

2 0 1 1

ARIZONA DEPARTMENT OF GAMING

**A N N U A L  
R E P O R T**



# TABLE OF CONTENTS

MISSION & VALUE STATEMENTS	2
DIRECTOR'S MESSAGE	3
INVESTIGATIONS & INSPECTIONS	4
GAMES & SYSTEMS COMPLIANCE	5
VENDOR CERTIFICATION	6
EMPLOYEE CERTIFICATION	7
INTELLIGENCE	8
AUDIT	9
TRIBAL CONTRIBUTIONS	10
TRIBES WITH GAMING COMPACTS	11
GAMING DEVICE COMPLIANCE	12
INFORMATION TECHNOLOGY	13
PROCUREMENT & GENERAL SERVICES	14
FINANCIAL SERVICES & SPECIAL PROJECTS	14
REVENUE & EXPENSES	15
HUMAN RESOURCES	16
OFFICE OF PROBLEM GAMBLING	17
SPECIAL PROJECTS & TRAINING	18
COMMUNITY OUTREACH	18
HISTORY OF INDIAN GAMING IN ARIZONA	20

# MISSION & VALUE STATEMENTS

## OUR MISSION

Protect the Public,  
ensure compliance with the gaming compacts,  
and regulate the gaming industry.

## OUR VALUES

We act with integrity.

We support diversity.

We work with the Tribes on a government to government basis.

We are transparent, consistent, and predictable.

We are professional, accountable, and responsible in all of our activities.

We respect and support each other.

# DIRECTOR'S MESSAGE

There is a growing interest in the gaming industry. Our agency responds to numerous inquiries and requests for information and assistance from a wide array of sources including the media, economists, government officials, other gaming jurisdictions, casino patrons, and individuals and companies seeking to provide their products and services to the casinos. Because gaming affects so many people, the Arizona Department of Gaming ("ADG") is committed to staying on the forefront of best practices in regulation and enforcement.



The executive staff works to keep Arizona on the forefront of gaming regulation and enforcement.

I can report that Arizona Indian gaming operations generated almost \$1.7 billion in revenue in FY 2011. This was achieved with more than 14,400 Class III gaming devices and over 500 table games operated in the 22 Tribal casinos located throughout the state. Our Gaming Device Compliance Unit inspected and certified more than 13,900 gaming devices. Our Certification units processed more than 8,800 applications for individuals and companies serving Tribal casinos. In FY 2011, more than \$90 million in Tribal gaming contributions was received by the State of Arizona to support trauma and emergency services, education, state tourism, wildlife conservation, gaming regulation and to supply information for and assistance to people with gambling problems.

During the past year, ADG continued to work diligently with our Tribal counterparts to ensure the integrity of gaming operations. For example, ADG expanded training and support programs for our staff, the Tribes, and other state and local agencies as well. Educational opportunities involved best practice responses in gaming-related environments. Among the topics were public safety plans, professional report writing, machine compliance technology, employee/vendor certification and auditing procedures.

Additionally, ADG provided training for local police and Tribal agencies, and Arizona Counter Terrorism Information Center. The agency worked with Arizona's Attorney General's Office and Department of Liquor Licenses and Control to investigate and prosecute suspected illegal gambling activities occurring off Tribal lands. Our team also provided administrative support in the areas of Information Technology, Human Resources, and Financial Services for the Arizona Department of Racing.

While no general fund money is used to support ADG, it remains committed to making the most of every dollar received through Tribal gaming. It has been a very productive and rewarding year. I would like to thank the ADG staff along with Tribal operators and regulators for their continued dedication and professionalism going into 2012.



Director Brnovich speaks with the media about enforcing gambling statutes.



Mark Brnovich  
Director

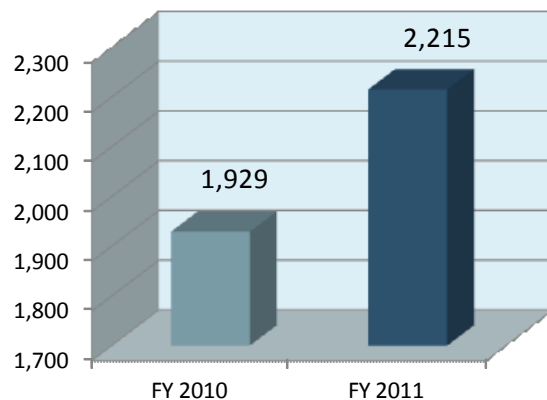
# INVESTIGATIONS & INSPECTIONS

The Investigations and Inspections Unit monitors the Arizona Tribal-State Gaming Compact ("Compact") compliance by conducting onsite inspections of casino operations and investigating suspected violations and criminal activity. The Unit is comprised of AZPOST-certified special agents experienced in law enforcement. Their onsite presence provides valuable expertise to Tribal authorities to identify potential problems and correct deficiencies.

## ACCOMPLISHMENTS

- Instituted the Statewide Casino Agent Rotation Schedule to provide a primary and secondary agent to every casino
- Established the Compact Compliance Review Agent to increase consistency, objectivity and quality of work product
- Developed a system to prevent "Electronic Benefit Transfer" (Government Assistance Cards) from being used at any Indian gaming facility
- Held monthly meetings with Navajo Nation officials to present information on gaming requirements and facilitate compliance prior to the opening of their first Arizona casino
- Increased agent visibility at gaming facilities to demonstrate commitment to ensuring Compact compliance and protection of the public

TRIBAL VISITS BY SPECIAL AGENTS



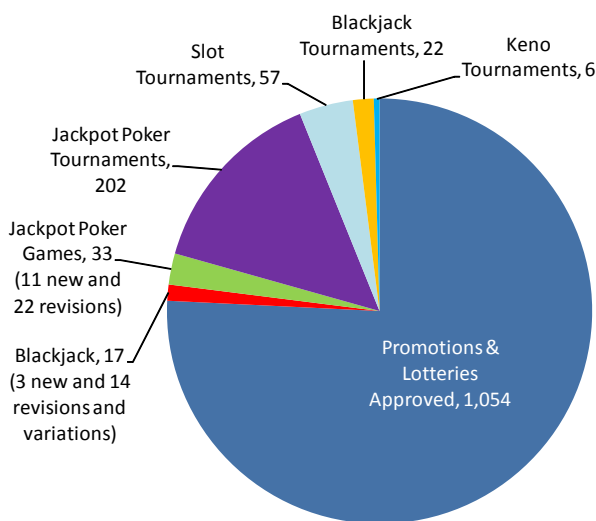
THE INVESTIGATIONS AND INSPECTIONS UNIT CONSISTENTLY REGULATES GAMING FACILITIES TO MAINTAIN PUBLIC CONFIDENCE AND SAFETY.

