TRIBAL-STATE COMPACT FOR CLASS III GAMING

Between the

Confederated Tribes of The Colville Reservation

and the

State of Washington

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT

TABLE OF CONTENTS

Section	Subject Matter	Page
	INTRODUCTION	1
	RECITALS	1
	DECLARATION OF POLICY AND PURPOSE	3
I	TITLE	4
II	DEFINITIONS	4
III	NATURE, SIZE AND SCOPE OF CLASS III GAMING	8
	A. Scope of Class III Gaming Activities	8
	B. Lottery-type Games	9
	C. Class III Activities	9
	D. Authorized Gaming Operation and Facilities	10
	E. Forms of Payment	10
	F. Size of Gaming Floor	10
	G. Number of Gaming Stations and EGDs	10
	H. Wagering Limitations	12
	I. Hours of Operation	12

J. Ownership of Gaming Facilities and Gaming Operation 12

K. Prohibited Activities 12

L. Age Limitations 12

M. Prohibition on Firearms 12

IV LICENSING REQUIREMENTS 13

A. Gaming Facilities 13

B. Gaming Employees 13

C. Manufacturers and Suppliers of Gaming Services 14

D. Financiers 14

E. Gaming Employee List 14

V LICENSING PROCEDURES 14

A. Procedures for Tribal License and State Certification Applications 14

B. Background Investigations of Gaming Employee Applicants 15

C. State Gaming Agency Certification of Financiers, Manufacturers and/or Suppliers of Gaming Goods and Services 16

D. Grounds for Revocation, Suspension or Denial of Tribal License or State Certification 16

E. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Commission or Certification Issued by the State Gaming Agency 18

F. Right to Hearing for Revocation, Suspension, or Denial of State Certification 18

G. Duration and Renewal of Tribal Issued Licenses and State Gaming Agency Certifications 18

H. Identification Cards 19

I. Exchange of Tribal Licensing and State Certification Information 19

J. Fees for Tribal License and State Certification 19

K. Summary Suspension of Tribal License or State Certification 20

L. Submission to State Administrative Process 20

M. State Participation in Annual Review 20

N. Tribal Certification 20

VI TRIBAL ENFORCEMENT OF THIS COMPACT 21

A. Tribal Gaming Commission 21

B. Tribal Gaming Agents 21

C. Reporting of Violations 22

D. Investigation and Sanctions 22

E. Reporting to State Gaming Agency 22

F. Agency Meetings 22

VII COOPERATIVE ENFORCEMENT OF THIS COMPACT 23

A. Monitoring of Gaming Operation 23

B. Access to Records 23

C. Tribal Gaming Commission Notification 24

D. Cooperation With Tribal Gaming Commission 24

VIII REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT 24

IX LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING 24

A. Investigative Authority 24

B. Jurisdictional Forums 25

C. No Consent to Additional State Jurisdiction 25

D. Law Enforcement Coordination 25

X ENACTMENT OF REGULATIONS 25

A. State Gaming Agency Rules or Regulations 25

B. Tribal Gaming Commission Regulations 25

XI REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION 25

A. Adoption of Regulations for Operation and Management 25

B. Additional Operational Requirements Applicable to Class III Gaming 26

C. Regulation of Gaming Facilities 27

XII REMEDIES FOR BREACH OF COMPACT 28

A. Introduction 28

B. Mediation 28

C. Arbitration 29

D. Judicial Resolution of Disputes 30

E. Limited Waiver of Sovereign Immunity 30

F. Sanctions and Civil Fines 31

G. Method of Assessment and Payment of Fines 32

XIII TRIBAL REIMBURSEMENT OF REGULATORY FEES AND EXPENSES INCURRED BY THE STATE GAMING AGENCY 32

XIV PUBLIC HEALTH AND SAFETY 33

A. Compliance 33

B. Emergency Service Accessibility 33

C. Impact Mitigation 33

D. Community Relations 34

E. Alcoholic Beverage Service 34

XV AMENDMENTS, DURATION AND EFFECTIVE DATE 35

A. Effective Date 35

B. Voluntary Termination 35

C. Other Termination – Change of State Law 35

D. Adjustments/Renegotiations 35

XVI DISCLOSURE 37

XVII LIMITATION OF LIABILITY/NO THIRD PARTY RIGHTS 37

XVIII NOTICES 37

XIX SEVERABILITY 38

APPENDIX A

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
and the STATE OF WASHINGTON

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

TABLE OF CONTENTS

Section	Subject Matter	Page
1	Definitions	A-1
2	Accounting Records	A-3
3	System of Internal Control	A-3
4	Forms, Records, Documents and Retention	A-4
5	Annual Audit and Other Reports	A-5
6	Closed Circuit Television System	A-6
7	Organization of the Tribal Gaming Operation	A-7
8	Personnel Assigned to the Operation and Conduct of Class III Gaming Activities	A-10
9	Cashier's Cage	A-11
10	Accounting Control Within The Cashier's Cage	A-12
11	Drop Boxes	A-13
12	Drop Boxes, Transportation To and From Gaming Stations and Storage in the Count Room	A-13

13 Procedure For Exchange of Checks Submitted by Gaming Patrons A-14

14 Procedure For Depositing Checks Received From Gaming Patrons.....A-15

15 Procedure For Collecting and Recording Checks Returned to the Gaming Operation After Deposit A-16

16 Procedure For Accepting Cash at Gaming Stations A-16

17 Acceptance of Gratuities From Patrons.....A-17

18 Adoption of Rules For Class III Activities A-17

19 Station Inventories and Procedure For Opening Stations For Gaming A-19

20 Procedure For Distributing Gaming Chips and Coins to Gaming Stations A-20

21 Procedure For Removing Gaming Chips and Coins From Gaming Stations.....A-23

22 Procedure For Shift Changes at Gaming Stations A-25

23 Procedure For Closing Gaming Stations A-26

24 Count Room: Characteristics.....A-27

25 Procedure For Counting and Recording Contents of Drop Boxes A-28

26 Signatures A-31

APPENDIX COLVILLE

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION and the STATE OF WASHINGTON CLASS III GAMING CONTRACT

