

2017

**Arizona Department of
Gaming**



Annual Report

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In accordance with A.R.S. § 5-601(G), the Arizona Department of Gaming (“ADG” or “The Department”) submits this annual report for Fiscal Year 2017 (“FY17”). Pursuant to this statute, ADG shall distribute the report to the Governor, the President of the Senate, Speaker of the House of Representatives, and each tribe that has executed a compact with the state. A copy of this report has been delivered to the Secretary of State, as well as the Arizona State Library, Archives and Public Records, and will also be made available online for public access at www.azgaming.gov.



Our Mission

Protect the public.

Ensure compliance with the gaming compacts.

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 responsible in all of our activities.

We respect and support each other.

A Message from the Director

To build a great agency it takes a great team. Looking back at last year, from my own perspective, and in reviewing this annual report, I am reminded of the agency's best asset—its people. At every level of our organization, each person has played a vital role in carrying out our core mission—to protect the public.



Using our values as a spring-board, the Arizona Department of Gaming has judiciously and energetically worked for the people of Arizona, as is acutely detailed in the pages of this document. The journey we've embarked upon rarely draws accolades, thanks, or considerable notice, but the results of the agency's hard work instills a silent confidence in the individuals who frequent the industries we regulate (Boxing & MMA, Horse Racing, and Tribal Gaming), in which our staff takes great pride.

This report will show—through our collective efforts this past year—an active mission-driven focus. I am proud to include an ongoing effort to overhaul our state Boxing & MMA rules, which aim to improve fighter safety, and make the State of Arizona a more attractive venue and unequivocally demonstrate that “Arizona is indeed open for business.” Also, I would like to highlight the efforts of our Intelligence Section, whose agents have continued to shutter numerous illegal gambling operations statewide, ridding criminal elements from otherwise safe and quiet neighborhoods. Finally, in this past year, our Division of Problem has provided outpatient treatment to nearly one thousand problem gamblers statewide, in an effort to empower individuals to make healthy life decisions. It is with these and other accomplishments in mind that I am proud to present this year's annual report.

With FY17's chapter coming to a close, and FY18's already underway, I would like to congratulate and thank my team for their efforts. The Arizona Department of Gaming is and always will be a continually improving agency—I look forward to meeting the challenges ahead with you.

Dan Bergin
Director

Compacted Tribes 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 Casino

Navajo Nation

Twin Arrows Casino

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
Apache Sky 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



Compacted Tribes without Casinos

Havasupai Indian Tribe

Hualapai Indian Tribe

Kaibab Band of Paiute Indians

San Juan Southern Paiute Indian Tribe

Zuni Tribe

Non-Compacted Tribes

Hopi Tribe

FY 2017 Revenue and Expenditures

Fiscal Year 2017 Revenue	Enforcement/ Problem Gambling	Certification
Total Revenue	¹\$9,014,200	\$1,645,700
Fiscal Year 2017 Expenditures		
Personal Services	\$4,094,900	\$893,400
Employee Related Expenditures	\$1,612,600	\$350,500
Professional & Outside Services	\$1,459,000	(\$3,500)
In-State Travel	\$271,100	\$10,700
Out-of-State Travel	\$48,800	\$10,200
Other Operating Expenses	\$1,889,600	\$227,200
Equipment	\$85,600	\$0
² Transfers	\$91,600	\$0
Total Expenditures	\$9,553,300	\$1,488,500

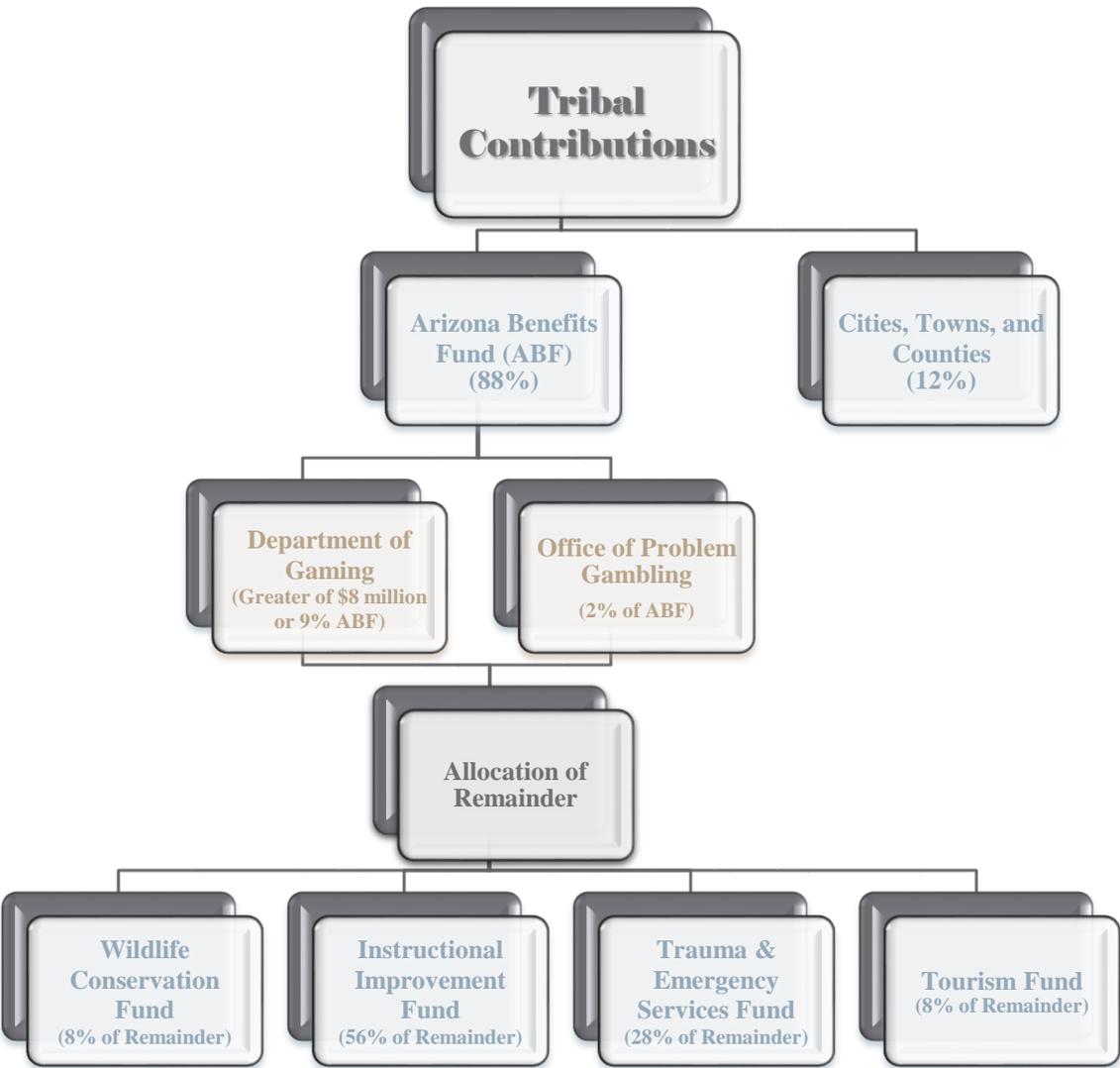
¹ Includes \$300,000 from the Lottery Fund

