaming Revenues



### KEY POINTS

#### Activity #3 Misuse of Gaming Revenue

#### Small Group Activity

TIME: 30-45 minutes

#### Supplies: (per group)

- Activity #3 Misuses of Gaming Revenue worksheet
- Red Flags worksheet

#### Instructions

1. Review the following scenarios along with the Red Flags worksheet.
2. Work with your group to answer the questions for each of the scenarios.
3. Present your groups responses to other participants.

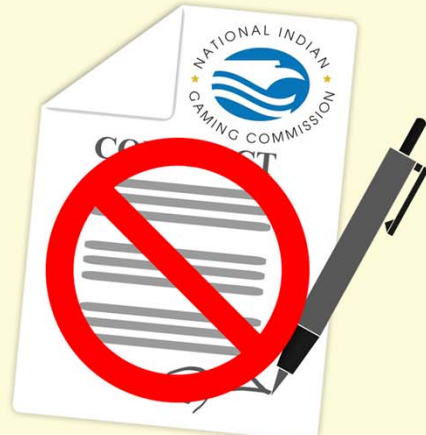


## Management Contracts

**Managing without a written contract**



**Managing without an approved contract**



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### KEY POINTS

25 U.S.C. § 2711 See 25 C.F.R. Parts 531, 533, 535 537

NIGC Chairman is required to:

- Collect substantial identifying information on contractor, including detailed financial information
- Conduct a background investigation on the contractor

Specific terms required for approval:

- Reimbursement caps, minimum guaranteed payments, and term limits, etc.
- Unapproved Management Contracts are void





### Ways It Happens

- 3<sup>rd</sup> party makes management decision for the Casino.
- 3<sup>rd</sup> party has unrestricted access to casino systems and records.
- 3<sup>rd</sup> party determines which payments are made or which contracts are accepted.
- Manager is not paid like other casino employees (deductions, bonuses outside of specific contract)



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#### KEY POINTS

25 U.S.C. § 2711 See 25 C.F.R. Parts 531, 533, 535 537

NIGC Chairman is required to:

- Collect substantial identifying information on contractor, including detailed financial information
- Conduct a background investigation on the contractor

Specific terms required for approval:

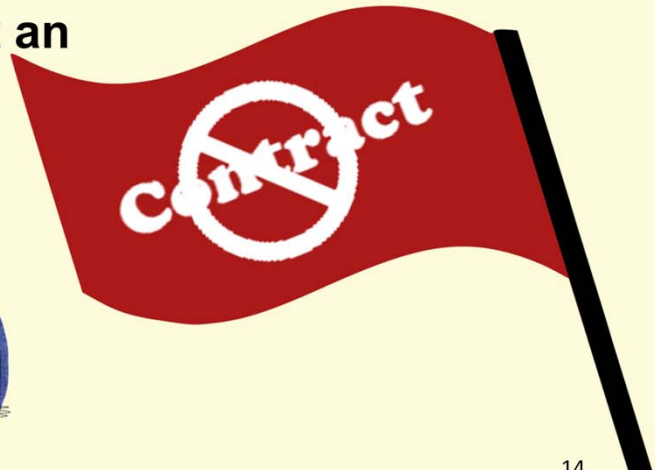
- Reimbursement caps, minimum guaranteed payments, and term limits, etc.
- Unapproved Management Contracts are void



## Activities #4 & 4.1

### #4 - Managing Without a Contract

### #4.1 - Managing Without an Approved Contract



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#### KEY POINTS

**Activity:** #4 Managing without a Contract and #4.1 Managing without an Approved Contract

**Small Group Activity**

**TIME:** 30-45 minutes

#### Supplies:

- Red Flags worksheet
- Bulletin 1994-5
- Activity # 4 Managing Without a Contract worksheet
- Activity #4.1 Managing Without an Approved Contract worksheet

#### Instructions:

##### Activity #4

1. Review the Red Flags worksheet, Bulletin 1994-5, and the scenario on the Activity 4 worksheet.
2. Discuss each question with your group members
3. Answer each of the questions on Activity #4 worksheet
4. Present to the class

##### Activity #4.1

1. Review the Red Flags worksheet and the service contract on the Activity 4.1 worksheet.
2. Discuss each question with your group members
3. Answer each of the questions on Activity #4.1 worksheet
4. Present to the class



### Sole Proprietary Interest (SPI)

Every approved tribal gaming ordinance must provide that the tribe will have the sole proprietary interest and responsibility for the conduct of any gaming activity.

See *25 U.S.C. § 2710(b)(2)(A)*

#### Evaluating Proprietary Interest

- The term of the relationship between the tribe and the third party;
- The amount of revenue paid to the third-party; and
- The third party's right of control over the gaming activity.

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#### KEY POINTS



### Ways Sole Proprietary Interest (SPI) Happens

- Excessive payments to vendors over market value
- Contract ties payments to gaming revenue
- Contract extend past 5 or 7 years
- Contract grants vendor control of gaming, gaming floor, and game selection

**Sole Proprietarship**

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KEY POINTS



### Activity #5 – SPI Red Flags



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#### KEY POINTS

**Activity:** SPI Red Flags

**Small Group Activity**

**TIME:** 30-45 minutes

**Supplies: (per group)**

- Red Flags worksheet
- Activity #5 Sole Proprietary Interest

#### Instructions

1. Review the contract provisions Services, Term and Financial Compensation in the Executive Lease Agreement on Activity #5.
2. Work with your group to answer the questions in the table at the end of the worksheet.