TABLE OF CONTENTS

1 INTRODUCTION 1

1.1 General 1

1.2 Intent 1

1.3 Testing 1

1.4 Judicially Articulated Restrictions 2

1.5 Approval Process 2

2 TESTING AND MACHINE APPROVAL 3

2.1 Designation of Independent Gaming Test Laboratory 3

2.2 Testing and Certification of EGDs 3

2.3 Approval by the State Gaming Agency 4

2.4 Modifications of Approved Systems; Emergency Certifications 4

2.5 Manufacturer's Conformity to Technical Standards 5

2.6 Payment of Gaming Test Laboratory Fees 5

2.7 Gaming Test Laboratory Duty of Loyalty 5

2.8 Random Inspections 5

2.9 State Gaming Agency to be Supplied Model of Player Terminal and System 6

APPENDIX X
to the
CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
and the STATE OF WASHINGTON
CLASS III GAMING COMPACT

RULES GOVERNING
TRIBAL LOTTERY SYSTEMS

TABLE OF CONTENTS

Section	Subject Matter	Page
1.	OVERVIEW	1
2.	DEFINITIONS	1
2.1	Cashless Transaction System	1
2.2	Central Computer	2
2.3	Electronic Accounting System	2
2.4	Electronic Scratch Ticket	2
2.5	Electronic Scratch Ticket Game	2
2.6	Electronic Scratch Ticket Game Set	2
2.7	Electronic Scratch Ticket Game Subset	2
2.8	Game Play Credits	2
2.9	Manufacturing Computer	3
2.10	Online Lottery Game	3
2.11	Online Lottery Game Ticket	3

2.12 Player Terminals 3

2.13 State Gaming Agency ("SGA") 3

2.14 Tribal Gaming Agency ("TGA") 3

2.15 Tribal Lottery System 3

3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM 3

3.1 Description of System Operation 3

3.2 Game Set and Subset Requirements 5

3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game 6

3.4 Data Required To Be Available Following the Completion of a Scratch Ticket Game 6

3.5 Software Auditing Tool to Be Made Available 7

3.6 No Auditing of Game Sets While in Play: Dispute Process 7

3.7 Manufacturing Computer 8

3.8. Central Computer Used in Connection With Electronic Scratch Ticket Game 9

3.9 Player Terminals Used in Electronic Scratch Ticket Games 9

4. TRIBAL ONLINE LOTTERY GAME SYSTEM 9

4.1 Description of System Operation 9

4.2 Central Computer Used for Online Lottery Game 11

4.3 Player Terminals Used for Online Games 11

4.4 Verification and Viewing Requirements for Online Game Results 12

4.5 Online Lottery Game Records 12

4.6 Redemption Period 12

4.7 Other Game Rules 12

4.8 Prizes: Jackpots 12

5. PLAYER TERMINALS 13

5.1 Use as a Stand-Alone Gambling Device Prohibited 13

5.2 Features 13

5.3 Non-Volatile Backup Memory Required 13

5.4 On/Off Switch 13

5.5 Static Discharge/Interference 13

5.6 Accounting: Meters 14

5.7 No Automatic Clearing of Accounting, Meters: Reading and Resetting Meters 14

5.8 Display of Information 14

5.9 Protection of Displayed Information 15

5.10 Hardware Switches Prohibited 15

5.11 Networking Requirements 15

5.12 Prohibited Software Functions 15

5.13 Quick-Pick Function 16

5.14 Wagers- Displaying Electronic Scratch Ticket Outcomes 15

6. STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM 16

6.1 Chi-Square Analysis 16

6.2 Runs Test 16

6.3 Correlation Analysis 16

6.4 Serial Correlation Analysis 16

7. ELECTRONIC ACCOUNTING SYSTEM 16

7.1 Revenue Reporting Requirements 16

8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS 19

8.1 Player Accounts 19

8.2 Smart Cards 20

9. GENERAL SECURITY REQUIREMENTS 20

9.1 Separation 20

9.2 Security 20

9.3 Secure Connections: Data Encryption Standards or Equivalent Data Encryption 20

9.4 Surge Protection: Uninterrupted Power System 21

9.5 Identification Plates 21

9.6 Locked Areas 21

9.7 Key Control Standards 21

9.8 MEAL Cards 21

9.9 Access Control 21

9.10 Cameras 21

9.11 Verification Data and Functions 21

10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY 22

10.1 Designation of Independent Gaming Test Laboratory 22

10.2 Testing and Certification of Tribal Lottery Systems 22

10.3 Approval by the SGA 23

10.4 Modifications of Approved Lottery Systems: Emergency Certifications 23

10.5 Manufacturer's Conformity to Technical Standards 23

10.6 Payment of Gaming Test Laboratory Fees 23

10.7 Gaming Test Laboratory Duty of Loyalty 24

10.8 Random Inspections 24

10.9 SGA to be Supplied Model of Player Terminal and System 24

11. ALTERNATIVE STANDARDS PERMITTED AND TECHNICAL CHANGES 24

11.1 Alternative Standards Permitted 24

11.2 Technical Changes 24

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION
and the
STATE OF WASHINGTON CLASS III TRIBAL/STATE GAMING COMPACT

This Compact is adopted pursuant to the Indian Gaming Regulatory Act of 1988, Pub. L. No. 100-497, codified at 25 U.S.C. §§ 2701-2721 (hereafter "IGRA" or "Act").

INTRODUCTION

This Compact, including Appendices Colville, A, and X, which are incorporated by reference herein, shall govern the manner in which Class III gaming may be conducted on Colville Indian Lands over which the Confederated Tribes of the Colville Reservation (hereafter "the Tribes") has jurisdiction. The parties bound by this Compact are the Tribes, federally-recognized as an Indian Tribe and possessed of all sovereign powers and rights thereto pertaining; and the State of Washington (hereafter "State") as a sovereign state of the United States with all sovereign powers and rights thereto pertaining.

RECITALS

An understanding of the unique nature and characteristics of the Tribes and its people as well as the location of the Colville Reservation guides this Compact governing the conduct of Class III gaming on Colville Indian Lands.[1]

A. The Colville Reservation consists of approximately 1.4 million acres, making it one of the two largest reservations in the State of Washington, and among the largest in the United States. The Colville Reservation is located in the north central part of Washington State, and occupies an area that is sparsely populated and remote from the State's population centers. Health care facilities are often difficult to access, and health care for Colville Tribal members has been ranked among the poorest in the Nation.

