

**REPORT ON THE EFFECT OF THE READY AVAILABILITY
OF SLOT MACHINES ON MEMBERS OF THE ARMED
FORCES, THEIR DEPENDENTS, AND OTHERS**

INTRODUCTION

Public Law 106-398, Sec. 336, the Floyd D. Spence National Defense Authorization Act for FY 2001, requires that the Secretary of Defense submit a report evaluating the effect that the ready availability of slot machines, as a Morale, Welfare and Recreation activity on United States military installations outside of the United States, has on members of the Armed Forces, their dependents, other persons who use such slot machines, the morale of the military communities overseas and the personal financial stability of members of the Armed Forces.

EXECUTIVE SUMMARY

Having reviewed historic and current data, it is the Department's opinion that the presence of slot machines in Morale, Welfare and Recreation facilities overseas does not have a negative effect on the morale or financial stability of our forces, their family members or civilian employees. There have been isolated instances where slot machine use has had a negative impact on specific individuals. However, empirical data regarding financial problem indicators substantiates that service members stationed overseas, in locations with Service-operated slot machines generally experience fewer instances of financial problems than do those stationed in the United States.

As senior commanders monitor troop morale and welfare, they routinely evaluate negative financial indicators such as bad checks. The financial impact of slot machines is among the factors considered. They conclude that individuals are moderate in their use of those machines and that the presence of these machines produces no causative negative impact on morale or financial well being of the force. They also conclude that this program is operated in response to demand-driven desires of the force and that the vast majority of patrons view slot machine play as an alternative recreation opportunity. Specific data on the type and pay grade of persons using machines is not collected. An Army Sample Survey of Military Personnel indicates that junior enlisted personnel and members in the 18-19 year old age group are the least likely population segments to participate in any gambling activity.

The Services' slot machines are limited to nickel and quarter denominations only. Program features include a high rate of return to the player and high payout frequencies. Maximum payout amounts are purposely limited to avoid the temptation for patrons to over-extend themselves financially by pursuing high dollar "jackpots." Commanders also recognize that in most overseas locations there are legal forms of gambling available in the commercial sector. Operating this highly controlled program on our bases minimizes exposure to gaming opportunities that are less controlled and are specially designed to encourage compulsive behavior.

The Services' slot machine programs are totally passive; no overt actions are taken to promote or encourage use. Command information programs, to include radio and television, are actively used to discourage excessive use of slot machines as well as other at-risk behaviors. As a matter of command policy, Services provide mandatory financial management planning and debt management instruction to all members as well as periodic sustainment training. Individual financial management assistance is available to members as may be necessary.

The body of this report contains detailed data regarding this program to include a review of current operating policies and actions being taken to ameliorate the potential for negative impact on the force.

REPORT TO CONGRESS ON SLOT MACHINES

Operating Philosophy

Slot machines provide a recreational opportunity for Service members, their adult family members and other authorized patrons overseas. They are an important source of revenue to sustain and improve Morale, Welfare and Recreation programs worldwide. Slot machines are not considered a stand-alone recreational program, but as another opportunity in the context of the recreational activities where they are collocated. Slot machines are offered at overseas installations where the program does not conflict with the laws of the host nation or Status of Forces Agreement, and where the host nation has its own legal form of gambling. The exception is the Republic of Turkey, which recently changed local law on gambling but still allows slot machines on our installations. Service slot machine programs provide a controlled alternative to options available in local commercial venues.

The rate of return (percent of coins played which returns to player as winnings) averages 92.5 percent, which compares favorably to United States gaming industry standards for comparable games of low denomination play. Games are restricted to nickel and quarter denominations only and feature high frequency of payouts and low maximum amounts of payout. While the average amount expended by each person using slot machines is not known, these features of the program do not encourage excessive play.

The controls established over the programs stress their recreational nature and ensure revenue obtained from the program goes to benefit members of the military community. Income from slot machines represents much of the basis for nonappropriated fund construction and provides funding for many recreational and entertainment programs in overseas areas that could not be otherwise supported. The Services' ability to construct facilities such as Youth Activity Centers, Community Activity Centers, clubs, golf courses and bowling centers, not only overseas but in the United States as well, is highly dependent on this source of revenue.