### 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](#)



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#### 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



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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



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### KEY POINTS



# Commissioners Track Part 3 - Gamesmanship 3.0 Participant Guide

## Part 3 Gamesmanship 3.0 Course Evaluation

When survey is active, respond at [PollEv.com/nigc](https://www.poll Everywhere.com/nigc)

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](https://www.poll Everywhere.com/app)

### KEY POINTS

Poll Title: Part 3 Gamesmanship 3.0 Course Evaluation

<https://www.poll Everywhere.com/surveys/0q1Xog1Pn>

## Activity #1 – Locate Your Authority ~ Possible Gamesmanship Violations under IGRA

### Part 1

1. Review the model gaming ordinance and identify the reference sections for each violation based on the IGRA reference provided.
2. Review your ordinance for similar required language and write down the language from their ordinance

### Part 2

1. Discuss who is responsible for ensuring compliance.

Part 1		Part 2		
<b>Gamesmanship Violations</b>	<b>Sections of the model Gaming Ordinance</b>	<b>Reference from your ordinance</b>	<b>Who is responsible for Compliance</b>	<b>Additional Resources</b>
<b>A violation of the sole proprietary interest requirement</b>  25 U.S.C. §2710 (b)(2)(A)  25 C.F.R. §§ 522.4(b)(1), 522.6(c)]				Bulletins; 1994-5,
<b>Misuse of gaming revenue</b>  [25 U.S.C. § 2710(b)(2)(B); 25 C.F.R. §§ 522.4(b)(2), 522.6(b)]				Bulletin 2005-3

## Activity #1 – Locate Your Authority ~ Possible Gamesmanship Violations under IGRA

Gamesmanship Violations	Sections of the model Gaming Ordinance	Reference from your ordinance	Who is responsible for Compliance	Additional Resources
<p><b>Managing an Indian gaming operation without an approved management contract</b></p> <p><b>25 U.S.C. §2711</b></p> <p>[25 C.F.R. § 502.15]</p>				<p>Look at NIGC Bulletins</p> <p>OGC will always review unexecuted contracts</p> <p>Bulletin 1994-5</p> <p>NIGC Website for Management Contracts.</p>

## Activity #2 – Misuse of Gaming Revenues Red Flags

1. Review the red flags on the #2 activity handout along with the Red Flags handout.
2. Work with your group to answer the questions for each.
3. Present your groups responses to other participants.

Red Flag	How would you identify if this was occurring?	What tools could you use to assist the TGRA in monitoring for gamesmanship?
Is there a lack of policies and procedures in procurement and accounting?		
Has the TGRA encountered difficulty in promulgating policy and procedures to protect the gaming operation against fraud both internally and externally?		

# RED FLAGS HANDOUT

Below is a list of Red Flags that may help regulators identify IGRA violations. When one of a combination of these are observed or reported, additional investigation will be needed to determine if there is actually a violation. This is not an exhaustive list and there will be other actions not listed that may can constitute an IGRA violation.

## **Misuse of Gaming Revenue**

- Is there a lack of policies and procedures in procurement and accounting?
- Has the TGRA encountered difficulty in promulgating policy and procedures to protect the gaming operation against fraud both internally and externally?
- Are all gaming revenue sources accounted for in the cage and vault and expensed through the casino accounting procedures?
- Is the casino distributing payments directly to tribal members or individuals under the guise of an undocumented tribal assistance programs or loan program, where there is no expectation of repayment?
- Are there proper policy and procedures in place for the issuance of complimentary, most notably discretionary complimentaries. (Who is issuing the comps? Do they have authority within policy to issue (dollar amounts and job titles of issuer)? Who are they issuing the comps too? Are they players, do have any association with vendors, are they issued to decision makers for the gaming facility or tribe?)
- Previous agreements and contracts handled by multiple parties are consolidated into one party at a higher rate of pay.
- Previous contract rates are greatly increased (x2, x10, x100) for no apparent reason when transferred to a new party.
- Fraudulent purchases by casino employee/management.
- Payment of ghost employees.
- Unauthorized write-off of player debt or NSF checks.
- Promotion fraud.
- Misuses of casino charge cards.
- Misuse of complementary services.
- Operating a casino without an approved budget makes misuse harder to track.

# RED FLAGS HANDOUT

## Management Without an Approved Contract

- Operation managers appear not to be making management decisions or not to have the authority to make decisions. This may be for one part of the gaming or all gaming.
- Are policies and regulations written by outside parties or are approved by 3rd parties before implementation?
- Are 3rd parties present at the casino to consult on issues when not needed or outside agreement?
- Do 3rd parties direct employee activities, directly or indirectly?
- Do 3rd parties maintain close relationship with an elected official(s), or top management?
- Are 3rd parties available to meet with the regulators, or do they disappear when you are on site?
- Do 3rd parties have unescorted access to restricted areas like back of the house, gaming machines, financial information, etc.?
- Is the 3rd party's work consists of tasks that management would typically perform?
- Written documentation between the 3rd party "consultant" and the tribe is non-existent, limited, or off topic.
- The 3rd party is reviewing and approving promotions/marketing.
- Employees and regulators who do not agree with the 3rd party or attempt to regulate the 3rd party are demoted or terminated.
- Operation managers appear not to be making management decisions or not to have the authority to make decisions. This may be for one part of the gaming or all gaming.
- Does the 3rd party have unrestricted access/remote access to your games/gaming system(s) that will allow for changes to be made in relation to payout of the games/gaming system(s).
- Is the 3rd party deciding the payout percentages on your games/gaming systems?
- Is the 3rd party deciding what games will be offered and/or where they will be placed on the floor?
- Is a 3rd party giving final approval of changes to payout percentages, changes of games/gaming system(s) in the tribal facility?
- Does the 3rd party participate in or are they responsible for selecting other vendors at the casino? Including back off house accounting system, insurance, other EGM vendors.
- Does the 3rd party have to agree with management on the decisions above? Consensus is a form of management.

# RED FLAGS HANDOUT

## **Sole Proprietary Interest**

- Does the 3rd party have control physically or by approval of any of the casino accounts or expense payments?
- Does the manager get a paycheck or a lump sum based on a percentage of revenue?
- If manager receives a bonus based on a percentage of revenue, does their contract list what must be accomplished to achieve the bonus?
- Most common: are payments to the vendor excessive, based on a percentage of revenue, over a long period of time or indefinite? Vendor may have provided significant services in the beginning, but eventually is doing nothing to receive the payments.
- Does the agreement extend beyond 5 or 7 years or beyond the needs of the tribe?
- Does default of the agreement give the vendor land, buildings, or control over gaming?
- Does the vendor control payout, game placement, game selection?
- Does the agreement give the vendor the majority of the floor space or a high percentage of the revenue from each machine or system?
- Compensation that is out of proportion for work performed and/or is based on a percentage of net win, net gaming revenue or gross gaming revenue.
- 3rd party seldom present at the casino (1x week, 1x month, etc.), yet paid significant compensation.
- Previous agreements and contracts handled by multiple parties are consolidated into one party at a higher rate of pay.
- Previous contract rates are greatly increased (x2, x10, x100) for no apparent reason when transferred to a new party.
- Repayment to developer is unlimited or lengthy and based on a percentage of revenues.
- Termination of contract is in favor of vendor or difficult for tribe to terminate.
- Is the vendor paying the tribe game placement fees and retaining substantial control over the machines/systems?