² To the Office of Administrative Hearings

Tribal Contributions

With the passage of Proposition 202 in November 2002, and the subsequent new Tribal-State Gaming Compacts, participating Arizona tribes make contributions to the state on a quarterly basis. In FY17, these participating tribes filed all Class III Net Win reports and quarterly Tribal Contribution Payments as required.

Administered by ADG, 88 percent of a tribe’s total annual gaming contribution is paid to the Arizona Benefits Fund, with the remaining 12 percent of contributions to be distributed by the tribes directly to cities, towns, and counties. Aggregate tribal contributions for FY17 totaled over \$102 million.



General Services

General Services Section provides a wide array of services to ADG through its various reports that include:

Reception is the “face” of ADG, and responsible for handling front office and administration duties, including greeting visitors and answering and routing phone calls. This section takes in hundreds of inquiry phone calls weekly for requested agency information.

Legal Affairs acts as in-house counsel on all legal matters at ADG and regularly works with the assigned Attorney General’s Office attorney in the areas of: administrative law, policy and rule formulation, public records law, and gaming law.

The Legal Affairs section also delivers in-house training to ADG staff concerning various areas such as compact compliance, e-mail use, and public records.

The Office of Continuous Improvement (OCI) oversees the Arizona Management System (AMS) deployment and manages all general improvement projects for ADG. Each section within the Department, with support from the OCI manager, identifies areas of improvement, goals and plans of action. Each identified unit metric must link back to one of the Department’s strategic plan’s four main objectives:

- ENSURE STATUTORY AND COMPACT COMPLIANCE;
- MAINTAIN PUBLIC SAFETY;
- PROVIDE AN EXCELLENT WORK PLACE; OR
- ENHANCE THE STATEWIDE BUSINESS ENVIRONMENT.

The Human Resources (HR) Section serves the public by recruiting and hiring the most qualified candidates, and by providing new employees with the tools and training to best promote good health and professional growth.

In FY17, HR conducted 10 competitive recruitments, processed 218 resumes, interviewed 79 applicants, and successfully on-boarded (hired) 12 new staff. In addition, the Section finalized ADG employee Map Performance appraisals, and two wellness events for all staff members.

Financial Services

The Finance/Accounting Section is responsible for providing support services and financial leadership through budgeting, planning, accounting for and managing ADG's revenues, including disbursement through the accounts payable system. The Section handles all payroll matters, and ensures compliance with good accounting practices and State guidelines, as well as facilitating any necessary travel matters.

Procurement continued to evaluate spending practices and implemented cost-saving measures when possible. Procurement also executed contracts to ensure continuity of services for Problem Gambling and Racing. Lastly, the Section also assisted in ADG's logo redesign and updated all agency letterhead and uniforms in the process.

Fleet and Facilities oversees the maintenance, care, configuration, and cost of maintaining the equipment and work area of the agency. For facilities, a multiphase space merger, devised in FY17, is scheduled to be completed in FY18 for the Machine Compliance and Investigations & Inspections Sections creating new "bullpen" shared workspace respectively. Additional buildout of walled offices is also set to be completed in FY18.

Facilities also reduced the ADG fleet by 20 percent in FY17 as a cost saving measure. FY18 may see additional fleet reduction depending on miles driven on each vehicle.

Information Technology (IT) Section provides and performs all of ADG's information technology requirements, including computer and technology functions, as well as maintains the certification database system. The Section's computer systems and programs have enabled ADG to efficiently and effectively perform its responsibilities under the Tribal-State Compacts, by streamlining work and tracking performance. IT also assists in the research and collection of Public Records Requests received by ADG.

In FY17 the Information Technology division implemented an email encryption system. In addition to providing general secure email options this system is utilized daily between ADG and the Tribes to quickly and securely transport applications and certifications between the two parties. This improvement has resulted in much quicker licensing times as well as greatly reducing the amount of paperwork involved in the process.

IT staff participated in almost all AMS breakthrough projects with other divisions, allowing opportunities to introduce new ideas through the use of technology and reduce duplicative processes, such as: electronic fax, auto generated reports for licensing application, and digitizing paper records.

