

State of Alaska

Department of Revenue
Tax Division
Gaming Group



ANNUAL REPORT

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Introduction

Under Alaska law, municipalities and qualified non-profit organizations may conduct certain charitable gaming activities. The purpose of these activities is to derive public benefit in the form of money for the charities and revenues for the state. The Tax Division is responsible for ensuring that the appropriate level of public benefit is derived for the charities and the state.

To ensure that the appropriate level of public benefit is derived, the division does the following: 1) issues permits to charities; 2) licenses all operators, distributors and manufacturers; 3) collects fees and taxes; 4) audits various permittees and licensees; 5) inspects gaming locations; and 6) investigates complaints.

This report summarizes charitable gaming financial activity for 2001, as reported by permittees and operators and filed as of July 30, 2002. Charitable gaming in Alaska has many variations in the types of gaming businesses and nonprofit organizations which conduct gaming activities. Below are key terms used throughout this report.

- A multiple-beneficiary permit (MBP) allows two to six municipalities or qualified organizations or a combination of two to six municipalities and qualified organizations to conduct joint gaming activities.
- An operator is a person, a municipality or qualified organization that has obtained a license to conduct gaming activities on behalf of a permittee.
- A permittee is a municipality or a qualified organization that holds a valid permit to conduct gaming activities.
- A vendor is a business that holds a qualifying beverage dispensary or package store license that sells pull-tabs on behalf of a permittee.

In reviewing the financial information presented in this report, it is important to be aware of the various classifications and to interpret the information accordingly.

For comparison purposes, 2000 financial data are included on certain schedules in this report.

Gaming Overview

Gaming in Alaska is big business. In calendar year 2001, the total amount gamed by the public exceeded \$351,000,000. Gambling in Alaska is illegal, however the legislature created an exception for what is commonly, though somewhat inaccurately, referred to as “Charitable Gaming”. The use of the word "charity" is really a misnomer. An organization does not have to have any charitable purpose in order to have a permit to game in Alaska. The department may only issue a permit to a municipality or qualified organization, and charities represent only one of the fifteen kinds of “qualified organizations” eligible to game in Alaska.

The authority to conduct the gaming activity is contingent upon the dedication of the net proceeds of the gaming activity for specific purposes. The only expenses that may be incurred or paid in connection with the operation of a gaming activity are bona fide expenses that are reasonable and necessary. To ensure that expenses would not get out of hand, the statutes provide for caps on expenses, not to exceed 70% of adjusted gross income from pull-tab activity and 90% of adjusted gross income from gaming activities other than pull-tabs.

Organizations that participate in gaming are trustees that have a legal duty to ensure that all gaming proceeds go toward intended uses within the state and are not used to pay unnecessary expenses connected with gaming. Board members of these organizations are not at liberty to ignore the law or waste gaming receipts. This responsibility was spelled out in Botelho v. Griffin, 25 P3d at 693. “By requiring a portion of the money spent on charitable gaming to benefit the public generally, Alaska’s gaming laws create the effective equivalent of a charitable trust.”

The responsibility to oversee the gaming laws rests with the Department of Revenue. The Tax Division and specifically the Gaming Group handles administration and enforcement duties. Through its staff of seven, the group is responsible for approximately 1,200 organizations involved in gaming. In addition to issuing licenses and permits, and collecting the various filing fees and taxes, the group is involved in efforts to see that the proper amount of net proceeds is collected and distributed pursuant to the statutes and regulations.

Listed under 2001 Current Events and Regulatory Actions are actions taken by the department in 2001 and actions that are ongoing at this time. Responsibility for proper gaming activity occurs at the board member level of the qualified organizations. These enforcement actions came about in a large part as a result of inquiries and complaints made by the public.

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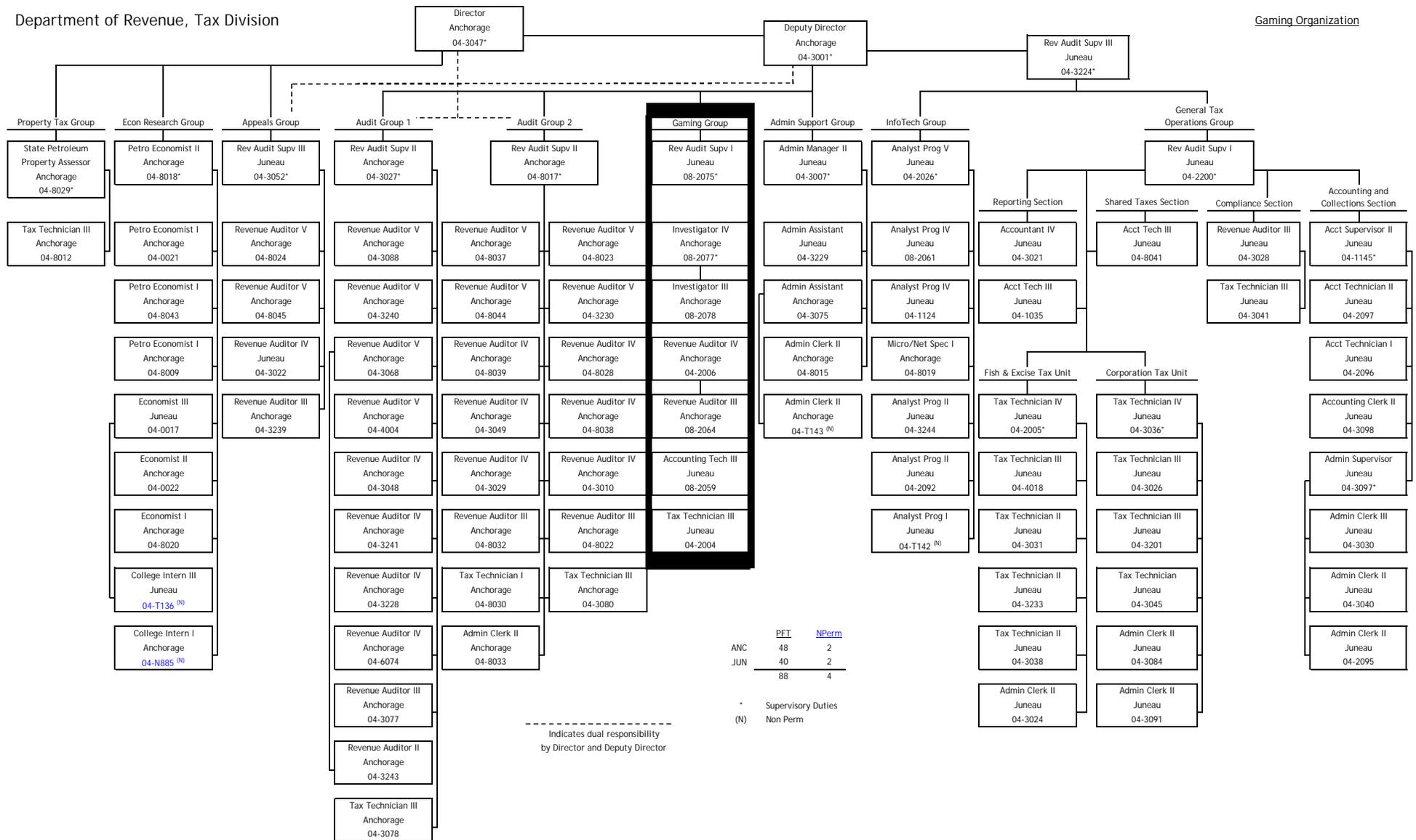
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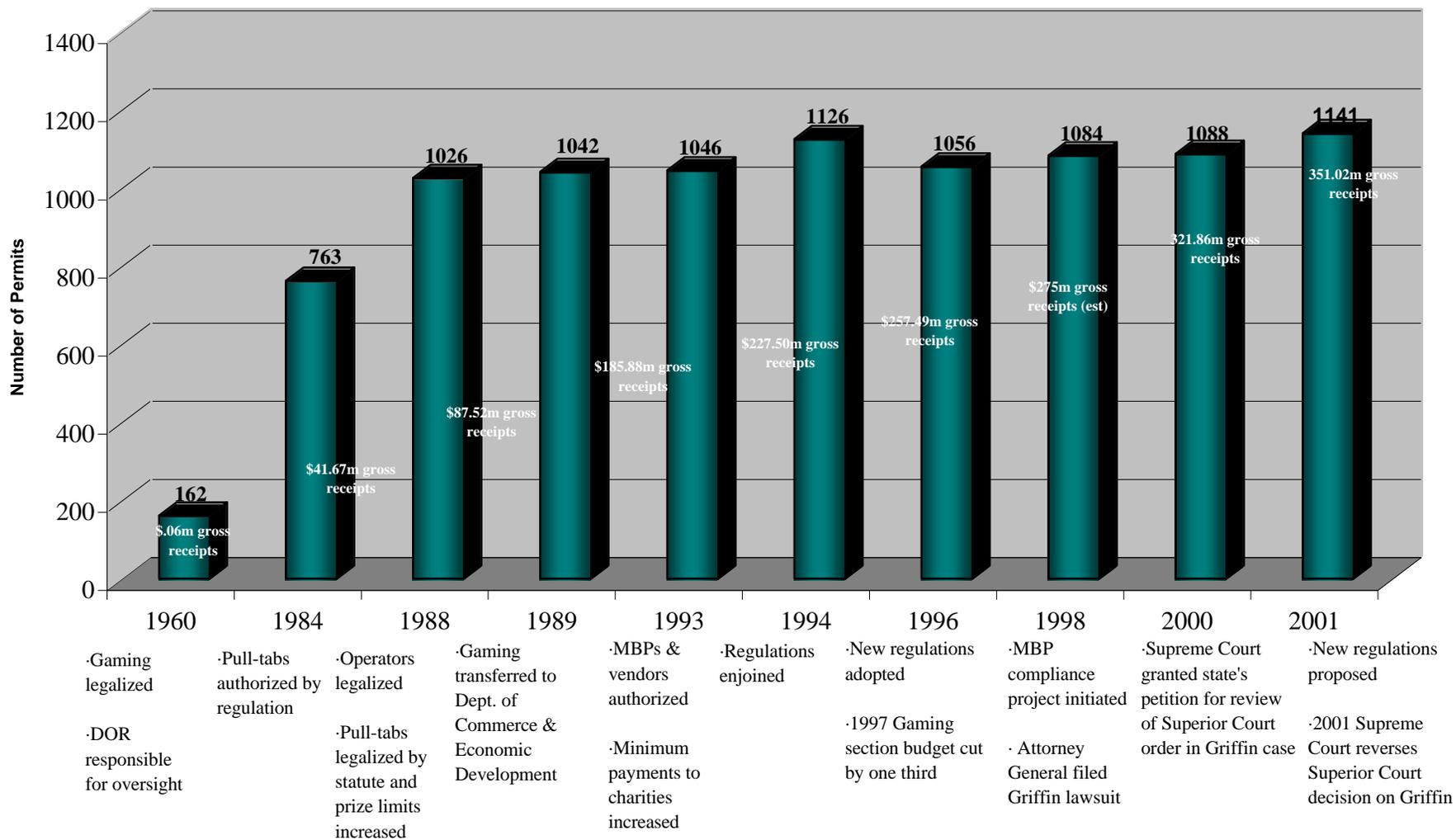
Web Site
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Department of Revenue, Tax Division

