

**2016**

**Arizona Department of  
Gaming**



**Annual Report**



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In accordance with A.R.S. § 5-601(2)(G) and § 41-4153, the Arizona Department of Gaming (“ADG”) submits this annual report for Fiscal Year 2016 (“FY16”). Pursuant to these statutes, 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](http://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

With another successful year for gambling in Arizona, we reflect back on all of the wonderful and meaningful work the Department of Gaming has done in FY16. Ensuring that gambling is properly regulated, through the certifying of employees and vendors, to ensuring that machines and games are working correctly, to the investigation and inspection of Arizona's Tribal casinos, and more, is not an easy task. Yet, it is a task I, as well as my amazing team of employees, am proud to take on.

Tribal contributions, which supplement such State interests as education, tourism, conservation efforts, and emergency service, hit an all-time high, even while Arizona saw its first instance of an unregulated Class-II gaming facility in the West Valley. As regulated gaming continues to flourish, the positive economic influence it brings—over \$100,000,000 to the Arizona Benefits Fund in FY16 alone—will only further benefit the state of Arizona and its citizens.

While the Department supports responsible gambling, due to its beneficial economic and recreational effect, we are aware of how some Arizonans may be adversely affected by it. Our Division of Problem Gambling provides outreach for those individuals who may suffer from gambling addiction or may be at risk. We applaud Governor Ducey for proclaiming March 2016 as Arizona Problem Gambling Awareness Month. Without public awareness about the existence of problem gambling, as well as ways for those individuals affected to seek help, it would be difficult for the Department to help all those in need. This past year, thousands of these individuals benefited from our Self-Exclusion program, counseling, and educational information.

The Department's efforts to crack down on illegal gambling saw the closing of dozens of illegal gambling enterprises, in FY16. As technology continues to advance, so too does the spread of bad actors hoping to find new ways to avoid regulation and profit from unlawful gaming. The Department remains diligent in its pursuit of these individuals, as they are forced further into the shadows as a result of their illegal operations being shut down. Without the superb work of our Intelligence Section, many neighborhoods would continue to suffer from this unsafe and undesired criminal activity.

FY16 also saw the Department of Gaming welcome two new additions, Racing and Boxing/Mixed Martial Arts (MMA). While no simple task to take on, the transition was a success, thanks to our team of dedicated employees, who ensured that the process was carried out as efficiently as possible. I am happy to say that we have fully integrated these two divisions into the Agency.

The 2016 Department of Gaming Annual Report provides insight into the work the individuals at the Department of Gaming carry out on a daily basis, as well as what accomplishments they have achieved. I could not successfully run an agency without their efforts and consider this Report as recognition for all that they do.