## **Miscellaneous Red Flags**

- No one has a copy of the agreement and the CO cannot find anyone who has reviewed it.
- TGRA or Operations attempt to defend the Parties presence and contributions prior to inquiry.
- Attempts to avoid licensing process or is not fully cooperative.
- Contract is overly simple and vague.
- Presents of new gaming machine vendors and product not typically seen in the market or appears to be substandard in performance.

### Activity #3 Misuse of Gaming Revenue

1. Review the following scenarios along with the Red Flags handout.
2. Work with your group to answer the questions for each of the scenarios.
3. Present your groups responses to other participants.

#### Scenario 1

Lessor from prior example has provided the Tribe with excellent service. At the annual Tribal Awards celebration, Tribal Chairman Ted presents Lessor with a plaque and a tribal council resolution that 13-01 which read:

*Whereas, Lessor's performance under the Exclusive Lease Agreement beyond expectations. Whereas, Net Gaming revenue increased 20% beyond our projected business plan.*

*Therefore, in recognition of your extensive contributions to the improvement of our Net Gaming Revenue for 2012-2013 we award you an award of 3% of net gaming revenue for Q4 of FY 2012.*

Lessor was directed to pick up his bonus check in accounting the next day.

At the annual award celebration for 2013-2014, the Tribe again invited Lessor to the celebration. Lessor was unable to make it but did receive notice that he was being honored for his service like the year before and plaque was mailed. The following day, Lessor stopped by accounting, and expected his bonus check. It wasn't ready so he called the new Tribal Chairman, John, who wasn't sure but agreed to look into it. John was able to find a note in the audit file form 2012-2013, so TC John called Accounting and asked them to process the check.

At the annual award celebration for 2014-2015, again the Tribe awarded Lessor a plaque, and again he was unable to make it. When he stopped by accounting the following day, he came with the email notifying him of his plaque, and the resolution from 2012. Accounting cut the check.

Has anyone misused net gaming revenue?	
If so, by whom?	
IF so, how did they misuse the gaming revenue?	

#### Scenario 2

After 24 months, Tribe is unable to make payments on both the gaming machines and the repayment of the loan. Lessor tells the GM to focus on the machine payments and they would worry about the loan repayment later. GM advises Accounting of the arrangement and for 12 months they make only machine payments and getting behind on the loan.

In month 36 of the 48-month term of the Lease Agreement, GM discovers they can now make the payments for both and resumes payments on the loan. Lessor tells GM that the payments they are making will only payoff the past due amounts at the default rate, and the currently due loan payments would continue to be late. GM accepts that statement and for 12 months makes only the overdue loan payments.



### Activity #3 Misuse of Gaming Revenue

1. Review the following scenarios along with the Red Flags handout.
2. Work with your group to answer the questions for each of the scenarios.
3. Present your groups responses to other participants.

What interest rate is the loan being paid at now?	
Is this a misuse of gaming revenue?	
Who is at fault for this misuse, if there is one?	
Why are they at fault?	

In month 36, Tribe now has the money to make the payments. GM hears that there is an opportunity for the Tribe to purchase the snack bar next door to the Casino. He has been authorized to develop the Casino when he sees an opportunity. GM stops in for lunch as the snack bar and the owner offers to sell him the place on the spot. GM has Accounting cut the check to the snack bar owner. Two weeks later, GM gets a resolution from the Tribal Council authorizing him to incorporate the snack bar into the Casino operations.

Was this a misuse of revenue?	
If so, by whom?	
IF there was a violation, when did a violation occur?	

In month 36, Lessor stops GM and presents him with an opportunity to develop the snack bar. Lessor agrees to put up the money if GM will authorize the deal at the same rates as the current loan. GM agrees and continues to repay only the Lease Agreement fees and late loan repayment. More money is expended and the amount the Tribe owes increases. There is no tribal council resolution.

Was this a misuse of revenue?	
If so, by whom?	
IF there was a violation, when did a violation occur?	

In month 36, Lessor buys the snack bar. He approaches GM about incorporating it into the re-design plan. GM declines the offer in light of current financial issues. Lessor offers to lease the snack bar to the Tribe. GM agrees since the lease rate would be less than the expected loan payment. There is no tribal council resolution.

### Activity #3 Misuse of Gaming Revenue

1. Review the following scenarios along with the Red Flags handout.
2. Work with your group to answer the questions for each of the scenarios.
3. Present your groups responses to other participants.

Was this a misuse of revenue?	
If so, by whom?	
If there was a violation, when did a violation occur?	

## Activity # 4 Managing Without a Contract

1. Review the Red Flags handout, Bulletin 1994-5, and this scenario. Working with your group members discuss each question and provide answers in the table below.
2. Be prepared to share your responses with other participants.

Neighbor Mike runs the local hardware store where Tribe frequently purchases supplies. Tribal Chairman Charlie let's Mike know that the Tribe will soon begin construction of a new casino. Mike tells Charlie that he can acquire substantial supplies for the Tribe at a discount. Charlie agrees and frequently consults Mike for recommendations on contractors. Once the foundation is poured, Mike tells Charlie he can get him an excellent deal on an electrician. Charlie tells him to go for it. Mike gets his brother-in-law Bobbie to give him a good deal on electrical work but Bobbie needs a contract for tax purposes in a hurry (its December 30). In the rush, Mike signs the contract himself on behalf of the Casino.

Having done such a great job helping the Tribe get the Casino constructed and because Neighbor Mike is an excellent businessman, he continues to help Charlie get the Casino going.

