



ARIZONA  
DEPARTMENT  
OF GAMING



2013  
ANNUAL  
REPORT



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# DIRECTOR'S MESSAGE



Gaming never rests. It is an around-the-clock proposition; a highly competitive, technologically driven and cash intensive industry. While it provides Tribes with opportunities for economic development, excitement for patrons and funding for valuable State programs – gaming also demands a robust regulatory structure that can keep pace with its dynamic growth.

In 2013, our former agency director, Mark Brnovich continued his commitment to improving efficiencies at the Department. Every unit was challenged to review its procedures, evaluate its performance and proactively make recommendations for improvement. While we are proud to hear Arizona often cited as a model jurisdiction for the regulation of Indian Gaming, the Department cannot simply do things the way it always has. It is essential to recognize the active nature of the gaming industry and ensure that our regulatory practices evolve to remain meaningful and effective. The following unit reports highlight our advancements in 2013, including the breakthrough State Electronic System Access (SEAS) program!

This year we also saw the opening of two new gaming facilities. The first was the Navajo Nation's Twin Arrows Casino in northern Arizona and the second was Gila River Indian Community's new Vee Quiva Casino located just west of Phoenix. The checklist of things to be accomplished in launching a new casino in compliance with our Compact is quite extensive. Opening two gaming facilities within several months required exceptional organization, detailed scheduling as well as clear communication and cooperation with our Tribal counterparts. I am very proud of the energy and professionalism that our team members displayed in getting the job done.

Beyond our team and the casino patrons, there are many other people involved and affected by gaming and the Department works to serve them all. For those seeking employment at the casinos -- and vendors hoping to provide goods and services to the gaming facilities -- ADG is making the process for state certification as convenient as possible. The Department has also expanded its internship program. For college students interested in learning more about gaming and careers available after graduation, we are helping to train the leaders of tomorrow. For those who have compulsive gaming concerns, ADG continues to oversee the Office of Problem Gambling. It provides an array of services to address social concerns associated with gaming and it recently won a national award for outstanding public service billboards.

Finally, I would like to express the Department's gratitude to its outgoing director, Mark Brnovich. Thanks to his leadership and vision over the past 4 years, this agency has made great progress in our operations and it is well-poised to meet the future challenges of regulating the gaming industry. The Department is doing more than ever and accomplishing our mission with enhanced efficiency.

Dan Bergin  
Director



Executive staff honors Director Brnovich

# MISSION & VALUES

## MISSION

PROTECT THE PUBLIC, ENSURE COMPLIANCE WITH THE GAMING COMPACTS, AND REGULATE THE GAMING INDUSTRY

## 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.



## ARIZONA DEPARTMENT OF GAMING OFFICE LOCATIONS

### PHOENIX

1110 W. WASHINGTON ST.  
SUITE 450  
PHOENIX, AZ 85007  
(P) 602.771.4263  
(F) 602.255.3883

### TUCSON

400 W. CONGRESS  
SUITE 156  
TUCSON, AZ 85701  
(P) 520.628.6468  
(F) 502.628.6470

### FLAGSTAFF

311 N. CADEN CT.  
SUITE 200  
FLAGSTAFF, AZ 86004  
(P) 602.771.4263  
(F) 602.255.3883

# AUDIT UNIT

THE AUDIT UNIT IS RESPONSIBLE FOR EVALUATING COMPLIANCE WITH THE ARIZONA TRIBAL-STATE GAMING COMPACT. THE TEAM CONDUCTS ANNUAL ON-SITE AUDITS OF ALL CASINOS AND A COMPACT COMPLIANCE REVIEW (CCR) TEAM REVIEWS HUNDREDS OF ITEMS RANGING FROM CASH HANDLING TO VIDEO SURVEILLANCE, AND AUDITS CASINO ACCOUNTING RECORDS, MONITORING SYSTEMS AND MINIMUM INTERNAL CONTROL STANDARDS. THE UNIT ALSO VERIFIES THE AMOUNTS OF ALL GAMING REVENUES AND ENSURES A TIMELY PAYMENT OF TRIBAL CONTRIBUTIONS TO THE STATE, TOTALING OVER \$97 MILLION.

## ACCOMPLISHMENTS

### AUDIT UNIT RESPONSIBILITIES



- Completed an annual CCR for all 23 Class III Casinos in the State
- Verified gaming revenues and payment of over \$97 million of Tribal contributions to the State
- Increased auditor visibility by providing training and education resources to the Tribes
- Promoted performance and accountability by implementing the State's new MAP process
- Ensured that the new Twin Arrows and Vee Quiva casinos opened in compliance