Gaming Organization



Gaming History and Background



2001 Gaming Industry Facts and Trends

The data presented in this report have been compiled from annual reports filed with the division as of July 30, 2002. When reading this report, you should note the following:

- 2001 permittee calendar year data are based on the reports of 1,141 organizations that filed 2001 annual financial statements as of July 30, 2002. There are 84 annual reports outstanding as of the date of this report. Three reports are not included due to incompleteness or errors.
- The division issued 14 MBP permits in 2001. The data are based on the annual reports of 14 MBPs.
- The division issued 26 operator licenses in 2001. The data are based on annual reports of 26 operators.
- 2000 permittee calendar year data were revised to include 57 additional permittee reports received between the date of the original annual report and July 30, 2002, for a total of 1,088 permittees. Additionally, organization types as reported were reviewed and, when necessary, reclassified to the correct category.
- The division issued 12 MBP permits in 2000. The data are based on the annual reports of 11 MBPs.
- The division issued 25 operator licenses in 2000. The data are based on the annual reports of 25 operators.
- Gross receipts compiled in this report include the dollar value of play-backs (winning pull-tabs which the player has returned to the seller in exchange for additional pull-tabs in lieu of receiving his or her prize in cash).
- Net proceeds, as reported by operators and MBPs, represent gross receipts, less prizes, less taxes, less expenses, and do not necessarily represent the actual amount of cash paid by operators and MBPs to permittees. This is generally because the statutory minimum payment requirements are greater than calculated net proceeds.

Fees and taxes collected by the division:	<u>FY-00</u>	<u>FY-01</u>	<u>FY-02</u>
3% Tax on Pull-Tabs:	\$1,916,124	\$1,920,753	\$2,045,124
1% Annual Tax on Permittees' Gaming Profits:	288,519	320,428	325,218
Permit and License Fees:	130,636	139,130	141,863
	<u>\$2,335,279</u>	<u>\$2,380,311</u>	<u>\$2,512,205</u>

Division Concerns and Focus

Alaska's gaming laws limit the amount of expenses that may be incurred under a gaming permit to ensure that permit holders receive at least a minimum financial benefit from their gaming activities. Beginning in 1998 the Division's focus has been on compliance with the expense limitations and minimum profit distributions.

The Department of Revenue, with the assistance of the Department of Law, has committed substantial resources to bring into compliance the activities of Multiple-Beneficiary Permit holders (MBPs). The first step in this process was to ensure that MBPs complied with minimum distribution requirements. In 1997, MBPs failed to meet their statutorily required payment distributions by \$850,000. With a concerted effort, the Division was able to increase compliance on payment so that there were no MBP deficits in 2001.

The second step in the process focused on ensuring that MBPs not only met the minimum distributions, but also adhered to authorized expense limitations provided by statute. With the increased enforcement, one MBP ceased operations and two others agreed to suspend operations for a year as a result of being out of compliance in 1999.

MBP gaming activities in 2000 and 2001 appeared to meet the minimum requirements as set out in the statutes, with one exception. The MBP that did not meet the minimums later agreed to dedicate a certain percentage of its net proceeds over a period of two years to the Alaska Children's Trust. The Division still remains concerned whether the amount of proceeds received by some qualified organizations is sufficient. The Division, along with the Department of Law, is working to ensure that only bona fide expenses reasonably necessary to conduct gaming activities are allowed. The focus has been, and will continue to be, directed toward excessive rents, compensation and fees charged in conjunction with running or managing gaming operations.

In 2001, the Division proposed regulations and held public hearings in an effort to address various issues including unlicensed operators, conflicts of interest, methods of accounting, capital contributions, loans and gifts, and rules for MBPs. The comments received during the public hearing process indicated unhappiness with the process and confusion with the proposed regulations. As a result, the Department of Revenue decided to go forward with a process known as negotiated rule-making in an effort to garner input and suggestions about how to present the best possible regulations to deal with the issues at hand.

Division Concerns and Focus

The rule-making committee, appointed by the Commissioner of Revenue, consisted of eleven members, who represented the interest of permittees, operators, MBPs, distributors, vendors, the public and the Department. Using the Department's 2001 proposed regulations as a working document, the committee held nine meetings over five months in Anchorage, Fairbanks and Kenai to take public testimony, review, discuss and draft new proposed regulations. The committee issued its final report on July 31, 2002. The report reflected consensus on every provision of its proposed regulations, except the issue of whether a person who manages more than one permittee must become an operator, and the provision that a distributor cannot be a lessor of property used to conduct gaming activity. The vote on the affected provisions was nine for and two against.

Public hearings on the rule-making committee's proposed regulations were held in Fairbanks, Anchorage, Soldotna and Juneau, August 26, through August 29, 2002. The department used the consensus of the committee, public testimony and written comments as a basis for the regulations it adopted on November 19, 2002. These regulations will be effective January 1, 2003.

2001 Current Events and Regulatory Actions

The Tax Division took the following regulatory actions against permittees, licensees and registered vendors to ensure that the gaming activities provide the required benefits and that those conducting the gaming activities are compliant with gaming laws.

Court Proceedings

- **Botelho vs. Griffin:** The Attorney General brought this action in 1998 for a court order to require the defendants to give up charitable gaming proceeds that they received through alleged violations of gaming laws. The defendants were Mark and Sue Griffin and business entities that they either owned or controlled. Prior to trial, the case settled under terms that required Mark and Sue Griffin to pay \$400,000 in cash for distribution to charities. The Griffins settled without acknowledging any wrongdoing.

The suit was originally brought on behalf of 13 charities that relied upon Sue Griffin to manage their gaming operations. The following seven organizations told the court that they didn't want to be part of the case: Bartlett High School Boy's Basketball Club, Chugiak High School Boy's Basketball Booster Club, Triam Sports Association, Alaska Laborer's Training School, Alaska Center for the Environment, Barrier Free Recreation, and Mabel T. Caverly Center. Another charity, West High Alumni, opted out by filing a notice of dismissal with prejudice and at a latter date settled its dispute for an unspecified amount of money.