The Tribe is not happy with their slots manager so Mike volunteers to find a replacement. Mike heads out to G2E and meets Eric. Mike has dinner with Eric and has extensive discussions with him about the possibility of Eric becoming the slots manager at Tribal Casino. They discuss salary, roles and responsibilities, and timing of Eric's employment as Slots Manager at Tribal Casino. Mike informs the Tribal Economic Development Committee that he has found a new slots manager. Mike invites Eric out to meet with Tribal ED. After a very short interview, Eric waits outside. Mike comes out and offers Eric the job; Eric accepts and comes to work at the Tribal Casino.

Mike is at the Casino daily for four months. He gives Eric "advice" about what the Tribe wants him to do. Mike begins to regularly invite vendors into the Casino; Mike has Casino employees open machines and monitor vendor's activities while working on the machines.

In return for his constant attention, Chairman Charlie uses Mike's store for all the Casino's needs. Every year, the Tribe gives Mike the "Neighbor of the Year" award of \$100,000.

1. Identify any problematic actions.	
--------------------------------------	--

## Activity # 4 Managing Without a Contract

1. Review the Red Flags handout, Bulletin 1994-5, and this scenario. Working with your group members discuss each question and provide answers in the table below.
2. Be prepared to share your responses with other participants.

2. If problematic actions are identified what would be your next steps?	
3. Is anyone managing without an approved contract if so who?	

## Activity #4.1 Managing Without an Approved Contract

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.

### CONSULTANT SERVICES AGREEMENT

THIS CONSULTANT SERVICES AGREEMENT (the "Agreement"), dated December 25, 2016, is made by and between the ABC Gaming Board, a governmental subdivision of the ABC Board (hereinafter "Board"), located at 1234 West Over there St., Midway, Oklahoma, 70001, and Harry Spotter, an individual, whose mailing address is 6789 East Right there Ave, Anytown, America 10001 (hereinafter the "Consultant"), each party hereto referred to hereinafter individually as a "party" and collectively as the "parties."

WITNESSETH:

WHEREAS, the BOARD desires to retain an outside, independent consultant for a limited period of time to render the Services set forth herein with respect to the Project; and

WHEREAS, Consultant, who has knowledge and expertise with respect to the Services, including providing operational guidance to tribal gaming operations, desires to render consulting services to BOARD for the Project on a part-time basis for a limited period of time.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

#### ARTICLE I. DEFINITIONS

The following terms shall have the following meaning for purposes of this Agreement: "**Project**" shall mean and refer to the BOARD's ongoing initiatives with respect to the development and expansion of its business and gaming operations, including but not limited to analyzing and developing possible business and gaming opportunities.

"**Services**" shall mean and refer to the services to be performed by Consultant for the Project, which will include assisting the BOARD with further development and expansion of its business and gaming operations, including but not limited to the development of possible business and gaming opportunities, the training and development of the BOARD management team, the preparation and development of policies and procedures for BOARD operations, the development of plans for further expansion of BOARD operations, the development of marketing strategies for BOARD's operations, the rendition of advice with respect to hiring and further developing BOARD's senior leadership team, and additional specific related matters and tasks to be assigned by the BOARD's Board of Directors from time-to-time.

#### ARTICLE II. TERMS RELATING TO CONSULTANT'S SERVICES

2.01 Consultant's Control of the Services. The BOARD hereby engages the Consultant to render professional/business advice concerning the Project as an independent, outside consultant and not as an employee of the BOARD, and the Consultant shall at all times control the specific details of how the Services hereunder shall be performed, what equipment and tools to use, support staffing, and the purchase of necessary supplies.

2.1 On-Site Presence of Consultant. Consultant acknowledges and agrees that the nature of the Project and the Services require that Consultant will need to meet with the BOARD and other members of the

## Activity #4.1 Managing Without an Approved Contract

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.

BOARD's senior leadership team from time-to-time for purposes of planning and to discuss ongoing tasks and matters relating to the Project. Consultant agrees to attempt to be reasonably available to attend meetings, in person, with the BOARD and personnel designated to oversee and manage the Project.

2.2 Consultant Work Materials and Supplies. Consultant shall be responsible for providing Consultant's own office supplies and other work materials necessary for carrying out the Services. BOARD shall make available to Consultant a work station or other area in which to work at the Project Site, as necessary and as requested by Consultant.

**2.03 Limitations on Consultant/Board. In no event shall Consultant: (i) control or authorize the expenditure Project funds or monies; (ii) exercise any control over the operation of the BOARD and/or the Project Site; or (iii) direct or supervise BOARD employees/personnel.**

### ARTICLE III. COMPENSATION

3.1 Consultant Compensation. BOARD agrees to pay Consultant the total annualized sum of One Hundred Thousand Dollars (\$100,000.00) or 10% of the Gross Gaming Revenue whichever is greater (the "Compensation") for the consulting Services to be rendered under this Agreement, commencing on the 1st day of the month beginning January 1, 2017 (the "Commencement Date." The Compensation will be paid to the Consultant on a monthly basis, and on the same schedule as for casino employees. Such Compensation will be paid only so long as the Project continues or until the end of the Term.

### ARTICLE IV. STATUS OF CONSULTANT AS CONTRACTOR

4.1 Independent Contractor Status. The status of Consultant shall be that of an independent contractor, and Consultant shall not have the status of an employee of the BOARD. Consultant's sole compensation shall be as set forth herein, and Consultant shall not be eligible to receive any additional compensation than that provided hereunder, and shall not be eligible for participation in benefit plans offered by the BOARD to its employees.

4.2 Consultant's Option to Engage in Other Businesses. BOARD acknowledges that Consultant has other work and employment and provides similar services as those to be rendered hereunder to other clients, and that Consultant is not agreeing or committing hereunder to provide the Services on an exclusive basis to the Board .

4.3 Tax Reporting; Tax Obligations.

4.3.1 Consultant's Obligations. Consultant shall be solely responsible for satisfaction of all obligations of the Consultant to report and pay taxes with regard to compensation earned pursuant to this Agreement, and further agrees to hold the BOARD harmless from any liability for unpaid taxes or penalties imposed on Consultant in conjunction with Consultant's earnings hereunder.

4.4 Non-Agency Status of Consultant. The parties acknowledge and agree that Consultant is retained solely to provide to the BOARD the Services set forth herein, shall not be an agent of the Board for any purpose, and is not authorized to act on the BOARD's behalf.

