

NAGRA NEWS

Winter 2014

A Message from the President

In the years I have been attending NAGRA conferences, I've had the opportunity to meet people from all sectors of the gaming community. Of the people I have met, some have become close friends, not just acquaintances. Because of my attendance, I have been able to make these connections and further my knowledge of gaming throughout North America. I look forward to our annual conference to be held in Bloomington, MN on June 9-12, 2014 at the Mall of America so that I may once again meet with my peers and friends.

We will kick off the conference with the customary full day training session on Monday, June 9th for those who want to come in early and take advantage of this training opportunity. The session topic will be "What investigators and regulators need to know about Social Media" presented by the National White Collar Crime Center. This should be an interesting session for everyone.

The planned breakout sessions cover a wide variety of gaming issues and should offer something for everyone. Currently scheduled sessions include:

- An update on electronic raffles.
- A look at the European Gaming Markets presented by Atle Hamar from the Norwegian Gaming Authority.
- A breakfast session with the



Global Gaming Women. The mission of Global Gaming Women (GGW) is to support the development and success of women in the international gaming industry through education, mentorship and networking opportunities.

- The American Gaming Association will be presenting a session on The Present and Future of Gaming.
- Gaming interest groups sessions. These sessions allow you to give input on issues you would like to see presented in future sessions and conferences. NAGRA encourages your participation in these sessions!

The conference includes much more and don't forget the networking opportunities. Members consistently comment that, in addition to the informative session held at our conferences, a major benefit of attending the NAGRA

conferences is the opportunity to network with other regulators from across North America.

A big thank you to Andres Alvarez and all the conference committee members for your hard work in putting together these topics. It will be a great conference once yet again and I invite you to come join us for good training and networking opportunities.

See you in Minnesota! ■

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“Revitalizing Nonprofit Bingo” Webinar

April 17, 2014 2:00 - 3:00 PM EDT

In 2012, the Colorado Secretary of State funded a comprehensive bingo market study. The study combined qualitative interviews with representative stakeholder surveys to explore the causes of bingo’s decline over the last decade. Based on these findings, researchers recommended a number of action items to increase the Secretary of State’s support for the charitable gaming community. As a result, the Secretary of State is pursuing several initiatives, including legislative reform and a bingo marketing toolkit. *Presenters: Greg Lestikow, Nonprofit Programs Manager, Colorado Secretary of State and Jon Runge, Principal, Runge Consulting Group.*

To register, click, or copy and paste, the following URL into your browser’s address bar:

<http://www.nagra.org/events/Sessions.aspx?id=405838>

NAGRA Members: Free; Non-members: \$45

Want to Contribute?

Have an idea for an article for the NAGRA News? Would you like to contribute an article? Send in your idea today. Please include your name, agency, phone number and email address. Any member updates or insights into the industry make for great content! We appreciate your contribution.

Articles can be sent via email to scottf@nagra.org or mailed to the NAGRA office at 1000 Westgate Drive, Suite 252, St. Paul, MN 55114.

2014 Newsletter Schedule

Spring:

Call for News: April 1

Content Due: May 1

Newsletter Emailed: May 15

Summer:

Call for News: July 1

Content Due: August 1

Newsletter Emailed: August 15

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About NAGRA

NAGRA brings together agencies that regulate gaming activities and provides them a forum for the mutual exchange of regulatory information and techniques. Collecting and disseminating regulatory and enforcement information, procedures, and experiences from all jurisdictions provides ongoing gaming education and training for all members.

30th

NAGRA Annual Training & Education Conference

June 9-12, 2014



**Registration
Now Open!**

Radisson Blu Mall of America

2100 Killebrew Drive

Bloomington, MN 55425 USA

952-881-5258

Group Rates: \$141 single/double occupancy.

Make your room reservation today.

Use reservation code: NAGRAC

Visit Minneapolis/St. Paul

Bloomington/Mall of America Visitor Information:

A pedestrian-and-pedal-friendly downtown and welcoming Midwestern vibe make it easy for first-time visitors to quickly feel at home in Minneapolis and St. Paul. Snow can fall here from October to April, so the arrival of warm weather launches a full throttle, June-August celebration of arts, music, and cultural festivals; farmers markets (17); and fan-friendly Minnesota Twins baseball (played downtown at Target Field—ranked the top sports stadium in North America by ESPN The Magazine). Survey the vibrant scene from the new CRAVE restaurant rooftop patio near the State Theatre, then grab a bike at the nearest Nice Ride Minnesota kiosk (\$5 plus trip fees) and cruise all or part of the Grand Rounds National Scenic Byway, a 50-mile urban trail loop. With 22 city lakes and the mighty Mississippi, playing on, in or near the water always is an option. Indoor activities center on the city's 57 museums and the 4.2 million-square-foot Mall of America - housing 520 plus stores and Nickelodeon Universe, the nation's largest indoor family theme park.