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

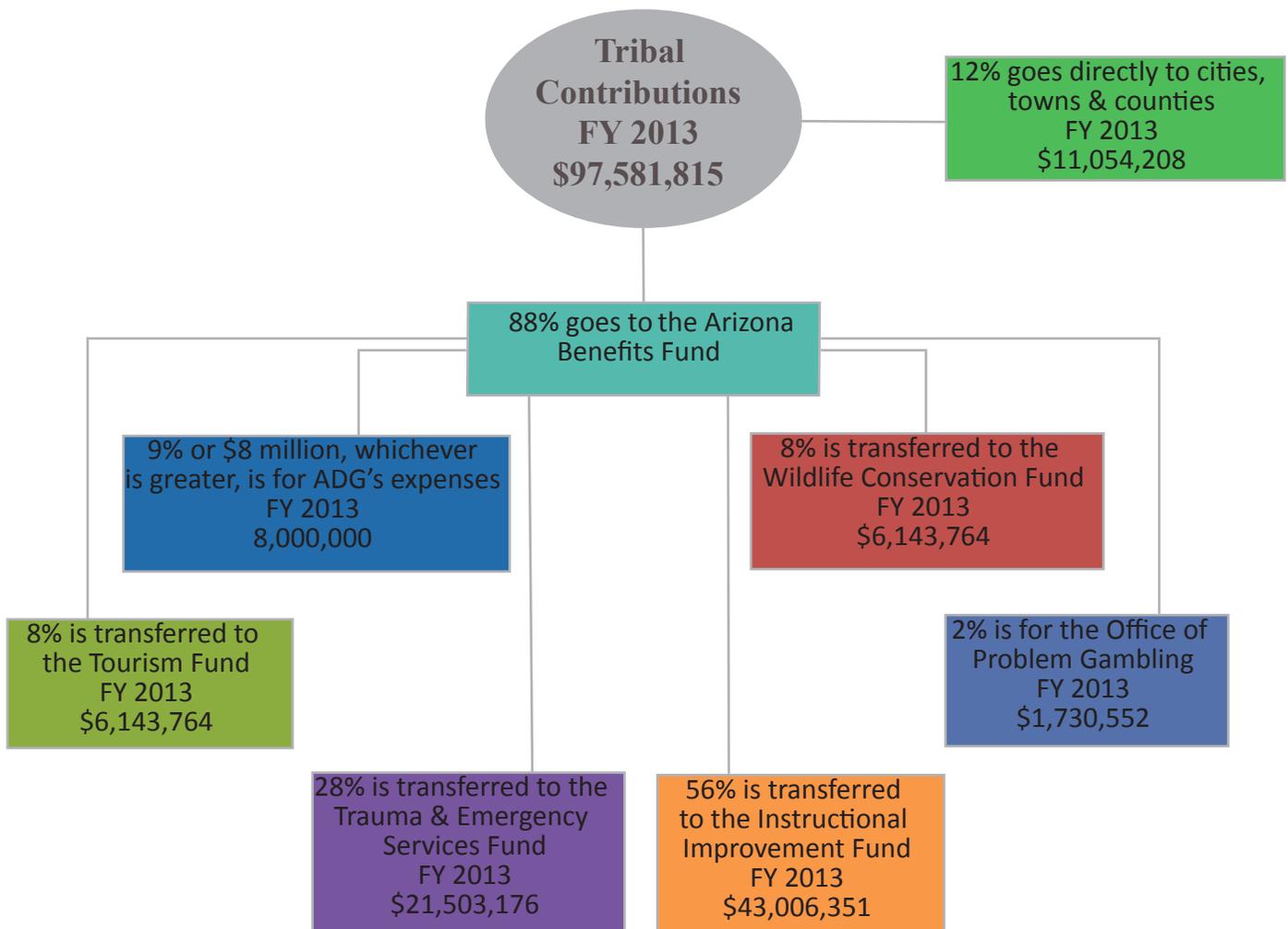
OUR ACCOMPLISHMENTS ENHANCE ADG'S ABILITY TO PROMPTLY IDENTIFY POTENTIAL COMPLIANCE ISSUES SO THAT THEY MAY BE RESOLVED IN THE MOST-TIMELY MANNER.

# 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 FISCAL YEAR 2013, THE GAMING TRIBES FILED ALL CLASS III NET WIN REPORTS AND QUARTERLY TRIBAL CONTRIBUTION PAYMENTS AS REQUIRED.

CONTRIBUTIONS ARE BASED ON EACH TRIBE'S CLASS III NET WIN. IN 2013, THE AGGREGATE AMOUNT REACHED \$97,581,815. OF THAT, 88% (\$86,527,607) OF THE TRIBES' TOTAL ANNUAL CONTRIBUTION WAS PAID TO THE ARIZONA BENEFITS FUND. THE REMAINING 12% (\$11,054,208) OF GAMING CONTRIBUTIONS ARE DISTRIBUTED BY THE TRIBES DIRECTLY TO CITIES, TOWNS AND COUNTIES.

## FISCAL YEAR 2013 TRIBAL CONTRIBUTIONS DISBURSEMENT

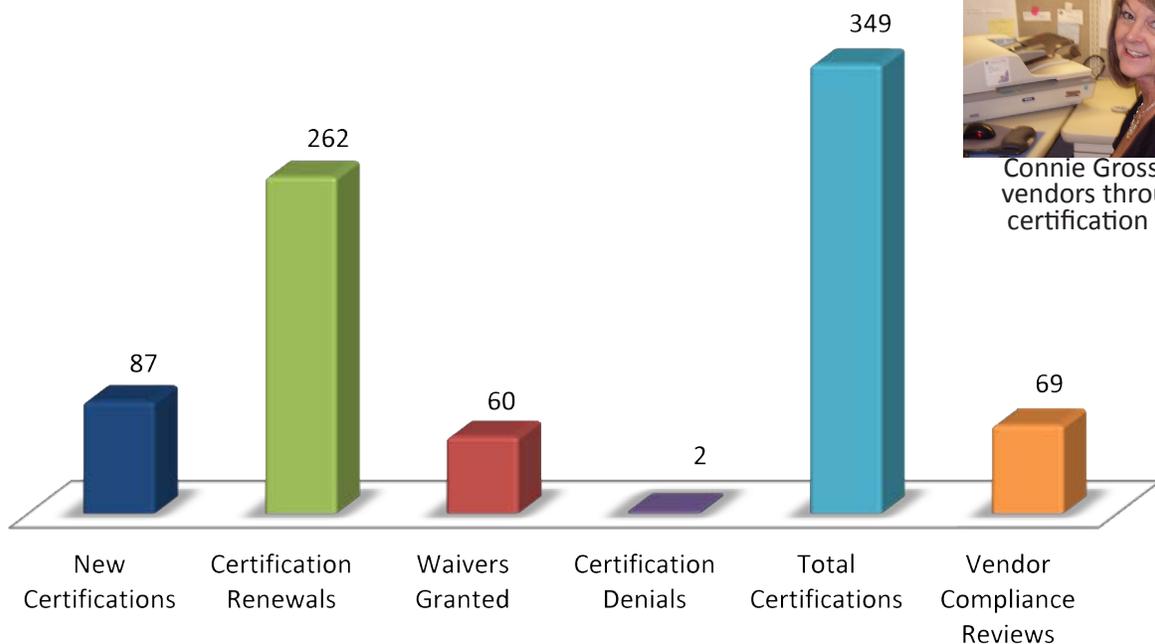


# VENDOR CERTIFICATION

THE GAMING VENDOR CERTIFICATION UNIT, COMPRISED OF SPECIAL AGENTS, FINANCIAL INVESTIGATORS, COMPLIANCE AUDITORS AND INTAKE OFFICERS, DETERMINE THE SUITABILITY OF COMPANIES AND PRINCIPALS DOING BUSINESS WITH CASINOS IN ARIZONA. THE UNIT 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 ONE MONTH. THE APPLICANT COMPANY, PRINCIPALS AND KEY PERSONNEL UNDERGO IN-DEPTH BACKGROUND INVESTIGATIONS TO DETERMINE SUITABILITY FOR THE ISSUANCE OF STATE CERTIFICATION.

