



National Indian Gaming Commission Newsletter

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An Independent Regulatory
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Chairman
Phil Hogen

Vice Chairman
Norm DesRosiers

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Suite 9000
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REGIONAL INDIAN GAMING CONFERENCE

The Indian Gaming Working Group (IGWG) held its 15th regional gaming conference in December 2008 in Albuquerque, New Mexico. The group was created in response to Indian gaming's tremendous growth in revenues and increased criminal activity throughout the Indian gaming community. The IGWG first met in 2004 and serves as a clearinghouse to enhance cooperation among federal agencies, coordinate roles and functions, pool resources, develop effective strategies to investigate and prosecute Indian gaming-related crime, and establish educational and cooperative partnerships with tribal regulatory agencies.

The IGWG conferences are the most comprehensive opportunity for individuals working in Indian gaming to learn the history of Indian gaming, to keep current on trends, and to network with various federal, tribal and state gaming agencies. Information regarding current and ongoing criminal activities taking place in and around Indian gaming operations is provided, as well as breakout sessions on specialized topics. Following are some highlights of presentations made in Albuquerque.

The conference opened with a detailed history of legislation and litigation surrounding U.S. Indian policy up to the enactment of the Indian Gaming Regulatory Act (IGRA). NIGC Chairman Philip Hogen gave a concise overview highlighting various judicial decisions and laws beginning in the 1970's and 1980's



Chairman Hogen

that form the bedrock of the Indian gaming industry today. This historical account provided attendees with crucial information on where Indian gaming began and the challenges that have resulted in the creation of a complicated set of rules and regulations that govern the industry.

The Nevada Gaming Control Board presented information on detecting cheaters and devices used for cheating. Presentations included demonstrations of actual cheating systems, including homemade devices. Also discussed were complex organizations infiltrating casino operations with "false shuffle" scams. According to experts, criminal organizations usually require time and resources to build these scams, which are sometimes difficult to uncover.

The Internal Revenue Services (IRS) covered issues facing Indian country, such as casino-based scams and crimes, and money laundering. Many of the crimes dealt with by the IRS are complicated and require experts with experience in similar crimes. Representatives from the IRS provided information including background materials and possible solutions to the complex crimes within their jurisdiction.

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MESSAGE FROM THE CHAIRMAN

Transition is underway throughout the nation and, of course, nowhere is that more true than in the nation's capital. Throughout Indian Country we are seeing new faces on tribal councils and on tribal gaming regulatory agencies. A combination of diminishing resources and growing demands continues to be a challenge at all levels.

Thus, a challenge to gaming regulators at all levels will be to insure that as belts are tightened and corners are cut, necessary controls do not lapse, and that the level of vigilance and documentation required to protect tribal revenues and assets and to maintain fairness of play do not fall to unacceptable levels.

A concern and a feature of the Indian Gaming Regulatory Act (IGRA) is the continuity of the regulatory body it created—the National Indian Gaming Commission. Its initial membership was set up to have Commissioners be replaced on a staggered basis to insure that continuity. Currently Vice-Chairman DesRosiers and I fill two of the three seats on the Commission. The incoming Administration has an opportunity to fill the vacant seat and, of course, name as new Chair, as I now serve beyond the term of years to which I was appointed, and await the naming of my replacement.

In keeping with the Congressional mandate for continuity, the work of NIGC goes forward during this time of transition. Works in progress which have now moved to the next level are regulatory proposals, recently proposed in the Federal Register, in the way of some “housekeeping” amendments to current regulations, which will hopefully correct some inconsistencies, bring clarity to areas where there had been some confusion, and streamline some processes for gaming tribes and the Commission. Areas addressed in these proposals, on which the Commission seeks comments and suggestions by March 9, 2009, include:

- Reducing the number of NIGC fee submissions by tribes from four times per year, to twice a year;
- Permitting consolidation of annual audits to include multiple tribal gaming facilities under given circumstances;

- Establishing that audit reports be received by, not sent to, the Commission within 120 days after the end of each fiscal year;
- Allowing tribes to license more positions as “key employees” and “primary management officials” than currently allowed;
- Clarifying that gaming on Indian land that is not eligible for gaming is a substantial violation that may warrant an immediate closure; and
 - Increasing fees for background investigations in keeping with actual industry costs.



The Agency is pleased to announce release of a 5-year strategic plan that sets out goals, objectives and an agency mission for Fiscal Years 2009 – 2014. This plan was developed in accordance with the Government Performance and Results Act (GPRA) of 1993. This has been an exercise in good government and the NIGC is pleased to implement its strategic plan to guide the agency over the next several years. We are proud of the product and thank all that have provided input during the development of the plan.