After the charities opted out, the Griffins obtained an order from the Superior Court that prevented the Attorney General from seeking reimbursement of money owed to beneficiaries of the opted-out charities. The Attorney General petitioned the Supreme Court to overturn the Superior Court. The Supreme Court reversed the lower court after finding that the boards of any organizations with gaming permits have a fiduciary duty to ensure that their managers or operators pay them all the gaming proceeds to which they are entitled under the law and then use those proceeds on behalf of the beneficiaries of their organizations. If the organization leaders fail to meet this fiduciary duty, the Attorney General may pursue damage claims against the Griffins without the consent of the affected charities.

- **James Stewart vs. Department of Revenue:** James Stewart, while a charitable gaming operator in 1995, passed on the purchase cost of pull-tab games to the charities for whom he was conducting gaming. He also failed to report those costs to the department as gaming expenses. If it had not violated the gaming laws, this tactic would have allowed him to increase the amount he charged charities for his operating fee. The Department conducted an audit and found that, when the costs of pull-tabs were included, Stewart exceeded the expense cap by \$186,021. He was ordered to refund this amount, with interest, to the charities. Mr. Stewart unsuccessfully appealed this order to the Superior Court and then to the Alaska Supreme Court, where a decision is expected in the fall of 2003.

2001 Current Events and Regulatory Actions

- **UMPCO, MCAC, & UCA vs Department of Revenue:** In August of 2002, three multiple-beneficiary permittees, United Multiple Permittees Company (UMPC), Multiple Charities Association Co-op (MCAC), and United Charities Association, filed a civil action in Superior Court to prevent the Department from continuing its ongoing MBP compliance project for 2002. The court granted a summary judgment motion and found that the Department must adopt regulations before continuing with its 2002 MBP compliance project.
- **Downtown Bicycle Rental, Inc. and Peter Roberts vs. State of Alaska:** Downtown Bicycle Rental Inc., (DBRI) filed suit in Superior Court on October 3, 2002, alleging the state negligently approved a charitable gaming permit for a tax-exempt corporation called Earth which used money gained from the permit to operate a free bike program in downtown Anchorage. DBRI contends that Earth's free bike program interfered with its property rights because it lured affluent pedestrian tourists away from existing tax-paying bike businesses. The attorney general filed a motion to dismiss, which the Superior Court granted without prejudice on December 2, 2002.

Other Regulatory Actions

- **BPO Elks Lodge #1351,** located in Anchorage, has a gaming permit. In October, 2000, while conducting an inspection of the fraternal organization, gaming investigators discovered six illegal gambling machines. During the inspection, five years of records pertaining to the illegal machines were obtained. These records showed that the lodge made profits of \$486,519 from the illegal machines. In January of 2001, the Department issued the lodge a Notice of Violation and a Notice of Revocation and referred the results of its investigation to the Office of Special Prosecutions and Appeals.
- In July of 2001, the Gaming Group received information that a large number of slot machines was being shipped into the state. The investigation revealed that 20 video poker machines arrived at the Port of Anchorage. Federal, state and local law enforcement agencies were notified of the shipment.
- **Cecelia M. Derosé (Beierly)** was convicted of forgery in the second degree in Juneau Superior Court for writing checks in the amount of \$17,197 from the gaming account of Tlingit-Haida Community Council, Juneau. Ms. Derosé (Beierly) was ordered to make restitution of \$16,214, sentenced to four years in prison, with two suspended, and placed on probation for ten years.
- **American Legion Post #17,** in Kodiak, contacted the gaming group concerning shortages of gaming proceeds from 1997 to 2000. A joint investigation with the Kodiak Police Department (KPD) revealed a \$49,000 discrepancy between the ideal net of all pull-tabs sold during this period and the actual bank deposits. The investigation focused around the club manager who admitted he was the person who counted and secured gaming proceeds, made deposits, and provided deposit slips to clerical staff. The club manager admitted performing these duties at the direction of the adjutant/finance officer. KPD submitted the case to the district attorney, who declined prosecution of the club manager and adjutant/finance officer. American Legion Post #17 has filed a civil suit against the adjutant/finance manager.

2001 Current Events and Regulatory Actions

- In separate incidents at pull-tab stores in Anchorage and Wasilla, Inna and Leonid Danilenko presented counterfeit pull-tabs to collect winnings of \$500 and \$1,000 respectively. The Danilenkos were interviewed and admitted to counterfeiting the winning pull-tabs. Through the assistance of the Wasilla Police Department, the matter was forwarded to the district attorney's office. Action taken by the district attorney resulted in restitution of \$1,500 to affected permittees.
- The Pit Bar in Seward received a three-day suspension of its vendor registration to sell pull-tabs when an investigation revealed that the bar was selling squares on four sports boards. Sports boards are not an authorized activity under state statute.
- Last Chance Co-op, a multiple-beneficiary permittee, and its four member permittees entered into a settlement agreement with the state and agreed not to engage in the sale of pull-tabs in any capacity during calendar year 2001. The agreement followed an audit of their 1999 gaming report after which the Department alleged excess expenses for the sale of pull-tabs, various prohibited financial interests and questionable financial dealings with another multiple-beneficiary permittee, Multiple Charities Association Co-op.
- Multiple Charities Association Co-op, a multiple-beneficiary permittee, and its six member permittees entered into a settlement agreement with the state after an audit of their 1999 gaming report and agreed to cease all bingo operations from February 1, 2001, through January 31, 2002. The organization accumulated bingo losses of approximately \$1,000,000 over the five-year period ending with 1999. Other issues raised during the audit are pending.
- Lindsay Reese, an operator, appealed the Department's revocation of her 2000 operator license and denial of her 2001 operator license application, which were based on an audit of her 1999 and 2000 gaming activity showing that Ms. Reese failed to pay permittees proceeds in excess of \$140,000. She continued gaming while the matter was under appeal. In related action, the District Court entered a judgment against Ms. Reese for theft in the fourth degree and ordered restitution to the permittees.
- West High Alumni Gaming Co-op, dba Players Choice Bingo & Pull-Tabs, and its four member permittees agreed to three days suspension of all West High Alumni Gaming gaming. The agreement followed an appeal of Notices of Violation and Suspension resulting from an investigation that determined the bingo hall conducted bingo sessions in excess of the maximum allowed. Closure took place on pre-approved dates between September and December 2001.

2001 Current Events and Regulatory Actions

- Boniface Bingo, a multiple-beneficiary permittee, and its four member permittees were suspended from gaming for one day during July 2001. The suspension resulted from an investigation for exceeding door prize limitations. The suspension was appealed and later withdrawn.
- AMVETS Post #4, a permittee, was suspended from conducting gaming activities for 30 days starting on February 19, 2001. The suspension resulted from an investigation and subsequent Notice of Violation for allowing the canteen manager, who had inside information on the status of pull-tab games, to play pull-tabs at its location. The suspension was not appealed.
- Children of the World, a permittee, was denied renewal of its permit in 2001 because an investigation revealed that it was not a legitimate organization.
- Elbow Room Bar, a registered vendor, was suspended from conducting gaming activities for fourteen days starting on August 8, 2001. The suspension resulted from an investigation and subsequent Notice of Violation for failure to pay the contracting permittee the required 70% of ideal net upon delivery of pull-tab games to the bar and for interfering with an inspection. The suspension was not appealed.
- The Pipeline Club, a registered vendor, was suspended from conducting gaming activities for 90 days starting on January 4, 2001. The suspension resulted from an investigation and subsequent Notice of Violation for purchasing pull-tabs directly from a distributor and for failing to pay 70% of ideal net to the permittee upon delivery of the game in violation of Alaska statutes. The suspension was not appealed.
- Horizons Unlimited, a permittee, was suspended from all gaming activities for 90 days starting on January 4, 2001. The suspension resulted from an investigation and subsequent Notice of Violation for failure to purchase and deliver pull-tabs to its registered vendor and for failure to collect 70% of ideal net from the registered vendor upon delivery of a game, which are violations of Alaska statutes. The suspension was appealed and then withdrawn.