## ACCOMPLISHMENTS

- Issued a total of 349 Vendor Certifications; 87 new, 262 renewals
- Facilitated 60 waivers and 2 denials of certification as appropriate
- Conducted 69 vendor compliance reviews with Tribal Gaming Offices
- Developed a standard application for use by the Tribe and ADG
- Streamlined the application making it easier for qualified companies to do business with casinos



Connie Gross assists vendors through the certification process

THE UNIT WORKED TO REMOVE OBSTACLES TO THE APPLICATION PROCESS AND PROVIDE CASINOS WITH A LARGER POOL OF CERTIFIED VENDORS. WITH THE NEW TRIBAL/STATE APPLICATION, VENDORS CAN SUBMIT ONE SET OF APPLICATIONS TO THE STATE AND THE TRIBAL GAMING OFFICE. IT GREATLY REDUCES TIME AND EFFORT FOR THE VENDOR, TRIBE AND THE STATE OF ARIZONA.

# EMPLOYEE CERTIFICATION

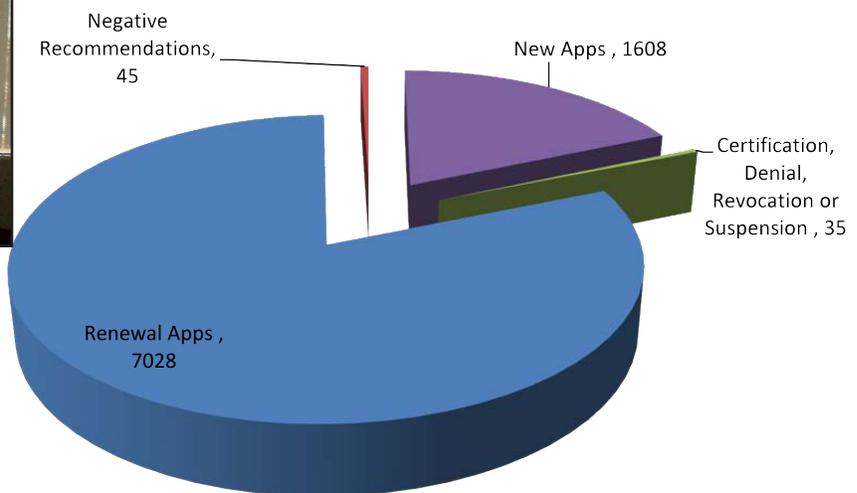
THE UNIT CONDUCTS EXTENSIVE BACKGROUND CHECKS ON CURRENT AND PROSPECTIVE EMPLOYEES TO ENSURE THAT ONLY SUITABLE INDIVIDUALS ARE EMPLOYED WITHIN THE INDUSTRY. THE BACKGROUND PROCESS INCLUDES CRIMINAL HISTORY CHECKS, FINGERPRINTS, CREDIT HISTORY REPORTS, FINANCIAL BACKGROUND SCREENING AND REVIEW OF PAST EMPLOYMENT. TWO SPECIAL AGENTS WERE RECRUITED AND TRAINED IN TIME TO ACCOMMODATE THE HIRING DEMANDS OF THE RECENTLY OPENED TWIN ARROWS NAVAJO CASINO RESORT.

## ACCOMPLISHMENTS

- Processed 539 new applications for Class III gaming and processed 515 criminal history checks for Twin Arrows Casino Resort employees
- Processed 1,608 new applications and 7,028 renewal applications
- Prepared Negative Recommendations/Revocation of Tribal licenses as necessary
- Created case management forms to ensure that investigations are completed within 90 days
- Special Agents trained in enforcing the State gambling laws played a major role in assisting fellow law enforcement agencies to combat illegal, off-reservation gambling



Agents conduct a Background Investigation Training Class for Tribal regulators



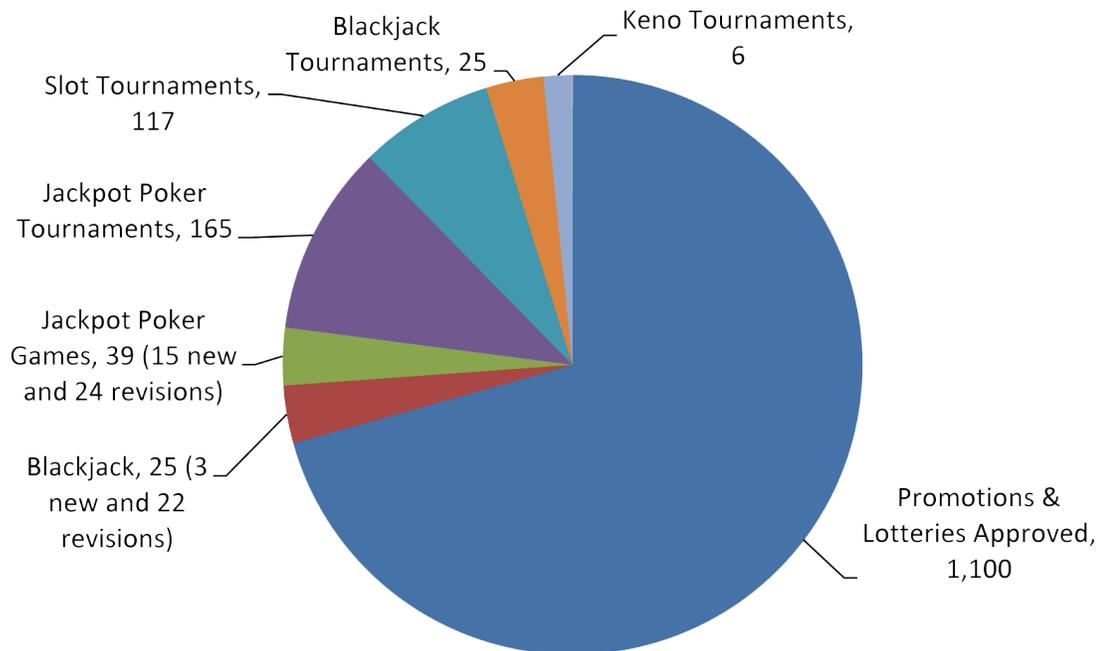
IN RECENT YEARS THE DEPARTMENT HAS WITNESSED THE GROWTH OF INDIAN GAMING. WITH THE ADDITION OF EACH NEWER AND LARGER GAMING FACILITY, ADG WORKS TO ENSURE THAT ONLY THE MOST QUALIFIED INDIVIDUALS ARE EMPLOYED IN THE CASINOS. TO MEET THE GROWING NEEDS OF THE INDUSTRY, THE DEPARTMENT MAINTAINS A QUALIFIED STAFF OF EMPLOYEES TO ENSURE THE WELL BEING OF THE PUBLIC AND MAINTAIN THE INTEGRITY OF INDIAN GAMING.

