

APR 7 1999

Mr. D.K. Thomas, Director
Eurotek Designs USA, Inc.
522 N. 14th Street #157
Ponca City, OK 74601

Dear Mr. Thomas:

In response to your recent letter, I should note that the determination that Crazy Reels was a class III machine was made at the enforcement level, and did not constitute a decision of the Commission. The advice that the machine was class III was provided to the tribes which were operating those machines to give them an opportunity to avoid likely enforcement action. Although I have no reason to believe that the Commission would reach a different conclusion, so long as you understand that a formal classification decision was not made, I do not mind providing the requested written explanation as to why the machine appears to be a class III device.

The question of whether Crazy Reels is class III depends on whether it is a "gambling device" within the meaning of the Johnson Act, 15 U.S.C. § 1171, which defines "gambling device" as:

[A]ny other machine [other than a slot machine] or mechanical device (including, but not limited to, roulette wheels and similar devices) designed and manufactured primarily for use in connection with gambling, and (A) which when operated may deliver, as the result of an application of an element of chance, any money or property, or (B) by the operation of which a person may become entitled to receive, as the result of the application of an element of chance, any money or property. . . .

15 U.S.C. § 1171 (a)(2).

Therefore, to constitute a Johnson Act device, a device must be designed primarily for gambling, and must meet the elements of either (A) or (B). These elements are commonly referred to as consideration, chance, and reward.

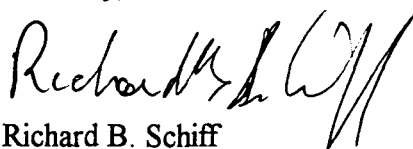
The Crazy Reels machine easily meets the consideration and reward elements, since the players must pay to use the machine and, if successful, will win a prize or reward. Apparently, the theory on which the tribes have offered Crazy Reels is that a player can influence the outcome of the game by acquiring skill and that the element of chance is therefore absent.

In looking at the skill/chance issue, the first point to consider is the Johnson Act's actual language, that is, "an element of chance." It may be possible that exceptional individuals with a certain level of hand-eye coordination might, through training or practice, become highly skilled in the play of Crazy Reels; however, our review of the game indicates play is so difficult that there would be a substantial element of chance in determining the game's outcome for the vast majority of customers at the tribal gaming facilities.

As previously indicated, this discussion of Crazy Reels is an enforcement level analysis, which we are sharing as a courtesy to you and to help you understand the issues. You should also understand that the Department of Justice and the United States Attorneys have enforcement responsibility over Johnson Act gambling devices, and, even if we were to be convinced that a machine was not a Johnson Act device, we cannot speak for those agencies.

I trust we have answered the questions which you might have had about our view of Crazy Reels.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard B. Schiff". The signature is written in a cursive, somewhat stylized font.

Richard B. Schiff
Senior Attorney