B. The Tribes is the largest employer in north central Washington. Colville Tribal Enterprise Corporation ("CTEC"), a wholly owned tribal corporation, contributes approximately 500 casino jobs and approximately $10 million in annual casino payroll to the regional economy. CTEC also contributes approximately 400 additional full and part time positions to the local economy through its non-gaming operations. The Tribes

[1]The "RECITALS" section of this Compact was prepared by the Tribes as an introduction to the Tribes and its governmental process. However, the State has no independent basis for verifying the facts contained within the RECITALS, and therefore, the State does not agree that the facts and representations contained in the RECITALS are true and correct. Nothing contained herein shall be construed to limit the Tribes' right to introduce evidence to support the facts and representations contained in these RECITALS in any arbitration and/or judicial or administrative tribunal with competent jurisdiction.

provides approximately 920 additional governmental jobs to the local economy. The region is dependent on agriculture and timber, and unemployment rates both on and off the Reservation reflect the seasonal nature of these occupations and the effects of international competition on local markets. Prior to 1986, unemployment rates on the Colville Reservation averaged 58%. Since 1986 and the establishment of the three Colville Tribal casinos, Tribal unemployment has dropped to 48%.

C. Because of the Reservation's remote location, any gaming facility must rely on patrons who travel substantial distances. Approximately 50% of the patrons of Colville Tribal gaming travel more than 40 miles one-way, and many travel from Canada. Peak days are Saturday and Sunday when patrons find it easier and more convenient to travel. Due to long commuting distances and poorly developed road systems, the weather influences player participation, which tapers off significantly in winter months. The Tribes must ensure that once patrons are at one of its facilities, adequate gaming stations and gaming devices are available to provide the entertainment sought.

D. Approximately 8,500 Indian people are members of the 12 Tribes (Chelan, Chief Joseph Band of Nez Perce, Colville, Entiat, Lakes, Methow, Moses-Columbia, Nespelem, Okanogan, Palouse, San Poil and Wenatchee) which constitute the Confederated Colville Tribes, and over half of its members reside on the Colville Reservation. Non-member Indians also reside on the Colville Reservation, and non-Indians constitute approximately one-third of the resident population.

E. The Tribes has successfully operated and regulated a bingo enterprise since 1987 and three Tribal casinos. The first tribal casino, Mill Bay Casino, located on Lake Chelan, opened in 1994. Okanogan Bingo Casino, located across the Okanogan River from the City of Okanogan, opened in 1987. Coulee Dam Casino, located on the Colville Reservation in the City of Coulee Dam, opened in 1995. Each of these facilities is an integral and welcome part of the community in which it is located, and each contributes substantially to the local economy.

F. The Tribes has developed a strong law and justice system. At the Tribes' request, the State retroceded partial criminal jurisdiction to the Tribes in 1987. The Colville Judicial Branch is established as a separate branch of government in the Colville Constitution. The Judicial Branch is composed of a Tribal Court and a Court of Appeals, which publishes its opinions in the Court of Appeals Reporter and the Indian Law Reporter. The Colville Judicial Branch is nationally recognized as a leader among tribal court systems.

G. The Tribes' Law and Order Program includes a fully operational Police Department, Public Defender Office, Office of the Prosecutor, Probation and Parole and Emergency Service Department, and operates with an annual budget in excess of $3.6 million. The Tribes will begin construction of a new, multi-million dollar jail facility in the near future. The Tribes' Police Department is staffed with experienced officers trained at the Washington State Police Academy or at Bureau of Indian Affairs Academies. Colville Police Officers hold Tribal and Federal commissions. In addition, the Tribes maintains

cross-deputation agreements with the Okanogan and Ferry County Sheriff Departments and several local police departments.

H. The Tribes has also successfully self-regulated its gaming facilities since 1986. The Tribes created the Colville Tribal Gaming Commission composed of five Commissioners in 1994. The Commission oversees the Tribal Gaming Authority ("TGA") which is responsible for regulating gaming on the Reservation, and which enforces the provisions of the Tribal Code pertaining to gaming, and the comprehensive regulations of the Tribal Gaming Commission and the National Indian Gaming Commission. The TGA employs over 45 Tribal gaming agents, utilizes sophisticated surveillance and monitoring equipment and techniques, and performs its own background checks and licensing investigations.

I. The Tribes is also a national leader in the area of Tribal environmental regulatory development. In addition to a comprehensive land use code and a shoreline management code, the Tribes has developed extensive code provisions related to hydraulic practices, water quality, lead based paint, and the like. The Tribes was the first tribe in the Nation to establish a non-point source program for its Reservation under Section 208 of the Clean Water Act, and was also the first tribe to have its water quality standards promulgated as federal standards by the United States Environmental Protection Agency. The Tribes has obtained "treatment as a state" status under several provisions of the Clean Water Act, and additional programs are currently being developed.

J. The Tribes' Environmental Trust Department works closely with federal, state and local agencies to ensure that the environmental and Tribal resources of the Reservation are protected and that there is compliance with applicable environmental standards. The Tribes has entered into a number of successful intergovernmental agreements to help facilitate protection of the citizens and resources of the Colville Reservation.

DECLARATION OF POLICY AND PURPOSE

IGRA provides a comprehensive scheme for the play and regulation of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands 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 activities. 25 U.S.C. § 2701(5). The overarching policy of the Act is to provide a framework for the operation of gaming by Indian tribes as a means of promoting tribal economic development, self-sufficiency and strong tribal governments. 25 U.S.C. § 2702(1). The Act also provides a "basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and players." 25 U.S.C. § 2702(2). The terms and conditions of this Compact, which are set forth below to regulate Class III gaming conducted by the Tribes, have been promulgated consistent with and pursuant to that congressional mandate.

This Compact is designed to foster full cooperation between the Tribes and the State on the basis of each sovereign's concern for the welfare and protection of all the members of the Tribes and citizens of the State as a result of gaming on Indian lands of the Tribes (hereafter "Colville Indian Lands"), as that term is defined in the Act, 25 U.S.C. § 2703(4). This Compact is adopted to further the purposes of IGRA for the benefit of the Tribes, the benefit of the citizens of the State, and the protection of the State, by creating a cooperative means through which the Tribes may lawfully conduct Class III gaming activities on Colville Indian Lands. To that end, this Compact defines the manner in which laws regulating the conduct of the Tribes' Class III gaming activities are to be applied in order that the respective Tribal and State interests may be met.