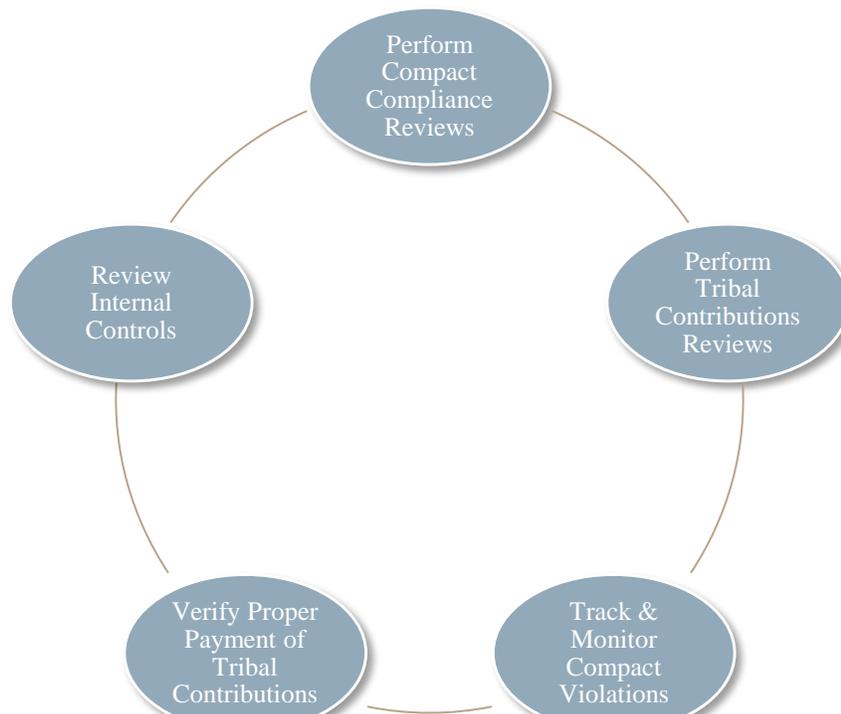
Audit

The Compliance Audit Section conducts annual on-site financial and procedural reviews of all twenty-four Tribal Casinos in Arizona. Auditors test hundreds of regulatory standards, including validating the amounts of all gaming revenues and ensuring the fairness of all authorized gaming activities.

24
- NUMBER OF CLASS III TRIBAL CASINOS IN FY17 -

These detailed reviews verify compliance with the Arizona Tribal-State Gaming Compacts and applicable appendices allowing the Department to fulfil its mission of regulating the gaming industry in Arizona.

In FY17, Audit continued to be a highly motivated, knowledgeable team of problem solvers dedicated to being a respected resource in the field of gaming regulatory compliance. In March, Audit worked to conduct the first audit of the San Carlos Apache Tribe’s new Apache Sky Casino in Dudleyville, Arizona, which saw 306 new Class III gaming devices and 4 new table games.

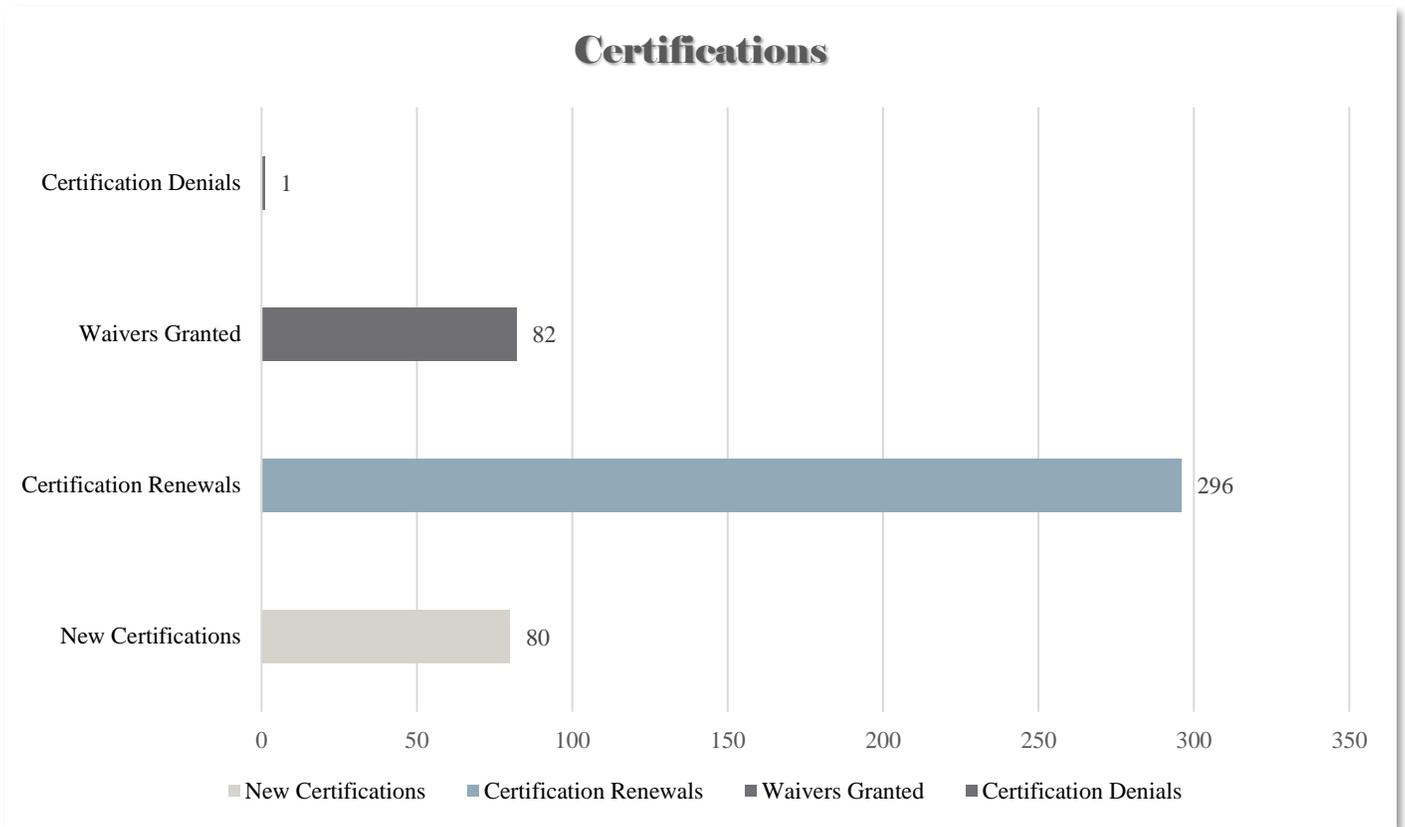


Auditors track the flow of money from the casino floor all the way to financial reports, including verifying the timely payment of Tribal Contributions to the State.

