

**MEMORANDUM OF INCORPORATION OF AMENDMENTS
TO THE
TRIBAL – STATE COMPACT
FOR CLASS III GAMING
BETWEEN THE
TULALIP TRIBES OF WASHINGTON
AND THE
STATE OF WASHINGTON**

INTRODUCTION

The Tulalip Tribes of Washington (“Tribes”) and the State of Washington (“State”) entered into a Class III Gaming Compact on August 2, 1991, pursuant to the Indian Gaming Regulatory Act of 1988 (“IGRA”). The Tribe and State entered a First Amendment on May 29, 1992, a Second Amendment on September 21, 1993, a Third Amendment on December 26, 1994, a Fourth Amendment on November 25, 1998, and a Fifth Amendment on June 7, 2002. At the request of the Tribes, and pursuant to Compact Section 15(d)(ii)(cc), this Sixth Amendment is incorporated into the Compact in accordance and in conformity with the aforesaid Compact Section. The parties believe the conduct of Class III gaming under the terms and conditions as set forth in this Sixth Amendment will, from a regulatory perspective, benefit the Tribes and the State and protect the members of the Tribes and the citizens of the State consistent with the objectives of IGRA.

The Tribes has approved and accepted certain of the “increases” contained in the Class III Gaming Compact between the State and Confederated Tribes of the Colville Reservation. Therefore, pursuant to Section 15(d)(ii)(cc) of the Compact, the following amendments are hereby incorporated in the Compact:

**SIXTH AMENDMENT TO THE TRIBAL/STATE COMPACT
FOR CLASS III GAMING BETWEEN
TULALIP TRIBES OF WASHINGTON
AND
STATE OF WASHINGTON**

COMPACT AMENDMENTS

1. **Section 3(a) is amended to read as follows:**

(a) Scope of Class III Gaming Activities. The Tribal gaming operations may utilize in its gaming facilities, subject to the provisions of this Compact, any or all of the following Class III activities:

- (i) Blackjack;
- (ii) Money-wheel;
- (iii) Roulette;
- (iv) Baccarat;
- (v) Chuck-a-luck;
- (vi) Pai-gow;
- (vii) Red dog;
- (viii) Chemin De Fer;
- (ix) Craps;
- (x) 4-5-6;
- (xi) Ship-Captain-Crew;
- (xii) Horses (stop dice);
- (xiii) Beat the Dealer;
- (xiv) Over/Under Seven;

(xv) Beat My Shake;

(xvi) Horse Race;

(xvii) Sweet Sixteen;

(xviii) Sports Pools;

(xix) Sic-bo;

(xx) Poker card games. The Tribes shall submit the proposed rules, manner of regulation and manner of play of such poker card games to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If the State Gaming Agency does not respond within the thirty (30) days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State Gaming Agency with respect to the nature of the game, security issues, rules of play or training and enforcement associated with regulation, it shall be resolved pursuant to Section 12(c) of this Compact.

(xxi) Any other table game authorized for play in Nevada and played in accordance with applicable Nevada rules, upon 20 days written notice to the State Gaming Agency. Provided, should a dispute arise, the game shall not be utilized until the dispute is resolved in accordance with Section 12(c).

(xxii) Lottery-type games, including but not limited to, keno and keno-type games, instant tickets, on-line games, lotto, jackpot poker 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 I or II in the State of Washington pursuant to 25 USC Section 2703(6) and (7). For the purposes of the jackpot poker activity, the Class II poker stations associated with jackpot poker as well as the employees directly associated with jackpot poker shall be subject to Sections 4, 5, 6, 7, 8 and 9 of this Compact. For all such

lottery-type games the Tribe shall submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If the State Gaming Agency takes no action within the thirty (30) days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State Gaming Agency with respect to the nature of the game, security issues, rules of play or training and enforcement associated with regulation, it shall be resolved pursuant to Section 12(c) of this Compact.

(xxiii) Satellite (off-track) wagering on horse races, subject to Appendix C.

(xxiv) Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be the contrary, Tribal Lottery Systems operated in conformity with ~~Appendix~~ Appendices X and Y are hereby authorized.