Watch for more details as they become available.

Radisson Blu Mall of America, Bloomington, MN

Radisson Blu Mall of America is the only hotel conveniently connected directly to Mall of America, the largest indoor entertainment and shopping mall in the United States. The hotel is a short drive from the state capitol in downtown St. Paul and minutes from the heart of downtown Minneapolis via the Metro Transit Light Rail commuter system. Minneapolis-St. Paul International Airport is also less than five miles away from our hotel property near the Mall of America south entrance. The hotel features:

- World-class shopping, dining and entertainment are footsteps away in the attached Mall of America.
- The hotel boasts superb guest rooms and suites where guests can enjoy one of three fashion-inspired Urban, Naturally Cool or Mansion House room styles, all of which include amenities such as complimentary high-speed, wireless Internet, flat-screen televisions and individual climate control.
- The FireLake Grill House & Cocktail Bar represents the best of American cuisine, with eclectic design and a timeless mix of classic American heartland flavors.
- Guests enjoy complimentary 24-hour access to the hotel's Fitness Center, which includes a fully equipped fitness room, indoor pool and spa. ■



Nominate a colleague or co-worker today for the NAGRA Excellence in Gaming Regulation Award. This prestigious award represents a person's outstanding achievements in and contributions to the gaming regulatory community.

Eligibility:

This award is open to regulators who have demonstrated outstanding accomplishments in the gaming regulatory or enforcement environment. All nominees must be current NAGRA members.

Nomination Process:

Nominations must be in writing. Nominations must include examples of actions/achievements by the nominee. Nominations should include the name of the nominee, title, jurisdiction and contact information.

Selection Criteria:

The committee will consider nominees who have demonstrated sustained achievement, exceptional performance and deserve recognition for their extraordinary contributions in the field of gaming regulation. Areas of consideration may include:

- The supervision or organization of employees leading to outstanding accomplishments.
- The enhancement of the public perception of gaming regulation by external organizations.
- The identification and implementation of significant cost savings for a specific jurisdiction.
- The identification and implementation of significant efficiencies in regulatory processes or procedures

Notification:

Winners and all other nominees will be notified in early April and the winner will be presented the award at the NAGRA Annual Conference.

Submission:

All submission MUST be electronic using the online form. **Deadline for Submissions is March 28, 2014.**

Copy and paste the following URL into your browser's address bar:

http://www.nagra.org/?page=2014_ExcellAward

If you have any questions regarding this award, please contact NAGRA Managing Director Scott Franzmeier at scottf@nagra.org ■

Special Offer to Our Trade Affiliate Members

NAGRA invites all Trade Affiliate members and gaming industry professionals to take a special role in the organization’s Annual Training and Education Conference. NAGRA recognizes that regulators have a unique opportunity to learn about emerging technologies, types of gaming and industry services from the many firms that support the gaming industry. Our members are interested in seeing and learning firsthand about products and services that support the gaming industry. We encourage you to review the display and sponsorship opportunities soon to be detailed on the NAGRA website and to review the full conference agenda to see the high-caliber training programming that is central to this conference.

We have designed the display and sponsorship opportunities with high respect for rules that regulators need to follow. For example, that is why we do not

have specific refreshment breaks or lunches sponsored by any one particular firm, as it might preclude a regulator from participating in that activity if they have any kind of regulatory relationship with that firm. The opportunities were designed specifically to:

1. Give trade affiliate members and other firms greater visibility in front of the regulatory community;
2. Help educate regulators about emerging and current gaming technologies;
3. Showcase your company’s specific technology to upper level regulators in North America.
4. Support NAGRA in continuing to offer an annual conference with high-quality training and education opportunities for regulators.

Sponsorship Levels

	Trade Affiliate Members	Non-Members
Platinum	\$6,000	\$7,500
Gold	\$4,800	\$6,000
Silver	\$2,400	\$3,000
Bronze	\$1,200	\$1,500
Exhibitor	\$ 400	\$ 500

Click here for the 2014 Sponsorship/Exhibitor Prospectus.

To register online as a Sponsor/Exhibitor,

Click or copy and paste the following URL into your browser’s address bar:

<http://www.nagra.org/events/Sessions.aspx?id=373229>



NAGRA appreciates your consideration and support!

ANCLGS and UNLV Partner to Explore Policy Framework for Internet Gaming

December 6, 2013—Today the National Council of Legislators From Gaming States (NCLGS) in partnership with the University of Nevada, Las Vegas International Gaming Institute, released a Request for Public Comment on the Development of an Interstate Policy Framework for the Regulation of Internet Gaming. NCLGS is requesting public input to ensure the drafting of a sound and balanced policy framework for Internet gaming, to be released later this year.