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

### Tohono O'odham Nation

Desert Diamond I, Desert Diamond II, Desert Diamond Why

### Tonto Apache Tribe

Mazatzal Casino

### White Mountain Apache Tribe

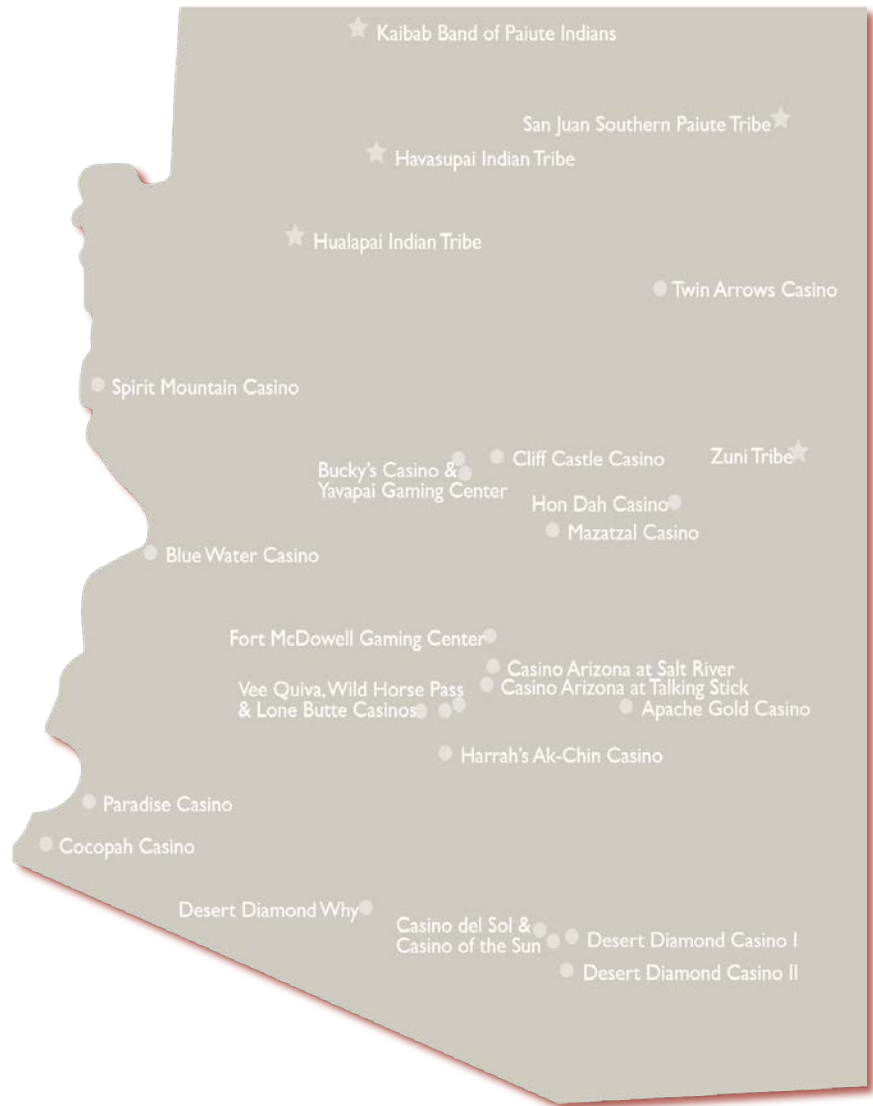
Hon Dah Casino

### 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 2016 Revenue and Expenditures

<b>Fiscal Year 2016 Revenue</b>	<b>Enforcement/ Problem Gambling</b>	<b>Certification</b>
<b>Total Revenue</b>	<b><sup>1</sup>\$10,352,600</b>	<b>\$1,732,000</b>
<b>Fiscal Year 2016 Expenditures</b>		
Personal Services	\$4,056,700	\$966,400
Employee Related Expenditures	\$1,588,300	\$392,000
Professional & Outside Services	\$1,091,000	\$100
In-State Travel	\$253,600	\$9,300
Out-of-State Travel	\$37,700	\$7,700
Other Operating Expenses	\$1,714,100	\$247,200
Equipment	\$101,200	\$0
<sup>2</sup> Transfers	\$2,200	\$0
<b>Total Expenditures</b>	<b>\$8,844,800</b>	<b>\$1,622,700</b>

