

NAGRA NEWS

Autumn 2006

A Message From the President

As I look out the window at the cold, snow-covered landscape, it's hard to remember how warm it was in Scottsdale last June. It's amazing how quickly we forget. Some things, however, remain with us – such as the best practices we learned and plan to implement, the contacts we made with regulators from other jurisdictions who face the same problems we do, the contacts we made with industry representatives who are eager to explain the products and services which we regulate, and the date and location of next year's conference.

It's not too early to begin making plans for NAGRA 2007 in Kansas City, MO! Our annual conference will be held at the Westin Crown Center, June 10-14, 2007. In addition, we will offer a day of specialized training on Saturday, June 9.

Kansas City also provides an opportunity for regulators to interact with members of the National Council on Problem Gambling (NCPG) who will be hosting their annual conference immediately prior to ours. Opportunities will be provided for NAGRA members to attend and to participate in NCPG sessions and vice versa.

Your Board and Committee Chairs have developed a tentative agenda



based on the feedback you provided after the Scottsdale conference.

By and large, you indicated that NAGRA conferences are a great place to obtain knowledge which is helpful in your day-to-day work, to develop contacts from other jurisdictions and to keep abreast of gaming industry trends such as Texas Hold 'em Poker, downloadable and server-based electronic games and new legislation in other jurisdictions. You indicated that future conference topics should include a discussion on rejuvenating charitable bingo, continuing updates on new gaming technology and policy matters.

I am pleased to report that the NAGRA Board and Committee Chairs have welcomed your input and are in the process of developing a conference agenda which will meet or exceed your

expectations. Please continue to share your thoughts and ideas directly with us. Our names and contact information are listed in the masthead on page 2. Keep checking our website for more conference information.

NAGRA is a member-driven organization. Our purpose is to ensure the integrity of gaming by facilitating communication between and among regulatory agencies and industry. I encourage all of you to use the contacts made at the conferences and call on each other for advice and support throughout the year. Our members represent a vast wealth of knowledge and experience from which to draw. You can also help in the interim between conferences by sending news updates from your jurisdictions/agencies to our management firm, Ewald Consulting, for inclusion in our newsletter.

I wish all of you a peaceful holiday season and a joyous new year.

Dale Fuga

INSIDE THIS ISSUE:

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Haynes Named Nebraska Lottery Director

Nebraska State Tax Commissioner Douglas A. Ewald has announced the appointment of James M. Haynes as Director of the Nebraska Lottery.



Haynes has served as Acting Lottery Director since February 2004, and will continue serving as Charitable Gaming Administrator within the Nebraska Department of Revenue. During his tenure with the Department of Revenue, he also served as Personnel Manager and Lottery Investigations Supervisor.

He currently serves as Midwest Regional Director of NAGRA (North American Gaming Regulators Association) and serves on the Board of Directors for the Multi-state Lottery Association and the North American Association of State and Provincial Lotteries.

Prior to joining the Department of Revenue in 1991, Haynes was an officer with the Lincoln (Nebraska) Police Department. He received a Bachelor of Science degree in Business Administration from the University of Nebraska-Lincoln.

The Nebraska Lottery has raised more than \$266 million for its beneficiary programs since 1993. Every county in Nebraska has received service through grants funded with Nebraska Lottery proceeds. In March of 2006, the Nebraska Lottery marked \$1 billion in total sales (since 1993).

2006 Annual Conference

More conference photos and presentation handouts are available online at www.nagra.org!



Top: NAGRA Investigators Co-Chairs Charles Devany and Aaron Wong

Left: Immediate Past President Billy Atkins presents the NAGRA regulator of the year award to Jim Haynes for his outstanding work in the profession.

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Drug Traffickers Launder Profits Through Casinos

from *The Cornerstone Report*, Dec. 2005, Vol. 2, No. 3

Cornerstone is U.S. Immigration and Customs Enforcement's investigative initiative for fighting financial crime, trade fraud and property crime.

Nine members of the Gabriel Gomez drug trafficking organization were exposed and convicted largely through evidence collected pursuant to the Bank Secrecy Act (BSA) and other financial records.

