NAGRA

NORTH AMERICAN GAMING REGULATORS ASSOCIATION

NAGRA NEWS
Spring 2010

A Parting Message From the President

I am pleased to take this opportunity to thank everyone involved with the management of NAGRA for their hard work, commitment and support during my term of President, which comes to an end on June 30, 2010. It has been an honour to work with such a fine group of people from across the United States and Canada who have diligently represented the best interests of gaming regulation.

In my final days as President, I will have the good fortune to welcome NAGRA delegates to my jurisdiction, British Columbia, for the annual conference in Vancouver, June 27–30, 2010. This has been a truly exciting year for Vancouver and British Columbia, which had the privilege of hosting the 2010 Winter Olympic Games in February.

My sincere thanks to conference organizer Leah Cooper Boggs and to Jim Haynes, Kathy Baertsch, Dale Fuga and all of the Committee Chairs for putting together a terrific agenda. This year's confer-

**Rick Saville
NAGRA President
2009-2010**

ence will provide a relevant and informative learning experience on topics such as legally regulated internet gaming, responsible gaming and self exclusion programs, lottery regulation, anti-money laundering strategies, technical standards for electronic and internet gaming, charitable bingo initiatives, gaming investigations and regulatory due diligence. A full description of the agenda, with topic and speaker information, can be found at the Conference Agenda link on NAGRA's web site at www.NAGRA.org.

In closing, I want to wish President elect Leah Cooper Boggs of Kentucky and the incoming officers

and board members much success in the coming year. NAGRA is in very good hands!

Rick Saville
NAGRA President ■

Join NAGRA in Vancouver!

**Register Online
for NAGRA's 2010 Annual Conference**
Full Agenda on Page 8
June 27 through June 30, 2010
Renaissance Harbourside Hotel | Vancouver, BC, Canada

2009 Charitable Bingo Gross Receipts Highest Ever

(Austin) — Calendar year 2009 has proven to be the highest-grossing ever for charitable bingo since the game was legalized in 1981, with total receipts surpassing $693 million and players winning a record $518 million in prizes.

"With total receipts of $693 million, an $8 million increase over last year, charitable organizations were better able to provide services to their constituencies," said Texas Lottery Commission Director of Charitable Bingo, Philip Sanderson. "Charitable distributions also increased for the sixth consecutive year, as organizations reported they distributed $36 million for their charitable purposes. Total distributions since 1981 now exceed $937 million."

The following chart shows a comparison of activity in charitable bingo during the last two calendar years:

	2009	2008
Total Gross Receipts	$692,927,554	$685,418,665
Charitable Distributions	$35,834,421	$32,852,800
Pull Tab Sales	$318,705,640	$305,659,183
Pull Tab Prizes	$229,887,909	$221,070,862
Regular Sales	$374,221,914	$379,759,482
Regular Prizes	$288,368,440	$291,750,934
Total Prizes	$518,256,349	$513,089,176

"Since 1981, nearly 647 million persons have attended bingo occasions," Sanderson said. "The numbers speak for themselves, proving that charitable bingo continues to be a popular pastime for many Texans." There were 1,255 non-profits that conducted charitable bingo games during 2009.

For more information about charitable bingo, please visit the official Texas charitable bingo Web site at http://www.txbingo.org. ■

Gaming Standards Association Creates Game Authentication Committee to Develop an EGM Validation Protocol

Committee Will Work to Alleviate Software Verification Issues

In today's gaming industry, there are three software concerns at the gaming device level. First, there is not an accepted standard for validating machine software at the machine; second, multiple versions of the game authentication terminal are being used for verification; and third, there is not a common or recommended method for validating files on high capacity storage media. To help operators, regulators and suppliers resolve this situation, the Gaming Standards Association has created the Game Authentication Terminal (GAT) Committee.

Comprised of GSA members from around the world, the newly formed committee will work to formalize a common GAT protocol interface for use in verifying the software on a gaming device by physically connecting to the gaming device. The committee will also define a common method of validating software from high capacity storage devices, such as CD-ROM, DVD, hard drive and disk-on-chip.

