



**Osage Nation Gaming Commission  
612 Leahy  
Pawhuska, Ok 74056**

The Osage Nation Gaming Commission submitted a proposed budget appropriation of approximately \$1.5 million, which constitutes but 1% of the enterprise's gross revenue. There was absolutely no padding in the proposed budget, which is offset by \$341,000.00 in revenue the Commission anticipates it will recover from employee and vendor licensing fees.

The Osage Million Dollar Elm casinos currently rank number four in the National Indian Gaming Commission's Region five in terms of number of gaming operations (7).

The staff of the Osage Nation Gaming Commission employee licensing department consists of 8 employees responsible for the background investigations and annual renewal investigations for more than 1,100 employees.

The Commission's vendor licensing department consists of 3 employees responsible for performing background and annual renewal investigations for nearly 100 commercial vendors each year.

The Commission's compliance department consists of 5 employees responsible for the regulation of approximately 3,300 electronic gaming machines as well as overseeing the Nation's technical compliance with Federal, State and Tribal laws and regulations. The compliance department is on call 24 hours a day, 7 days a week.

The staff of the Osage Nation Gaming Commission Internal Audit Department consists of 3 employees responsible for the performance of audits and reviews on every aspect of the gaming enterprise. The Internal Audit Department currently has 190 scheduled audits or reviews per year. This does not take into account the number of specialized audits that are requested, the number of special IA projects that arise or the time it takes to perform these specialized audits. The Internal Audit department is also on call 24 hours a day, 7 days a week.



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The Gaming Commissioner is responsible for the organization and oversight of all regulatory activity, as well as communicating and coordinating with Osage Nation Government, state compliance officials and the National Indian Gaming Commission.

In order to perform these functions to the degree of effectiveness required by Federal and State laws and regulations, and to maintain a level of professional credibility with our peers; the support of several external professional resources such as attorneys, accountants, private investigators, background investigation firms and others are required. It is noted and evidenced that the proposed budget line item for Professional Contractual Fees is already reduced by \$150,000 for fiscal year 2009. This was done by the Commissioner's own initiative; as the Commission staff has largely achieved an effective level of professional development in procedural, accounting and compliance matters and can now confidently proceed more autonomously than before. However, this cannot and should not be construed as the Gaming Commission's sole source of required support. The Gaming Commission is, in almost all instances, required to rely on and utilize the resources provided by the above mentioned professionals. Were this not to be the case and a technical error or legal misstep were to occur; say, for example, a lack of proper contract review, the cost to the Osage Nation could be many, many times more than the amount purposed in the Commission's budget line item for Professional Fees. Currently, a DC Law Firm is engaged under contract with the Osage Nation to provide legal resources and support to the Commission. From time to time, this firm is also authorized for special projects and legal reviews by other branches within the Osage Government, the cost of which is paid from the Commission's budget.

The gaming industry and the technology inherent to this industry is constantly changing. Equipment acquired one year ago can be obsolete this year. For example, a device called a Kobitron is required by federal regulation to be used to test the electronic signatures on the chips used in the compacted class III games; and sells for approximately \$10,000. The Commission now has two for the ongoing installations and testing of over 1,700 compacted class III games; with more class III games undoubtedly on the way. The ones the Gaming Commission have used over the past two years are quickly becoming worn and obsolete as the technology changes in the gaming machines and server based systems they are required to test. These devices are also used to resolve patron disputes by testing the game software of a machine alleged to have malfunctioned. The resolution of prize claims by the Tribe is required by the state compact. Also, in order to stay within the compliance



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standards of the State and Federal agencies, new versions of background investigation, chip testing and fraud detection software need to be purchased and utilized. These would include but are not limited to accounting (NIGC), Title 31 (Internal Revenue Service) and OFAC (U.S. Treasury).

The Osage Nation Gaming Commission is charged with and is solely responsible for the regulation and oversight of \$112,000,000.00 in assets and, presently, a \$150,000,000.00 gross revenue gaming enterprise. Our proposed budget appropriation of approximately 1.5 million dollars comprises 1% of the gross revenue derived from the enterprise we are charged with regulating; and a mere 3% of the approximate \$45,000,000.00 in net revenues the enterprise will deliver to the Nation in the coming year. Effective regulation and oversight contributes greatly to the record-earning gaming revenues the Nation is now enjoying. In other words, the Gaming Commission is earning its keep.

In closing, please allow me to express my understanding and deep respect for the tremendous responsibility our Osage Congress bears in safeguarding, through responsible appropriation, the Nation's financial resources. As well, I hold myself, as Commissioner, personally responsible for ensuring that every appropriated dollar of the Commission's budget is utilized effectively and responsibly; and even saved whenever possible.

The Osage Nation Gaming Commission respectfully requests of the Osage Nation Congress to authorize appropriation of the original budget submitted to the Congress including two new auditor positions, full funding of our Contractual and Equipment line items and a modest salary increase for the Gaming Commission staff as presented. It is in the best interest of the Osage Nation and our sincerest hope that you will look favorably upon this proposal.

Thank you