# GAMES & SYSTEMS COMPLIANCE

THE UNIT REVIEWED ALL NEW POKER AND TABLE GAMES, REVISIONS TO EXISTING GAMES, DRAWINGS, PROMOTIONS AND TOURNAMENTS. IT WORKS HAND-IN-HAND WITH TRIBAL REGULATORS, OPERATORS, MANUFACTURERS, GAME AND TECHNOLOGY DEVELOPERS TO ENSURE THE INTEGRITY OF GAMING AND COMPLIANCE WITH THE COMPACT AND ITS APPENDICES. THE UNIT PURSUES CONTINUING EDUCATION AND MONITORS EMERGING TRENDS IN GAMING AND REGULATION. THE UNIT DEVELOPS AND PROVIDES TRAINING ON A MYRIAD OF TOPICS INCLUDING GAME PLAY, COMPACT COMPLIANCE, REGULATORY ENHANCEMENT AND GAMING TRENDS AND TECHNOLOGY.

## ACCOMPLISHMENTS

- Performed on-site observations of tournaments, drawings and game implementation
- Held internal training classes for ADG employees
- Participated in Arizona Tribal Gaming Regulators Alliance training
- Attended industry conferences and met with leading gaming manufacturers and distributors to review new technology and products



THE UNIT WORKS CLOSELY WITH TRIBAL GAMING OFFICIALS TO ENSURE THE CASINOS ARE CONDUCTING LOTTERIES, PROMOTIONS, AND TOURNAMENTS FAIRLY AND THAT POKER AND TABLE GAMES ARE OPERATED WITHIN THE RULES AND REGULATIONS OF THE COMPACT AND ITS APPENDICES. THE UNIT STAYS ABREAST OF THE LATEST TECHNOLOGY AND INNOVATIONS IN THE GAMING INDUSTRY TO MAINTAIN AN EFFECTIVE REGULATORY STRUCTURE.

# INVESTIGATIONS & INSPECTIONS

THE INVESTIGATIONS AND INSPECTIONS (I&I) UNIT MONITORS COMPACT COMPLIANCE BY CONDUCTING ONSITE INSPECTIONS OF CASINO OPERATIONS AND INVESTIGATING SUSPECTED COMPACT VIOLATIONS AND CRIMINAL ACTIVITY. THE UNIT IS COMPRISED OF AZPOST CERTIFIED SPECIAL AGENTS, EXPERIENCED IN LAW ENFORCEMENT. THESE AGENTS PROVIDE VALUABLE EXPERTISE TO TRIBAL AUTHORITIES IN IDENTIFYING POTENTIAL PROBLEMS AND CORRECTING DEFICIENCIES.

## ACCOMPLISHMENTS

- Held weekly meetings with Navajo representatives and spent three weeks on site for the pre-opening inspection of the new Twin Arrows casino
- Agents spent three weeks on the pre-opening inspection of the new Gila River Vee Quiva Casino
- A new ADG Flagstaff Office was opened and a new agent was added along with the assignment of a machine compliance agent to enhance coverage to Northern Arizona Tribes
- Significantly expanded the pilot Tribal Incident Reporting (TIR) program to streamline the tracking of reports submitted by the TGOs from 3 to 13 Tribes which has increased the accuracy of statistical information for the Intelligence Unit
- Assisted the Arizona Tribal Gaming Regulatory Alliance (ATGRA) in the planning of the 6th annual New Agents Training Academy sponsored by the Pascua Yaqui Tribe



Deputy Director Rudy Casillas meets with managers Gary Applegate, Ron Clark and Dave VanBoxtaale



Agents qualify for annual AZ POST Certification

OUR WORK WITH THE NAVAJO NATION HELPED TO INCREASE THEIR UNDERSTANDING OF COMPLEX COMPACT REQUIREMENTS AND INSURE NON-COMPLIANCE ISSUES WERE HELD TO A MINIMUM AT THE START OF OPERATIONS. THE JOINT PRE-OPENING INSPECTIONS OF BOTH TWIN ARROWS AND VEE QUIVA ENABLED ADG AND TRIBAL REGULATORS TO MAINTAIN STRONG REGULATORY PARTNERSHIPS, RESOLVE ISSUES IN A TIMELY FASHION AND AVOID UNFORESEEN DELAYS WITH OPENING.

