

Regulatory Issues Update Webinar

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Today's Presenter

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Agenda

Indian Tribal Government (ITG) Guidance

- Clarification on secondary form of ID for jackpot payouts (W-9)

MICS Updates

- Compliance with Part 543 Minimum Internal Control Standards for Class II Gaming

FinCEN Updates

- CTR 15 day filing requirement
- Agent activity

Other Regulatory Hot Topics

- Use of military IDs, and other Federal IDs

Indian Tribal Government Guidance



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Indian Tribal Government Guidance

- ITG June 2012 Newsletter
- *“A Form W-9, Request for Taxpayer Identification Number and Certification, does not meet the requirements for gathering identification. It is a self-serving federal government form which duplicates the information contained on the Form W-2G. Therefore, whenever the Treasury Regulations call for two forms of identification (for W-2G purposes), a Form W-9 is not considered to be identification nor is it mentioned as one of the acceptable forms of ID.”*

Indian Tribal Government Guidance

- Regulation referenced in IGT newsletter is from the 1960's when social security cards were regularly carried
 - Technically the IRS can issue a fine
 - ITG Agents indicated that it will be unlikely that any fines will be associated with this regulation
- The industry practice is to have a W9 completed if there is not a secondary form of ID readily available
- Enforcement of this regulation has NOT been communicated to commercial gaming

Indian Tribal Government Guidance

- Players Club Cards

- “If the casino has a system of updating [players club] information periodically, the player's club card is considered a form of identification for IRS purposes.”

~ A Casinos Employee’s Guide to “When Do I Need To Ask For ID?” by the Office of Indian Tribal Governments (April 2004, p34)

Compliance with Part 543 Minimum Internal Control Standards for Class II Gaming

Do I need to comply with the new 543 MICS?

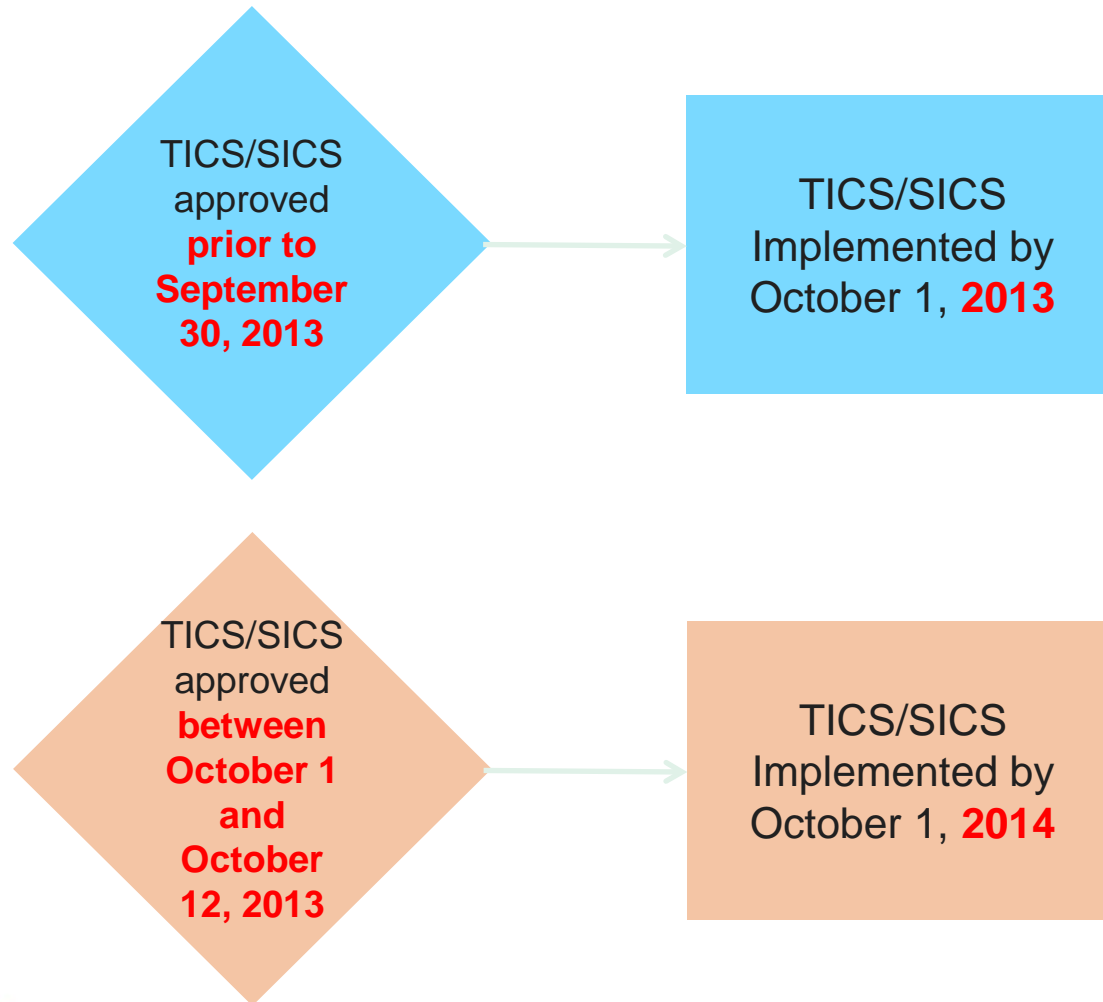
- What if we **ONLY** offer Class II gaming?
- What if we **ONLY** offer Class III gaming?
 - State Compact Agreements
- What if we offer Class II **AND** Class III gaming?
- Office of the General Council potential ruling
- NIGC still recommends using 542 MICS for Class III gaming

