

For Immediate Release

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NIGC Publishes Class II Regulations

Washington DC, October 24, 2007 – Today the National Indian Gaming Commission (NIGC) announced the publishing of four proposed rules in the Federal Register: classification standards to distinguish between Class II games played with technologic aids and Class III facsimiles of games of chance, a revision of the definition of “electronic or electromechanical facsimile,” technical standards for class II gaming, and Class II minimum internal control standards (MICS).

As with every other segment of today’s economy and society, computerization and advances in technology have changed the way today’s gaming is conducted. These changes have blurred the distinction between Class II bingo, lotto, “other games similar to bingo,” pull tabs or instant bingo played primarily through “electronic, computer or other technologic aids” and Class III “facsimiles of any game of chance.”

“These proposed standards will clarify the distinction between the technological aids tribes may use to play Class II games—bingo and the like--which may be utilized without compacts with their states, from that equipment used for the play of Class III games, such as slot machines, which may only be played when there is an approved tribal-state compact for that activity,” Commission Chairman Phil Hogen said.

Hogen continued, “Without a clear demarcation, I am concerned that confusion and contention over the technology to be used for uncompact, Class II play will lead to challenges to the dominant market position many tribes have worked so hard to establish with their Class II gaming. Those challenges could come in the way of allegations that technology for Class II has gone beyond its limit. It could come as well by increased competition for this market where states expand their limits on bingo-type technology, if they see no meaningful constraints on tribal activity in this area.”

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“Bingo and Class II gaming is the bedrock upon which Indian gaming was built, and its integrity needs to be maintained,” Hogen said. “With the bright line that will be drawn when these regulations are finalized, tribes may confidently invest in equipment, lenders concerns over challenges in this area will be allayed, and tribes will have a clearer basis from which to negotiate with states for Class III compacts” Hogen concluded.

The Commission is proposing a companion regulation designed to be implemented with the classification standards. This contains technical standards for the equipment used to aid the play of class II games. This proposed rule would establish technical standards for Class II games that are played primarily through “electronic, computer, or other technologic aids.” The proposed rule would also establish a process for assuring the integrity of such games and aids before their placement in a Class II tribal gaming operation. No such standards currently exist. The Commission has proposed this action in order to assist tribal gaming regulatory authorities and operators in ensuring the integrity and security of Class II games and gaming revenue.

The Commission is proposing a second companion rule -- Class II Minimum Internal Control Standards (MICS). The proposed rule is limited to internal controls for bingo and other games similar bingo. This is the Commission’s first step toward the full separation of Class II and Class III MICS.

The NIGC will accept comments for a 45-day period from date of publication in the Federal Register.

The proposed rules are available on the NIGC website (www.nigc.gov).

The NIGC is an independent regulatory agency established within the Department of the Interior pursuant to the Indian Gaming Regulatory Act of 1988.

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