PRESS RELEASE from the Washington State Gambling Commission: April 8, 2014

Tribal and State negotiators have agreed to a tentative Tribal-State Compact for Class III Gaming for the Cowlitz Indian Tribe. The proposed compact is substantively similar to existing compacts with other Indian tribes within the state.

Summary of the Tentative Cowlitz Indian Tribe - State Gaming Compact

Background

- The Tribe possesses Tribal Lands located in Clark County that are approved by the U.S. Department of the Interior for trust acquisition and designation as Initial Reservation of the Cowlitz Tribe pursuant to 25 U.S.C. § 2719(b)(1)(B)(ii).

- A challenge to the Secretary of the Interior's decision to acquire the land in trust and to issue a Reservation Proclamation is currently in litigation. Provisions of the proposed Compact regarding the establishment, operation and regulation of a gaming operation and gaming facilities shall not apply unless or until a final disposition affirms the Secretary's decisions. The Tribe may, however, lease or transfer any of its allocated Tribal Lottery System player terminal rights to another Washington tribe pursuant to Appendix X2.

Highlights of the Agreement

- **Facilities** - The Tribe may establish up to two gaming facilities, to be located on its Tribal Lands, for the operation of any Class III (e.g., Las Vegas-style) gaming authorized pursuant to the Compact.

- **Number of Gaming Stations (Table games)** – The Tribe may operate up to 75 gaming stations within one facility and up to 50 gaming stations within a second facility plus, at the option of the Tribe, one additional nonprofit gaming station for 25 gaming stations allowed in each gaming facility**.**

- **Wagering Limits** – During the first 12 months of operation, the Tribe may offer wager limits up to $250. However, the Tribe may increase the wager limits up to $500 if it demonstrates to the State its compliance with certain compact conditions, including developing a strong regulatory program and system of controls.

- **Tribal Lottery System** - The Tribe may operate up to 3,000 player terminals, with a maximum of 2,500 at one facility. Any player terminals in operation beyond the Tribe's allocation of 975 must be leased from other Washington Tribes.

- **Licensing -** The Tribe will license all Class III gaming employees, manufacturers, and service suppliers. The State will certify all individuals and organizations tribally licensed for Class III gaming activity. As part of this process, the State will conduct criminal background investigations to ensure applicants are qualified.

- **Community Contribution -** The Tribe will withhold and disburse up to 2.0% of the net win from the gaming stations for an Impact Mitigation fund, which may be disbursed to local law enforcement agencies, emergency services, and other services impacted by Tribe's gaming activities.

- **Charitable Contributions –** The Tribe will withhold and disburse 0.5% of the net win from Tribal Lottery System activities to non-tribal bona fide non-profit and charitable organizations in the State of Washington.

- **Smoking Cessation Contribution –** The Tribe will contribute 0.13% of the net win from all Tribal Lottery System activities to government or non-profit organizations that help discourage the use of tobacco.

- **Problem Gaming Contribution –** The Tribe will contribute 0.13% of the net win from all Class III gaming activities to government or non-profit organizations that help reduce problem gambling.

The Compact Approval Process

- The Gambling Commission Director sent notification about the proposed Compact on April 4, 2014.

- A designated committee from each house of the Legislature must hold public hearings within 30 days after receiving the proposed Compact.

- **The Gambling Commission will hold a public hearing during the May 8, 2014**, **Commission meeting** and must vote to forward the proposed Compact to the Governor or return it to the Director for further negotiations. Click here for meeting information.

- The Cowlitz Tribal Chairman and the Governor will consider and sign the Compact.

- The Tribe will forward the final Compact to the U.S. Secretary of the Interior for review and signature, followed by publication in the Federal Register.

For questions, please contact Melinda Froud, staff attorney, Washington State Gambling Commission, at (360) 486-3468.

Summary of the
Tentative Cowlitz Indian Tribe - State Gaming Compact

April 2014

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- The Gambling Commission Director sends notification about the proposed Compact to the Governor, Legislature, Local Government Officials, and others.

- A designated committee from each house of the Legislature must hold public hearings within 30 days after receiving the proposed Compact.

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- The Tribe will forward the final Compact to the U.S. Secretary of the Interior for review and signature, followed by publication in the Federal Register.

TRIBAL – STATE COMPACT
FOR CLASS III GAMING

Between the

Cowlitz Indian Tribe

and the

State of Washington

DRAFT

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INTRODUCTION

This CLASS III TRIBAL-STATE GAMING COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 U.S.C. §§2701-2721 and 18 U.S.C. §§1166-1168 (hereafter IGRA or Act).

PARTIES

This Tribal-State Compact is made and entered into by and between the Cowlitz Indian Tribe (hereafter Tribe), a federally recognized Indian tribe, possessed of all sovereign powers and rights thereto pertaining; and the State of Washington (hereafter State), a sovereign state of the United States, with all rights and powers thereto pertaining.

DECLARATION OF POLICY AND PURPOSE

The Tribe and the State recognize and respect the laws and authority of the respective parties.

The Congress of the United States has enacted into law the Act, Pub. L. 100-497, 25 U.S.C. §2701-2721 and 18 U.S.C. §1166-1168, which provide in part that a Tribal-State Compact may be negotiated between a tribe and a state to govern the conduct of certain Class III gaming activities on Tribal Lands within the state if the gaming activity is not specifically prohibited by federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity.

The Tribe and the State have negotiated the terms and conditions of this Compact in good faith so as to provide for mutual governmental purposes and to provide a regulatory framework for the operation of certain Class III gaming, which is intended to: (a) ensure the fair and honest operation of such gaming activities; (b) maintain the integrity of all activities conducted in regard to such gaming activities; (c) prevent unsavory and unsuitable persons from having any direct or indirect involvement with gaming activities at any time or in any capacity; (d) establish and maintain responsible accounting practices and procedures; (e) maintain effective control over the financial practices related to gaming activities, including establishing the minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues and reliable recordkeeping; (f) prevent cheating and fraudulent practices; and (g) protect the health, welfare and safety of the citizens of the Tribe and of the State.

The Act provides that an Indian tribe may conduct Class III gaming on Tribal Lands.

The Tribe and the State of Washington have mutually agreed that the conduct of Class III gaming under the terms and conditions set forth below will benefit the Tribe and protect the citizens of the Tribe and of the State consistent with the objectives of the Act.

The parties hereto deem it to be in their respective best interests to enter into this Compact.

A principal goal of federal Indian policy is to promote tribal economic development, tribal self-determination and a strong government to government relationship.

The State recognizes the Tribe's sovereign rights to control gaming activities on Tribal Lands as provided by the Act and this Compact.

It is the policy of the Tribe to exercise and retain its rights to regulate gaming activities upon its lands and reservation for the purposes of encouraging Tribal employment, economic and social development, and funding of Tribal services while ensuring the fair and lawful operation of gaming and the prevention of corrupt and criminal influences. Per 25 U.S.C. §2710(b)(2)(B) the Tribe will utilize net revenues generated by gaming to fund tribal government operations or programs, to provide for the general welfare of the Tribe and its members, to promote tribal economic development, to donate to charitable organizations, or to help fund operations of local government agencies.

This Compact shall govern the licensing, regulation and operation of Class III gaming conducted by the Tribe on Tribal Lands located within the State.

The State and the Tribe are empowered to enter into this Compact due to their inherent power to contract and pursuant to IGRA and state law.

In consideration of the mutual undertakings and agreements hereinafter set forth, the Tribe and the State enter into the following Compact.

I. TITLE

This document will be cited as "The State of Washington Cowlitz Tribe Gaming Compact."

II. DEFINITIONS

For purposes of this Compact:

(a) "Act" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 U.S.C. §2701 et seq.

(b) "Accounting Department" is that established in the Tribal Gaming Operation's system of organization in accordance with this Compact.

(c) "Applicant" means any individual who has applied for a Tribal license or State Certification, whether or not such license, Certification, or determination is ultimately granted.

(d) "Certification" or "State Certification" means the process utilized by the State Gaming Agency to ensure that persons or entities required to be certified are qualified to hold such Certification in accordance with this Compact.

(e) "Cash Equivalent" means a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the Tribal Gaming Operation payable to the patron or to the Tribal Gaming Operation, or a voucher recording cash drawn against a credit card or charge card.

(f) "Class III Gaming" means all forms of gaming as defined in 25 U.S.C. §2703(8) and authorized under Section IV of this Compact

(g) "Compact" means the State of Washington - Cowlitz Indian Tribe Gaming Compact and Appendices, as amended.

(h) "Drop Box" means the container attached to a gaming station, player terminal or kiosk for deposit of cash and certain documents received as provided by this Compact.

(i) "Gambling Device" means any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof.

(j) "Gaming" means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome.

(k) "Gaming Code" means the Cowlitz Tribal Gaming Ordinance approved by the National Indian Gaming Commission pursuant to IGRA, as amended and any regulations adopted by the Tribe thereunder.

(l) "Gaming Employee" means any person employed in the operation or management of the Gaming Operation, whether employed by or contracted by the Tribe or by any person or enterprise providing on or off site Gaming Operation or management services to the Tribe regarding any Class III activity, including, but not limited to, Gaming Operation managers and assistant managers; accounting personnel; surveillance personnel; cashier supervisors; dealers; box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; management companies and their principals; and any other natural person whose employment duties require or authorize access to restricted areas of the Gaming Facilities not otherwise opened to the public.

(m) "Gaming Facility" or “Gaming Facilities” means the building or buildings or portions thereof in which Class III Gaming is conducted as authorized by this Compact.

(n) "Gaming Operation" or "Tribal Gaming Operation" means the enterprise or enterprises operated by the Tribe on Tribal Lands for the conduct of any form of Class III Gaming in any Gaming Facility.

(o) "Gaming Promotions" means a way to encourage players to participate in a gaming activity. A gaming promotion cannot require the participants to pay any money or other items of value or purchase any service, goods, wares, merchandise, or anything of value to participate in the promotion. Equipment or devices are prohibited from use in a promotion unless authorized within the Compact.

(p) "Gaming Services" means the providing of any goods or services to the Tribe directly in connection with the operation of Class III Gaming in a Gaming Facility, and involving restricted areas or access. Goods or services include, but are not limited to, equipment, maintenance, management or security services for the Gaming Facilities.

(q) "Gaming Station" means one gaming table of the general size and scope as commonly used in Nevada.

(r) "Independent Accountant" means a professional accountant suitably qualified and sufficiently independent to act as auditor of the Tribal Gaming Operation.

(s) "Individual" means, but is not limited to, natural persons and business entities including business sole-proprietorships, partnerships, corporations, joint ventures, organizations and associations.

(t) “Internal Controls” means the internal operational system or internal procedures of the Gaming Operation designed to promote efficiency, safeguard assets, and avoid fraud and error.

(u) "Local Law Enforcement Agency" means any law enforcement agency in the vicinity of the Gaming Operation and which has jurisdiction to enforce local and state laws within the Tribal Lands, or is subject to the terms of a cross-deputization agreement.

(v) "Management Entity" means any individual with whom, or other business entity with which, the Tribe has entered into a contractual agreement for any Gaming Operation on the Tribal Lands.

(w) "Net Win" means the total amount of Gaming Station income (gross gaming revenue), i.e., the difference between the total amount wagered or played and the amounts repaid to winners.

(x) "National Indian Gaming Commission" means the Commission established pursuant to Section 5 of the Act, 25 U.S.C. §2704.

(y) "Pit" means the area enclosed or encircled by an arrangement of Gaming Stations in which Gaming Facility personnel administer and supervise the games played at the tables by the patrons located on the outside perimeter of the area.

(z) "Principal" means with respect to any enterprise: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the total financing of the enterprise.

(aa) "RCW" means the Revised Code of Washington, as amended.

(bb) "State" means the State of Washington, its authorized officials, agents and representatives.

(cc) "State Gaming Agency" means the Washington State Gambling Commission.

(dd) "Surveillance System" means a recording system with a collection of surveillance cameras in which live signals are viewed and/or recorded within the system and are not publicly distributed or accessible.

(ee) "Tribal Gaming Agency" means the Cowlitz Tribal Gaming Commission or such other agency of the Tribe as the Tribe may from time to time designate by written notice to the State as the single Tribal agency primarily responsible for regulatory oversight of Class III Gaming as authorized by this Compact. No employee of the Gaming Operation may be a member or employee of the Tribal Gaming Commission.

(ff) "Tribal Lands" means Indian lands as defined by 25 U.S.C. §2703(4)(A) and (B), which qualify for gaming under the provisions of 25 U.S.C. §2719, which lands are subject to the jurisdiction of the Tribe.

(gg) "Tribal Law Enforcement" means any police force established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Tribal Lands.

(hh) "Tribe" means the Cowlitz Tribe, its authorized officials, agents and representatives.

(ii) "WAC" means the Washington Administrative Code, as amended.

III. NATURE AND SCOPE OF CLASS III GAMING

A. Nature of the Cowlitz Gaming Operation

(1) The Tribe possesses Tribal Lands approved by the Department of the Interior for trust acquisition and designation as Initial Reservation of the Cowlitz Tribe pursuant to 25 U.S.C. § 2719(b)(1)(B)(ii). The Tribe desires to conduct gaming on this land as authorized by this Compact. However, a challenge to the Secretary of the Interior's (Secretary) decision to acquire the land in trust and to issue a Reservation Proclamation is currently in litigation. The provisions of this Compact regarding the establishment, operation and regulation of a Gaming Operation and Gaming Facilities shall not apply unless or until a final disposition affirms the Secretary's decisions.

(2) The Tribe and State agree that the Tribe may lease or transfer any or all of its Allocated Player Terminal rights to another Indian tribe pursuant to Appendix X2 or as subsequently amended in this Compact.

B. Location of the Cowlitz Gaming Facilities

The Tribe may establish up to two Gaming Facilities, to be located on its Tribal Lands, for the operation of any Class III Gaming authorized pursuant to this Compact.

C. Ownership of Gaming Facilities and Gaming Operation

The Gaming Operation, including all Gaming Facilities, shall be owned by the Tribe. The Tribe may, if it chooses, contract with a Management Entity for management of the Gaming Facilities and Gaming Operation. Any such contract shall subject the manager to the terms of this Compact, including annual Certification and licensing.

D. Construction

As with any major development project on the Cowlitz Tribal Lands, any Gaming Facilities will comply with all applicable tribal and federal regulations, including by way of example: zoning, building, environmental review and water quality protection.

E. Public Health, Safety and Environmental Protection

The number of persons permitted at any Gaming Facilities will not exceed the number authorized by applicable fire and building codes. The Tribe shall make provisions for adequate emergency accessibility and service. The Tribe shall comply with and enforce standards no less stringent than those contained in the following laws, regulations and codes:

(1) Indian Health Service public health standards.

(2) All Federal laws establishing minimum standards for environmental protection.

(3) Applicable Environmental Protection Agency program standards and National Environmental Policy Act requirements.

(4) Federal water quality and safe drinking water standards.

(5) International Building Code, including codes for electrical, fire and plumbing.

(6) Public health standards for food and beverage handling in accordance with U.S. Public Health Service requirements.

(7) Tribal Codes regarding public health, safety and environmental protection standards.

F. Alcoholic Beverage Service

Standards for alcohol service within the Gaming Facilities shall be subject to applicable law or applicable agreement between the Tribe and the Washington State Liquor Control Board.

G. Community Contribution

(1) The Tribe recognizes that activities directly and indirectly associated with the operation of its Gaming Facilities may impact local law enforcement agencies, emergency services, and other services and place an increased burden on them. The Tribe hereby agrees to establish an Impact Mitigation Fund for purposes of providing assistance to impacted non-tribal law enforcement, emergency services, and/or service agencies,including those agencies responsible for traffic and transportation, and water and sanitary sewer. These funds will be distributed based upon evidence of such impacts as demonstrated by each jurisdiction or as otherwise agreed pursuant to Section G.(5) below. The Tribe agrees to withhold and disburse up to two percent (2.0%) of the Net Win from the Gaming Stations, except as otherwise excluded under the provisions of this Compact, for the Impact Mitigation Fund. Except as provided in Appendix X2, Section 14.1, no Tribal Lottery System gaming device revenues, proceeds from a nonprofit station as authorized under Section III.J, Class II gaming revenues, or non-gaming revenues, such as, but not limited to, food, beverage, wholesale or retail sales, shall be included, with the two percent (2.0%) withheld and disbursed as set forth in this section.

(2) A committee consisting of two representatives of the Tribe; a representative of Clark County; a representative of the City of La Center; and a representative of the State Gaming Agency shall be established. The makeup of this committee may be altered by mutual agreement of the Tribe and State Gaming Agency, if necessary.

(3) The committee shall execute a Memorandum of Understanding containing committee rules of order, Impact Mitigation Fund distribution procedures, and establish set factors to be used to determine demonstrated impacts, and unless otherwise agreed, meet at least once every twelve (12) months to discuss the following: 1) impacts within the county, neighboring cities, and on the Tribal Lands; 2) services provided by the Tribe and other agencies; and 3) the distribution of the Impact Mitigation Fund. If the committee determines that the impact mitigation distribution does not meet or exceed the two percent (2.0%) withholding, the remaining funds shall be distributed to the Tribe.

(4) The recipients of the Impact Mitigation Fund shall be paid within thirty (30) days following the meeting of the committee.

(5) The Tribe and impacted jurisdictions may enter into written agreements delineating the anticipated governmental relationships and responsibilities both on and off Tribal Lands with respect to the utilization of the Impact Mitigation Fund. A copy of any such agreements shall be provided to the State Gaming Agency.

(6) Under Tribal Ordinance 07-02, the Tribe is required to compensate Clark County and the local tax districts on a biannual basis in lieu of property taxes for revenues lost due to the removal of the Tribe's trust land from the County tax rolls. The receipt and distribution of these in lieu tax revenues shall be taken into account by the committee when determining demonstrated impacts on these local governments.

(7) Either the State Gaming Agency or the Tribe may request a re-evaluation, and possible adjustment of the community contribution based upon impacts being different than anticipated. In the event the State and Tribe mutually agree, the community contribution shall be adjusted at that time.

H. Forms of Payment

All payment for wagers made in authorized forms of Class III Gaming conducted by the Tribe on its Tribal Lands, including the purchase of chips for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. The Tribal Gaming Operation shall prohibit patrons from using public assistance electronic benefit cards for the purpose of participating in any of the activities authorized by this Compact.

I. Size of Gaming Floor

The actual Class III gaming floor within each Gaming Facility shall be determined by the Tribe.

J. Number of Gaming Stations

The maximum number of Class III Gaming Stations shall not exceed seventy-five (75) gaming stations within one facility and a total of fifty (50) Gaming Stations within a second facility plus, at the option of the Tribe, one (1) additional Gaming Station ("the nonprofit station") for every twenty-five (25) Gaming Stations allowed in each Gaming Facility. The proceeds from all nonprofit stations shall be dedicated to support nonprofit and charitable organizations and their activities located within Clark County or the State of Washington. For purposes of determining "proceeds" from a nonprofit station only, proceeds shall mean the pro rata net profit of the nonprofit station. The Tribal Gaming Code shall require regulations to be adopted concerning the types of bona fide nonprofit and charitable organizations or types of projects of such organizations that shall be supported by a nonprofit station. PROVIDED, that the Tribe is required to obtain transfers of a Class III Gaming Station authorization from another tribe which has entered into a compact with the State for the use of Class III Gaming Stations, as defined in this Compact for any Class III Gaming Stations, except for nonprofit stations, beyond sixty (60) in total for all gaming facilities. PROVIDED FURTHER, that the transfer of Class III Gaming Station authorization from another tribe shall be effectuated through the use of a "Class III Gaming Station Transfer Agreement" substantially in the form appended hereto as Appendix D of this Compact.

K. Wagering Limitations

During the first twelve months of operation, wager limits shall not exceed two hundred fifty dollars ($250). At the end of twelve (12) months of continued operation, if the Gaming Operation has met the conditions set forth in Section III.L, "phase two" may be implemented, providing for wager limits of up to five hundred dollars ($500). PROVIDED, that the Tribe may implement wager limits of up to five hundred dollars ($500) prior to twelve (12) months of continued operation if the State Gaming Agency grants temporary phase two approval, as set forth in subsection III.L(2).

L. "Phase II" Review & Implementation

(1) After twelve months of operation of a Class III Gaming Facility, the State Gaming Agency shall conduct a review of the Class III Gaming Operation to determine Compact compliance and whether the conditions set forth below have been satisfied. If, as a result of the review, the State Gaming Agency determines that the Gaming Operation is in compliance with the conditions set forth below, the Class III Gaming Operation may implement "phase two." If the State Gaming Agency determines that the Class III Gaming Operation has not satisfied the conditions, any resulting dispute will be resolved through the dispute resolution procedures set forth in section XII.B. of this Compact. Any increase in the wager limits beyond that initially authorized during "phase one" of Class III Gaming Operation shall be conditioned upon the following criteria:

(i) There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by a Federal District Court or the National Indian Gaming Commission;

(ii) There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material;

(iii) There have been no material adverse impacts on the public health, safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III Gaming Facilities;

(iv) The Tribal Gaming Agency has developed a strong program of regulation and control demonstrating an adequate level of proficiency, which includes hiring of trained Tribal Gaming Agents, an independent Tribal Gaming Agency management and reporting structure separate from that of the Gaming Facilities or Tribal government, a thorough and developed system for the reporting of Compact violations, and a strong and consistent presence within each Class III Gaming Facility; and

(v) There have been no material violations of Appendices A, B, C, D, or X2 of this Compact.

(2) The Tribe may operate at phase two levels upon the opening of the Gaming Facility or Facilities if the Gaming Operation meets certain criteria for temporary phase two approval by the Director of the State Gaming Agency. In lieu of twelve (12) months of continuous operation, the Tribe must demonstrate its compliance with the following requirements prior to the opening of each facility:

(i) The Tribe has satisfied the portions of the phase two review that the State Gaming Agency requires prior to the opening of each Gaming Facility.

(ii) The Tribe has satisfied the requirements set forth in subsection III.L(1)(iv). In addition, the Tribal Gaming Agency has employed Tribal Gaming Agents trained in audit procedures and will establish its own internal audit program. The Tribal Gaming Agency shall be responsible for regular reviews of the gaming station and Tribal Lottery System checklists.

(iii) If, after granting temporary phase two approval, the Director of the State Gaming Agency determines that the Tribe has failed to demonstrate substantial compliance with the requirements of subsection III.L(1), then the Tribe shall operate at phase one levels until the State Gaming Agency gives subsequent temporary or standard phase two approval.

M. Hours of Operation

Operating hours shall be determined by the Tribe.

N. Prohibited Activities

Any Class III Gaming activities, electronic facsimiles of Gaming activities, and Gambling Devices that are not specifically authorized in this Compact are prohibited.

O. Prohibition on Minors

No person under the age of eighteen (18) shall participate in any Gaming activities authorized by this Compact, or be employed in any Gaming Operation, or be allowed on the Class III gaming floor during actual hours of operation. PROVIDED, that such age limitation shall not apply to an individual accompanied by an adult for the specific and limited purpose of proceeding directly and immediately across the gaming area for legitimate non-gaming purpose, with no gaming area loitering or gaming participation by the underage person or accompanying adults. Persons between the ages of eighteen (18) and twenty (20) may patronize and participate in Class III Gaming activities offered by the Tribe in its Gaming Facilities, so long as such patrons do not purchase or consume alcoholic beverages on the premises in accordance with Washington State liquor laws or an applicable written agreement between the Tribe and Washington State Liquor Control Board.

P. Prohibition on Firearms

The possession of firearms by any person within a Gaming Facility shall be strictly prohibited, and the Tribal Gaming Agency shall post a notice of this prohibition near the entrances to each Gaming Facility. This prohibition shall not apply to authorized agents of the Tribal or State Gaming Agencies. This prohibition shall also not apply to local law enforcement agencies authorized by federal law, tribal law or by a cooperative, mutual aid or cross-deputization agreement.

IV. CLASS III GAMING ACTIVITIES

A. Authorized Class III Games

The Tribe may conduct, subject to the terms and conditions of this Compact, any or all of the following games:

(1) Keno; subject to Appendix C;

(2) Satellite (Off-Track) wagering on Horse Races, subject to Appendix B;

(3) Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be to the contrary, Tribal Lottery Systems operated in conformity with Appendix X2 are hereby authorized;

(4) Sports Pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten ($10) dollars and all proceeds, less a tribal administrative charge of no more than 50 cents for each $10 wagered, are awarded as prizes. All other provisions of RCW 9.46.0335 shall be applicable; and

(5) The sale of Washington State lottery tickets on the Cowlitz Indian Tribe Reservation shall be subject to the provisions of RCW 67.70, WAC 315, and the Tribal Ordinance.

(6) Any Gambling Device, as defined herein and the Johnson Act, 15 U.S.C. §1171, that is currently authorized for play in the State of Washington.

B. Class III Table Games

(1) The Tribe may offer any Class III table game authorized for play in the State of Washington pursuant to the game rules approved at the time of the effective date of this amended compact.

(2) For any modification to currently authorized Class III table games or Class III table games that are subsequently authorized for play in the State of Washington, the Tribe shall provide the game regulations to the State Gaming Agency at least

thirty (30) days prior to the time play shall begin. If the State takes no action within the 30 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to issues of the legality of the game, rules of the game, manner of play, or training or enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If either party believes, after negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII below.

