

ARIZONA DEPARTMENT OF GAMING ANNUAL REPORT 2015



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GAMING IN ARIZONA

The United States Congress enacted the Indian Gaming Regulatory Act (“IGRA”) of 1988, which established basic federal regulations and enforcement responsibilities for Indian gaming on reservations. Congress adopted this legislation to promote Tribal economic development while providing a framework for legitimate federal and state regulatory concerns.

Recognizing the growth of Indian gaming in the State and the need for an independent regulatory body with expertise in gaming, the Arizona Legislature passed Laws 1995, Chapter 76, which expanded the Arizona State Gaming Agency to become the Arizona Department of Gaming (“the Department”). The Department partners with Arizona’s Indian Tribes to oversee Indian casinos. Gaming in Arizona is governed by the Arizona Tribal-State Gaming Compacts between the State and 21 Arizona Tribes.

The Compact specifically sets forth the types of permitted games, establishes technical standards for the gaming machines, authorizes the state to inspect casinos, requires background investigations and licensing of casino employees and vendor companies, and requires tribes to contribute one to eight percent of their gaming revenue to state and local governments. The current compact lasts for ten years and can be renewed for another decade and one additional term of three years.

Currently, there are 16 Tribes operating 23 Class III casinos in the State. Another 5 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.



MISSION & VALUES

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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

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Phoenix, AZ 85007
(P) 602.771.4263
(F) 602.255.3883

TUCSON

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Tucson, AZ 85701
(P) 520.628.6468
(F) 502.628.6470

FLAGSTAFF

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(F) 602.255.3883

WWW.GAMING.AZ.GOV

DIRECTOR'S MESSAGE

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It has been a year of change and challenges for the Arizona Department of Gaming. We welcome the opportunity to merge with the Arizona Department of Racing in fiscal year 2016, adding a new facet to our regulatory responsibility. Our current focus of regulating a dynamic State gaming industry has meant embracing many challenges this year, and in some cases meeting them head on.

In the midst of these changes and challenges, I find myself filled with pride at the dedication of our employees who consistently provide outstanding results.

They have worked hard to continually improve our processes and how we serve the industry we regulate. It is no easy task to stay ahead of a growing industry comprised currently of 23 casinos operated by 16 different tribes.

Our team is made up of about 100 at-will professionals. They are auditors who work alongside machine compliance technicians, financial investigators who are paired with sworn law enforcement officers, administrators teamed with attorneys and more. Many of these professionals are leaders in their field and help to make our State a model of gaming regulation, emulated and admired across the nation.

This year we put extra focus on our duties to investigate illegal gambling operations across our State. Our Intelligence team has seen tremendous success and thanks to their partnerships with local law enforcement many of these illegal businesses have been permanently shut down.