The plan is the result of input from NIGC staff and guidance from the Office of Management and Budget. Additionally, Tribal participation was essential during development of the strategic plan. The strategic plan was transmitted to Congress and the Director of the Office of Management and Budget (OMB).

To view a copy of the five-year strategic plan and other important NIGC information, please visit our website at www.nigc.gov.



Wind Creek Casino

POARCH BAND OF CREEK INDIANS WIND CREEK CASINO & HOTEL

On January 6th, the Poarch Band of Creek Indians hosted a grand opening of its new Wind Creek Casino & Hotel located in Atmore, Alabama. The Tribe's total capital investment in the Wind Creek project is \$245 million and includes a 17-story hotel and casino.

The overall project is 225,000 square feet, including 57,000 square feet of gaming floor with 1,600 Class II machines and four restaurants. The 160,000 square foot hotel offers 236 hotel rooms, 24-hour-a-day room service and state-of-the-art meeting space is also available.

The Tribe pointed out the number of jobs the tribe has been able to create in an economic downturn. According to PCI Gaming, which is responsible for all gaming operations, once the project is completed, it will employ more than 900 people in Escambia County, one of the state's most rural areas. All together, PCI Gaming provides direct employment for 1,600 people at all its locations.

Although the Tribe gained federal recognition in the mid 1980's, the Poarch Band of Creek Indians have yet to be approached to negotiate a compact with the State of Alabama. The Poarch Band is Alabama's only federally recognized tribe.

ADDITIONAL NEW GAMING FACILITIES

FIRE ROCK NAVAJO CASINO is owned and operated by the Navajo Nation located in Church Rock, New Mexico opened in November of 2008.

Fire Rock Casino is a 64,000 square-foot temporary tent-like structure. The facility includes 472 slot machines, 10 table games a Poker room Bingo hall with 400 seats and 2 upscale restaurants.
<http://www.navajonationcasino.org/index2.html>

SKY UTE CASINO RESORT owned and operated by the Southern Ute Tribe opened a new facility in November of 2008. Sky Ute Casino Resort offers over 400 slot machines, 6 card tables, and a 200 seat bingo hall. Six restaurants and a hotel are located at the resort.
<http://www.skyutecasino.com/index.cfm>

LONE BUTTE CASINO is owned and operated by the Gila River Indian Community and located at 1200 S. 56th Street Chandler, Arizona. This facility is 120,000 square-foot and opened in November, 2008. Lone Butte Casino includes 850 slot machines, 27 table games, a 750 seat bingo hall and six restaurants.
<http://www.wingilariver.com/>

RED HAWK CASINO is owned and operated by the Shingle Springs Band of Miwok Indians located 1 Red Hawk Parkway Placerville, California. Red Hawk opened in December of 2008. The casino includes 2,000 Slot Machines, including Progressive Jackpots and 75 Table Games. Six restaurants are located throughout the casino.
<http://www.redhawkcasino.com/index.asp>

NIGC EXTENDS COMMENT PERIOD FOR MISCELLANEOUS REGULATIONS

In January 2009, the NIGC announced that the agency is extending the time period for comments on a proposed rule intended to streamline procedures and update NIGC's regulations. The proposed rule was published in the Federal Register on December 22, 2008. The original comment period closed on February 5, 2009, and will now close on March 9, 2009.

The rule would, for example, reduce from four to two the number of times per year tribes must submit fee payments, allow for the submission of consolidated audit statements for gaming operations that have multiple facilities, and allow

for shorter audit statements when operations gross less than \$1 million.

The proposed rule would also update regulations to reflect existing practices, such as allowing the licensing of more positions as "key employees" and "primary management officials" than the Indian Gaming Regulatory Act requires. Increasing the fee paid for background investigations to reflect NIGC's increased costs and eliminating references to the defunct practice of approval by the Secretary of the Interior would bring NIGC's management contract regulations up to date.

NIGC OFFERS ENVIRONMENT, PUBLIC HEALTH, & SAFETY TRAINING

The National Indian Gaming Commission is pleased to announce Environmental, Public Health, and Safety (EPH&S) training and technical assistance opportunities in 2009. These training and technical assistance opportunities include a presentation and a hands-on review of Indian gaming facilities. These sessions constitute an integral part of NIGC's continued outreach to tribes with technical assistance and training opportunities.

The EPH&S training staff will focus on common environmental public health and safety issues witnessed

throughout the Indian gaming industry and will discuss the scope of the agency's authority, review of the EPH&S site visit survey form and presentation of real life examples of violations that could pose an imminent threat to either patrons or employees.

This training is suitable for regulators, managers, tribal officials and environmental public health and safety staff and will be scheduled upon request.

For further information on EPH&S training, please visit our website at www.nigc.gov.