According to NCLGS President State Rep. Jim Waldman (FL), “Three states are now live with Internet gaming and developing effective public policy across states—for those states wishing to participate in online gaming— is crucial. NCLGS does not support or oppose gaming, but supports sound regulation and believes that decisions related to gaming should be made by the citizens of the individual states and their elected officials.”

Rep. Waldman continued, “This undertaking represents a chance for state legislators, gaming regulators, industry representatives, consumer advocates, problem gaming groups, and other stakeholders across the U.S. and internationally to collaborate and coordinate, in a non-partisan forum, to protect consumers, prohibit illegal activity, and develop a trusted Internet gaming policy system in those states that choose to permit Internet gaming.”

The framework was further discussed at the NCLGS Winter Meeting in Hollywood, Florida in January 10. Interested parties were able to submit written comments and a working group reviewed the comments and to develop an initial set of draft policy standards.

For further information, please contact Jennifer Webb at 202-220-3014 or by e-mail at jwebb@nclgs.org.

More information is available at www.nclgs.org. ■

Midwest Region News

Michigan Gaming Control Board Suspends Charitable Gaming Due to Illegal Gambling at 5 Star Lanes, Sterling Heights, in Macomb County

Dec. 20, 2013 - Gaming Board officials also suspended the license of Total G Services, LLC, a millionaire party supplier which provides millionaire party gaming events at that location. This marks the 20th “poker room” either banned or suspended as a millionaire party location since 2010. ■

Sterling Heights bowling alley’s poker room shut down by state

Dec. 21, 2013 - A charitable poker room at a Sterling Heights bowling alley has been shut down due to suspected illegal gambling and falsifying records, according to state gaming officials. The state, through an emergency order, suspended the license of Total G Services, which provided the gambling at 5 Star Lanes off Metropolitan Parkway east of Dequindre Road, the Michigan Gaming Control Board said in a press release Friday. “Because of the ongoing illegal activity at this location, immediate action was necessary,” board Executive Rick Kalm said in the release. The suspension is the fourth Macomb County and 20th Michigan poker room to close or be shut down since 2010, officials said. *Read more.* ■

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Charitable Gaming in Minnesota There's More to the Story...

While much of the Minnesota media focus for fiscal year 2013 centered on the less than expected revenue from electronic gaming, fiscal year 2013 was very positive for charitable gambling in Minnesota. Gross receipts were up while expenses were down, resulting in one of the largest increases for the bottom line charitable contributions. Charitable donations were up 21% and over \$60 million was raised for Minnesota charities.

Minnesota leads the nation in charitable gaming with \$1.2 billion in gross receipts, an 8.4% increase over the previous fiscal year. Recent legislative reductions in charitable gambling taxes resulted in a net decreased of nearly 13% from the previous year.

Minnesota's Rating System for Licensed Charities

Annually, each licensed organization is evaluated by the Minnesota Gambling Control Board to determine a rating based on the percentage of its annual gross profits (gross receipts less prizes paid) spent on lawful purpose expenditures (LPE). LPE includes charitable contributions, payments to local units of government, lawful gambling taxes, and building expenses related to veteran and fraternal organizations. Licensed organizations are evaluated according to the following criteria: If an organization spends 50% or more on LPE, it receives a five-star rating; 40% or more, a four-star rating; and so on. Organizations with less than a three-star rating are placed on probationary status for license renewal.

In FY13, 32% of licensed organizations had a five-star rating; less than 6% had a rating of less than three

stars. The star rating system has been a successful tool for organizations and regulators alike to ensure nonprofit organizations focus on raising funds for charitable contributions.

Electronic Gaming in Minnesota

While the total number of actual participating sites in electronic gaming is far fewer than expected, there are shining examples of phenomenal sales at some of the locations. Calendar year September 2012 (when electronic games were first sold in Minnesota) to September 2013 gave a glimpse of how electronic gambling can impact a charity's bottom line. The top ten sites conducting electronic pull-tabs grossed over \$5.4 million in electronic sales; these numbers are well above original per-site projections. Total electronic game sales for September 2012 through September 2013 were over \$21.6 million. Another surprising, but good, trend is that paper sales have increased at many sites where electronics were introduced.

As good as those numbers sound, many charities have been hesitant to enter into the electronic gaming format. Some worry about reporting requirements and regulations, even though reporting electronic games is simpler than reporting paper games. According to the Minnesota Department of Revenue, charities conducting electronic gambling have an average increase of 23% in gross receipts, and electronic inventory audits are more cost effective because there is no manual counting of boxes or tickets—literally push a button and print a report.