# INTELLIGENCE UNIT

THE INTEL UNIT CONTINUED TO RECEIVE AND TRACK INQUIRIES INVOLVING SUSPECTED OFF-RESERVATION GAMBLING OPERATIONS AND INVESTIGATION OF REPORTED CRIMINAL INCIDENT INFORMATION OUTSIDE OF INDIAN COUNTRY. IT WORKED TO TRACK SUSPICIOUS CURRENCY, PERSONS EXCLUDED FOR CRIMINAL CONDUCT AND SUSPECTED GAMBLING CHEATS. THE UNIT ASSISTED TRIBAL AUTHORITIES BY PROVIDING INVESTIGATIVE ASSISTANCE AND INTELLIGENCE ON SUSPECTED CRIMINAL ACTIVITIES IN THEIR JURISDICTIONS.

## ACCOMPLISHMENTS

- Tracked over 450 criminal gambling complaints; 355 gambling inquiries; 875 suspicious currency reports; and 8,322 restricted persons removed from casinos
- Provided over 30 training sessions to casino officials and Tribal law enforcement within and outside of Arizona
- Investigated and shut down a criminal organization that operated illegal devices and laundered over \$40,000 weekly, seizing over 60 devices from more than 40 locations in the Phoenix area
- Investigated a vendor illegally operating redemption devices in the State and shut down over 30 locations
- The Unit shut down 5 illegally operating poker rooms in the Phoenix area using a newly developed Gambling Inspection Form



Agents conduct training in New Mexico



Agents seized illegal gambling devices



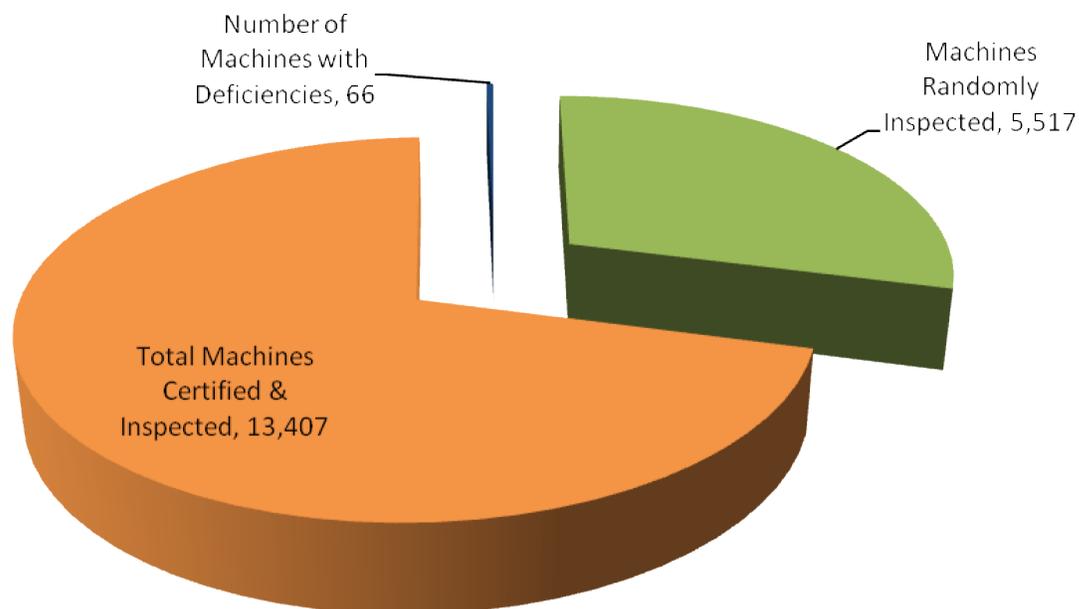
WITH EACH SUCCESSFUL INVESTIGATION AND PROSECUTION, ADG CONTINUES TO IMPACT ILLEGAL GAMBLING OPERATIONS. THE TRACKING OF CRIMINAL CONDUCT AND INTEL BY THE UNIT ALLOWS THE DEPARTMENT OF GAMING TO BE A CENTRAL REPOSITORY OF INFORMATION FOR TRIBAL, LOCAL, STATE AND FEDERAL LAW ENFORCEMENT AUTHORITIES.

# 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. 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. ONCE THE MACHINES ARE IN PLAY, THE UNIT REGULARLY INSPECTS GAMING DEVICES AT EACH OF ARIZONA'S TRIBAL CASINOS. THE MACHINE COMPLIANCE TECHNICIANS RANDOMLY SELECT AND TEST MACHINES DURING UNANNOUNCED VISITS AT 8 TO 10 CASINOS EACH MONTH AND REVIEW CASINO RECORDS TO CONFIRM CONTINUED COMPLIANCE WITH THE COMPACT.

## ACCOMPLISHMENTS

- Inspected and certified 13,407 gaming devices, including 5,517 at random
- Discovered 66 gaming devices with deficiencies and provided notification to the TGO in order to take corrective action
- Helped with the opening of Navajo Twin Arrows casino from March 25th to April 30th certifying over 1,000 gaming devices, systems and kiosks.
- Assisted with the opening of the new Vee Quiva casino and worked to certify over 900 games, devices, systems and kiosks.
- Supported the Intelligence Unit with the inspection of seized illegal gambling devices.



THE UNIT WILL CONTINUE TO PROTECT THE PUBLIC BY THOROUGHLY INSPECTING GAMING MACHINES AND VERIFYING THAT THE SOFTWARE IS UP TO DATE.

# ADMINISTRATION

## PROCUREMENT & GENERAL SERVICES

THE PROCUREMENT AND GENERAL SERVICES UNIT IS RESPONSIBLE FOR PROVIDING ADG WITH PROCUREMENT, FACILITY MANAGEMENT, ADMINISTRATIVE SUPPORT, WEBSITE ASSISTANCE, GRAPHIC DESIGN, COMMUNICATIONS, AND PROJECT MANAGEMENT. THE MISSION OF THIS UNIT IS TO SUPPORT THE AGENCY BY PROVIDING QUALITY ADMINISTRATIVE AND TECHNICAL SERVICES THAT PROMOTE OPERATIONAL EFFICACY AND EFFICIENCY.