(3) For any other Class III table games authorized for play in Nevada and played in accordance with applicable Nevada rules, the Tribe shall provide the game regulations to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. Provided, should a dispute arise, the game shall not be utilized until the dispute is resolved in accordance with Section XII.

C. Lottery-type Games

For games including keno-type games, instant tickets, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class II gaming in Washington pursuant to 25 U.S.C. §2703(7), the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to time play shall begin. If the State takes no action within the 60 days, the Tribe may begin offering the game. Provided, should a dispute arise, the game shall not be utilized until the dispute is resolved in accordance with Section XII.

D. Punchboards and Pull Tabs - Separate Locations

In addition to the games authorized by Section IV, the Tribe may utilize punchboards and pull tabs in its Gaming Facilities and at other locations under the jurisdiction of the Tribe subject to regulation and licensing by the Tribe and operated in a manner consistent with the sale of punchboards and pull tabs under IGRA.

V. LICENSING AND CERTIFICATION REQUIREMENTS

A. Gaming Facilities

The Gaming Facilities authorized by this Compact shall be licensed by the Tribal Gaming Agency in conformity with the requirements of this Compact prior to commencement of operation, and at least once every three (3) years thereafter to verify conformity with the requirements of this Compact. Verification that such requirements have been met for any new or additional facilities, or for expansion of an existing facility shall be made by the Tribal Gaming Agency and State Gaming Agency, through a joint pre-operation inspection scheduled at least thirty (30) days prior to the scheduled opening to the public. If a Gaming Facility fails to meet such requirements, the Tribal or State Gaming Agency

must send a written and detailed non-compliance letter and report to the Tribe and the manager, if any, within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a Gaming Facility meets the requirements, the agencies will meet within seven (7) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the gaming agencies within sixty (60) days, the parties may seek resolution pursuant to Section XII of this Compact.

B. Manufacturers and Suppliers of Gaming Services

Each manufacturer and supplier of Gaming Services shall be licensed by the Tribal Gaming Agency and shall be certified by the State Gaming Agency prior to the sale of any Gaming Services to the Tribe. If a supplier or manufacturer of the Gaming Services is currently licensed or certified by the State of Washington to supply goods or services to any other tribe in the state, it shall be deemed certified to supply the same goods or services to the Tribe for the purposes of this Compact. The licensing and Certification shall be maintained annually after the initial State Certification. In the event a manufacturer or supplier demonstrates that their anticipated profits from sales will be below the cost of obtaining a State Certification, it may apply for an abbreviated form of State Certification for special sales. Firms or representatives providing professional legal and accounting services, when licensed by the Washington State Bar Association or the Washington State Board of Accountancy, will not be subject to State Certification, and the Tribe will determine if a license is required. In the event a manufacturer or supplier provides or intends to provide less than $25,000 worth of Gaming Services or goods annually, the licensing requirements may be waived upon the mutual agreement of the Tribal and State Gaming Agencies.

C. Financiers

Any party who extends or intends to extend financing, directly or indirectly, to a Gaming Facility or Gaming Operation shall be subject to the annual Certification and licensing requirements of the State Gaming Agency and the Tribal Gaming Agency. Such party shall be required to obtain State Certification before executing the financing agreement and annually thereafter as long as the financing agreement is in effect**.** Notwithstanding the foregoing, these licensing and Certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Tribe, or the federal government. Federally regulated commercial lending institutions are those regulated by the Securities and Exchange Commission, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the United States Federal Reserve System, the National Credit Union Administration, and/or the Washington State Department of Financial Institutions.

D. Tribal Application Forms

All applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Agency that, at a minimum, shall include complete name, aliases, social security number, date of birth, current address, and information relating to the applicant's complete criminal history, as well as all civil or administrative violations of gambling laws or regulations.

E. Gaming Employees

Every Gaming Employee shall be licensed by the Tribal Gaming Agency and shall be certified by the State Gaming Agency prior to commencement of employment and annually thereafter. The Tribal Gaming Agency may immediately issue a conditional, temporary license if the employee has a current State Gambling license or Class III gaming Certification issued by the State Gaming Agency, the State Gaming Agency certifies that the prospective employee is in good standing, and the employee consents to disclosure of records to the Tribal Gaming Agnecy of all information held by the State Gaming Agency. If Class II and Class III table games are combined in the same room in a Gaming Facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II Gaming Employees in such room shall obtain State Certification by the State Gaming Agency as if they were Class III Gaming Employees.

F. Identification Cards

The Tribal Gaming Agency shall require all Gaming Employees to wear, in plain view, identification cards issued by the Tribal Gaming Agency which include the Gaming Employee's photo, first name, an identification number unique to the individual's Tribal license and/or State Certification, a Tribal seal or signature, and a date of expiration.

VI. LICENSING AND CERTIFICATION PROCEDURES

A. Procedures for Tribal License Applications and State Certification

Each applicant for a Tribal gaming license and for State Certification shall submit the completed application along with the required information to the Tribal Gaming Agency. Each completed application shall be accompanied by the applicants' fingerprint card(s), current photograph, and the fees required by the State and Tribal Gaming Agencies. Upon receipt, the Tribal Gaming Agency will transmit to the State Gaming Agency a copy of all application materials for each applicant to be certified, together with a set of fingerprint cards, a current photograph, and the fees required. For applicants who are business entities, these provisions shall apply to the principals and spouses of such entities.

B. Background Investigations of Applicants

Upon receipt of a completed application, attachments and the fee required for State Certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State Certification. The State Gaming Agency shall expedite gaming Certification requests submitted by the Tribe. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State Certification or deny the application based on criteria set forth in this Compact. If the State Gaming Agency issues a State Certification, the State shall forward the Certification to the Tribal Gaming Agency. If the application for Certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-17 WAC with a copy forwarded to the Tribal Gaming Agency. After twenty-four (24) months of operation, and upon the Tribe's demonstration of its capacity to conduct background investigations meeting Compact standards for Certifications, the State and the Tribe shall meet and confer regarding the possibility of transferring to the Tribe the primary responsibility for the conduct of background investigations for its tribal member applicants. State Certification of tribal member applicants shall still be required even if the primary responsibility for conducting background investigations is transferred to the Tribe, but Certification fees will be adjusted to reflect the primary background investigation responsibility of the Tribe. The State shall not apply to any applicant for Certification required under this Compact a more rigorous standard than that actually applied in the approval of state licenses or Certifications in non-Tribal gaming activities regulated by the State. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for Certification shall be available to the Tribal Gaming Agency at the State Gaming Agency office upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of Law Enforcement Intelligence Unit.

C. Consultation with Tribal Gaming Agency

The State Gaming Agency will consult with the Tribal Gaming Agency prior to denying Certification to an applicant who does not meet the criteria for Certification. For enrolled members of the Tribe who are applicants for Class III gaming Certification and licensing, the State and Tribal Gaming Agencies may waive, by mutual agreement, through a provisional or conditional Certification, certain criteria for such enrolled tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the Gaming Facility. If the Tribe can show extenuating circumstances why an enrolled tribal member who does not meet all criteria should be further considered for a provisional or conditional Certification, the Tribal and State Gaming Agencies may agree to a temporary Certification, based on specific conditions and a further detailed review of the applicant. Additional fees may be required to maintain a conditional or provisional Certification, which the Tribe agrees to pay.

D. Grounds for Revocation, Suspension or Denial of State Certification

The State Gaming Agency may revoke, suspend or deny a State Certification under the provisions of RCW 9.46.075, and rules promulgated thereunder, for any reason or reasons it deems to be in the public interest. In addition, these reasons shall include, but shall not be limited to when an applicant or holder of a Certification or principal of an entity:

(1) Is determined to be a person who because of prior activities, criminal record, if any, or reputation, habits and associations poses a threat to the effective regulation of gaming or creates or enhances the chances of unfair or illegal practices, methods and activities being used in the conduct of the Gaming activities permitted pursuant to this Compact;

(2) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal-State Compact;

(3) Has failed to provide any information reasonably required to investigate the application for State Certification or to reveal any fact which the applicant or holder knows or should reasonably know or is material to such application, or has furnished any information which is untrue or misleading in connection with such application; or

(4) Has had a Tribal or State Gaming license or Certification revoked or denied during the twelve (12) months prior to the date the Tribe received the application; is currently on probation imposed by any jurisdiction; or has demonstrated a willful disregard or failed to comply with the requirements of any gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of any gaming license. For the purpose of reviewing any application for a State Certification or for considering the denial, suspension or revocation of any State Certification, the State Gaming Agency may consider any prior criminal conduct or current probationary status of the applicant or holder of certification and the provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to such cases.

E. Non-Gambling Related Offenses

Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not automatically be grounds for revocation, suspension or denial of State Certification for an Indian person from a federally recognized Indian tribe to have been charged or convicted under state law for the following non-gambling related offenses if the charge or conviction occurred prior to the United States Supreme Court rulings upholding the state jurisdiction over Indians for such offenses such as, but not limited to: (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or factors which would warrant denial, revocation or suspension, these Indian persons shall not be barred solely as a result of such activities from Certification.

F. Right to Hearing for Revocation, Suspension, or Denial of State Certification

Any applicant for State Certification or holder of a State Certification shall be entitled to notice and a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State Certification. The notice and hearing will be conducted in accordance with the procedures contained in the applicable provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-17 WAC. The State Gaming Agency may, at its discretion, defer such actions to the Tribal Gaming Agency. Nothing herein shall prevent the Tribal Gaming Agency from invoking its own disciplinary procedures and proceedings at any time. The Tribe shall have the right to appear and present argument and/or evidence in any hearings held pursuant to this section. Nothing herein shall be interpreted to preclude the Tribe from invoking the dispute resolution provisions of this Compact to challenge a State Gaming Agency decision to revoke, suspend or deny State Certification.

G. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Agency

The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Agency shall be in accordance with Tribal ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section VI.(D)(1)-(4). The Tribe shall notify the State Gaming Agency of any determination under this paragraph.

H. Duration and Renewal of Tribal Issued Licenses and State Certifications

(1) Any Tribal license~~,~~ or State Certification shall be effective for one year from the date of issuance unless, in the case of a license or Certification, the holder is otherwise revoked or suspended. The Tribal Gaming Agency shall submit to the State Gaming Agency a renewal for Certification within 5 (five) business days of issuance of the renewed annual Tribal license. A licensed or certified employee or entity that has applied for renewal prior to the expiration date may continue to be employed under the expired Tribal license or State Certification until the Tribal

Gaming Agency or State Gaming Agency takes action on the renewal application or the license or Certification is suspended or revoked.

(2) Applicants seeking renewal of a license or Certification shall provide information updating originally submitted information as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Agency or the State Gaming Agency. Additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a Tribal license, or a State Certification is discovered by either the Tribal or State Gaming Commission. Any updated information received by the State Gaming Agency shall be available to the Tribal Gaming Agency at the State Gaming Agency's office upon request, subject to any of the constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of the Association of Law Enforcement Intelligence Units.

I. Exchange of Tribal Licensing and State Certification Information

In an effort to ensure a qualified work force in all areas of Class III Gaming, and in all types of gambling authorized under the laws of the State, upon completion of any administrative action or legal proceeding against a Tribal license or State Certification, the final disposition shall be forwarded to either the Tribal Gaming Agency or the State Gaming Agency, as applicable.

J. Fees for State Certification

The fees for initial and renewal State Certification shall be determined pursuant to WAC 230-05-035(6) for gaming employees, WAC 230-05-035(4) for service suppliers, WAC 230-05-035(7) for manufacturers, and WAC 230-05-035(2) for distributors. Provided, should actual costs incurred by the State Gaming Agency exceed the stated fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to beginning the investigation for the issuance of State Certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this Section it shall be resolved pursuant to Section XII of this Compact.

K. Fees For Tribal License

The Tribal Gaming Agency shall establish the fees for Tribal gaming licenses.

L. Temporary Certification of Gaming Employees

Within thirty (30) days of the State Gaming Agency's receipt of the completed application, the State Gaming Agency shall upon request of the Tribal Gaming Agency, issue a temporary Certification to the applicant unless the background investigation undertaken by the State Gaming Agency discloses that the applicant has a criminal history, or unless other grounds sufficient to disqualify the applicant pursuant to this Section are apparent or have been discovered during that period. The temporary Certification shall become void and be of no effect upon either the issuance of a State Certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact.

M. Summary Suspension of Tribal License

The Tribal Gaming Agency, pursuant to the laws of the Tribe, may summarily suspend any Tribal license if the continued licensing of a person or entity constitutes an immediate and potentially serious threat to the public health, safety or welfare.

N. Summary Suspension of State Certification

The State Gaming Agency, pursuant to the laws of the State, may summarily suspend any State Certification if the continued Certification constitutes an immediate and potential serious threat to public health, safety or welfare.

O. Submission to State Administrative Process

Applicants for State Certification agree by submitting such application to submit to State jurisdiction to the extent necessary to determine qualification to hold such Certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-17, and the State Administrative Procedure Act, RCW 34.05.

VII. TRIBAL ENFORCEMENT OF COMPACT REQUIREMENTS

A. Tribe

The ultimate responsibility for ensuring the regulation, control, and integrity of the gaming authorized by this Compact shall be that of the Tribe. The Tribe shall provide for and oversee the following functions:

(1) Ensure the enforcement in the Gaming Operation, including the Gaming Facilities, of all relevant laws;

(2) Ensure that the Gaming Operation has adequate policies in place for the physical safety of patrons in the establishment; and

(3) Ensure the physical safety of personnel employed by the establishment.

B. Tribal Gaming Agency

The primary responsibility for the on-site regulation, control and security of the Gaming Operation authorized by this Compact, and for the enforcement of this Compact shall be that of the Tribal Gaming Agency. As part of its structure, the Tribal Gaming Agency shall perform the following functions or ensure that they are being performed by the Tribe or its designee, as related to the regulation and integrity of gaming:

(1) Ensure the physical safeguarding of Gaming assets transported to and from Gaming Facilities and cashier's cage department;

(2) Protect the patrons and each facilities' property from illegal activity;

(3) Temporarily detain, to the extent of its authority, persons who may be involved in illegal acts for the purpose of notifying the law enforcement authorities; and

(4) Record in a permanent and detailed manner any and all unusual occurrences within each Gaming Facility. If the information is recorded in a computerized system, the system will adequately preserve and protect the integrity and security of the information required. Each occurrence shall be assigned a sequential number. At a minimum, the following information shall be recorded in a permanent record:

(i) the assigned number;

(ii) the date;

(iii) the time;

(iv) the nature of the incident;

(v) the person involved in the incident; and

(vi) the security department or Tribal Gaming Employee assigned.

C. Tribal Gaming Agents

(1) Tribal Gaming Agents shall be independent of the Tribal Gaming Operation, and shall be supervised and accountable only to the Tribal Gaming Agency.

(2) A Tribal Gaming Agent shall be present in the Gaming Facilities during all hours of the Gaming Operation authorized under this Compact, and shall have immediate access to any and all areas of the Gaming Operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances.

D. Investigation

(1) The Tribal Gaming Agency shall investigate any reported, observed or suspected violation of the Compact provisions or Gaming Code and shall require the Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Agency determines are necessary.

(2) If requested by the Tribal Gaming Agency, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Agency and provide other related investigation services for which the Tribe agrees to reimburse the State Gaming Agency for its costs.

E. Reporting of Violations

(1) Any violation(s) of the provisions of this Compact, or of the Gaming Code by the Gaming Operation, a Gaming Employee, Gaming service supplier or any person on the premises whether or not associated with the Gaming Operation shall be reported immediately to the Tribal Gaming Agency. The Tribal Gaming Agency shall notify the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.

(2) The Tribal Gaming Agency shall make copies of all completed incident and investigation reports and final dispositions available to the State Gaming Agency on a continuing basis.

F. Tribal Problem-Gambling Program

The Tribe recognizes that gambling activities can lead to compulsive behavior that is as severe and has the same negative consequences as other behavioral addictions. The Tribe will work with the State Gaming Agency, who currently maintains an affiliation with a nationally recognized problem gambling organization, to establish an education and awareness program for the Tribal Lands and surrounding communities. The program may be independent or developed as an adjunct to the program with which the State currently works.

VIII. COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring of Gaming Operation

(1) The State Gaming Agency shall, pursuant to the provisions of this Compact, have the authority to monitor the Tribal Gaming Operation to ensure that it is conducted in compliance with the provisions of this Compact. When reasonable the State Gaming Agency will coordinate inspections or investigations with the Tribal Gaming Agency prior to onsite monitoring of the Tribal Gaming Operation.

(2) Agents of the State Gaming Agency and, as applicable, the Horse Racing Commission, shall have access equivalent to that exercised by the Tribal Gaming Agency to all areas of the Gaming Facility during all normal operating hours with or without giving prior notice to the Tribal Gaming Operation. Following the investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State Gaming Agency shall provide the Tribal Gaming Agency with a report of the investigation, including information about evidence gathered in connection with the investigation. In no event shall the Tribe have access to identifying information regarding confidential informants.

(3) State agents shall provide proper identification at the time of inspection to the appropriate Tribal representatives; provided the State Gaming Agency Director may assign agents to work in an undercover capacity to assist in monitoring the provisions of this Compact. The Tribal Gaming Agency and the State Gaming Agency shall establish protocol that allows the Tribal Gaming Agency to confirm that the State agent is duly authorized by the State to monitor the Tribal Gaming Operation.

B. Access to Records

(1) Agents of the State Gaming Agency may review and copy, during all operating hours, all applicable Class III Gaming records maintained by the Tribal Gaming Operation or necessary to verify compliance with provisions of this Compact. However, the State Gaming Agency is mindful of the Tribe's desire for privacy, and agrees to examine all records at the Gaming Facilities, to the extent practical. The State Gaming Agency further agrees that its agents will only retain copies of records necessary for investigative purposes. Any information shall be deemed strictly confidential and proprietary information of the Tribe and shall not be disclosed except as required under law or the terms of this Compact.

(2) The State Gaming Agency or, as applicable, the Washington Horse Racing Commission, shall notify the Tribe, by certified mail, or by other mutually agreed upon means, of requests for disclosure of the Tribe's information and shall not disclose any such information until the Tribe, the State, or both have had a reasonable opportunity to challenge the request.

C. Investigations

The State Gaming Agency will notify the Tribal Gaming Agency of any alleged violations of the provisions of this Compact and may request the Tribal Gaming Commission take appropriate enforcement and/or corrective action. Failure of the Tribal Gaming Commission to take the action recommended by the State Gaming Agency will constitute a dispute or disagreement between the parties subject to the dispute resolution provisions contained in Section XII of this Compact.

D. Tribal Gaming Agency Access to State Gaming Agency Records

At the completion of any inspection or investigation, copies of the investigative report will be forwarded to the Tribal Gaming Agency along with copies of evidence and information pertinent to the inspection. The Tribal Gaming Agency may inspect and copy records maintained by the State Gaming Agency concerning Class III gaming by the Tribe.

E. Cooperation With Tribal Gaming Agency

(1) In order to foster a positive and effective relationship in carrying out and enforcing the provisions of this Compact, representatives of the Tribe (including the Tribal Gaming Agency) and the State Gaming Agency shall meet at least annually to discuss these matters. The meetings shall take place at a location mutually agreed upon by the Tribal Gaming Agency and the State Gaming Agency. At least ten (10) days prior to such meetings, the State Gaming Agency and the Tribal Gaming Agency shall disclose to each other any and all suspected activities or pending matters reasonably believed to constitute violations of this Compact by any person or enterprise. Should the Tribe begin operating satellite (Off-Track) wagering on horse races, the Washington Horse Racing Commission shall participate in the agency meetings.

(2) The State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall promptly notify the Tribal Gaming Agency of any activity suspected or occurring, whether within a Gaming Facility or not, which adversely affects State, Tribal or public interests relating to the Gaming Facilities and Gaming Operation. Provided, such disclosure shall not compromise the interest sought to be protected.

IX. STANDARDS OF OPERATION AND MANAGEMENT

A. Adoption of Standards of Operation and Management

The Tribal Gaming Agency shall adopt regulations to govern the operation and management of the Gaming Operation conducted under the authority of this Compact. Any regulations adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Class III Gaming are preserved and protected. The regulations shall maintain the integrity of the Gaming Operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation. The initial regulations to govern the operation and management of the Tribal Gaming Operation shall be the standards set forth in Appendix A.

(1) The Tribal Gaming Operation shall submit to the Tribal Gaming Agency for approval a description of its system of internal controls, and any changes to those controls, before implementation of the controls. Each such submission shall contain a narrative representation of the internal control system to include copies of the forms to be used.

(2) The Tribal Gaming Agency shall forward to the State Gaming Agency a copy of any approved system of Internal Controls, and any changes to those controls for review and concurrence.

a) Each such proposal shall contain a narrative representation of the Internal Control system, including copies of the forms to be used.

b) The Tribal Gaming Agency shall detail how such changes in the provisions adequately preserve and protect the integrity and security of the standard it is replacing.

c) The State Gaming Agency concurrence with the Tribal Gaming Agency proposal shall be deemed granted after sixty (60) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency. The State Gaming Agency shall detail the reasons for disapproval.

d) The Tribal Gaming Agency shall ensure a proposal is not implemented until the State Gaming Agency has concurred or sixty (60) days has lapsed and the Tribe did not receive a written disapproval within that time.

(3) The State Gaming Agency and Tribe may agree on alternative control provisions to those set forth in Appendix A, provided such provisions adequately preserve and protect the integrity and security of the manual control it is replacing and provide enforcement standards for the alternative provision.

(4) The Tribe may choose to automate any processes, reports, or data collection provided in the minimum operating standards with advance notice to the State Gaming Agency. PROVIDED, that the Tribal Gaming Agency must certify how the automation maintains the integrity of the Gaming Operation, reduces the dangers of unfair or illegal practices in the conduct of the Gaming Operation, adequately preserves and protects the integrity of the original process, reports, or data collection and complies with the Compact. This section cannot be used to modify other sections of the Compact.

B. Additional Standards Applicable

The following additional requirements shall apply to the Gaming Operation conducted by the Tribe:

(1) The Gaming Operation shall maintain the following departments, at a minimum, in accordance with the regulations set forth in the Appendix A:

(a) Gaming Facility including all Class III Gaming activities;

(b) Cashier's Cage;

(c) Accounting;

(d) Security; and

(e) Surveillance.

(2) At the close of the fiscal year, the Gaming Operation shall, at its own expense, have its annual financial statements audited in accordance with generally accepted auditing standards by an Independent Accountant.

(a) The annual financial statements shall be prepared on a comparative basis for the current and prior calendar or fiscal year and shall present the financial position and results of operations in conformity with generally accepted accounting principles.

(b) The Gaming Operation shall require its Independent Accountant to render the following reports:

(i) Audited financial statements, together with an opinion thereon;

(ii) A report on material weakness in accounting and internal controls. Whenever, in the opinion of the Independent Accountant, there exists no material weaknesses in accounting and Internal Controls, the report shall say so; and

(iii) A report expressing the opinion of the Independent Accountant that, based on his or her examination of the financial statements, the Tribal Gaming Operation has followed, in all material respects, during the period covered by his or her examination, the system of accounting and Internal Controls on file with the Tribal Gaming Agency. Whenever, in the opinion of the Independent Accountant, the Gaming Operation has deviated from the system of accounting and Internal Controls filed with the Tribal Gaming Agency, or the accounts, records, and control procedures examined are not maintained by the

Gaming Operation in accordance with the Compact and these standards, the report shall enumerate such deviations regardless of materiality, the areas of the system no longer considered effective and shall make recommendations in writing regarding improvements in the system of accounting and Internal Controls.

(c) One copy of each of the reports required by paragraph (b) and copies of any other reports on accounting and Internal Controls, administrative controls, or other matters relating to the Gaming Operation's accounting or operating procedures rendered by the Gaming Operation's Independent Accountant, shall be filed with the Tribal Gaming Agency within 120 days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Notification will be sent to the State Gaming Agency not later than 120 days following the end of the calendar or fiscal year when these statements are available for review. Provided, extensions may be granted for extenuating circumstances by the Tribal Gaming Agency.

(3) Rules of the Games

The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the gaming facilities. Betting limits applicable to any Gaming Station shall be displayed at such Gaming Station. Rules for games identified in Section IV(A)-(B) shall be submitted to the State Gaming Agency for review, to determine if the rules fundamentally alter the nature of the game. In the event the State Gaming Agency has concerns in regard to the rules of any game, it shall submit such concerns to the Tribal Gaming Agency for its review and comment. The Tribe will provide the State Gaming Agency with ten (10) days advance notice of the rules of each game and any modification thereof, and will provide adequate notice to patrons of the Gaming Facilities to advise them of the applicable rules in effect.

(4) Minimum Supervisory Requirements

The Gaming Operation shall provide the Tribal Gaming Agency and the State Gaming Agency with a description of its minimum requirements for supervisory staffing for each Gaming Station Pit operated in its Gaming Facilities, and in the event that the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal and State Gaming Agencies shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements.