Vendor Certification

The Vendor Certification Section, comprised of special agents/financial investigators, compliance auditors, and intake officers, determines the suitability of companies and principals desiring to do business with Arizona’s casinos. The Section certifies gaming facility financiers, contractors involved in casino management and operations, manufacturers and distributors of gaming devices, and companies offering services to casinos in excess of \$10,000 in any single month. The applicant company, its principals, and key personnel all undergo in-depth background investigations prior to the issuance of State certification. The Section also provides vendor certification training for Tribal Gaming Offices.

In FY17, the Section continued its efforts to reduce paper usage and ensure optimal efficiency. FY17 again saw the Section conduct paperless investigations with those vendors who apply online, and staff Compliance positions that were able to work paperless.



Employee Certification

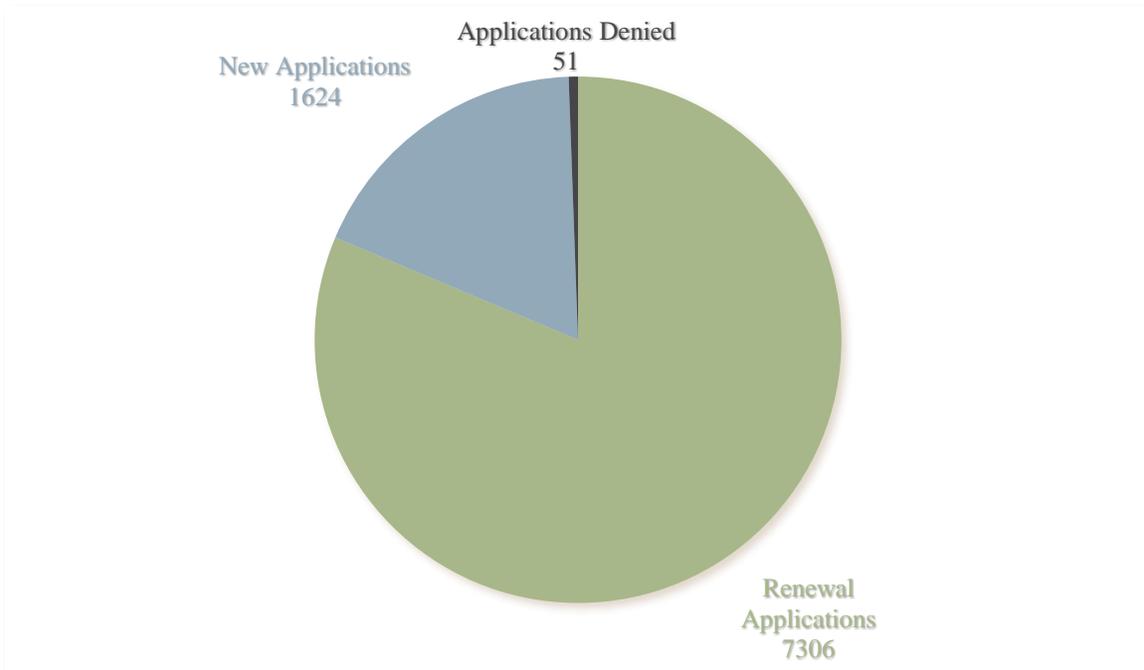
The **Employee Certification Section** conducts extensive background checks on current and prospective employees to ensure compliance with Arizona’s Tribal-State Gaming Compacts, and that only suitable individuals are employed at Arizona’s casinos. This process includes criminal background checks, fingerprinting, credit history verifications, financial background screenings, and reviews of work histories, criminal/civil litigation, education, tax records, as well as personal and professional references.

In FY17, the Section processed a total of 1,624 new applications for State certification/tribal license recommendation and 7,306 renewal

8,930
- APPLICATIONS PROCESSED IN FY17 -

applications, as well as 1,115 criminal history checks for 4b applicants not required to be certified and 193 requests for transfers, rehires, or name changes for certified applicants.