Schedule of Charitable Gaming Activity

	2001 (1)		2000 (2)	
	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 351,016,581		\$ 321,868,077	
Less: Taxes	1,100,996	0.31%	1,070,162	0.33%
Prizes	267,705,284	76.27%	244,105,393	75.84%
Expenses	51,597,386	14.70%	47,246,858	14.68%
Net Proceeds	\$ 30,612,915	8.72%	\$ 29,445,664	9.15%

Breakdown of Expenses (3)

	<u>2001</u>	<u>2000</u>
Rental of Facility	\$ 5,110,751	\$ 4,961,607
Other Facility Costs	1,137,766	1,235,794
Contract / Pro. Services	1,289,031	1,319,019
Accounting	1,553,736	1,226,427
Wages	15,192,816	14,851,820
Payroll Taxes	1,964,758	1,901,755
Operator Fee	4,707,890	3,190,886
Vendor Compensation	2,429,440	1,954,332
Cost of Pull-tab Games	7,157,048	6,531,319
Pull-Tab Tax Paid	1,879,242	1,716,699
Cost of Bingo Cards	1,838,753	1,744,099
Advertising	483,162	484,777
Equipment Purchases	518,358	283,513
Other Expenses	5,114,093	4,374,870
Door Prizes	1,220,542	1,469,941
Total Expenses	\$ 51,597,386	\$ 47,246,858

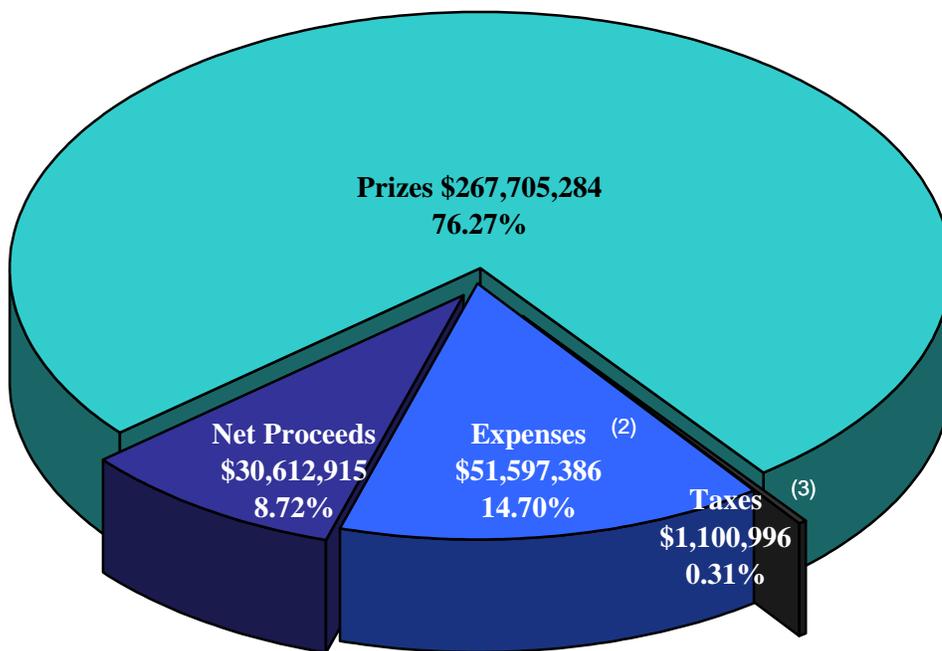
(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

(2) Based on 1,088 Permittee annual reports, 25 Operator annual reports, 11 MBP annual report filed with the division as of 7/30/2002.

(3) Total Expenses reported on Schedule C, prior to any limitations.

2001 Gross Receipts Distribution ⁽¹⁾

as a percentage of Gross Receipts



Total Gross Receipts: \$351,016,581

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

(2) Total Expense reported on Schedule C, prior to any limitations.

(3) Taxes represent Federal Excise and Local Sales Taxes.

2001 Activity by Business Classification ⁽¹⁾

	Permittees		Vendors		Operators		MBPs		Total	
	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 169,404,373		\$ 35,544,504		\$ 68,844,875		\$ 77,222,829		\$ 351,016,581	
Taxes	505,627	0.30%	139,165	0.39%	298,866	0.43%	157,338	0.20%	1,100,996	0.31%
Prizes	127,578,886	75.31%	27,665,783	77.83%	53,308,472	77.43%	59,152,143	76.60%	267,705,284	76.27%
Expenses	<u>23,218,286</u>	13.70%	<u>3,624,040</u>	10.20%	<u>12,768,474</u>	18.55%	<u>11,986,586</u>	15.52%	<u>51,597,386</u>	14.70%
Net Proceeds	<u>\$ 18,101,574</u>	10.69%	<u>\$ 4,115,516</u>	11.58%	<u>\$ 2,469,063</u>	3.59%	<u>\$ 5,926,762</u>	7.68%	<u>\$ 30,612,915</u>	8.72%
Net Proceeds Paid					<u>\$ 4,314,716</u>		<u>\$ 5,875,277</u>			

2000 Activity by Business Classification ⁽²⁾

	Permittees		Vendors		Operators		MBPs		Total	
	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 165,736,735		\$ 29,187,801		\$ 59,237,937		\$ 67,705,604		\$ 321,868,077	
Taxes	489,371	0.30%	125,899	0.43%	275,297	0.47%	179,595	0.27%	1,070,162	0.33%
Prizes	123,040,176	74.24%	22,627,549	77.52%	45,768,477	77.26%	52,669,191	77.79%	244,105,393	75.84%
Expenses	<u>22,825,698</u>	13.77%	<u>3,040,241</u>	10.42%	<u>10,549,603</u>	17.81%	<u>10,831,316</u>	16.00%	<u>47,246,858</u>	14.68%
Net Proceeds	<u>\$ 19,381,490</u>	11.69%	<u>\$ 3,394,112</u>	11.63%	<u>\$ 2,644,560</u>	4.46%	<u>\$ 4,025,502</u>	5.94%	<u>\$ 29,445,664</u>	9.15%
Net Proceeds Paid					<u>\$ 3,521,495</u>		<u>\$ 4,070,097</u>			

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

(2) Based on 1,088 permittee annual reports, 25 operator annual reports, 11 MBP annual reports filed with the division as of 7/30/2002 .

2001 Breakdown of Expenses by Business Classification ⁽¹⁾

	<u>Permittees</u>	<u>Vendors</u>	<u>Operators</u>	<u>MBPs</u>	<u>Totals</u>
Rental of Facility	\$ 1,856,452	\$ -	\$ 1,317,639	\$ 1,936,660	\$ 5,110,751
Other Facility Costs	307,631	-	311,858	518,277	1,137,766
Contract / Pro. Services	659,442	-	346,134	283,455	1,289,031
Accounting	962,698	-	406,985	184,053	1,553,736
Wages	8,668,922	-	2,745,379	3,778,515	15,192,816
Payroll Taxes	1,281,045	-	342,134	341,579	1,964,758
Operator Fee	-	-	4,707,890	-	4,707,890
Vendor Compensation	-	2,322,932	-	106,508	2,429,440
Cost of Pull-tab Games	3,512,441	931,622	1,341,622	1,371,363	7,157,048
Pull-Tab Tax Paid	851,922	223,547	408,492	395,281	1,879,242
Cost of Bingo Cards	559,804	-	353,540	925,409	1,838,753
Advertising	238,453	-	45,649	199,060	483,162
Equipment Purchases	225,521	-	3,987	288,849	518,357
Other Expenses	3,630,493	145,939	287,679	1,049,982	5,114,093
Door Prizes	463,462	-	149,486	607,595	1,220,543
	<u>\$ 23,218,286</u>	<u>\$ 3,624,040</u>	<u>\$ 12,768,474</u>	<u>\$ 11,986,586</u>	<u>\$ 51,597,386</u>