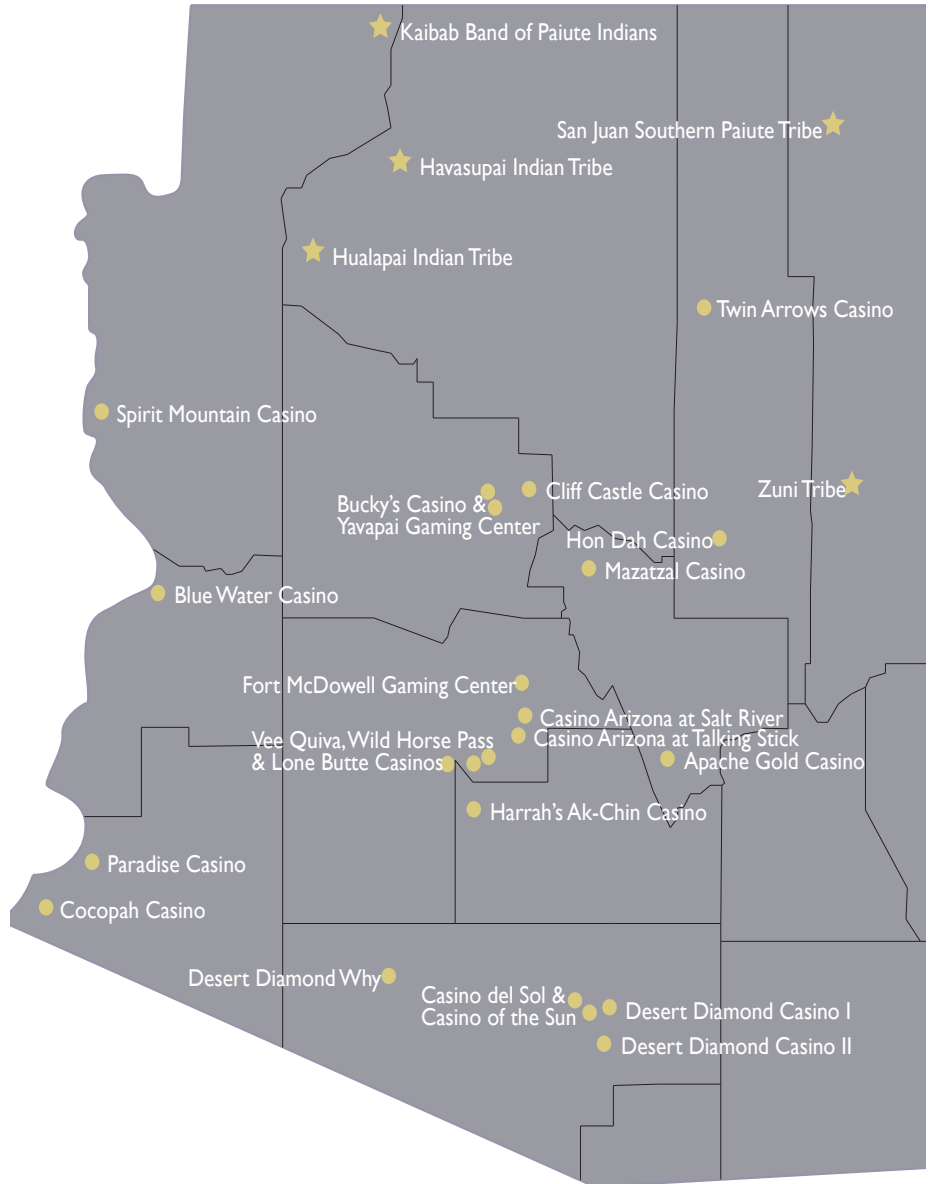
This 2015 report serves to highlight just some of the things ADG has accomplished this year, setting the bar high for the future. I present this report with pride in not only what we accomplished, but also in how we accomplished it. I sincerely thank the Governor and people of Arizona for the opportunity we have to achieve this success.

COMPACTED TRIBES

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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 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



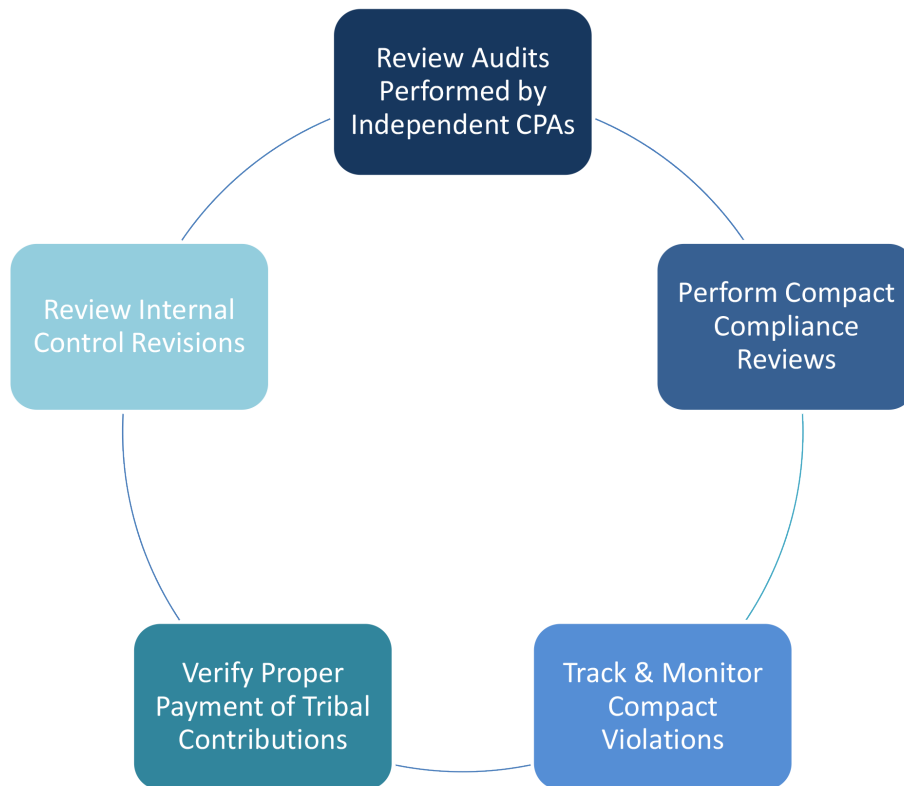
COMPACTED TRIBES WITHOUT CASINOS

- Havasupai Indian Tribe
- Hualapai Indian Tribe
- Kaibab Band of Paiute Indians
- San Juan Southern Paiute Indian Tribe
- Zuni Tribe