<sup>1</sup> Includes \$300,000 from the Lottery Fund

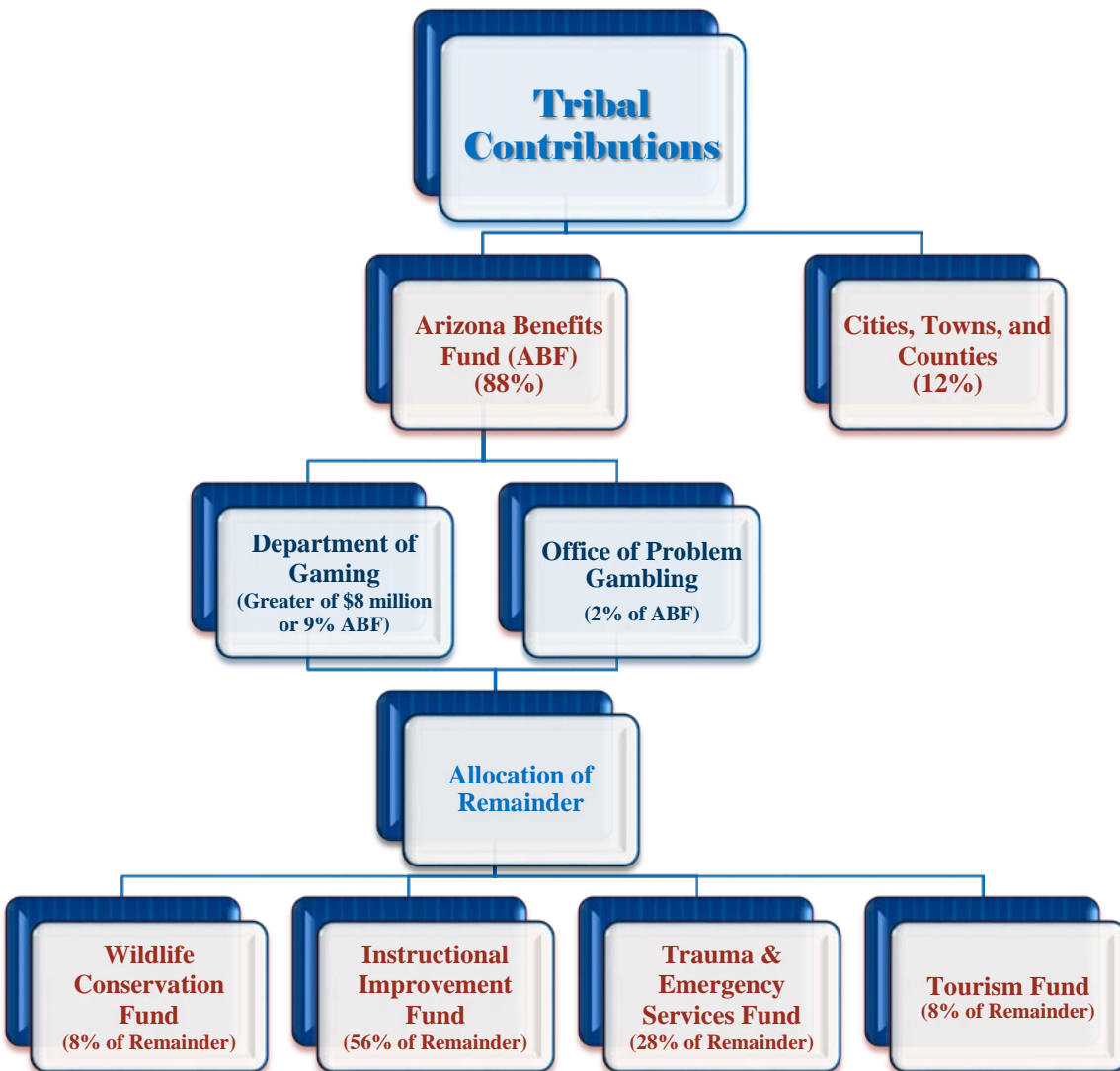
<sup>2</sup> To the Office of Administrative Hearings



# 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 FY16, these participating tribes filed all Class III Net Win reports and quarterly Tribal Contribution Payments as required.

Administered by ADG, 88% of a tribe’s total annual gaming contribution is paid to the Arizona Benefits Fund, with the remaining 12% of contributions to be distributed by the tribes directly to cities, towns, and counties. Aggregate tribal contributions for FY16 totaled nearly \$103 million.



# Sections and Achievements





# Administration

**The Human Resources (HR) Section** serves the public and helps ensure the integrity of gaming regulation, by recruiting the most qualified candidates, and by providing new employees with the tools and training to best promote good health and professional growth.

In FY16, HR conducted 6 competitive recruitments, processed 170 resumes, interviewed 52 applicants, and successfully on-boarded (hired) 7 applicants. In addition, the Section finalized ADG employee Map Performance appraisals, hosted an employee training event and two wellness events for all staff members, as well as successfully completed the consolidation of ADG and the Department of Racing.

**The Finance/Accounting (Financial Services) Section** is responsible for 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/General Services Section** is responsible for providing ADG with procurement, facility management, administrative support, fleet management, graphic design, communications, loss prevention, and project management.

In FY16, General Services completed several projects for ADG. For facilities, the Section completed the space merger between ADG and the Department of Racing, and added two new executive offices and a storage closet at ADG. 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.

**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 collection and production of Public Records Requests received by ADG.

