

Senate Bill 2296

February 10, 2021

Good Morning Chairman & Committee members

I am Charles Bailey, representing the Standing Rock Sioux Tribe in my capacity as Gaming Commission Chairman for the Standing Rock Sioux Tribe. I am here to support a do pass for Senate Bill 2296.

You have heard testimony in support of this bill and the various reasons for it. I would like to address the electronic pull tab device employees or bar employees that play a role in the conduct of the game. The comparison of a slot employee licensed as a key employee and an unlicensed bar employee redeeming credit vouchers from guests on behalf of organizations. The state has a gaming commission in place within the century code that can be utilized to conduct license eligibility determinations and adopt Internal controls to protect the integrity of the games being offered by organizations across North Dakota.

As you see these devices are very similar in appearance and functionality however there is very distinct differences in regulation of them.

Video link –<https://www.youtube.com/watch?v=cXBk5cPrqWE>

Slot/Cashier employee:

Casino employees that access sensitive areas of a slot machine are licensed by the gaming commission:

- Background investigation.
- Criminal history information- live scan fingerprint with results within 72 hrs via NIGC MOU with FBI.
- Personal character information.
- Drug screening.
- Tribal Access Portal of NIGC can be accessed to verify past licenses issued by other tribes and employment verification. TAP allows authorized tribal regulators to review and licensing actions by other tribal gaming regulatory authorities.
- Investigative Reports completed for gaming commission review.
- licensing standards - Eligibility Criteria.
- Determination -- Notification of Results to NIGC for compliance.
- Monthly inspection of licensed key positions by North Dakota Attorney General.
- Licensee may not pose a threat to public interest or to the effective regulation of the gaming, creates or enhances the dangers of unsuitable, unfair, or illegal practices and methods and activities in the conduct of the gaming...
- License hearing for documented violations of internal controls and licensing standards.
- Annual renewal and review of the above.

Internal controls for slot/cashier employees:

- Restricted access of sensitive areas of device by key control.
- No access to sensitive areas without a second key licensed individual present.
- Device entry Logs for every entry - written and electronic
- Separation of duties verify/payout, cannot take ticket and act as cashier.
- Conduct variance checks on devices with investigative report when complete
- Signs off on set-up of device ensuring denomination is set correctly, payout is correct, and verification of device to par sheet.
- Compliance with IRS regarding payouts and BSA training and certification of level II
- Monitoring for compliance of BSA/AML proper documentation and report of suspicious activity.

Electronic Pull tabs:

Bar employee are not charitable organization employees however they may be allowed to provide limited assistance to an organization:

- No background investigation.
- No Criminal history information.
- No Personal character information.
- No eligibility criteria – licensing standards.
- No license issued – No compliance with 53-06. 1-06 (5). A person is restricted from being involved in gaming... other than 53-06. 1-06 (1).
- No consequence for violation of license standard or internal control violation.

Internal controls for bar employees:

- No compliance with any requirements or internal controls of an organization employee, distributor, manufacturer.
- No requirement for a bar employee who provides cash transactions for the redemption of a ticket voucher. Conduct of the game simply doesn't end when you take your ticket out of the machine. As below in AR 99-01.3-02-01 definitions - Conduct of a game is in fact defining cash transactions.
- No internal controls regarding redemption of credit voucher tickets by an outside entity to complete game.

99-01.3-02-01 Definitions, at subsection 9 “Conduct of games” it is defined as means the direct operation of a game on site, including placing pull tabs in, withdrawing currency from, and buying back redeemed winning pull tabs dispensed from a dispensing device; and withdrawing currency from and buying back redeemed credit ticket vouchers dispensed from and electronic pull tab device.

This bill brings some regulatory compliance with Bank Secrecy Act (BSA) and Anti-Money laundering (AML) that is needed to combat the illegal activities that support the very things that hurt our communities across

North Dakota. It provides limits on these devices to balance the security, vitality and integrity of the gaming industry for charitable and tribal gaming. Lastly it addresses non-licensed individuals that play a role in the conduct of the game.

In closing, it is my hope that we collaborate in an effort to provide games of integrity to the people of North Dakota. I sincerely hope for a do pass on SB 2296.

Thank you for your time, I stand for any questions.



WHAT ARE ELECTRONIC PULL TABS?