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

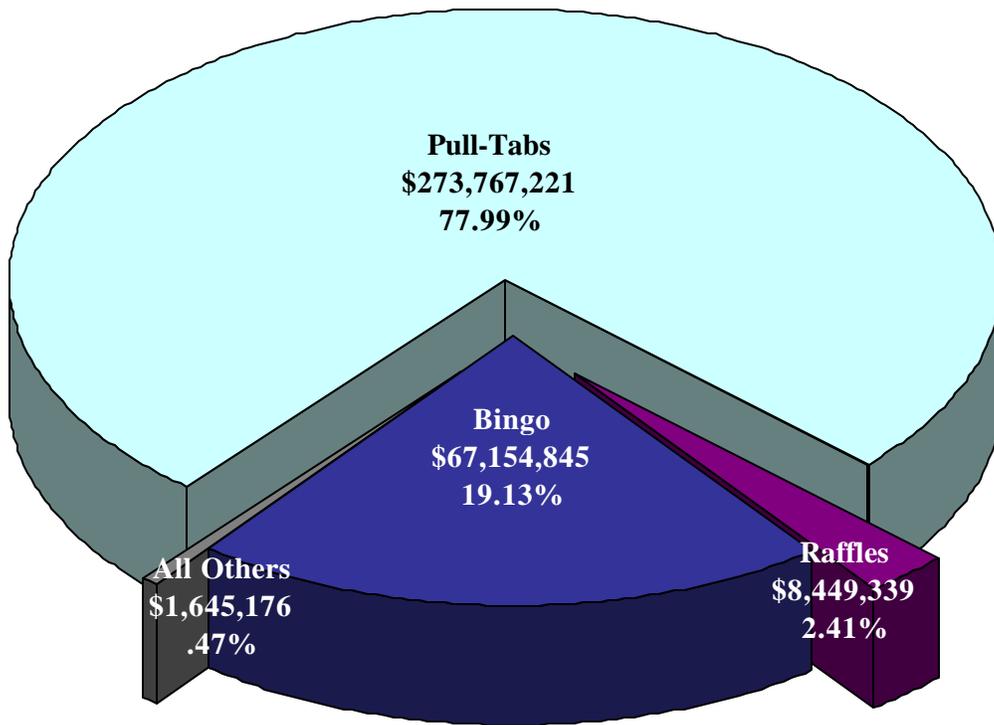
2001 Activity by Game Type ⁽¹⁾

<u>Game Type</u>	<u>Gross Receipts</u>	<u>Taxes</u>	<u>Prizes</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Pull tabs	\$ 273,767,221	\$ 954,644	\$ 213,589,995	\$ 35,945,939	\$ 23,276,643
Bingo	67,154,845	128,692	49,026,087	13,534,131	4,465,935
Raffle or Lottery	8,449,339	13,263	3,457,792	1,014,925	3,963,359
Fish Derby	688,591	374	369,474	173,911	144,832
Ice Classic	598,694	300	313,000	228,792	56,602
Contest of Skill	168,665	-0-	60,316	65,491	42,858
Dog Musher Contest ⁽²⁾	185,722	3,723	885,920	631,511	(1,335,432)
Miscellaneous	2,029	-0-	700	1,475	(146)
Snow Machine Classic	-0-	-0-	-0-	-0-	-0-
Rain Classic	-0-	-0-	-0-	-0-	-0-
Salmon Classic	-0-	-0-	-0-	-0-	-0-
Goose Classic	-0-	-0-	-0-	-0-	-0-
Deep Freeze Classic	1,475	-0-	2,000	1,211	(1,736)
Canned Salmon Classic	-0-	-0-	-0-	-0-	-0-
Total	<u><u>\$ 351,016,581</u></u>	<u><u>\$ 1,100,996</u></u>	<u><u>\$ 267,705,284</u></u>	<u><u>\$ 51,597,386</u></u>	<u><u>\$ 30,612,915</u></u>

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

(2) Includes Dog Mushing Sweepstakes.

2001 Gross Receipts by Game Type ⁽¹⁾
as a percentage of Gross Receipts



Total Gross Receipts: \$351,016,581

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

2001 Permittee Self-Directed Activity by Game Type ⁽¹⁾

<u>Game Type</u>	<u>Gross Receipts</u>	<u>Taxes</u>	<u>Prizes</u>	<u>Expenses</u> ⁽²⁾	<u>Net Proceeds</u>
Pull-Tab	\$ 126,424,232	\$ 359,275	\$ 98,448,541	\$14,825,186	\$12,791,230
Bingo	33,789,644	128,692	24,657,313	6,471,334	2,532,305
Raffle or Lottery	7,627,400	13,263	2,909,807	831,261	3,873,069
Fish Derby	606,791	374	301,290	162,025	143,102
Ice Classic	598,694	300	313,000	228,792	56,602
Contest of Skill	168,665	-0-	60,316	65,491	42,858
Dog Musher Contest ⁽³⁾	185,722	3,723	885,919	631,511	(1,335,431)
Snow Machine Classic	-0-	-0-	-0-	-0-	-0-
Miscellaneous	1,750	-0-	700	1,475	(425)
Rain Classic	-0-	-0-	-0-	-0-	-0-
Salmon Classic	-0-	-0-	-0-	-0-	-0-
Goose Classic	-0-	-0-	-0-	-0-	-0-
Deep Freeze Classic	-0-	-0-	-0-	-0-	-0-
Canned Salmon Classic	1,475	-0-	2,000	1,211	(1,736)
Total	\$ 169,404,373	\$ 505,627	\$127,578,886	\$23,218,286	\$18,101,574

2001 Vendor Activity by Game Type

<u>Game Type</u>	<u>Gross Receipts</u>	<u>Taxes</u>	<u>Prizes</u>	<u>Expenses</u> ⁽⁴⁾	<u>Net Proceeds</u>
Pull-Tab	\$ 35,544,504	\$ 139,165	\$ 27,665,783	\$ 3,624,040	\$ 4,115,516
	As % of Gross Receipts	0.39%	77.83%	10.20%	11.58%

(1) Based on 1,141 permittee annual reports filed with the division as of 7/30/2002.

There are 84 permittee annual reports outstanding as of the date of this report.

(2) Total Expense reported on Schedule C, prior to any limitations.

(3) Includes Dog Mushing Sweepstakes.

(4) Total Expenses reported on Schedule AV, prior to any limitations.

2001 Operator Activity by Game Type ⁽¹⁾

	<u>Pull-Tab</u>	<u>Bingo</u>	<u>Fish Derby</u>	<u>Raffle</u>	<u>Total</u>
Gross Receipts	\$ 57,493,363	\$ 10,637,433	\$ 81,800	\$ 632,279	\$ 68,844,875
Taxes	298,866	- o -	- o -	- o -	298,866
Prizes	44,924,974	7,880,021	68,184	435,293	53,308,472
Expenses	<u>10,125,969</u>	<u>2,492,729</u>	<u>11,886</u>	<u>137,890</u>	<u>12,768,474</u>
Net Proceeds	<u>\$ 2,143,554</u>	<u>\$ 264,683</u>	<u>\$ 1,730</u>	<u>\$ 59,096</u>	<u>\$ 2,469,063</u>
Net Proceeds Paid					<u>\$ 4,314,716</u>

Breakdown of Expenses ⁽²⁾

	<u>Pull-Tab</u>	<u>Bingo</u>	<u>Fish Derby</u>	<u>Raffle</u>	<u>Total</u>
Rental of Facility	\$ 1,009,406	\$ 296,504	\$ 4,500	\$ 7,232	\$ 1,317,642
Other Facility Costs	235,245	70,668	- o -	5,944	311,857
Contract / Pro. Services	285,427	55,047	- o -	5,660	346,134
Accounting	268,776	136,925	1,145	138	406,984
Wages	2,010,705	691,852	- o -	42,822	2,745,379
Payroll Taxes	271,650	67,115	- o -	3,370	342,135
Operator Fee	4,072,164	561,537	6,000	68,189	4,707,890
Cost of Pull-tab Games	1,341,622	- o -	- o -	- o -	1,341,622
Pull-Tab Tax Paid	408,492	- o -	- o -	- o -	408,492
Cost of Bingo Cards	- o -	353,539	- o -	- o -	353,539
Advertising	27,376	16,827	- o -	1,446	45,649
Equipment Purchases	3,762	225	- o -	- o -	3,987
Other Expenses	170,247	114,101	241	3,089	287,678
Door Prizes	<u>21,097</u>	<u>128,389</u>	<u>- o -</u>	<u>- o -</u>	<u>149,486</u>
Total Expenses	<u>\$ 10,125,969</u>	<u>\$ 2,492,729</u>	<u>\$ 11,886</u>	<u>\$ 137,890</u>	<u>\$ 12,768,474</u>

(1) Based on 26 operator annual reports filed with the division as of 7/30/2002.

(2) Total Expense reported on Schedule C, prior to any limitations.

2001 Multiple-Beneficiary Permittee Activity by Game Type ⁽¹⁾

	<u>Pull-Tab</u>	<u>Bingo</u>	<u>Raffle</u>	<u>Misc</u>	<u>Total</u>
Gross Receipts	\$ 54,305,122	\$ 22,727,768	\$ 189,660	\$ 279	\$ 77,222,829
Taxes	157,338	- o -	- o -	- o -	157,338
Prizes	42,550,696	16,488,755	112,692	- o -	59,152,143
Expenses	<u>7,370,745</u>	<u>4,570,067</u>	<u>45,774</u>	<u>- o -</u>	<u>11,986,586</u>
Net Proceeds	<u>\$ 4,226,343</u>	<u>\$ 1,668,946</u>	<u>\$ 31,194</u>	<u>\$ 279</u>	<u>\$ 5,926,762</u>
Net Proceeds Paid					<u>\$5,875,277</u>

Breakdown of Expenses ⁽²⁾

	<u>Pull-Tab</u>	<u>Bingo</u>	<u>Raffle</u>	<u>Misc</u>	<u>Total</u>
Rental of Facility	\$ 1,315,625	\$ 621,034	\$ - o -	\$ - o -	\$ 1,936,659
Other Facility Costs	239,079	279,199	- o -	- o -	518,278
Contract / Pro. Services	182,530	97,949	2,976	- o -	283,455
Accounting	92,002	92,051	- o -	- o -	184,053
Wages	2,434,465	1,344,050	- o -	- o -	3,778,515
Payroll Taxes	234,894	106,685	- o -	- o -	341,579
Vendor Compensation	106,508	- o -	- o -	- o -	106,508
Cost of Pull-tab Games	1,371,364	- o -	- o -	- o -	1,371,364
Pull-Tab Tax Paid	395,281	- o -	- o -	- o -	395,281
Cost of Bingo Cards	- o -	925,408	- o -	- o -	925,408
Advertising	85,790	81,567	31,704	- o -	199,061
Equipment Purchases	62,586	226,263	- o -	- o -	288,849
Other Expenses	573,254	465,634	11,094	- o -	1,049,982
Door Prizes	<u>277,367</u>	<u>330,227</u>	<u>- o -</u>	<u>- o -</u>	<u>607,594</u>
Total	<u>\$ 7,370,745</u>	<u>\$ 4,570,067</u>	<u>\$ 45,774</u>	<u>\$ - o -</u>	<u>\$ 11,986,586</u>

(1) Based on 14 MBP annual reports filed with the division as of 7/30/2002. Includes MBP Vendor Activity.