### ACCOMPLISHMENTS

- Improved work space efficiency through floor plan improvements and furniture adjustments, including the addition of a new meeting room to support collaboration and training of staff and the public
- Planned and completed the opening of the new Flagstaff office
- Enhanced system for securing and storing evidence
- Created and published digital forms for vendor applications

## HUMAN RESOURCES

THE HR UNIT SERVES THE PUBLIC AND HELPS ENSURE THE INTEGRITY OF GAMING REGULATION BY RECRUITING THE MOST QUALIFIED CANDIDATES AND PROVIDING NEW EMPLOYEES WITH THE TOOLS AND TRAINING TO PROMOTE GOOD HEALTH AND PROFESSIONAL GROWTH.

### ACCOMPLISHMENTS

- Conducted 14 recruitments, requiring reviews of 653 resumes and applications
- Coordinated 103 interviews and provided 13 new employee orientations
- Served as the Department's primary liaison with the Arizona Department of Administration on all personnel related actions
- Held nine Employee Wellness Events, conducted four Open Enrollment Meetings and three sponsored employee training events
- The HR Section has been actively engaged in the State's Personnel Reform efforts including assisting in the implementation of the Managing Accountability and Performance (MAP) training and review process
- Served as primary resource to Department employees for inquiries concerning benefits and retirement

HR Administrator  
Paula Daniels  
attends the 2013  
Employee State  
Education Fair



# ACCOUNTING/FINANCE

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 COMPLIANCE WITH GOOD ACCOUNTING PRACTICES AND THE STATE'S GUIDELINES. IN ADDITION, THE UNIT FACILITATES ALL NECESSARY TRAVEL.



Fiscal Services team members Margaret Sefton, Lori Anderson & Barbara Wulbrecht



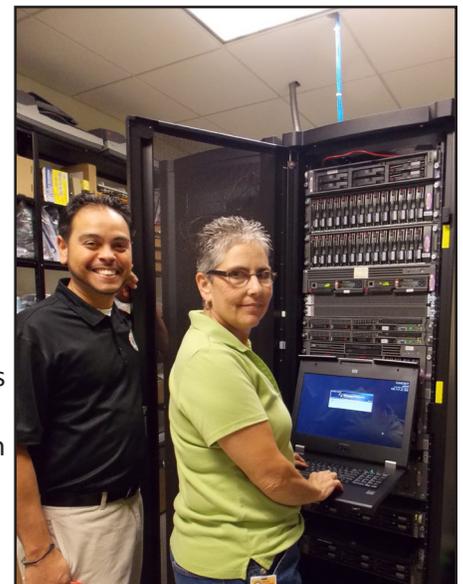
Fiscal Services Specialist  
Chris Loring

# INFORMATION TECHNOLOGY

THE UNIT PROVIDES AND PERFORMS ALL OF ADG'S INFORMATION TECHNOLOGY REQUIREMENTS, INCLUDING COMPUTER AND TECHNOLOGY FUNCTIONS, AS WELL AS MAINTAINING THE CERTIFICATION DATABASE SYSTEM. THE COMPUTER SYSTEMS AND PROGRAMS HAVE ENABLED ADG TO PERFORM ITS RESPONSIBILITIES UNDER THE COMPACT BY STREAMLINING WORK AND TRACKING PERFORMANCE.

## ACCOMPLISHMENTS

- Continued implementation of the State Electronic Access System (SEAS) improving efficiency in the Audit, Gaming Device Compliance and I&I Units.
- Implemented the Integrated Regulator's Information System (IRIS) that supports machine compliance activities in the field
- Installed all voice, data and technology services for new Flagstaff office including an enhanced, secure data network
- Developed a Content Management System website allowing updates to be performed by multiple functional areas across ADG
- Provided technical expertise to the audit unit while participating in Tribal Compact Compliance Reviews



Network Specialists  
Enrique Rivera and  
Linda Smith

# AGENCY EXPENDITURES

## DEPARTMENT OF GAMING EXPENDITURES

<b>Fiscal Year 2013 Expenditures</b>	<b>Enforcement/ Problem Gambling</b>	<b>Certification</b>
Personal Services	4,367,000	1,441,800
Employee Related Expenditures	1,683,500	495,900
Professional & Outside Services	1,526,300	23,700
In-State Travel	339,300	15,500
Out-of-State Travel	63,400	50,800
Other Operating Expenses	1,231,900	24,500
Equipment	173,200	00
<sup>1</sup> Transfers	7,400	00
<b>Total Expenditures</b>	<b>9,392,000</b>	<b>2,052,500</b>

<sup>1</sup> To the Office of Administrative Hearings

# AGENCY OUTREACH

## ST. MARY'S FOOD BANK

ADG EMPLOYEES PARTICIPATED IN A FOOD DRIVE BENEFITTING ST. MARY'S FOOD BANK, A NON-SECTARIAN, NONPROFIT ORGANIZATION THAT ALLEVIATES HUNGER BY EFFICIENTLY GATHERING AND DISTRIBUTING FOOD ACROSS ARIZONA. MORE THAN 180 POUNDS OF FOOD WAS DONATED, WHICH BROUGHT OVER 180 MEALS TO THE NEEDY.



## 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 2013, OVER 50 ADG EMPLOYEES DONATED GIFTS AND MONEY, AND AN ENTHUSIASTIC TEAM PROVIDED THE WILSON SCHOOL PARTY FOR THE KINDERGARTEN CLASS. EMPLOYEES DONATED 23 "SANTA" GIFTS FOR THE STUDENTS AND RAISED MONETARY DONATIONS, WHICH PROVIDED FOOD AND REFRESHMENTS FOR THE PARTY, SUPPLIES FOR THE CLASSROOM AND GIFTS FOR THE TEACHER AND HER AIDE.