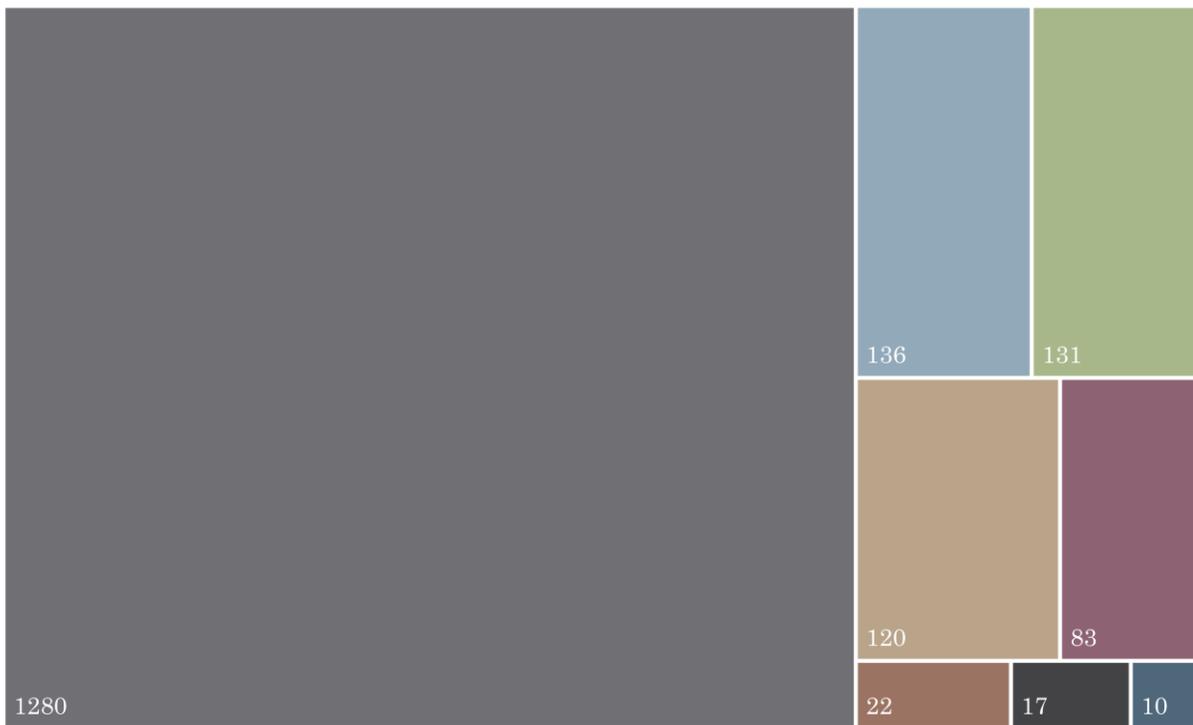
The Section also worked with ADG’s IT team in the development and implementation of its new database system, D3, and continued to assist Racing/Boxing personnel with day-to-day operations, updated application forms and licensing procedures, the development of a more-efficient filing system and help with rulings, suspensions, and hearings for licensed applicants.



Games & System Compliance

The Games & System Compliance Section reviews all new poker and table games, existing game revisions, lotteries, promotions, tournaments, and new gaming technologies. The Section works closely with Tribal Gaming officials to ensure the integrity of gaming, fairness and honesty of promotions, lotteries, and tournaments, and overall compliance with Arizona’s Tribal-State Gaming Compacts. In order to assist ADG in the maintaining of its strong regulatory structure, the Section monitors trends and keeps abreast of new technologies in the gaming industry.

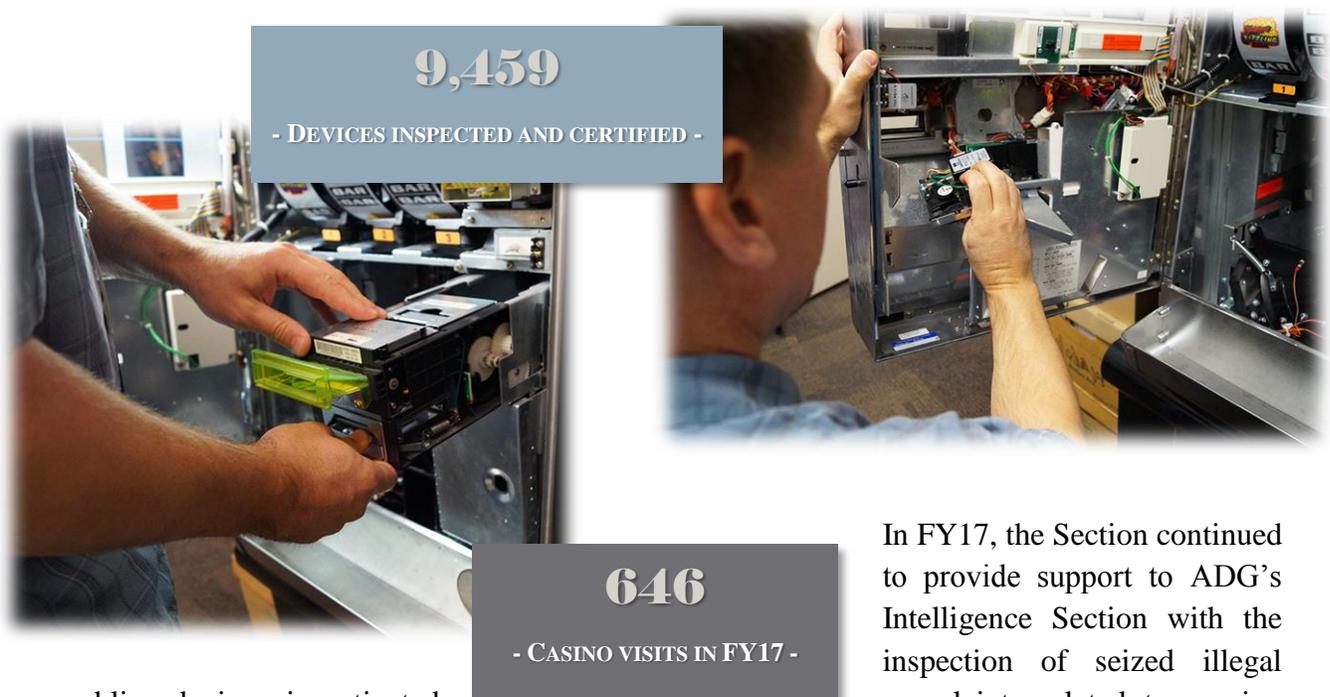
In FY17, the Section received 1,799 submissions from Tribal Gaming Offices, and approved 1280 promotions and lotteries, 15 new and 121 revisions and variations to Blackjack, 17 revisions to Jackpot Poker games, 10 new and 73 revisions to House Banked Poker games, 131 Jackpot Poker tournaments, 120 slot tournaments, 22 Blackjack tournaments, and 10 Keno tournaments. The Section also helped the Department in providing blackjack, jackpot poker, and house banked poker training to over 40+ tribal gaming employees, for the Arizona Tribal Gaming Regulatory Alliance (ATGRA) Training Academy.