AUDIT SECTION

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The Audit Section conducts annual on-site audits of all 23 Tribal Casinos in Arizona, reviewing compliance with the Arizona Tribal-State Gaming Compacts and its appendices. A Compact Compliance Review (CCR) team tests hundreds of minimum control standards, including verifying the amounts of all gaming revenues and timely payment of tribal contributions to the State. This year that total was approximately \$100 million. The section was able to achieve a reduction in the number of outstanding Compact violations by approximately 14%. Embracing technology the section also deployed the use of SharePoint, an information sharing system, throughout the agency to collect and monitor all Compact violations. During the year the section also provided training and education resources to the tribes through various events, such as those sponsored by the Arizona Tribal Gaming Regulators Alliance.



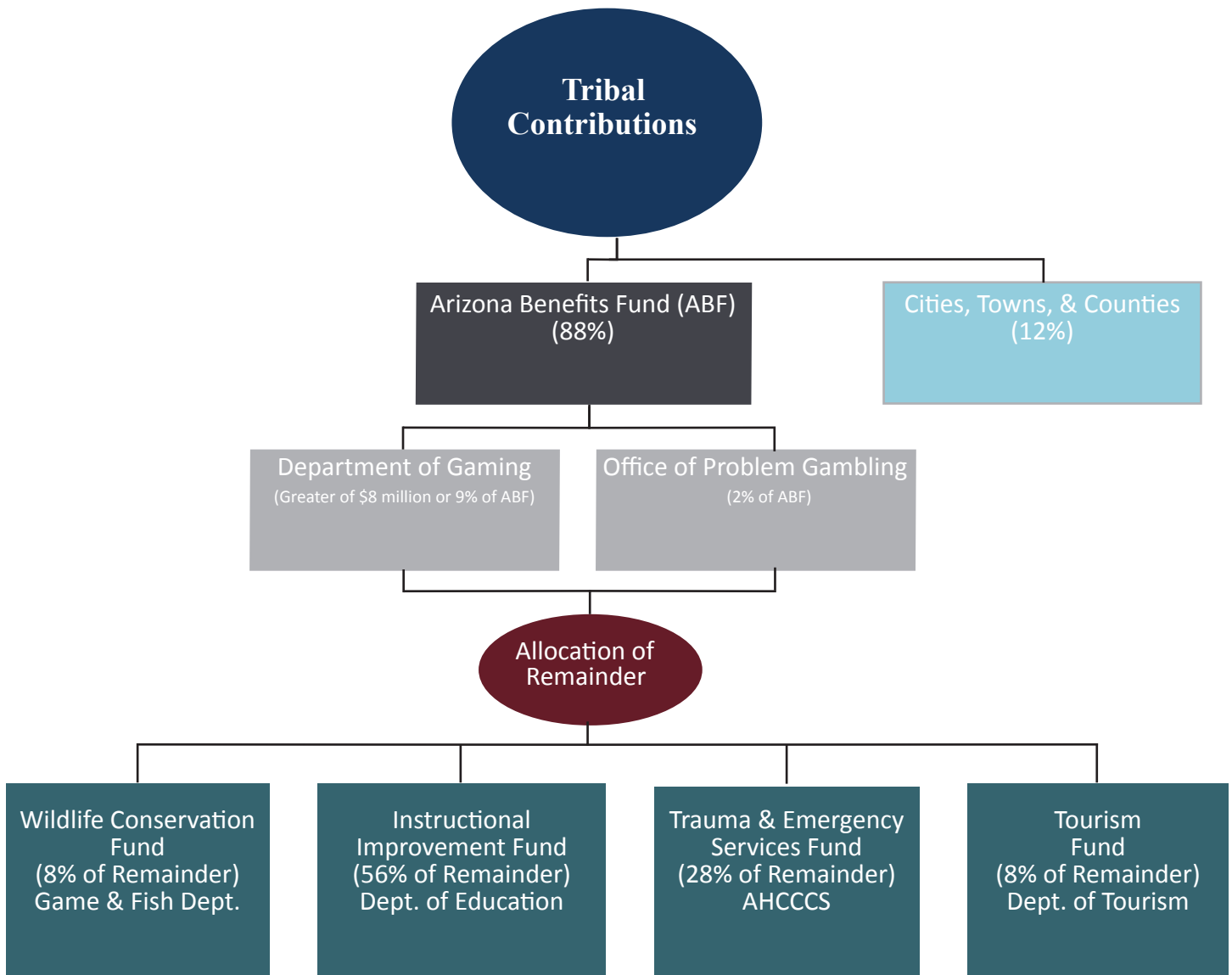
The Audit Section tracks the flow of money from the casino floor all the way to financial reports, including verifying the timely payment of Tribal Contributions to the State.