# GAMES & SYSTEMS COMPLIANCE

Within seven days of a request by the casino, ADG reviews all proposed drawings, new games, poker and blackjack variations, promotions, and giveaways. The Games and Systems Compliance Unit oversees these casino activities to ensure their compliance with the Compact. The Unit participates in continuing education and monitors emerging trends in gaming and regulation.

## ACCOMPLISHMENTS

FY 2011 APPROVED SUBMISSIONS



- Held internal training classes and presented information to ADG employees
- Participated in Arizona Tribal Gaming Regulators Alliance training for tribal regulators
- Provided training to law enforcement agencies to assist in off-reservation gaming investigations
- Met with leading manufacturers and distributors of gaming devices and equipment to discuss new technology and products
- Attended industry conferences including the National Indian Gaming Association Conference and Trade Show, the Gaming Laboratories International Regulators Roundtable and the Global Gaming Exposition

STAYING ABREAST OF THE LATEST TECHNOLOGY AND INNOVATIONS IN THE GAMING INDUSTRY ENABLES ADG TO MAINTAIN AN EFFECTIVE REGULATORY STRUCTURE.

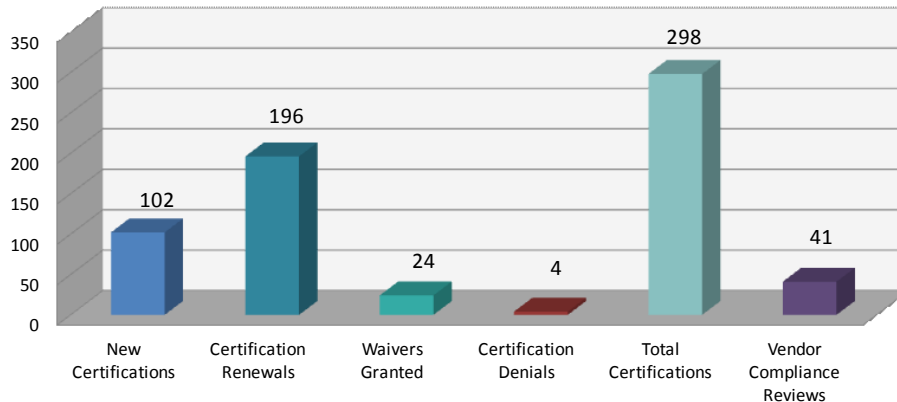
# VENDOR CERTIFICATION

The Vendor Certification Unit, comprised of special agents, financial investigators, an intake officer, and compliance auditors, determines the suitability of companies and individuals doing business with casinos in Arizona. The Unit certifies vendors that are financing gaming facilities, contractors involved in casino management or operations, manufacturers and distributors of gaming devices and companies offering services to casinos in excess of \$10,000 in any one month. The company, its principals and key personnel must undergo a thorough background investigation prior to receiving certification.

## ACCOMPLISHMENTS

- Issued a total of 298 vendor certifications; 102 new, 196 renewals
- Facilitated waivers and denials of certification as appropriate
- Conducted 41 vendor compliance reviews with the Tribal Gaming Offices
- Instituted Bates stamping/document inventory control procedures
- Took steps to reduce paper consumption and promote efficiency
- Updated vendor background investigation procedures
- Provided vendor certification training to Tribal officials

**FY2011 VENDOR CERTIFICATION APPLICATIONS PROCESSED**



THE UNIT CERTIFIES APPROPRIATE VENDORS UTILIZING THE LATEST TECHNOLOGY AND INVESTIGATIVE PROCEDURES.

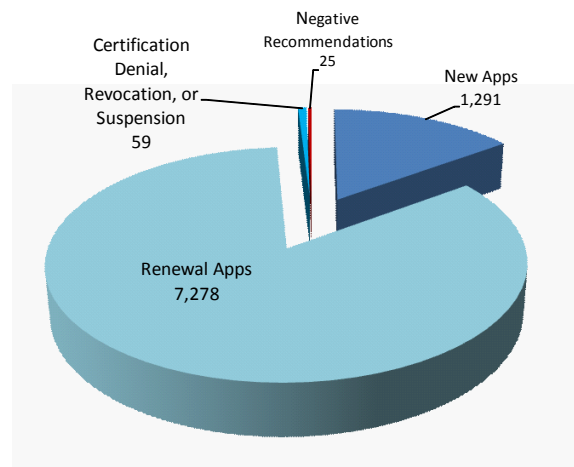
# EMPLOYEE CERTIFICATION

The Employee Certification Unit conducts extensive background checks on current and prospective gaming employees to ensure that only suitable individuals are employed within the gaming facilities. This process includes criminal background checks, fingerprints, credit history reports, financial background screenings, work history, review of criminal cases and/or civil litigation, education, personal and professional references, and tax records.

