

# CGCC-8: AN OVERVIEW

California Regulator Networking Meeting

December 17, 2009

# CGCC-8: CHRONOLOGY OF EVENTS

- **March 2007** – CGCC introduced concept of CGCC-8 to Tribal gaming organizations
- **July 2007** – CGCC formally presented CGCC-8 to the Tribal-State Association
  - Association created a Taskforce to address CGCC-8
- **February 2008** – Taskforce final report issued
- **March 2008** – CGCC adopted March 13, 2008 version of CGCC-8
- **September 2008** – Association disapproved of March 13, 2008 version of CGCC-8

# CGCC-8: CHRONOLOGY OF EVENTS

- **October 2008** – CGCC adopted October 1, 2008 version of CGCC-8
  - CGCC provided notice of a December 8, 2008 meeting to adopt CGCC-8 as a final regulation
- **November 2008** – CGCC cancelled December 8, 2008 meeting
- **April 2009** – CGCC distributed April 15, 2009 version of CGCC-8 to Tribes
  - CGCC provided notice of a June 19, 2009 meeting to adopt CGCC-8 as a final regulation

# CGCC-8: CHRONOLOGY OF EVENTS

- **June 2009** – Association created a 2<sup>nd</sup> Taskforce to address CGCC-8
  - In support of the Taskforce process, CGCC cancelled the June 19, 2009 meeting
- **June 2009 through August 2009** – Taskforce held multiple full-day meetings to work through Tribal concerns regarding CGCC-8
  - Taskforce issued a final report including an August 6, 2009 draft of CGCC-8 authored by the Taskforce

# CGCC-8: CHRONOLOGY OF EVENTS

- **August 2009** – CGCC provided notice of September 24, 2009 hearing to consider adoption of a final version of CGCC-8
- **September 17, 2009** – Association voted to approve Taskforce report on CGCC-8 and requested that the CGCC adopt the August 6 draft of CGCC-8 as a proposed regulation
- **September 24, 2009** – CGCC adopted the August 6 draft of CGCC-8, as drafted by the Taskforce, as a proposed regulation

## CGCC-8: WHAT IT DOES

- Reaffirms the role of Tribal Gaming Agencies as “primary regulators” of Tribal gaming operations
- Reaffirms the right and responsibility of Tribes to adopt and enforce regulations and minimum standards governing Tribal gaming operations
- Fills an interpretive void in the Compacts by creating a logical set of protocols governing the process by which the State verifies that Tribal gaming operations comply with the Compacts

# CGCC-8: DEMYSTIFYING ITS TERMS

- **CGCC-8 is not a Compact Amendment**
  - Section (a)(5) of CGCC-8 states: “Nothing in this regulation shall modify or amend the Compacts. To the extent there is any conflict between the provisions of this regulation and the Compacts, the provisions of the Compacts shall control.”
- **CGCC-8 does not require Tribes to adopt minimum internal controls written by the State**
  - Under Section (b)(1) of CGCC-8, each Tribe retains the right and duty to create its own regulations, including minimum internal controls, governing gaming operations. Sections (b)(2) and (b)(3) of CGCC-8 simply require something that Tribes are already doing: adopting and enforcing minimum internal controls that either meet/exceed the NIGC minimum internal control standards or otherwise comply with the requirements of the Compacts.

# CGCC-8: DEMYSTIFYING ITS TERMS

- **CGCC-8 does not require Tribal Action Plans**
  - Section (i)(2) of CGCC-8 recognizes that the Tribe may not provide a written Tribal Action Plan. Under Sections (h)(1) to (h)(6) of CGCC-8, Tribes can choose how to respond, if at all, to any CGCC findings. A Tribe can disagree with CGCC findings and take the position no action is necessary. These procedures give Tribes the basic due process rights to comment upon CGCC findings and to require that such comments be included as part of any final written reports issued by the CGCC.
- **CGCC-8 authorizes only one State agency to verify compliance with a Tribe's minimum internal control standards**
  - Section (a)(3) states that “Only the CGCC shall be permitted to conduct compliance inspections under this regulation . . . At no time shall more than one State agency serve as the SGA under this regulation.”

# CGCC-8: DEMYSTIFYING ITS TERMS

- CGCC-8 does not require Tribes to authorize the NIGC to verify compliance with minimum internal control standards
  - Section (m) of CGCC-8 is not mandatory; it is optional. As an alternative, Tribes may voluntarily change their gaming ordinances in order to authorize the NIGC to verify compliance with minimum internal control standards, but are not required to do so.
- Tribes are not required to appear before the CGCC to resolve disputes
  - Sections (1)(2) and (1)(3) of CGCC-8 provide that "at the option of the Tribe, the matter may be referred to" the CGCC. Section (1)(3) of CGCC-8 submits to the Section 9.0 Compact dispute resolution process.

## CGCC-8: IMPACT ON FUTURE REGULATION

- The process initially chosen by the State to force its version of CGCC-8 upon the Tribes was an insult to the sovereignty of all California Tribes
- The Taskforce formed by the Tribes and State through the Association fixed the process by implementing a collaborative process for creating regulation contemplated by the Compacts
- Approving the Taskforce version of CGCC-8 sends a clear message to the State that Tribes expect and support negotiated regulation

# CGCC-8: IMPACT ON PUBLIC PERCEPTION

- **Current Public Perception:**
  - Tribal casinos are lightly regulated, if at all
  - Tribes do not want their casinos to be regulated
- **Beware of bad press:**

*“Problems found in software of slots – Lapses uncovered at Indian casinos”*

April 11, 2008 (San Diego Union Tribune)
- **Approving the Taskforce version of CGCC-8 sends a clear message to the public that Tribal casinos are heavily regulated**