Looking Ahead

Initial reports for fiscal year 2014 continue to show monthly activity running ahead of 2013. Minnesota charities are expecting another good year. ■

A Decade of Success: The Alcohol and Gaming Commission of Ontario's Electronic Gaming Equipment and Systems Approval Lab

by Sukhi Grewal, Director, Technical and Laboratory Services Branch

The Alcohol and Gaming Commission of Ontario (AGCO) is the arm's length regulatory agency of the Ontario Government responsible for, among other things, ensuring that casino gaming, charitable gaming and lotteries are conducted honestly, with integrity and in the public interest.

The first commercial casino in Ontario, Canada's largest province, opened in Windsor, in 1994. Since that time, under the province's Gaming Control Act (GCA), commercial gaming suppliers have been required to have all gaming equipment and management systems approved by the Registrar of Alcohol and Gaming (the 'Registrar'). The province, home to 13.5 million people, representing nearly 40 percent of Canada's population, now has 24 gaming sites comprising more than 22,000 slot machines and 500 gaming tables. Government operated gaming activities generate about CA\$7.0 billion in revenues annually for the provincial treasury.

One of AGCO's key regulatory assurance activities is the testing and approval of electronic gaming equipment (i.e. slot machines) and gaming management systems. Initially, the testing was performed by an independent laboratory whose results were submitted to the Registrar for consideration pending approval for use.

In 2004, AGCO made the decision to bring the gaming laboratory and testing capabilities in-house, creating a state-of-the-art facility to support electronic gaming testing activities. The concept proved a success, achieving best-in-class turnaround time for approvals, an expanded institutional knowledge of gaming technology and design within AGCO and improved technical expertise and capabilities within the lab itself.

Those successes were confirmed in the 2009/10 provincial Auditor-General's value-for-money audit, which included an independent assessment from an accredited gaming test lab from outside the province, concluding that AGCO uses comprehensive technical standards and effective testing procedures. In 2010, the lab achieved ISO 17025:2005, the international standard which certifies comprehensive quality management systems along with demonstrated technical competencies in both people and processes, the first of its kind and to our knowledge, the only regulator-owned and managed lab in North America (likely the world) to hold such accreditation.

Today, the AGCO gaming lab supports its mandate with a team of 22 staff, including engineers, computer scientists and mathematicians drawn from across a range of industries and backgrounds and with an assortment of technical and post-graduate degrees. The lab conducts technical assessments of equipment from all sectors of gaming in Ontario: commercial casinos, along with lotteries (a \$3.2 billion industry in Ontario), charitable gaming, and most recently, iGaming. It has managed consistently high volumes with an average turnaround time of less than 30 days, covering all aspects of testing and analysis, including testing of random number generators, independently calculating all game math, emulating game outcomes and testing interoperability of gaming management systems.

The benefits of having a high-performance in-house testing laboratory have proven to extend beyond delivering effective technical assessments to the Registrar. The expertise of the gaming lab staff combined with the availability of these resources

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within AGCO have enabled the lab to offer other useful services. It is able to create custom software verification tools and training documentation for use by AGCO field inspectors, to ensure software and equipment installed in the field is and remains the same as that which was approved. Also, when technical issues are uncovered in the field, the lab is able to bring its forensic expertise to bear on the possible root causes of these issues.

The lab is also able to assist the AGCO in developing technical policies and standards. In 2007, AGCO released its Minimum Technical Standards for Electronic Gaming Equipment, based upon existing technical standards from leading gaming jurisdictions across North America and around the world, while incorporating regulatory policy that reflects Ontario's specific and unique socio-political environment. These standards were followed by Server-Based and Server-Assisted Gaming Minimum Technical Standards in 2010, and in 2012 with iGaming Technical Standards contained in the Registrar's Standards for Gaming.

Technical standards are a key component of any regulatory regime in gaming and by having the in-house expertise and resources to develop, maintain and enhance these standards, AGCO is able to anticipate and respond nimbly to the rapidly changing landscape of gaming technology and design. The lab also conducts technical investigations into

suspect gaming equipment to support the regulatory activities of other AGCO branches, such as Audit and Compliance and Gaming Enforcement.

AGCO has long recognized the benefits of engagement and collaboration with stakeholders. Independent testing labs are retained when necessary, either to absorb excess workload, or to manage one-time extraordinary submissions for approval. AGCO has also been participating in a cross-jurisdictional initiative to develop technical standards that can be used across Canada by performing multi-jurisdictional scans of nearly 2,000 existing technical standards from eight major international gaming jurisdictions to compile best-in-class technical standards that reflect the characteristics of the Canadian gaming landscape. The intent is to develop national standards, making it easier and more efficient for manufacturers and suppliers to introduce games into a province already approved under those standards in another province.

The past nine years have been an exciting time of growth and development for the AGCO gaming lab, from its early formative stages to its current status as a world-class centre of technical excellence in gaming. As the AGCO gaming lab moves towards its tenth anniversary, it will continue to enhance its technical assessment services and increase collaboration with other jurisdictions to meet and exceed the expectations of its many stakeholders. ■