## ACCOMPLISHMENTS

- Presented background investigation training for Tribal Gaming Offices ("TGO")
- Provided a unit synopsis presentation to Navajo Nation gaming officials
- Processed 1,291 new applications and 7,278 renewal applications for Tribal licensing and state certification
- Prepared Negative Recommendation/Revocation of Tribal licenses as necessary
- Collaborated with TGOs to develop secure electronic submission of applications

### FY2011 EMPLOYEE CERTIFICATION APPLICATIONS PROCESSED



ADG WORKS WITH TRIBAL REGULATORS TO CONTINUALLY EVALUATE THE SUITABILITY OF CASINO PERSONNEL.

# INTELLIGENCE

The Intelligence Unit gathers and disseminates information involving threats to gaming operations, patrons and the public. Various responsibilities include distribution of criminal data and tracking of suspicious activities, counterfeit currency, cheating crimes, forged instruments and W-2G Jackpots. The Unit also serves as a liaison between Tribes and other law enforcement agencies.



Top: Illegal gaming devices commonly known as Coin Pusher Machines.  
Bottom: Seventy-five illegal machines were seized by a multi-agency task force and destroyed.

## ACCOMPLISHMENTS

- Modified complaint procedures adding a Gambling Inquiry designation to more accurately define calls for assistance and separate them from complaints of suspected illegal gambling operations
- Submitted a complex gambling case involving an illegal poker room to the Arizona Attorney General, resulting in the state's first two felony convictions for gambling violations
- Forwarded a follow-up report of information to the FBI regarding a fraud crew victimizing Native American casinos in Arizona, New Mexico and Minnesota
- Added two sworn agents to the Unit and created the position of Law Enforcement Training Coordinator
- Teamed with Tribal law enforcement to discover and arrest two outstanding felony fraud/theft suspects
- Documented an average of 120 criminal incidents per month, adding to more than 4,100 suspicious currency reports and 7,000 persons banned from casinos for misconduct to date

THE UNIT CONTINUES TO WORK WITH TRIBAL AUTHORITIES, PROVIDING INVESTIGATIVE SUPPORT AND INTELLIGENCE INFORMATION ON SUSPECTED CRIMINALS. THE CONTINUED TRACKING OF CRIMINAL INCIDENTS SERVES TO PROTECT THE PUBLIC AND IDENTIFY CRIMINAL ELEMENTS THAT COULD VICTIMIZE A TRIBAL ENTERPRISE.

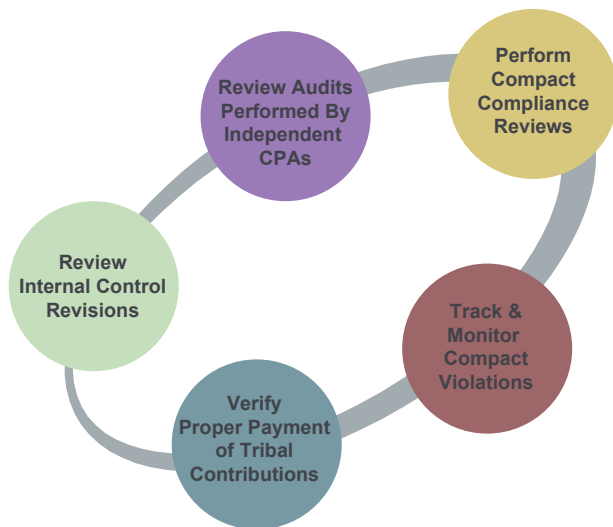
# AUDIT

ADG conducts annual on-site audits of all casinos to review compliance with the Arizona Tribal-State Gaming Compact and its appendices. A Compact Compliance Review (“CCR”) team checks hundreds of items ranging from cash handling and video surveillance to casino procedures and protocols. ADG audits casino books and records, electronic accounting and monitoring systems, and minimum internal control standards.

## ACCOMPLISHMENTS

- Completed an annual CCR for every Tribal gaming operation
- Verified gaming revenues and payment of more than \$90 million of tribal contributions to the State
- Implemented a quality control program to measure adherence to audit standards
- Created a system to track and monitor the various gaming software in use
- Established training resource sharing with the Tribes’ internal auditors

## AUDIT UNIT RESPONSIBILITIES



A CCR team conducting an audit of a Tribal gaming facility operation.