(5) Required Logs

To ensure integrity, the Gaming Operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the Tribal Gaming Agency and the State Gaming Agency in accordance with Section VIII.B of this Compact:

(a) A surveillance log recording all surveillance activities in the monitoring room of the Gaming Facilities. The log shall be maintained by monitor room personnel and shall include, at a minimum, the following:

(i) Date and time of surveillance;

(ii) Person initiating surveillance;

(iii) Reason for surveillance;

(iv) Time of termination of surveillance;

(v) Summary of the results of the surveillance; and

(vi) A record of any equipment or camera malfunctions.

(b) A security log recording all unusual occurrences that require an evaluation, investigation, or other decision-making process by a Tribal Gaming Agent.

(6) Floor Plans

The Gaming Operation shall provide the Tribal Gaming Agency with copies of its floor plan and Surveillance System and any modifications thereof for review by the Tribal Gaming Agency. If the floor plan or Surveillance System does not provide unobstructed camera views in accordance with such regulations, the Tribal Gaming Agency shall modify such floor plan or Surveillance System in order to remedy such deficiency. The Tribal Gaming Agency shall make available to the State Gaming Agency the floor plan and Surveillance System for review and consideration.

(7) Surveillance Systems

The Tribal Gaming Operation shall install a surveillance system with specifications no less stringent than those set forth in Appendix A.

(8) Barred List

The Tribal Gaming Agency shall establish a list of persons barred from the Gaming Facilities because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming activities of the Tribe. The Tribal Gaming Agency shall employ reasonable efforts to exclude persons on such list from entry into its Gaming Facilities. The Tribal Gaming Agency shall make a copy of its list available to the State Gaming Agency on a continuing basis. Copies of reports will be forwarded to the State Gaming Agency as requested.

(9) Satellite Wagering Activities

Standards for management and operation of the satellite wagering activities shall be consistent with the provisions of this Compact, including Appendix B, and those applicable to non-tribal satellite wagering facilities and activities in the State to the extent not inconsistent with this Compact.

C. Records Retention

(1) All information required in Section IX will be documented in a permanent form.

(2) Unless otherwise specified in these standards or exempted by the Tribal Gaming Agency, all forms, records, documents, and required stored data shall:
   (a) Be located on Tribal Lands or such other location as approved by the Tribal Gaming Agency; and;
   (b) Be retained for at least two (2) years in a manner and location that assures reasonable access by the Tribal and State Gaming Agencies.

X. JURISDICTION

A. Criminal Matters

(1) Investigative Authority

The Tribal Gaming Agency, Tribal Law Enforcement, the Clark County Sheriff, the Washington State Patrol, Local Law Enforcement Agencies, and the State Gaming Agency will have the authority to investigate and make arrests if necessary for all gambling and related crimes against the laws of the Tribe and applicable laws of the State that occur within the Gaming Facilities or within Tribal Lands.

(2) Jurisdictional Forums

Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-Indians will be through the proper State or Federal Courts. Criminal prosecution of Indians will be through the proper Tribal Court, or State or Federal Courts.

B. Civil Matters

(1) Concurrent Jurisdiction

The Tribal Gaming Agency and the State Gaming Agency will have concurrent jurisdiction to investigate violations of the provisions of this Compact and to bring administrative charges in the appropriate forum, in accordance with Tribal Laws or the provisions of Chapter 9.46 RCW and Chapter 230-17 WAC, made applicable by this Compact, against any individual or entity that is licensed by the Tribal Gaming Agency, or Certified by the State Gaming Agency in accordance with the provisions of this Compact.

(2) Tribal Jurisdiction

Civil disputes arising from the conduct of Gaming under the Gaming Code may be heard in the Northwest Intertribal Court or appropriate administrative forum as established by the Gaming Code.

C. Sanctions and Civil Fines

(1) Assessment of Fines

The Tribal Gaming Agency and State Gaming Agency may impose fines and other sanctions against the Gaming Operation, a Gaming Employee, or any other person directly or indirectly involved in, or benefiting from, the Gaming Operation for violations of the Compact provisions or Gaming Code. The Tribal Gaming Agency and the State Gaming Agency shall enter into a Memorandum of Understanding, which may be amended from time to time, to define the schedule of fines and sanctions.

(2) Payment of Fines

Any penalties collected shall be distributed to a non-tribal, bona fide nonprofit or charitable organization in the State of Washington selected by the Tribe. Any civil fines assessed pursuant to the provisions of this Compact shall be paid within thirty (30) days of assessment.

D. Limited Application of State Law

For the purposes of 18 U.S.C. §1166 (d) and enforcing the provisions of this Compact, and of protecting the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.0269; 9.46.075; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.196; 9.46.1961; 9.46.1962; 9.46.198; 9.46.210 (3) & (4); 9.46.215; 9.46.220; 9.46.221; 9.46.222; 9.46.225; 9.46.228; 9.46.231; 9.46.235; 9.46.240; 9.46.410; 10.97.030; 67.16; 67.70; and 74.08.580; as now or hereinafter amended, shall be applicable and incorporated herein as part of this Compact and the Tribe consents to this transfer of jurisdiction to the State with respect to Gaming on Tribal Lands.

E. Preservation of Tribal Self-Government

Nothing in this Compact will be deemed to authorize the State to regulate in any manner the government of the Tribe, or to interfere with the Tribe's selection of its governmental officers, including members of the Tribal Gaming Agency. No licensing or registration requirement contemplated by this Compact will be applicable to such officers with respect to their capacity as officers of the Tribe.

F. Law Enforcement Coordination

In an attempt to foster a spirit of cooperation between the Local Law Enforcement Agencies authorized to enforce the criminal laws of the State and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those local law enforcement agencies-shall meet periodically with the Tribe or as requested by any of the Local Law Enforcement Agencies or the Tribe to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

XI. REIMBURSEMENT FOR REGULATORY EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Tribe agrees to pay an annual Regulatory Fee in accordance with Appendix X2, Section 13.

XII. DISPUTE RESOLUTION

A. Introduction

In recognition of, and consistent with, the government-to-government relationship of the Tribe and State, the parties shall make their best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact.

B. Dispute Resolution Alternatives

(1) Meet and Confer In the event of a dispute or disagreement between the parties regarding the implementation and compliance with any terms, conditions, and provisions of this Compact, or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

(a) Either party shall give the other, as soon as possible after the event giving rise to the concern, written notice setting forth the nature of the dispute (including reference to the relevant portions of this Compact), and the issues to be resolved.

(b) The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than twenty (20) business days from receipt of the notice.

(2) Mediation If the dispute is not resolved to the satisfaction of either party within twenty (20) business days of the first meeting, then the parties, by agreement, may seek and cause to have the dispute resolved by formal mediation, in which event the parties shall use their best efforts to select a mediator as soon as possible. The mediator's fees and attendant costs of mediation shall be borne equally by the parties. The parties understand that informal and formal mediation may not always lead to satisfactory results. In the event either party is dissatisfied with informal and/or formal mediation, they may seek judicial resolution of any disagreement relating to the administration, monitoring of performance and compliance with the terms, provisions and conditions of this Compact. However, the parties are free under this Compact to agree to other alternative dispute resolution mechanisms.

(3) Arbitration

(a) In the event informal and/or formal mediation fails to resolve the dispute between the parties, the parties may choose by mutual agreement to resolve the dispute by arbitration. In no event may the request be made earlier than twenty (20) days after a party has properly notified the other party under the procedures set forth in Section XII(B)(1).

(b) Sites for such arbitrations shall alternate between Tribal Lands and the State Gaming Agency or Washington Horse Racing Commission offices after each arbitration dispute, as follows: the first arbitration dispute, until completed, shall be held on Tribal Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.

(c) In the event the parties agree to arbitration, the Tribe and the State Gaming Agency shall, within five (5) days, agree upon an arbitrator to decide the matter at issue, or agree upon a procedure for the selection of an arbitrator. The parties shall also agree on the rules, policies and procedures to be used in the arbitration.

(d) The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) business days from the date an arbitrator is named. The arbitrator may, in his or her discretion, impose a case management schedule on the parties to provide for reasonable time needed for discovery, fact gathering, expert witnesses, etc. Time periods shall be reasonable and necessary as required by the circumstances, without providing undue delay. In all circumstances, however, the Arbitrator shall issue a final decision no later than one (1) year from the initial written request for arbitration. The parties may, by mutual agreement, continue the mediation process set out in Section XII(B)(2) until the arbitration begins.

(e) The decision of the arbitrator shall be final for the purpose of concluding the non-judicial phase of the arbitration process, but the final decision of the arbitrator may be subject to judicial review.

(f) The arbitrator shall, consistent with this Compact, have the power to impose fines and award equitable relief in his or her discretion and as the circumstances warrant.

(g) Each party to the arbitration shall bear its own costs and attorney fees, and the costs of the arbitrator(s) shall be borne equally by the parties.

C. Limited Waiver of Sovereign Immunity

The Tribe and the State agree and understand that waivers of sovereign immunity defenses must be express and unambiguous, and are narrowly construed. Nothing contained in this Compact shall be construed or interpreted to be a consent, grant or waiver of any sovereign right or immunity either the Tribe and/or its members or the State enjoy, except as expressly provided hereinafter:

(1) The Tribe hereby agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Sections XII and XIII of this Compact, such waiver to be in effect only so long as this Compact is in effect, but in no event shall the limited waiver be construed to allow for monetary relief against assets of the Tribe other than revenue from the Gaming Facilities or from the sale of gaming-related assets.

(2) The State and the State Gaming Agency represent and acknowledge that the State has waived its sovereign immunity with respect to suits interpreting or enforcing any contract to which the State and/or its subordinate agencies has entered into with a private party, which includes an Indian tribe. *See* RCW 4.92.010 and *Architectural Woods, Inc. v. Washington*, 92 Wn. 2d 521, 598 P.2d 1372 (Wash. 1979). In addition, the State and the State Gaming Agency represent and acknowledge that the State has waived its immunity from those suits set forth in RCW 9.46.36001. Notwithstanding such statutory waivers of immunity, the State hereby reiterates and agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Sections XII and XIII of this Compact, and any other suits set forth in RCW 9.46.36001, such waivers to be in effect only so long as this Compact is in effect.

D. References

The parties are aware that some sections of this Compact contain an explicit reference to Section XII in the event a dispute arises under that section. Notwithstanding such explicit references, and with respect to all other sections of this Compact, it is the parties' intent that any dispute of whatever kind, type or nature arising under this Compact shall be subject to the provisions of Section XII.

XIII. REMEDIES

A. Injunction Against the State

If the Tribe believes the State, whether or not through the State Gaming Agency, is in breach or default or is otherwise acting contrary to or failing to act in the manner required by the provisions of this Compact, the Tribe may bring an action to seek injunctive or other relief in a court of competent jurisdiction. Prior to bringing such action the Tribe will notify the State and State Gaming Agency of the alleged violation(s). For purposes of this remedy, the State consents to this suit and waives any defense it may assert by way of its sovereign immunity.

B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual

The State may bring an action to enjoin the Tribe, the Gaming Operation, or any individual if the State determines that any Gaming authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact, or if any Class III activity is being conducted on Tribal Lands in violation of the provisions of this Compact. Such action will be brought in the U.S. District Court, pursuant to 25 U.S.C. §2710(d) (7) (A) (ii). Prior to bringing such action, the State will notify the Tribe, the Gaming Operation, and the Tribal Gaming Agency of the alleged violation (s). For purposes of this remedy, the Tribe consents to this suit and waives any defense it may assert by way of its sovereign immunity.

XIV. LIMITATION OF LIABILITY

Neither the Tribe nor the State are creating, or intend to create, any rights in third parties which would result in any claims of any nature whatsoever against the Tribe or the State as a result of this Compact. Neither the Tribe nor the State have waived their immunity from third party suits or claims of any kind or nature whatsoever against them, and nothing contained in this Compact shall be construed to effect a waiver, in whole or in part, of said immunity.

XV. EFFECTIVE DATE, DURATION, AND AMENDMENTS

A. Effective Date

This amended Compact will be effective upon publication of notice of approval by the Secretary of the Interior of the United States in the Federal Register in accordance with 25 U.S.C. §2710(d)(3)(B).

B. Termination

This Compact will be in effect until terminated by written agreement of both parties, under the provisions of IGRA. Provided, should the Tribe wish to cease Class III Gaming Operations, the Tribe may unilaterally terminate this Compact by submitting written notice to the Governor of the State sixty (60) days prior to termination of the Compact. Suspension of or an injunction against Class III Gaming activities will not constitute termination for the purpose of this subsection.

C. Enactment of Compact Provisions

Pursuant to the general rule-making authority of the agencies, the Tribal Gaming Agency or the State Gaming Agency may each enact all or part of the provisions of this Compact as part of their regulations or rules governing gambling.

D. Revision of State Regulations

Whenever the State adopts or revises any rule or regulation which corresponds to any provision of the Tribe's Standards of Operations and Management relating to the same type of gaming, the State Gaming Agency may notify the Tribal Gaming Agency that it requests analogous changes in such Standards. The Tribal Gaming Agency will promptly confer with the State Gaming Agency in good faith concerning the appropriateness and applicability of such changes.

E. Change of State Law

If the laws of the State authorizing the activities set forth herein as Class III Gaming activities are repealed, thereby prohibiting such Gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of this Compact providing for such Gaming would not be authorized and the continued operation of such

Gaming would constitute a violation of the Compact for which the State could bring an action in Federal District Court pursuant to 25 U.S.C. §2710(d)(7)(A)(ii).

The Tribe disagrees that such subsequent State legislation would have this effect under the provisions of the IGRA and this Compact, but does agree that such an action, if commenced in that forum, is the appropriate State recourse and for that purpose consents to the suit and waives any defense it may assert by way of its sovereign immunity.

Notwithstanding any other provisions of this Compact, if the laws of the State authorizing any Class III gaming activities are so repealed, the State may bring an action as set forth above only after it provides twenty (20) business days written notice to the Tribe of the State's intention to being such action and affords the Tribe a reasonable opportunity to meet and confer with the State in a good faith attempt to resolve the issue(s) intended to be addressed by such action.

G. Clarification, Amendments, and Renegotiations

(1) Compact Clarification

The parties recognize that circumstances may arise in implementation, operation, and regulation of the Gaming Facilities that require clarification of Compact provisions. For such mutually agreed-upon clarification, the State and Tribe will execute and sign a Memorandum of Understanding that will be attached to and made part of this Compact.

(2) Amendments

a. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties.

b. The parties will amend through renegotiation the nature and/or scope of Class III Gaming as set forth in this Compact upon written notice and request by the Tribe to the State, if and when:

i. The laws of the State are amended, expanding Gaming beyond that which is now allowed under the terms of this Compact;

ii. A State or Federal court within the State of Washington or a Federal court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation in a Gaming activity that was not authorized for any purpose by any person, organization, or entity at the time this Compact was executed or not authorized by this Compact;

iii. In the event that the State enters into or amends a compact with another tribe that is approved by the Secretary of the Interior and such agreement gives any such tribe more gaming facilities, activities, Gaming Stations or higher wager limits, or any combination thereof than is provided under the terms of this Compact, the Tribe and the State will immediately move to amend the Compact to include the same terms and conditions granted to the other tribe.

(3) Renegotiation

Nothing in this Compact will be deemed to waive the right of the Tribe to request negotiations for a Tribal-State Compact with respect to a Class III Gaming activity which is to be conducted on Tribal Lands, but is not permitted under the provisions of this Compact, including forms of Class III Gaming which were not permitted by the State for any purpose by any person, organization, or entity at the time when this Compact was negotiated or amended but are subsequently so permitted by the State, in accordance with 25 U.S.C. §2710(d)(3)(A). Either party may in writing request renegotiation of any of the provisions of this Compact at any time. The parties agree that negotiations will commence within thirty (30) days of the request. The terms and provisions of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

(4) State Authorization of Additional Class III Gaming Activities

In the event the State hereafter authorizes any additional Class III activity, the Tribe will be authorized to conduct such activity prior to completion of the subsequent negotiations as provided in this Compact, if such activity is conducted in accordance with all of the limitations, regulations and requirements of the State.

(5) Process and Negotiation Standards

The parties will confer and the required negotiations will commence within thirty (30) days of a request to amend or renegotiate. All matters involving negotiations or other amendatory processes under this Section will be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 U.S.C. §2710(d), except in subsections where a different resolution is specifically provided in the event of an unsettled dispute or where agreement is not reached by the parties.

XVI. NOTICES

All notices required or authorized to be served will be in writing and will be sent by first class or priority mail or be delivered by other expedited service to the following addresses:

Tribal Chairman
Cowlitz Indian Tribe
1055 9th, Suite B
Box 2547
Longview, WA 98632

With a copy to:
Tribal Attorney
1055 9th, Suite B
Box 2547
Longview, WA 98632

Governor
State of Washington
State Capitol
Olympia, Washington 98504

With a copy to:
Director
Washington State Gambling Commission
P. O. Box 42400
Olympia, Washington 98504-2400

XVII. SEVERABILITY

In the event that any section or provision of this compact is held invalid, or its application to any particular activity held invalid, it is the intent of the parties that the remaining sections of the Compact, and the remaining applications of such section or provision will continue in full force and effect.

IN WITNESS WHEREOF, the Cowlitz Indian Tribe and the State of Washington have executed this Compact.

COWLITZ INDIAN TRIBE-STATE OF WASHINTON

CLASS III GAMING COMPACT

APPENDIX A

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

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COWLITZ INDIAN TRIBE-STATE OF WASHINTON
CLASS III GAMING COMPACT

APPENDIX A
STANDARDS OF OPERATION AND MANAGEMENT
FOR CLASS III ACTIVITIES

1. DEFINITIONS

In these standards, unless the context indicates otherwise:

a. "Accounting Department" is that established in the Tribal Gaming Operation's system of organization in accordance with these standards;

b. "Cage Cashiers" are the cashiers performing any of the functions in the Cage as set forth in these standards;

c. "Cash Equivalent" means a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashiers check, a check drawn on the Tribal Gaming Operation payable to the patron or to the Tribal Gaming Operation, or a voucher recording cash drawn against a credit card or charge card;

d. "Chief Operating Officer" means the position responsible for performing the functions of the senior executive of the Tribal Gaming Operation exercising the overall management or authority over all the operations of the Tribal Gaming Operation and the carrying out by employees of the Tribal Gaming Operation of their duties;

e. "Closer" means the table inventory slip upon which each table inventory is recorded at the end of each shift;

f. "Credit Slip" (known as a "Credit") is the document reflecting the removal of gaming chips and coins from a gaming station in accordance with these standards;

g. "Dealer" means a gaming employee who operates a game station, individually or as a part of a crew, as authorized under approved internal controls and/or game rules.

h. "Drop" means the sum of the total amounts of currency, coin, gaming chips, and vouchers removed from a Drop Box;

i. "Drop Box" means the container attached to a gaming station, player terminal or kiosk for deposit of cash and certain documents received as provided by these standards;

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j. "Fill Slip" (known as a "Fill") is the document reflecting the distribution of gaming chips and coins to a gaming station as provided in these standards;

k. "Gaming Facility" means any Gaming Facility as defined in the Compact in which a Tribal Gaming Operation is conducted;

l. "Gaming Facility Shift Manager" means the position responsible for performing the functions of the supervisor assigned to each shift with the responsibility for the supervision of gaming activities conducted in the Gaming Facility. In the absence of the Gaming Facility manager, the Gaming Facility shift manager shall have the authority of a Gaming Facility manager.

m. "Gaming Facility Supervisor" is a reference to a person in a supervisory capacity and required to perform certain functions under these standards, including but not limited to, Pit Bosses, Gaming Facility Shift Managers, the Assistant Gaming Facility Manager and the Gaming Facility Manager;

n. "Imprest Basis" means the basis on which Cashier's Cage funds are replenished from time to time by exactly the amount of the net expenditures made from the funds and amounts received and in which a review of the expenditure is made by a higher authority before replenishment;

o. "Incompatible Function" means a function, for accounting and internal control purposes, that places any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties. Anyone both recording transactions and having access to the relevant assets is in a position to perpetrate errors or irregularities.

p. "Independent Accountant" means a professional accountant suitably qualified and sufficiently independent to act as auditor of the Tribal Gaming Operation;

q. "Inspector" means an employee of the Tribal Gaming Agency duly appointed by the agency as an Inspector;

r. "Key" means an instrument for locking or a device that operates a lock designated to secure and protect assets. A Key could include a unique hard Key, a plastic card with an encoded magnetic strip or chip, magnetic lock, or similar device.

s. "Master Game Report" means a record of the computation of the win or loss for each gaming station, each game, and each shift;

t. "Opener" means the table inventory slip upon which each table inventory is recorded at the end of each shift and serves as the record of each table inventory at the beginning of the next succeeding shift;

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u. "Pit" means the area enclosed or encircled by an arrangement of gaming stations in which Gaming Facility personnel administer and supervise the games played at the tables by the patrons located on the outside perimeter of the area;

v. "Pit Boss" means the position responsible for performing the functions of the supervisor responsible for the overall supervision of the operation and conduct of gaming at the gaming stations within a single Pit and shall oversee any intermediate supervisors assigned by the Tribal Gaming Operation to assist in supervision of table games in the Pit.

w. "Request for Credit" is the document reflecting the authorization for preparation of a Credit with respect to removal of gaming chips and coins from a gaming station in accordance with these standards;

x. "Request for Fill" is the document reflecting the request for the distribution of gaming chips and coins to a gaming station as provided in these standards;

y. "Security Department Member" means any person who is a member of the Security Department as provided in the organization of the Tribal Gaming Operation in accordance with these standards;

z. "State Gaming Agency" means the state agency responsible for review of the Tribal Gaming Operation in accordance with the provisions of the Compact;

aa. "Surveillance System" means a recording system with a collection of surveillance cameras in which live signals are viewed and/or recorded within the system and are not publicly distributed or accessible.

bb. "Table Game Win or Loss" is determined by adding the amount of cash or coin, the amount recorded on the Closer, removed from a Drop Box, plus Credits, and subtracting the amount recorded on the Opener and the total of the amounts recorded on fills removed from a Drop Box;

cc. "Tribal Gaming Agency" means the Cowlitz Tribal Gaming Commission or such other agency of the Tribe as the Tribe may from time to time designate by written notice to the State as the single Tribal agency primarily responsible for regulatory oversight of Class III Gaming as authorized by this Compact. No employee of the Gaming Operation may be a member or employee of the Tribal Gaming Commission.

dd. "Gaming Operation" or "Tribal Gaming Operation" means the enterprise or enterprises operated by the Tribe on Tribal Lands for the conduct of any form of Class III Gaming in any Gaming Facility.

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2. ALTERNATIVE CONTROL PROVISIONS

An alternative method to the procedures in this Appendix may be approved by mutual agreement of the Tribal and State Gaming Agencies as set out in Section IX of the Compact

3. ADOPTION OF RULES FOR CLASS III ACTIVITIES

Game rules will be submitted in accordance with Section IX of the Compact. Game rules adopted by the Tribal Gaming Agency shall include:

(1) Procedures of play;

(2) Minimum and maximum permissible wagers;

(3) Shuffling, cutting and dealing techniques, as applicable;

(4) Payout odds or prizes on each form of wager;

(5) Procedures to be followed on occurrence of irregularities, including definition of irregularities as applicable to each game; and

(6) Prohibition on side betting between and against players and against the house.

(7) Specifications provided by the equipment manufacturer or supplier applicable to gaming equipment:

a) Physical characteristics of chips; and

b) Physical characteristics of the following:

i. Authorized Class III gaming tables;

ii. Table layouts;

iii. Roulette wheels and money wheels;

iv. Roulette and keno balls;

v. Cards (including procedures for receipt and storage);

vi. Dice (including procedures for receipt and storage);

vii. Dealing shoes (including procedures for receipt and storage);

viii. Shuffle machines;

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ix. Keno systems;

x. Progressive computers and displays;

xi. Such other equipment as may be required for use in authorized Class III Gaming activities.

4. ACCOUNTING RECORDS

(1) The Tribal Gaming Operation shall maintain complete accurate and legible records of all transactions relating to the revenues and costs of the Gaming Operation.

(2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on the accruals basis, and detailed, supporting, subsidiary records, sufficient to meet the requirements of paragraph (4).

(3) The forms of accounts adopted should be of a standard form which would ensure consistency, comparability, and effective disclosure of financial information.

(4) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:

a) Statistical game records to reflect Drop and win amounts for each station, for each game, and for each shift;

b) Investments in property and services, including equipment used directly in connection with the operation of Class III gaming;

c) Records of amounts payable by the Tribal Gaming Operation; and

d) Records which identify the purchase, receipt and destruction of gaming chips used in wagering.

(5) All accounting records shall be kept for a period not less than two (2) years from their respective dates.

5. FORMS, RECORDS, DOCUMENTS AND RETENTION

(1) All information required by these standards will be placed on a form, record or document or in stored data in ink or other permanent form.

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(2) Whenever duplicate or triplicate copies are required of a form, record or document:

a) The original, duplicate and triplicate copies shall be color-coded.

b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and

c) If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately in writing to the Tribal Gaming Agency for investigation.

(3) Unless otherwise specified in these standards, all forms, records, documents and stored data required to be prepared, maintained and controlled shall be located on Tribal Lands or such other location as is approved by the Tribal Gaming Agency.