The Department views overseas slot machines as a demand-driven amusement program that complements club and other Morale, Welfare and Recreation activities where the machines are collocated. The Services recognize that slot machines, like any other activity, can be abused. Therefore, each Service has established appropriate controls to minimize potential abuse by attempting to control machine access, limiting the amounts of money played and the potential winnings, not permitting advertising and promotions, and creating staff awareness to abuse instances.

The slot machine program is managed and controlled by the Services, using internal control procedures that meet or exceed industry standards.

History of Slot Machines Operated by Department of Defense

The Services installed slot machines in clubs and open messes overseas and in the United States in the 1930s and 1940s. These mechanical machines had rudimentary internal control procedures that did not adequately preclude manipulation of game features and cash controls by those who had managerial access. In 1951, the Anti-Slot Machine Act was passed to prohibit the operation of slot machines within the special maritime and territorial jurisdiction of the United

States. Consequently, slot machines were removed from all clubs and open messes in the Department's facilities located within the United States.

In 1969, slot machine operations became the focus of fraud and corruption investigations of the Army and Air Force club systems in the Republic of Viet Nam. The Investigations Subcommittee of the Senate Committee on Armed Services held hearings on allegations of machine manipulation and embezzlement. Although not directed to take this specific action, the Secretaries of the Army and Air Force removed slot machines from all operations by July of 1972. The Navy and Marine Corps, chose to continue operation of 1,500 slot machines at 18 overseas locations.

In March 1980, based on customer demand and requests of senior commanders, the Army and Air Force reinstated slot machines overseas. The Air Force installed 275 machines in clubs at Ramstein, Rhein Main and Sembach Air Bases, Germany and the Army installed 250 machines in clubs in Frankfurt and Kaiserslautern, Germany. Based on successful fielding, customer acceptance and internal controls, both began expanding these programs to other overseas locations in 1983.

In 1994, the Marine Corps entered into a revenue-sharing agreement, whereby the operation of its slot machine program on bases in Japan was turned over to the Army.

Patronage of Activities Housing Slot Machines

The number of customers who have played slot machines in the past two years and whether they were enlisted, officer, Department of Defense civilians, United States citizens or foreign nationals is not available.

The 1999 Defense Manpower Data Center survey of active duty military personnel included questions regarding how frequently overseas respondents visited facilities which house slot machines as a component of their operation. The following table displays that data:

Facility patronage by grades and percent of monthly visit frequency							
Grade	E1 – E3	E4	E5 – E6	E7 – E9	W1 – W5	O1 – O3	O4 – O6
<u>Clubs</u>							
0-10 visits	87.5	91	93.9	95.1	99	97.1	96.6
11+ visits	12.5	9	6.1	4.9	1	2.9	3.4
<u>Bowling</u>							
0 – 10 visits	96.1	93.4	94.1	96.1	97.8	99.3	98.6
11+ visits	3.9	6.6	5.9	3.9	2.2	0.7	1.4
<u>Golf</u>							
0 – 10 visits	97.9	98.2	96.8	95	97.1	98.6	99.2
11+ visits	2.1	1.8	3.2	5	2.9	1.4	0.8

A vast majority of active duty members use these facilities on an occasional basis (10 or less times per month). Golf and bowling are the primary reasons for frequenting those establishments where slot machines are an ancillary activity. The main focus of club operations is socializing, with dining, entertainment and dancing as primary activities. Focus groups have

shown that junior enlisted personnel are more likely to use amusement and video machines in these environments rather than slot machines.

Impact of Gambling on Members of the Department of Defense

The 1992 and 1998 Department of Defense Surveys of Health Related Behaviors Among Military Personnel indicated that approximately two percent of the survey population, regardless of whether they were stationed overseas or not, possessed the indicators of probable pathological gambling. This percentage did not significantly change between the surveys. The surveys did not assess use of military slot machines, per se, but focused on gambling in general. Furthermore, the data cannot discern whether the individual manifested the indicators after joining the Armed Forces or at some point prior to joining. At least some personnel may have been reporting about specific gambling-related problems that occurred prior to their joining the military, but had not occurred since.

In the Army-wide 1993 Sample Survey of Military Personnel, data indicated there was a slight tendency for older soldiers to currently (within the last 12 months) be more actively involved with gambling. Of all active duty soldiers, .9 percent reported indicators of probable pathological gambling during the last 30 days. The survey found no correlation between these self-reported problems and whether or not these individuals were assigned to an overseas location where there are slot machines.