(2) Total Expense reported on Schedule C, prior to any limitations.

2001 Permittee Self-Directed Activity ⁽¹⁾

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 169,404,373	
Taxes	505,627	0.30%
Prizes	127,578,886	75.31%
Expenses	<u>23,218,286</u>	13.70%
Net Proceeds	<u>\$ 18,101,574</u>	10.69%

Breakdown of Expenses ⁽²⁾

	<u>Amount</u>	<u>% Expenses</u>
Rental of Facility	\$ 1,856,452	8.00%
Other Facility Costs	307,631	1.30%
Contract / Pro. Services	659,442	2.84%
Accounting	962,698	4.15%
Wages	8,668,922	37.34%
Payroll Taxes	1,281,045	5.52%
Cost of Pull-tab Games	3,512,441	15.13%
Pull-Tab Tax Paid	851,922	3.67%
Cost of Bingo Cards	559,804	2.41%
Advertising	238,453	1.03%
Equipment Purchases	225,521	0.97%
Other Expenses	3,630,493	15.64%
Door Prizes	<u>463,462</u>	2.00%
Total Expenses	<u>\$ 23,218,286</u>	

(1) Based on 1,141 permittee annual reports filed with the division as of 7/30/2002.
There are 84 permittee annual reports outstanding as of the date of this report.

(2) Total Expense reported on Schedule C, prior to any limitations.

2001 Operator Activity ⁽¹⁾

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$68,844,875	
Taxes	298,866	0.43%
Prizes	53,308,472	77.43%
Expenses	<u>12,768,474</u>	18.55%
Net Proceeds	<u>\$ 2,469,063</u>	3.59%
Net Proceeds Paid	<u>\$ 4,314,716</u>	

Breakdown of Expenses ⁽²⁾

	<u>Amount</u>	<u>% Expenses</u>
Rental of Facility	\$ 1,317,642	10.32%
Other Facility Costs	311,857	2.44%
Contract / Pro. Services	346,134	2.71%
Accounting	406,984	3.19%
Wages	2,745,379	21.50%
Payroll Taxes	342,135	2.68%
Operator Fee	4,707,890	36.87%
Cost of Pull-tab Games	1,341,622	10.51%
Pull-Tab Tax Paid	408,492	3.20%
Cost of Bingo Cards	353,539	2.77%
Advertising	45,649	0.36%
Equipment Purchases	3,987	0.03%
Other Expenses	287,678	2.25%
Door Prizes	<u>149,486</u>	1.17%
Total Expenses	<u>\$12,768,474</u>	

(1) Based on 26 operator annual reports filed with the division as of 7/30/2002.

(2) Total Expense reported on Schedule C, prior to any limitations.

2001 Multiple-Beneficiary Permittee Activity ⁽¹⁾

	<u>Amount</u>	<u>% Gross Receipts</u>
Gross Receipts	\$ 77,222,829	
Taxes	157,338	0.20%
Prizes	59,152,143	76.60%
Expenses	<u>11,986,586</u>	15.52%
Net Proceeds	<u>\$ 5,926,762</u>	7.68%
Net Proceeds Paid	<u>\$ 5,875,277</u>	

Breakdown of Expenses ⁽²⁾

	<u>Amount</u>	<u>% Expenses</u>
Rental of Facility	\$ 1,936,659	16.16%
Other Facility Costs	518,278	4.32%
Contract / Pro. Services	283,455	2.36%
Accounting	184,053	1.54%
Wages	3,778,515	31.52%
Payroll Taxes	341,579	2.85%
Vendor Compensation	106,508	0.89%
Cost of Pull-tab Games	1,371,364	11.44%
Pull-Tab Tax Paid	395,281	3.30%
Cost of Bingo Cards	925,408	7.72%
Advertising	199,061	1.66%
Equipment Purchases	288,849	2.41%
Other Expenses	1,049,982	8.76%
Door Prizes	<u>607,594</u>	5.07%
Total Expenses	<u>\$ 11,986,586</u>	

(1) Based on 14 MBP annual reports filed with the division as of 7/30/2002. Includes MBP Vendor Activity.

(2) Total Expense reported on Schedule C, prior to any limitations.

2001 Activity by Organization Type ⁽¹⁾

<u>Organization Type</u>	<u>Gross Receipts</u>	<u>Taxes</u>	<u>Prizes</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Charitable	\$ 71,723,881	\$ 238,913	\$ 54,293,136	\$ 12,071,242	\$ 5,120,590
Civic or Service	69,339,165	168,078	52,338,712	10,141,429	6,690,946
Educational	49,204,844	198,979	37,464,247	7,009,478	4,532,140
Fraternal	35,968,968	138,913	27,885,392	4,627,924	3,316,739
IRA/Native Village	32,066,172	44,725	24,495,404	4,577,803	2,948,240
Municipality	30,051,719	42,715	22,606,334	3,724,607	3,678,063
Veterans	28,029,400	89,061	21,819,517	3,814,632	2,306,190
Nonprofit Trade Assn	12,787,940	4,078	9,741,269	1,760,187	1,282,406
Dog Musers' Assn	9,300,613	108,488	7,529,440	1,794,896	(132,211)
Police or Fire Dept	6,364,344	46,173	4,982,048	841,694	494,429
Religious	3,396,772	17,159	2,553,024	759,472	67,117
Political	2,177,664	2,759	1,598,079	360,342	216,484
Labor	522,369	955	356,758	71,368	93,288
Fishing Derby Assn	82,730	0	41,924	42,312	(1,506)
Total	\$ 351,016,581	\$ 1,100,996	\$ 267,705,284	\$ 51,597,386	\$ 30,612,915

(1) Based on 1,141 permittee annual reports, 26 operator annual reports, 14 MBP annual reports filed with the division as of 7/30/2002.

Gross Receipts from Gaming by Organization Type

<u>Organization Type</u>	<u>2001</u> ⁽¹⁾	<u>2000</u> ⁽²⁾
	<u>Gross Receipts</u>	<u>Gross Receipts</u>
Charitable	\$71,723,881	\$65,216,784
Civic or Service	69,339,165	63,895,846
Educational	49,204,844	42,895,393
Fraternal	35,968,968	30,018,992
IRA/Native Village	32,066,172	31,606,766
Municipality	30,051,719	29,504,296
Veterans	28,029,400	25,628,943
Nonprofit Trade Assn	12,787,940	14,566,803
Dog Mushers' Assn	9,300,613	7,535,947
Police or Fire Dept	6,364,344	4,537,081
Religious	3,396,772	4,141,246
Political	2,177,664	1,678,432
Labor	522,369	556,202
Fishing Derby Assn	<u>82,730</u>	<u>85,346</u>
Total	<u><u>\$ 351,016,581</u></u>	<u><u>\$ 321,868,077</u></u>