## Activity #4.1 Managing Without an Approved Contract

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.

6.01 Effective Date. This Agreement shall become effective as of the latter of (i) the Commencement Date or (ii) the date this Agreement is executed by the last party to sign or (iii) the date of final approval of this Agreement by an action of the Business Committee of the BOARD.

6.02. Term. The term of this Agreement shall begin on the Commencement Date and continue until the latter of (i) final completion of the Project or (ii) a termination of the Agreement or (iii) December, 2018, on which date this Agreement shall expire by its terms unless extended by written agreement of the parties.

### ARTICLE xm. TERMINATION

13.1 Notice of Breach. Upon any material breach of this Agreement, the non-breaching party shall cause notice to be delivered to the breaching party setting forth the nature of the breach and the specific portions of the agreement relevant thereto. Said notice shall recite a cure period of five (5) days from the date of receipt of said notice by the breaching party. In the event said cure period expires without appropriate response from the breaching party, a default shall automatically occur and either party may terminate this Agreement immediately.

13.2 Termination for Specific Reasons. In the event of any of the following or any similar events either party may terminate this Agreement immediately by providing notice to the other party:

(a) completion of all or particular phases of the Services or the Project; (b) insolvency of the other party; (c) filing of a voluntary petition in bankruptcy by the Consultant; (d) filing of any involuntary petition in bankruptcy against the other party; (e) appointment of a receiver or trustee for the Consultant; (f) execution of an assignment for the benefit of creditors by the other party; or (g) there is a material adverse change in the other party's financial condition, including the BOARD's lack of funding to complete any portion of the Project.

13.3 Termination for Convenience. Notwithstanding any other provision or basis for a termination herein, by virtue of the nature of the professional/business services and advice to be rendered by the Consultant hereunder, this Agreement may be terminated by any party hereto at any time, with or without cause, upon reasonable notice to the other party.

13.4 Cancellation of Project. The BOARD may discontinue the Project or Consultant's services at any time, at its sole discretion, upon reasonable notice to the Consultant. Consultant acknowledges and agrees that, due to the nature of the Project, the BOARD may at any time determine that the Project and Consultant's services are no longer necessary, and Consultant agrees that it has no expectation hereunder of earning the full Compensation for the entire term of this Agreement. In the event the BOARD elects, in its discretion, to cancel or discontinue Consultant's services or the Project, the BOARD shall provide written notice of such cancellation to Consultant, and the Consultant will be paid for then-current month on a pro-rata basis, along with any expenses due and owing to Consultant, as provided hereunder. The sums set forth in this paragraph shall serve as the total liquidated damages

## Activity #4.1 Managing Without an Approved Contract

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.  
due and owing to the Consultant in the event of a termination or cancellation hereunder, and Consultant shall not be entitled to any further monetary compensation or damages in such event.

### Facts for scenario in Handout #4.1

1. Harry Spotter's resume and gaming vender license indicates he has 15 years of combined experience managing various casinos.
2. The Board has drawn up a new organization chart that places Spotter between the board and the gaming operation.
3. One of Spotter's first actions was to begin rewriting position descriptions for management team members.
4. Casino employees are referring to Mr. Spotter as "the new boss".
5. Casino Manager Sherry Lost is requesting to visit with Mr. Spotter before they respond to the TGRA's inquiries and request for internal control remedies.
6. The most recently hired employee tells the TGRA compliance officer that she was interviewed by Mr. Spotter and he offered her the position. She met the Casino Manager Lost on her first day at work.
7. The Board requests the TGRA cc Mr. Spotter on all correspondence.
8. When GM lost emails or calls the Board, Mr. Spotter responds.

### Services

1. Are the Services to be provided specific or overly broad?	
2. Are there specific deliverables associated with this provision? If so can these deliverables be measured objectively?	
3. Can you determine when the deliverables should be completed?	



## Activity #4.1 Managing Without an Approved Contract

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.

### Term

4. Can you identify when the contract begins and ends?	
5. Could this project go beyond seven years?	
6. If the Tribe terminates the contract in July 2018, are they still responsible for payment until December 2018?	

### Compensation

7. What is the consultant's annual compensation?	
8. GGR at the property for the previous year totaled \$28,000,000 based on the compensation provision. What could be the potential compensation if the Tribe realizes the same GGR during the contract year?	
9. Does the compensation match the services that are to be provided?	

**NATIONAL INDIAN GAMING COMMISSION  
BULLETIN**

No. 94-5

October 14, 1994

**Subject:      **Approved Management Contracts v. Consulting Agreements  
                  (Unapproved Management Contracts are Void)****

One of the purposes of the Indian Gaming Regulatory Act (IGRA or Act) is:

to provide a statutory basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and players.

25 U.S.C. 2702(2). To carry out this purpose, the Act requires, among other things, the approval of management contracts for the operation and management of Indian gaming operations. 25 U.S.C. 2705(a)(4); 25 U.S.C. 2710 (d)(9); and 25 U.S.C. 2711.

Questions have been raised as to what distinguishes a management contract from a consulting agreement. The answers to these questions depend upon the specific facts of each case. The Commission stands ready to make a decision as to whether or not a particular contract or agreement is a "management contract" under Commission regulations. However, before doing so, the Commission must see the entire document including any collateral agreements and referenced instruments.

The consequences are severe for a manager who mistakes his management agreement for a consulting agreement. Consequently, the Commission offers the following information and observations.

**MANAGEMENT CONTRACTS AND OTHER GAMING RELATED CONTRACTS**

"Management contract" is defined as:

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 the gaming operation.

NIGC approval of management contracts is required by IGRA as a means of protecting the tribes. A requirement for including within the scope of audit of the gaming operation other contracts, including supply contracts, is similarly a means of protecting the gaming operations and ultimately the tribes from those deemed unsuitable for Indian gaming or on terms at variance with IGRA's requirements. Other gaming-related contracts not providing for management may require the approval of the Secretary of the Interior.

#### EFFECT OF NON-APPROVAL

A management contract that has not been approved by the Chairman is void. Furthermore, the management of a gaming operation under a "management" contract or agreement that has not been approved could result in the gaming operation being closed. The consequences to the parties are:

- o The tribe would have to close down the operation or operate it on its own, and
- o The management contractor would have to vacate the operation and could be subjected to legal action to return to the tribe any funds it received under the contract.