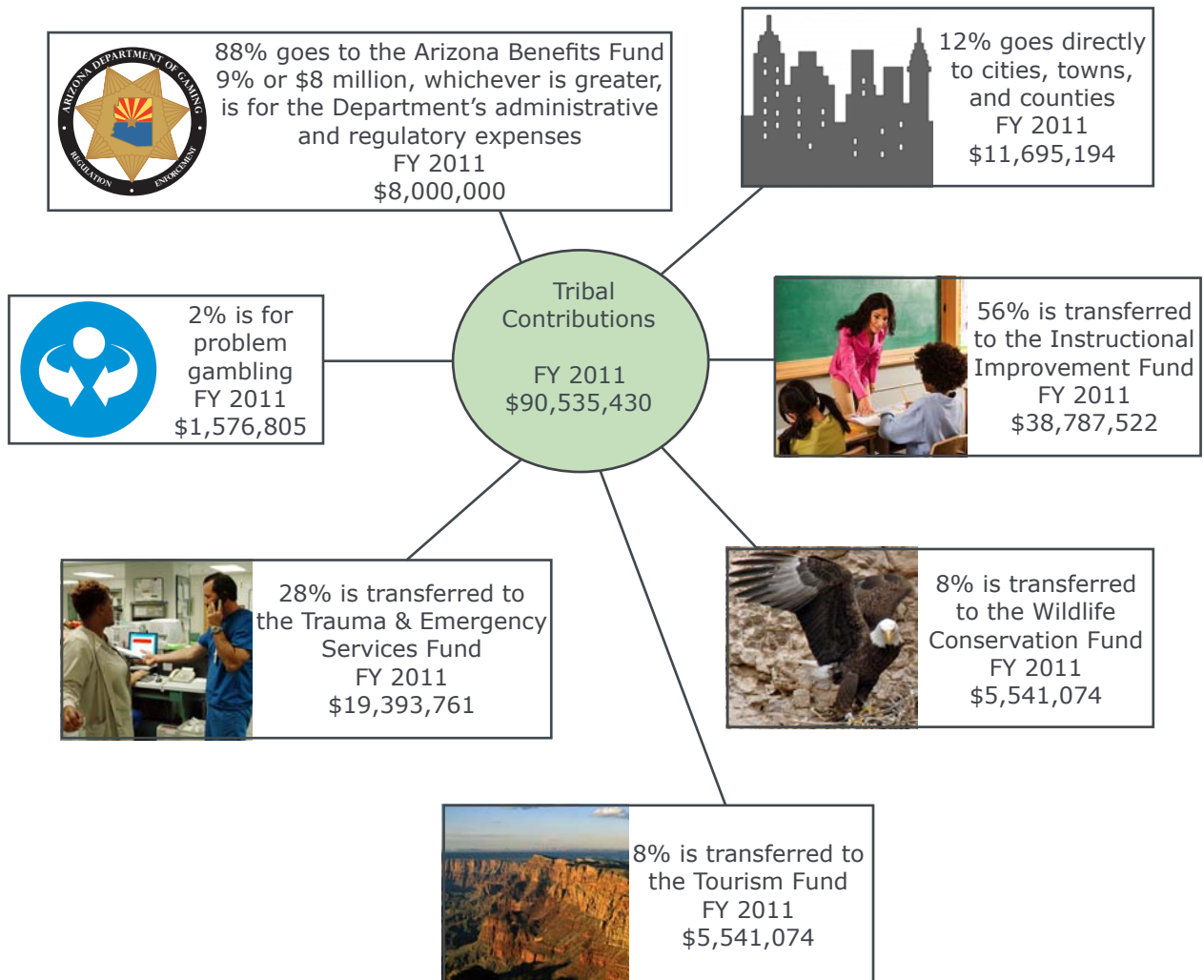
OUR ACCOMPLISHMENTS ENHANCE ADG’S ABILITY TO PROMPTLY IDENTIFY POTENTIAL COMPLIANCE ISSUES SO THEY MAY BE RESOLVED IN A TIMELY MANNER.

# TRIBAL CONTRIBUTIONS

With the passage of Proposition 202 in November 2002, and the subsequent new Tribal-State Gaming Compact, participating Tribes in Arizona make quarterly contributions to the state. In FY 2011, the gaming Tribes filed all monthly and quarterly Class III Net Win reports and quarterly Tribal Contribution payments as required.

Contributions are based on each Tribe's Class III Net Win. Administered by ADG, 88% of a Tribe's total annual contribution is paid to the Arizona Benefits Fund. Aggregate Tribal contributions totaled \$78,840,236 for FY 2011. The remaining 12% of gaming contributions are distributed by the Tribes directly to cities, towns and counties. In FY 2011, these 12% contributions totaled \$11,695,194.

## FY 2011 TRIBAL CONTRIBUTIONS DISBURSEMENT



# TRIBES WITH GAMING COMPACTS

## ● TRIBES WITH COMPACTS WITH CASINOS

Ak-Chin Indian Community  
Harrah's Ak-Chin Casino

Cocopah Indian Tribe  
Cocopah Casino

Colorado River Indian Tribes  
Blue Water Casino

Fort McDowell Yavapai Nation  
Fort McDowell Gaming Center

Fort Mojave Indian Tribe  
Spirit Mountain Casino

Gila River Indian Community  
Wild Horse Pass, Vee Quiva,  
& Lone Butte Casinos

Pascua Yaqui Tribe of Arizona  
Casino of the Sun & Casino del Sol

Quechan Indian Tribe  
Paradise Casino

Salt River Pima-Maricopa Indian Community  
Casino Arizona & Talking Stick Resort

San Carlos Apache Tribe  
Apache Gold Casino

Tohono O'odham Nation  
Desert Diamond I, Desert Diamond II,  
& Desert Diamond, Why

Tonto Apache Tribe  
Mazatzal Casino

White Mountain Apache Tribe  
Hon Dah Casino

Yavapai-Apache Nation  
Cliff Castle Casino

Yavapai-Prescott Indian Tribe  
Yavapai Gaming Center & Bucky's Casino



## ★ TRIBES WITH COMPACTS WITHOUT CASINOS

Havasupai Indian Tribe

Hualapai Indian Tribe

Kaibab Band of Paiute Indians

Navajo Nation

San Juan Southern Paiute Indian Tribe

Zuni Tribe

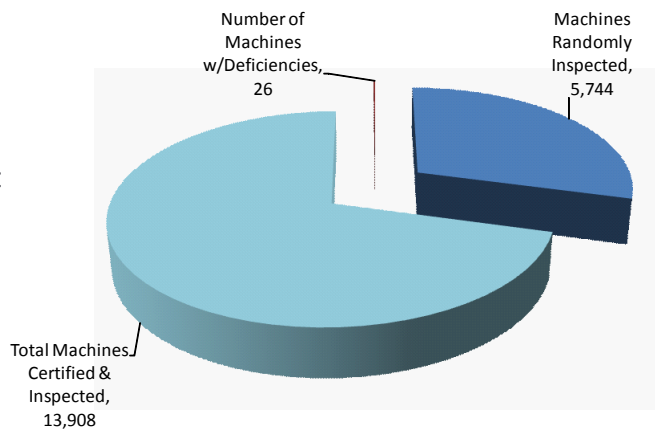
# GAMING DEVICE COMPLIANCE

The Gaming Device Compliance Unit inspects machine software, electronic monitoring systems and casino records to ensure correct operation and disbursement of required payout percentages to the patrons. Before reaching the casino floor, all gaming software and electronic slot monitoring systems are reviewed by an independent testing lab to confirm their compliance with Arizona's strict regulatory standards. After the machines are put into play, the Unit regularly inspects gaming devices at each of Arizona's Indian gaming facilities. The Gaming Device Compliance Technicians randomly select and test machines during unannounced visits at 8 to 12 casinos each month and review casino records to ensure continued compliance with the Compact.