2. **Appendix X Section 12 to the Compact is amended to read as follows:**

SECTION 12. TRIBAL LOTTERY SYSTEM TERMINAL ALLOCATIONS

12.1 Initial Allocation. During the first year of operations under this Appendix, the Tribe shall be entitled to an allocation and operation of 425 Player Terminals (“Allocation”).

12.2 Compliance Requirement. Following one year of operation, the SGA shall conduct a review of the Tribal Lottery System operation to determine whether the requirements set forth in Sections 12.2.1 through 12.2.5 have been satisfied. If the operation is in compliance, the Tribe’s Allocation shall be increased to 675 Player Terminals. The following requirements shall be met:

12.2.1 There have been no violations of the provisions of the Compact that have resulted in sanctions imposed by the Federal District Court;

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

12.2.3 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;

12.2.4 Any changes in the operating requirements which are necessary to accommodate the increase in terminals have been implemented; and

12.2.5 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.

12.3 Compliance Review. Upon written request by the Tribe to review its compliance with the requirements set forth in Section 12.2, the SGA shall determine within 45 days if there has been such compliance, and shall notify the Tribe of its determination. If no notice of determination is provided to the Tribe within 10 days after due, the Tribe shall be deemed to be in compliance with Section 12.2 provisions. If the State Gaming Agency determines that the Class III operation has not satisfied such requirements, any resulting dispute will be resolved through the binding dispute resolution procedures set forth in this Compact.

12.4 Further Conditions. Provided the requirements of Section 12.2.1 through 12.2.5 have been met and so determined by the SGA, or have been deemed to be so determined, the Tribe may increase the number of Player Terminals and/or Electronic Gaming Devices ("EGDs") as described in Appendix Y it is authorized to operate the above number of Terminals and/or EGDs in its Allocation, up to a maximum of ~~1500~~2000 Player Terminals and/or EGDs in

one facility and up to a maximum of 1,000 Player Terminals and/or EGDs in the other facility , by acquiring allocation rights from any tribe which has entered into a compact authorizing operation of a Tribal Lottery System consistent with this Appendix and Appendix Y (“Eligible Tribe”), or may transfer some or all of its Allocated Player Terminals and/or EGDs to a Eligible Tribe, subject to the following conditions:

12.4.1 The Tribe agrees that its acquisitions and transfers of Player Terminals and/or EGDs 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. Change 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.

12.4.2 The Tribe may transfer up to its full Allocation of Player Terminals and/or EGDs to any other Eligible Tribe provided that it waives the right to operate that number of Player Terminals and/or EGDs which has so transferred.

12.4.4 The Tribe may not operate any Player Terminals and/or EGDs acquired from any other Tribe’s allocation until 03 days has elapsed following delivery to the State of a complete set of the documents which govern the transfer.

12.5 Other Circumstances.

Notwithstanding anything in this Section 12 to the contrary, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals and/or EGDs 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.

3. **Appendix Y is added to the Compact as follows:**

**APPENDIX Y
TULALIP TRIBES OF WASHINGTON
and the STATE OF WASHINGTON
CLASS III GAMING CONTRACT**

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APPENDIX Y

1 INTRODUCTION

1.1 General

This Appendix is created to provide the basic “core” requirements for electronic gaming devices (“EGDs”) authorized under § 3(a)(xxiv) of the Compact and to establish the approval and testing process for gaming machines and associated equipment that are to be operated by the Tulalip Tribes of Washington (“Tribe”) in the State of Washington, pursuant to the Compact heretofore approved by the Secretary of the Interior. This Appendix does not apply to electronic gaming devices authorized under Appendix X to the Compact, which are governed by that Appendix.

These standards take into consideration certain judicially articulated restrictions on the use and operation of EGDs. Those restrictions prohibit:

- a) individual play against such devices or terminals; and
- b) activation of gaming devices by the insertion of a coin or currency.

1.2 Intent

The intent of this Appendix is to ensure that gaming on Tulalip Tribal Lands occurs in a manner that is:

- a) Fair;
- b) Secure;
- c) Auditable; and
- d) Compliant with judicially articulated restrictions.