GSA President Peter DeRaedt said, "The lack of standardization in this area is a concern because it complicates a very important process and adds undue costs for everyone involved. As is the case with all of GSA's standards committees, the work that comes out of GAT will benefit the entire industry by solving a problem, reducing costs and creating a standard that will be globally acceptable."

About the Gaming Standards Association (GSA): The Gaming Standards Association (GSA) is an international trade association that creates benefits for gaming manufacturers, suppliers, operators and regulators. We facilitate the identification, definition, development, promotion, and implementation of open standards to enable innovation, education, and communication for the benefit of the entire industry. Established in 1998, GSA's members represent a wide cross section of the global gaming industry. Follow GSA on Facebook, LinkedIn and Twitter.

GSA's Game to System (G2S) Protocol has been named "Best Productivity-Enhancement Technology" by Global Gaming Business Magazine, one of Casino Journal magazine's "Top 3 Most Innovative Products;" and one of Casino Enterprise Management's "Top 10 Slot Floor Technologies." ∎

BC Horse Racing Revitalization Initiative

Horse racing in British Columbia, as in other jurisdictions across North America, is in difficulty and decline. The BC government recognizes the value and benefit derived from horse racing, both for the industry itself and for the broader economy (e.g.: agriculture and tourism) and has, over time, undertaken several initiatives to help to improve it. Unfortunately, the industry has been unable to turn around declining revenues or resolve inherent problems themselves and has turned to the government for assistance.

The government's response has been the establishment of the "BC Horse Racing Industry Revitalization Initiative" in Spring 2009. The scope of this initiative encompasses nothing less than the restructuring of an entire industry and the development of an entirely new financial model, management structure and accountability process. While government has taken the lead in this initiative, it has done so at the request and with the cooperation of the diverse elements of the industry.

What is unique with this initiative is that the government, which is responsible for regulating the industry, is directly involved in leading and facilitating change within the management of it. What is also different is that the deliverable for this initiative is not a report with recommendations for further consideration, but rather progressive, effective and expeditious change to the management of the industry.

The initiative, partnership and approach are innovative and, since the initiative commenced, real change has been implemented in the management of horse racing in BC:

- In August 2009, an entirely new, simplified, transparent and accountable financial model was established, which consolidates the management of industry revenues under the control of a new industry management committee.
- In October 2009, a new Horse Racing Industry Marketing Plan was developed, with the assistance of the BC Lottery Corporation, which is intended to grow the attendance and revenues of horse racing in BC.
- In November 2009, the new BC Horse Racing Industry Management Committee was created to provide strategic direction, decisions and business leadership to the horse racing industry in BC. Horse racing operators, associations and participants will continue to make operational decisions consistent with their mandated responsibilities, but they are to do so within the broad business and fiscal framework established by the Committee. The regulation of horse racing events in BC remains the responsibility of the provincial government.
- In February 2010, the Management Committee, having undertaken an in-depth analysis of industry finances, met with key industry organizations to discuss the industry's current financial circumstances and allocations for 2010. A longer term strategy was outlined, including mid to long term options to grow the industry.
- A new Performance Management (Measurement) process will be developed and incorporated into the new industry management and financial model which will measure performance against targets to understand progress and completion of industry business objectives.

While significant progress has been achieved, much remains to be done, and while success is not yet guaranteed, it is evident that the changes implemented to date improve the industry's chances of turning itself around.

