



**San Manuel Band of Mission Indians
Tribal Gaming Commission
OFFICE OF THE COMMISSION**

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Friday, January 27, 2012

Ms. Tracie Stevens, Chairwoman
Ms. Stephanie Cochran, Vice Chairwoman
Mr. Daniel Little, Associate Commissioner
National Indian Gaming Commission
1441 L Street, N.W., Suite 9100
Washington, DC 20005
(202) 632-7009

Dear Commissioners,

We appreciate the opportunity to comment on the NIGC's proposed regulations. It is the position of the San Manuel Gaming Commission that greater clarity is necessary for proposed regulation 25 CFR Part 514, published in the Federal Register on October 11, 2011.

Currently, the lack of clarity in the regulation forces Tribes to speculate on how to compute fees. We believe the regulation would be more useful for Tribes if there was greater detail for the accounting treatment and methodology used in the fee calculation. Clear regulations will reduce inaccuracies in the calculation process saving Tribes time and money. The regulation and current process create frustration for both Tribal and NIGC staff members dealing with ambiguous language and dated interpretations of the regulation employed by NIGC auditors.

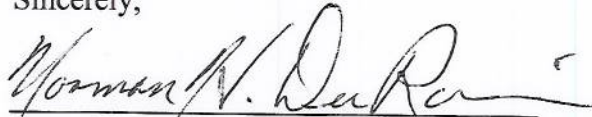
There are two key points that should be addressed in the regulation. The first point is using a cash accounting method which is contrary to industry standards and Generally Accepted Accounting Principles (GAAP). This requires most Tribes to use both the accrual method and cash basis. This creates a significant amount of work with little to no benefit for either party. Further, the regulation states, "unless otherwise provided by the regulation, generally accepted accounting principles shall be used." Using methods other than the industry standards of accrual accounting would seem to require additional specificity on the part of the regulation.

The second point which must be addressed is defining what is considered, "prizes or paid for prizes awarded." According to IGRA the calculation for "gross revenues shall constitute the annual total amount of money wagered, less any amounts paid out as prizes or paid for prizes awarded ..." Using this definition it is our position that non-discretionary awards to players earned through wagers are deductible when calculating gross revenues. If the intention of the regulation is to prohibit slot point redemption programs, we strongly recommended NIGC define "prizes or paid for prizes awarded" to avoid confusion in the regulation.

As referenced in previous letters, San Manuel has had a similar dispute with the California Gaming Control Commission on the deduction of a slot redemption program. The state has since reversed their position, agreeing slot redemption program is not a promotional expense. Instead, agree the slot redemption programs are prizes paid, therefore making them a deductible expense. We believe the same is true for the calculating of NIGC fees. Our position is based on the regulation stating, "Less any amounts paid out as prizes or paid for prizes awarded."

The proposed regulation continues to allow deductions for prizes paid or prizes awarded. It does not provide any further definition for Tribal or NIGC staff to interpret making compliance with the regulation particular difficult since Tribes can comply with the regulation and be told by NIGC they incorrectly paid fees.

Sincerely,

A handwritten signature in cursive script, appearing to read "Norman H. DesRosiers", written over a horizontal line.

Norman H. DesRosiers,
Gaming Commissioner

CC: Rod West, Acting Director of Auditing
Mr. Larry Roberts, General Counsel
Michael Hoenig, Associate General Counsel