

NAGRA NEWS

Winter 2007

A Message From the President

Less than five months to go until the NAGRA 2007 conference in Kansas City, Missouri. Your Board and Committee Chairs are working hard to bring you interesting and informative speakers and presentations on a wide variety of topics including charitable gaming, Indian gaming, Internet gaming, problem gambling, and more. The conference will run from Sunday, June 10 to Wednesday, June 13 at the Westin Crown Center. A training session will be held on Saturday, June 9. Space at the training session will be limited, so plan to register early. Additional information will be posted on our website, www.nagra.org, as it becomes available.

Conducting conferences, providing opportunities to share information and maintaining ongoing communications are some of the most significant activities conducted by NAGRA for its members. All member agencies and trade affiliates are encouraged to submit articles for publication in our newsletter. We also ask that you include NAGRA, c/o Eric Ewald (erice@ewald.com), on the mailing or distribution list of your own newsletters and press releases. If space permits, we will request permission to reprint articles which we feel may be of benefit to the entire membership. Members should also keep their Regional



Director informed about current news and changes to legislation or the rules and regulations which govern gaming activities in their area.

I know that Manitoba Gaming Control Commission benefited greatly from contacts we made with other NAGRA members when we decided to undertake a review of Texas Hold 'em Poker Tournaments and to determine whether or not they would be licensed in our province. We held discussions with representatives from several NAGRA member agencies, some of whom were in favour of licensing poker and some of whom were adamantly opposed. As a result of these conversations and, in some cases, site visits, we developed terms and conditions to govern the scheme and conducted a pilot project which included several charitable organizations. A

comprehensive review of the project, including post-event consultations with licence holders, players, staff and other stakeholders, was performed upon conclusion of the test period. NAGRA members also assisted us by participating in the survey organized by the Charitable Gaming Committee, the results of which were released at the 2006 conference in Scottsdale. All in all, the success of the Manitoba project was due, in part, to the assistance,

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Vice President's Message

by Don Dutton



Hello and best wishes for a prosperous New Year! As Dale says in his message, we are working hard to put together an informative and fun-filled conference. The hotel and conference facilities are among the best. Please plan early to attend. Registration may be made online through our NAGRA site.

Dale mentioned that the Nominating Committee is seeking persons to hold positions on the Board. We will have a vacancy at Treasurer, Vice President and Regional Director. Please contact a member of the Nominating Committee if interested in one of the openings. Each position will require some time commitment, but the reward of knowing that you helped a great organization move forward will outweigh the time spent.

The Treasurer's report shows we are in good financial strength. We can be better by increasing our member base. I am asking each Regional Director to invite all gaming regulators within each region to join NAGRA. We are an organization of gaming regulators, for gaming regulators and have much to offer. I will personally assist any Regional Director with this task, by co-signing letters, participating in phone calls and, where I can, personally visiting the prospective organization. Pay particular attention to the tribal regulators in your respective areas. Let's grow our membership base in 2007!

I am still looking for someone to assist Gene Huntington with the Indian Gaming Committee. Norm left big shoes to be filled, but I know we have members who can do it. There is probably no more interesting aspect of gaming regulation than the area of Indian Gaming. ■

SAVE *the* DATE!

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



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cooperation and free exchange of information we received from many other jurisdictions and we thank all who assisted us.

The NAGRA Nominating Committee is currently seeking volunteers to serve on the NAGRA Board. If you are interested in making a personal contribution to our organization, contact Gerald Otoupal (Nebraska), Gene Huntington (Montana) or Joseph Hoy (Massachusetts). Ballots will be distributed to all member agencies in April and the results will be announced at the conference.

Please make plans to attend the NAGRA Business Meeting at the conclusion of our conference. It is open to members only and includes a discussion of our past year's achievements and future plans, reports from the Treasurer, Committee Chairs, and management firm, as well as the election results. NAGRA is a member-driven organization and your participation is necessary to ensure its long-term viability.

I look forward to seeing you in Kansas City! ■

Big Money Bingo Coming to Michigan in 2007

The Michigan Charitable Gaming Division and its contractor, Scientific Games International, Inc., continue to work on implementing a linked progressive jackpot bingo game in Michigan.



Scientific Games has branded the progressive jackpot game as "Big Money Bingo." Multiple sessions of the Big Money Bingo game will be conducted daily, allowing bingo licensees statewide to link their progressive jackpots together – creating jackpots never seen before in the history of charitable gaming in Michigan.