With all of its challenges, however, the strength of the initiative is the willingness of all parties to come together in a new partnership with each other and with government to meet a common objective. ■

New Indiana Law Requires Casinos to Withhold Child Support Obligations

Adam F. Packer, Deputy General Counsel, Indiana Gaming Commission

The 117th session of the Indiana General Assembly adjourned sine die on March 13, 2010, with the legislature having passed none of the headline-grabbing casino laws that surfaced during the session. Despite the legislature having convened a study committee over the summer of 2009 that examined high-profile issues such as land-based gaming, relief from maritime requirements, tax breaks for Indiana's two racinos, a new casino in Gary, and a Fort Wayne casino, none of those topics found a home in an enrolled act of the legislature. The General Assembly did pass some lower-profile language that will have an immediate impact on the gaming business in Indiana. I will examine Senate Enrolled Act 163, which contains, among other things, a requirement that casinos withhold winnings from deadbeat parents and send the winnings to the state child services department.

Senate Enrolled Act 163, effective July 1, 2010, adds a new enforcement mechanism for capturing past due child support from delinquent obligors. A child support obligor is considered to be "delinquent" under Indiana law if the obligor is at least $2,000 or three months behind on court-ordered child support payments (IC 4-33-2-5.8). SEA 163 requires casinos to withhold and transmit to the Department of Child Services ("Child Services") a delinquent obligor's

casino winnings in an amount up to the delinquent obligation, as long as the obligor's winnings surpass the $1,200 tax reporting threshold. Indiana casinos will be able to identify obligors because Child Services is required to provide the casinos with information about delinquent obligors [IC 4-33-4-27(a)]. The law is silent as to how much information Child Services will provide and does not establish a procedure for a casino to obtain additional information that may be needed for enforcement purposes. The Indiana Gaming Commission may need to pass regulations regarding the exchange of information if SEA 163's silence on this topic hinders enforcement.

In an acknowledgment of the administrative cost of identifying, tracking, and withholding winnings from a delinquent obligor, the casino may take an administrative fee in the amount of three percent of the delinquent child support, or $100, whichever is less [IC 4-33-4-27(b)(1)]. Under the new law, if a patron with $2,500 in unpaid child support wins a $5,500 jackpot, the casino must first withhold state and federal tax obligations, and then submit the $2,500 delinquency to Child Services before it may retain its three percent fee ($75). Only then can the casino pay

the patron any remaining winnings and/or pay any other secured or unsecured claim on the winnings [IC 4-33-4-27(e)].

SEA 163 gives casinos protection in the form of limitation of liability clauses that: 1) recognize the possibility that a casino will accidentally pay a delinquent obligor's winnings to the obligor; and 2) address casino liability for complying with the new law. Indiana Code 4-33-8.5-4(b) states that a casino that pays winnings instead of withholding them is not liable to the "person to whom the obligor owes child support." Indiana Code 4-33-8.5-4(c) provides statutory civil and criminal immunity to a casino that complies with the new law. These protections come at a price; the Gaming Commission has the authority to penalize a casino that fails to withhold child support obligations in accordance with the prescribed procedure [IC 4-33-8.5-5(a)].

Casino Association of Indiana CEO Mike Smith offered some opposition to the bill during the legislative session by asking the legislature not to pass off a government responsibility (collection of child support) to a private business, and by arguing that the new requirement would impose an unfair burden on casino staff. He did not find many sympathetic ears, as the bill passed out of committees by a combined vote of 20-1 and passed both the House and Senate by similar margins. Smith did succeed in getting the assembly to increase the casino administrative fee to $100 or three percent of the obligation; an earlier version of the bill capped that fee at $15.

When the 118th General Assembly convenes, major casino issues will grab headlines once again. Until then, SEA 163 represents the extent of current legislative drama for Indiana's casinos. ∎

Gaming Laboratories International Hires New Development Representative

Gaming Laboratories International has hired a new development representative to continue to grow the company's presence and support for regulators and suppliers in the Latin American Region. Valerie Aramburú Gardener will be based in Lima, Peru.

A native of Peru, Aramburú Gardener has extensive experience in the Peruvian tourist and gaming industries. She has worked in Peru's Ministry of Justice, the Commission on the Promotion of Peru on Export and Tourism, in the Ministry of Interior and in the Ombudsman Office in the Special Program of Natives Communities. She holds law and political science degrees from the Universidad de Lima and multiple certifications.