1.3 Testing

The general purpose of testing gaming equipment is to determine the suitability of such gaming equipment for operation in the intended environment. Prior to operation, all EGDs and associated equipment shall be tested by a licensed gaming laboratory to:

- a) verify that they comply with the requirements of the Compact and this Appendix;
- b) ensure that they are fair to both the players and the operators;
- c) verify that they comply with currently accepted gaming test industry standards such as GLI 11 and 12; and
- d) ensure that the equipment does not constitute:
 - i) electronic, mechanical or electro-mechanical devices or terminals which allow for individual play against such devices or terminals, or
 - ii) gambling that is activated/initiated by the insertion of a coin or currency.

1.4 Judicially Articulated Restrictions

EGDs may be utilized by the Tribe under the following conditions:

- a) The EGD is activated by a “cashless transaction system” and not by the insertion of coin or currency;
- b) The EGD does not allow for individual play against the device or terminal. The parties agree that this requirement can be met in the following non-exclusive ways:
 - i) Players compete for a number from a predetermined set of numbers, each associated with a specific outcome; or
 - ii) Players compete in a pooled wagering system whereby prizes are awarded from a wagering pool or pools made up of the players’ wagers and the house is entitled to a set amount of the pooled wagers. Systems meeting the requirements of this subsection may allow for an initial seeding of the wagering pool by the house, and reseeding in circumstances of excessive volatility.
- c) Player terminals do not contain slot machine-type spinning reel mechanisms in mechanical form, nor allow for activation by a slot machine-type handle; and
- d) The Tribe and the Washington State Gambling Commission have signed an agreement for each specific type of EGD which confirms that that type of EGD meets the foregoing requirements and sets technical standards and internal controls for operation of that type of EGD.

1.5 Approval Process

- a) Except for those EGDs governed by Appendix X, the Tribe and the Gambling Commission shall enter into an agreement for each specific type of EGD which the Tribe wishes to operate. Each agreement shall confirm that the proposed type of EGD meets the requirements contained in the Compact and this Appendix, and shall set the technical standards and internal controls for the operation of that type of EGD. Such technical standards and internal controls shall be uniformly applied to all Washington State gaming tribes and shall include, but not be limited to: operation, interface and random number generator standards; game reports; accounting system requirements and reports; cashless transaction system requirements and reports; security system requirements; testing requirements; and regulatory fees.
- b) The Tribe may present to the State Gaming Agency, at any time, a machine concept it believes satisfies the requirements of the Compact and this Appendix. Within thirty (30) days thereafter, the State Gaming Agency shall notify the Tribe of its acceptance or rejection of said concept. If the State Gaming Agency accepts the Tribe’ conceptual machine, the Tribe and the State Gaming Agency shall have ninety (90) additional days to execute the agreement required by § 1.5(a); provided, however, said ninety (90) day period shall not commence until the Tribe has made a full submission of its machine proposal to the State Gaming Agency; provided, further, that the Tribe shall not commence operation of said EGD until

the laboratory testing and certification requirements referred to in § 1.3 of this Appendix are met.

- c) A “full submission,” as that term is used in § 1.5(b), shall include machine hardware (a prototype EGD), base software (the software platform upon which games are loaded), game software for one or more games, and a detailed narrative description of said hardware, base software and game software. Failure of the Tribe and the State Gaming Agency to agree upon a machine concept or failure to execute an agreement required by § 1.5(a) shall constitute a dispute or disagreement between the Tribe and the State Gaming Agency, subject to the dispute resolution provisions contained in § 12(c) of the Compact.

2 TESTING AND MACHINE APPROVAL

2.1 Designation of Independent Gaming Test Laboratory

The State Gaming Agency 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 the Compact. The Tribe may request additional laboratories be placed on the State Gaming Agency’s list of Gaming Test Laboratories, which request shall not be unreasonably denied. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate EGDs or electronic gaming systems shall be placed on the list if, after review by the State Gaming Agency, 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 State Gaming Agency list. If, at any time, any of the Gaming Test Laboratories’ licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the State Gaming Agency’s list. If removed from the State Gaming Agency’s list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

2.2 Testing and Certification of EGDs

- a) No EGD may be offered for play unless:
 - i) such EGD is approved by the parties as provided in this Appendix; or
 - ii) the EGD prototype thereof has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix.
- b) If not already provided to the Gaming Test Laboratory, the Tribe shall provide or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of EGD 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. The Tribe shall make all such materials available to the State Gaming Agency upon request;

- c) If requested by the Gaming Test Laboratory, the Tribe shall require the manufacturer to transport not more than two (2) working models of the EGD to a location designated by the laboratory 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 EGD. If requested by the Gaming Test Laboratory, the Tribe shall required the manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis;
- d) At the conclusion of each test, the Gaming Test Laboratory shall provide to the State Gaming Agency and the Tribal Gaming Commission a report that contains findings, conclusions and a certification that the EGD conforms or fails to conform to the requirements contained in the 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 EGD into compliance, the report may contain recommendations for such modifications. The parties are not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of enforcement of the provisions of the Compact.