Comparisons of the survey data to the general public cannot be readily made. Only limited studies have been conducted on the prevalence of pathological gambling in the general population and the studies use different instruments designed to measure pathological gambling. The 1998 Department of Defense Survey of Health Related Behaviors report cautions that “these results should not be considered to be a conclusive indication that the prevalence of pathological gambling is higher in the military personnel than among civilians.”

Indicators of Financial Problems...Not Limited to Gambling

No data is currently available that specifically links service members' financial problems to the use of overseas slot machines. The data that is available addresses only the incidence of financial problems from all causes. The chart below displays the percent of enlisted personnel surveyed in the 1999 Department of Defense Survey of Active Duty Personnel “Programs and Services, Family, Economic Issues and Background” who reported indicators of financial problems. In almost every instance, the rates reported by members stationed overseas are less than for those stationed in the United States. The data reveals no correlation between accessibility to Service operated slot machines and instances of poor financial management.

INDICATORS OF FINANCIAL PROBLEMS REPORTED BY ENLISTED PERSONNEL								
	E1-E3		E4		E5-E6		E7-E9	
	States	OS	States	OS	States	OS	States	OS
Bounced two or more checks	20.4	13.0	19.9	19.7	12.8	12.8	6.6	3.6
Received a letter of indebtedness	11.1	8.2	11.3	12.2	6.1	8.2	2.7	1.9
Had your wages garnished	4.5	4.5	4.0	5.3	2.9	3.0	1.1	0.6
Fell behind in paying your rent or mortgage	4.1	1.5	4.4	4.0	3.8	3.0	3.0	2.5
Fell behind in paying your credit card, AAFES, or NEXCOM account	20.8	15.4	24.9	24.2	17.7	16.9	10.0	7.6
Was pressured to pay bills by stores, creditors, or bill collectors	19.7	9.9	19.2	14.8	12.7	7.6	6.8	2.6
Had a bill collector contact your unit leader	3.3	1.2	3.6	4.0	1.7	1.7	0.9	0.2
Pawned or sold valuables to make ends meet	10.6	5.0	11.6	6.0	6.5	3.3	2.9	1.4
Borrowed money from friends/relatives to help w/ financial difficulty	33.7	21.4	29.2	22.8	18.2	13.2	8.1	4.6
Borrowed money through Loan Assistance Program/Service Aid Society	7.4	4.6	7.4	6.5	4.5	5.0	1.6	1.5
Had your utilities shut off	14.8	5.9	10.2	6.8	4.9	6.1	1.7	0.9
Had a car, household appliances, or furniture repossessed	1.1	0.3	1.4	1.6	1.1	0.8	0.6	0.2
Was unable to afford needed medical care	1.5	0.4	1.7	0.9	1.6	1.2	1.5	0.7
Went bankrupt (declared personal bankruptcy)	0.3	0.1	1.5	0.8	2.3	1.3	1.6	0.8
None of the above	43.1	54.9	45.5	49.7	59.6	65.4	76.4	83.4

Prevention, Treatment and Assistance Programs

The Department has personal financial management programs, training and assistance designed to educate Service members and their families on techniques for budgeting and planning their finances and also to provide assistance when they encounter difficulty. Training is mandatory for junior Service members and periodic for all members. Specific assistance and training is available regarding major purchase decisions such as automobiles, credit management, insurance planning, maintaining a checking account, and developing a family budget plan.

The Department routinely informs overseas Service members and their families of the consequences of abusing slot machines as a recreational activity. The Armed Forces Radio and Television Service frequently broadcasts spot announcements that focus on the consequences of compulsive gambling. The stated objectives of these announcements are to have the audience:

1. Realize that gambling abuse can affect the financial and psychological well being of Service members and their families, which in turn negatively impacts on military readiness.
2. Be aware that excessive and compulsive gambling is considered an addiction similar to drug dependency or alcoholism except that money is the substance being abused.
3. Recognize that compulsive gamblers may not realize they have lost control and often suppress thoughts about the possible consequences of their destructive behavior, such as the loss of a military career or command sponsorship in the case of family members.

4. Know that compulsive gambling can be a devastating and costly addiction but one that is treatable, and be motivated to seek help for themselves or family members from their Family Support Center, Substance Abuse Program or Chaplain.