GLI Latin America Development Manager Karen Sierra-Hughes said, "Valerie will be a fantastic addition to our GLI South America office and to our efforts in the Latin American region. For more than a decade, GLI has been working very closely with regulators in Peru and in countries throughout South and Central America to bring tested, certified and secure gaming into being, and we are confident that Valerie's background in law, gaming and tourist will be an enormous benefit to GLI's clients." ∎

Aristocrat Cuts Ribbon Officially Opening Mexico City Office

Paul Speirs, Steinbeck Communications

On Tuesday, 4 May, Aristocrat Technologies, Inc. cut the ribbon to open its Mexico City office, starting an exciting new era in the company's history. The office will support Aristocrat's growth strategies for Mexico.

"Mexico holds tremendous potential for Aristocrat, as Class III regulated gaming expands in this country. We recently commenced business in Mexico with major clients and will continue to aggressively pursue opportunities throughout the market. We are thrilled to be opening our Mexico City office, firmly establishing our presence and allowing us to provide high-earning gaming products and service to our customers," said Aristocrat Americas' Chief Operating Officer Seamus McGill.

Aristocrat's Vice President of Latin America Alvaro Nores will be responsible for overseeing and directing Aristocrat's Mexican business strategy, and Carlos Carrion, Director of Sales and Operations for Mexico, will direct the Mexico City's office sales and support staff.

Aristocrat's new Mexico City office is located at Av de Las Palmas 425 Of., 1401 Col. Lomas de Chapultepec, Mexico D.F. 11000. The office phone number is +52 55 5282 4800.

Aristocrat Technologies, Inc. is a subsidiary of Aristocrat Leisure Limited (ASX: ALL), a leading global provider of gaming solutions. The company is licensed by more than 200 regulators, and its products and services are available in more than 90 countries around the world. Aristocrat offers a diverse range of products and services including interactive video terminal systems and casino management systems. For further information visit the company's website at www.aristocratgaming.com. ∎

Cutting the ribbon on Aristocrat's new Mexico City office are Carlos Carrion, Director Sales and Operations, Aristocrat Technologies Mexico; Juan Jose Rivas, Director de Juegos, CIE; Kim Pasha, Director General, CODERE Mexico; Eduardo Hernandez, President and CEO, CALIENTE; Seamus McGill, COO, Aristocrat Americas; and Alvaro Nores, VP, Aristocrat Latin America.

NAGRA 2010 Conference Agenda

Saturday, June 26

8 a.m.: NAGRA Board Meeting

8 a.m. to 5 p.m.: **Fraud Training (8 CPE hours): Investigating Sports Bookmaking Operations**
This session focuses investigating organized sports bookmaking operations.
Instructor: Tom Oberweiser, Montana Dept. of Justice

Sunday, June 27

1:30 to 2 p.m.: **General Session: NAGRA Welcome and Opening Remarks**
from NAGRA President Rick Saville; Honourable Rich Coleman, Minister of Housing and Social Development

2 to 3 p.m.: **General Session: The Future of Gaming in British Columbia**
This session covers BCLC's role for the conduct and management of gaming in British Columbia and the vision for the future.
Speaker: Michael Graydon, President and CEO, BCLC (British Columbia Lottery Corporation)

3 to 3:30 p.m.: Break

3:30 to 5 p.m.: **General Committee Breakout Sessions**
Charitable Gaming Roundtable
Lottery Roundtable
Investigator Roundtable (closed)
Internet Gaming Roundtable
Casino/Electronic Roundtable
Responsible Gaming Roundtable

6 p.m.: **Welcome Reception**

Monday, June 28

8:30 to 9:45 a.m.: **General Session: The Law of Internet Gaming: A Comparison between Europe, the United States, and Canada**
This session will focus on the law of internet gaming in Great Britain, Italy and other areas of Europe, and in the United States and Canada.
Speaker: Michael Lipton, International Masters of Gaming Law