During the months of October and November, Charitable Gaming staff members met with over 600 people in the Michigan bingo community explaining the Big Money Bingo game. Over 300 bingo games have signed up to participate, with more signing up each week. Big Money Bingo is expected to kick off a pilot phase of 50 locations in early 2007 with a full launch shortly thereafter. ■

New National Indian Gaming Commissioner

NAGRA members have cause to celebrate...one of our own has been proposed for appointment as an associate member of the National Indian Gaming Commission. Interior Secretary Dirk Kempthorne on December 6, 2006, proposed the appointment of Norm DesRosiers to the NIGC.

Norm is a long-time member of NAGRA, having served as its Indian Gaming Committee Chair for many years. In that role, he was responsible for, among other things, putting together programs and breakout sessions for the annual conferences. Norm was always able to bring together speakers and panelists who were among the top experts in their fields/topics. The sessions were among the best attended throughout his tenure.

Norm is currently commissioner of the Viejas Gaming Commission, a position he has held since 1998. In that capacity, he has established an

organization with a multimillion-dollar budget, 50 regulators and a full complement of ordinances, regulations and policies. Prior to his position with the Viejas Tribe, Norm was executive director of the San Carlos Apache Tribal Gaming Commission, which he established. Norm also put together a "how to" book for tribes which provided information for promulgating regulations, hiring and training inspectors and support staff. He served as supervisor of inspectors at Fort Mc Dowell Gaming Commission.

Your NAGRA Board and Officers sent a letter of support prior to the close of the 30-day public comment period. We wish Norm well and know he will bring a unique talent and understanding to NIGC of the issues in the ever-evolving Tribal Gaming arena. We also look forward to his return to NAGRA as a presenter at future conferences. ■

New California Law For Charity "Poker Night" Fundraisers



Beginning January 1, 2007, a new California law (AB 839 - Chapter 707, Stats. of 2006) allows eligible nonprofit organizations that have been in existence for at least three years and that register with the Division of Gambling Control (Division) to hold "charity poker night" fundraisers. Nonprofit organizations may conduct fundraisers using controlled games as a funding mechanism.

The controlled games allowed at these fundraisers are specified in California Penal Code section 337j(e)(1) as "any poker or Pai Gow game, and any other game played with cards or tiles, or both, and approved by the Division of Gambling Control, and any game of chance, including any gambling

device, played for currency, check, credit, or any other thing of value that is not prohibited and made unlawful by statute or local ordinance."

The new statute establishes limitations on each fundraising event including: 90% of the revenue from the fundraiser will go directly to the nonprofit organization, each event will be limited to no more than 5 consecutive hours, no more than 4 fundraisers may occur at the same location, nonprofit organizations will be required to keep records for each event, and no cash prizes or wagers may be awarded. The new law does NOT allow the use of slot machines or Internet gambling for fundraising purposes.

The Division is in the process of promulgating regulations to implement the new Charitable Gaming Program. In addition to nonprofit organizations, businesses who supply equipment and services for fundraising events will be required to register annually with the Division. No one under the age of 21 will be allowed to participate at these fundraising events. Nonprofit organizations will be required to post problem gambling information at each fundraising event. ■

Nick Farley & Associates Opens New Testing Facility in Solon, Ohio

Nick Farley & Associates, Inc. is pleased to announce the opening of its new Solon Testing Facility located in Solon, Ohio. This new workplace will act as the company's primary testing facility and corporate headquarters. With over 11,000 square feet at the new facility, it is a substantial upgrade over the previous Bedford, Ohio, establishment.

"This new Solon Testing Facility represents the impressive period of growth that Nick Farley & Associates, Inc. has achieved. With

big things in store for the upcoming months, we would like to express our gratitude to our customers for their continued support which necessitated this move to a larger space. Without their support, our growth would not be possible." affirmed Nick Farley, President.

Mr. Farley is one of the country's most respected experts in the field of gaming equipment compliance testing, and has served as an Expert Witness on behalf of many local, state and federal authorities. Nick Farley & Associates, Inc. continues

to gain ground as one of the industry's leading independent testing laboratories.