#### MANAGEMENT

Management encompasses many activities (e.g., planning, organizing, directing, coordinating, and controlling). The performance of any one of such activities with respect to all or part of a gaming operation constitutes management for the purpose of determining whether any contract or agreement for the performance of such activities is a management contract that requires approval.

Furthermore, the Congress and the Commission have determined that certain management activities can or should be present in a management contract. The presence of all or part of these activities in a contract with a tribe strongly suggests that the contract or agreement is a management contract requiring Commission approval. Such activities or requirements with respect to the gaming operation include, but are not limited to, the following:

- o Maintenance of adequate accounting procedures and preparation of verifiable financial reports on a monthly basis;
- o Access to the gaming operation by appropriate tribal officials;
- o Payment of a minimum guaranteed amount to the tribe;
- o Development and construction costs incurred or financed by a party other than the tribe;

- o Term of contract that establishes an ongoing relationship;
- o Compensation based on percentage fee (performance); and
- o Provision for assignment or subcontracting of responsibilities.

It has been argued that if all of the ultimate decision-making is retained by the owner, the agreement should be construed as a consulting agreement. Some gaming operations are owned by individuals, some by corporations, some by partnerships, some by Indian tribes, etc. Regardless of the form of ownership, the owner always has the ultimate authority when it comes to decision-making. The exercise of such decision-making authority by the tribal council or the board of directors does not mean that an entity or individual reporting to such body is not "managing" all or part of the operation.

### CONSULTING CONTRACT

What then is a consulting contract and what regulatory requirements would apply? The answers to such questions must be made on a case-by-case basis because they depend on the facts and circumstances of the individual situation and the actual day-to-day relationship between the tribe and the contractor.

An agreement that identifies finite tasks or assignments to be performed, specifies the dates by which such tasks are to be completed, and provides for compensation based on an hourly or daily rate or a fixed fee, may very well be determined to be a consulting agreement. On the other hand, a contract that does not provide for finite tasks or assignments to be performed, is open-ended as to the dates by which the work is to be completed, and provides for compensation that is not tied to specific work performed is more likely to be construed as a management contract.

Regardless of the specifics of a consulting agreement, advance approval is not required but an advance determination under Bulletin No. 93-3 is strongly recommended to avoid a later decision by the Commission that the agreement is a management contract.

### REQUIREMENT FOR DETERMINATION

The Commission recognized early the need to provide guidance on which contracts are subject to approval and therefore issued Bulletin No. 93-3 on July 1, 1993. It provides for the submission of gaming-related contracts and agreements to the NIGC for review. The Bulletin states:

In order to provide timely and uniform advice to tribes and their contractors, the NIGC and the BIA have determined that certain gaming-related agreements, such as consulting agreements or leases or sales of gaming equipment, should be submitted to the NIGC for review. In addition, if a tribe or contractor is uncertain whether a gaming-related agreement requires the approval of either the NIGC or the BIA, they should submit those agreements to the NIGC.

The NIGC continues to make itself available to review all such gaming-related contracts and agreements.

## Activity #5 Sole Proprietary Interest

1. Review the following contract provisions Services, Term and Financial Compensation.
2. Work with your group to answer the questions in the table at the end of the handout.

### EXCLUSIVE LEASE AGREEMENT

THIS EXCLUSIVE LEASE AGREEMENT ("Lease") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 201X, by and between THE TRIBE ("LESSEE"), a federally recognized Indian tribe, whose principal address is ABC Street, Town, State 00891, and CASINO, LLC, a limited liability company, whose address is 200 Downton Street, Downtown, State 00000 ("LESSOR").

LESSEE desires to remodel a former gaming facility and has solicited the assistance of LESSOR in this endeavor.

LESSOR desires to finance this endeavor by LESSEE and to hold the Exclusive right to lease to LESSEE for use in the gaming facility. All equipment described in any such Lease Schedules shall be collectively referred to as the "Equipment".

NOW THEREFORE, LESSOR and LESSEE agree as follows:

1. **LEASE.** LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR the Equipment during the applicable Rental Term (as defined below) thereof, as identified in the applicable Lease Schedule, subject to the general terms and conditions set forth herein.

#### 2. TERM, RENT AND PAYMENT.

2.1 **Term.** The rental term of this Exclusive Lease Agreement shall be for the initial period of one hundred and twenty (120) months from the date of the reopening of the Casino facility, and any subsequent amendments or extensions thereafter. Following the commencement and operation of gaming for a period of ninety (90) or more days, and throughout the term of this agreement, LESSOR shall determine the number and type of games to be provided by LESSOR. LESSOR's commitment to provide specific gaming equipment is subject to the terms of both this Agreement and the Lease Schedules by which such specific gaming equipment is committed to the LESSEE by LESSOR at the request of LESSEE. This Lease cannot be unilaterally cancelled or terminated by LESSEE except for good cause as expressly provided herein.

2.2 **Rent.** It is agreed by the Parties that during the first ninety (90) days of operation the LESSEE will be entitled to retain forty per cent (40%) of the net revenues from the facilities, and the LESSOR shall be entitled to receive sixty per cent (60%) of the net revenues from the facilities. Thereafter, LESSEE's obligation to pay rent for each Unit shall be increased to the percentage indicated below for the 'daily rent for the remainder of the term of this Agreement. The daily rent ("Basic Rent") for each Unit shall be equal to 60% of the Daily Win, or Hold, from such Unit during each Lease Fee Period. As used in this Lease, the "Daily Win" or "Hold" from each Unit shall mean the amount equal to all coin and currency wagered by players of such Unit during any given day, less that portion of such coin and currency paid out in total prizes awarded by such Unit to players thereof on said given day.

#### 3. PREPARATION, DELIVERY AND INSTALLATION.

3.1 **Preparation of Facility.** LESSEE shall review and approve of the plans for the improvements to the property that will be used for a gaming facility and LESSOR will make improvements in accordance with the approved plans. LESSOR will determine and inform LESSEE of the number and kind of games, including electronic and table games, that LESSEE desires to be installed, and all subsequent changes to the number and kind of games to be placed on the floor of the facility will be determined by LESSOR in consultation with LESSEE.