Chaplains, mental health professionals, and Family Support Center staffs can provide counseling and referrals on gambling issues. Counseling through military resources is most often provided on an outpatient basis and can be provided by any of the sources mentioned, depending on the issue. For example, the Family Support Center staff will work with personnel who have financial hardships that may have resulted from problem gambling and will refer the individual to a mental health provider to address behavioral issues.

A resident treatment program available to members of all Services for the treatment of acute problem gambling is located at the Naval Hospital, Camp Pendleton, California, as a component of the inpatient Addictive Behavior Rehabilitation Program. Many installations host support groups for individuals suffering from problem gambling as part of their substance abuse programs. They also make referrals to civilian outpatient programs and direct individuals to Gamblers Anonymous for assistance.

If cases of financial misconduct appear to be the result of addictive and/or compulsive behavior, commanders and defense counsel can refer individuals for mental health evaluation and/or counseling. With limited exceptions, communication made during such evaluations and counseling cannot be used in disciplinary proceedings under the Uniform Code of Military Justice.

Role of Slot Machine Revenue in Support of Morale, Welfare and Recreation Programs

Revenue derived from slot machines is a major component of each Services' ability to fund nonappropriated fund programs, capital investments and major construction. At the installation level, slot machine revenue becomes part of the installation Morale, Welfare and Recreation Fund that supports all nonappropriated fund requirements. This includes providing entertainment, extending recreational activities at a reduced cost to Service members and their families, capital purchases of equipment and vehicles, as well as repairs and minor construction for nonappropriated fund activities. Examples include programs supporting reduced price tickets and tours, youth activities and sports programs, single Service member programs, arts and crafts, and outdoor adventure programs. Nonappropriated funds are used to support local demands, as expressed through use of activities, recreation advisory committees, and through needs assessments conducted to determine capital investment priorities.

At the Service level, revenues primarily finance nonappropriated fund major construction but also support automation systems, personnel training, entertainment and other investments. Many of those centralized investments produce a positive return on investment, which assists the funding of future requirements.

The Army, Air Force and Marine Corps use some of their slot machine revenue and exchange dividends to centrally fund new construction and renovation projects throughout the Services. Examples include youth centers, golf courses, golf club houses and maintenance facilities, bowling centers, clubs, arts and crafts facilities, auto crafts facilities, car washes,

outdoor recreation facilities, recreational lodging and cabins, travel camps, and marinas. Navy installations retain all slot machine revenue to support their programs.

The following table shows each Services' distribution percentage of slot machine revenue between Installations/Major Commands and their Service level nonappropriated fund.

Distribution of Slot Machine Revenues				
	Army	Air Force	Navy	Marine Corps
% of Net Income Distributed to Installation/Major Command	60%	50%	100%	79%
% of Net Income Distributed to Service's Central MWR Funds	40%	50%	0%	21%

Without slot machine revenue or a significant new source of cash, the Services could not fund necessary capital investments to maintain current operations or construct new facilities. Many of these expenses could not be supported with Appropriated Funds, even if such funds were available, without a change to congressionally approved policy. Overseas commands, where Service members have limited commercial recreation options, would be particularly impacted by a reduction of this magnitude.

Displayed below is each Services' FY00 nonappropriated fund Net Income After Depreciation with and without slot machine revenues.

FY 00 NAF Net Income After Depreciation (NIAD)					
	Army	Air Force	Navy	Marine Corps	Total
Total MWR NIAD with Slot Revenue	\$29.3M	\$17.8M	\$15.3M	(\$3.2M)	\$59.20M
Total MWR NIAD without Slot Revenue	(\$44.2M)	(\$5.8M)	(\$1.1M)	(\$14.2M)	(\$65.3M)

Program Controls

The Services use internal controls that are more stringent than those required by the Nevada State Gaming Control Board, which represents the standard for the United States gaming industry. The machines are purchased from United States manufacturers with several built-in security systems, to include dual locks on access doors and audible alarms that sound any time a door is opened. Slot machines have tamper-proof coin meters to record all machine transactions (coins in and pay outs). Machines are controlled by hard-coded memory chips that determine the average pay out percentage for the machine, thereby ensuring the machine cannot be tampered with to provide lower levels of pay out. These internal machine systems allow the Services to establish and monitor internal control processes that ensure program integrity.