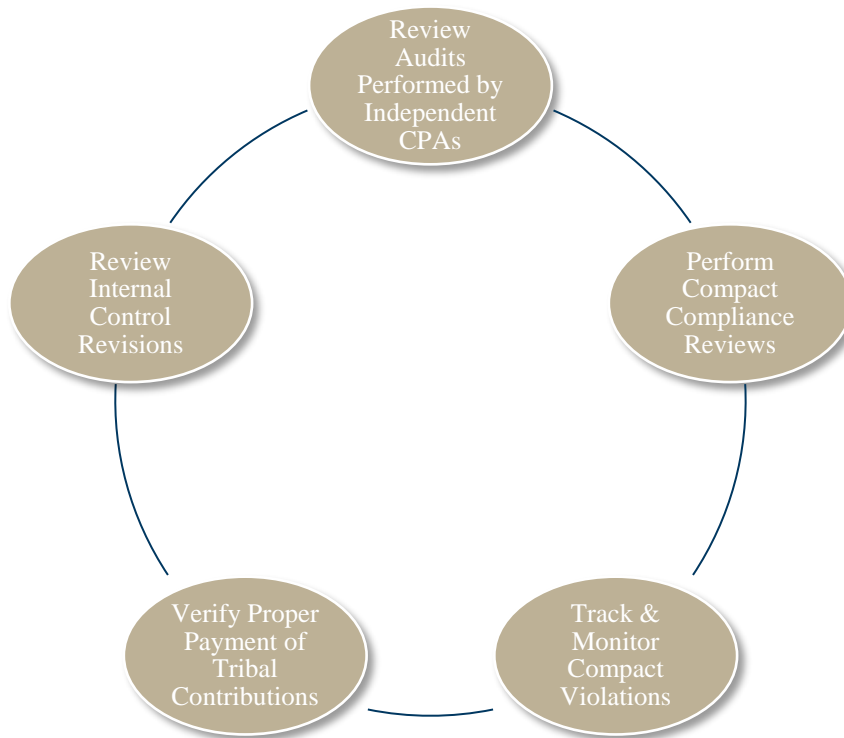


# Audit

**The Audit Section** conducts annual on-site audits of all 23 Class III Tribal Casinos in Arizona, ensuring compliance with the Arizona Tribal-State Gaming Compacts and applicable Appendices. The Section’s 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. In FY16, this amounted to over \$100 million.

**\$103,000,000**  
 - TOTAL TRIBAL CONTRIBUTIONS IN FY16 -

Through training and providing educational resources to Tribes, Audit’s continued efforts enhance ADG’s ability to efficiently identify potential compliance issues to ensure they are dealt with in the timeliest and most effective manner.