TRIBAL CONTRIBUTIONS

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With the passage of Proposition 202 in November 2002, and the subsequent new tribal-State Gaming Compacts, participating tribes in Arizona make quarterly contributions to the state. In fiscal year 2015, the gaming Tribes filed all Class III Net Win reports and quarterly Tribal Contribution payments as required. Contributions are based on an individual Tribe's Class III Net Win.

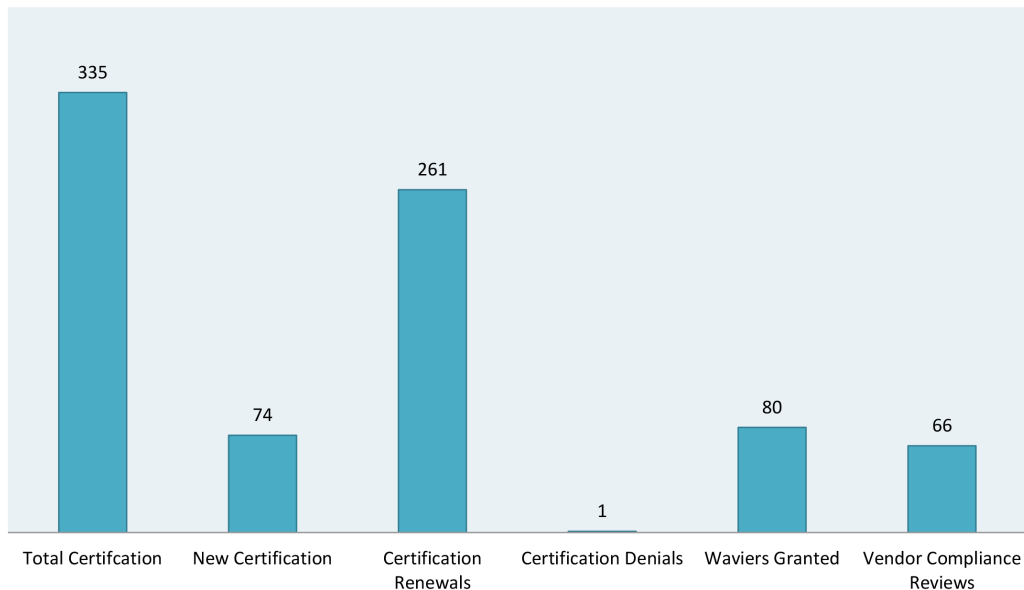
The aggregate tribal contributions for fiscal year 2015 reached approximately \$99.5 million. Administered by ADG, 88% of a Tribe's total annual contribution is paid to the Arizona Benefits Fund. The remaining 12% of gaming contributions are distributed by the Tribes directly to cities, towns and counties.



VENDOR CERTIFICATION

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The Gaming Vendor Certification Section, comprised of special agents, financial investigators, compliance auditors, and intake officers ensures the integrity of Tribal gaming by investigating the suitability of companies and individuals doing business with casinos in Arizona. 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 one month. Holding gaming vendors accountable for compliance with the Arizona Tribal-State Gaming Compacts also provides a large pool of suitable gaming vendors that can meet Tribal gaming needs. Stakeholders can be assured that gaming vendors providing goods and services for Tribal gaming are well regulated.



Participated in the Governor's LEAN Initiative analyzing the Vendor Class A/B renewal process. The team was able to reduce the number of days by half and lower certification costs in the renewal process for vendors.