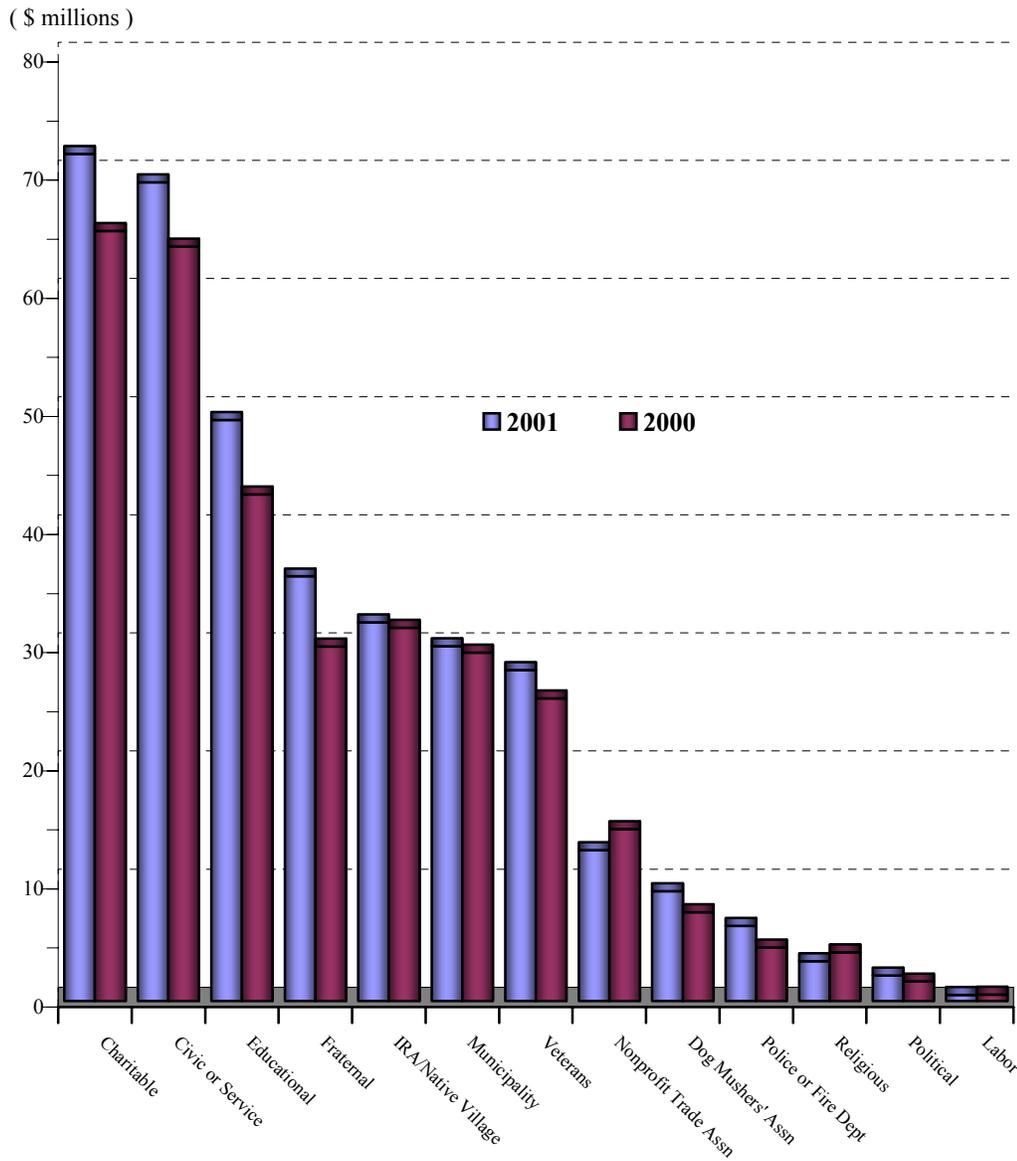
(1) Based on 1,141 permittee annual reports, 26 operator annual reports, and 14 MBP annual reports filed with the division as of 7/30/2002.

(2) Based on 1,088 permittee annual reports, 25 operator annual reports, 11 MBP annual reports filed with the division as of 7/30/2002.

Organization types as reported were reviewed and, when necessary, reclassified to the correct category.

Gross Receipts by Organization Type ⁽¹⁾

Gross Receipts
 2001 - \$351,016,581
 2000 - 321,868,077



(1) Fishing Derby Associations do not appear in this chart.

Licensed Operators and Locations

City	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Anchorage	7	8	6	6	4	6	12	12	13	13	13	11
Barrow	-	-	-	-	-	-	-	-	-	1	-	-
Bethel	1	1	2	1	1	1	1	1	1	1	-	-
Craig	3	3	3	3	3	2	2	2	1	-	-	-
Fairbanks	6	4	4	4	4	5	5	7	7	8	6	6
Haines	-	-	-	-	-	-	-	-	1	-	-	-
Juneau	1	1	1	-	-	1	1	3	5	5	3	1
Ketchikan	5	4	3	3	3	3	2	3	3	5	5	5
Nome	2	2	2	2	2	2	1	2	2	3	2	1
North Pole	-	1	1	1	2	2	2	2	2	2	-	-
Palmer	-	-	-	-	-	1	-	-	-	1	1	-
Petersburg	1	1	1	1	1	1	1	1	1	-	-	-
Valdez	-	-	1	1	1	1	1	1	1	-	-	-
Wasilla	-	-	-	-	-	-	-	1	1	-	-	-
Total	<u>26</u>	<u>25</u>	<u>24</u>	<u>22</u>	<u>21</u>	<u>25</u>	<u>28</u>	<u>35</u>	<u>38</u>	<u>39</u>	<u>30</u>	<u>24</u>

Licensed Distributors and Locations

City	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>	<u>1990</u>
Anchorage	3	5	5	5	5	6	5	5	7	9	10	12
Cordova	-	-	-	-	-	-	-	-	-	1	1	1
Eagle River	-	-	-	-	-	-	-	-	-	1	1	-
Fairbanks	4	2	2	3	3	3	3	4	2	2	3	5
Juneau	2	2	2	2	2	3	3	4	3	2	2	1
Kenai	-	-	1	-	-	-	-	-	-	-	-	-
Ketchikan	1	1	1	1	1	1	1	2	2	3	2	1
Nome	1	1	1	1	1	1	1	1	1	1	1	1
Sitka	1	1	1	1	1	1	1	1	1	1	1	1
Soldotna	1	1	1	1	1	1	1	1	1	-	-	-
Wasilla	-	-	-	-	-	-	-	1	1	1	1	1
Total	<u>13</u>	<u>13</u>	<u>14</u>	<u>14</u>	<u>14</u>	<u>16</u>	<u>15</u>	<u>19</u>	<u>18</u>	<u>21</u>	<u>22</u>	<u>23</u>

2001 Registered Vendors and Locations

<u>City</u>	<u>Vendors</u>	<u>City</u>	<u>Vendors</u>
Anchor Point	1	Ketchikan	6
Anchorage	54	King Cove	2
Auke Bay	1	King Salmon	1
Big Lake	4	Kodiak	4
Cantwell	1	Manley Hot Springs	2
Chiniak	-	Moose Creek	1
Chitina	1	Naknek	3
Chugiak	2	Nenana	4
Clear	1	Nikiski	2
Cooper Landing	2	Ninilchik	3
Copper Center	4	Nome	6
Cordova	3	North Pole	5
Delta Jct	2	Palmer	6
Denali	1	Salcha	2
Dutch Harbor	2	Seldovia	2
Eagle River	3	Seward	6
Fairbanks	46	Sitka	6
Gakona	2	Soldotna	12
Galena	1	Sterling	2
Glennallen	3	Talkeetna	4
Haines	3	Tok	2
Healy	1	Trapper Creek	1
Homer	9	Tyonek	-
Hoonah	-	Unalaska	3
Houston	-	Valdez	4
Hyder	-	Wasilla	13
Juneau	10	Willow	6
Kasilof	3	Wrangell	4
Kenai	8	Yakutat	2