The following terms and provisions governing the conduct of Class III gaming activities on Colville Indian Lands are designed to (a) protect the health, welfare and safety of the citizens of the Tribes and the State, (b) recognize and implement a means of regulating Class III gaming on the Colville Indian Lands in order to ensure the fair and honest operation of such gaming, (c) minimize the possibility of corruption or illegal practices in conjunction with such activities, and (d) maintain the integrity of Class III gaming on Colville Indian Lands within the State.

The policy of the State, as set forth in RCW 9.46, is to allow limited and highly regulated gaming, and to restrain persons from seeking profit from professional gambling activities. The provisions of RCW 9.46 and WAC 230 regulate State gambling activities; the provisions of RCW 67.16 and WAC 260 authorize and regulate State horse racing activities, including pari-mutuel satellite wagering. The gaming provisions of Title 6 of the Colville Tribal Code authorize and regulate the Tribes' Class III gaming activities. In addition, the National Indian Gaming Commission exercises regulatory authority over the Tribes pursuant to IGRA, and has issued regulations, including Minimum Internal Control Standards found at 25 C.F.R. § 542. The State agrees the Tribes is authorized, as a result of the provisions of IGRA and the terms of this Compact, to engage in the Class III gaming activities expressly permitted herein.

I - TITLE

This document shall be cited as the "Confederated Tribes of the Colville Reservation - State of Washington Gaming Compact" submitted to and approved by the Secretary of the Interior pursuant to 25 U.S.C. § 2710(d)(8)(A).

II - DEFINITIONS

For purposes of this Compact:

A. "Act" or "IGRA" means the Indian Gaming Regulatory Act, Pub. L. No. 100-497, 25 U.S.C. §§ 2701-2721, and 18 U.S.C. §§ 1166-1168, and all regulations issued thereunder.

B. "Applicant" means any individual who has applied for a Tribal license whether or not such license is ultimately granted.

C. "Chairman" means the Chairman of the Confederated Tribes of the Colville Reservation Business Council, the Tribal governing body elected by the Tribal members.

D. "Class II Gaming" means all forms of gaming as defined in 25 U.S.C. § 2703 (7), by the regulations of the National Indian Gaming Commission, and by any court of competent jurisdiction reviewing the Act and/or any regulations promulgated thereunder.

E. "Class III Gaming" means all forms of gaming as defined in 25 U.S.C. § 2703 (8) and by the regulations of the National Indian Gaming Commission, and by any court of competent jurisdiction reviewing the Act and/or any regulations promulgated thereunder, and which are authorized under this Compact as Class III games. Pull-tabs and punch-boards, even though discussed herein, are specifically deemed to be Class II games when operated in conjunction with bingo.

F. "Class II Gambling Device" means any device which the National Indian Gaming Commission has determined by formal ruling or regulation, and by formal ruling of any court of competent jurisdiction reviewing the Act, and/or any regulations promulgated thereunder, is a permissible computer, electronic or other technologic aid to a Class II gaming activity.

G. "Colville Indian Lands" means Indian lands as defined by 25 U.S.C. § 2703 (4) (A) and (B), subject to the provisions of 25 U.S.C. § 2719.

H. "Colville Tribal Police Services" means the official law enforcement agency of the Tribes.

I. "Compact" means this Compact, including Appendices A, Colville, and X.

J. "Electronic Gambling Device" ("EGD") means any device or mechanism, the operation of which may create a right to money, credits, deposits or other things of value, 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. Notwithstanding the foregoing, "Electronic Gambling Device" does not include a "Class II Gambling Device."

K. "Gaming Activities" means the conduct of gaming activities permitted pursuant to this Compact.

L. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribes' gaming operation or facilities, whether employed by or contracted to the Tribes or by or to any person or enterprise providing gaming operation and management services to the Tribes, including, but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; dealers or croupiers; box men; floor men; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; pari-mutuel clerks;

management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming facilities related to gaming which are not otherwise open to the public, or to areas designated by the Tribal Gaming Commission.

M. "Gaming Facility" means a building or buildings in which Class III gaming activities are conducted as authorized by this Compact.

N. "Gaming Operation" or "Tribal Gaming Operation" means the gaming enterprise operated by the Tribes in accordance with this Compact.

O. "Gaming Ordinance" means the gaming laws (and including regulations promulgated thereunder) duly adopted by the Tribes in accordance with the Act.

P. "Gaming Services" means the providing of any goods or services to the Tribes, whether on or off site, directly (or indirectly) in connection with the operation of Class III gaming in a gaming facility or facilities, including equipment, maintenance or security services for the gaming facility or facilities. Gaming services shall not include professional legal and accounting services.

Q. "Gaming Station" means a gaming table, including those with electronic components, of the same general size and as is used in Nevada for similar games.

R. "Governor" means the Governor of Washington State.

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. "Local Law Enforcement Agency" means the State Gaming Agency, Washington State Patrol, County Sheriffs in the counties adjacent to the Tribes' gaming facilities, and any other non-tribal law enforcement agency in the vicinity of the Gaming Operation which has jurisdiction to enforce gaming laws on Colville Indian Lands pursuant to the terms of this Compact, or has a cooperative, mutual aid or cross-deputization agreement approved by the Tribes. Nothing in this definition or in any provision set forth in this Compact is intended to expand, waive, confer or limit any jurisdiction upon any law enforcement agency on Colville Indian Lands.

U. "Management Entity" means any individual with whom, or other business entity with which, the Tribes has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming facilities on Colville Indian Lands.

V. "Net Win" means the total amount of gaming income (gross gaming revenue) after prizes or winnings have been paid out; i.e., the difference between the total amount wagered or played and the amounts repaid to winners.

W. "Off Track Wagering Facility" means any facility where pari-mutuel wagering takes place on simulcast horse racing events, pursuant to rules and regulations agreed to by the parties to this Compact.