6. ORGANIZATION OF THE TRIBAL GAMING OPERATION

(1) The Tribal Gaming Operation shall have a system of internal control that includes the following:

a) Administrative control, which includes but is not limited to the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions; and

b) Accounting control which includes the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:

i. Transactions are executed in accordance with the management's general and specific authorization which shall include the requirements of these standards;

ii. Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and with these standards, and to maintain accountability for assets;

iii. Access to assets is permitted only in accordance with management's authorization which shall include the requirements of these standards; and

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iv. The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(2) The Tribal Gaming Operation's system of internal control shall provide for:

a) Competent personnel with an understanding of prescribed procedures; and

b) The segregation of Incompatible Functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties.

(3) The Tribal Gaming Operation shall, at a minimum, establish the following departments:

a) A security department supervised by the head of the security department who shall co-operate with, yet perform independently of, all other departments and shall report directly to the Chief Operating Officer of the Tribal Gaming Operation regarding matters of policy, purpose, and responsibilities. The head of security shall be responsible for, but not limited to the following:

i. The physical safety of all patrons and employees, as well as their property, as authorized by the Tribe; and

ii. The physical safety of the facility and assets of the Tribe, to include Keys, as authorized by the Tribe; and

iii. The transfer of assets to and from the cashier cage(s) and the gaming stations, as authorized by the Tribal Gaming Agency; and

iv. The physical control of gaming equipment inventories. Such inventories shall specifically include cards, dice, shoes, and other gaming devices and equipment deemed appropriate. The security department shall control the receipt, storage, issuance, collection, disposition and/or destruction of same, as authorized by the Tribal Gaming Agency.

b) A surveillance department supervised by the head of the surveillance department who shall cooperate with, yet perform independently of all other departments and shall report directly to the Chief Operating Officer regarding matters of policy, purpose, and responsibilities. The head of surveillance shall be responsible for, but not limited to, the following:

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i. The clandestine surveillance of the operation and conduct of the gaming activities;

ii. The clandestine surveillance of the operation of the cashier's cage;

iii. The video and audio recording of activities in the count rooms;

iv. The detection of cheating, theft, embezzlement, and other illegal activities in the Gaming Facility, count rooms, and cashier's cage;

v. The video recording of illegal and unusual activities monitored; and

vi. The notification of appropriate Gaming Facility supervisors, and the Tribal Gaming Agency upon the detection and recording of cheating, theft, embezzlement, or other illegal activities.

vii. No present or former surveillance department employee shall be employed in any other capacity in the Tribal Gaming Operation unless the Tribal Gaming Agency, upon petition approves such employment in a particular capacity upon a finding that: (i) one year has passed since the former surveillance department employee worked in the surveillance department; and (ii) surveillance and security systems will not be jeopardized or compromised by the proposed employment of the former surveillance department employee in the capacity proposed; and (iii) errors, irregularities, or illegal acts cannot be perpetrated and concealed by the former surveillance department employee's knowledge of the surveillance system in the capacity in which the former surveillance department employee will be employed.

c) A Gaming Facility department supervised by a Gaming Facility manager who shall perform independently of all other departments and shall report directly to the Chief Operating Officer. The Gaming Facility manager shall be responsible for the operation and conduct of all Class III Gaming activities conducted in the Gaming Facility.

d) A Gaming Facility Accounting Department supervisor who shall report directly to the Chief Operating Officer. The supervisor responsibilities shall include, but not be limited to, the following:

i. accounting controls;

ii. the preparation and control of records and data required by these standards;

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iii. the control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the Gaming Operation and required by these standards; and

e) A cashier's cage supervised by a cage supervisor who shall supervise Cage Cashiers and co-operate with, yet perform independently of, the Gaming Facility and security departments, and shall be under the supervision of, and report directly to the Chief Operating Officer. The cashier's cage shall be responsible for, but not limited to the following:

i. the custody of currency, coin, patron checks, gaming chips, and documents and records normally associated with the operation of a cashier's cage;

ii. the approval, exchange, redemption and consolidation of patron checks received for the purpose of gaming in conformity with the Gaming Operation's standards;

iii. the receipt, distribution and redemption of gaming chips in conformity with these standards; and

iv. such other functions normally associated with the operation of a cashier's cage.

(4) The Tribal Gaming Operations personnel shall be trained in all accounting and internal control practices and procedures relevant to each employee's individual function. Special instructional programs shall be developed by the Tribal Gaming Operation in addition to any on-the-job instruction sufficient to enable all members of the departments required by this standard to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all transactions relating to their function.

7. <u>CAGES</u>

(1) As part of the Gaming Operation there shall be on or immediately adjacent to the gaming floor a physical structure known as the Cashier's Cage to house the cashiers and to serve as the central location for the following:

a) The custody of the cage inventory comprising currency, coin, patron checks, gaming chips, forms, documents and records normally associated with the operation of a cage;

b) The approval of patron checks for the purpose of gaming in conformity with these standards;

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c) The receipt, distribution, and redemption of gaming chips in conformity with these standards; and

d) Such other functions normally associated with the operation of a cage.

(2) As part of the Cashier's Cage or separately within the Gaming Operation there will be on or immediately adjacent to the gaming floor a physical structure known as Keno, Off-Track Betting, or Tribal Lottery System cage to house cashiers who:

a) Buy and sell Keno tickets, Off-Track Betting vouchers, and/or Tribal Lottery System vouchers; and

b) Such other functions normally associated with the operation of a cage.

(3) The Tribal Gaming Operation shall have a reserve cash bankroll in addition to the imprest funds normally maintained by the cashier's cage, on hand in the cashier's cage or readily available to the cashier's cage at the opening of every shift in a minimum amount established by the Tribal Gaming Operation.

(4) Each cage will be designed and constructed to provide maximum security including, at a minimum, the following:

a) An enclosed structure except for openings through which items such as gaming chips, checks, cash, records, and documents can be passed to service the public and gaming stations;

b) Manually triggered silent alarm systems connected directly to the monitoring rooms of the Surveillance System;

c) Access will be through a locked door; and

d) The system shall have Surveillance System coverage which will be monitored by the surveillance department.

(5) The Tribal Gaming Operation will place on file with the Tribal Gaming Agency the names of all persons authorized to enter the cage, those who possess the combination or the Keys or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

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8. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

(1) The assets for which the cashiers are responsible shall be maintained on an Imprest Basis; provided, the cage may operate on a float basis if documented in the internal controls and approved by Tribal Gaming Agency. At the end of each shift, the cashiers assigned to the outgoing shift, shall record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and will reconcile the total closing inventory with the total opening inventory.

(2) Cashiers functions will be, but are not limited to the following:

a) Receive currency, coin, checks, gaming chips, vouchers, or Cash Equivalents from patrons for gaming chip consolidations, total or partial redemptions or substitutions;

b) Receive documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashier's cage; and

c) Process fills and Credits by exchanging chips, currency, coin and paperwork as authorized in these standards;

d) Receive currency and coin from count rooms and kiosks;

e) Prepare the overall cage reconciliation and accounting records; and

f) Perform such other functions as necessary to ensure proper accountability consistent with these standards.

(3) Signatures attesting to the accuracy of the information contained on the following sheets will be, at a minimum, on the cashiers count sheet, the fill bank closeout sheet, and the main bank closeout sheet, the signatures of the cashiers assigned to the incoming and outgoing shifts.

(4) At the conclusion of gaming activity each day, at a minimum, copies of the cashier's count sheet, reconciliation, fill, main, and related documentation, will be forwarded to the Accounting Department for agreement of opening and closing inventories, and agreement of amounts thereon to other forms, records and documentation required by these standards or for the recording of transactions.

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9. DROP BOXES

(1) In the Gaming Facility, each gaming station and each player terminal and kiosk will have attached to it a container known as a 'Drop Box', in which will be deposited all cash, vouchers, duplicate fills and Credits, requests for fills and Credits, station inventory forms, or other forms. Gaming Stations will have metal Drop Boxes and each player terminal or kiosk will have either plastic or metal Drop Boxes. Gaming Operations may use an alternative Drop Box or "smart can". The alternative Drop Box is a lockable container used for the storage of cash and/or script received by or at a player terminal, kiosk, or gaming station, which can electronically store the identification number of the device or station to which it is attached.

(2) Each Drop Box will have:

a) One separate lock securing the contents placed into the Drop Box, the Key to which will be different from any other Key;

b) A separate lock securing the Drop Box to the gaming stations, the Key to which will be different from the Key to the lock securing the contents of the Drop Box;

c) An opening through which currency, coins, forms, records, and documents can be inserted into the Drop Box;

d) Permanently imprinted or impressed thereon, and clearly visible

i) A number corresponding to a permanent number on the gaming station to which it is attached, and a marking to indicate game, table number, and shift, except that emergency Drop Boxes may be maintained without such number or marking, provided the word "emergency" is permanently imprinted or impressed thereon and, when put into use, are temporarily marked with the number of the gaming station and identification of the game and shift.

ii) In the event barcodes are used, a barcode will be permanently attached on each Drop Box that, when scanned, assigns to that Drop Box the date, shift and gaming station number that corresponds to a permanently marked number on the gaming station, player terminal, or kiosk to which it is attached.

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iii) In the event "smart cans" are used, the gaming station number will be maintained on a chip located in each individual drop can. This gaming station, player terminal, or kiosk number will be tracked and may be cleared and reset in a manner and a form acceptable to the Tribe and documented in the casino's internal controls.

(3) The Key utilized to unlock the Drop Boxes from the gaming stations will be maintained and controlled by the security department.

(4) The Key to the lock securing the contents of the Drop Boxes will be maintained and controlled by the Tribal Gaming Agency.

10. DROP BOXES, TRANSPORTATION TO AND FROM GAMING STATIONS AND STORAGE IN THE COUNT ROOM

(1) All Drop Boxes removed from the gaming stations, player terminals, or kiosks will be transported, at a minimum, by one Security Department Member and one employee of the Tribal Gaming Operation directly to, and secured in, the count room.

(2) All Drop Boxes, not attached to a gaming station, will be sorted in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The Key to one lock will be maintained and controlled by the security department and the Key to the second lock will be maintained and controlled by the Tribal Gaming Agency Inspector.

(3) Drop Boxes, when not in use during a shift may be stored on the gaming stations provided that there is adequate security. If adequate security is not provided during this time, the Drop Boxes will be stored in the count room in an enclosed storage cabinet or trolley as required in paragraph (2).

11. PROCEDURE FOR EXCHANGE OF CHECKS SUBMITTED BY GAMING PATRONS

(1) Except as otherwise provided in this section, no employee of the Tribal Gaming Operation, and no person acting on behalf of or under any arrangement with the Tribal Gaming Operation, will make any loan, or otherwise provide or allow to any person any credit or advance of anything of value or which represents value to enable any person to take part in gaming activity as a player; provided, that nothing in these standards shall restrict the use of any automatic device for providing cash advances on patrons' credit cards or bank cards in accordance with normal commercial practices; Provided further, that nothing in these standards shall restrict the use of patron checks when utilized in accordance with these standards.

(2) All personal checks sought to be exchanged in the Tribal facility by a patron shall be:

a) Drawn on a bank and payable on demand;

b) Drawn for a specific amount;

c) Made payable to the Tribal Gaming Operation; and

d) Currently dated, but not post dated.

(3) All checks sought to be exchanged at the cashiers' cage shall be:

a) Presented directly to the cashier who shall:

i. Restrictively endorse the check "for deposit only" to the Tribal Gaming Operation's bank account;

ii. Initial the check;

iii. Date and time stamp the check;

iv. Immediately exchange the check for currency and coin in an amount equal to the amount for which the check is drawn; and

v. Forward all patron checks to the main bank cashier.

(4) Prior to acceptance of a travelers check from a patron, the general cashier shall follow the verification requirements of the company issuing the travelers check.

(5) Prior to the acceptance of any Tribal Gaming Operation check from a patron, a general cashier shall examine that patron's identification credentials to ensure the patron's identity and shall maintain documentation supporting that examination.

(6) A person may obtain cash at the cashier's cage to be used for gaming purposes by presenting a recognized credit card to a general cashier. Prior to the issuance of cash to a patron, the general cashier shall follow the verification requirements of the company issuing the credit card.

12. PROCEDURE FOR DEPOSITING CHECKS RECEIVED FROM GAMING PATRONS

(1) All checks received in conformity with these standards shall be deposited in the Tribal Gaming Operation's bank account in accordance with the Tribal Gaming Operations normal business practice, but in no event later than seven (7) days after receipt. Withholding checks received from any deposit at the request of patrons or Gaming Operations personnel is considered an extension of credit.

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(2) In computing a time period prescribed by this section, the last day of the period shall be included unless it is a Saturday, Sunday, or a state or federal holiday, in which event the time period shall run until the next business day.

(3) Any check deposited into a bank will not be considered clear until a reasonable time has been allowed for such check to clear the bank.

13. PROCEDURE FOR COLLECTING AND RECORDING CHECKS RETURNED TO THE GAMING OPERATION AFTER DEPOSIT

(1) All dishonored checks returned by a bank ("returned checks") after deposit shall be returned directly to, and controlled by Accounting Department employees.

(2) No person other than one employed within the Accounting Department may engage in efforts to collect returned checks except that a collection company or an attorney-at-law representing the Tribal Gaming Operation may bring action for such collection. Any verbal or written communication with patrons regarding collection efforts, shall be documented in the collection section.

(3) Continuous records of all returned checks shall be maintained by Accounting Department employees. Such records shall include, at a minimum, the following:

a) The date of the check;

b) The name and address of the drawer of the check;

c) The amount of the check;

d) The date(s) the check was dishonored;

e) The date(s) and amount(s) of any collections received on the check after being returned by a bank:

f) The date and any amount written-off as uncollectible.

(4) If a check is dishonored, the name of the person who submitted the check shall be kept in a log, and available to the cashier. Such person shall be prohibited from submitting a future check until the amount owed is paid in full.

(5) Any checks processed through an outside check guarantee company will not be subject to the provisions of (1) through (4) above unless the Tribal Gaming Operation chooses not to use their guarantee service to pre-approve a particular check.

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14. PROCEDURE FOR ACCEPTING CASH AT GAMING STATIONS

(1) The cash shall be spread on the top of the gaming station by the Dealer, accepting it in full view of the patron who presented it and the facility supervisor specifically assigned to such gaming station.

(2) The amount of cash to be announced by the Dealer to the supervisor will be determined in approved internal controls.

(3) Immediately after an equivalent amount of gaming chips has been given to the patron, the cash shall be taken from the top of the gaming station and placed by the Dealer into the Drop Box attached to the gaming station.

15. ACCEPTANCE OF GRATUITIES FROM PATRONS

(1) No Tribal Gaming Operation employee directly concerned with management, supervision, accounting, security and surveillance shall solicit or accept any tip or gratuity from any player or patron.

(2) The Tribal Gaming Operation shall establish a procedure for accepting and accounting for all tips received by other gaming employees.

16. STATION INVENTORY REQUIREMENTS AND PROCEDURES

(1) Station inventory slips shall be a pre-numbered, three-part form, "Opener," "Closer," and triplicate, which are maintained and controlled by security. The Gaming Facility supervisor shall record the following:

a) The date and identification of the shift ended;

b) The game and station number;

c) The value of each denomination of gaming chips and coins, and total.

d) Signatures shall be of either the Dealer and the Gaming Facility supervisor assigned to the incoming and outgoing shifts or the Gaming Facility supervisor assigned to the gaming station at the time of a Drop Box shift change and another table games employee.

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(2) Each station inventory and the Opener shall be stored while not in use in a separate locked, clear container which shall be clearly marked on the outside with the game and the gaming station number to which it corresponds. The information on the Opener shall be visible from the outside of the container. All containers shall be stored either in the cashier's cage or secured to the gaming station while not in use.

(3) The Keys to the locked containers containing the station inventories shall be maintained and controlled by the Gaming Facility department in a secure place and will not be accessible to any cashier's cage or security personnel.

(4) Gaming chips or coins cannot be added to or removed from station inventory during the gaming day except:

a) In exchange for cash;

b) In payment of winning wagers and collection of losing wagers made at such gaming station;

c) In exchange for gaming chips received from a patron having an equal aggregate face value; and

d) In conformity with the fill and Credit procedures described in these standards.

Procedures for Opening Stations for Gaming:

(5) Gaming stations will be opened for gaming activity as follows:

a) The inventory container shall be unlocked in the presence of the Gaming Facility supervisor.

b) A Dealer shall count the contents of the container in the presence of the Gaming Facility supervisor and shall verify the count to the Opener removed from the container.

c) The Dealer and the Gaming Facility supervisor will sign the Opener.

d) Any discrepancy between the table inventory and the Opener shall be immediately reported to at least the Gaming Facility shift manager, the security department, and the Tribal Gaming Agency Inspector. A Notification of Error (NOE) or security report shall be completed in conformity with agreed upon internal controls.

e) After the count of the contents of the container and the signing of the Opener, it shall be immediately deposited in the Drop Box attached to the gaming station by the Dealer.

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Procedures for Shift Changes at Gaming Stations

(6) When gaming stations remain open at the conclusion of a shift, the gaming chips and coins remaining at the gaming stations at the time of the shift change can be counted by a minimum of one table games employee and a table game supervisor.

(7) The gaming chips and coins counted shall be recorded on the station inventory slip by the table game supervisor

Procedures for Closing Gaming Stations

(8) When gaming activity at a gaming station is concluded, the gaming chips and coins shall be counted by the Dealer assigned to the gaming station and observed by a table games supervisor.

(9) The gaming chips and coins counted shall be recorded on a station inventory slip by the table games supervisor

(10) The Dealer and the table games supervisor, who observed the Dealer count, will sign the station inventory slip.

(11) Upon meeting the signature requirements, the Closer shall be deposited in a Drop Box attached to the gaming station immediately prior to the closing of the station.

(12) The triplicate copy of the station inventory slip shall be forwarded to the cashier's cage by a Security Department Member.

(13) The Opener and the gaming chips remaining at the station shall be stored as outlined in 16 (2) above.

17. <u>PROCEDURE FOR DISTRIBUTING AND REMOVING GAMING CHIPS AND COINS TO AND FROM GAMING STATIONS</u>

(1) A Request for Fill or Credit ("Request") shall be at a minimum:

a) Prepared by a Gaming Facility supervisor

b) Prior to use, access to the form shall be restricted to Gaming Facility supervisors

c) A two-part form with the following information:

i. The date, and time;

ii. The request amount in total and by denomination of gaming chips or coins;

iii. The game and station number.

iv. For Fills only, the signature of the Gaming Facility supervisor and Security Department Member.

v. For Credits only, the signature of the Gaming Facility supervisor, Dealer assigned to the gaming station and on one copy the Security Department Member performing the Credit.

vi. One part shall be transported directly to the cashier's cage, and the other part shall be placed in public view at the gaming station and deposited in the Drop Box when the transaction is complete.

(2) A Fill or Credit shall be:

a) Serially pre-numbered triplicate form.

b) Prepared by a cashier whenever gaming chips or coins are distributed to or removed from a gaming station.

c) If an error is found, mark "VOID" on the original and duplicate, and the preparer shall sign.

d) Kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser;

e) Access to the triplicate copy of the form shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of fill or Credit forms, placing forms in the dispenser, and removing from the dispensers, each day.

(3) On each copy of the Fill or Credit, the preparer shall record:

a) The amount in total and by denomination of gaming chips or coins;

b) The game and station number;

c) The date; and

d) The signature of the preparer.

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(4) Upon preparation, the time of preparation of the fill or Credit shall be recorded on the original and the duplicate.

(5) Signatures attesting to the accuracy of the information contained on the original and duplicate of the fills or Credits shall be, at a minimum, of the following personnel at the following times:

a) Fills:

i. The cashier upon preparation;

ii. The Security Department Member transporting the gaming chips or coins to the gaming station upon receipt from the cashier of gaming chips or coins to be transported;

iii. The Dealer assigned to the gaming station upon receipt;

iv. The Gaming Facility supervisor assigned to the gaming station, upon receipt of the gaming chips or coins at such station.

b) Credits:

i. The cashier upon preparation;

ii. The Security Department Member transporting the gaming chips or coins to the cashier's cage;

iii. The Dealer assigned to the gaming station upon receipt at such station from the Security Department Member; and

iv. The Gaming Facility supervisor assigned to the gaming station upon receipt at such station.

(6) Fill Procedures:

a) A Fill will be prepared by a Cashier based on the authorizing request.

b) Security shall agree the gaming chips or coins on the request to the Fill and transport the gaming chips or coins directly to the gaming stations.

c) Upon meeting the signature requirements as described in paragraph (5), one copy will be immediately placed in the Drop Box attached to the gaming station and one copy will be returned to the cage.

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(7) Credit Procedures:

a) The authorizing request and gaming chips or coins shall be transported directly to the cashier's cage by the Security Department Member.

b) A Credit shall be prepared by a fill bank cashier based on the authorizing request and gaming chips or coins received.

c) Upon meeting the signature requirements as described in paragraph (5), one copy will be immediately placed in the Drop Box attached to the gaming station and one copy will be returned to the cage.

(8) The fill and/or Credit requests, Fills and/or Credits, and "VOID" fills and/or Credits maintained by the cage shall be forwarded daily to:

a) The count team for agreement with the fill and/or Credit requests, Fills and/or Credits removed from the Drop Box after which all copies shall be forwarded to the Accounting Department for agreement, on a daily basis, with the triplicate; or

b) The Accounting Department for agreement, on a daily basis, with the fill or Credit and request part removed from the Drop Box and the triplicate.

(9) Computerized systems may replace the manual fill or Credit process when:

a) The system is approved by the Tribal Gaming Agency prior to use after confirming the system meets the standards of control set out in the manual system;

b) The system provides for adequate separation of duties within the system through passwords or other security features; and

c) If at any time the computerized system fails, the manual process will be followed until the computerized system returns to full capabilities.

18. <u>COUNT ROOM: CHARACTERISTICS</u>

(1) The Gaming Operation will have a count room specifically designated for counting the contents of at a minimum Drop Boxes and banks.

(2) The count room shall be designed and constructed to provide maximum security to include at a minimum, the following:

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(a) A door equipped with two separately keyed locks securing the interior of the count room. The Keys shall be different from any other Keys. One Key shall be maintained and controlled by the security department and the other Key maintained and controlled by the Gaming Facility department or Tribal Gaming Agency;

(b) The security department shall establish a sign out procedure for all Keys removed from the security department; and

(c) An alarm device connected to the entrance of the count room that signals the surveillance room whenever the door to the count room is opened.

(3) Located within the count room shall be table(s) constructed of clear glass or similar material for the emptying, counting and recording of the contents of the Drop Boxes and banks.

19. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

(1) The contents of Drop Boxes will only be counted and recorded in the count room.

(2) The Tribal Gaming Operation will, at a minimum, count the contents of Drop Boxes once each gaming day.

(3) The opening, counting and recording of the contents of Drop Boxes will be done by employees assigned by the Tribal Gaming Operation to perform the count and ("Count Team") who have no Incompatible Functions.

(4) Immediately prior to the opening of the Drop Boxes, the doors to the count room shall be securely locked and except as otherwise authorized by this standard, no person shall be permitted to enter or leave the count room, except during a normal work break or in an emergency, until the entire counting, recording and verification process is completed.

(5) Immediately prior to the commencement of the count, one count team member shall notify surveillance.

(6) Procedures and requirements for conducting the count shall be the following:

(a) As each Drop Box is placed on a count table, one count team member shall announce, in a tone of voice to be recorded by the audio recording device, the game, station number, and shift marked thereon or as displayed by the barcode scanner or “smart can” reader;

(b) The contents of each Drop Box shall be emptied and counted separately, and at all times be conducted in full view of the Surveillance System cameras located in the count room;

(c) Immediately after the contents of a Drop Box are emptied, the inside of the Drop Box shall be held up to the full view of a Surveillance System camera, and shall be shown to at least one other count team member to confirm that all contents of the Drop Box have been removed, after which the Drop Box shall be locked and placed in the storage area for Drop Boxes;

(d) The contents of each Drop Box shall be segregated by a count team member or currency counter into separate stacks by coin and currency and by type of form, record or document;

(e) Each denomination of coin and currency shall be counted twice by the count team members manually or using currency counters in full view of the Surveillance System cameras, and such count shall be observed and the accuracy confirmed orally or in writing, by at least two separate count team members. When using a currency counter and the two counts do not agree, the monies will be pulled and be re-processed. If the counts from the second attempt do not agree or the currency counter malfunctions, the currency will be counted manually;

(f) As the contents of each Drop Box is counted for gaming stations, one count team member shall record or verify on a Master Game Report, by game, station number, and shift, the following information:

(i) The total amount of currency and coin counted;

(ii) The amount of the Opener;

(iii) The amount of the Closer;

(iv) The serial number and amount of each fill;

(v) The total amount of all fills;

(vi) The serial number and amount of each Credit;

(vii) The total amount of all Credits; and

(viii) The win or loss.

(ix) Such additional information as may be required on the Master Game Report by the Tribal Gaming Operation;

(g) As the contents of each Drop Box are counted for a player terminal or kiosk, one count team member shall record the box number and the total

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amount of currency counted. The Tribal Lottery System counts will be compared to the system reports.