2.3 Approval by the State Gaming Agency

Upon receiving the certification from the Gaming Test Laboratory, the State Gaming Agency shall either approve or disapprove the EGD or component thereof, based on the technical criteria contained in this Appendix and the agreement adopted under § 1.5, within sixty (60) days of receipt of the certification as to any new EGD or component thereof, and within fifteen (15) days of the receipt of the certification as to any modification to a system which has already been approved by the State Gaming Agency. The certification shall be deemed approved if no action is taken thereon by the State Gaming Agency within said sixty (60) or fifteen (15) day period, as may be applicable. Any disputes arising out of the approval process in this § 2.3 shall be resolved in accordance with § 12(c) of the Compact.

2.4 Modifications of Approved Systems; Emergency Certifications

No modification to any EGD may be made after testing, certification and approval of an EGD without certification of the modification by the Gaming Test Laboratory under § 2.3 and approval thereof by the State Gaming Agency under this § 2.4. In situations where immediate modifications are necessary to preserve the integrity of an EGD which has been operating pursuant to an approval obtained under § 2.3, 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 EGD. Such emergency certifications shall be deemed to be temporarily approved by the State Gaming Agency and remain in effect until the State Gaming Agency takes action on the certification, which shall be governed by § 2.3, provided that no emergency certification shall be valid or effective until actually approved by the State Gaming Agency, if it was not received by the State Gaming Agency within five (5) days after being issued.

2.5 Manufacturer's Conformity to Technical Standards

Before any component of an EGD may be placed into operation, the Tribe shall first have obtained and submitted to the State Gaming Agency a written certification from the manufacturer that upon installation each such component:

- a) conforms to the specifications of the EGD as certified by the Gaming Test Laboratory; and
- b) operates and plays in accordance with the requirements of the Compact Procedures.

Authorization to operate an EGD requires that it operate and play in accordance with the requirements specified by this Appendix; provided that while the failure of such EGD to comply with such requirements will suffice as grounds to enjoin or otherwise terminate said EGD's operation, such non-compliance will not be deemed a violation of the Compact as long as the Tribe has relied in good faith on the certification of the manufacturer.

2.6 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 the Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the State Gaming Agency, 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 State Gaming Agency for rejecting such laboratory's reports or certification.

2.7 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.

2.8 Random Inspections

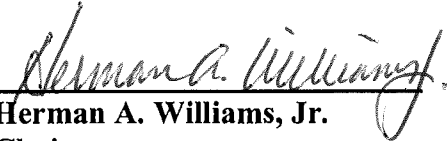
The Tribe shall allow the State Gaming Agency to inspect any components of an EGD for the purposes of confirming that such component is operating in accordance with the requirements of the Compact and that such component is identical to that tested by an independent test laboratory. Inspections shall be pursuant to the Compact.

2.9 State Gaming Agency to be Supplied Model of Player Terminal and System

If not already provided to the State Gaming Agency, the State Gaming Agency shall, upon request, be supplied all components of each EGD to be held at the State Gaming Agency's offices for purposes of determining compliance with these technical requirements.

The Tribal-State Compact for Class III gaming between the Tulalip Tribes of Washington and the State of Washington shall and hereby is deemed amended with such amendments incorporated into the Compact.

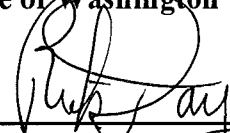
Tulalip Tribes of Washington

By: 
Herman A. Williams, Jr.
Chairman

Dated: January 11, 2003.

The State of Washington hereby acknowledges the provision and receipt of this Sixth Amendment to the Compact and that it has been made in compliance and conformity therewith.

State of Washington

By: 
Richard Day, Executive Director
Washington State Gambling Commission

Dated: 01-21 - , 2003.