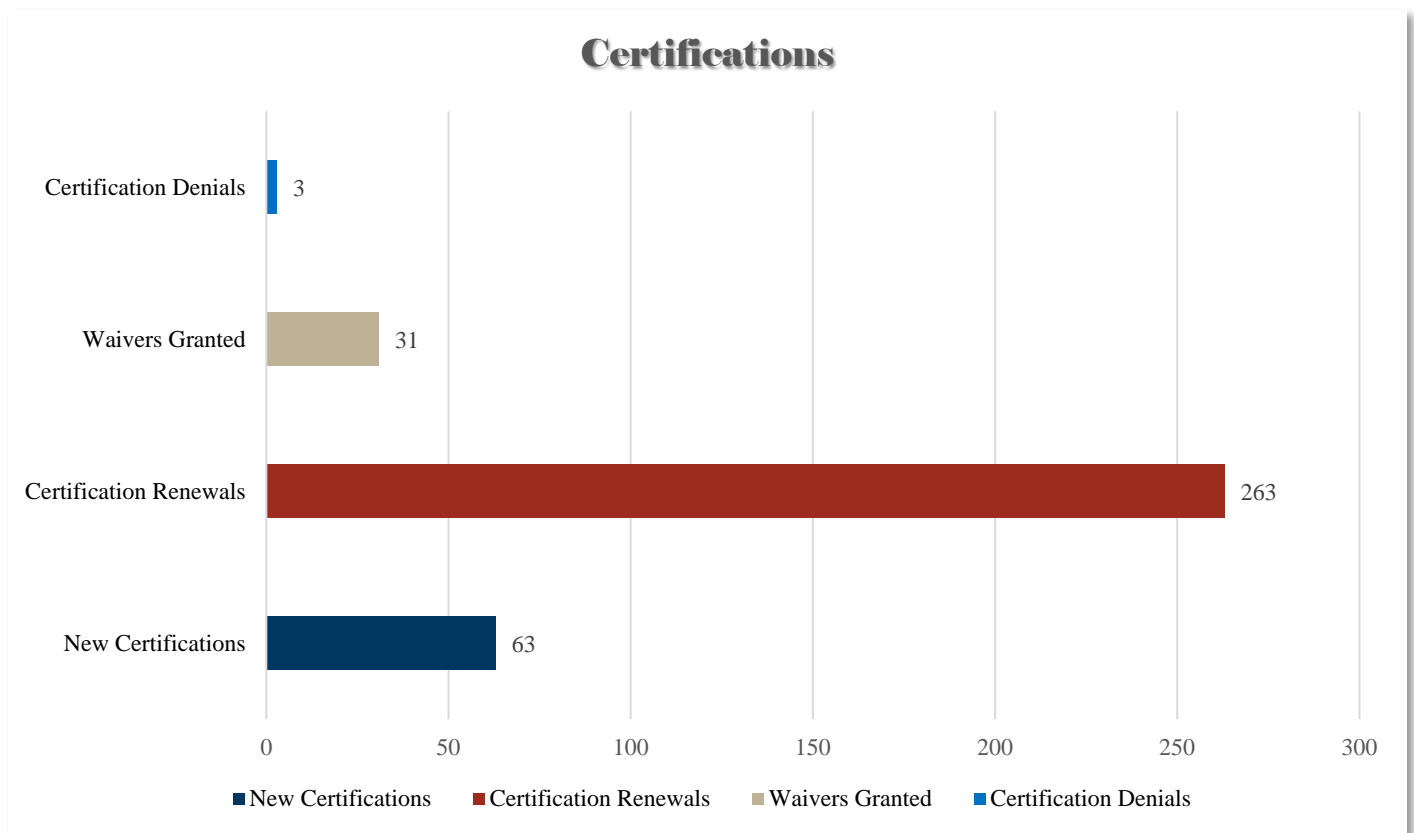


Audit tracks the flow of money from the casino floor all the way to financial reports, including verifying the timely payment of Tribal Contributions to the State.

# 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 FY16, the Section continued to streamline by merging its special agent and financial investigator positions into one role. This helped in reducing investigative time, as well as required travel and vendor fees.



In a continued attempt to reduce paper usage and ensure optimal efficiency, FY16 saw the Section conduct paperless investigations with those vendors who apply online, and staff Compliance positions that were able to work paperless.