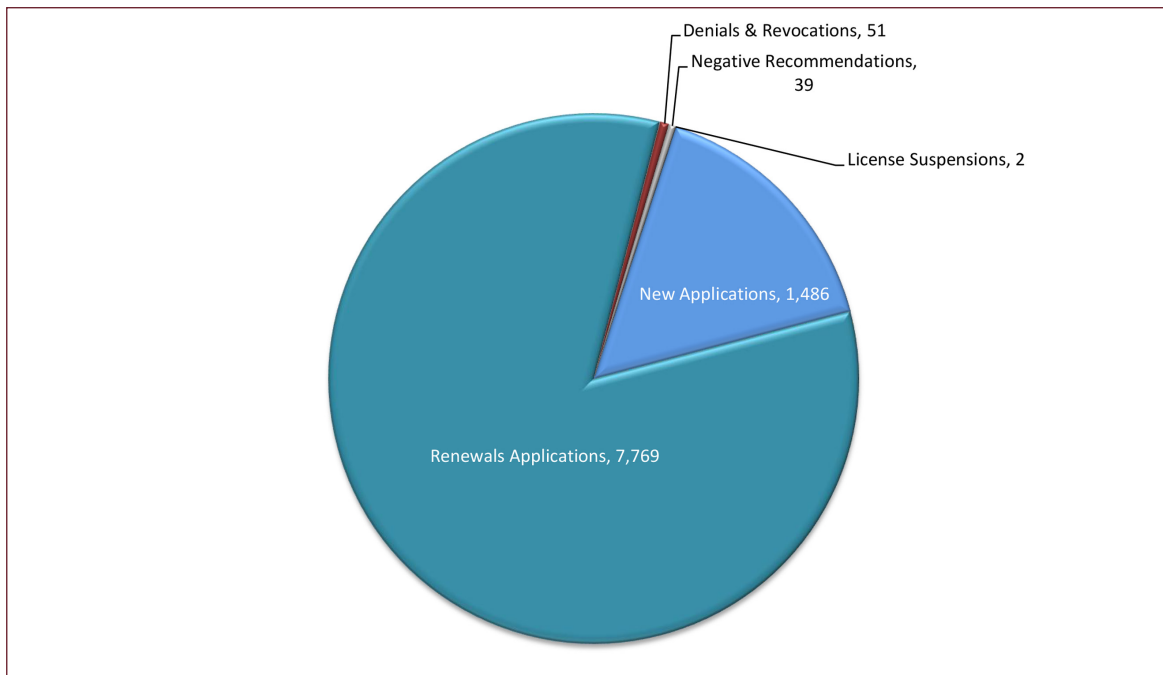
EMPLOYEE CERTIFICATION

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The Gaming Facility Employee Certification Unit conducts extensive background checks on current and prospective employees to ensure that only suitable individuals are employed in Arizona State regulated Tribal Casinos. The certification process includes criminal background checks, fingerprints, credit history reports, financial background screenings and a review of past employment.

ACCOMPLISHMENTS

- Processed a total of 9,255 applications
- Conducted Background/Fingerprinting investigations for employees of the Tribal Gaming Offices.
- Completed changes to all license applications as required by HB2212. Applications included; Employee certification, Vendor Certification, and Department of Racing and Boxing.