X. "Principal" means with respect to any entity: (1) each of its officers and directors; (2) each of its primary management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (3) each of its owners or partners, if an unincorporated business; (4) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (5) each person other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the start-up capital or operating capital over a twelve (12) month period, or a combination thereof. For purposes of this definition, where there is any commonality of the characteristics identified in (1) through (4) above between any two or more entities, those entities shall be deemed to be a single entity.

Y. "RCW" means the Revised Code of Washington, as amended.

Z. "Satellite Casino" means a Class III gaming facility with no more than sixteen (16) Gaming Stations and no more than one hundred (100) EGDs.

AA. "State" means the State of Washington, its authorized officials, agents and representatives.

BB. "State Certification" means the process used by the State Gaming Agency to determine whether all individuals or other entities or persons required to be licensed or certified are qualified to hold such license or certification in accordance with this Compact.

CC. "State Gaming Agency" means the Washington State Gambling Commission.

DD. "Tribal Code" means the Colville Law and Order Code, as amended.

EE. "Tribal Gaming Commission" means the Colville Tribal Gaming Commission or such other agency of the Tribes as the Tribes 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 Licensing" means the licensing process utilized by the Tribes to ensure all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of Chapter 6-5 of the Tribal Code, and the Rules and Regulations of the Tribal Gaming Commission, and this Compact.

GG. "Tribal Member" means an enrolled member of the Confederated Tribes of the Colville Reservation pursuant to the membership ordinance of the Tribes and the Constitution of the Confederated Tribes of the Colville Reservation.

HH. "Tribes" means the Confederated Tribes of the Colville Indian Reservation, represented by its elected officials.

II. "WAC" means the Washington Administrative Code, as amended.

III - NATURE, SIZE AND SCOPE OF CLASS III GAMING

A. Scope of Class III Gaming Activities. The Tribal Gaming Operation may utilize in its Gaming Facilities, subject to the provisions of this Compact, any or all of the following Class III activities:

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack (to the extent not played as a Class II game);
5. Caribbean Stud;
6. Chemin De Fer;
7. Chuck-a-luck;
8. Craps;
9. 4-5-6;
10. Horses (stop dice);
11. Horse Race;
12. Let It Ride;
13. Money wheel;
14. Off-track wagering on horse races, provided, however, prior to engaging in such activity, the Tribes shall give the State sixty (60) days prior written notice that it desires to commence such activity, and thereafter, the parties agree that they shall forthwith negotiate in good faith regarding the rules and regulations governing such off-track wagering;
15. Over/Under Seven;
16. Pai-gow (to the extent not played as a Class II game);
17. Poker (to the extent not played as a Class II game);
18. Red Dog;
19. Roulette;
20. Ship-Captain-Crew;
21. Sic-Bo;
22. Sports Pools may be offered by the Tribes, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten dollars ($10) (wager) plus an administrative charge payable to the Tribes of not more than fifty cents ($0.50) per ten dollar ($10) wager. All wagers shall be awarded to winners as prizes. All other provisions of state law established in RCW 9.46.0335 regarding the conduct of sports pools shall be applicable;
23. Sweet Sixteen;
24. Punch-boards and pull-tabs (to the extent not played as Class II games), may be sold by the Tribes in its Gaming Facilities and at other locations on Colville Indian Lands subject to regulation by the Tribes and other than at a locations

where bingo is played. Such punch-boards and pull-tabs shall be sold in a manner consistent with the sale of punch-boards and pull-tabs at any location on Colville Indian Lands where bingo is played;

25. Washington State Lottery tickets may be sold by the Tribes on Colville Indian Lands subject to the provisions of RCW 67.70, WAC 315, and applicable Tribal law.
26. Keno;
27. Any pull-tab dispenser (to the extent not played as a Class II game), approved by the Washington State Gambling Commission;
28. Any electronic gambling device ("EGD") as defined herein and under the Johnson Act, as set forth in Appendices Colville and X, to this Compact.
29. Upon sixty (60) days prior written notice from the Tribes, the State agrees to enter into good faith negotiations with the Tribes for the inclusion of horse racing events and pari-mutuel wagering associated therewith as a Class III gaming activity which may be utilized by the Tribes in its Tribal Gaming Operation.

B. Lottery-type Games. For games including keno-type games (other than keno itself), instant tickets, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington and which are not otherwise treated as Class II gaming in Washington pursuant to 25 U.S.C. § 2703(7), or have been or are later identified as a Class II game pursuant to federal law, federal regulation, through consensual lawsuit, or by a court of competent jurisdiction interpreting IGRA and the laws of the State of Washington in a final and non-appealable decision, and the Tribes desires to conduct such games on Colville Indian Lands, the Tribes shall submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) calendar days prior to the time play shall begin. If the game is permitted for any purpose by any person, organization or entity within the meaning of the Act, the Tribes may begin offering the game. If a dispute arises between the Tribes and the State with respect to whether said game is permitted for any purpose by any person, organization or entity, within the meaning of the Act, the Tribes and the State Gaming Agency shall meet and resolve the dispute. If the dispute cannot be resolved by the parties, then the Tribes may initiate the dispute resolution provisions of § XII, and play the game pending the outcome of said dispute resolution proceeding.

C. Class III Activities. With respect to any other Class III gaming activities similar to, but not included within, those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and which are otherwise not treated as Class II gaming in Washington pursuant to 25 U.S.C. § 2703(7), the Tribes shall provide the game regulations thereof to the State Gaming Agency at least thirty (30) calendar days prior to the time play shall begin. If the game is permitted for any purpose by any person, organization or entity within the meaning of the Act, the Tribes may begin offering the game. If a dispute arises between the Tribes and the State with respect to whether said game is permitted for any purpose by any person, organization or entity, within the meaning of the Act, the Tribes and the State Gaming Agency shall meet and resolve the dispute. If the dispute cannot be resolved by the parties, then the Tribes may initiate the dispute resolution provisions of § XII, and play the game pending the outcome

of said dispute resolution proceeding. Provided, however, the provisions of this § III(C) shall not apply to EGDs.