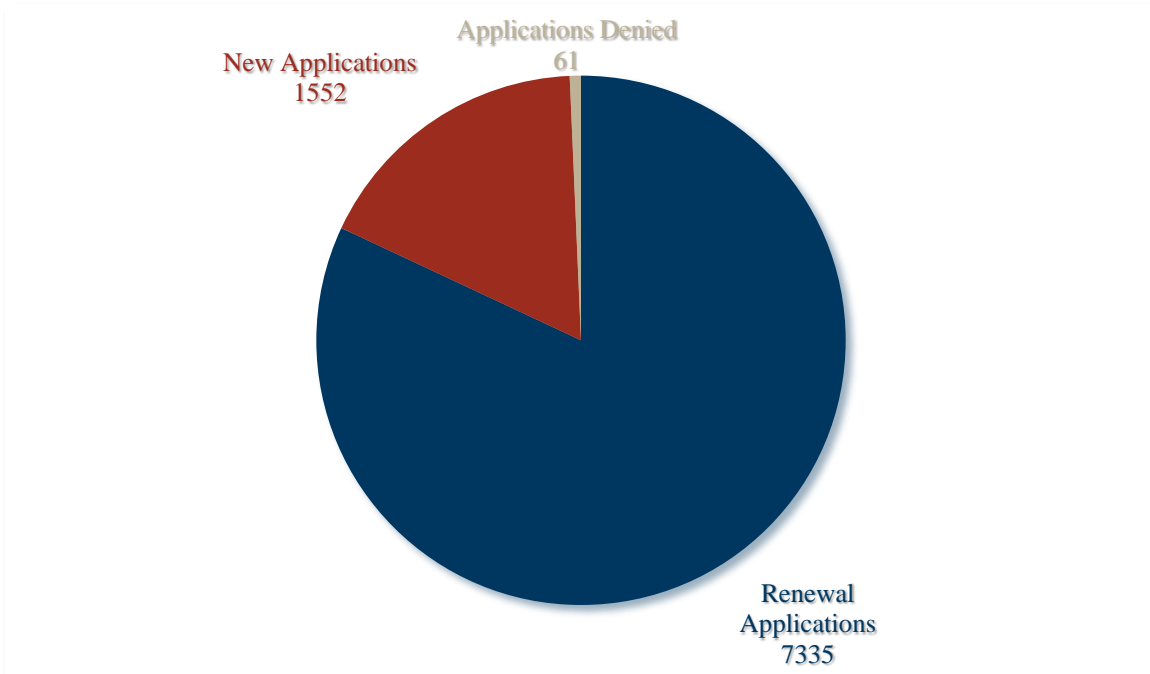
# Employee Certification

**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 FY16, the Section processed a total of 1,552 new applications for State certification/tribal license recommendation and 7,335 renewal applications, as well as 1,026 criminal history checks for 4b applicants not required to be certified and 230 requests for transfers, rehires, or name changes for certified applicants.

**8,887**  
- APPLICATIONS PROCESSED IN FY16 -

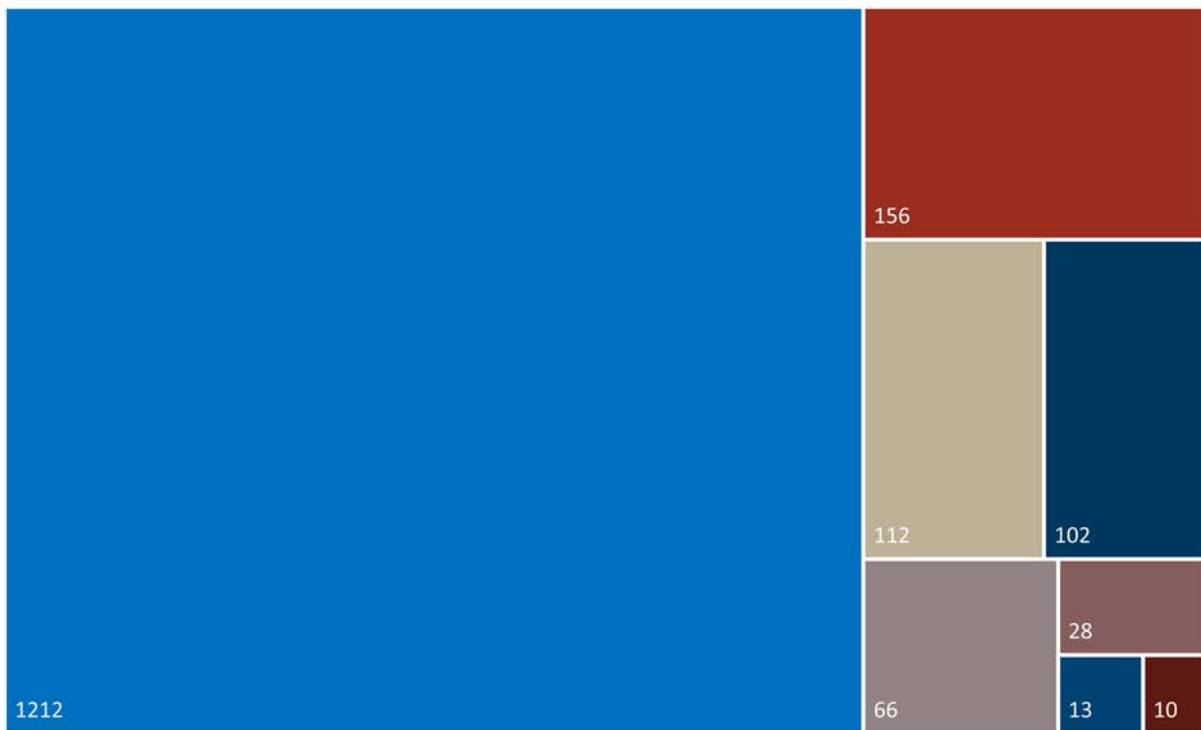
The Section also worked with ADG’s IT team in the development and implementation of its new database system, D3, and continued to assist Racing/Boxing personnel with day-to-day operations, updated application forms and licensing procedures, the development of a more-efficient filing system and help with 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, drawings, 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 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 FY16, the Section received 1,674 submissions from Tribal Gaming Offices, and approved 1212 promotions and lotteries, 11 new and 101 revisions and variations to Blackjack, 1 new and 12 revisions to Jackpot Poker games, 9 new and 57 revisions to House Banked Poker games, 156 Jackpot Poker tournaments, 102 slot tournaments, 28 Blackjack tournaments, and 10 Keno tournaments.