**ADG works to ensure that only
the most qualified individuals are
employed in Arizona casinos**

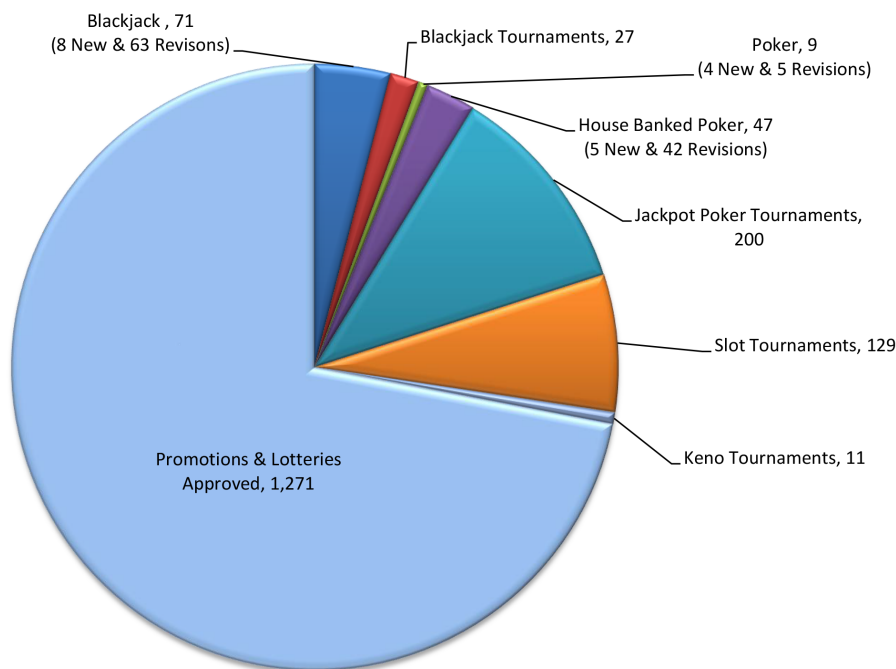
GAMES & SYSTEMS COMPLIANCE

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The Games and System Compliance Section reviews all new poker and table games, revisions to existing games, drawings, lotteries, promotions, tournaments and new gaming technologies. This section works closely with Tribal regulators, operators, game and technology developers and manufacturers to ensure the integrity of gaming, fairness and honesty of promotions and tournaments, along with overall compliance with the Compact. Members of the section strive to keep up with the latest technology and innovations in the gaming industry in order to assist the Department with maintaining a strong regulatory structure. They also offer technological expertise helping with interpretation and understanding of the Compact and its Appendices.

ACCOMPLISHMENTS

- Received, reviewed and approved almost 1,800 new and revised card and table games, promotions, lotteries and tournaments.
- Attended training classes, conferences and trade shows in order to keep up with new technology and products in the industry, including the Global Gaming Expo (G2E) annual gaming industry conference and trade show and the Gaming Laboratories International (GLI) Annual Regulators Roundtable
- Met with various manufacturers and distributors to review and discuss new technology and products that these vendors would like to introduce to in the Arizona tribal gaming market.
- Provided training for the Arizona Tribal Gaming Regulators Alliance (ATGRA) Training Academy.



ADG stays abreast of emerging technologies and products in the gaming industry to maintain an effective regulatory structure.

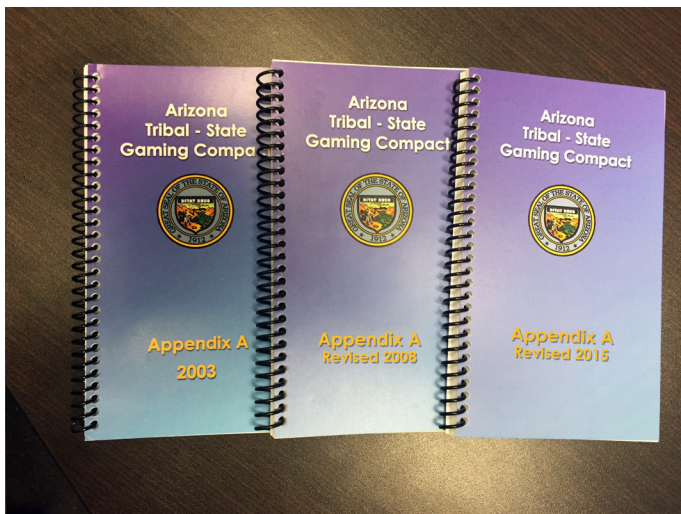
GAMING DEVICE COMPLIANCE

ANNUAL REPORT 2015

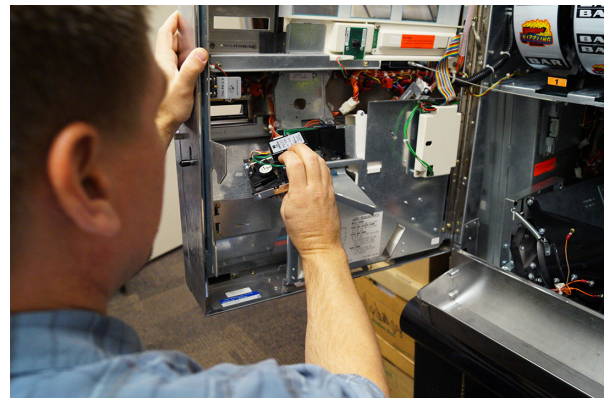
The Gaming Device Compliance Section inspects gaming devices, electronic monitoring systems and casino records to ensure that gaming devices are functioning properly and performing to manufacturer specifications. Before reaching the casino floor, all gaming device software and electronic monitoring systems are reviewed by an independent testing laboratory to confirm their compliance with Arizona's strict regulatory standards. The Gaming Device Compliance technicians inspect and test every new gaming device before they are put into play.

ACCOMPLISHMENTS

- Inspected and certified 10,396 gaming devices, including 5,444 at random.
- Supported the Intelligence Section with the inspection of seized illegal gambling devices
- Investigated complaints related to gaming devices at casino properties
- Assisted tribal gaming offices with compliance training



Played an integral part in negotiating a revised Appendix A to address advancements in gaming industry technology.