## ACCOMPLISHMENTS

- Inspected and certified more than 13,900 gaming devices
- Provided machine compliance training for Tribal authorities
- Worked with vendors and Gaming Laboratories Inc. to stay on the forefront of the latest technology
- Maintained excellent relationship with all Tribal Gaming Offices

## GAMING DEVICES INSPECTED IN FY 2011



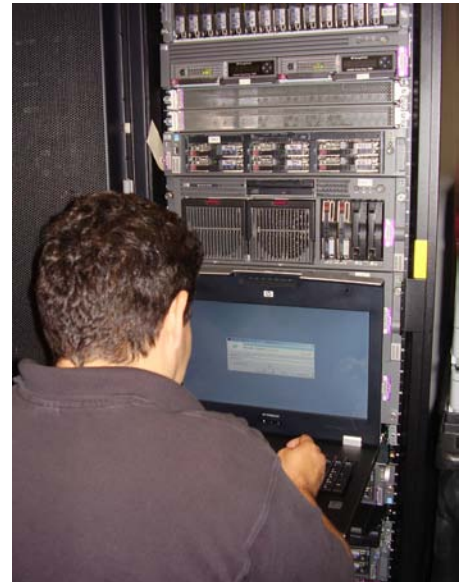
THE UNIT IS DEDICATED TO ENSURING THAT ALL GAMING DEVICES IN THE CASINOS ARE COMPLIANT WITH THE REQUIREMENTS OF THE ARIZONA TRIBAL-STATE COMPACT AND ITS APPENDICES.

# INFORMATION TECHNOLOGY

The Information Technology (“I.T.”) Unit provides and performs all of ADG’s information technology requirements, computer and technology functions, and maintains the certification database system. The computer systems and programs have enabled ADG to effectively and efficiently perform its responsibilities under the Compact by streamlining work and tracking performance.

## ACCOMPLISHMENTS

- Replaced end-of-life technology infrastructure supporting ADG in the office and field, including the virtualized server environment, storage devices and data backup/recovery system in order to provide effective ongoing support
- Relocated ADG core servers and network equipment to the State Data Center as part of the on-going State technology consolidation effort
- Assisted the Audit Unit in CCR’s, in conjunction with reviewing technology-related controls and work steps to ensure compliance with critical internal controls
- Dismantled and reassembled ADG’s data and voice wiring, and end user and common use devices to our new office location
- Participated in the State CIO council in support of common strategic objectives
- Provided comprehensive technical support to the Arizona Department of Racing (“ADOR”), which included: reconfiguration and relocation of core IT equipment to the State Data Center; procurement of enterprise software to replace an end of life licensing system; and daily support of operations at the ADOR main office and race tracks throughout the state.



ADG Network Specialist checking data on the server.

THE I.T. UNIT CONTINUES TO INCREASE THE ACCURACY AND EFFECTIVENESS OF ADG BY IMPROVING COMMUNICATION AND ENHANCING COORDINATION.

# PROCUREMENT & GENERAL SERVICES

The Procurement and General Services Unit is responsible for providing ADG with procurement, facility management, administrative support, website support, graphic design, communications, and project management. The main goal of the unit is to provide quality administrative and technical services that promote operational value and efficiency.

## ACCOMPLISHMENTS

- Created a centralized support unit by consolidating staff from various areas of the agency, resulting in improved effectiveness in support services
- Conducted real estate research and cost-benefit analysis during the site selection phase of the office relocation project to ensure the state's goal of expense reduction
- Planned and successfully implemented the Phoenix office relocation
- Implemented an improved security system to protect resources, assets and tribal records
- Designed a new work flow to develop and promote office space efficiency

# FINANCIAL SERVICES

The Financial Services Unit's responsibilities include budgeting, planning, accounting for and managing ADG's revenues, including disbursement through the accounts payable system. The unit handles all payroll and ensures ADG's compliance with good accounting practices and the state's guidelines. In addition, the Unit facilitates all necessary travel and fleet operation, including issues with daily scheduling and coordinating maintenance of vehicles.

## ACCOMPLISHMENTS

- Implementation of the new Employee Time Entry system. Assisting staff in the training process and helping to convert from the previous Visual Vault system
- Reserved the necessary funding within the budget for the agency's move to 1110 West Washington in a year that required furloughs and saw lower than expected revenue
- Provided staffing assistance to the Arizona Department of Racing through an Inter-Agency Service Agreement
- Participated in the state's Enterprise Resource Planning Steering Committee, to assist in developing and implementing a system to create a new business information process that includes financial management, budget development, procurement and human resources/payroll administration

# REVENUE & EXPENDITURES

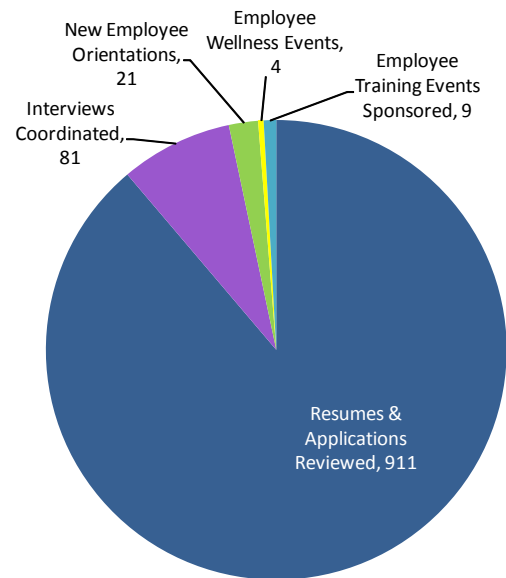
FISCAL YEAR 2011 REVENUE	ENFORCEMENT & PROBLEM GAMBLING	CERTIFICATION
Total Revenue	\$9,963,900	\$1,505,100
FISCAL YEAR 2011 EXPENDITURES		
Personal Services	\$4,387,700	\$1,088,700
Employee Related Expenditures	1,720,800	419,200
Professional & Outside Services	1,655,000	16,500
In-State Travel	250,400	9,800
Out-of-State Travel	57,000	28,900
Other Operating Expenses	1,609,600	29,600
Equipment	280,800	0
Transfers to Office of Administrative Hearings	3,400	0
Total Expenditures	\$9,963,900	\$1,592,700

# HUMAN RESOURCES

The Human Resources Unit performs a variety of activities, including recruiting, hiring and training of new employees; and managing performance, employee records, benefits information and personnel policies.