9:45 to 10:15 a.m.:   Break

10:15 to 11:30 a.m.:   **General Session: Virtual Villainy: Cyber-fraud, Cyber-extortion and the Internet Gambling Environment**
This session will focus on criminal activities in the online poker and sports book environment. Attendees will be provided with an detailed review of recent cases involving fraud and extortion that took place in jurisdictions where legal/regulated and unregulated Internet gambling was conducted. Criminal techniques, motivations and associations, along with legal problems and challenges, will be highlighted.
Speaker: Dr. John McMullan, St. Mary's University

11:30 a.m. to 1:30 p.m.: Lunch – EXHIBIT HALL OPEN

1:30 to 2:45 p.m.:   **Breakout Sessions**

» **Charitable Gaming: Kentucky's Proposal for Accounting Software System**
This session will discuss the new process for distributing and reporting for pull tabs and bingo paper.
Speakers: Henry G. Lackey and Leah Cooper Boggs, Kentucky Dept. of Charitable Gaming
» **Internet Gambling: Internet Gambling Task Force (closed)**
» **Casino/Electronic: Technical Developments in Software and Verification**
This presentation will outline technical developments for software verification methodologies and the unique challenges resulting from changing technologies used in gaming software.
Speaker: Greg Kobe, President, Kobetron Inc.
» **Lottery: Scratch Ticket Security and Regulation**
A panel discussion focusing on scratch ticket security, investigation and regulation. Retailer theft and compliance projects will be examined during the session.
Speakers: Jim Haynes, Director, Nebraska Lottery; Walter Gaddy, Gtech; Joe Sellens, Kansas Lottery
» **Indian Gaming Roundtable**

2:45 to 3:15 p.m.: Break

3:15 to 4:30 p.m.: **Breakout Sessions**

» **Charitable Gaming: New Bingo Games, Technology and Software**
This session will discuss the new games, technology, and software available in bingo and the charitable gaming sector.
Speakers: Mark Newton, VKGS, Inc.; Phil Sherwood, Multimedia, Inc.; Blair Smith, 50/50 Central; Rick Sleaver, Arrow Games
» **Investigators and Lottery: Lotteries – A Review of Insider Wins**
This session focuses on the methodology of unifying multiple disparate data sources in performing a detailed analysis on transactional data to uncover areas of risk in relation to the Lottery Retailer Insider base, which was conducted in Ontario.
Speaker: David Stewart, Deloitte & Touche LLP

» **Casino: RFID Chip Technology in Table Games**

RFID development in gaming chips has been on-going for more than 15 years; the focus of the technology has varied from security to player tracking and full game tracking. There has been a transition in the technology over the last few years to a new high speed infrastructure which is enabling a broader number of requirements to be met. Where is this technology going and how can casinos benefit, what return on investment can an operator expect and what are the benefits to the consumer?

Speaker: Carl Rushton, International Product Manager, IGT - Network Systems

» **Internet Gambling: Internet Gambling Task Force (closed)**

Evening: No scheduled activites; free evening

Tuesday, June 29

8:30 to 9:45 a.m.:   **General Session: Responsible Gaming Standards for Gaming Venues**
Gaming providers have been investing significant time and resources in the past decade in their "responsible gambling programs." But, until now, there have been no independent benchmarks for assessing the quality of these programs.

The Responsible Gambling Council, an independent non-profit dedicated to problem gambling prevention, has created a set of voluntary standards for the RG components of gaming operations. The standards, titled "the Responsible Gambling Index," were created over a seven year period in consultation with gamblers, treatment providers and gaming providers. Based on the standards in the Responsible Gambling Index, the RGC has initiated a voluntary accreditation program. The "RG Check" program offers gaming providers the opportunity for independent assessment of their programs. This presentation will provide information about the standards in the Index as well as the accreditation process.
Speaker: Jon Kelly, Chief Executive Officer, Responsible Gambling Council