MICS ADVISORY COMMITTEE UPDATE

To ensure that internal control standards promulgated by the NIGC to regulate Indian gaming remain current and effective as well addressing advances in technology and gaming practices and trends, the NIGC formed a MICS Advisory Committee. The Committee is comprised of experienced gaming regulators who were nominated for membership by their respective tribes. In selecting the committee members, an effort was made to make sure that all aspects of tribal gaming were represented- by geographic location, size of facility and type of gaming, i.e., Class II, Class III or both.

The Committee has met three times since its first meeting in July 2008. At each meeting, NIGC representatives

presented proposals for revisions to selected sections of the MICS. The proposals, which were sent to Committee members in advance, were discussed by the Committee. Committee comments, observations and questions were documented by NIGC staff. Subsequently, written responses were prepared by NIGC staff and disseminated prior to the following meeting, at which time they were reviewed by the group.

The Committee has completed its work on the sections selected for this session. Final recommendations are being prepared and expected to be submitted to the Commissioners in the near future.

NIGC EMPLOYEE PROFILE: EMILY MOLINA

Emily Molina has served as an administrative assistant in the NIGC Region III office in Phoenix, Arizona, since October 2000. Prior to joining the NIGC, she worked for the New Mexico Gaming Control Board.

Emily has been the leader in the office in understanding and using the Tribal Background Information System (TBIS) system and has now trained others in how to use this system. In this capacity, she reviews all of the suitability forms as they are received and writes back to the tribal gaming commissions. Emily keeps the Investigators apprised of any conflicting background information and of any disagreements regarding the licensing process.

Developing the database that keeps track of individuals that have been licensed in the region, and streamlining the office filing system are examples of valuable tasks she has completed, which increase the productivity of the office. Emily's colleagues feel that her intelligence and desire to learn have pushed her far beyond the duties assigned to her.



Emily Molina

Emily has attended Federal Training for Executive Assistants to improve her skills in that area. She handles all the purchases of office supplies, and inputs the travel vouchers and credit card reconciliations to the D.C. office.

Most recently, Emily has been traveling with the Investigators on site visits, and helping to train the individual Gaming Commission employees on preparing suitability forms and streamlining their files in order to ensure deadlines are met and all information is collected. The Gaming Commissions in the region have been very appreciative of Emily's training.

Emily collects crab figurines and enjoys swimming. She lives with her mother in the Phoenix area and enjoys a very close family.

WORKING GROUP (CONTINUED FROM PAGE 1)

Financial Crimes Enforcement Network (FinCEN) focused on the large role enforcement of the Bank Secrecy Act (BSA) in fighting financial crimes occurring throughout Indian country and by drug dealers and terrorist groups. The Act outlines reporting requirements for financial transactions taking place within gaming operations as well as suspicious transactions. The discussion included updates on emerging threats, patterns and trends, as well as information as to how to assist law enforcement in the prosecution of money laundering crimes. These crimes are complex and require large amounts of resources and information-sharing to successfully prosecute, FinCEN said.

According to Joe Smith, Director of Audits, common themes among successful gaming operations are sufficient internal controls, including policies and procedures that implement these controls to prevent and detect attempts to illegally divert assets. Evaluation of risks and development of rules

to address any vulnerable areas of the gaming operations are essential. The controls that address these risks must be a priority from top management down to the front-line employees, Smith said.

The Indian Gaming Working Group is comprised of governmental agencies including the FBI's Indian Country/Special Jurisdiction Unit; Department of the Interior Office of Inspector General; National Indian Gaming Commission; Internal Revenue Service, Tribal Government Section; Department of the Treasury, Financial Crimes Analysis Center; U.S. Department of Justice; and Bureau of Indian Affairs, Law Enforcement Service.

Tribal regulators are encouraged to attend and participate in these meetings. Attendance by tribal representatives has been strong and is steadily growing. Feedback has been positive regarding both the education given and the opportunity for networking. Tribal regulators can coordinate attendance through their NIGC Regional Directors.

The working group's next scheduled conference is in Green Bay, Wisconsin, in June 2009.

NIGC STAFF UPDATES

NIGC WELCOMES DIRECTOR OF ENFORCEMENT

In November of 2008 the National Indian Gaming Commission welcomed new Director of Enforcement, John Peterson. Peterson has nearly 20 years experience in Indian gaming. Peterson has been NIGC's Regional Director in the agency's St. Paul, Minnesota, office since 1999, where he was responsible for enforcement activities in the NIGC's largest geographical region, stretching from Montana to Michigan. Before coming to the NIGC, Peterson gained valuable experience in the regulation of Indian gaming as an enforcement agent with the South Dakota Gaming Commission between 1990 and 1998.



In that capacity he worked with a wide variety of tribal gaming operations—large and small, rural and urban experience, he now uses throughout the country.