Charles Roybal was known as the "moneymen" of the Gomez drug trafficking organization and was responsible for laundering the group's illegal proceeds from drug sales. He was a known gambler, but a modest one. That is, until Gomez hired him to launder the group's profits. Both the money Gomez paid Roybal for his services, and the large sums of money put into his possession to be laundered, allowed him to trade in his low-budget gambling style for that of a high roller.

Roybal would recruit third parties at the casino to purchase or cash in chips for him, paying them a nominal fee to do so. Presumably unbeknownst to them, the chips were being purchased with illegal drug profits. After spending some time gambling, Roybal would cash some of the chips back out again, claiming they were his gambling winnings, and thereby fabricating a source for the Gomez group's revenue other than drug trafficking, successfully "laundering" the money.

But every time he cashed out more than \$10,000 in chips, his activities were being recorded on Currency Transaction Reports-Casinos (CTRCs). According to those CTRCs, Roybal's total chips purchased equaled approximately \$117,000, and total chips redeemed, \$430,000, a difference of \$313,000. When this amount was compared to the recorded winnings in the pit area, the numbers did not add up.

Red Flag Indicators

- ♦ Unknown casino customer purchasing or redeeming large amount of chips.
- ♦ High-dollar casino customer refusing to provide identification at tables (refusal of comps).
- ♦ Customer's sudden/unexplained change in gambling habits (traditionally low or moderate gambler placing high-stakes bets).

The reports provided other evidence in support of money laundering charges against Roybal and his group. Twenty-four of the CTRCs recording his activities revealed the use of aliases and multiple social security numbers. On numerous other CTRCs, he had refused to provide a social security number.

In addition to money laundering, he was charged with Structuring Transactions to Avoid Reporting Requirements.

In the face of the evidence against them, eight of the nine defendants in this case pleaded guilty to a 68 count superseding indictment charging distribution of marijuana, money laundering and structuring transactions to avoid reporting requirements. Criminal forfeitures in the case included \$15 million in bank accounts, multiple properties and automobiles.

SAVE *the* DATE!

Plan now for the 2007
NAGRA Conference in
Kansas City, Missouri!

June 10-13, 2007
Westin Crown Center
Kansas City, Missouri



REGIONAL & COMMITTEE UPDATES

ONTARIO

ONTARIO ISSUES SEAL CARD AND BINGO EVENT TICKET LOTTERIES

In April 2006, as part of their commitment to enhancing the charitable gaming marketplace in Ontario, the Alcohol and Gaming Commission of Ontario (AGCO), began issuing lottery licences for Seal Card and Bingo Event Ticket lotteries. The new product, a form of Break Open Ticket, has had a successful debut in the Ontario market. Early indicators point to above expected sales for the new product, and a renewed interest and resulting increase in sales of conventional Break Open Tickets within bingo centres.

NEW SLOT FACILITY OPENS AT AJAX DOWNS RACETRACK

On February 28, 2006, a new slot machine facility opened at the Ajax Downs (formerly Picov Downs) racetrack. A total of 250 slot machines are in operation at the location. This brings the total number of slot machines at race track facilities in the Province of Ontario to 9,716. There are currently 16 race track facilities that house slot machines in the province, in addition to 5 charity casinos, 4 commercial casinos, and one first nations casino.

Please submit any committee updates or member news that you would like to see in NAGRA News to Eric Ewald at erice@ewald.com.

MEMBERS: Have you logged in?

When logging in to the Members Only section of the NAGRA website for the first time, enter:

1) Username: Your first and last name (no space)

2) Password: NAGRA

Washington State Gambling Commission presents...

New Agent Training

The New Agent Training is a one-week training event held 3 times a year by the Washington State Gambling Commission. Join us at the upcoming event, January 22-26, 2007 at the Suquamish Clearwater Casino in Suquamish, Washington. The cost for this training is \$375.

The New Agent Training covers subjects like:

- ◆ Tribal State Compacts
- ◆ IGRA
- ◆ Problem Gambling
- ◆ Mock Casino
- ◆ Surveillance
- ◆ Tribal Lottery System
- ◆ Internal Controls
- ◆ Casino Accounting
- ◆ Cheating
- ◆ Report Writing

Contact Special Agent Ron Baldwin, WA State Gambling Commission at 360-239-2162 if interested.