INTELLIGENCE SECTION

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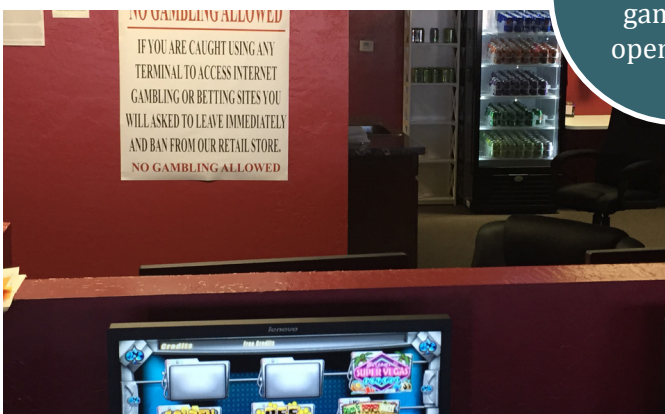
The Intelligence Section continued to increase enforcement efforts involving illegal off-reservation gambling by adding two more Special Agents. The section successfully shut down more than 15 illegal criminal enterprises this year and is currently working more than 80 open cases for illegal gambling operations. Partnerships with local prosecutors and law enforcement agencies have aided in permanently closing these illegal cash businesses which helps to reduce crime within neighborhoods surrounding them. The Section also assisted Tribal Authorities by providing investigative assistance, training, and intelligence on suspected criminal activities in their jurisdictions. This includes tracking suspicious currency, investigating persons excluded for criminal conduct and suspected gambling cheats.

ACCOMPLISHMENTS

- Tracked 2,829 criminal reports; 1,513 suspicious currency reports; and 393 restricted persons have been excluded from casinos
- Received 34 gambling inquiries, opened 52 new criminal gambling complaints, and currently has 81 active cases
- Investigated over 30 illegal internet sweepstakes cafés, served 12 search warrants, and closed down over 15 illegal criminal enterprises
- Provided Active Shooter training at the National Indian Gaming conference, to several Casinos, and to all ADG employees



Warrants being served at illegal gambling operations.



INVESTIGATIONS & INSPECTIONS SECTION

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The Investigations and Inspections Section monitors Compact compliance by conducting onsite inspections of casino operations and investigating suspected violations and criminal activity. The Section 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

- Agents traveled 258,564 miles and conducted a total of 2,066 visits to 23 casinos. During those visits agents resolved 34 compliance issues.
- Established new protocols for agents conducting daily, weekly, and monthly compliance checks by utilizing the revised CCR work step checklists.
- Agents classified and reviewed 12,778 Tribal Incident Reports
- Assisted the Arizona Tribal Gaming Regulators Association (ATGRA) with planning and implementing the 8th Annual New Agent Training Academy.



ADG takes a proactive approach to the regulatory obligations. Our on-site presence at Arizona casinos helps make us visible and increases public confidence that gaming is well regulated.

ADMINISTRATION DIVISION

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PROCUREMENT & GENERAL SERVICES

The Procurement and General Service Section is responsible for providing ADG with procurement, facility management, administrative support, website assistance, graphic design, and project management. By continuing to implement best practices in several areas, the section is able to help reduce expenditures and improve efficiency.

ACCOMPLISHMENTS

- Improved workspace through floor plan improvements, including the addition of 3 new work stations.
- Worked with the State Procurement Office to complete testing and training on the procurement system updates for the BREAZ project.
- Streamlined work processes to improve efficiency and reduce expenditures.
- Executed contracts for services including software programs, training classes, and treatment providers working with the Office of Problem Gambling.



HUMAN RESOURCES

The HR Section 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

- Within constraints of the hiring freeze, conducted 11 recruitments, 79 interviews and 14 new employee orientations for mission critical positions within the Department.
- Developed and implemented a comprehensive compensation plan that recognized employees for performance and achievement.
- Conducted an Employee Wellness Event and 8 Open Enrollment Benefits Meetings.
- Through a 90-day inter-agency service agreement, provided human resource services and support to the Department of Racing in preparation for the July 2015 consolidation of the Racing and Gaming Departments.

ADMINISTRATION DIVISION

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ACCOUNTING/FINANCE

The Financial Services Section'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 Section facilitates all necessary travel.