MICS 543 Class II Gaming

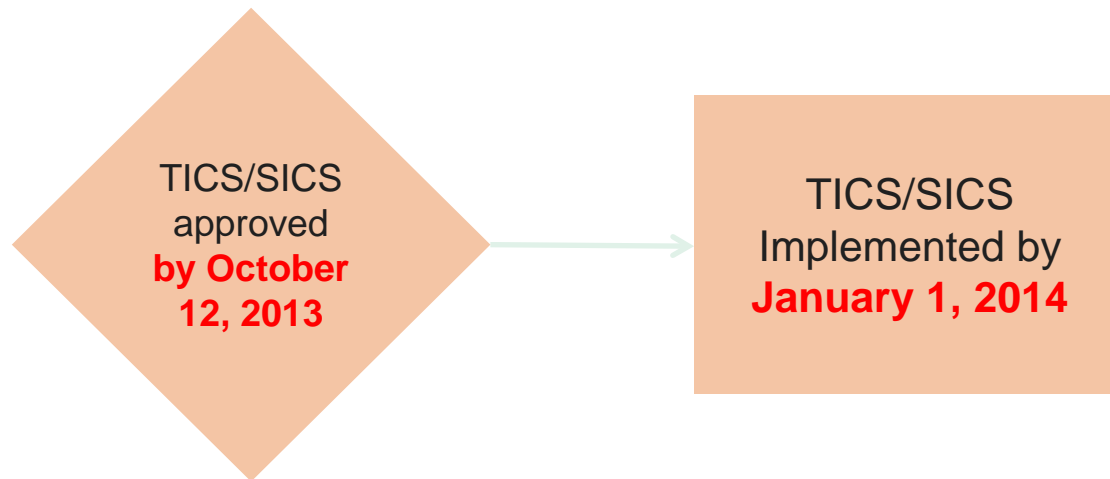
- Definitions
 - TICS: Tribal Internal Control Standards
 - SICS: System of Internal Control Standards

- Time Line for updating TICS/SICS
 - All TICS/SICS have to be **approved** by October 12, 2013
 - Implementation based off of Fiscal Year
 - Extensive changes to the MICS

MICS 543 Class II Gaming September 30 Year End



MICS 543 Class II Gaming December 31 Year End



MICS 543 Class II Gaming

- Class II MICS
 - Bingo
 - Pull Tabs
 - Card Games
 - Comps
 - Patron deposit & cashless systems
 - IT
 - Surveillance
 - Accounting
- NEW!
 - Kiosks
 - Gaming Promotions and Player Tracking Systems
 - Revenue Audit (significant changes)

Kiosks

- Kiosks are now regulated under the MICS
 - Must be maintained on the cage accountability
 - Must be counted independently by at least two employees, documented, and reconciled for each increase or decrease to the kiosk inventory
- Currency cassettes
 - Counted and filled by an employee and verified independently by at least one other employee
 - Signatures
 - Secured with a lock or tamper resistant seal and, if not placed inside a kiosk, must be stored in a secured area of the cage/vault
- Physical controls, system communications, & more

Gaming Promotions and Player Tracking Systems

- Player Tracking System
 - Is now under its own section and not included in the gaming machine section
 - The requirements are extended to “*Player tracking systems and gaming promotions*” which include
 - player tracking systems
 - promotion and external bonusing system parameters
 - The casino must establish, as approved by the TGRA, the threshold level at which a variance must be reviewed to determine the cause. Any such review must be documented.

Gaming Promotions and Player Tracking Systems cont...

- ALL gaming promotions must now have rules displayed or made readily available to patron upon request and approved by the TGA
- The Rules must include the following:
 - The rules of play
 - The nature and value of the associated prize(s) or cash award(s);
 - Any restrictions or limitations on participant eligibility;
 - The date(s), time(s), and location(s) for the associated promotional activity or activities;
 - Any other restrictions or limitations, including any related to the claim of prizes or cash awards;
 - The announcement date(s), time(s), and location(s) for the winning entry or entries; and
 - Rules governing promotions offered across multiple gaming operations, third party sponsored promotions, and joint promotions involving third parties.