D. Authorized Gaming Operation and Facilities. The Tribes may establish three Class III gaming facilities for the operation of any Class III games authorized pursuant to this Compact; provided, however, such Gaming Facilities shall: (i) not be located within 25 miles, by paved roads, of any other Colville Class III gaming facility; (ii) be located only on Colville Indian Lands; and (iii) be owned by the Tribes; provided further, however, that no earlier than three years after this Compact becomes effective, the Tribes may establish three Satellite Casinos on Colville Indian Lands, subject to the same restrictions set forth in this § III(D)(i) through (iii). The Tribes shall provide the State with no less than sixty (60) days prior written notice of its intention to open a new casino or Satellite Casino site. No new casino or Satellite Casino site(s) shall be opened by the Tribes unless the Tribes is in substantial compliance with the terms and conditions of this Compact.

E. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribes on Colville Indian Lands, including the purchase of chips or tokens, for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of the Gaming Facilities for gaming activities.

F. Size of Gaming Floor. The actual gaming floor devoted to Class III activities within the Gaming Facilities shall be determined by the Tribes.

G. Number of Gaming Stations and EGDs.

1. The maximum number of Class III gaming stations shall not exceed fifty (50) per facility.

2. Number of EGDs. From and after the effective date of this Compact, the Tribes shall be entitled to an allocation and shall be permitted to operate up to and including 675 EGDs, which shall be distributed between and among the Tribal Gaming Facilities in a manner and in numbers acceptable to the Tribes, so long as the total number of EGDs in operation does not exceed said 675.

3. Additional Allocation of Machines. Provided the Tribes is in substantial compliance with the terms and conditions of this Compact, the Tribes shall be permitted to operate up to a total of 4,800 EGDs by acquiring allocation rights from any Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X. Said 4,800 EGDs shall be distributed among the Tribal Gaming Facilities as follows: no more than 2,000 EGDs in any one Gaming Facility, and no more than 100 EGDs in any Tribal Satellite Casino.

4. Acquisition and Transfer of Allocation Rights.

(a) The Tribes may transfer some or all of its allocated EGDs, as set forth in § III(G)(2) above, to any other Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, provided the Tribes has waived its right to operate the number of EGDs and/or Tribal Lottery System player terminals transferred. Any EGDs and/or player terminals transferred may be reacquired by the Tribes, if mutually acceptable to the Tribes and the transferee tribe or tribes. All transfers of allocation rights shall be memorialized pursuant to a terminal allocation transfer agreement.

(b) The Tribes may acquire additional allocations of EGDs from any Washington State Indian tribe which has entered into a compact with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, provided the transferor tribe(s) has waived its right to operate the number of EGDs and/or player terminals transferred. All transfers of allocation rights shall be memorialized pursuant to a terminal allocation transfer agreement. The Tribes may not operate any EGDs and/or Tribal Lottery System player terminals acquired from another tribe's allocation until thirty (30) days has elapsed following the delivery to the State of a complete set of the documents governing the transfer.

(c) At the time Appendix X was adopted, a certain "set-up fee" was incurred by the State in connection with the creation of a system designed to regulate the use of EGDs. That set-up fee was to be borne by all Washington State Indian tribes utilizing EGDs. The Tribes agree, upon the effective date of this Compact, to reimburse the State for the Tribes' pro rata share of said set-up fee, which is estimated not to exceed $11,000.

5. Other Circumstances.

(a) Notwithstanding anything in this § III(G) to the contrary, in the event the State agrees, whether voluntarily or by judicial compulsion, to permit an allocation of EGDs to a tribe which is greater than the allocations specified herein, or is on terms which are more favorable to the Tribes than those set forth herein, the Tribes shall be entitled forthwith to such greater allocation and/or more favorable terms.

(b) In the event the Tribes is unable to obtain allocations of EGDs from Washington State Indian tribes which have entered into compacts with the State authorizing the operation of EGDs and/or a Tribal Lottery System described in Appendices Colville and X, for any reason, included but not limited to because said allocation rights are economically or de facto unavailable, the parties agree that they shall forthwith negotiate in good faith to increase the number of EGDs the Tribes may operate pursuant to § III(G)(2), above.

H. Wagering Limitations. Wager limits shall be determined by the Tribes, provided that no single wager may exceed Five Hundred Dollars ($500).

I. Hours of Operation. Each Tribal Gaming Facility shall accept wagers from gaming patrons during no more than one-hundred fifty-six (156) hours per each week; provided, however, that during any three weeks of the Tribes' choosing during each calendar year (with the first partial year of this Compact being counted as a calendar year) the Tribes may choose to accept wagers from gaming patrons during no more than one-hundred sixty (160) hours per week.

J. Ownership of Gaming Facilities and Gaming Operation. The Gaming Operation, including the Gaming Facilities, shall be owned and operated by the Tribes. The Tribes may, if it chooses, contract for management of the Gaming Facilities and Gaming Operation, pursuant to 25 U.S.C. § 2711. Any such contract shall subject the manager to the terms of this Compact, including annual licensing.

K. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited.

L. Age Limitations. No person under the age of eighteen (18) shall participate in any Class III gaming activity, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Persons between the ages of eighteen (18) and twenty-one (21) may patronize and participate in Class III gaming activities offered by the Tribes in its Gaming Facilities, so long as such patrons do not purchase or consume alcoholic beverages on the premises.

M. Prohibition on Firearms. The possession of firearms by any person within the Gaming Facilities shall be strictly prohibited, and the Tribal Gaming Commission shall post a notice of this prohibition near the entrance to each gaming facility. This prohibition shall not apply to authorized agents or officers of the Tribal Gaming Commission, Colville Tribal Police Services, the State Gaming Agency, or state and local law enforcement agencies authorized by law or by a cooperative, mutual aid or cross-deputization agreement to be present within a Gaming Facility.

IV - LICENSING REQUIREMENTS

A. Gaming Facilities. In conformity with the requirements of this Compact, the Tribal Gaming Commission shall license the Gaming Facilities authorized herein to verify each facility's conformity with the requirements of this Compact.

1. Inspection Prior to Effective Date. Verification that such requirements have been met at the three existing Colville Gaming Facilities shall be made by the State Gaming Agency and the Tribal Gaming Commission, through a joint inspection scheduled at least thirty (30) days before this Compact becomes effective. If either the Tribal Gaming Commission or the State Gaming Agency determines that any Gaming Facility fails to meet such requirements, the Tribal Gaming Commission and the State Gaming Agency shall meet to determine what corrective action(s) must be taken to bring the Gaming Facility or Gaming Facilities into conformity with the requirements of this Compact. This Compact shall not become effective unless and until the Tribal Gaming Commission and the State Gaming Agency agree that the facilities are suitable for licensing under this Compact.