- Promotions/Lotteries - 1280
- New/Revised Blackjack - 136
- Jackpot Poker Tournaments - 131
- Slot Tournaments - 120
- New/Revised House Banked Poker - 83
- Blackjack Tournaments - 22
- New/Revised Jackpot Poker - 17
- Keno Tournaments - 10

Gaming Device Compliance

The Gaming Device Compliance Section inspects gaming devices and electronic monitoring systems to ensure they are functioning properly and performing to manufacturer specifications. Prior to ever reaching the casino floor, every gaming device, kiosk, or electronic monitoring system is inspected, to confirm proper compliance with Arizona's strict regulatory standards. Once in use, the Section regularly inspects gaming devices throughout the year at each of Arizona's Indian gaming facilities. The Section's Machine Compliance Technicians randomly select and test machines during monthly visits, as well as review casino records to ensure continued compliance with the Compacts and that no settings or software have been modified. The Section also provides training to the Tribal Gaming Offices in Arizona.



gambling devices, investigated devices at casino properties, conduct a training class for 40+ tribal gaming employees at the ATGRA conference.

In FY17, the Section continued to provide support to ADG's Intelligence Section with the inspection of seized illegal complaints related to gaming and helped the Department

Intelligence

The Intelligence Section enforces the Tribal-State Gaming Compacts, by ensuring that illicit, unregulated, gambling is stopped and those individuals involved are prosecuted. To do so, the Section partners with local law enforcement officers to shut down illegal gambling operations, such as illegal poker rooms or internet cafés, which can frequently bring other types of crime to surrounding neighborhoods.

40 and 32

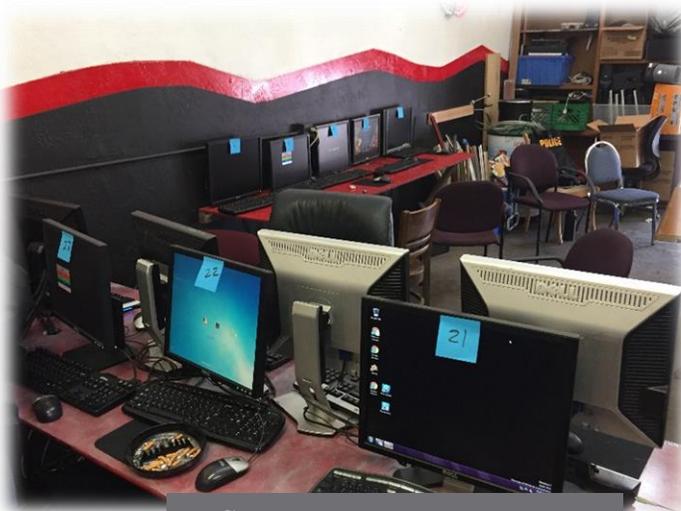
- CRIMINAL ENTERPRISES INVESTIGATED AND
OPEN INVESTIGATIONS IN FY17-

The Section also works with Tribal Authorities by providing investigative assistance, training, and intel on suspected criminal activities in their jurisdictions, including tracking suspicious currency, investigating individuals who have been excluded for criminal conduct, and those suspected of cheating while gambling in Arizona casinos.

The Section continued to increase enforcement efforts outside of Indian Country and has investigated more than 40 illegal criminal enterprises during the past year, and served six search warrants statewide. The Section has worked with local prosecutors and law enforcement agencies to shut down these operations and reduce crime in Arizona neighborhoods. Many of these illegal gambling establishments brought additional crime to the area and created an increase in calls for service for local Police Departments. Currently the Intelligence Section has approximately 32 open cases for investigation.

The Section also tracked 3,123 reports of criminal activity at Arizona Casinos; 1,402 suspicious currency reports; and 251 patrons excluded from Casino property.

In FY17, agents regularly travelled across the country to participate on a national scale in the Midwest Gaming Investigators Conference, National Gaming Intelligence Sharing Group Conference, and other investigative workshops. The past fiscal year also provided opportunities for agents to deliver “Active Shooter Training” and “Investigative Techniques” presentations at the National Indian Gaming Conference and other national venues.



- COMPUTERS CONFISCATED FROM
AN ILLEGAL GAMBLING OPERATION -

Investigations and Inspections

The Investigations and Inspections Section (I&I) monitors Tribal-State Compact compliance by conducting daily on-site inspections of casino operations, and investigating suspected Compact violations and non-compliance issues. I&I is comprised of AZPOST-certified Special Agents, with extensive knowledge and experience in law enforcement. I&I's on-site presence helps to make it visible and increases the public confidence that gaming in Arizona is properly regulated. It also ensures that ADG is being proactive in its regulatory obligations, while establishing positive relationships with tribal gaming regulatory counterparts.

The Tribal Incident Report (TIR) review identifies and addresses any issues that arise at a casino and allows the Section to intervene in those issues before they become problematic or widespread. As of FY17, incident reports are now received electronically as opposed to hard copy. This has proven to be more efficient, cost effective and speeds up the review process by agents. The electronic format also provides easier access to stored data by other sections in the agency, and has increased the accuracy of statistical information utilized by the Intelligence Section.

9,351

- TRIBAL INCIDENT REPORTS REVIEWED &
CLASSIFIED IN FY17-

Since the implementation of the "Compliance Issue Tracking Log" and LEAN practices in June 2016, one of the most important accomplishments this year was continued logging and monitoring of non-complaint issues found during routine site visits. The Log, utilized by all I&I agents, is used to document non-compliant issues found during routine tribal site visits or when working on the Quarterly Compliance Checks worksheets. It is also used as a tool to track and monitor the progress of returning non-compliant issues to compliance, within a 30-day timeframe.

1,625 and 20

- NUMBER OF CASINO VISITS AND COMPACT ISSUES RESOLVED -

I&I continued to coordinate with ATGRA to offer training topics on gaming-related issues, and expose new employees to the nuances of gaming operations and proper regulation through the New Agent Training Academy. Throughout the year, additional trainings were provided to various Tribes upon request, which included the following topics: Courtroom Demeanor, Report Writing, Prison Gangs, and Procedural Challenges for Casino Employees.