Total Vendors in 2001 282

Total Vendors in 2000 260

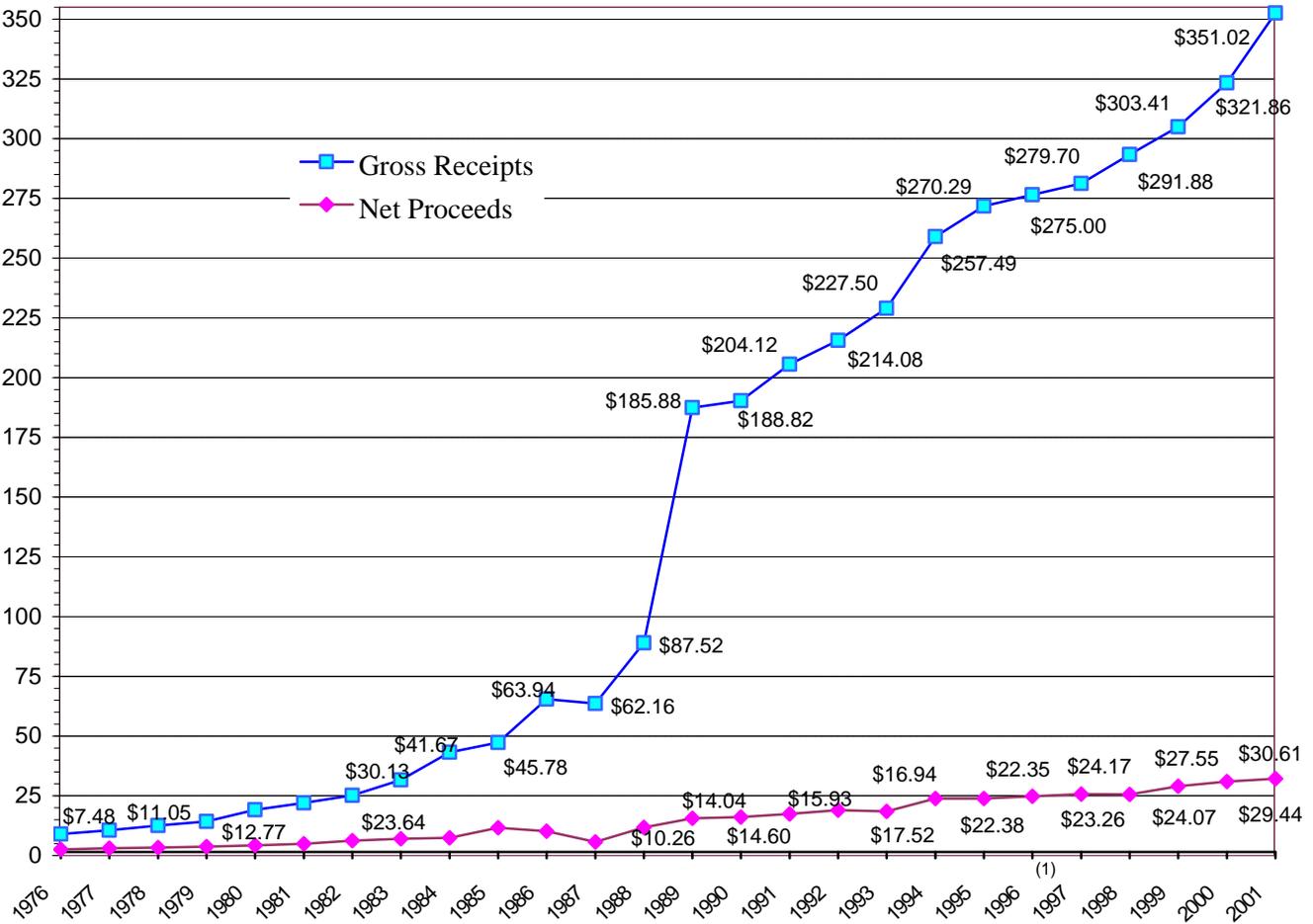
Multiple-Beneficiary Permittees (MBP) and Locations

<u>City</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Anchorage	6	6	9	8	7
Fairbanks	2	2	2	2	3
Juneau	4	3	3	5	5
Kenai	1	1	1	1	2
Kodiak	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total MBPs	<u><u>14</u></u>	<u><u>12</u></u>	<u><u>15</u></u>	<u><u>16</u></u>	<u><u>17</u></u>

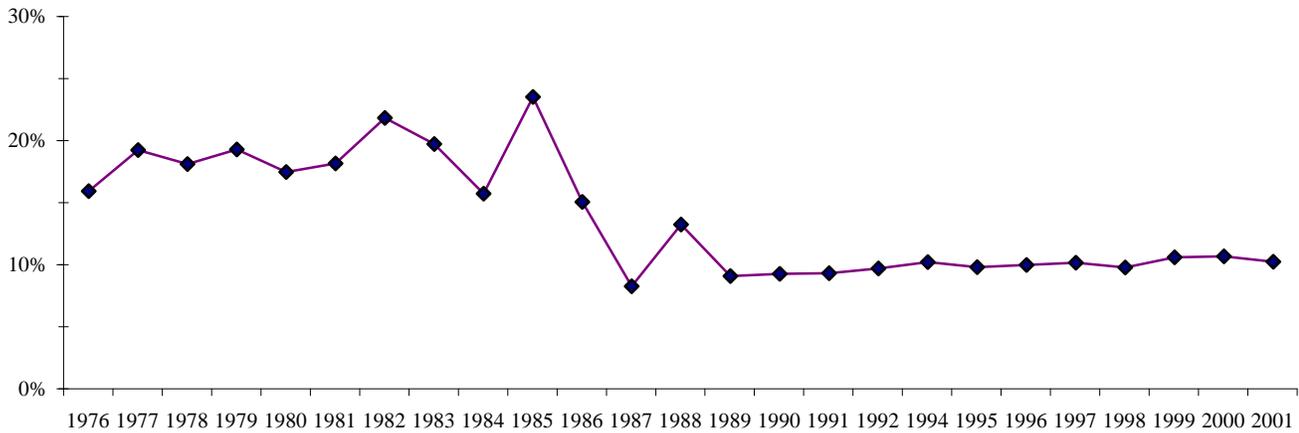
Annual Gross Receipts and Net Proceeds 1976 - 2001

Total Gaming Activity

(\$ millions)



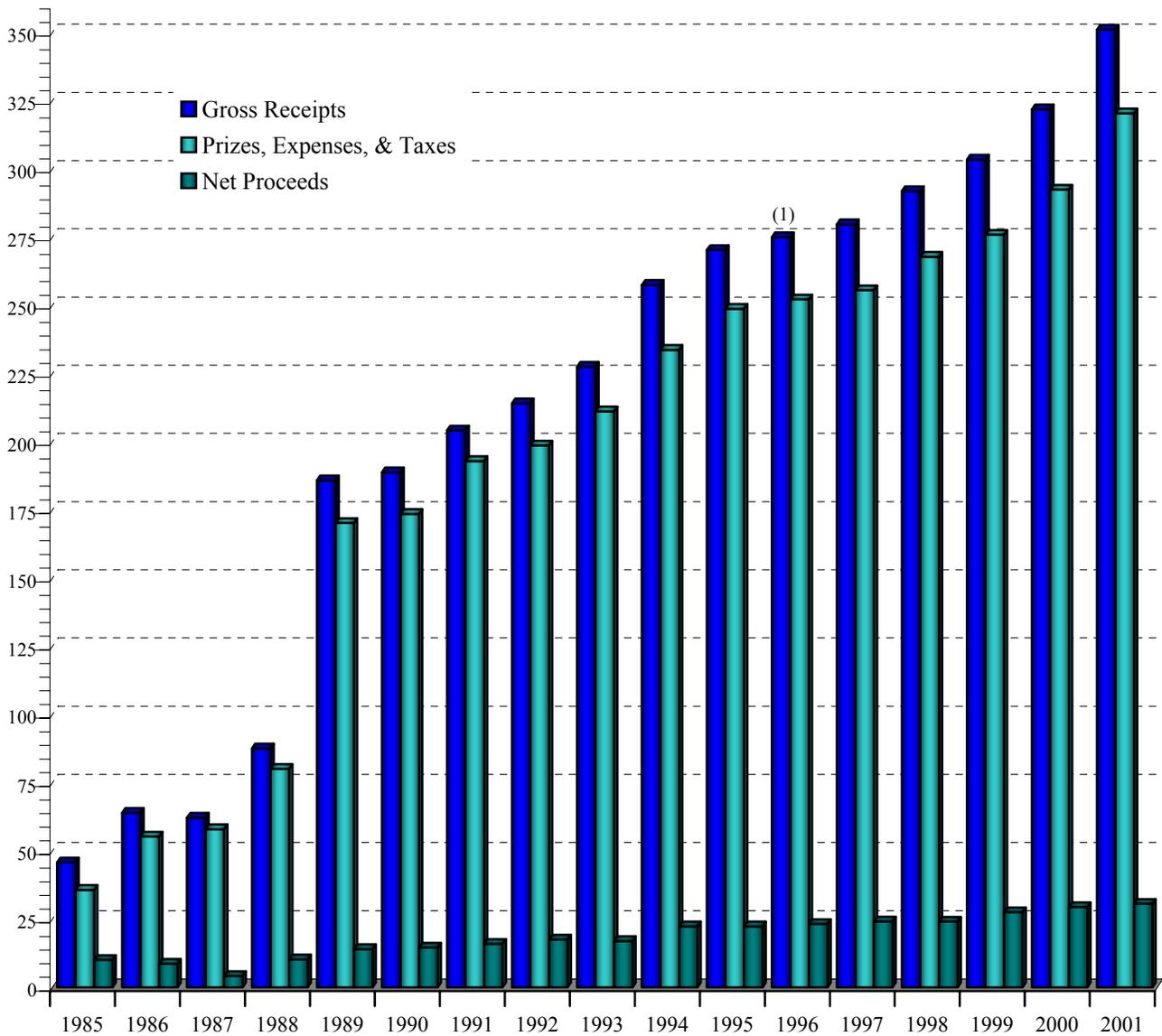
Net Proceeds as a Percentage of Gross Receipts 1976 - 2001



(1) Estimated. A combination of a new computer system and the merger of the Gaming Division into the old Income and Excise Audit Division resulted in incomplete information for the year.

Annual Gross Receipts, Prizes, Expenses, Taxes, and Net Proceeds

(\$ millions)



(1) Estimated. A combination of a new computer system and the merger of the Gaming Division into the old Income and Excise Audit Division resulted in incomplete information for the year.