3.2 **Selection of Units.** In accordance with the terms of this Agreement, LESSOR shall determine and advise LESSEE in writing, as to the initial gaming machines and configurations of gaming machines LESSEE desires to be included as those Units first installed and placed within the facilities, and shall thereafter from time to time during the term of the Agreement, request any additionally desired changes to the Lease Schedules.

## Activity #5 Sole Proprietary Interest

1. Review the following contract provisions Services, Term and Financial Compensation.
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LESSOR shall make all reasonable effort to obtain LESSEE's preferred gaming machines. In order to facilitate the formulation of such requests, LESSOR agrees to provide advice and recommendations as to the types and best configurations of gaming machines that are available to LESSEE and other related matters. LESSOR shall have no liability under this Lease or otherwise for any delays in delivery, or for the failure by the supplier to deliver any Equipment or to fill any purchase order or meet the conditions thereof.

**3.3 Delivery and Acceptance.** LESSOR, will hold LESSEE harmless of all transportation, packing and installation charges in connection with the delivery and installation of the gaming equipment selected by LESSEE. Within five (5) days after receipt of any one or more Units, LESSEE shall furnish LESSOR with a written statement acknowledging receipt of the Units in good operating condition and repair, and accepting them as satisfactory in all respects for the purposes of this Lease (the Units shall be deemed accepted by LESSEE if LESSEE fails to timely provide such a statement).

**4. NET LEASE AND UNCONDITIONAL OBLIGATION.** This Lease, including each Lease Schedule, is a net lease and LESSEE's obligation to pay all Rent due and the rights of LESSOR or its assignees in, and to, such Rent shall be absolute and unconditional under all circumstances and shall not be affected or impaired by any of the following: (i) any interruption or cessation of use, operation or possession of the Equipment for any reason whatsoever; or (ii) any insolvency, bankruptcy, reorganization or similar proceedings instituted by or against LESSEE.

### **5. MAINTENANCE.**

**5.1 Central Gaming System; Location and Use.** (a) LESSEE shall keep and use the Leased Equipment only within the designated facility; (b) LESSEE shall provide and maintain at all times at its expense an appropriate and industry accepted method and means of interfacing of components for the Equipment, including all controllers, network cabling and other hardware components, software and software licenses; (c) LESSEE shall have sole possession, control and authority to operate the Equipment and shall at all times comply with, the Compact and any applicable federal, state or tribal laws or regulations; (d) LESSEE shall operate and maintain the Equipment or System in accordance with the manufacturer's instructions at its own expense and shall not make any repairs or alterations to the same which interfere with the normal and satisfactory operation or maintenance of the same or which endanger manufacturer's warranties or create a safety hazard; and (e) LESSEE shall comply with all applicable laws and governmental regulations.

**5.2 Maintenance; Game Kits.** LESSEE, at its sole cost and expense, shall properly maintain the Equipment in good operating condition and shall make all necessary repairs, alterations and replacements thereto (collectively, "Repairs"). LESSEE shall permit LESSOR's representatives to enter the Premises where any Unit is located for purposes of verifying status of machines. **EQUIPMENT PERFORMANCE.** The overall understanding of the parties to this Lease that all management decisions relating to the operation of LESSEE's gaming operations, including gaming equipment and the placement of same on the facility floor, shall be made by LESSEE and that LESSEE has complete day-to-day management and control of every aspect of the operations of its gaming business.

### **6. LIENS AND ENCUMBRANCES.**

**6.1 Personal Property.** Each Unit is personal property and LESSEE shall not affix any Unit to realty so as to change its nature to a fixture or real property. LESSOR and/or its agents or representatives, expressly retains all rights of ownership in and title to the Equipment.

**6.2 Liens and Encumbrances.** LESSEE shall not directly or indirectly create, incur or suffer a mortgage, claim, lien, charge, encumbrance or the legal process of a creditor of LESSEE of any kind upon or against this Lease or any Unit. LESSEE shall at all times protect and defend, at its own cost and expense, the title of LESSOR from and against such mortgages, claims, liens, charges, encumbrances

## Activity #5 Sole Proprietary Interest

1. Review the following contract provisions Services, Term and Financial Compensation.
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and legal processes of creditors of LESSEE and shall keep all the Equipment free and clear from all such claims, liens and legal processes.

### 7. RETURN OF EQUIPMENT.

**7.1 Duty of Return.** At the expiration of the Rental Term or upon termination of the Lease, LESSEE shall make each Unit available at the applicable Premises for collection by LESSOR or its designee at LESSOR's sole cost and expense.

**7.2 Failure to Return.** If LESSEE fails to return the Equipment or any portion thereof, as provided in Paragraph 8.1 above, within fourteen (14) days following termination or earlier expiration of this Lease, then LESSEE shall continue to pay to LESSOR additional Rent for each Lease Fee Period. In addition, LESSOR shall have the right (but not the obligation) to enter the Premises where any Unit which LESSEE has failed to return in accordance herewith may be located to collect and remove the same.

### 8. RISK OF LOSS: INSURANCE.

**8.1 Risk of Loss.** LESSEE shall bear the risk of all loss or damage to any Unit or caused by any Unit during the period from the time the Unit is delivered to the applicable Premises until the time it is returned as provided herein, and shall hold LESSOR harmless and indemnify LESSOR for the cost of defense and any awards made against LESSOR by any third party resulting from same in accordance with 11 below.

**8.2 Damage or Destruction of Equipment.** If any Unit is lost, stolen or destroyed, or, in LESSOR's opinion, damaged beyond repair ("Event of Loss"), this Lease and the applicable Lease Schedule shall remain in full force and effect with respect to that Unit. LESSEE shall promptly notify LESSOR of any Event of Loss and shall promptly replace such Unit at its sole expense with a Unit of equivalent value, useful life and utility, and similar kind, in substantially the same condition as the replaced Unit was in immediately prior to the Event of Loss.