I&I continued to coordinate with ATGRA to offer training topics on gaming-related issues, and expose new employees to the nuances of

I&I's joint pre-opening inspection of the new Apache Sky Casino enabled ADG and Tribal regulators to maintain strong regulatory partnerships, resolve issues in a timely fashion and ensure there were no unforeseen delays in its FY17 opening.

Division of Problem Gambling (DPG)

The Division of Problem Gambling provides and supports problem gambling prevention, treatment, and education programs throughout the state of Arizona. DPG reaches out to the public to increase awareness of problem gambling. It coordinates the training of licensed counselors throughout Arizona, who work under contract to treat those individuals with gambling-related issues. DPG continues to expand awareness that compulsive gambling exists and is treatable. It also administers the Patron Self-Exclusion Process, by maintaining and disseminating a self-exclusion list of over 2,059 compulsive gamblers who have agreed to not enter an Arizona casino for a term of 1, 5, or 10 years. The Self-Exclusion program promotes the integrity of Tribal gaming, by ensuring that casinos do not exploit those individuals who suffer from gambling addiction. In FY17, more than 579 people voluntarily banned themselves from Arizona casinos.

7,667

- NUMBER OF ENROLLED OR RENEWED SELF-EXCLUDED PROBLEM GAMBLERS FROM 2003-2017-

DPG's efforts ensure that those members of the public who have a gambling problem are aware that help is available. DPG's efforts not only assist the problem gambler, but also others affected by another's gambling problems. In FY17, DPG provided Outpatient treatment services to 875 distinct clients (gamblers and persons affected by gamblers).



- KEYNOTE SPEAKER KEITH WHYTE SPEAKS AT THE 11TH ANNUAL PROBLEM GAMBLING SYMPOSIUM-

In FY17, DPG held its 11th Annual Symposium on Problem Gambling with keynote speaker Keith Whyte. DPG's ongoing commitment has extended statewide with Arizona Governor Doug Ducey again recognizing March as Arizona Problem Gambling Month.

Agency Outreach

Christmas Wish Program

The Arizona Department of Gaming continued its commitment to ensure that students at Wilson Primary School—located in one of the most poverty-stricken neighborhoods in Phoenix—do not experience a Holiday season without fun and gifts, by once again participated in the annual Wilson Primary School Christmas Wish Program. Established in 1995, the Program provides what, for many of the children, may be the only gifts they receive.



Each student wrote a letter to Santa stating he or she had been good all year long and which present he or she hoped to receive. 27

ADG “Santa’s” volunteered to provide the desired gifts. In addition, each student was able to receive a new pair of shoes, socks, a jacket and a stocking full of goodies as well as a party with food and refreshments—all made possible by donations from over 50 ADG employees. Even the teacher was included, with a portion of the funds going towards purchasing her classroom supplies and a generous

gift.

State Employees Charitable Campaign

The State Employee Charitable Campaign is conducted under Executive Order in partnership with the state fiscal agent Valley of the Sun United Way, a 501(c)(3) charitable organization. More than 45,000 state employees donate funds to help support over 400 different charities. In the past 24 years, State employees have raised over \$26 million to support charities in Arizona, across the United States, and throughout the world. ADG has participated in the Campaign since 1997 and its long-term commitment to the Campaign is reflected in the numerous awards it has received for such things as dollars raised, participation, Supergivers, and Leadershipgivers.



Division of Racing and Boxing/MMA



The Department of Gaming – Racing Division is responsible for the regulation and oversight of all pari-mutuel horse racing and wagering conducted on and off-track in the state of Arizona, in order to enforce state laws and regulations, to protect racing participants and the wagering public. It also exists to serve all of its licensees involved in horse racing. The Division conducts investigations, equine and human drug tests, and hearings or investigation referrals, in addition to collecting revenues for the State. For additional information, the Annual Racing Report can be found on the Arizona Department of Gaming website.

\$158,361,096
 - TOTAL PARI-MUTUEL HANDLE IN FY17 -

The Department of Gaming – Boxing & Mixed Martial Arts (MMA) is responsible for the regulation and supervision of all boxing & MMA events conducted in the state of Arizona. Boxing & MMA makes certain that all participants’ health and safety are protected, and

39
 - TOTAL BOXING AND MMA
 EVENTS SANCTIONED IN FY17 -

that public confidence in the sport of boxing and MMA is maintained. It also works with the Boxing & MMA Commission to license

fighters, promoters, and officials, as well as to ensure that all applicable laws and rules are followed.



A Brief History of Arizona Gaming

In 1988, the U.S. Congress passed the Indian Gaming Regulatory Act (IGRA) in response to the proliferation of gambling halls on Indian reservations. IGRA recognized gaming as a way to promote Tribal economic development, self-sufficiency, and strong Tribal government. The Act says a State must permit Indians to run gaming on reservations if the State permits such gaming off reservation. Under the Indian Gaming Regulatory Act, a Tribe that wants to engage in Class III casino style gaming must first sign a gaming Compact (or agreement) with the State where the casino would be located. IGRA requires a State to negotiate in good faith with the Tribe seeking a Tribal-State Gaming Compact.



In enacting IGRA, Congress was reacting to a regulatory vacuum left by a 1987 U.S. Supreme Court ruling (*California v. Cabazon Band of Mission Indians*) that States have no regulatory authority over gaming on Indian reservations. That ruling said Tribes have the right to operate gaming on reservations if States allowed such gaming off-reservation.

The Indian Gaming Regulatory Act of 1988 expressly granted States and the Tribes the power to jointly regulate Class III Tribal gaming. Class III gaming includes slot machines, blackjack, keno and other casino style games. IGRA also created the federal National Indian Gaming Commission to oversee reservation bingo games and certain aspects of Class III gaming.