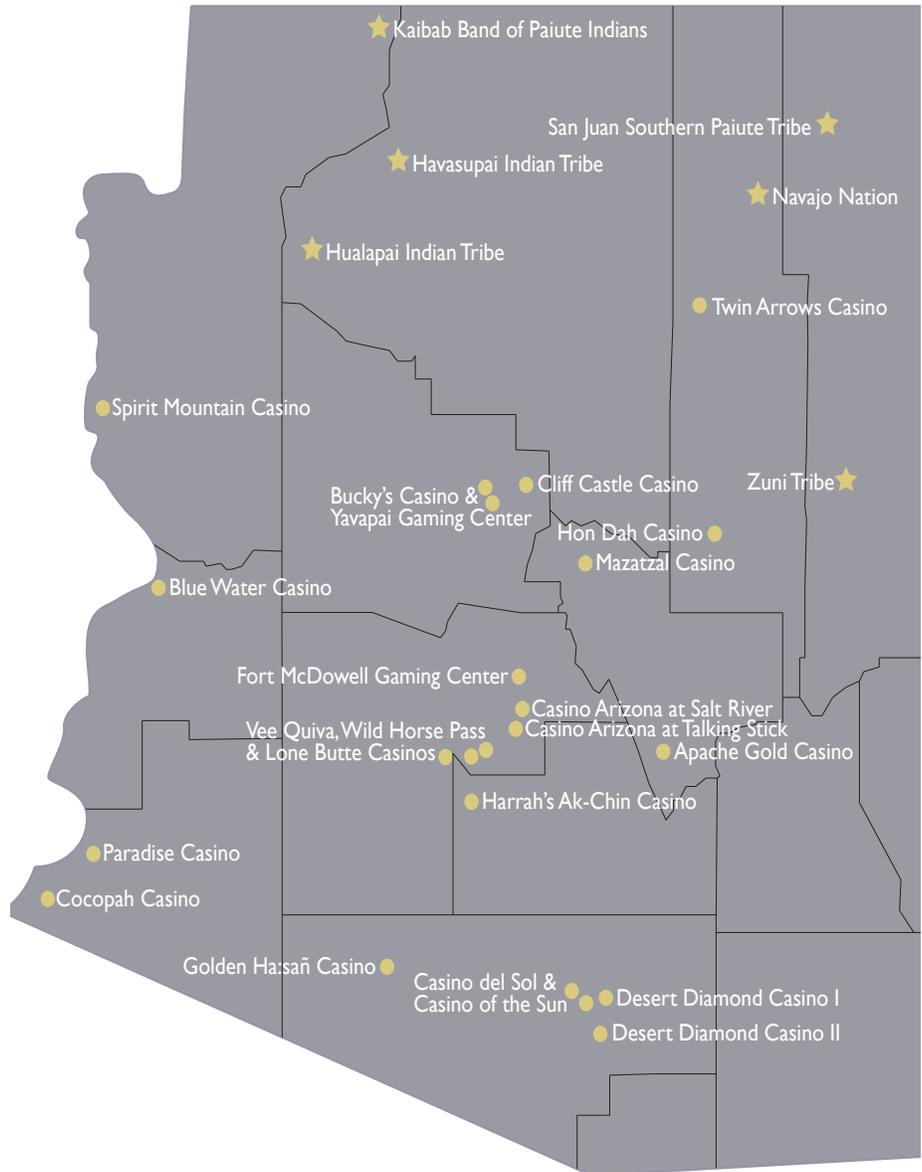
## SECC

THE STATE EMPLOYEES CHARITABLE CAMPAIGN IS CONDUCTED UNDER EXECUTIVE ORDER IN PARTNERSHIP WITH THE STATE FISCAL AGENT, A 501 (C) (3) CHARITABLE ORGANIZATION. MORE THAN 45,000 STATE EMPLOYEES DONATE FUNDS TO HELP SUPPORT OVER 500 CHARITIES. IN THE PAST 20 YEARS, STATE EMPLOYEES HAVE RAISED OVER \$24 MILLION TO SUPPORT CHARITIES IN ARIZONA, ACROSS THE NATION AND THROUGHOUT THE WORLD. ADG HAS PARTICIPATED IN THE CAMPAIGN SINCE 1997 AND OUR LONG-TERM COMMITMENT TO THE CAMPAIGN IS REFLECTED IN THE NUMEROUS AWARDS WON FOR SUCH THINGS AS DOLLARS RAISED, PARTICIPATION, SUPERGIVERS AND LEADERSHIPGIVERS.

# TRIBES WITH GAMING COMPACTS

## 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 Casinos
- 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
- Tohono O'odham Nation  
Desert Diamond, Desert Diamond I & Desert Diamond II
- 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

# 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 WITH GAMBLING RELATED ISSUES. OPG CONTINUES TO EXPAND AWARENESS THAT COMPULSIVE GAMBLING EXISTS AND IS TREATABLE. OPG ALSO ADMINISTERS THE PATRON SELF-EXCLUSION PROCESS, MAINTAINING AND DISSEMINATING A SELF-EXCLUSION LIST OF OVER 2,800 COMPULSIVE GAMBLERS WHO HAVE AGREED TO NOT ENTER AN ARIZONA CASINO FOR 1, 5 OR 10 YEARS. IN FY 2013, MORE THAN 550 PEOPLE VOLUNTARILY BANNED THEMSELVES FROM THE CASINOS.

## ACCOMPLISHMENTS

- Created a DVD collection available to the public for problem gambling education and it may act as an alternative to in-person training for behavioral health professionals
- Planned and hosted a symposium during Arizona's Problem Gambling Awareness week with keynote presentations by national problem gambling experts
- Created and published a needs assessment survey targeting stakeholders, community service organizations and behavioral health providers
- Created award winning media and advertisements for problem gambling education and prevention



Office of Problem Gambling Team



ADG Director Brnovich addresses the audience at the 2013 OPG Symposium

# SEAS STATE ELECTRONIC ACCESS SYSTEM

In 2012, Arizona became the very first jurisdiction to establish an electronic monitoring system between sovereign Indian nations and a state agency. The State Electronic Access System (SEAS) provides ADG with real-time read-only access to casino financial and gaming device event information.

Since its implementation, all of the urban Tribes have partnered with ADG in order to establish the monitoring procedures, as mandated in the Compact. SEAS is accurate, as it monitors and records the real-time information.

It is secure since it requires double encryption on each side of the entry, and the total cost is significantly below the cost of monitoring systems in other jurisdictions.