## ACCOMPLISHMENTS

- Conducted the required employee recruitments
- Reviewed 911 resumes and applications
- Coordinated 81 interviews
- Conducted 21 new employee orientations
- Organized and hosted 4 Employee Wellness Events
- Sponsored 9 employee training events



HR Manager facilitating a training event.

THE UNIT CONTINUES TO SERVE THE AGENCY AND HELP ENSURE THE INTEGRITY OF TRIBAL GAMING BY RECRUITING QUALIFIED JOB CANDIDATES AND PROVIDING EMPLOYEES WITH THE TOOLS AND TRAINING TO PROMOTE GOOD HEALTH AND PROFESSIONAL GROWTH.

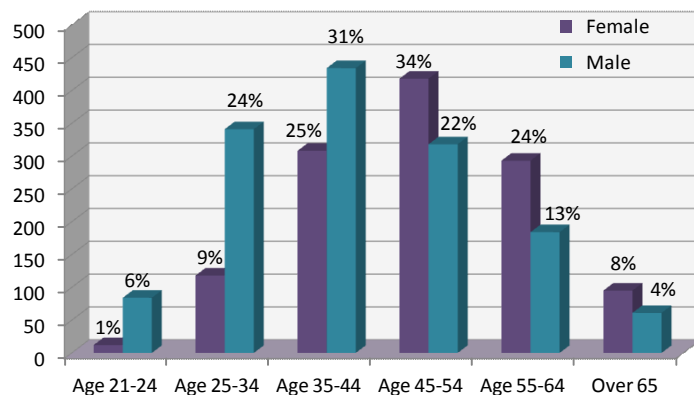
# ARIZONA OFFICE OF PROBLEM GAMBLING

The mission of the Office of Problem Gambling (“OPG”) is to provide and support problem gambling prevention, treatment and education programs throughout Arizona. OPG reaches out to the public to increase awareness and promote prevention of problem gambling. It coordinates the training of licensed counselors throughout the State who work under contract to treat those affected by problem gambling. OPG continues to expand awareness that compulsive gambling exists and is treatable. In addition, OPG administers the Patron Self-Exclusion Process, maintaining and disseminating a self-exclusion list of about 2,000 problem gamblers who have agreed to not enter an Arizona casino for 1, 5, or 10 years. In FY 2011, more than 500 people voluntarily excluded themselves from Arizona casinos.

## ACCOMPLISHMENTS

- Presented at the Arizona State University Center for Behavioral Health Policy Conference and the annual meeting of the National Council of Legislators from Gaming States
- Achieved the highest recorded attendance for the annual problem gambling symposium, which focused on the importance of prevention in achieving a sustainable continuum of services long term
- Provided outpatient treatment for 824 people through its contracted behavioral health counselors
- Facilitated the self-exclusion of 514 individuals
- Distributed nearly 8,000 problem gambling awareness materials at events

The chart to the right shows the percentage distribution by age and gender of individuals who have self-excluded as of September 30, 2011



**OPG'S SERVICES HAVE ALLOWED HUNDREDS OF ARIZONANS TO IMPROVE THEIR LIVES THIS YEAR BY EMPOWERING THEM WITH TOOLS TO BATTLE THEIR ADDICTION.**

# SPECIAL PROJECTS & TRAINING

The Special Projects Unit ensures that the ADG's special agents remain up to date on investigative techniques, officer safety and current police procedures. In FY 2011, the Unit researched numerous programs and expedited AZPOST-approved training for 34 officers. The Unit also facilitated continuous education, conducted mandatory Firearm and Judgment Shooting Programs, and performed the AZPOST background process for new officers. Furthermore, Director Brnovich presented at several training and public speaking events at various state, federal, and Tribal events throughout the country.



Left: ADG special agent qualifying for AZPOST certification at the outdoor shooting range. Center: ADG special agent qualifying during the electronic judgement shooting portion of the qualifications. Right: Certificate awarded by Director Mark Brnovich for completion of the Effective Report Writing Training.

# COMMUNITY OUTREACH



## SECC

In the past 17 years, state employees have raised more than \$20 million to support charities in Arizona and across the nation, as well as throughout the world. ADG has participated in the campaign since 1997 and our outstanding long-term commitment to the campaign is reflected in the numerous awards won for such things as dollars raised, participation, Supergivers and Leadershipgivers. Since 2002, ADG employees have donated \$87,900.



## ST. MARY'S FOOD BANK ALLIANCE

St. Mary's Food Bank Alliance, the world's first food bank, is a non-sectarian, nonprofit organization that alleviates hunger by efficiently gathering and distributing food to sites that serve the hungry. In 2011, ADG employees launched an effort to participate in this program, donating 92 pounds of non-perishable food items to St. Mary's Food Bank Alliance.

# COMMUNITY OUTREACH



## CHRISTMAS WISH PROGRAM

The Christmas Wish Program with Wilson Primary School, located in one of the poverty-stricken neighborhoods in Phoenix, has been in place since 1995. For many of these children, Santa never comes. In FY 2011, ADG partnered with National Latino Police Officers Association (“NLPOA”), to bring Santa and gifts to a Christmas party for Mrs. DeLuna’s classroom.