Although the Services choose to organize their slot machine programs differently, there are common internal control processes to each of their systems. Access inside of the machines, and to the keys that allow access, are tightly controlled. Cash collected from the machines is tightly

controlled through independent observation, analysis of reported collections, and independent audits of the internal controls. The Services' systems are further described as follows:

1. **Army:** The Army Recreation Machine Program (ARMP), is an operating activity of the Army Community and Family Support Center. The ARMP procures, provides direct maintenance and cash collection services, and accounts for all slot machine operations. ARMP operates field offices in overseas areas to accomplish maintenance and collection activities. The overseas installations provide and maintain the facilities to house the machines and provide change funds. No single agency or individual has unilateral access to the funds contained in the machines, the cash collection data, or to other control information. The ARMP procedures exceed internal control standards in use by the Gaming Control Commissions of Nevada, New Jersey and Colorado.

The interior of machines containing funds can only be accessed with two separate keys, one of which is maintained by ARMP the other by the facility in which the machine is housed. Each access to a machine, either for coin collection or for maintenance, is electronically recorded, documented and subsequently transmitted to a central database for analysis and historical record. Each access to the inside of the machine where funds are contained requires at least two people; an ARMP employee and a facility representative when maintenance is performed or an ARMP employee, a command representative and a representative from the facility if cash is being collected.

The ARMP collects and transmits all machine performance data and cash collections on a daily basis. These functions are independently observed and audited by dedicated internal control personnel operating autonomously of ARMP management. The ARMP operates a Control and Analysis operation that serves as a disinterested control point and enhances checks and balances by providing statistical analysis of variances between meter counts and actual cash. It also conducts analysis to compare the actual machine cash hold compared to theoretical statistical hold.

Commercial audit firms, experienced in gaming operations, audit the entire ARMP program on an annual basis for procedural compliance and financial accountability of all cash and physical assets. No material weaknesses have ever been reported.

2. **Navy:** The Army operates the Navy's slot machine program on a revenue sharing basis for the Commander, Naval Forces Korea, under the same regulations and stringent internal controls applied to its own program. At all other locations, Navy commands administer similarly rigorous control measures in accordance with mandatory program directives for monitoring the day-to-day activities of the slot machine program.

Individual slot machines are configured to require two separate sets of keys to gain access. The installation Morale Welfare and Recreation Department keeps one set and the Command Duty Office has a separate set of keys on a tamper proof ring. Both sets are required each time a slot machine is opened. Additionally, whenever money is collected, each installation provides an independent command observer to verify coin count and meter readings. Discrepancies between the coin count and meter readings require investigation. Neither MWR nor a command representative can access slot machines independently. Should

something happen to one of the sets of keys; another full set is kept in a safe and can only be accessed for unannounced inspections or in case of emergency.

The Navy Personnel Command evaluates trends based on quarterly reports filed by local activities. Additionally, each installation has a local audit board appointed by the Commanding Officer. This board evaluates operational controls quarterly, utilizing a mandatory checklist. This information is forwarded to Navy Personnel Command, which also conducts on-site, hands-on inspections of each slot machine at least once every two years.

3. **Air Force:** The Air Force slot machine program uses a high security electronic key access and issue system. Names of individuals authorized access are loaded into a system database and given a personal identification number. The individual's job determines their level of access to particular keys at specific times. Time of possession is also set and monitored with the system. Should a particular set of keys not be returned within the authorized time limit, both an audible and silent internal system alarm activates. Independent observers are used any time a slot machine is accessed when cash is present in the machine. The observer works for the Accounting Office, independent from any other slot machine operational function. The internal control procedures identified here for use in the Air Force program exceed those used by the central commissions of Nevada, New Jersey and Colorado.

The Air Force uses an operational system with a division of responsibilities among base level personnel in different offices to protect internal controls. Information/data flows from on-line machines into a computer system within the Financial Management Office at the time of cash collection. On a weekly basis, unless there is a need to transmit earlier, all slot machine operating data flows via data file from the base to the Air Force Services Agency in San Antonio, Texas. There it is reviewed for accuracy, to ensure machines are operating within established tolerances and to identify potential irregularities. All cash overages or shortages are thoroughly investigated. Air Force Services Agency conducts staff assistance visits, semi-annually at large installations and annually at small sites, to ensure compliance with prescribed program guidance and internal controls. It also has an annual slot machine audit program to ensure each installation/activity maintains control over its program. Additionally, the installation nonappropriated fund Financial Advisor, an accountant assigned to the installation Comptroller and separate from the Services organization, has specific oversight responsibilities of installation-level nonappropriated fund internal controls.