(h) Notwithstanding the requirements of sub-paragraphs (f) through (g), if the Tribal Gaming Operation's system of accounting and internal controls provides for the recording on the Master Game Report of fills, Credits, and station inventory slips by Cage Cashiers prior to the commencement of the count, a count team member shall compare for agreement the serial numbers and totals of the amounts recorded thereon to the fills, Credits, and station inventory slips removed from the Drop Boxes;

(i) Notwithstanding the requirements of sub-paragraphs (f) through (g), if the Tribal Gaming Operation's system of accounting and internal controls provides for the count team functions to be comprised only of counting and recording currency, coin, and Credits; Accounting Department employees shall perform all other counting, recording and comparing duties herein;

(j) After completion and verification of the Master Game Report, each count team member shall sign the report attesting to the accuracy of the information recorded thereon;

(k) At no time after the Inspector has signed the Master Game Report shall any change be made to it without prior written approval of the Tribal Gaming Agency.

(7) Procedures and requirements at the conclusion of the count shall be the following:

(a) All cash removed from each Drop Box after the initial count shall be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the Master Game Report and in the presence of the count team and the Inspector, shall re-count, either manually or mechanically, the cash received, after which the Inspector shall sign the report evidencing his or her presence during the count and the fact that both the cashier and count team have agreed on the total amount of cash counted;

(b) The top copy of the Master Game Report, after signing, and the requests for fills, the fills, the requests for Credits, the Credits, and the station inventory slips removed from Drop Boxes shall be transported directly to the Accounting Department and shall not be available to any cashier's cage personnel;

(c) A duplicate of the Master Game Report, but no other document referred to in this standard whatsoever, shall be retained by the Inspector.

(d) If the Tribal Gaming Operation's system of accounting and internal controls does not provide for the forwarding from the cashier's cage of the duplicate of the fills, Credits, Request for Credits, Request for Fills, such documents recorded or to be recorded on the Master Game Report shall be transported from the count room directly to the Accounting Department.

(8) The originals and copies of the Master Game Report, Request for Fills, fills, Request for Credits, Credits and station inventory slips shall on a daily basis, in the Accounting Department be:

(a) Compared for agreement with each other, on a test basis, by persons with no recording responsibilities and, if applicable, to triplicates or stored data;

(b) Reviewed for the appropriate number and propriety of signatures on a test basis;

(c) Accounted for by series numbers, if applicable;

(d) Tested for proper calculation, summarization, and recording;

(e) Subsequently recorded; and

(f) Maintained and controlled by the Accounting Department.

20. SIGNATURES

(1) Signatures shall:

(a) Be, at a minimum, the signer's first initial and last name;

(b) include his or her certificate or permit number; and

(c) Signify that the signer has prepared forms, records, and documents, and/or authorized to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with these standards and the Tribal Gaming Operation's system of accounting and internal control.

(2) Signature records shall be prepared for each person required by these standards to sign or initial forms, records and documents, and shall include specimens of signatures and initials of signers. Such signature records shall be maintained on a dated signature card filed alphabetically by name. The signature records shall be adjusted on a timely basis to reflect changes of personnel.

(3) Signature records shall be securely stored in the accounting or human resource department.

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21. SURVEILLANCE SYSTEM

(1) The Tribal Gaming Operation shall install a Surveillance System according to the following specifications.

(2) The Surveillance System shall include, but need not be limited to the following:

(a) Light sensitive cameras with zoom, scan and tilt capabilities to effectively and clandestinely monitor in detail and from various vantage points, the following:

(i) The Gaming activities conducted in the Gaming Facility;

(ii) The operations conducted at and in the cashier's cage and keno cage;

(iii) The entire count process and any other activities conducted in the count room and the storage cabinets or trolleys used to store Drop Boxes;

(iv) The movement of cash, gaming chips, and Drop Boxes in the establishment; and

(v) The entrances and exits to the Gaming Facility and the count rooms.

(vi) Such other areas as the Tribal Gaming Agency designates.

(b) Recordings will have sufficient clarity that shows fluid motion and maintains investigative quality and will be recorded at not less than 25 frames per second in all gaming and sensitive areas of the Gaming Facility;

(c) Video recording units with time and date insertion capabilities for recording what is being viewed by any camera of the system;

(d) Audio capability of the entire count process and any other activities in the count room;

(e) The system must be equipped with an alarm that notifies the operator in the event of an equipment malfunction.

(f) Cameras can be on motion detection setting, recording only when motion is detected which occurs anytime there is a pixel change viewed by the

camera. The pictures are still observable to the operator but it does not provide a continuous recording when no motion is detected.

(g) The system is password protected with only system administrator user rights having the password to disable the erase and reformat functions. This is to prevent access to system files by unauthorized personnel.

(h) One or more monitoring rooms in the establishment which shall be in use at all times by the employees of the surveillance department assigned to monitor the activities in the Gaming Facility and which may be used as necessary by the Inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency.

(3) Adequate lighting shall be present in all areas, including Gaming Stations and Pits, where Surveillance System coverage is required.

(4) Video or audio recordings shall be retained for at least seven (7) days and at least thirty (30) days in the case of recordings of evidentiary value, or for such longer period as the Tribal Gaming Agency or the State Gaming Agency may require.

(5) Entrances to the Surveillance System monitoring rooms shall not be visible from the Gaming Facility area.

(6) Digital surveillance suppliers may have periodic remote access to perform routine upgrades and maintenance under the following conditions:

(a) The Tribal Gaming Agency must approve the remote access prior to it occurring;

(b) A log must be kept of the remote access to include who was accessing, how long they were remotely connected and the address of the remote connection.

(c) All supplier representatives remotely accessing the Surveillance System must be licensed by the Tribe and Certified by the State Gaming Agency.

(d) At no time will the supplier representatives have access to manipulate or change live or recorded camera coverage.

APPENDIX B

COWLITZ TRIBE– STATE OF WASHINGTON
CLASS III GAMING COMPACT

RULES GOVERNING SATELLITE WAGERING
ON THE
COWLITZ RESERVATION

SECTION 1. SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES

4.1 DEFINITIONS.

4.1.1 "Conventional parimutuel pool" means the total wager under the parimutuel system on any horse or horses in a particular race to win, place, or show.

4.1.2 "Commission Regulations" means Title 260 WAC.

4.1.3 "Exotic parimutuel pool" means the total wagers under the parimutuel system on the finishing position of two or more horses in a particular race, such as Quinella or Exacta wagers, or on horses to win two or more races, such as Daily Double wagers, Pick Six wagers, or on other wagers other than conventional parimutuel pool wagers.

4.1.4 "Horse Racing Law" means Chapter 67.16 RCW.

4.1.5 "Parimutuel wagering" means a form of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse or horses in one or more races. When the outcome of the race or races has been declared official, there is a distribution of the total wagers comprising each pool, less any amounts permitted to be retained by law or under this Compact, to holders of winning tickets on the winning horse or horses.

4.1.6 "Satellite Wagering" means parimutuel wagering on simulcast results.

4.1.7 "Satellite wagering facility" means any facility in which satellite wagering is conducted.

4.1.8 "Simulcast" means the simultaneous television or radio transmission of a race to a facility other than where the race meet is being held.

4.1.9 "Wagering employee" means any person who is employed by the Tribe or at any satellite wagering facility hereunder to handle any

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monies, materials, records or equipment related to the satellite wagering permitted herein, or who supervises any person who does so or supervises any such supervisor.

4.1.10 Except as otherwise provided herein, meanings ascribed to terms used in the Horse Racing Law and the Commission Regulations are hereby adopted by reference wherever such terms are used in this Compact.

4.2 APPLICABILITY OF LAWS. Wagering at the Cowlitztribal satellite wagering facility will be conducted in accordance with this Compact, the Indian Gaming Regulatory Act, the Interstate Horseracing Act, any ordinances or regulations adopted by the Tribe, and Washington Horse Racing Laws as made applicable herein. Nothing herein shall otherwise be deemed a prohibition upon or limitation upon tribal operation of a satellite wagering facility by the Tribe or on behalf of the Tribe.

4.3 REGULATION OF SATELLITE (OFF-TRACK) WAGERING.

4.3.1 Wagering Permitted. The Tribe is entitled to operate a single satellite wagering facility pursuant to this Compact subject to the following terms and conditions:

a. Unless permitted in accordance with subparagraph c., below, Tribe may conduct satellite wagering only on events simulcast from any Washington State track (whether of a live race, or an authorized simulcast of an out-of-state signal) on the same terms and conditions permitted any other satellite wagering facility in the State without limitation on the distance such tribal facility is from a live race meet, provided, the Tribe is entitled to receive simulcast signals from each Washington State track on terms at least as advantageous as those made available by such track to any other satellite facility operated at a track holding a Class A or Class B Washington Horseracing Commission license or at any other facility operated or leased by an entity holding such a license. Negotiations conducted between the Tribe and the track shall cover areas including, but not limited to, the following: percent of handle received; equipment required and who provides such equipment; who provides wagering employees; and how and on what schedule funds will be transferred. All wagers accepted at the tribal facility on such events shall be made into the parimutuel pool of the Washington State track which provides the simulcast signal, and shall be deemed to have been made at the location of such pool for the purposes of assessment of fees, charges, taxes or other assessments. Nothing herein shall prohibit assessment by the Tribe of taxes, fees or other charges for wagering conducted at the tribal facility, nor shall the State or any of its political subdivisions be authorized to

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impose any taxes, fees, charges or assessments upon the Tribe or any person or entity authorized to conduct such activities on behalf of the Tribe for the satellite wagering activities regulated hereunder, other than those generally applicable to the parimutuel pool.

b. In the event the Tribe believes it is not offered simulcast signals from a Washington State track on terms at least as advantageous as those made available by such track to the other satellite wagering operators as set forth in subparagraph a., above, the Tribe may request a formal determination from the Commission. The sole issues in such determination will be whether the Washington State track provides terms to those other satellite wagering operators which are more advantageous than those offered to the Tribe and, if so, what terms are less advantageous to the Tribe. Provided, the Commission shall conduct a hearing and render a decision within ninety (90) days after receipt of the request for a determination from the Tribe, and further provided, that if the Commission decision is not rendered within that time, the Tribe is entitled to conduct satellite wagering in accordance with the provisions of subparagraph c., below. If the Commission determines that the terms offered the Tribe are less advantageous, the Washington State track shall have thirty (30) days to offer terms that are at least as advantageous to the Tribe, or the Tribe will be entitled to conduct satellite wagering in accordance with subparagraph c., below. If the Tribe disputes the determination of the Commission regarding whether the terms offered to the Tribe are less advantageous, the Tribe or State may request arbitration under Section XII.B of this Compact.

c. If, following an adverse determination from the Commission, the Washington State track does not offer the terms identified by the Commission in accordance with subparagraph b., above, the Tribe shall be entitled to negotiate for and receive simulcast signals from out-of-state races for an equivalent number of races, to be offered within the subsequent twelve (12) month period, on such terms and conditions as it may obtain. Acceptance of signals from out-of-state tracks shall be made in compliance with the Interstate Horseracing Act, 15 USC §3001, et seq. Nothing in this section (Section 4) shall be deemed to limit acceptance of satellite wagers to the extent permitted under the Interstate Horseracing Act. Consent of the Commission, as required under the Interstate Horseracing Act shall not be unreasonably withheld. For disputes concerning whether the Commission has unreasonably withheld its consent, the Tribe or the State may request arbitration under Section XII.B of this Compact.

4.3.2 Hours of Operation. The wagering authorized in the Tribe's satellite wagering facility shall be conducted within the hours authorized for Class III gaming under this Compact.

4.3.3 Approval of Facility. Subject to approval of the physical adequacy of the facility, the Cowlitz IndianReservation is hereby approved as location for the conduct of satellite wagering as permitted under this Compact. The right of the Tribe to conduct satellite wagering from a facility at such location shall not be affected by its distance from any live race meet being broadcast to such facility, and statutes and regulations imposing distance limitations on the location of satellite wagering facilities relative to live race meets, including but not limited to RCW 67.16.200(c), shall not be applicable to the Tribe.

4.3.4 Wagering Rules. All of the rules set forth in Chapter 260-48 WAC ("Mutuels") are hereby incorporated by reference as being applicable to any satellite wagering facility authorized hereunder, subject to the following qualifications:

4.3.4.1 References therein to "racing associations" shall mean the Tribe.

4.3.4.2 References therein to "enclosure of any race track" shall mean the satellite wagering facilities authorized hereunder.

4.3.4.3 Parimutuel machines shall be locked at the time and by the same means as are applicable to parimutuel machines at other satellite wagering facilities within the State or as otherwise required by the parimutuel pool operator at the host race track or other authorized source, if different therefrom, but in all cases prior to the start of any race for which bets are being accepted.

4.3.4.4 References to "the manager of the parimutuel department" shall refer to any person appointed to manage the satellite wagering facility authorized under this Compact.

4.3.4.5 The Tribe may accept exotic bets, including but not limited to daily doubles, quinellas, exactas, wagering on "short fields", daily triples, "Pick n", trifectas, and other exotic bets to the extent made available through parimutuel pools by the parimutuel pool operator.

4.3.5 Other Facilities Within Area. In the event the Commission considers allocation of exclusive or limited areas in which satellite wagering facilities may be located, the Commission will give good faith consideration to designating the Cowlitz satellite wagering facility as

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one of those exclusive or limited area satellite wagering sites. Notwithstanding the foregoing, the conduct of satellite wagering at any other facility, including a live racing facility, in the State shall not affect the right of the Tribe to operate its satellite wagering facility at any time.

4.3.6 Amounts Received by Tribe. The Tribe may receive from parimutuel wagers made at its satellite wagering facility such amounts as may be negotiated between it and the operator of the parimutuel pool (track).

4.3.7 Security Control. The Tribe shall maintain such security controls over any satellite wagering facility authorized hereunder as would be required by the Commission for a comparable facility off the Reservation. The Tribe shall remove, deny access to, eject or exclude persons whose presence within such facility would be contrary to the interests of the Tribe or the State in operating an honest, legitimate facility or in meeting the goals and objectives of this Compact or the Act.

4.3.8 Accounting Practices and Audits. Any satellite wagering facility authorized hereunder shall maintain its books and records in accordance with generally accepted accounting principles and such rules and regulations, if any, as are applied to satellite wagering facilities in the State.

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COWLITZ TRIBE– STATE OF WASHINGTON

CLASS III GAMING COMPACT

APPENDIX C

RULES AND REGULATIONS FOR PLAYING KENO

SECTION 1 DEFINITIONS

A. “Ball draw equipment” means any mechanical device, apparatus, or equipment which facilitates the random selection of numbered Keno balls.

B. "Game Grid" means the consecutively numbered field from one (1) to eighty (80) numbers on which Winning Numbers and Winning Plays are designated.

C. "Informational Materials" means printed materials explaining rules of play; prizes; deadlines for redeeming prizes; and rules concerning splitting of prizes when necessary.

D. "Inside Ticket" means a form on which the players indicate their selections, which may include a request for a Quick Pick Selection to be issued through the use of a Quick Pick Device.

E. “Keno” means a numbers game where players choose from one to ten numbers out of a pool of eighty and winners are determined by correctly matching selected numbers to twenty randomly selected numbers.

F. "Keno Manager" means the person responsible for controlling Keno department operations, who safeguards Keno assets and ensures compliance with applicable laws and regulations. Shares the duty of approving payouts of $4,000.00 or more with the Casino Shift Manager.

G. "Keno Runner" means any person authorized by the Tribal Gaming Agency to accept completed Inside Tickets, and the prices thereof, and to return Outside Tickets and prizes won, acting as an agent of the player.

H. "Keno Shift Manager" means the person responsible for all Keno department operations during his or her assigned shift.

I. "Keno Shift Supervisor" means the person who in the absence of the Keno Shift Manager is responsible for all Keno department operations during his or her assigned shift.

J. “Keno System” means the collection of hardware and software components which facilitate the play, reporting, and security of the Keno game. The System includes: number selection devices, databases, servers, networking devices, management terminals, kiosks, and other components used as integral parts of the Keno game

K. "Keno Writer" means a person who operates the Random Number Generator authorized by the Tribal Gaming Agency to select Winning Numbers for each game, and is also authorized by the Tribal Gaming Agency to validate completed Inside Tickets, verify

and accept the authorized price thereof, issue Outside and Quick Pick Tickets, and make payments for winning Outside Tickets.

L. “Kiosk” means an employee staffed computer or device, where Keno tickets may be purchased or redeemed.

M. "Number" or "Spot" means any of the numbers on the Game Grid.

N. "Outside Ticket" means the computer generated and printed form which indicates the numbers selected and conditions of the wager made by a player on an Inside Ticket, which may be a Quick Pick Selection.

O. "Play" means a selection of one or more groups of up to twenty (20) numbers in one (1) to twenty-six (26) groups. No Play or wager shall be deemed made until an Outside Ticket has been issued by a Keno Writer in receipt for an Inside Ticket and the prices of Plays indicated thereon.

P. "Promotional Prize" means a prize established by management and approved by the Tribal Gaming Agency for promotional purposes, and which deviates from the Standard Prize.

Q. "Quick Pick Device" means a Random Number Generator authorized by the Tribal Gaming Agency for making Quick Pick Selections.

R. "Quick Pick Selection" means any Play made through the use of a Quick Pick Device.

S. "Quick Pick Ticket" means the form of an Outside Ticket designated by the Tribal Gaming Agency issued through the use of a Quick Pick Device.

T. “Rabbit Ears” means a device, generally V-shaped, that is attached to the Keno blower and holds the numbered balls selected during a Keno game so that the numbers are visible to players and employees.

U. “Random number generator” means a hardware or software component which randomly generates Keno numbers.

V. "Standard Prize" means the standard prizes established by management and approved by the Tribal Gaming Agency for matching a required quantity of player or quick pick selected numbers with Winning Numbers in any given game.

W. “Ticket” means a physical ticket issued to a player which includes applicable game play and wagering information.

X. “Transaction log” means a record of the information printed on each ticket which is either recorded electronically by the system or printed out physically.

Y. “Win” means prizes paid.

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Z. "Winning Numbers" means the twenty (20) numbers, from one (1) to eighty (80), which are randomly selected for each game.

AA. "Winning Plays" means those combinations of numbers entitled to Standard Prizes or Promotional Prizes.

BB. “Write” means gross revenue from Keno ticket sales.

CC. “Writer” means Keno employee who staffs a Kiosk.

DD. "Way" means a “Play” when more than one “Play” is made on the same “Inside Ticket”.

SECTION 2 RULES OF PLAY

A. Twenty (20) numbers are randomly drawn by the house for each game. The game is played by matching players' numbers with those drawn by the house. Predetermined prizes are awarded based on how many matching numbers are drawn.

B. Players make Plays by directly marking their selections on an Inside Ticket, requesting a Quick Pick Selection or by requesting the replay of an Outside Ticket from a previous game.

C. The player's Inside Ticket must be validated by a Keno Writer and paid for before it is placed in play. No Play shall be deemed made until an Outside Ticket verifying the validity of and receipt of the authorized price for the Inside Ticket has been issued by a Keno Writer. No Play may be validated after a Keno Writer declares the game closed. All games shall be closed at least five (5) seconds before the Winning Numbers are selected.

D. The game is played when and where the Outside Tickets are validated by a Keno Writer, and shall be deemed completed when a Keno Writer selects the twentieth (20) Winning Number. All selections of Winning Numbers by a Keno Writer shall be conducted in full view of the public. All numbers selected will be prominently displayed immediately upon selection.

E. A Winning Play is achieved when the Play results in a quantity of player or Quick Pick selected Numbers matching Winning Numbers which have been drawn for that game. Management shall publish in the Informational Materials a Standard Prize schedule, and any Promotional Prizes to be offered, as approved by the Tribal Gaming Agency.

F. After selection of the twentieth (20) Winning Number, the Keno Shift Manager or Keno Shift Supervisor will verify the numbers drawn for the game and authorize payment of prizes due in connection therewith. The Keno Manager or Casino Shift Manager will personally authorize payments of all prizes of $4,000.00 and over. Unless otherwise specified by the Tribal Gaming Agency prior to the game, winning Outside Tickets which are not submitted for verification within five (5) games of the last game number shown on the Outside Ticket shall be void, and any prize to which the holder of such Outside Ticket would have been entitled shall be forfeited.

G. Any player who claims to have won a prize must present a validated Outside Ticket to a Keno Writer. In addition, the claimant may be required to complete a claim form and submit it prior to validation and payment. The apparent winning Outside Ticket must be presented in

person, or through the services of a Keno Runner acting as the player's agent. In addition, a player may be required to complete any applicable tax forms prior to receiving payment, which may be subject to the deduction of withholding taxes.

H. A Keno Writer will promptly present the prize to the claimant in payment of the amount due, less any withholding required, or will notify the claimant that the Outside Ticket is not a Winning Play, is not entitled to a prize, and that the claim is denied. Non-winning Outside Tickets may be retained by management, and not returned to the claimant.

SECTION 3 TICKETS

A. Players select the numbers they wish to play on the form provided (Inside Ticket) and purchase a ticket from a kiosk (Outside Ticket).

B. The Outside Ticket includes the numbers selected, date, game number, conditioning, ticket sequence number and the kiosk number.

C. Matching information from the ticket is written concurrently to the Transaction log.

D. When it is necessary to void a ticket, the void information is input into the system which documents the appropriate information pertaining to the voided wager (e.g., void slip is issued or equivalent documentation is generated).

E. Physical and operational controls should prevent the writing and voiding of tickets after a game has been closed and after the number selection process has begun.

F. Copies of all Keno tickets shall be maintained for at least 7 days.

SECTION 4 PRICE OF PLAY

The price of each Play shall be established by management and approved by the Tribal Gaming Agency. The total cost for purchasing an Outside Ticket shall equal the sum of prices for all Plays designated on the Inside Ticket. Management may, but shall not be required to, offer special prices for Promotional Plays and Ways, as approved by the Tribal Gaming Agency.

SECTION 5 PRIZES

A. The prize amounts to be paid to each player who selects a winning combination of numbers shall be determined by management as approved by the Tribal Gaming Agency, and the prize structure may vary from time to time. There shall be a basic or Standard Prize schedule. From time to time, management as approved by the Tribal Gaming Agency may create Promotional Prize structures. Payment of all prizes will be in compliance with the requirements of Section 2 above.

B. A Winning Play shall only be entitled to the greatest available prize for such Play. Lesser included Winning Plays within such Play shall not be awarded prizes.

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C. In determining Standard and Promotional Prizes, management as approved by the Tribal Gaming Agency may declare, in advance of any game, that multiple winners for identical Winning Plays shall split the prizes for such Plays. In such cases, the condition that such prizes will be split shall be printed on the Inside Tickets for such games and in any Informational Materials distributed to players in connection therewith.

D. Prize schedules will be posted in a conspicuous location, in the vicinity of the place where a Keno Writer selects the Winning Numbers, and shall be available through the Informational Materials which shall be made available to players upon request before any game is played.

SECTION 6 DRAWINGS OF WINNING NUMBERS

A. Drawings of Winning Numbers will be conducted in the location and at the times designated by management as approved by the Tribal Gaming Agency. Management as approved by the Tribal Gaming Agency may change the drawing schedule or cancel drawings at any time. Winning Numbers are not official until verified by the Keno Shift Manager or Keno Shift Supervisor.

B. The Tribal Gaming Agency shall approve the type of equipment to be used, shall establish procedures for its operation and security, and shall establish the procedures for randomly selecting the Winning Numbers for each game.

1. The selected numbers using Ball Drop Equipment shall be immediately entered in the System by Keno personnel or other method approved by TGA and SGA, which documents on a draw ticket the date, game number, the time the game was closed, and the numbers drawn.

2. Alternatively, when a Random Number Generator is used, it will be linked to the System and will directly record the Numbers selected into the System. The Random Number Generators used shall be periodically tested to assure proper operation, security, and lack of tampering or fraud.

3. Physical and operational controls shall prevent the modification of the numbers drawn for each game.

C. The Keno Shift Manager or Keno Shift-Supervisor shall delay payment of all prizes in connection with any game for which any evidence exists or there are grounds for suspicion that tampering or fraud has occurred. In such instances, payment of prizes shall only be made after an authorized agent of the Tribal Gaming Agency completes an investigation. If the drawing cannot be verified as being free from fraud or tampering, no prizes will be awarded and another drawing may be conducted in its place to determine the Winning Numbers for the questioned game.

SECTION 7 VERIFICATION REQUIREMENTS AND CONTROLS

A. To be verified as a valid winning Outside Ticket, all of the following conditions must be met:

1. All payouts shall be supported by the customer copy of the winning ticket (Outside Ticket) and the payout amount is indicated on the customer ticket or a payment slip is issued.

2. The Outside Ticket shall be intact, contain all printing in its entirety, be legible, and correspond to the serial number or other verifying identification issued by the Keno Writer before the game began.

3. The Outside Ticket shall not be mutilated, altered, or tampered with in any manner, and shall not be counterfeit or a facsimile of another winning Outside Ticket.

4. The Outside Ticket shall be validated by a Keno Writer, in an authorized manner. The System shall prevent payment on tickets previously presented for payment, unclaimed Winning Tickets (sleepers) after a specified period of time, voided Tickets, and Tickets which have not been issued yet.

5. The Outside Ticket shall pass all other confidential security checks of management or the Tribal Gaming Agency.

6. Larger Prize Report. A report will be required for all prizes that exceed the threshold that triggers additional procedures to be followed for the purposes of compliance with federal tax reporting requirements. At a minimum, on a daily and monthly basis, the report shall provide the date and time won and the amount of all prizes

B. Any Outside Ticket failing any verification requirement listed above is invalid, not eligible for a prize, and not subject to any refund.