Forty ADG employees participated in this program by purchasing gifts, donating money and supplies, and attending and helping the day of the party. A total of \$375 in monetary donations was raised to provide food for the party, supplies for the classroom and gifts for the teacher and her aide. Employees donated 23 “Santa” gifts for the students. Also in attendance at this year’s party were three Glendale Explorers.



## CAPITOL TIMES MORNING SCOOP

The Arizona Capitol Times is known among Arizona politicians as a leading source of political news from the state Capitol and beyond.

Stakeholders in the industry gathered at Tom’s Tavern in downtown Phoenix on February 22, 2011, for Arizona Capitol Times’ Morning Scoop event to debate where, if at all, a new casino and expanded gambling activities should be allowed. ADG’s Rick Pyper was among the distinguished panelists.



## MILITARY ORDER OF THE PURPLE HEART

The Military Order of the Purple Heart (“MOPH”) was formed in 1932 for the protection and mutual interest of all who have received the decoration.

On March 14, 2011, Sr. Vice Commander Sal Salinas of VFW Post 3513 invited ADG to speak at MOPH’s monthly meeting on the topic of social gaming. ADG’s Rick Medina graciously accepted and addressed general information regarding charitable, social and amusement gambling.

# HISTORY OF GAMING IN ARIZONA

- 1987** Cabazon Court Case – The legal foundation upon which Indian gaming is built.
- 1988** Indian Gaming Regulatory Act (“IGRA”) – Congress responds to Cabazon by enacting IGRA, which establishes the federal legislative framework for Indian Gaming.
- 1992** Yavapai-Prescott Indian Tribe v. Arizona – A federal district judge in Arizona rules that the State must negotiate with the Tribe and attempt to conclude a Compact. The Legislature establishes the State Gaming Agency within the Department of Racing.
- 1993** Yavapai-Prescott Case – The federal mediator chooses the Tribe’s last, best offered Compact over the State’s recommended Compact. Negotiations follow, resulting in the “standard form” Compacts.
- 1994** Sixteen Tribes sign Compacts and ten casinos are in operation by December 31, 1994.
- 1995** The Legislature creates the Department of Gaming.  
The Salt River Pima-Maricopa Indian Community files a lawsuit in federal court seeking to force Tribal-State Compact negotiations.
- 1996** Seminole Court Case – The U.S. Supreme Court declares provisions in IGRA, allowing states to be sued without their consent, are unconstitutional.  
A federal court judge dismisses the Salt River Court Case based on the Seminole decision. The Tribe appeals.  
Rumsey Court Case – The 9th Circuit Court of Appeals holds that Class III gaming is to be examined game by game and allowed on Indian land only if permitted by a specific state law.  
Based on the Rumsey decision, Governor Symington refuses to negotiate a standard form Compact with the Salt River Pima-Maricopa Indian Community. The Tribe’s initiative measure, requiring the Governor to sign a standard form Compact with any Tribe seeking a Compact with the State, is placed on the General Election ballot. Voters approve the measure, but the law is challenged in Superior Court. Ultimately, the Arizona Supreme Court upholds the initiative measure.  
Sears Case – The Superior Court rules that the Governor of Arizona lacks the authority to negotiate a Compact with the Salt River Pima-Maricopa Indian Community permitting slot machines and/or keno. The decision is appealed to the Arizona Supreme Court.
- 1998** The Arizona Supreme Court overturns the decision in the Sears case on the basis that Sears did not have standing to bring suit. Governor Hull begins Compact negotiations with the Salt River Pima-Maricopa Indian Community and signs a Compact on August 16, 1998.

# HISTORY OF GAMING IN ARIZONA

- 2000** The Governor begins negotiating the renewal of the Tribal-State Compacts. Expiration of the current Compacts begin in June 2003, if not renewed.
- Arizona Greyhound Case – Arizona horse and dog track owners sue Governor Hull in federal court seeking either an injunction prohibiting the Governor from signing new Compacts or a ruling permitting the tracks to have slot machines.
- 2001** The court grants the request for an injunction in the American Greyhound Case and issues a ruling that, among other things, the State Legislature had unconstitutionally delegated its compacting authority to the Governor, and the Tribes were not an indispensable party. However, the ruling provides that the Governor does have the authority to continue to negotiate Compacts with the Tribes but may not enter into new Compacts without proper legislative approval. The State appeals.
- 2002** January/February. Governor Hull and 17 Tribes successfully conclude negotiations on an agreement for new Tribal-State Compacts.
- April/May. The Governor and the Tribes take their agreement, as a resolution, to the Legislature for approval. The Legislature fails to pass the resolution.
- June/July. The 17 Tribes gather enough signatures to put the Tribal-State agreement on the 2002 General Election ballot as Proposition 202. Two additional gaming initiatives also appear on the ballot: Proposition 200, sponsored by the Colorado River Indian Tribes (CRIT); and Proposition 201, sponsored by the racetrack industry.
- September. The 9th Circuit Court of Appeals overturns the decision in the American Greyhound Case. The court rules that the Tribes are a necessary and indispensable party, and that the district court abused its discretion in ruling to the contrary. The Court of Appeals vacates the lower court decision and remands it with instructions to dismiss the case. The power to sign Compacts is returned to the Governor.
- November. Proposition 202 passes. Propositions 200 and 201, the other two gaming initiatives, fail.
- December 2002 – January 2003. Governor Hull signs new Tribal-State Gaming Compacts with 16 Tribes.
- 2003** Governor Napolitano signs Compacts with an additional five Tribes.
- 2004** Appendix F(1) Blackjack – Revised
- The revisions to Appendix F(1) allow for the play of blackjack variation games at Tribal casinos, while keeping blackjack as the central component of any variation game and maintaining the wagering limitations established by the Compact.
- Appendix G Lotteries and Promotions
- New Appendix G establishes operational standards and regulations for the play of Class III lotteries authorized by the Compact. This Appendix also provides clear definitions for differentiating lotteries from promotions.