By the early 1990s, several Arizona Tribes had installed slot machines in their casinos even though none of them had a Tribal-State Gaming Compact with the State. The Arizona governor at the time, Fife Symington, said reservations should not have casinos because Arizona did not allow such gambling off-reservation. Tribes countered that Arizona did permit such gambling by allowing state lotteries, dog and horse racing, and charity bingo games off-reservation.

In May 1992, the National Indian Gaming Commission issued rules clarifying that a Tribe must have a gaming Compact with a State before the Tribe can operate slot machines. Immediately after the rules were announced, the Arizona Governor called on the U.S. Attorney in Phoenix to shut down casinos with the slot machines. FBI agents raided five Indian casinos and seized their slot machines. At Fort McDowell casino near Scottsdale, Tribal members formed a blockade to prevent the removal of the machines, and a three-week standoff ensued.

Against a backdrop of legal challenges by both sides that continued for more than a decade, Governor Symington signed Arizona's first set of Tribal-State Gaming Compacts with 16 Tribes from 1992 to 1994. The governor's successor, Jane Hull, signed a Compact with a 17th Tribe in 1998.

The Arizona Tribal-State Gaming Compact gave Tribes exclusive rights to operate slot machines and casino style gaming, limited the number of slot machines and casinos, established comprehensive rules governing gaming, and set minimum internal control standards for casino operations.

The Compact authorized the State of Arizona to ensure compliance with the Tribal-State Gaming Compact and to work with Tribal regulators to protect the integrity of Class III gaming on Tribal lands. This first set of Compacts was in effect from 1993 to 2003.

In the November 2002 general election, Arizona voters approved Proposition 202, which authorized the continuation of Indian gaming. From December 2002 to January 2003, Governor Hull signed new Tribal-State Gaming Compact with 16 Tribes. In 2003, Governor Janet Napolitano signed Compacts with an additional five Tribes. The Compact with each of the 21 Tribes is substantially identical. The Compact took effect in 2003. They last for 10 years, and can be renewed for another decade and an additional term of three years. The Compact is part of state law in Arizona Revised Statutes Section 5-601.02.

Currently, there are 16 Tribes operating 23 Class III casinos in the State. Another 6 Tribes do not have casinos but have slot machine rights they may lease to other Tribes. One of Arizona's 22 Tribes (Hopi) does not have a gaming Compact.

History of Gaming Timeline

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” Compact.

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.



- 1996** 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.



- 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.

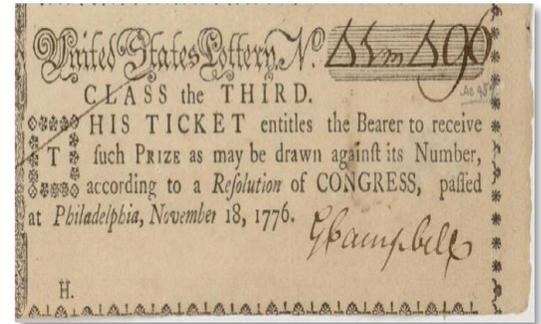
- 2001** The court grants the request for an injunction in the American Greyhound Case and issues a ruling that, among other things, the State Legislature had unconstitutionally delegated its compacting authority to the Governor, and the Tribes were not an indispensable party. However, the ruling provides 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 the new Tribal-State Compact.

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 Compact is returned to the Governor.



Ben Franklin helped organize and run the Philadelphia lottery.

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 Compact with 16 Tribes.

2003 Governor Napolitano signs Compact 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.

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 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;
- 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 TGO, 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;
- 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 TGO 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;
- 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.

As set forth by Proposition 202, the Tribal-State Gaming Compact shall automatically renew for a term of ten (10) years, except in the case of substantial non-compliance.

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

Clarify that the wager limitation in any blackjack game would be applied to each single wager, 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

Clarify that the wager limitation in any house-banked poker game would be applied to each single wager, 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

Clarifies the waiver of licensing and certification for certain Persons providing Gaming Services and certain Financial Sources.

Poker Memorandum of Understanding – Revised

Update changes in the Gaming Compact Amendments relating to the play of Poker and wager limitation increases.

Urban Tribes State Electronic Access System MOU

Sets forth the means and manner in which the ADG 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

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.

Inter-Agency Agreement between the Tribal Police Department and ADG

Provides for a process in which the Tribal Police Department and ADG may share certain investigative information on individuals and entities involved in Indian gaming or other gaming operations.

2012 Gaming Compact Renewal (2012-2013)

As set forth by Proposition 202, the Tribal-State Gaming Compacts shall automatically renew for a term of ten (10) years, except in the case of substantial non-compliance.

2013 Two New Casinos Open in Arizona

In May, the Navajo Nation opened its first Arizona Casino, Twin Arrows, in Flagstaff. In July, Gila River held the grand opening of its new Vee Quiva casino, in Laveen.

**2014** The State and Tribes began negotiations to update Appendix A reflecting new technological advancements in gaming.

In accordance with Compact requirements, the State began auto-renewing its agreements with gaming Tribes for the next 10 years.

Arizona received its one billionth dollar in cumulative Tribal Contributions.

2015 Appendix A Technical Standards for Gaming Devices, Components, Software, and Progressive Gaming Devices - Revised

Modifications were made to Appendix to address advancements in gaming industry technology and update regulatory guidelines to ensure all gaming devices are operating in compliance with the Compact. Changes incorporate Gaming Laboratories



International (GLI) industry standards and regulatory requirements unique to Arizona.

2016 Compact Amendment

Governor Doug Ducey and fourteen tribes agreed to amend the Tribal-State Compacts to increase the number of specific games at Indian casinos, while restricting further expansion of gambling in the Phoenix metropolitan area.



2017 Two New Class III Gaming Facilities

In March, the San Carlos Apache Tribe opened its new casino, Apache Sky Casino, in Dudleyville.

In late FY17, the State of Arizona reached a settlement with the Tohono O'odham Nation which allowed for Class III gaming at its newest gaming facility, located in Glendale.