2. Inspection after Effective Date. From and after the effective date of this Compact, for any new facility authorized by this Compact, verification that such requirements have been met shall be made by the State Gaming Agency and the Tribal Gaming Commission and, with respect to an Off Track Wagering Facility only, the Washington Horse Racing Commission, through a joint inspection scheduled at least thirty (30) days before the new facility opens for business. If either the Tribal Gaming Commission or the State Gaming Agency determines that the Gaming Facility fails to meet such requirements, the Tribal Gaming Commission and the State Gaming Agency shall meet to determine what corrective action(s) must be taken to bring the facilities into conformity with the requirements of this Compact. The Tribal Gaming Commission shall send a written and detailed non-compliance letter and report to the Gaming Facility manager, within seven (7) business days after completion of the inspection. If the State Gaming Agency and the Tribal Gaming Commission do not agree on whether the Gaming Facility meets the requirements, the agencies will meet within seven (7) working days of the date the dispute is determined by either agency to exist 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 § XII of this Compact prior to opening of the new Facility.

B. Gaming Employees. Every Gaming Employee shall be licensed by the Tribal Gaming Commission before commencement of employment, and annually thereafter. The Tribal Gaming Commission may immediately issue a license if the employee has a current State 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 Commission of all information

held by the State Gaming Agency. The Tribal Gaming Commission may immediately issue a conditional, temporary license for a period of time no longer than six (6) months when the Tribal Gaming Commission determines that a Gaming Employee applicant does not pose a significant risk to the public and the Gaming Operation and written notice of an intent to issue a conditional, temporary license is sent to the State Gaming Agency. If Class II and Class III table games are combined in the same room in the Gaming Facility or Facilities, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II table Gaming Employees in such room shall be licensed as if they were Class III Gaming Employees. This provision shall not be applicable to employees only engaged in activities related to bingo, pull-tabs, or punch-boards.

C. Manufacturers and Suppliers of Gaming Services. Each manufacturer of gaming goods and supplier of gaming services shall be licensed by the Tribal Gaming Commission and certified or licensed by the State Gaming Agency prior to the sale of any gaming goods or services to the Gaming Operation. If a supplier or manufacturer of the gaming services or goods is currently 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 Tribes for the purposes of this Compact. The certification shall be maintained annually after the initial certification. Professional, legal and accounting services shall not be subject to the certification requirements of this Compact. In the event a manufacturer or supplier provides or intends to provide less than $25,000 worth of gaming services or goods to the Gaming Operation annually, upon the mutual agreement of the Tribal Gaming Commission and State Gaming Agency, the State certification requirements may be waived.

D. Financiers. Any party who extends or intends to extend financing, directly or indirectly, to the Gaming Facilities or Gaming Operation shall be subject to Tribal licensing and the certification requirements of the State Gaming Agency. Such party shall be required to obtain a Tribal license and State certification before completing the financing agreement, and annually thereafter as long as the financing agreement is in effect. These Tribal licensing and State certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Tribes' government, or the federal government. The party shall fully disclose the source of all funds required to be disclosed under and in accordance with IGRA, and the State Gaming Agency shall provide a copy of such disclosures to the Tribal Gaming Commission.

E. Gaming Employee List. The Tribal Gaming Commission shall provide the State Gaming Agency with a list of the names of all Gaming Employees in the Gaming Operation as soon as practicable after this Compact becomes effective, and annually thereafter.

V - LICENSING PROCEDURES

A. Procedures for Tribal License and State Certification Applications. The Tribal Gaming Commission shall be primarily responsible for the conduct of background investigations for all applicants for employee gaming licenses. The State Gaming Agency shall be

primarily responsible for the conduct of background investigations for all applicants for gaming financier, manufacturer and/or supplier certification. Each applicant for a Tribal gaming license including employee, financier, manufacturer and/or supplier of gaming goods or services, shall submit the completed application along with the required information and fees to the Tribal Gaming Commission. In addition, each financier, manufacturer and/or supplier of gaming goods or services shall apply for State gaming certification and shall submit the completed application along with the required information and fees to the State Gaming Agency. Each completed application shall include the applicant's fingerprint card(s), current photograph, and any other information required by the Tribal Gaming Commission. For applicants who are business entities, these provisions shall also apply to principals of the entity and their spouses.

B. Background Investigations of Gaming Employee Applicants. Upon receipt of a completed application, attachments, and the required fee, the Tribal Gaming Commission, in cooperation with the State Gaming Agency, shall conduct the necessary background investigation to ensure the Gaming Employee applicant is qualified for Tribal licensing. The Tribal Gaming Commission shall conduct all background investigations of applicants for employment in the Gaming Operation. Each Tribal Gaming Commission investigation of a Gaming Employee shall include a complete credit history, a Washington Judicial Information System history, a National Criminal Information Center history, a Federal Bureau of Investigation fingerprint check results report, a reference check and an employment history. When the Tribal Gaming Commission has completed its initial investigation of the applicant, and has issued a temporary license, it will forward the application, a set of fingerprint cards, a current photograph and the fee required to the State Gaming Agency for a final criminal history record and non-conviction data review, as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030. The State Gaming Agency shall complete the review and thereafter notify the Tribal Gaming Commission that either: (1) the criminal history and non-conviction data review has revealed no information which would make the applicant ineligible for employment pursuant to § V(D)(7) of this Compact; or (2) the criminal history and non-conviction data review has revealed that the applicant is ineligible for employment pursuant to § V(D) of this Compact. An applicant who has been determined ineligible for licensing by the State Gaming Agency after criminal history and non-conviction data review will not be licensed by the Tribal Gaming Commission except in conformity with § V(D) of this Compact. When the Tribal Gaming Commission has completed its investigation, it will forward its investigative report and the FBI fingerprint check results to the State Gaming Agency. Upon completion of the necessary background investigation, and receipt of the State Gaming Agency notification of eligibility, the Tribal Gaming Commission shall either issue an employee gaming license to the applicant, or deny the application based on criteria set forth in this Compact, Tribal law and regulations. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for tribal licensing or state certification shall be available to the Tribal Gaming Commission 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. State Gaming Agency Certification of Financiers, Manufacturers and/or Suppliers of Gaming Goods and Services. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a gaming certificate to the financier, manufacturer, and/or supplier of gaming services or deny the application based on criteria set forth in this Compact or State law and regulations. The Tribal Gaming Commission shall forthwith provide copies of all gaming licenses issued and gaming license applications denied to the State Gaming Agency. The State Gaming Agency shall similarly forthwith provide copies of all gaming certificates issued and gaming certification applications denied to the Tribal Gaming Commission. 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 230-50 WAC, with a copy forwarded to the Tribal Gaming Commission. 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 certification in non-Tribal gaming activities regulated by the State.