In his new role with the NIGC, Peterson will focus on leading the NIGC Enforcement Division throughout the six regions that make up NIGC's jurisdiction. The NIGC is responsible for oversight and regulation of approximately 400 Indian gaming operations in 28 states. Additionally, Peterson will be responsible for protecting the financial integrity of Tribal gaming operations and ensuring Indian gaming remains free from criminal influence.

NIGC WELCOMES REGION DIRECTOR

John Guerber has been selected as director of NIGC's Region IV Office in St. Paul, Minnesota. John was born in Southern Minnesota and raised on a farm near the town of Blue Earth where he attended primary and secondary school. He received a Bachelor of Arts Degree with a double major in History and Political Science from Minnesota State University, Mankato, Minnesota, in

1969. He earned a Master of Science degree in Criminal Justice Administration in 1982 from Western Missouri State University in Warrensburg, Missouri.

In the fall of 1969 John enlisted in the Army where he spent three years as a personnel management specialist. Upon his discharge he worked as a police officer with the Hopkinsville Kentucky Police Department and as an investigator for the Tennessee State Medical Examiner's office in Memphis.

In 1974 he began his 26-year career as a Special Agent with the United States Secret Service where he worked financial crimes investigations and protected every President from Nixon (out of office) to Clinton. Upon retiring from the Secret Service in April 2000, he immediately joined the National Indian Gaming Commission as a Field Investigator in the Saint Paul Region.

John is married to wife Sue and has two grown children, John Robert and Jennifer. He enjoys boating, reading, sports and public speaking.

CONGRATULATIONS TO CHRIS WHITE

NIGC Financial Analyst Chris White has completed all requirements to become a Certified Public Accountant. The uniform CPA exam is administered as part of the licensing process for new Certified Public Accountants. It consists of four parts: Auditing and Attestation, Financial Accounting and Reporting, Regulation, and Business Environment and Concepts. While each part is taken separately, a candidate must pass all four parts in an 18 month window.

Passing the exam is only a part of the licensing process for CPAs. Other requirements include work experience and formal education requirements.

AUDIT TRAINING HELD IN WASHINGTON STATE

In November 2008, the National Indian Gaming Commission (NIGC) provided audit training at the Yakama Legends Casino in Toppenish, Washington. The 3-day training included the following sessions: Minimum Internal Control Standards (MICS); Comps; Table Games; Accounting Standards; Gaming Machines; Financial Statements 101; Performance Auditing; Cage; and Information Technology – The Basics. The focus was on the internal controls needed to assist in the prevention and detection of fraud.

Indian gaming has experienced tremendous growth since its early beginnings 20 years ago, and now has become a target for individuals involved in stealing, scamming and embezzling funds in large and small amounts.

Historically, numerous techniques have been utilized for the misappropriation of funds, from basic theft to complex schemes involving several individuals working as a team.

With gross gaming revenues exceeding \$26 billion in 2007, Indian gaming operations should strive for stringent internal controls within their gaming operations.

Over 120 tribal representatives attended the training over the three days and each participant was provided with a CD-ROM containing the Microsoft PowerPoint presentation for each training session.

The NIGC will provide regional audit training throughout 2009 in various locations.

NIGC NEWS

NIGC FINAL FEE RATE FOR 2008

The NIGC adopted a final annual fee rate of 0.057% for calendar year 2008. These rates shall apply to all assessable gross gaming revenues from each gaming operation under the jurisdiction of the Commission. If a tribe has a certificate of self-regulation under 25 CFR part 518, the final fee rate on Class II revenues for calendar year 2008 shall be one-half of the annual fee rate, which is 0.0285%.

NIGC'S 5-YEAR STRATEGIC PLAN NOW AVAILABLE

The NIGC released its five-year strategic plan in January 2009. The strategic plan sets out goals, objectives and the agency's mission for Fiscal Years 2009 – 2014.

The plan is the result of input from NIGC staff and guidance from the Office of Management and Budget. Additionally, Tribal participation was essential during development of the strategic plan.

The strategic plan was transmitted to Congress and the Director of the Office of Management and Budget (OMB). Copies are available on our website at www.nigc.gov.

2009 GOVERNMENT-TO-GOVERNMENT CONSULTATION SCHEDULE

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|------------|---|
| Jan. 14-15 | Western Indian Gaming Conference
Palm Springs Convention Center
277 N. Avenida Caballeros
Palm Springs CA 92262
Phone: 1-800-333-7535 |
| Feb. 11-12 | United South and Eastern Tribes
Impact Week
Crystal Gateway Marriott
Jefferson Davis Highway
Arlington, VA 22202
Phone: 1-703-920-3230 |
| Feb. 17-18 | Arizona Desert Classic
Gaming Conference
10438 North Fort McDowell Road
Scottsdale/Fountain Hills, AZ 85264
Phone: 1-480-789-5300 |