- Promotions/Lotteries - 1212
- Jackpot Poker Tournaments - 156
- New/Revised Blackjack - 112
- Slot Tournaments - 102
- New/Revised House Banked Poker - 66
- Blackjack Tournaments - 28
- New/Revised Jackpot Poker - 13
- 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 unannounced 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 all of the Tribal Gaming Offices in Arizona.



In FY16, the Section continued to provide support to ADG's Intelligence Section with the inspection of seized illegal gambling devices, investigated complaints related to gaming devices at casino properties, and conducted a training class for 40+ tribal gaming employees at the Arizona Tribal Gaming Regulators Alliance (ATGRA) conference.



# 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.

**3,728 and 1396**

- CRIMINAL ACTIVITY AND SUSPICIOUS  
CURRENCY REPORTS TRACKED IN FY16-

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.

In FY16, the Section continued to increase its enforcement efforts outside of Indian Tribal Lands. Often attracting additional types of crime, illegal gambling establishments significantly and negatively affect surrounding neighborhoods. In FY16, the Section investigated 60 different illegal internet cafés, served 12 search warrants and, with assistance from local prosecutors and law enforcement agencies, worked to shut down over 43 illegal criminal enterprises.

The Section also tracked 3,728 reports of criminal activity at Arizona Casinos; 1396 suspicious currency reports; and 351 patrons excluded from Casino property.

Members of the Section traveled to New Orleans, Minnesota, New Jersey, and even Mexico City, to discuss illegal gambling and organized crime with the Attorney Generals from Arizona, Mexico, and the Southwestern Border States.



- 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 helps agents identify and address any issues that may arise at a casino and allows I&I to address those issues before they become problematic or widespread.

**240,000**

- TOTAL MILES TRAVELED BY I&I AGENTS IN FY16 -

One of the most important accomplishments in FY16 was the creation and implementation of the "Compliance Issue Tracking Log." The Log is utilized by all I&I agents, to document non-compliant issues found during routine tribal site visits or when working on the Quarterly Compliance Checks worksheets. The Log is also used as a tool to track and monitor the progress of returning non-compliant issues to compliance, within a 30-day timeframe.

**2,111 and 43**

- NUMBER OF CASINO VISITS AND COMPLIANCE ISSUES FOUND -

I&I continued to coordinate with the Arizona Tribal Gaming Regulators Alliance (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 FY16, additional trainings were provided to various Tribes upon request, which included the following topics: Ethical Dilemmas, Report Writing, and Procedural Challenges.

**10,620**

- NUMBER OF TIRS REVIEWED AND CLASSIFIED BY I&I -

ADG's assistance with the ATGRA Training Academy continued to build stronger partnerships with Arizona Gaming tribes and give new employees vital skills to help them succeed in regulating the gaming industry.