The Solon Testing Facility is configured with eight private testing laboratories in addition to a large bullpen laboratory and a glass-enclosed showcase laboratory. The new building also affords ample space for offices, conference rooms and storage areas. The new facility includes access to a loading dock for tractor trailers delivering devices without the need for a lift gate or loading ramp. ■

Canada – Lottery Fraud Allegations

In October 2006 allegations of lottery retailer fraud emerged in Ontario. Media reports alleged an unusually high number of inside winners, such as ticket retailers or clerks, had won major prizes over the past seven years. It was claimed that retailer misconduct was the reason and that this may be a problem across Canada and the United States.

Concerns were also raised that some customers, especially elderly ones, may have been fooled by a retailer into thinking they had won only a very minor prize when they asked the store to check their tickets at a lottery terminal. Not only are ticket sellers allowed to play the lottery, jurisdictions have very different policies for scrutinizing insider wins.

The British Columbia Lottery Corporation (BCLC) interviews everyone who wins a prize of more than \$3,000, whether or not the person is an insider. The Western Canada Lottery Corporation (WCLC), which operates lotteries in Alberta, Saskatchewan and Manitoba, considers ticket sellers to be independent agents and has no formal insider-win policy. WCLC retailers are subject to the same examination as anyone else who wins a prize in excess of \$10,000. The Ontario Lottery and Gaming Corporation (OLGC) conducts a mandatory interview of insiders, including retailers and clerks, who win at least \$50,000. (Until 1999, the inquiry was required for prizes of \$10,000 or more.)

Immediately following the concerns in October 2006, BC Solicitor

General John Les asked the Gaming Policy and Enforcement Branch (GPEB), which regulates all gaming in British Columbia, to investigate and report on the integrity of BCLC's lottery ticket retail network. The report confirmed that all of BCLC's lottery systems had been subjected to rigorous and extensive testing and no major retailer issues surfaced.

However, following GPEB's report and recommendations, some changes are being implemented to further ensure the integrity of lottery gaming in the province. GPEB will conduct a background investigation and register all retail lottery managers. As well, retailers will be formally responsible for the actions of their employees.

GPEB will also review lottery products and issue certificates of integrity for those products before they are introduced by BCLC. GPEB and BCLC are also discussing whether all large prize claims (those of a certain amount or higher) must be submitted for interviews by BCLC's corporate security personnel. Please visit the GPEB website for a full report on the findings and actions resulting from the review at: www.pssg.gov.bc.ca/gaming/archives.htm

The Ontario Lottery and Gaming Corporation also investigated its lottery network systems and plans to install 10,000 "self-check" machines at lotto retailers across the province. The machines, which tell a player if their ticket is a winner and the amount won, could be installed as early as April 2007.

This strategy is part of a seven-point plan, called "Play With Confidence," that the OLGC developed in response to allegations of fraud by lottery retailers. The plan also includes measures to probe every win over \$10,000. Please visit the OLGC website for information on the seven-point plan at:

www.olgc.ca/play_with_confidence.jsp

Following the allegations, both the Ontario and British Columbia Office of the Ombudsman have launched independent investigations into how the OLGC and BCLC protects the public from theft or fraud related to winning lottery tickets and how it responds to complaints about potential theft or fraud involving winnings. The results of these probes are expected later this year. ■

SPONSOR THE 2007 conference entertainment

Several of NAGRA's past conferences have had local entertainment performing during the receptions related to the conference. In Kansas City, we again look forward to providing participants with examples of local entertainment.

If you are interested in sponsoring the entertainment for either of the receptions, please contact Scott Franzmeier at the NAGRA office at 651-290-6278 or via email at scottf@ewald.com. Thank you.

Pennsylvania Update

On December 20, 2006, the Pennsylvania Gaming Control Board awarded 11 of the 14 permanent slot machine operator licenses in record time after two non-stop and extraordinarily busy years. To summarize, the Pennsylvania Gaming Control Board (PGCB) licensed the equivalent of all of Atlantic City in approximately less than two years.

In order to achieve this, Pennsylvania developed a process for awarding these licenses which addressed the competitive nature of the process. The process consisted of four phases: the application process, the public input hearings, the licensing suitability hearings, and the decision-making and award process. All applications were accepted by the close of business on December 28, 2005. At that time, 25 applications were received, three of which were rejected for lack of compliance with basic requirements, and 22 were processed through the public input hearings.

Prior to the suitability hearings, which were held in September, October, November and December of 2006, the two applicants for the two limited Category III (which are licenses for only 500 machines) withdrew their applications and therefore the Gaming Board had 20 applicants remaining for the larger Category I and Category II operators' licenses which allow for a maximum of five thousand slot machines per license.