**8.3 Insurance.** LESSEE, as authorized by Lessor, shall obtain and maintain in full force and effect full replacement cost property insurance against all risk of loss (including theft, fire, wind, hail, vandalism, malicious mischief and all elements) with respect to the Equipment and in addition, bodily injury and property damage liability coverage in the minimum amount of Two Million Dollars (\$2,000,000) protecting LESSEE against all bodily injury and property damage claims which may arise as a result of LESSEE's use and operation of Equipment. Such insurance shall be: (i) in the case of a property insurance claim pertaining to the gaming machines of LESSOR, name LESSOR and its Assignees, if any, as first loss payees as their interests may appear, and in the case of the liability insurance, name LESSOR and its Assignees, if any, as additional insureds; and (ii) provide that the policy may not be canceled or materially altered without thirty (30) days prior written notice to LESSOR and its Assignees. Such insurance shall be placed with an (A) or higher rated insurance company licensed by the State Insurance Commissioner for the State of Oklahoma. LESSEE shall furnish to LESSOR, upon request and so long as this Lease remains in effect, insurance certificates to LESSOR and its Assignees, demonstrating the existence of the insurance required hereunder and premium paid.

### 9. TAXES AND EXPENSES.

**9.1 Taxes.** LESSEE agrees to report, file, pay promptly when due to the appropriate taxing



## Activity #5 Sole Proprietary Interest

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authority and indemnify, defend, and hold LESSOR harmless from and against any and all taxes and any taxes or similar charges payable pursuant to any present or future tribal-state gaming compact entered into between LESSEE and the State, and all assessments, license fees and other federal, state, local or tribal governmental charges of any kind or nature, together with any penalties, interest or fines related thereto (collectively, "Taxes") that pertain to the machines.

**10. INDEMNIFICATION.** LESSEE hereby assumes liability for and agrees to indemnify, defend, protect, save and hold harmless the LESSOR, its agents, employees, directors and assignees from and against any and all losses, damages, injuries, claims, penalties, demands and all expenses, legal or otherwise (including attorneys' fees) of whatever kind and nature arising from the possession, use, condition, operation or maintenance of the Equipment while in the possession of LESSEE.

**11. DISCLAIMERS; MANUFACTURERS WARRANTIES; PRIZE CLAIMS.**

**12. ASSIGNMENT OF LEASE.**

**12.1 Binding Agreement.** This Lease and each Lease Schedule shall inure to the benefit of and be binding upon LESSOR and LESSEE and their respective successors in interest and permitted assigns.

**12.2 Assignment by LESSOR.** LESSEE acknowledges and agrees that LESSOR may assign all or any part of its interest in the Rent to others ("Assignees"), and may collaterally assign, pledge, hypothecate, grant a security interest in, or otherwise transfer or encumber all or any part of its interest hereunder, in any Lease Schedule, in the Rent and/or in the Equipment to suitable Assignees without the consent of LESSEE.

**13. DEFAULT BY LESSEE; REMEDIES.**

**14. MONITORING OF COLLECTION OF REVENUE FROM UNITS BY LESSOR.** LESSEE agrees to permit LESSOR or LESSOR's representative to be present and to monitor and confirm the collection and counting of all revenues taken from all Units provided by LESSOR to LESSEE under this Agreement, whether such collection and count is on a daily or other schedule at the election of LESSEE. Any disagreements that arise in regard to the amounts removed, documented and delivered to the back of house bank shall be immediately reported to LESSEE and LESSEE agrees to conduct an investigation and audit of the count and the handling of the funds. Any discrepancies that are discovered shall be addressed by an adjustment in the next calculation and payment of revenue to the LESSOR.

**15. LIMITED WAIVER OF SOVEREIGN IMMUNITY; ARBITRATION.**

**16. NO MANAGEMENT OF GAMING.** NOTWITHSTANDING ANY OTHER POSSIBLE CONSTRUCTION OF ANY PROVISION OF THIS LEASE OR ANY LEASE SCHEDULE, THE PARTIES ACKNOWLEDGE THAT IT IS NOT THEIR INTENTION THAT THIS LEASE BE AND THEY DECLARE THAT IN THEIR MUTUAL OPINION IT IS NOT A MANAGEMENT AGREEMENT OR MANAGEMENT CONTRACT. ALL MANAGEMENT DECISIONS RELATING TO THE OPERATION OF LESSEE'S GAMING OPERATIONS SHALL BE MADE BY LESSEE, ITS AGENTS, EMPLOYEES AND REPRESENTATIVES. LESSEE HAS COMPLETE DAY-TO-DAY MANAGEMENT AND CONTROL OF EVERY ASPECT OF THE OPERATIONS OF ITS GAMING OPERATIONS. THE PARTIES AGREE THAT IN NO EVENT

## Activity #5 Sole Proprietary Interest

1. Review the following contract provisions Services, Term and Financial Compensation.
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SHALL LESSOR BE CONSIDERED A PARTNER OR JOINT VENTURER WITH LESSEE AND THAT IN NO EVENT SHALL LESSOR HAVE, POSSESS OR CLAIM TO POSSESS ANY PROPRIETARY INTEREST IN LESSEE'S GAMING OPERATIONS, INCLUDING THE PREMISES.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed and delivered as of the date first written above.

**LESSEE:**

**LESSOR:**

**THE TRIBE**

**CASINO, LLC,**

**, a federally recognized  
Indian tribe**

**a limited liability company**

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

**Term**

1. What is the standard industry practice on terms for vendor contracts?	
2. What is the Term of this Contract?	
3. Does the Term raise any concerns with respect to the provisions of IGRA?	
4. Does the Term limit choices for the Tribe in selecting alternate vendors?	

**Compensation**

5. What is the standard industry practice with respect to compensation for gaming machine contracts?	
6. What is the compensation of this contract?	
7. Is the compensation justifiable based on the services being rendered?	

**Control**

8. Without an approved management contract is a vendor allowed to control any aspect of the gaming operation?	
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Common Areas of Machine Decision Making are:

- Machine Choice (Section 3),
- Accounting Procedures (Section 5.1),
- Maintenance (Section 5.2)
- Insurance (Section 9), and
- Taxes (Section 10)

Based on the common areas identify who has the control **Lessee or Lessor**.

Machine Choice/Placement	
Accounting Procedures	
Maintenance	
Insurance	
Taxes	