# Division of Problem Gambling (DPG)

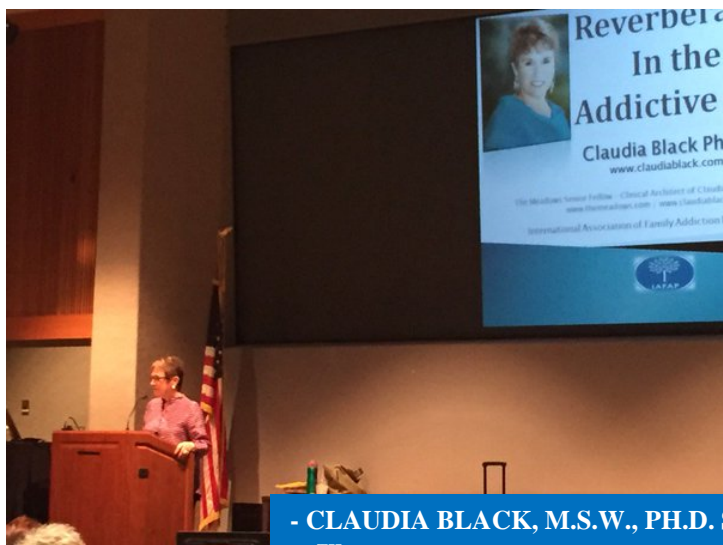
**The Division of Problem Gambling** provides and supports problem gambling prevention, treatment, and education programs throughout the state of Arizona. DPG reaches out to the public to increase awareness of problem gambling. It coordinates the training of licensed counselors throughout Arizona, who 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 2,455 compulsive gamblers who have agreed to not enter an Arizona casino for a term of 1, 5, or 10 years. In FY16, more than 458 people voluntarily banned themselves from Arizona casinos.

## 25,000

- PROBLEM GAMBLING MATERIALS AND  
RESOURCES DISTRIBUTED BY DPG IN FY16 -

DPG's efforts ensure that those members of the public who have a gambling problem are aware that help is available. DPG's accomplishments not only assist the problem gambler, but also others affected by another's gambling problems. 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 FY16, DPG rolled out an upgraded Data Management System to collect and maintain data on clients who go through DPG-subsidized treatment for gambling addiction. Over 500 problem gamblers received treatment in FY16. DPG also exhibited or presented on problem gambling at numerous events throughout the year and provided two advanced trainings for Behavioral Health Professionals.



- CLAUDIA BLACK, M.S.W., PH.D. SPEAKS AT THE  
10<sup>TH</sup> ANNUAL PROBLEM GAMBLING SYMPOSIUM -

In March, Arizona Governor Doug Ducey recognized 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.



Even the teacher was included, with a portion of the funds going towards purchasing her classroom supplies and a generous gift.



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 55 ADG employees.

## 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 22 years, State employees have raised over \$25 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.



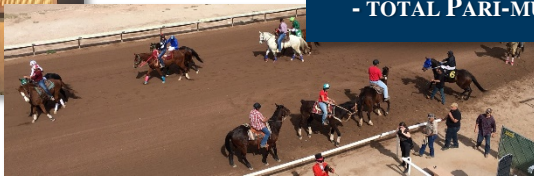
# Division of Racing and Boxing/MMA



**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.

**\$158,361,096**

- TOTAL PARI-MUTUEL HANDLE IN FY16 -



**The Department of Gaming – Boxing and Mixed Martial Arts (MMA) is** responsible for the regulation and supervision of all boxing and MMA events conducted in the state of Arizona. Boxing/MMA makes certain that all participants’ health and safety are protected, and that public confidence in the sport of boxing and MMA is maintained. It also works with the Boxing and MMA Commission to license fighters, promoters, and officials, as well as to ensure that all applicable laws and rules are followed.

**38**

- TOTAL BOXING (17) AND MMA (21) EVENTS SANCTIONED IN FY16





# 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.

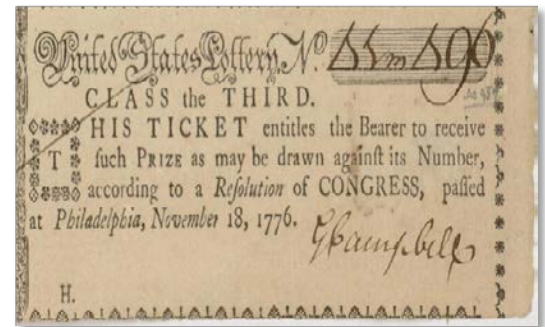
**2002** January/February – Governor Hull and 17 Tribes successfully conclude negotiations on an agreement for the new Tribal-State Compact.



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 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. Cabazon Court Case – The legal foundation upon which Indian gaming is built.