# HISTORY OF GAMING IN ARIZONA

## **2005** Appendix C Security & Surveillance – Revised

Changes to the existing Appendix C require the Tribes to develop and have in place comprehensive Surveillance and Security Plans which meet the obligations of the Tribe under the provisions of the Compact and its appendices. The revisions also eliminate duplication of operational standards between Appendix C and Appendix H.

### Appendix H Minimum Internal Control Standards – Revised

Modifications to the existing Appendix H eliminate duplication and inconsistencies between Appendix C and Appendix H, consolidate Minimum Internal Control Standards for Surveillance within Appendix H, update the Appendix H standards for new digital technology, and provide for increased surveillance coverage within the gaming areas.

## **2007** Appendix F(2) Jackpot Poker – Revised

Changes to existing Appendix F(2) allow play of promotional award poker and house-banked poker games at Tribal casinos, while keeping poker as the central component of any variation game and maintaining the wagering limitations established by the Compact. The revisions also establish regulations for house-banked poker games comparable to regulations for blackjack.

## **2009** Gaming Compact Amendments (effective 3-25-09)

- Amendments to the Tribal-State Gaming Compact provided for the following:
- Further definition of the term “Gaming Facility” under the provisions of the Compact;
- Clarification to the Compact sections addressing Transfer of Gaming Device Operating Rights, Transfer and Acquisition of Pooled Gaming Devices, and related Agreed upon Procedures Reports from the Tribes;
- An increase in the maximum wager on a hand of blackjack from \$500 to \$1,000 at up to ten card game tables, and from \$250 to \$500 for all other card game tables in a Gaming Facility;
- An increase for a hand of poker from \$75/\$150 to \$500 at up to ten card game tables, and from \$20/\$40 to \$250 for all other card game tables in a Gaming Facility;
- Periodic increases in wager limitations, which are adjusted on each five-year anniversary of the effective date of the Compact based on the Consumer Price Index adjustment rate, shall be rounded up to the nearest \$5.00 increment rather than a \$1.00 increment;
- A waiver of the licensing requirement for vendors by the Tribal Gaming Office, in addition to the State Gaming Agency, if it is determined that licensing the vendor is not necessary to protect the public interest;
- An extended effectiveness period from one year to two years from date of issuance for Tribal licenses for Gaming Employees who are not required to have State certification or recommendation under Section 4(b) of the Compact;

# HISTORY OF GAMING IN ARIZONA

- Issuance, by the State Gaming Agency, of a temporary certification to an Applicant by the close of the next business day following receipt of a complete application, unless the State Gaming Agency has a good-faith basis to believe that the person may not qualify for State certification;
- Clarification that the State Gaming Agency shall have access to investigative files of the Tribal Gaming Office during, and upon completion of, any investigation of an unusual occurrence or a violation or suspected violation of the Compact, pursuant to a memorandum of understanding on information sharing entered into between a Tribe and the State;
- Clarification and establishment of a timeline for the State Gaming Agency and the Tribal Gaming Office for issuing, responding to, and resolving disputes regarding the annual, comprehensive, Compact Compliance Review of the Tribe's Gaming Operation, Gaming Facilities, and Gaming Activities conducted by the State Gaming Agency; and
- Clarification regarding the time frame that Tribal contributions pursuant to Section 12(d) of the Compact must be made.

## **Revisions to Appendices F(1) and F(2) and the issuance of new Appendix J occurred concurrently with the 2009 Tribal-State Gaming Compact Amendments.**

### Appendix F(1) Blackjack – Revised

Modifications to Appendix F(1) clarify that the wager limitation in any blackjack game would be applied to each single wager that a player can make, based on the approved rules of the game, rather than the total combined amount wagered by a player during a hand.

### Appendix F(2) Jackpot Poker – Revised

Modifications to Appendix F(2) clarify that the wager limitation in any house-banked poker game would be applied to each single wager that a lay can make, based on the approved rules of the game, rather than the total combined amount wagered by a player during a hand.

### Appendix J Vendor Certification

New Appendix J clarifies the waiver of licensing and certification for certain Persons providing Gaming Services and certain Financial Sources.

### Poker Memorandum of Understanding – Revised

Revisions to the Poker Memorandum of Understanding (MOU) update changes in the Gaming Compact Amendments relating to the play of Poker and wager limitation increases.

### Urban Tribes State Electronic Access System MOU

This new MOU sets forth the means and manner in which the State Gaming Agency will have real-time, read-only electronic access to the Gaming Facility's slot monitoring and control system (MCS) through the State Electronic Access System (SEAS).

### Information-Sharing MOU between the Tribe and ADG

This new MOU meets the requirements of Compact Section 6(g) to enter into a memorandum of understanding for the sharing of investigatory files and to establish efficient procedures for the distribution of such information.

### Interagency Agreement between the Tribal Police Department and ADG

This new Agreement provides for a process in which the Tribal Police Department and the ADG may share certain investigative information gathered by the respective agencies on individuals and entities involved in Indian gaming or other gaming operations.

# CONTACT INFORMATION

## MAIN OFFICE

1110 W. Washington Street, Suite 450  
Phoenix, Arizona 85007  
Telephone: 602.771.4263  
Fax: 602.255.3883  
[www.azgaming.gov](http://www.azgaming.gov)  
<http://twitter.com/AzDeptofGaming>

## NORTHERN ARIZONA OFFICE

2901 Shamrell Blvd., Suite 100  
Flagstaff, Arizona 86001  
Telephone: 928.214.9410  
Fax: 602.255.3883

## SOUTHERN ARIZONA OFFICE

200 W. Congress, Suite 156  
Tucson, Arizona 85701  
Telephone: 520.628.6468  
Fax: 602.255.3883

## OFFICE OF PROBLEM GAMBLING

1110 W. Washington Street, Suite 450  
Phoenix, Arizona 85007  
Telephone: 602.542.8998  
Fax: 602.274.7546  
[www.problemgambling.az.gov](http://www.problemgambling.az.gov)