C. Management, as approved by the Tribal Gaming Agency may, at its option, replace an invalid Outside Ticket with another Outside Ticket of equivalent value for a future drawing of the game. Management as approved by the Tribal Gaming Agency may, at its option, pay the prize for an Outside Ticket that is partially mutilated or is not intact if the Outside Ticket can still be validated by other means.

D. In the event an Outside Ticket is issued in error or is defective, the only responsibility or liability of management or the Tribe shall be the replacement of the erroneous or defective Outside Ticket with another Outside Ticket of equivalent value for a future drawing.

E. The play of Keno will be subject to the same type of internal controls, including periodic audits and documentation to create a paper trail, as is established by the Tribal Gaming Agency for other Class III Gaming.

SECTION 8 REPORTS

A. Records shall be maintained which include Win and Write by individual writer for each shift.

B. Records shall be maintained which include Win, Write, and Win-to-Write hold percentage for:

1. Each shift;
2. Each day;
3. Month-to-date;
4. Year-to-date.

C. The system shall provide at a minimum the following reports:

1. Ticket information.
2. Payout information.
3. Game information including game number, ball draw, date, and time.
4. System exception reports, including:

   a. Voids.
   b. Late pays.
   c. Appropriate system parameter information.

SECTION 9 SYSTEM SECURITY STANDARDS

A. Physical and operational controls must be in place to ensure access to Keno System and its components are restricted to authorized users and shall prevent the modification of game information.

B. Back-up Keno ball inventories shall be secured in a manner to prevent unauthorized access. Controls must be established for inspecting new Keno balls put into play as well as for those in use.

C. Each authorized user must have a user name or number unique to that individual and must access the Keno System software by means of a password, keycard, PIN number, or other unique identifier. The System must log the date and time of each access. These access logs must be available for audit by TGA and SGA.

D. Except for kiosks, all main System components including servers and networking equipment shall at a minimum be enclosed in a locked and monitored cabinet. Access shall be through the use of access controls defined in E below.

E. Keys which provide access to any locked compartment, component or area of the Keno System, as well as passwords, keycards, or PIN numbers used to access Keno System components, shall be maintained and used in accordance with the access control standards as agreed to by TGA and SGA.

F. Networking Standards

   1. All Keno System components shall be hardwired within a dedicated network and located within the gaming facility.

   2. Communications between all components of the Keno System must be encrypted utilizing a minimum of Data Encryption Standards (DES) or equivalent encryption.

SECTION 10 TESTING AND APPROVAL STANDARDS

A. No Keno System may be offered for Play unless it has received approval by the Tribal Gaming Agency (TGA) and the State Gaming Agency (SGA). Any modification of a hardware or software component approved under this section must be similarly approved.

B. Any proposal for a system or system component not authorized in these standards shall include a description of the system or component, the proposed manner of regulation, monitoring and/or maintenance of the system, and shall require submission to, and approval by, the TGA and SGA.

C. At the request of TGA or SGA the manufacturer may be required to transport a working model of the Keno System to a location designated by the TGA or SGA for testing, examination or analysis. Neither the SGA nor the TGA shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the Keno System. If requested by the TGA or SGA, the manufacturer may be required to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis. For purpose of continued monitoring, the TGA or SGA may retain working models of any Keno System or component after approval for as long as the equipment is in play in the state.

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COWLITZ INDIAN TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT

APPENDIX D

Class III Gaming Station Transfer Agreement

This Class III Gaming Station Transfer Agreement ("Agreement") is made and entered into between _____ ("Transferor"), and _____ ("Transferee"), and the State of Washington ("State") for purposes of transferring authority and use of Class III Gaming Stations between Tribes which have entered into Tribal - State Compacts for Class III Gaming with the State and as a Memorandum of Understanding between the State and Tribal parties authorizing and memorializing the transfer.

AGREEMENT

1. TRANSFER. Transferor hereby transfers and assigns to Transferee, for the Term set forth below, all of Transferor's Class III Gaming Station authority for the use of Class III Gaming Stations to which Transferor is now or may hereafter become entitled during the Term of this Agreement.
2. TERM. The Term of this agreement, and all rights and authority granted hereby, shall be from _____, 20___ through _____, 20 ___ and shall commence at 12:01 A.M. on the first date entered above and expire 11:59 P.M. on the last date entered above unless other hours are so specified herein.
3. REPRESENTATIONS AND AGREEMENTS. Transferor represents and agrees that it is or will become at the commencement of the term of this Agreement, capable and authorized to utilize the number of Class III Gaming Stations noted above, that no other grant or transfer of any rights relative to the number of Class III Gaming Stations which would conflict with the authority transferred hereby has occurred or will occur, and that it

fully waives and surrenders the right to utilize the number of Class III Gaming Stations noted above for the term of this Agreement. Transferee represents and agrees that it is legally authorized to utilize Class III Gaming Stations and is capable and authorized to accept the transfer of authority herein. State represents and agrees that both Transferor and Transferee are authorized under its terms of valid Tribal - State Compacts to utilize Class III Gaming Stations, and, that upon execution of this Agreement by the parties, Transferor and Transferee may effectuate the transfer of authority for the use of the number of Class III Gaming Stations specified for the term of this Agreement.

4. ENTIRE AGREEMENT. This agreement contains the entire agreement of the parties as to the legal capabilities and authorizations for the transfer specified herein. No party is relying on any statement, representation or documentation which is not contained or referenced in this Agreement. Transferor and Transferee may enter into separate agreements related to the utilization of Class III Gaming Stations transferred hereby, PROVIDED, that the terms of such separate agreements shall not affect the legal capabilities and authorizations for the transfer specified herein.

IN WITNESS WHEREOF, the parties have duly executed this Class III Gaming Station Transfer Agreement.

Transferee _____ Transferor _____

By: _____ _____ By: _____

APPENDIX X2

to the

COWLITZ INDIAN TRIBE - STATE OF WASHINGTON

CLASS III GAMING COMPACT

RULES GOVERNING

TRIBAL LOTTERY SYSTEMS

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APPENDIX X2

RULES GOVERNING
TRIBAL LOTTERY SYSTEMS

SECTION 1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and on-line lottery games. The system utilizes player terminals with video displays which allow players to purchase chances and obtain game result information, a manufacturing computer which securely creates the finite set of chances used in the scratch ticket portion of the system, a central computer which stores and transmits game information and makes draws for the on-line lottery game, and an electronic central security and accounting system. In the scratch ticket game, preexisting scratch tickets are dispensed in an electronic format to players through the player terminals on an on-demand basis. In the on-line lottery game, drawings are conducted on a central computer independently of any activity at player terminals. The drawing results are then matched to player selections previously made on the player terminals. The system and games described and authorized herein are subject to the technical provisions set forth herein. Notwithstanding anything to the contrary herein, tribal lottery systems and player terminals approved pursuant to Appendix X prior to the effective date of this Appendix X2 may continue to be operated consistent with the requirements of Appendix X as they existed on the date this Appendix X2 became effective. Further, nothing herein shall restrict the Tribe from exercising any provision in its Compact not covered by this Appendix X2.

SECTION 2. DEFINITIONS

2.1 Cashless Transaction System. The means by which a player obtains, transfers and redeems Game Play Credits. The Cashless Transaction system permits a player to play the Tribal Lottery System without inserting cash (coins, tokens or paper currency) into, and to win prizes without receiving cash from, the Player Terminal. The Cashless Transaction System includes the following components:

2.1.1 The Electronic Accounting System;

2.1.2 One or more of the following: Plastic, cardboard, magnetic, or "smart" cards; paper; personal identification ("PIN") numbers; Game Play Credits obtained from the exchange of cash or cash equivalents; Game Play Credits displayed on the Player Terminal which were earned as prizes from prior play and not redeemed; and other means for effectuating play and awarding prizes without inserting or dispensing cash into or from the Terminal, provided that all Game Play Credits (other than credits earned from prior play and remaining displayed on a Player Terminal) must have been paid for by cash or cash equivalent;

2.1.3 A means of accounting for player deposits of cash or cash equivalents and exchanges for and redemption of Game Play Credits which is independent of the Player Terminal, through a player's account, a voucher system, or a "smart" card or similar device for recording individual player data; and

2.1.4 A means by which players can redeem unused Game Play Credits for cash or cash equivalents. All redemptions for cash must be through a cashier or redemption system separate from the Player Terminal.

2.2 Central Computer. A computer which conducts drawings for On-line Lottery Games and, for Electronic Scratch Ticket games, stores and dispenses Electronic Scratch Tickets from Scratch Ticket Subsets which have been loaded into it from a Manufacturing Computer and are maintained in a secure manner.

2.3 Electronic Accounting System. A computer system that provides a secure means to receive, store and access data and record critical functions and activities, as set forth in Section 7.

2.4 Electronic Scratch Ticket. A predetermined winning or losing outcome in electronic form. Each Scratch Ticket represents a chance from among the finite set of chances that comprise an Electronic Scratch Ticket Game Set.

2.5 Electronic Scratch Ticket Game. A scratch ticket lottery game that is played in an electronic environment. A game has a specific set of rules including: The theme and types of symbols used; the total number of tickets in the game; the ratio or mix of winning and losing tickets; the prize structure, including number and dollar value of each prize; and price of a single ticket. The game is played by use of computer hardware and software to manufacture, store, distribute, sell, and display scratch tickets to players.

2.6 Electronic Scratch Ticket Game Set. A finite set of Electronic Scratch Tickets that is based on a template that has been designed in accordance with a specific set of rules, including the basic requirements of Section 3.2, governing the structure of an Electronic Scratch Ticket Game. Based on that template, an Electronic Scratch Ticket Game Set is created in a Manufacturing Computer in a secure and verifiable electronic form prior to the play of an Electronic Scratch Ticket Game. Each Electronic Scratch Ticket Game Set is uniquely identifiable, by serial number or otherwise, so that it can be distinguished from other Game Sets manufactured from the same template.

2.7 Electronic Scratch Ticket Game Subset. A defined group of Electronic Scratch Tickets that has been randomly selected from an Electronic Scratch Ticket Game Set and transmitted to a Central Computer in a fixed order for play. Each Electronic Scratch Ticket Game Subset is uniquely identifiable from all other Subsets selected from the same Game Set.

2.8 Game Play Credits. A means of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, which is used as a means to effectuate play. Game Play Credits may be redeemed for cash or a cash equivalent.

2.9 Kiosks. Cash exchange or redemption terminals, which allow for cash to cashless transactions or cashless to cash transactions with or without a cashier. A Player Terminal is not a Kiosk.

2.10 Manufacturing Computer. A computer which creates Electronic Scratch Ticket Game Sets, randomly allocates tickets into Scratch Ticket Subsets, and delivers them to a Central Computer.

2.11. On-line Lottery Game. A lottery game by which players, through the use of Player Terminals, select numbers, symbols or other possible outcomes to be matched to outcomes that are subsequently and randomly selected in drawings which are electronically conducted on a Central Computer.

2.12 On-line Lottery Game Ticket. A paper, cardboard or electronically encoded medium onto which information is legibly printed, or is recorded electronically in a manner which can cause a Player Terminal to display, the outcome(s) and prize(s) won, if any, and other information associated with, an On-line Lottery Game drawing in which the player is enrolled.

2.13 Player Terminals. Electronic computer terminals housed in cabinets with input devices and video screens and with which players play the On-line Lottery and Electronic Scratch Ticket games. Player Terminals are not capable of playing gambling games as stand-alone devices.

2.14 Template. A software file containing all possible prize values for a Game Set to be created, indicating the number of prizes for each prize value that will appear in the Game Set.

2.15 Tribal Lottery System. Any lottery system operated pursuant to this Appendix. All computers and terminals and the combination and components thereof in each system operated by the Tribe shall conform to the provisions of this Appendix.

SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

3.1 Description of System Operation

3.1.1 The Tribal Lottery System game known as the Electronic Scratch Ticket Game consists of a finite number of Electronic Scratch Tickets, a certain number of which, if drawn, entitle a player to prize awards at various levels. The scratch tickets are designed from a template in conformity with this Appendix and are created in Game Sets on a Manufacturing Computer from which Scratch Tickets are randomly selected and placed into Scratch Ticket Subsets. Each Game Set has a predetermined number of winners and values and is designed so as to assure players of an at least 75% payback of the amounts paid in the aggregate for all

tickets in the Set. As a Game Set's tickets are placed into Subsets, the pool of tickets available from that Game Set for placement into Subsets diminishes, until each ticket in the Game Set has been placed into a Subset.

3.1.2 Scratch Ticket Subsets are transmitted to the Central Computer, where they are stored until dispensed electronically on demand to Player Terminals. Scratch Tickets are electronically dispensed from the Central Computer in the order within each Subset in which the tickets were received. Players compete against each other to draw winning tickets. As Subsets are used they are replaced by additional Subsets which have been created and delivered to the Central Computer in the same manner, until the Game Set has been depleted, or pulled from play, ending that particular game. Different games based on different Game Sets may be offered simultaneously through the Central Computer.

3.1.3 A player initiates participation in an Electronic Scratch Ticket game at a Player Terminal, using Game Play Credits purchased on the Player Terminal through the insertion of cash, or through the Cashless Transaction System. The monitor displays one or more of the Electronic Scratch Ticket games that are offered by the system, as well as other information such as graphics, game play and outcome information, and entertainment effects, subject to the limitations in Sections 5.2.2 and 5.2.3. The player may choose a particular game and reveal the outcome, by touching the screen, pressing a button once or performing some other form of interaction with the Player Terminal.

3.1.4 Following or as part of the player's selection of a game or games, the player uses Game Play Credits displayed on the Player Terminal to purchase one or more Electronic Scratch Tickets. The pricing of tickets is governed by the provisions of Section 3.2.1. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

3.1.5 Prize structure, ticket purchase and selection, and wager information is displayed or available on the Player Terminal with respect to any game which is being played through that Terminal.

3.1.6 After the player purchases an Electronic Scratch Ticket the outcome associated with that ticket is shown on the Player Terminal. Any prizes won are displayed on the

Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

3.1.7 Game Play Credits earned as prizes remain displayed and available for use in further play from that Terminal. Game Play Credits also may be electronically transferred to a) a player's account in the Central Accounting System, b) a ticket or receipt printed by the Player Terminal, or c) a "smart" card or similar instrument. Once transferred, Game Play Credits may be a) used for further play on another Terminal or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

3.2 Game Set and Subset Requirements

3.2.1 Game Set Requirements. Each Game Set shall meet the following minimum requirements:

a. Each Game Set shall be made up of a finite number of Electronic Scratch Tickets;

b. All Scratch Tickets in a particular Game Set shall be of the same purchase price, which shall not exceed $5.00, with the exception that up to 15 percent of the Player Terminals in operation may have purchase prices of up to $20.00 per Ticket. A single Ticket may offer an opportunity to enter another Game Set;

c. The payout percentage for the entire Game Set shall be no less than 75% of the total purchase price of all tickets in the set combined;

d. Each Game Set shall be assigned a unique serial number; and

e. Each ticket shall have a specific outcome and prize level associated with it.

3.2.2 Game Set Verification Process. Prior to commencement of play, the initial Game Set shall be verified as to the total number of tickets in the set and the number of

winners at each prize level, including the amounts of such prizes, and the number of non-winners. The verification standards which the Game Set must meet are those set forth in Section 3.3.

3.2.3 Transmission of Subsets to Central Computer. Following verification of the Game Set, the Manufacturing Computer shall create ordered Scratch Ticket Subsets on demand from the Central Computer and transmit the ordered Subsets to it.

3.2.4 Subset Requirements. Each Electronic Scratch Ticket Game Subset shall meet the following minimum requirements:

a. Within a given Game Set, each Subset shall be the same size and comprised of no less than 5,000, and no more than 10,000 Electronic Scratch Tickets, provided that in order to complete the distribution of all tickets in a Game Set, the final Subset derived from the Set may have less than the number of tickets in any other Subset and be less than 5,000;

b. Each Subset shall be individually and uniquely identified by the Game Set serial number and a unique serial number for each Subset assigned in the order in which the Subsets are created;

c. Once an Electronic Scratch Ticket has been dispensed to a Player Terminal from a Subset, it cannot be dispensed again.

3.2.5 Completion of Game. A Scratch Ticket Game is deemed to be completed only when all of the Electronic Scratch Tickets in a Game Set have been dispensed or the Game Set has been taken out of play. If any Game Set is withdrawn from play before completion of the Game, the Tribe shall ensure that at least 75% of the revenues received from sales of Electronic Scratch Tickets in that Game have been, or in future Electronic Scratch Ticket Games will be, awarded to players.

3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game. The following data shall be available to the TGA and SGA prior to the

commencement of an Electronic Scratch Ticket Game and shall be maintained and be viewable both electronically and if requested, by printed report, upon demand:

3.3.1 A unique identifying Game Set serial number;

3.3.2 A description of the Game Set theme sufficient to categorize the Game Set relative to other Game Sets;

3.3.3 The number of total Scratch Tickets in the Game Set;

3.3.4 The number of Scratch Ticket Subsets to be created from the Game Set, and the number of tickets in each Set;

3.3.5 The payout percentage of the entire Game Set;

3.3.6 The payout table for the Game Set and the number of Scratch Tickets at each level of the payout table;

3.3.7 The purchase price per ticket assigned to the Game Set;

3.3.8 Such further information as the SGA may reasonably require to assure the integrity and accuracy of the foregoing information.

3.4 Data Required to be Available Following the Completion of a Scratch Ticket Game. Following the completion of an Electronic Scratch Ticket Game (i.e., upon the sale of all tickets in a Game Set or the withdrawal of the Set from play), the following data shall be available to the TGA and SGA and shall be maintained and viewable both electronically and if requested, by printed report, upon demand:

3.4.1 The Game Set and Game Subsets serial numbers;

3.4.2 The total number of Electronic Scratch Tickets unsold, if the game is removed from play;

3.4.3 The total number of Electronic Scratch Tickets purchased;

3.4.4 The time and date that each Subset was transmitted to the Central Computer;

3.4.5 The time and date that the game was completed or removed from play;

3.4.6 The final payout percentage of the game; and

3.4.7 Price per Ticket.

3.5 Software Auditing Tool to be Made Available. For auditing Game Sets and Subsets that have been archived, any Tribal Lottery System shall include and have available for the SGA and the TGA a secure software tool which provides the same data as set forth in Section 3.3 and 3.4, provided that such tool shall be used only during authorized audits of Tribal Lottery System games and operations, or in cases of player disputes, and shall not be used for any other purpose without the consent of the TGA and the SGA.

3.6 No Auditing of Game Sets While in Play; Dispute Process

3.6.1 No Audit of Set While in Play. In order to provide maximum game integrity, no audit or other determination of the status of any Game Set or any Subset, including but not limited to a determination of the prizes won or prizes remaining to be won, shall be conducted by anyone, including TGA and SGA personnel, while a Subset is in play without causing termination of the entire Game Set from which the Subset was derived as provided in Section 3.6.3.

3.6.2 Dispute Resolution: Impact on Game Set Play. In the event of a dispute by a player that cannot be resolved by ordinary means by Gaming Facility personnel as to the outcome, prize, wager made, or any other aspect of the player's participation in a Game Set being played, all relevant data shall be immediately collected, including but not limited to all meter readings, memory records, surveillance recordings, and any other reports or information regarding play at the Terminal for the play in dispute. Following the collection of all relevant data, the TGA shall be notified and requested to make an evaluation of whether or not the dispute involves the integrity of the hardware or software being used and to try and resolve the dispute. A report of all disputes shall be maintained by the TGA. If the dispute is not resolved within 72

hours from the time of the complaint, the TGA shall immediately forward a report to the SGA detailing the nature of the dispute. In the event the dispute is resolved, the TGA is not obligated to report to the SGA, but shall make TGA reports available for review.

3.6.3 Termination of Game Set. Protection of game integrity, even if it requires the early withdrawal of a Game Set from play, shall be the primary goal of this Appendix. If resolution of a patron dispute requires access to data or records stored on any part of a system other than the Player Terminal involved in the dispute, and such access can only be accomplished through a means by which data would be revealed that could materially assist anyone in determining the likelihood of a particular ticket being drawn, other than information available to all patrons, the Game Set shall be terminated prior to accessing such data or records.

3.6.4 TGA/SGA Disputes. In the event there is a dispute between the TGA and SGA at any point in the above process, it shall be resolved in accordance with the dispute resolution process for such issues set forth in the Compact.

3.7 Manufacturing Computer

3.7.1 Security from Alteration, Tampering, or Unauthorized Access. The Manufacturing Computer shall provide a physical and electronic means, by use of a password or other method approved by the TGA and SGA, for securing the Game Set against alteration, tampering, or unauthorized access. The Manufacturing Computer shall provide a means for terminating the Game Set if unopened ticket information from an operating Game Set or Subset has been accessed except as permitted in this Appendix. The Gaming Test Laboratory shall certify that such security system, and a means for monitoring its use in accordance with this Appendix, is included in the system before it may be authorized for use. Security systems and monitoring may be required for any component that has electronic access to this system that may violate the integrity and security of the manufacturing computer.

3.7.2 Primary Purpose; Separation. The Manufacturing Computer shall be dedicated primarily to those Tribal Electronic Scratch Ticket gaming system functions related to the creation of Scratch Ticket Game Sets and the creation, randomization, and transmittal to the Central Computer of Scratch Ticket Subsets. Notwithstanding the foregoing, the Manufacturing

Computer may also be used for other computer functions in the Tribal Lottery System or Electronic Accounting System if such use will not affect the integrity or outcome of any game.

3.7.3 Storage Medium; Backup. The Manufacturing Computer shall have a medium for securely storing Electronic Scratch Ticket Game Sets and Subsets on the Manufacturing Computer which shall be mirrored on line by a backup medium within the same cabinet or enclosure. In addition, duplicates of the Sets and Subsets, as created and stored on the Manufacturing Computer, shall be stored in a secure enclosure in the Gaming Facility separate from the Manufacturing Computer. All storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, there will be no critical data loss.

3.7.4 Randomization. The Manufacturing Computer shall utilize randomizing procedures in the creation of the Subsets. The randomizing procedures shall be in accordance with Section 6 of this Appendix.

3.8 Central Computer Used in Connection With Electronic Scratch Ticket Game. The following requirements apply to any Central Computer used in connection with an Electronic Scratch Ticket Game.

3.8.1 Dispensing of Tickets. The Central Computer shall dispense, upon request from a Player Terminal, Electronic Scratch Tickets.

3.8.2 Order of Scratch Tickets. The Central Computer shall maintain Electronic Scratch Ticket Subsets in the order received from the Manufacturing Computer, and transmit them in that order to Player Terminals on demand, provided that not less than two (2) nor more than five (5) Subsets per Game Set shall be dispensed in accordance with a predetermined order for rotating the Subsets. Subsets from more than one Game Set may be stored on the Central Computer and made available for play at the same time.

3.8.3 Storage Medium; Backup. The Central Computer shall have a medium for storing Electronic Scratch Ticket Game Subsets and reflecting their current status of play, which shall be mirrored on line by a backup medium within the same cabinet or enclosure. All

storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, there will be no critical data loss.

3.8.4 No Randomization Capability. The Central Computer shall have no randomization capability associated with its use in an Electronic Scratch Ticket game.

3.9 Player Terminals Used in Electronic Scratch Ticket Games. Player Terminals used in connection with Electronic Scratch Ticket Games shall conform to the requirements of Section 5.

3.10 Data Available for Inspection. The following data is required to be available for inspection in compliance with Section 7.1.9 for any Player Terminal or Game Set:

3.10.1 All Game Set serial numbers, indicating the date and time the Game Set was put in play, pulled from play, or completed.

3.10.2 By Game Set serial numbers, the Player Terminal numbers assigned, and the dates and times of assignment to the Player Terminals.

SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM

4.1 Description of System Operation. Tribal On-line Lottery Games shall be played in accordance with the following provisions:

4.1.1 A player initiates participation in On-line Lottery Games at a Player Terminal, using Game Play Credits through the insertion of cash or from the Cashless Transaction System which are displayed on the Terminal video monitor. Play may also be initiated through a Player Terminal dedicated to On-line Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an On-line Lottery Game shall also mean activity and interaction by a clerk on behalf of a player.

4.1.2 The Player Terminal video monitor displays one or more of the On-line Lottery games that are offered by the system, as well as other information such as graphics, game play, and outcome information, and entertainment effects, subject to the limitation in Sections

5.2.2 and 5.2.3. The player chooses a particular game by touching the screen, pressing a button, or performing some other form of interaction with the Player Terminal.

4.1.3 Following or as part of the player's choice of a game or games, the player selects numbers, symbols or other data to be matched in the game by pressing buttons or touching the video screen. The Player may also make such selections through the "quick pick" method. The player then uses Game Play Credits displayed on the Terminal monitor to purchase one or more On-line Lottery Game Tickets representing such selections, for drawings to be held in the future.

4.1.4 Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed $20.00. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

4.1.5 The player's wager and selected numbers, symbols or other data to be matched in the game, along with information identifying the drawing(s) to which they apply, are provided to the player in some tangible means, such as by electronic encoding or printing on a paper, card or other medium. In addition, the numbers, symbols or other data selected may be displayed on the Player Terminal.

4.1.6 The player is then entered into one or more future On-line Lottery Games, which are conducted through drawings held on the Central Computer.