ACCOMPLISHMENTS

- In cooperation with the state-wide BREAZ team, completed training for, and helped configure/acceptance test, the New AFIS software system.
- Through a 90-day inter agency service agreement, provided fiscal services and support to the Department of Racing in preparation for the July 2015 consolidation of the Racing and Gaming Departments.



INFORMATION TECHNOLOGY

The IT Section 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

- Successfully configured and deployed a new Regulatory and Enforcement software system on schedule and within budget to the Department's Vendor Certification and Investigation and Inspections Sections. This software will enhance productivity through electronic work flow and paperless work processes.
- Configured and deployed a new network file storage and backup/disaster recovery system. This system provides additional electronic file storage capacity and the ability to more quickly recovery from a disaster or system failure.
- Through a 90-day inter-agency service agreement, provided information technology services and support to The Department of Racing in preparation for the July 2015 consolidation of the Racing and Gaming Departments.



OFFICE OF PROBLEM GAMBLING

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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 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. It also administers the patron self-exclusion process, maintaining and disseminating a self-exclusion list of over 2,600 compulsive gamblers who have agreed to not enter an Arizona casino for a term of 1, 5 or 10 years.

ACCOMPLISHMENTS

- Contracted Treatment Providers offered approximately 17,831 hours of counseling to 875 problem gamblers and their families statewide.
- During Arizona's Problem Gambling Awareness week, OPG's held their annual symposium featuring several keynote presentations made by national problem gambling experts
- Presented and/or exhibited at more than 90 events around the State to provide prevention and education on problem gambling.
- More than 475 people voluntarily banned themselves from casinos, while 568 self-exclusions expired
- Office provided three separate training opportunities for treatment professionals offering continuing education credit. These events offered helpful information and support tools for contracted providers, and gave insight to other interested community members regarding the struggles involved with problem gambling.



**Office of Problem
Gambling Team**



Speakers addressing
the audience at the
2015 OPG Symposium.



AGENCY OUTREACH

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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 2015, over 50 ADG employees donated gifts and money, and an enthusiastic team provided the Wilson School party for the First Grade Class. Employees donated 29 “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.



STATE EMPLOYEES CHARITABLE CAMPAIGN

The State Employees 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 500 charities. In the past 21 years, State Employees have raised over \$24.6 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.



AGENCY EXPENDITURES

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Fiscal Year 2015 Expenditures	Enforcement/ Problem Gambling	Certification
Personal Services	\$4,524,400	\$1,159,500
Employee Related Expenditures	\$1,829,600	\$475,400
Professional & Outside Services	\$1,698,000	\$3,100
In-State Travel	\$249,700	\$10,700
Out-of-State Travel	\$46,400	\$48,200
Other Operating Expenses	\$1,098,200	\$29,500
Equipment	\$300,900	\$0
Transfers*	\$1,000	\$0
Total Expenditures	\$9,748,200	\$1,726,400

*To the Office of Administrative Hearings



INTERNSHIP PROGRAM

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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 internships and job shadow opportunities in a variety of divisions throughout our agency. Students can come gain experience in the fields of finance, communications, legislative affairs, gaming law, information technology, problem gambling, and law enforcement.

We have been grateful to partner with ASU to offer Legislative and Government Affairs Internship programs. This year, our agency hosted ASU student, Georgette Shah, for 18 weeks. She followed legislative activity closely, worked with our communications and media relations team and helped the Office of Problem gambling with their annual symposium. Additionally, ADG hosted two law externs; Stephanie McBride and Devon Tarwater.

Not only are internships a valuable experience for students, but also a great asset for our agency. Internships provide a chance to showcase a career in state government and allow students to make connections with professionals in their field prior to graduating. ADG is continuing to explore new partnerships with colleges to offer opportunities to students.



Law Extern
Devon Tarwater



Government Affairs Intern
Georgette Shah



Law Extern
Stephanie McBride

HISTORY OF GAMING

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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.

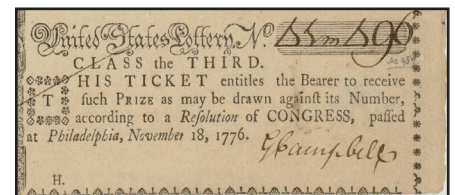
June/July – The 17 Tribes gather enough signatures to put the Tribal-State agreement on the 2002 General Election ballot as Proposition 202. Two additional gaming initiatives also appear on the ballot: Proposition 200, sponsored by the Colorado River Indian Tribes (CRIT); and Proposition 201, sponsored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



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 receives 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.