SEAS uses the Slot Access System (SAS) hardware as its main platform - the base from which information is accessed, and real-time monitoring, recording and report production occurs. When there is a need for a report, an ADG employee contacts the Tribal IT office to access SEAS. The ADG employee is able to log-in from a secure platform from which the SEAS report can be accessed and printed.

During the SEAS negotiations, the main issue was security. This has been the most

expressed concern on the Tribal side, and rightly so. Security is one of the pivotal issues to be considered in any type of agreement when introducing a new procedure and/or technology. And due to its importance, this is where the beauty of this system lies.

The access point to the SAS thus to the SEAS system, is the same gateway which the vendors use for maintenance and repairs. One simple and efficient, yet powerfully secure access point. Additional

passwords with a strong encryption each side (the Tribal system and the ADG system) obviates the need for additional

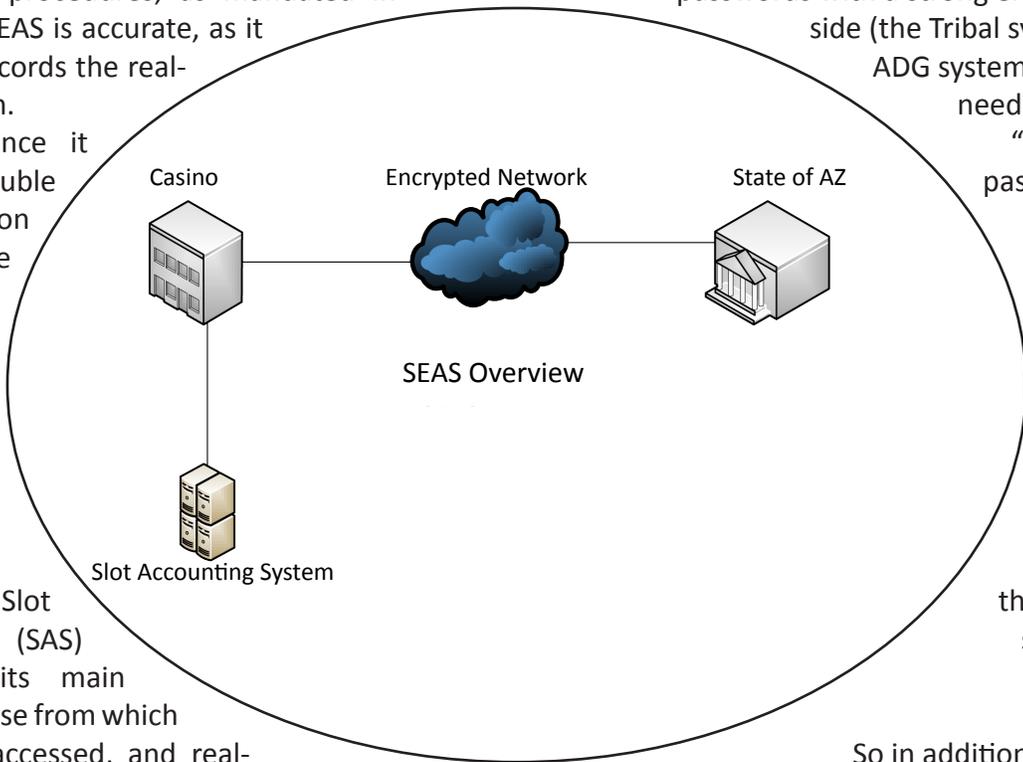
“doorways and passages.” Fewer doorways mean less vulnerability.

Information must pass through encryptions on each end, allowing for the smooth and secure flow of information.

So in addition to the strong encryption which is used on both sides when information is traveling through the internet, it has encryptions in order to pass through both firewalls.

That is the two-way verification module.

The agreements have been signed and ADG has begun using SEAS in support of its regulatory work including Compact Compliance Reviews.



# INTERNSHIP PROGRAM

Internships provide students with practical learning and on-the-job training to enhance their academic experience and prepare for a professional career. ADG is proud to offer internship and job shadow opportunities in a variety of departments throughout our agency. We provide internships in the fields of finance, communications, legislative affairs, law, information technology, problem gambling and law enforcement.

For the last several years we have been grateful to partner with ASU and take part in their Legislative and Government Internship program. This year, our agency hosted ASU student, Shana Berschler, for 18 weeks where she participated not only in the legislative session, but also worked closely with our Communications and Media Relations team. In addition we hosted a law extern, Travis Lovett a communications intern, Maja Fangiullos, and an intern specializing in information technology, Aaron Knoll.

We believe that not only are internships a valuable experience for students, but also a great asset for our agency. Internships provide a chance for us to showcase to the next generation workforce a career in state government and for students to make connections with professionals in their field prior to graduating. ADG is continuing to explore new partnerships with colleges to offer beneficial opportunities to future students.



Communications Intern  
Maya Fangiullos



Assistant Director Rick Medina and  
Legislative Intern Shana Berschler  
attend the 2013 OPG Symposium



IT Intern Aaron Knoll



ASU Student Carolina Gastewal  
participates in the Job Shadow Program



Law Extern Travis Lovett

# HISTORY OF GAMING IN ARIZONA

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.



Ancient Dice

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 shouldn't have casinos because Arizona didn't 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) doesn’t 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.

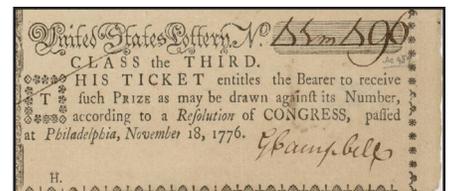
June/July -- The 17 Tribes gather enough signatures to put the Tribal-State agreement on the 2002 General Election ballot as Proposition 202. Two additional gaming initiatives also appear on the ballot: Proposition 200, sponsored by the Colorado River Indian Tribes (CRIT); and Proposition 201, sponsored 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.

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.



Ben Franklin helped organize and run the Philadelphia lottery

## **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. Gila River held the grand opening of its new Vee Quiva casino in Laveen in July.