Revenue Audit Procedures

- Player Tracking System
 - Configuration parameters of player tracking system
 - Manual point adjustments
 - Transfer of points between accounts
 - Access to inactive and closed accounts

- Gaming Promotions

- Cash Counts

FinCEN Updates



FinCEN- Updated CTR and SAR Requirements

- There is no longer a CTRC or SARC form
- Electronic filing is now required for all CTRs and SARs
- Filing of CTRs are now required within 15 days of activity

CTRs and Agent Activity

Big Question:

How do you handle the filing of CTRs when you know that some agent money is for Patron A and some money is Patron B's activity?

FinCEN – Agent Activity

- Key to Agent Activity:
 - Transactions conducted BY someone AND
 - Transactions conducted ON BEHALF of another person
- Transactions must be aggregated by patron regardless if the transaction is for themselves or on behalf of another patron

Other Regulatory Hot Topics

Other Hot Topics – Military & other Federal IDs

- *“Federal Government and Military IDs are considered to be valid forms of ID, but it is against the law to make copies. If your internal policies dictate that copies are to be made of any and all IDs presented, keep in mind that Title 18, U.S. Code Part 1, Chapter 33, Section 701 prohibits the duplication of these IDs and is punishable by fine and/or imprisonment. Thus, you may accept this type of ID but you may not photocopy it.”*
 - June 2012 Edition of Indian Tribal Governments News

How we can help

- **NIGC Class II MICS**
 - Compliance Assistance
 - Provide detailed training on new MICS
 - Regional
 - Property specific
 - Assist in the update of the TICS
 - Assist in the update of the SICS
 - Perform cross-reference of SICS to TICS and provide recommendations
 - Operational Improvement with Compliance
 - Work with management to identify process improvement opportunities during the re-work of the SICS while maintaining compliance with the new TICS

How we can help, continued...

- Title 31
 - Training
 - Risk Assessment
 - Annual Testing
 - Update of Compliance Programs
- Other Regulatory Items
 - Tax compliance testing
 - Internal audit of non-gaming areas
- Process Improvement
- Revenue Optimization
- Analytics

Upcoming McGladrey Events

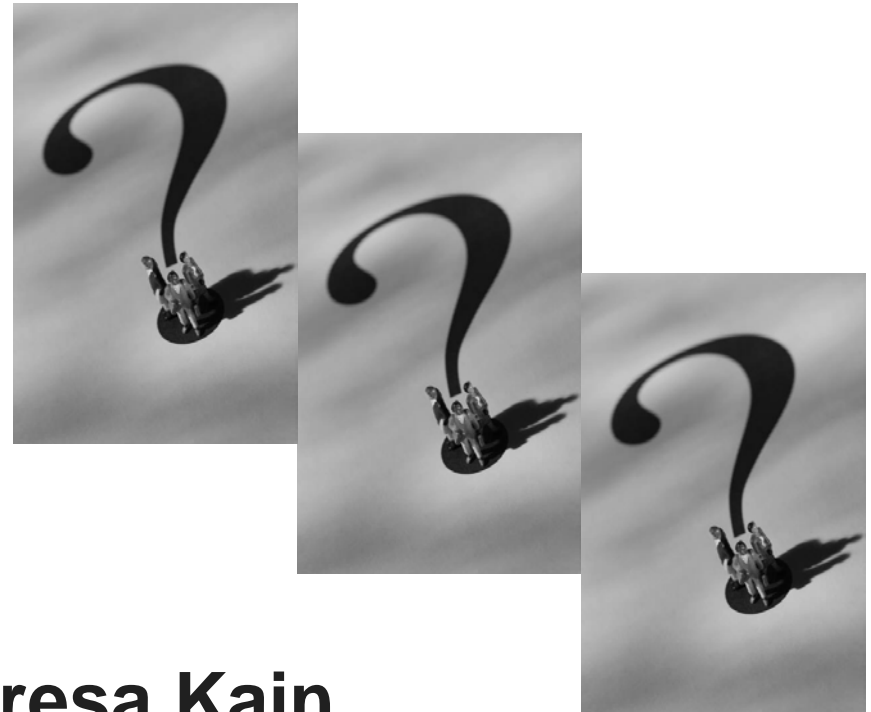
- One-day Regulatory Update Seminar: Title 31 and NIGC MICS
 - Tachi Palace, Lemoore, CA
 - Choose from either July 23 or 24
- OIGA
 - Cox Convention Center, Oklahoma City
 - Booth #906



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Questions?



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