4.1.7 All drawings for any game are conducted within a period of 5 minutes or less, and all drawings for all games offered are held within that period. Drawings are held on a regularly scheduled basis and regardless of whether any player is enrolled in a particular On-line Lottery Game. Games take place no more frequently than thirty minutes apart, determined by when the first drawing in a game occurs. No more than five different On-line Lottery Games are offered at a time, unless the State increases the number of On-line Lottery Games it is now playing, thereby entitling the Tribe to increase the number of games it offers in accordance with the rules for doing so.

4.1.8 A Player Terminal may display a player's entry into an On-line Lottery Game and the commencement of that game. The form of displaying information may be entertaining and at the discretion of the Tribe, except as limited in Sections 5.2.2 and 5.2.3. For example, the Terminal may alert the player through means of a count-down that the drawing in which the player is entered is about to occur. Information regarding prizes that may be awarded for each game are made available to the player prior to commencement of the game.

4.1.9 Following each drawing, the results are displayed and made available in accordance with the rules set forth in Section 4.4. Players win if their selections match a required number of drawn numbers or symbols, in accordance with the predetermined and published rules for that particular game. Results and prizes are verified in accordance with the rules set forth in Section 4.4, and are paid in Game Play Credits except where, due to the size of the prize, the rules specify some other method of payment. Prizes may also be awarded in the form of merchandise or other valuable property.

4.1.10 Game Play Credits earned as prizes remain displayed and available for use in further play from that Terminal. Game Play Credits also may be electronically transferred through the Cashless Transaction System, such as to a) a player's account in the Central Accounting System, b) a ticket or receipt printed by the Player Terminal, or c) a "smart" card or similar instrument. Once transferred, Game Play Credits may be a) used for further play on another Terminal or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

4.2 Central Computer Used for On-line Lottery Game. The following requirements apply to any Central Computer used in connection with an On-line Lottery Game.

4.2.1 Introduction. A Central Computer may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be utilized in the On-line Lottery Game. The rules in this Section 4.2 govern that activity.

4.2.2 Randomization Capability. The Central Computer shall have randomization capability associated with its use in an On-line Lottery Game only. All drawings shall be on a random basis, using the randomization requirements set forth in Section 6.

4.2.3 Independent Drawings; Schedule of Drawings. Drawings on the Central Computer shall occur independently of any Player Terminal activity and regardless of whether or not players are enrolled in a game. On-line Lottery Game drawings shall be held on a regularly scheduled basis in intervals of no less than 30 minutes. Once a drawing period begins, all drawings during that period must be drawn within 5 minutes. Each drawing shall have its own identifying serial number.

4.2.4 Limit on Number of On-line Lottery Games. The Tribe may have no more than five (5) On-line Lottery Games in play at one time. Such games may be offered on more than one system within the facility. The number of games offered may be increased if, and by the same number, the State Lottery increases the number of On-line Lottery Games it offers.

4.3 Player Terminals Used for On-line Games. Player Terminals used in connection with On-line Lottery Games shall conform to the requirements of Section 5. The following provisions shall also be applicable:

4.3.1 A Player Terminal may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be used to play On-line Lottery Games. The On-line Lottery Game may also be played from a Player Terminal dedicated to selling On-line lottery tickets or by a clerk operating a Player Terminal for such purposes. References to Player Terminals herein shall include such dedicated and clerk-operated Terminals.

4.3.2 The Player Terminal shall enable a player to select numbers, symbols or other data, through touching the screen or pressing one or more buttons on the Terminal. The player may also ask for a "quick pick" selection via the use of a random number generator located in the Player Terminal and used solely for the On-line Lottery Games, provided that such random number generator shall meet the criteria set forth in Section 6.

4.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawing(s) to which they apply, shall be provided to the player

through the Player Terminal in some tangible means using electronic encoding or printing on paper, card or other medium. Such information may also be displayed on the screen for review by the player.

4.4 Verification and Viewing Requirements for On-line Game Results. The results of each On-line drawing on a Central Computer shall be available for display on a Player Terminal on demand by players enrolled in such games, and may be made available on one or more scoreboards, video screens or other electronic display devices sufficiently visible to enable players and other observers, including those not at Player Terminals, to view the outcome of the game. Printed result reports shall be made available in accordance with Section 4.5.

4.5 On-line Lottery Game Records. The following records with respect to each On-line Lottery Game shall be maintained and be viewable both electronically and, if requested, by printed report, upon demand: The outcome of each drawing including all numbers drawn, the sequence of drawing, prizes available, prizes won (whether or not redeemed), and related information. Such reports shall be made available in the casino for player reference for up to 30 days following the close of any drawing period.

4.6 Redemption Period. Prizes may be redeemed by players for a period of no less than 48 hours following the drawing in any On-line Lottery Game.

4.7 Other Game Rules. The specific rules and prize structures for each On-line Lottery Game may vary, and shall be made available to players prior to making any wagers on that game. The rules shall indicate when, in relation to the commencement of the first drawing in a game, no further wagers on that game may be made. Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed the amounts set forth in Section 4.1.4.

4.8 Prizes; Jackpots. Every On-line Lottery Game must have at least one "jackpot" level prize paid, when won, from a lottery prize pool into which a percentage of each player's wagers, as set forth in the rules for that game, is placed and in which the Tribe shall have no interest. The prize pool may be seeded from time to time by promotional payments or interest-free loans from the Tribe. Jackpot prizes not won in a particular game shall be rolled forward

into a future game in accordance with rules for disposing of such prizes. Rollover funds may replace the need for seeding a pool if the amount of such rollover funds exceeds the minimum prize available under the rules of that game. The player pool fund may not be used for any purpose other than payment of the jackpot prize.

SECTION 5. PLAYER TERMINALS

All Player Terminals shall conform at a minimum to the requirements of this Section 5.

5.1 Use as a Stand-Alone Gambling Device Prohibited. No Player Terminal shall be capable of being used as a stand-alone unit for the purposes of engaging in any gambling game, including but not limited to the lottery games described in this Compact, or in any other way prohibited in this Appendix.

5.2 Features. Player Terminals shall include the following features:

5.2.1 Operation either through the Cashless Transaction System, or through means for accepting cash (coins, tokens or paper currency) for conversion into Game Play Credits, which can then activate participation in the game, provided the insertion of cash will not alone activate the game and such use of cash is in accordance with section 5.15;

5.2.2 One or more of the following: A video monitor, electro-mechanical display, printer, graphics and signage, provided that slot machine-type spinning reel mechanisms are prohibited in mechanical form; and

5.2.3 One or more of the following: electronic buttons, touch screen capability, and a mechanical, electro-mechanical or electronic means of activating the game and providing player input, including a means for making player selections and choices in games, provided that slot machine-type handles are prohibited.

5.3 Non-Volatile Backup Memory Required. A non-volatile backup memory or its equivalent shall be maintained in a secure compartment on each Player Terminal for the purpose of storing and preserving a redundant set of critical data which has been error checked in

accordance with this Appendix, and which data shall include, at a minimum, the following Player Terminal information:

5.3.1 Electronic Meters required by this Appendix;

5.3.2 Recall of all wagers and other information associated with the last ten (10) Electronic Scratch Ticket plays and the last ten (10) On-line Lottery Games played;

5.3.3 Error conditions that may have occurred on the Player Terminal; and

5.3.4 Recall of the last twenty five (25) cash or cash equivalent deposits.

5.4 On/Off Switch. An on/off switch that controls the electrical current that supplies power to the Player Terminal must be located in a secure place that is readily accessible within the interior of the Player Terminal.

5.5 Static Discharge/Interference. The operation of each Player Terminal must not be adversely compromised or affected by static discharge, liquid spills, or electromagnetic interference.

5.6 Accounting Meters. A Player Terminal must have electronic accounting meters which have tally totals to a minimum of eight (8) digits and be capable of rolling over when the maximum value of at least 99,999,999 is reached. The Player Terminal must provide a means for on-demand display of the electronic meters via a key switch or other secure method on the exterior of the machine. Electronic meters on each Player Terminal for each of the following data categories for Electronic Scratch Ticket games and On-line Lottery Games are required in compliance with Section 7.1.9:

5.6.1 Credits, or equivalent monetary units, wagered on a cumulative basis on that Terminal;

5.6.2 Credits, or equivalent monetary units, won for the Player Terminal;

5.6.3 For Scratch Ticket games, the number of Scratch Tickets purchased on the Terminal; and

5.6.4 For On-line Lottery games, the number of On-line Lottery wagers made on that Terminal.

5.7 No Automatic Clearing of Accounting Meters; Reading and Resetting Meters. Under no circumstances shall the Player Terminal electronic accounting meters be capable of being automatically reset or cleared, whether due to an error in any aspect of its or a game's operation or otherwise. All meter readings must be recorded and dated in the presence of a TGA inspector both before and after an electronic accounting meter is cleared.

5.8 Display of Information. At a minimum, each Player Terminal shall have the following game information available for display on the video screen and/or displayed on the Player Terminal itself, in a location conspicuous to the player:

5.8.1 The rules of the game being played;

5.8.2 The maximum and minimum wagers and the amount of credits, cash equivalents, or additional game play opportunities, which may be won for each Electronic Scratch Ticket and On-line Lottery Game offered through that Terminal, including the current values of any progressive prizes available;

5.8.3 The player's credit balance;

5.8.4 The outcome of the Electronic Scratch Ticket(s) then being played; and

5.8.5 Any prize won on the Electronic Scratch Ticket(s) then being played.

5.9 Protection of Displayed Information. The video screen or other means for displaying game rules, outcomes and other game information shall be kept under a glass or other transparent substance which places a barrier between the player and the actual surface of the display. At no time may stickers or other removable media be placed on the Player Terminal's face for purposes of displaying rules or payouts.

5.10 Hardware Switches Prohibited. No hardware switches may be installed on a Player Terminal or any associated equipment which may affect the outcome or pay out of any

game for which the Player Terminal is used. Switches may be installed to control the ergonomics of the Player Terminal.

5.11 Networking Requirements. The use of firewalls and other system protections as approved by TGA and SGA are required to protect the integrity of the Tribal Lottery System and player accounts and:

5.11.1 Where the Tribe's Tribal Lottery System or components are linked with one another in a local network for progressive jackpot, function sharing, aggregate prizes or other purposes, communication protocols must be used which ensure that erroneous data or signals will not adversely affect the operations of any such system or components. No class III game or gaming system in which any part or component is located outside the Tribe's gaming facilities shall be deemed approved as part of the approval of this Appendix. Any proposal for such game or gaming system, including the proposed rules, manner of regulation, and manner of play, monitoring and/or maintenance of the system, shall require submission to, and approval by, the TGA and SGA.

5.11.2 Dedicated and protected network connections prohibiting unauthorized access, approved by SGA and TGA, may allow two or more of the Tribe's Tribal Lottery Systems to share player information. Game tickets and other information prohibited from being viewed, as outlined in other sections of this Appendix, shall not be available or transmitted between the Tribe's connected Tribal Lottery Systems or facilities. Communications between the Tribe's facilities will require the use of approved firewalls that are configured and operated to protect the Tribal Lottery System and player information. Computer systems linked between the Tribe's facilities may not be used to link progressive jackpots, except in Joined Facilities.

5.12 Prohibited Software Functions. Player Terminals shall not have software or hardware that determines the outcome of any Electronic Scratch Ticket Game. Nothing herein is intended to prohibit the Player Terminal from creating the appropriate Scratch Ticket and On-line Game graphics and animation to correspond to, display or represent, in an entertaining manner, the outcome. In addition, Player Terminals shall not have any software that:

5.12.1 Determines which Scratch Ticket outcome from within the Scratch Ticket Subset is transmitted to the Player Terminal; or

5.12.2 Alters the amount of the payout of the Electronic Scratch Ticket as received from the Central Computer.

5.13 Quick-Pick Function. Nothing herein shall prohibit the use of a quick pick function on the Player Terminal in conjunction with the playing of the On-line Lottery Game.

5.14 Wagers; Displaying Electronic Scratch Ticket Outcomes. Players shall make wagers using a Player Terminal to purchase Electronic Scratch Tickets. Following a purchase, the Electronic Scratch Ticket shall be displayed on the Terminal's video screen for the purpose of revealing the outcome of the selected ticket.

5.15 Cash Standards. When cash is used, the following procedures shall be performed by accounting/auditing employees who are independent of the transactions being reviewed:

5.15.1 For each drop period, accounting/auditing employees shall compare the report information required in Section 7.1.10 (a) to the total cash acceptor drop amount for the period. Discrepancies shall be resolved before the generation/distribution of any statistical reports.

5.15.2 TGA will be notified and follow-up shall be performed for any one machine having an unresolved variance between actual cash drop and the report information required in Section 7.1.10 (a) in excess of an amount that is both more than $25 and at least three percent (3%) of the actual cash drop. The follow-up performed and results of the investigation shall be documented and maintained for inspection.

5.15.3 At least annually, accounting/auditing and TGA personnel shall randomly verify that EPROM or other equivalent game software media changes are properly reflected in the analysis reports.

5.15.4 Accounting/auditing employees shall review exception reports on a daily basis for propriety of transactions and unusual occurrences. TGA will be notified in writing of any unexplained or suspicious transactions or unusual occurrences.

5.15.5 All auditing procedures and any follow-up performed shall be documented and maintained for inspection.

5.15.6 Cash shall be removed from the Player Terminal in accordance with Appendix A drop box and transportation standards for secure and verifiable handling of cash receipts from electronic games.

5.16 Door Access Logging. The Player Terminal shall record the date and time of any opening of cabinet door(s); provided, that this information need not be retained on the Player Terminal if it is communicated to another component of the system. This information shall be retrievable in report form.

SECTION 6. STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM

Any random number generation used in connection with the Tribal Lottery System must be by use of a microprocessor and random number generation program that meets the following random selection tests:

6.1 Chi-Square Analysis. Each card, symbol, number, or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99 percent confidence limit using the standard chi-square analysis.

6.2 Runs Test. Each card, symbol, number, or stop position does not as a significant statistic produce predictable patterns of game elements or occurrences. Each card symbol, number, or stop position will be considered random if it meets the 99 percent confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

6.3 Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn

within that game play. Each card, symbol, number, or stop position is considered random if it meets the 99 percent confidence level using standard correlation analysis.

6.4 Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

SECTION 7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in Section 9.3. The Electronic Accounting System shall not interfere with the outcome of any gaming functions.

7.1 Revenue Reporting Requirements. The following reporting capabilities must be provided by the Electronic Accounting System:

7.1.1 Player Terminal Revenue Report. A revenue report for each Player Terminal must be made and maintained on a confidential and secure basis which, at a minimum on a daily and monthly basis, provides:

a. The total aggregate amount won per Player Terminal;

b. The aggregate amount wagered per Player Terminal; and

c. The amount of cash deposited into each Player Terminal.

7.1.2 Closed Game Set Reports. Immediately after a Game Set is completed or pulled from play, a report will provide the Game Set ending information described in Section 3.4 above.

7.1.3 In Play Game Set Reports. One or more reports will be available for Game Sets still in play, containing the information described in Sections 3.3.1 through 3.3.7 above.

7.1.4 On-line Lottery Game Reports. An On-line Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each On-line Lottery Game, the following information:

a. Total sales;

b. Total won per prize level;

c. Total won per Player Terminal; and

d. Activity per jackpot prize, for the accounting period and to-date, per Section 7.1.5.

7.1.5 Progressive Jackpot Report. A progressive jackpot report must be made for the accounting period and to-date which provides:

a. Amount seeded;

b. Amount in reserve fund;

c. Current jackpot;

d. Contribution total;

e. Total paid in prizes;

f. Itemized jackpot awards; and

g. Amount, time of award, and the Player Terminal on which the progressive jackpot prize was won.

7.1.6 Larger Prize Report. A report will be required for all prizes that exceed the threshold that triggers additional procedures to be followed for the purposes of compliance with federal tax reporting requirements. At a minimum, on a daily and monthly basis, the report shall provide the following information per Player Terminal:

a. The date and time won; and

b. Amount of all prizes.

7.1.7 Liability Reports. Liability reports will be required on a daily and monthly basis at a minimum. They should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, they must include:

a. Amount of prizes which were awarded, but have not yet been claimed;

b. Detail of prizes for which redemption period expired during this reporting period;

c. Unredeemed Game Play Credits;

d. Expired Game Play Credits; and

e. Daily and cumulative contributions to progressive prize pools which have not yet been awarded.

7.1.8 Master Reconciliation Report. A master reconciliation report must be available on a daily and monthly basis, at a minimum. It provides a summary of all daily sources of funds and disposition of funds, including the following:

a. Funds collected from cashiers, Player Terminals, and Kiosks;

b. Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and reserve funds, etc.;

c. Payments to players;

d. Funds available to operator; and

e. Tickets and prizes dispensed and played to reconcile with amount won.

7.1.9. Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of 2 years, and in connection with determining randomness where applicable, for a minimum of 6 months. To the extent not inconsistent with the foregoing, data shall be retained and backed up by the Electronic Accounting System according to the following minimum requirements:

a. Accounting records;

b. Per Player Terminal, Cashier Terminal, or other points of cash exchange-daily records and meters: on-line for 6 months;

c. Daily records and meters: off-line for 12 months;

d. Game Set Records, as to each Player Terminal and by Game Set;

e. The amount wagered and the amount won, daily by prize level, on line: 6 months;

f. The amount wagered and the amount won, daily by prize level, off line: 6 months;

g. On-line prize redemptions: 30 days;

h. Dated cash vouchers: 30 days;

i. Cash vouchers cancelled by Player Terminal: 7 days;

j. Cash vouchers redeemed by cashiers or redeemed at Kiosks: 30 days;

k. Log files that track password access to sensitive components: online for 90 days, offline for 12 months; and

l. Log files that track system events or errors: 90 days.

7.1.10 Other Reports. Revenue reports for the Tribal Lottery System must be made and maintained on a confidential and secure basis which, at a minimum on a daily and monthly basis, provides:

a. The amount of cash removed or dropped from Player Terminals; and

b The percentage of Player Terminals offering wagers between $5.01 and $20.

SECTION 8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS

8.1 Player Information. The following requirements shall be met in connection with any Cashless Transaction System:

8.1.1 All player information must be stored on at least two separate non-volatile media;

8.1.2 An audit file must be kept of all player financial transactions. This file must be stored in at least two separate non-volatile media, and be accessible for purposes of audit and dispute resolution to authorized individuals; this file must be available on-line for a minimum of 30 days, after which it must be available off-line for a minimum of 180 days;

8.1.3 Physical and operational controls must be used to protect player information from tampering or unauthorized access;

8.1.4 Passwords or personal identification numbers (PINs), if used, must be protected from unauthorized access;

8.1.5 All means for communicating information within the system shall conform to the protocol standards set forth in Section 9.3;

8.1.6 All player information shall be accurately recorded and such recording protected by the system;

8.1.7 Any card or other tangible instrument issued to a player for the purpose of using the Cashless Transaction System shall bear on its face a control or inventory number unique to that instrument;

8.1.8 Encoded bearer instruments printed or magnetic may include coupons and other items distributed or sold for game play, promotional, advertising or other purposes, but may not include cash. Such instruments must be in electronically readable form in addition to having unique identification information printed on the instrument face. The daily and monthly reporting must include with respect to such instruments:

a. Cash converted to value in the cashless system;

b. Outstanding unredeemed balance;

c. Value in the cashless system converted to cash;

d. Amount wagered; and

e. Amount won.

8.1.9 Redemption periods, if any, shall be posted or otherwise disclosed to all players.

8.1.10 Vouchers must bear on the face, in addition to the unique serial number, the following:

a. Time/Date printed;

b. Unique identification from which it was printed; and

c. Value of voucher.

8.2 Smart Cards. Any "smart card" (i.e., a card generally made of plastic with a computer chip imbedded in it) system which the Tribe intends to implement as part of the Cashless Transaction System shall be tested by the Gaming Test Laboratory to ensure the integrity of player funds, following the standards applicable to player information set forth in Section 8.1. Any smart card must store on the card or on the system using the card an audit trail of the last ten (10) transactions involving the use of the card. Each transaction record must include, at a minimum, the type of transaction, the amount of the transaction, the date of the transaction, the time of the transaction, and the identification of the Player Terminal or cashier terminal or other points of cash exchange where the transaction occurred. The minimum daily and monthly reporting for smart card activity must include:

8.2.1 Total of cash transferred to smart cards;

8.2.2 Total of smart card amounts transferred to cash;

8.2.3 Total of smart card amounts transferred to Game Play Credits;

8.2.4 Total of Game Play Credits transferred to smart card amounts; and

8.2.5 Total unredeemed smart card balance.

8.3 Other Functions. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any Tribal Lottery Game or the cashless accounting system. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

8.4 Kiosks. Kiosks shall have reports that properly document all transactions, as well as dedicated video surveillance, to protect the integrity of the cashless system used. Cash boxes shall be designed so their contents are protected from unauthorized access, in accordance with Appendix A drop box and transportation standards, and shall be uniquely labeled for the purpose of audit and security.

SECTION 9. GENERAL SECURITY REQUIREMENTS

The following requirements apply to all components of the Tribal Lottery System, including the Manufacturing Computer, the Central Computer, the Electronic Accounting System and Player Terminals.

9.1 Separation. The Manufacturing Computer, Central Computer, and Player Terminals in each Tribal Lottery System shall be physically and operationally independent from one another except as specified otherwise in this Appendix, such as for communications, storage and security monitoring, including the routing of communications among system components, provided such routing does not affect the integrity of the communications or the outcome of any game. All Tribal Lottery System cables shall be secured against unauthorized access.

9.2 Security. The Manufacturing Computer and Central Computer must be in a locked, secure enclosure with both camera coverage and key controls in place. Routers, switches, hubs, or other network access points, to include management terminals and terminals not separated from the Tribal Lottery System by firewalls approved by the SGA and TGA, must also be in a locked, secure enclosure with both camera coverage and key controls in place.

Access to Manufacturing Computers and Central Computers shall be logged by the system to include the date and time of access and available to SGA and TGA upon request.

9.3 Secure Connections; DES or Equivalent Data Encryption. Connections between all components of the Tribal Lottery System shall only be through the use of secure communication protocols which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards (DES) or equivalent encryption with changeable seeds or algorithms.

9.4 Surge Protection; Uninterrupted Power System (UPS). Each component of the Tribal Lottery System shall at all times be connected to a device which provides surge protection on any line that feeds it and, with the exception of Player Terminals, shall be connected to a temporary power source, such as a UPS, to provide means for an orderly shutdown of the computer in the event of a main power system failure.

9.5 Identification Plates. A non-removable plate shall be affixed to the exterior of each Player Terminal which shall have written upon it the Terminal's serial number and model number of the component and name of the manufacturer. Other audit numbers may be required to be affixed to provide a means of identifying individual Terminals for correlation to required reports.

9.6 Locked Areas. The Manufacturing and Central Computers shall at a minimum be enclosed in a locked and monitored cabinet. Access shall be through the use of access controls provided in Section 9.7. The Player Terminal shall have at a minimum the following separately locked areas, which shall be the only means of accessing any non-public part of the Terminal: (a) a locked and monitored cabinet door; (b) a locked microprocessor compartment; (c) a locked outer cash box door; and (d) a locked drop cash box door.

9.7 Access Control Standards. Keys which provide access to any locked compartment, component or area of a Tribal Lottery System, as well as passwords, keycards, or PIN numbers used to access the Tribal Lottery System, shall be maintained and used in accordance with the access control standards enacted in the Tribe's statement of minimum internal controls.

9.7.1 Each employee accessing the Tribal Lottery System software except for Player Terminals and unattended Kiosks by means of a password, keycard, or PIN number, including vendor representatives, must have a user name or user number unique to that individual, and the Tribal Lottery System must log the date and time of access. These access logs must be readily available for audit by TGA and SGA.

9.8 MEAL Cards. For all entries into the locked areas of the Manufacturing Computer, Central Computer, unattended Kiosks, or any Player Terminal, a written record must be made on a machine entry authorization log (MEAL) indicating at least the following: the time, date, and purpose of entering said locked area(s), and the name and employee number (or other personal identification specific to such person) of the person doing so.

9.9 Access Control. In addition to maintenance of MEAL cards, the Manufacturing and Central Computers shall record and generate a report on any access including date, time of access, person (by employee number) accessing the computer, and the reason for access.

9.10 Cameras. For purposes of this section, all components of the Tribal Lottery System, except wiring, cables, and conduit in which they are located, shall have the ability to be effectively and clandestinely monitored and recorded by means of a closed circuit television system or digital surveillance system in accordance with Appendix A and as authorized by TGA and SGA, in compliance with the requirements of the Compact.

9.11 Verification Data and Functions. In addition to its functions in operating a connection with the Electronic Scratch Ticket and On-line Lottery Games, the Central Computer may be used to record the data used to verify game play and to configure and perform security checks on Player Terminals, provided such functions do not affect the security, integrity or outcome of such games.

SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

10.1 Designation of Independent Gaming Test Laboratory. The Tribe shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems

and to otherwise perform the functions set forth in this Compact, and shall be licensed by the SGA. The SGA shall maintain a list of approved Gaming Test Laboratories. A Tribe may request additional laboratories be placed on the SGA's list of Gaming Test Laboratories which request shall not be reasonably withheld. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate electronic gaming devices or systems shall be placed on the list if after review by the SGA it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State Law. For any testing required under this Appendix, the Tribe shall choose a laboratory from those Gaming Test Laboratories on said SGA list. If, at any time, any of the Gaming Test Laboratory's licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the SGA's list. If removed from the SGA list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

10.2 Testing and Certification of Tribal Lottery Systems. No Tribal Lottery System or component thereof may be offered for play unless:

10.2.1 Such Tribal Lottery System is approved by the SGA as provided in Section 10.3;

10.2.2 The Tribal Lottery System or component prototype thereof, has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix;

10.2.3 If not already provided to the Gaming Test Laboratory, the Tribe shall provide, or require that the manufacturer provide to the Gaming Test Laboratory and the SGA two (2) copies of Tribal Lottery System illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Gaming Test Laboratory or SGA;

10.2.4 If requested by the Gaming Test Laboratory or SGA, the Tribe shall require the Manufacturer to transport working models of the Tribal Lottery System to a location designated by the Gaming Test Laboratory or SGA for testing, examination or analysis. Neither

the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the Tribal Lottery System. If requested by the Gaming Test Laboratory or SGA, the Tribe shall require the Manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis. For purpose of continued monitoring, the SGA may retain working models of any Tribal Lottery System or component after approval for as long as the equipment is in play in the state;

10.2.5 At the conclusion of each test, the Gaming Test Laboratory shall provide to the SGA and the TGA a report that contains findings, conclusions and a certification that the Tribal Lottery System conforms or fails to conform to the requirements contained in this Compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Tribal Lottery System into compliance, the report may contain recommendations for such modifications. The State is not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of its enforcement of the provisions of this Compact and may perform further testing on the system or components to verify compliance;

10.3 Approval by the SGA. Upon receiving the certification from the test laboratory, the SGA shall either approve or disapprove the Tribal Lottery System or component thereof based on the technical criteria contained in this Appendix, within sixty (60) days of receipt of the certification as to any new Tribal Lottery System or any component thereof, and within fifteen (15) days of the receipt of the certification as to any modification of a system which has already been approved by the SGA. The certification shall be deemed approved if no action is taken thereon by the SGA within said sixty (60) day period or fifteen (15) day period, as may be applicable. The fifteen (15) day period shall be extended for the first nine (9) months after the effective date of this Appendix and, during that first nine (9) month period, such certification shall only be deemed approved if no action is taken within thirty (30) days. Any disputes arising out of the approval process in this Section 10.3 shall be resolved in accordance with the binding arbitration provisions of the Compact.

10.4 Modifications of Approved Lottery Systems; Emergency Certifications. No modification to any Tribal Lottery System may be made after testing, certification and approval

of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under Section 10.2 and approval thereof by the SGA under Section 10.3. In situations where immediate modifications are necessary to preserve the integrity of a Tribal Lottery System which has been operating pursuant to an approval obtained under section 10.3, the Gaming Test Laboratory may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the Tribal Lottery System. Such emergency certifications shall be deemed to be temporarily approved by the SGA and remain in effect until the SGA takes action on the certification, which shall be governed by section 10.3, provided that no emergency certification shall be valid or effective until actually approved by the SGA if it was not received by the SGA within 5 days after being issued.

10.5 Manufacturer's Conformity to Technical Standards. Before any component of a Tribal Lottery System may be placed into operation, the Tribe shall first have obtained a written Certification from the manufacturer that upon installation, each such component: (a) conforms to the specifications of the Tribal Lottery System as certified by the Gaming Test Laboratory; and (b) operates and plays in accordance with the requirements of this Compact. Authorization to operate a Tribal Lottery System requires that it operate and play in accordance with the requirements specified by this Appendix; provided that while the failure of such Tribal Lottery System to comply with such requirements will suffice as a grounds to enjoin or otherwise terminate said Tribal Lottery System's operation, such non-compliance will not be deemed a violation of this Compact as long as the Tribe has relied in good faith on the certification of the manufacturer and has retained a written certification in the manner described in this section.

10.6 Payment of Gaming Test Laboratory Fees. The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in this Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the SGA, which shall have the right to audit such fees. In order to assure independence of the Gaming Test Laboratory, any Gaming Test Laboratory Payment delinquency by the Tribe of fees or costs due to the Gaming Test Laboratory may be grounds by the SGA for rejecting such laboratory's reports or certification.

10.7 Gaming Test Laboratory Duty of Loyalty. The Tribe shall inform the Gaming Test Laboratory in writing that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribe.

10.8 Random Inspections. The Tribe shall allow the SGA to inspect any components of the Tribal Lottery System for the purposes of confirming that such component is operating in accordance with the requirements of this Compact and that such component is identical to that tested by an Independent Test Laboratory. Inspections shall be pursuant to the Facility access rules set forth in the Compact.

10.9 SGA to be Supplied Model of Player Terminal and System. If not already provided to the SGA, the SGA shall, upon request, be supplied a Player Terminal Central Computer and Manufacturing Computer to be held at the SGA's offices for purposes of determining compliance with these technical requirements.

SECTION 11. ALTERNATIVE STANDARDS PERMITTED

Notwithstanding anything in this Appendix to the contrary, the SGA and Tribe may agree on alternative provisions to those set forth herein, provided such provisions adequately preserve and protect the integrity and security of any game or gaming system or component, or accounting or auditing system or component, affected thereby.

SECTION 12. TRIBAL LOTTERY SYSTEM PLAYER TERMINAL ACQUISITION AND OPERATION

12.1 Allocation. The Tribe shall be entitled to an allocation of, and may operate or transfer the ability to operate, up to 975 Player Terminals ("Allocation").

12.1.1 If the Tribe has not previously operated a gaming facility, the SGA shall conduct a standard compliance review commencing on the one year anniversary of the facility's opening to determine whether the following requirements have been satisfied:

a. There have been no violations of the provisions of the Compact that have resulted in sanctions imposed by the Federal District Court;

b. There have been no violations of the Compact which are substantial or would be deemed material due to repetition;

c. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III Gaming Facility;

d. Any changes in the operating requirements that are necessary to accommodate any increase in the number of Player Terminals in use have been implemented; and

e. All fees due from Tribe under Section 13 have been paid, or in the alternative either a memorandum of understanding with the SGA ("MOU") has been entered into or an arbitration has been demanded, has not been resolved, and the Tribe has complied with the provisions of Section 13.5.

A summary of the results of the compliance review will be provided to both the Tribe and the TGA.

12.2 Further Conditions. The Tribe may acquire the ability to operate additional Player Terminals that have been allocated by compact to any other Washington tribe and may also transfer any of its own Allocation of Player Terminals, or the ability to operate such allocated Terminals to another Washington tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with this Appendix ("Eligible Tribe"), subject to the following conditions:

12.2.1 Subject to Section 12.4 below, the Tribe may operate no more than 2,500 Player Terminals per facility (“Facility Limit”), and no more than a combined Player Terminal total (“Total Operating Ceiling") of 3,000 Player Terminals. It is also agreed that upon the effective date of this Appendix, the Total Operating Ceiling for the Muckleshoot Tribe,

Tulalip Tribes, and Puyallup Tribe shall be 3,500 for each of those three tribes until the third anniversary of the effective date of this Appendix, at which time it shall increase to 4,000 for each of those same three tribes. It is further agreed that the Tribe shall not be entitled as a matter of right to an increase in its Total Operating Ceiling based on the fact that the Muckleshoot Tribe, the Tulalip Tribes, and the Puyallup Tribe are entitled under this Appendix to operate up to the separate, higher Total Operating Ceiling(s) established specifically for them in this Appendix.

12.2.2 The Tribe agrees that its acquisitions and transfers of the ability to operate additional Player Terminals shall be made only pursuant to a plan approved by no less than a majority of the tribes that were Eligible Tribes at the time such plan was adopted. Development and approval of the plan shall follow notice to all Eligible Tribes and an opportunity to participate in creating the plan. Once adopted or amended, the plan shall stay in effect without change for at least one year, even if additional tribes become Eligible Tribes thereafter, but such additional tribes may participate in the plan. Changes in the plan shall not affect the validity or terms of prior transactions conducted between or among tribes under the plan. The State shall have no responsibility whatsoever with respect to the plan, including but not limited to responsibility for providing notices to tribes, determining if the plan has been agreed to properly, monitoring its rules or implementation, or any other aspect of such plan, the entire responsibility for which shall be upon the Eligible Tribes.

12.2.3 The Tribe waives the ability to operate a Player Terminal pursuant to its Allocation if the ability to operate such a Terminal has been transferred to another tribe until such time as the ability to operate such a Terminal has been reacquired by the Tribe.

12.2.4 The Tribe may not utilize the ability to operate a Player Terminal that was allocated to, and subsequently acquired from, another tribe, until it completes delivery to the State of documentation confirming the number of transfers of the ability to operate such Terminals it has acquired.

12.3. Joining Facilities by Common Enclosure.

12.3.1 Notwithstanding anything to the contrary in this Compact (including any amendments), Facilities that are physically joined ("Joined Facilities") by a Common Enclosure (as defined below) shall be treated as separate Facilities for the purpose of determining compliance with the Facility Limit. No Class III game or gaming system, or component thereof, shall be located or operated outside the Tribe's gaming facility except as approved pursuant to Section 5.11. Facilities may share utility services, electronic and computer data, accounting, equipment, instructions, information, functions and systems. If the combined Player Terminals in any structure (regardless of its resemblance to a Joined Facility or inclusion of what would otherwise be deemed to be a Common Enclosure) total no more than the Facility Limit, the Tribe may treat the entire structure as a single Facility and not as a Joined Facility or as containing a Common Enclosure.

12.3.2 As used herein, the term "Common Enclosure" means a walkway, breezeway, or hallway that is physically connected to, and is shared in common by, Joined Facilities and its primary purpose is to provide a passage from one facility to another. A Common Enclosure shall not contain any Tribal Lottery System Player Terminals, gaming tables or other gaming equipment and shall not be more than one story tall, with a height of not more than twenty feet from the floor to the interior ceiling and a width of not more than thirty feet.

12.4 Other Circumstances. Except as specifically provided in Section 12.2.1 of this Appendix, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals to a tribe which is greater, or is on terms which are more favorable, than as set forth herein, the Tribe shall be entitled to such greater Allocation or more favorable terms.

SECTION 13. STATE REGULATORY FEES

13.1 Payment of Outstanding Fees. All regulatory fees which have been billed by the SGA to the tribes collectively who are parties to State of Washington v. The Confederated Tribes of the Chehalis Reservation, NO. C 95-1805-FVS (W.D. Wa.), covering services through the most recent billing period, shall be paid prior to the Tribe being authorized to operate the Tribal Lottery Systems set forth in this Appendix. This requirement shall be deemed to have been met with respect to any fees as to which either a) a MOU has been entered into regarding such fees

and the Tribe has paid all fees due through the most recent billing period as stated above, or b) an arbitration has been demanded and has not been resolved and the Tribe has made the payments and deposits required under Section 13.5.

13.2 Set-up Fee. As part of the recoverable cost of regulating Tribal Lottery Systems under this Appendix, the State shall be entitled to the reasonable cost of initially setting up such regulation ("Set-up Fee"), which shall not exceed for all Eligible Tribes, in the aggregate, the sum of $250,000. The Tribe acknowledges that the SGA's ability to regulate Tribal Lottery Systems, and thus the implementation of this Appendix, is contingent on the receipt by the SGA of an advance deposit to be credited against the Set-up Fee in the full amount of $250,000 ("Set-up Deposit"). The Tribe agrees to cooperate and participate on a fair and pro rata basis (i.e., dividing the entire amount due by the number of Eligible Tribes at the time such determination is made) in any agreement among the Eligible Tribes with respect to the Set-up Deposit, which shall be paid to the SGA within three months of the casino opening.

13.3 Payment of Tribe's Share of Set-up Fee. As a condition to the Tribe's operation of the Tribal Lottery System under this Appendix, the Tribe shall deposit with the SGA its pro-rata share of the Set-up Deposit if the actual costs comprising the Set-up Fee have not yet been determined, or if so, of the Set-up Fee. In the event the Tribe pays the SGA more than its pro-rata share of the Set-up Deposit or, after the actual costs are determined, the Set-up Fee, it shall be reimbursed by way of future Regulatory Fee credits based on the collection by the SGA of additional pro-rata payments from other Eligible Tribes, the addition of such tribes and resulting recalculation of the pro-rata amount per tribe, or both, as the case may be. The pro-rata amount per tribe shall be redetermined by the SGA at least once a year to take into account the collection of further tribal pro-rata payments or the addition of new Eligible Tribes, and further credits due as a result thereof shall be applied to the next billing period.

13.4 Annual Regulatory Fees. The Tribe agrees to pay its share of the SGA's actual costs which are reasonably incurred in order to commence and carry out its regulatory functions with respect to the Tribe's gaming under this Appendix, through the payment of an annual Regulatory Fee. For the sake of convenience and efficiency, the Regulatory Fee shall also include any actual costs which were incurred by the SGA in connection with the Tribe's class III gaming other than those authorized under this Appendix, and shall supersede provisions in the

Compact with respect to the imposition of such fees therein. "Actual costs" as used herein shall mean those costs that were reasonably incurred in order to protect the honesty and integrity of the gaming being operated by Tribe under, and to monitor the Tribe's compliance with, the Compact. Costs incurred in common for more than one tribe shall be allocated among such tribes. For purposes of this Section 13, prior years' actual costs shall be based on the actual costs incurred for the twelve months ending September 30. Regulatory Fees shall be paid as follows:

13.4.1 First Year Regulatory Fees. With respect to the Regulatory Fee for the first calendar year or portion thereof commencing with the date of this Appendix, the SGA shall estimate its reasonable cost of regulating the Tribe's operation based on the prior billing year's actual costs incurred in connection with class III gaming other than as governed by this Appendix. The Tribe's Regulatory Fee for the first year shall be subject to adjustment as provided in Section 13.4.2 and 13.4.3. The total Regulatory Fee due from the Tribe for the first year, shall be due and payable in accordance with Section 13.4.3.

13.4.2 First Year Regulatory Fees for Tribal Lottery System. Upon commencement of operations of a Tribal Lottery System, the SGA shall make a good faith estimate of the cost of regulating the Tribe's activities under this Appendix for the remainder of the calendar year and shall adjust the Tribe's Regulatory Fee for that year established under 13.4.1 or 13.4.3 accordingly.

13.4.3 Subsequent Years. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1 and 13.4.2, shall be set by determining the actual cost of regulating all of Tribe's class III activities in the preceding year and setting and adjusting the coming year's Regulatory Fee based thereon. If the previous year's Regulatory Fee exceeded the SGA's actual cost of regulation, any excess which was paid will be applied as a credit to the payment of Regulatory Fees in such next year. In the alternative, the Regulatory Fee may be set by agreement between the Tribe and the SGA reached through good faith negotiations commenced at the request of the Tribe, the terms of which may include a fixed amount without subsequent adjustment if both parties, at their sole discretion, agree.

13.4.4 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Other than as may be provided in connection with a negotiated fee, Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences, or within 45 days of being notified of the forthcoming year's Regulatory Fee, whichever last occurs, in which event the Tribe shall receive a 10% discount. Regulatory Fees which are so paid and discounted shall not be subject to any retroactive adjustment based on the prior year's estimate having been over the actual costs of regulation. Except for a negotiated fee that provides otherwise, or payment in advance, Regulatory Fees shall be paid in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.

13.5 Regulatory Fee Disputes. If the Tribe disputes the State's determination of the Regulatory Fee, the Tribe shall pay no less than the amount of the fee which is not in dispute to the SGA when due and deposit the disputed amount into an escrow account that is restricted until such dispute is resolved. The dispute will be resolved pursuant to the binding arbitration provisions of this Compact. If the Tribe fails to make the required payment to the SGA or deposit into escrow, the State may pursue any of the remedies set forth in the Compact for the Tribe's breach thereof.

SECTION 14. OTHER PAYMENTS

In order to provide for impacts to local community services that may arise as a result of the gaming authorized under this Appendix, the following payments shall be made from revenues derived from, as specified, the Tribe's Class III gaming or Tribal Lottery System activities on the terms and conditions set forth below.

14.1 Impact Costs. Up to one-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis using the Tribe's fiscal year, shall be added to any amounts payable and distributable from other Class III activities under the Compact in order to meet community impacts, to the extent such Compact amounts are insufficient to meet actual and demonstrated impact costs.

14.2 Charitable Donations. One-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis using the Tribe's fiscal year, shall be donated to non-tribal bona fide non-profit and charitable organizations in the State of Washington.

14.3 Community Impacts. Up to one-half of one percent (0.5%) of the net win derived from the Tribal Lottery System, determined on an annual basis using the Tribe's fiscal year, determined by deducting from one percent of said net win the amounts actually paid under Sections 14.1 and 14.2 in said year, shall be applied to Tribal governmental programs which have an impact on the community by assisting the Tribe and its members in become self-sufficient, such as programs concerned with Tribal law enforcement, education, housing, health, elderly care, safety, and gaming regulation.

14.4 Problem Gambling. Thirteen one-hundredths of one percent (0.13%) of the net win derived from all Class III gaming activities, determined on an annual basis, shall be dedicated to problem gambling education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or non-profit organizations, which may include the Department of Social and Health Services' Division of Alcohol and Substance Abuse (DSHS/DASA), that are directly related to helping to reduce problem gambling. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective, and shall be paid by the 15th day of the month following the conclusion of each full fiscal year.

14.5 Smoking Cessation and Prevention. Thirteen one-hundredths of one percent (0.13%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be dedicated to smoking cessation, prevention, education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or nonprofit organizations that have as a purpose the discouragement of the use of tobacco. However, if the Tribe operates any of its Class III gaming facilities as entirely smoke-free, the Tribe's smoking cessation contribution shall be reduced proportionally based upon the pro rata number of Tribal Lottery System machines in that non-smoking facility compared to the total number of Tribal Lottery System machines operated by the Tribe. Additionally, it is also agreed

that if the Tribe completely prohibits the sale and use of alcohol in all of its Class III gaming facilities, the Tribe shall be entirely excused from making the smoking cessation contribution required by this subsection for as long as the prohibition on the sale and use of alcohol remains in effect. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective, and shall be paid by the 15th day of the month following the conclusion of each full fiscal year.

14.6 Payment. The payments set forth in Section 14.1 through 14.5 shall be subject to the following:

14.6.1 Except in Section 14.4, as used in Section 14, the term "net win" shall mean the total amount of Tribal Lottery System revenue after prizes or winnings have been paid out (i.e., the difference between the amount wagered or played and the amounts paid to winners), less any cost of developing, licensing, or otherwise obtaining the use of the Tribal Lottery System. In Section 14.4, the term "net win" shall mean the total amount of Class III gaming revenue after prizes or winnings have been paid out (i.e., the difference between the amount wagered or played and the amounts paid to winners) less any cost of developing, licensing, or otherwise obtaining the use of the Class III games;

14.6.2 Because IGRA requires that the Tribe be the primary beneficiary of gaming revenues, no donation shall be due under Section 14.2 in any Tribal fiscal year in which the Tribe has not made a profit from its class III operation, taking into account the effect of such donation if made. As used herein, the term "profit" shall mean net profits associated with the operation of all Class III gaming by the Tribe, as determined under GAAP, but without deduction for depreciation;

14.6.3 The payments and distributions required by Sections 14.1, 14.2, and 14.3, above, shall be paid within one year of the close of the Tribe's fiscal year. In the first year that a tribe operates a gaming facility, the payments required by Sections 14.1, 14.2, and 14.3, above, shall be reduced by one half, and in the second year that a tribe operates a gaming facility, the payments required by those Sections shall be reduced by one quarter. The payments required by Sections 14.4 and 14.5, shall be paid as indicated in those Sections.

14.7 Community Investments and Contributions

14.7.1 Qualifying Programs. The Tribe agrees to continue its commitment of investing in the health and welfare of the community by providing for programs that benefit tribal and non-tribal members through Community Investments and Contributions. Community Investments and Contributions are intended to support programs including, but not limited to the following:

a. Goods and services purchased;

b. Wages and benefits paid (including number of jobs provided);

c. Law enforcement, courts, detention programs, and fire and emergency services (contributions may include cross deputization and mutual aid agreements, facilities and equipment);

d. Natural resource protection and habitat restoration;

e. Health care, including: drug and alcohol treatment and prevention services, smoking cessation programs, problem gambling treatment and services, mental health care, dental care, and health promotion programs, such as diabetes prevention, nutrition programs, and fitness programs;

f. Education, including tutoring, head start and related services, as well as direct financial support to State-funded education;

g. Day care;

h. Disaster and emergency preparedness;

i. Public utilities, including water, wastewater, and water treatment infrastructure;

j. Economic development and job training;

k. Elder services;

l. Cultural resource protection;

m. Social services programs, such as food banks, shelters, etc.;

n. Transit services;

o. Outreach and informational programs, such as financial training for homeowners, home repair classes, GED classes, parenting classes, etc.;

p. Roads, bridges and other transportation infrastructure (including sidewalks, lighting, signage);

q. Low income housing;

r. Public works, public facilities (such as museums, libraries, cultural facilities, wellness centers, elections facilities), athletic fields, parks, and other recreational facilities;

s. Contributions to communities or charities; and

t. In kind contributions related to any of the above.

14.7.2. Community Investments and Contributions Report. In order to ensure that such efforts and contributions are recognized and documented, the Tribe agrees to provide and certify data that fairly reflect its Community Investments and Contributions in an annual report. The report shall contain the date or time period of the contribution, a brief description of the program or services, and an approximate dollar value of the investment or contribution. The report shall be accompanied by a certification that the data supplied by the Tribe is accurate.

SECTION 15. MORATORIUM

15.1 Amendment Moratorium. The Tribe agrees to seek no additional amendments to this Appendix with respect to the subject matter of Tribal Lottery System Terminals prior to June 30, 2009, ("Moratorium") except in the following circumstances, which circumstances may also constitute a basis for the Tribe to seek such an amendment after the expiration of the Moratorium:

15.1.1 Technical Changes. Nothing in this Section shall prohibit the Tribe or State from seeking changes of the technical provisions of this Appendix if the necessity or

desirability for such changes becomes apparent in the development, testing, production, marketing, or use of the system. Neither party shall unreasonably deny such requests.

15.1.2 Mutual Agreement. Nothing in this Section shall diminish the right of either party to amend the terms and conditions of this Compact by mutual agreement, as otherwise provided in this Compact.

15.2 Post-Moratorium. Upon the expiration of the Moratorium, the following circumstances may constitute a basis for the Tribe to seek an amendment and without prejudice to any other provision(s) of the Compact or this Appendix, except the application of the Moratorium in section 15.1, above, to such provision(s), when:

15.2.1 Federal or State law, whether by statute, rule, regulation or other action is amended to authorize any gambling devices now prohibited or not now permitted in the State and/or not governed by this Appendix;

15.2.2 A State or Federal Court within the State of Washington or a Federal Court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation by any person, organization or entity to use a gambling device that was not deemed by the State to be authorized at the time this Compact amendment was executed, or is not authorized by this Compact; or

15.2.3 Any other tribe located in the State of Washington obtains through a Compact or Compact amendment, or otherwise through applicable federal law, or any person or entity (including the State Lottery) is licensed to use or places in use, any type or number of Class III - type gambling device or equipment which is materially different from or allows a greater quantity per location than that which is authorized by this Compact. In such event the Tribe shall be entitled to use such equipment or increase their allocation to a like number, subject to good faith negotiations with the State regarding the use and regulation of such equipment, which negotiations shall be subject to the dispute resolution provisions of this Compact.

15.2.4 Any other tribe located in the State of Washington actually offers to patrons pursuant to a Compact or Compact amendment, or otherwise through applicable federal law, higher maximum wagers than provided for in this Compact, and/or the extension of credit, then the Tribe may likewise do so in conformity with the terms and conditions so permitted the other tribe.

SECTION 16. HOURS OF OPERATION

Notwithstanding anything in the Tribe's Compact, as amended, to the contrary, the Tribe shall determine the hours of operation for each of its gaming facilities.

SECTION 17. DISPUTE RESOLUTION

In the event of a dispute hereunder, it shall be resolved in accordance with any dispute resolution provisions specifically made applicable in this Appendix to such disputes, or if there are none, under the Dispute Resolution provisions of the Compact.

SECTION 18. EFFECTIVE DATE

This Appendix shall take effect only when the following conditions have, in the order listed, been met: 1) additional amending Appendices containing identical terms, conditions, and provisions have been approved and signed by the authorized officials of the State and by all of the Indian tribes in the State of Washington (excepting only the Cowlitz Tribe and the Spokane Tribe) that were federally recognized on or before January 1, 2007; 2) the approved and signed amending Appendices for every federally recognized Washington tribe (excepting only the Cowlitz Tribe and the Spokane Tribe) have been forwarded to the United States Secretary of the Interior; and, 3) notice of the approval of this Appendix by the United States Secretary of the Interior has been published in the Federal Register in accordance with 25 U.S.C. §2710(d)(3)(B). Provided, if the provisions of this Section 18(1) and (2) above have not been fully satisfied within 90 days after execution by the State and the Tribe, then the Tribe shall be entitled to terminate its approval of this Appendix. Provided further, that the State may, if it chooses, waive the requirements of subsections (1) and (2) of this Section 18.