4. **Marine Corps:** The Army ARMP operates the Marine Corps slot machines located in Japan and Okinawa under the same regulations and stringent internal controls applied to its own program. Seven machines are operated directly by the Marine Corps in a club in London, England, where similar controls are in place.

Machine meter readings are recorded whenever the machine is opened. Two keys to open the machine: one key which accesses the mechanical portions of the machines is kept at the club for the repairs, and the other is retained in the commander's office to access the machines' cash boxes. Cash collection is performed by the manager and a representative appointed by the command. Machine repairs are also accomplished by at least two people. Machine cash collections are made at the end of every month; revenues are counted and compared to the

meter readings, and deposited in the bank. The Marine Corps' nonappropriated fund Audit Service audits the clubs annually, to include the slot machine program.

Features To Discourage Excessive and Unauthorized Play

For All Services, slot machine access is limited to eligible MWR patrons, 18 years and older, who are authorized to play by Status of Forces Agreement, other country-to-country agreements, applicable host nation laws and local policies. Slot machines are located in a separate area within the MWR activities which have them, normally in a separate room.

In facilities that cannot accommodate a separate room, slot machines are to be located in an area where accessibility is restricted to adults. The facility staff is responsible to ensure that only authorized patrons are permitted access to machines. Instances of unmonitored slot machines were recently observed in Europe, and noted with concern by the House Armed Services Committee Morale, Welfare and Recreation Panel. These unsanctioned practices are disturbing as well to the Department of Defense and will be corrected. The Department is especially concerned that all appropriate actions are taken to prevent access to slot machines by children. Actions to further define access policy, review implementation, and correct discrepancies are provided in the conclusion of this report.

The Services intentionally limit play through the design of the program. Only nickel and quarter machines are used. Unlike the commercial gaming industry, the maximum payouts range between \$500 and \$1,199. Payouts average 92.5 percent of total coins played. The gaming industry often collocates these kinds of high pay out machines with other machines paying much lower rates of return so that customers will play both, providing the casino with additional revenue. Also, the industry decreases the payout percentage for lower denomination machines to increase revenue gained from them and to encourage play on higher denomination machines.

Services do not permit advertising the slot machine program or activities that promote play. There are no tournaments, contests or other competitive events involving slot machine play. Activities do not track slot machine play in order to offer prizes or compensation. Activities with slot machines do not offer free drinks, food, coupons or other incentives to slot machine players.

Staff are directed to identify instances where there appears to be misconduct, or potentially excessive and unaffordable participation to the applicable commander in the case of Service members or their family members, or supervisors in the case of civilian employees. The installation commander may bar any individual from playing slot machines, if the commander perceives that doing so will be in the best interest of the individual.

Conclusions

The Department views slot machines as a recreational activity that supplements other social and recreational programs available to adults, and also generates revenue for MWR programs accessible by the entire military community. The Department recognizes slot machines are provided with the understanding that individuals should play them responsibly. The Service programs are operated with this perspective in mind. The Services do not actively encourage or promote slot machine use. Each provides a wide range of financial training and assistance as

well as professional medical/psychological care if required. There is no indication that this program has a significant detrimental effect on morale or financial well being of forces stationed overseas.

Slot machines fund a considerable percentage of the Services' Morale, Welfare and Recreation programs and nonappropriated fund major construction. Loss of this revenue source could not be replicated. This would have a profound negative effect on many Morale, Welfare and Recreation programs, particularly overseas, and would cause curtailment or elimination of many programs.

The Department is satisfied that this program is well managed and responsive to the desires of our constituent population. However, we are committed to ensuring that every precaution is taken to minimize any potential negative impact on individuals. In that regard the Services will continue to:

- Proactively educate personnel regarding possible negative effects of excessive gambling.
- Provide and publicize venues for financial management and compulsive gambling assistance, as required.
- Ensure slot machine access is limited to only those personnel of appropriate age and eligibility status.

The Department will issue additional guidance to the Services that clearly delineates requirements regarding placement of slot machines within MWR facilities and procedures to control access to the machines. The Department will further direct the Services to immediately review their procedures and to make any necessary adjustments.

The Services will be required to report actions taken to ensure appropriate and effective access controls are in place not later than December 31, 2001, and will be required to conduct periodic reviews to ensure continued compliance.