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August 31, 2004

VIA FACSIMILE

**Mr. William Grant, Esq.
National Indian Gaming Commission
1441 L Street NW, Suite 9100
Washington, DC 20005**

RE: SDG Proposed Regulation Draft

Dear Mr. Grant:

Thank you for the opportunity to provide our experience to the NIGC regulation process. Attached please find our suggestions on two aspects of the proposed regulation: 1) the value of the game winning prize, and 2) demonstrating the prizes available to the player.

I am very sorry this has taken so long to produce. The more time we spent on the language, the more it became apparent just how complex the issue is. After several re-writes, we believe the following language best answers the questions you posed.

Please feel free to call either Bob Luciano or me to discuss these at any time.

Sincerely,

A handwritten signature in cursive script that reads "Rob Miller".

**Rob Miller
Vice President, Business Development**

CC: Joseph Webster, Esq. Hobbs Straus Dean and Walker

1. In the Commission's First Draft of Classification Standards, a requirement is proposed limiting the game-winning prize to "no less than 50% of the amount wagered, and at least one cent."

Although we understand the intent of this regulation is to make the game-winning prize significant and meaningful to the player and to the play of the game, we do not believe that Congress intended to regulate the value of bingo prizes awarded by Indian tribes. Rather, consistent with the language of the IGRA, we believe that the only requirement is that the game-winning prize should have a monetary value.

The language we propose addresses the issue by requiring the game-winning prize must be a minimum of 1% of expected wagers in the game, based upon expected average number of players and aggregate wagers. This is obviously a little complicated, in that verification of operation would require a periodic report of operation to validate compliance.

Stating the requirement in this way ensures the game-winning prize is significant and meaningful to the player. It ensures the prize has value, as a set percentage of all player wagers contribute to the prize. It's important to note that in traditional large jackpot games, typical contributions to the jackpot range from .25% to 1% of all wagers. These represent a significant and compelling basis for players to play those games.

A proposed regulation could state:

"The game winning prize must constitute a minimum of 1% of all wagers in a particular bingo game."

To provide tribes with maximum flexibility, we suggest that the minimum percentage be no more than one percent. Also, note that this regulation would be a floor and not a ceiling.

2. Clearly distinguishing the Class II game of bingo from a Class III game requires that each element of the game be clearly demonstrable to the player. One such demonstrable aspect must be the presentation to the player of all prizes available and the method for achieving the prize.

Each achievable pattern must be shown to the players, along with the associated payout determined by those patterns.

A player must be presented with enough information to determine their payout from the bingo play. This must, at a minimum, include the card and card identification, the game identification, and balls drawn. Balls that contribute to a winning pattern must be depicted with a distinct and different form than non-contributing balls. Winning patterns, prizes determined by variations of or within a pattern such as position, color, value or other method must be displayed and/or available to display to the player prior to the play of game.

A proposed regulation could state:

“If prizes are determined by achieving particular arrangements of numbers on the player’s card, then each potential arrangement, the rules associated with achieving the arrangement, and the prize associated with that arrangement must be available for player inspection.”

For score-based games, the principle must be that the player can determine how a score is calculated, then be able to reference a particular score’s prize value from a table. An example score calculation would also be helpful to the player’s understanding.

A proposed regulation could state:

“If prizes are determined by achieving particular mathematical outcomes based on the order in which the numbers are determined, then each potential outcome and the prize associated with the outcome must be available for player inspection.”