The Board, through its four-step process, was able to develop a full

and complete evidentiary record upon which it could make its decisions as to the awarding of the licenses. The Board developed public input hearings which occurred in the spring of 2006 and which took place on 18 separate days during the months of April and May. At these hearings, the applicants made presentations before the Board and to the public. The Board heard 600 speakers testify at these hearings. Approximately twelve hundred written comments were received and reviewed and in addition, local government officials and community groups and state officials were invited and in fact spoke at these hearings. All information was recorded and incorporated into a formal evidentiary record.

Of the twelve licenses which the Board awarded, six were Category I licenses specified for the six existing Pennsylvania Racetracks. While the other five licenses are Category II licenses which are for freestanding casinos, two of which are to be located in Philadelphia, one in Pittsburgh, and two in what are referred to as tourist enhanced locations throughout the Commonwealth.

On September 27 and October 25, 2006, the Board approved the Category I licenses as conditional licenses. As a result of this conditional licensing, the first Pennsylvania slot machine casino opened on November 14, 2006, at the Pocono Downs Racetrack. On December 19, 2006, the second Pennsylvania slot machine casino opened at the racetrack in

Bensalem, Pennsylvania, known as Philadelphia Park. On December 20, 2006, the Board issued all of the Category I licenses as permanent licenses and awarded the five permanent Category II licenses.

Some of the criteria used were the suitability of the applicants, specifically the good character, honesty and integrity as well as the financial fitness and operational viability of the applicants, the applicant's track record, both in compliance and in operational excellence, the applicant's ability to generate and sustain an exceptional level of growth and revenue, the applicant's compliance with the specific diversity requirements of the Pennsylvania Racehorse Development and Gaming Act.

On December 20, 2006, the decision of the Board in the area of the Category II (competitive licenses), was to award these licenses to HSP Gaming, known as Sugarhouse Casino, and Philadelphia Entertainment, Foxwoods in Philadelphia, PITG Majestic Star owned by the Barden Group in Pittsburgh; and Mt. Airy Lodge, Mt. Airy #1, LLP in the Pocono Mountain region of Pennsylvania; and in Bethlehem, Sands Bethworks. While all applicants were considered to be suitable, the Board made its choices based on its determination that those applicants chosen best met the statutory criteria to be used by the Board and which furthered the legislative intent of the Pennsylvania Racehorse Development and Gaming Act. ■

REGIONAL & COMMITTEE UPDATES

ALBERTA

The Alberta Gaming and Liquor Commission (AGLC) has completed the development of Host First Nations Charitable Casino Policies in consultation with the First Nations who have been approved to build casinos on First Nation lands in Alberta. The Board of the AGLC and the Chiefs of the First Nations hosting the casinos have approved the policies.

The River Cree Casino on the Enoch Cree Nation adjacent to Edmonton opened in October 2006. This is the first First Nation casino to open in Alberta. The casino has 600 slot machines and 40 table games plus poker and is managed by Las Vegas-based Paragon Gaming Inc.

The Century Casino in Edmonton opened in November 2006. The casino has 600 slot machines and 25 table games plus poker and is managed by Colorado-based Century Casinos Inc.

BRITISH COLUMBIA

In September 2006, Paragon Gaming BC ULC, a division of Las Vegas-based Paragon Gaming Inc. purchased the Edgewater Casino operation in Vancouver, BC. Edgewater is a 30,000 square foot facility with 600 slot machines and 45 table games.

In April 2006, SEM Resort Limited Partnership (SEM) took over the operation of the Casino of the Rockies at the St. Eugene Mission Resort on First Nations lands near Cranbrook, BC. The partnership is comprised of the Ktunaxa First Nation of British Columbia, the Samson Cree First Nation of Alberta and the Mnjikaning First Nation of Ontario. The casino has 224 slot machines and 12 table games. The resort and casino employ 250 people, of which approximately 25% are from First Nations.

CASINO COMMITTEE

The Casino Committee has been diligently working on breakout sessions for the Kansas City conference. Server-based Game Downloadable Systems is the topic for one session, with Clarence Greeno speaking. Mr. Greeno is the Gaming Enforcement Manager for the Missouri Gaming Commission. Another session will revolve around new technology, which is always a hot topic. We are also planning other sessions, but we have not finalized those plans yet. Kay Gaines, Committee Chair, will welcome any additional suggestions for conference topics.

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

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