9:45 to 10:15 a.m.: Break

10:15 to 11:30 a.m.: **Breakout Sessions**

» **Charitable Gaming and Investigators: Bingo Scam**

The session will describe how a Bingo Chairperson can manipulate the payout of several games and record the information without raising concerns over several years. Finally, a co-worker complains about the book-keeping and an investigation is launched with some startling results. The details of the inquiry and the methods used by the individual will be explained throughout the presentation.
Moderators: Charles Devenney, Manitoba Gaming Control Commission; Aaron Wong, Dept. of Justice, Div. of Gambling Control, California
Speaker: Denis Martin, Manitoba Gaming Control

» **Casino and Electronic Gaming: Anti-Money Laundering Strategies**

This session focuses on Anti-Money Laundering strategies for casinos.

Speaker: Ivan Zasarsky, Deloitte & Touche LLP

» **Indian Gaming: New National Indian Gaming Commission Leadership**

Update on US Federal Indian Gaming policies.

» **Internet Gambling: Internet Gaming Technical Standards**

Representatives from Technical Systems Testing (TST) and the BC Gaming Policy and Enforcement Branch will discuss the development of technical standards for the online gaming industry in British Columbia and the challenges faced by the regulator to ensure implementation and compliance.

Speakers: Stephen Lefler, BC Gaming Policy and Enforcement Branch; Salim Adatia, CEO, Technical Systems Testing, Inc.

11:30 a.m. to 1:30 p.m.: **Lunch – EXHIBIT HALL OPEN**

1:30 to 2:45 p.m.: **General Session: Cutting Edge Technology: A Worldwide View**

Technology is increasingly being exported globally, and used without borders. What impact will advancing technologies have on gaming in North America and what should NAGRA members consider? This session will take a 30,000-foot look at the benefits and challenges new technologies will soon have across the continent, and how now is the time for regulators to think about how their jurisdictions should respond.

Speaker: James R. Maida, President, GLI, Inc.

2:45 to 3:15 p.m.: Break

3:15 to 4:30 p.m.: **Breakout Sessions**

» **Charitable Gaming: What is New in the World of Pull Tabs**

This session will discuss new types of pull tabs, verifiers, and dispensing machines.

Speakers: Scott Henneman, Vice President, Oasis Gaming; Jon Weaver, President, Vanguard Entertainment

» **Investigators: Coin Pusher Investigations**

A national problem is unfolding regarding "Coin Pusher" machines. Law Enforcement Agencies are experiencing difficulties in tracking and dealing with the owners who are placing these machines in gas stations, mini-marts, dollar stores and truck stops. The owners are promoting the equipment as being "games of skill," however, court rulings have clearly identified the devices as slot machines. Profits on the use of the machines can be in the thousands per month. The Presenter is the Intelligence Manager for Arizona Dept. of Gaming and the session should produce practical information and details regarding the approaches being taken by Arizona in dealing with this "problem."

Speaker: Reynolds Nejo, Arizona Dept. of Gaming (closed session – Regulators Only)

» **Casino/Electronic, Internet Gaming and Responsible Gaming: Responsible Gaming and Self-Exclusion Rules**

This session will present for discussion evolving best practices and challenges related to gambling venue self-exclusion from the perspectives of providing assistance for problem gamblers and of security and surveillance issues.

Speakers: Adrian (AJ) Maisonneuve, GameSense Team Leader, British Columbia Lottery Corporation; Terry Towns, Vice President Security and Compliance, British Columbia Lottery Corporation

» **Lottery: Online Ticket Security and Regulation**

The session will include an open discussion of regulations and security issues associated with manufacturing and selling online lottery tickets.

Speakers: Jim Haynes, Director, Nebraska Lottery; Tim Rutten, General Manager, Intralot Nebraska; Bryon Hodgkin, Manager Lottery Investigations, British Columbia Lottery Corporation.

6 p.m.: **Closing Award Reception**

Wednesday, June 30

8:30 to 9:45 a.m.: **General Member Meeting**

9:45 to 10:15 a.m.: **Board and Committee Chair Meeting**

10:15a.m. to 12 p.m.: **Board Meeting**