D. Grounds for Revocation, Suspension or Denial of Tribal License or State Certification. The Tribal Gaming Commission may revoke, suspend or deny a Tribal license under the provisions of the Colville Tribal Code, Chapter 6-5 and the Colville Gaming Commission Rules and Regulations promulgated thereunder for any reason or reasons it deems to be in the public interest. The State Gaming Agency may revoke, suspend, or deny 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 may include, but shall not be limited to, circumstances where an applicant or a holder of a Tribal license or State certificate, or a 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; or

2. has had a felony conviction within the last ten (10) years, a misdemeanor conviction for a gambling related offense, fraud, misrepresentation, and/or theft, or similar types of misdemeanor offenses within the last ten years, is the subject of pending criminal charges or is currently under probation, work release, and/or community supervision in connection with any felony or the type of misdemeanor described herein; or

3. has violated, or failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of any tribal-state compact; or

4. has failed to provide any information reasonably required to investigate an application for a Tribal license or State certification or to reveal any fact which the applicant or holder knows or should reasonably know is material to such

application, or the applicant or holder has furnished any information which is untrue or misleading in connection with any such application in any jurisdiction; or

5. has had a Tribal license or State gaming certificate revoked or denied during the twelve (12) months prior to the date the Tribal Gaming Commission or the State Gaming Agency, respectively, received the application; is currently on probation imposed by any jurisdiction; or has demonstrated a willful disregard of, or has 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 Tribal gaming license or State certification, or for considering the denial, suspension or revocation of any Tribal gaming license or State certification, the Tribal Gaming Commission and the State Gaming Agency, respectively, may consider any prior criminal conduct or the current probationary status of the applicant and neither the provisions of RCW 9.95.240 and RCW 9.96A, nor any provision of the laws of the Tribes which otherwise prohibits disclosure, or consideration, of any person's criminal record or probationary record, shall apply to such cases.

6. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not automatically be grounds for revocation, suspension or denial for an Indian person from a federally recognized Indian Tribe to have been charged or convicted under state law of the following non-gambling related offenses if the charge or conviction occurred prior to United States Supreme Court rulings upholding state jurisdiction over Indians for such offenses 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 from certification solely because of such activities.

7. For enrolled members of the Tribes who are applicants for Class III Gaming Employee licensing, the State Gaming Agency and Tribal Gaming Commission may waive, by mutual agreement, through a provisional or conditional tribal license, 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 Tribes can show circumstances why an enrolled Tribal member who does not meet all tribal licensing criteria should be further considered for a provisional or conditional tribal license, the Tribal Gaming Commission and the State Gaming Agency may agree to a conditional or provisional Tribal license based on specific conditions and a further detailed review of the applicant. The Tribal Gaming Commission shall reimburse the State Gaming Agency for all reasonable costs associated with the issuance of a conditional or provisional Tribal license.

E. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Commission or Certification Issued by the State Gaming Agency. The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Commission shall be in accordance with the Tribal Code and regulations, including Chapter 6-5 of the Colville Tribal Code and the Colville Confederated Tribes Gaming Commission Rules and Regulations. The denial, suspension, or revocation of any State certification by the State Gaming Agency shall be in accordance with RCW 9.46, RCW 34.05 and WAC 230-50. The grounds for such actions shall not be less stringent than those set out in this Section. The Tribal Gaming Commission and the State Gaming Agency shall each notify the other of any determinations under this paragraph.

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 RCW 9.46, RCW 34.05 and WAC 230-50. The State, with the concurrence of the Tribal Gaming Commission, may defer such actions to the Tribal Gaming Commission. Nothing herein shall prevent the Tribal Gaming Commission from invoking its own disciplinary procedures and proceedings at any time.

G. Duration and Renewal of Tribal Issued Licenses and State Gaming Agency Certifications.

1. State Certification. Any State certification shall be effective for one (1) year from the date of issuance of the certificate, unless otherwise revoked or suspended. A State-certified entity that has applied for renewal may continue to provide gaming goods and services, including financial services, under the expired State certificate until the State Gaming Agency takes action on the renewal application, or the State certification is suspended or revoked. Applicants seeking renewal State certification shall provide information updating originally-submitted information as requested, on the appropriate renewal forms, but shall not be required to resubmit historical data already submitted to the State Gaming Agency. An additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a State certification is discovered by the Tribal Gaming Commission or State Gaming Agency. Should any renewal application be denied, the State Gaming Agency shall send to the Tribal Gaming Commission a copy of any statement sent to an applicant setting forth the grounds for the non-renewal of the State certification.

2. Tribal Licensing. Any Tribal license shall be effective for one (1) year from the date of issuance of the license, unless otherwise revoked or suspended. A Gaming Employee who has applied for renewal may continue to work under the expired Tribal license until the Tribal Gaming Commission takes action on the renewal application, or the Tribal license is suspended or revoked. Applicants seeking renewal of a Tribal license shall provide information updating originally-submitted information as requested, on the appropriate renewal forms, but shall

not be required to resubmit historical data already submitted to the State Gaming Agency. An additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a Tribal license is discovered by the Tribal Gaming Commission or State Gaming Agency. Should any renewal application be denied, the Tribal Gaming Commission shall send to the State Gaming Agency a copy of any statement sent to an applicant setting forth the grounds for the non-renewal of the Tribal license.

3. Annual State Criminal History And Non-Conviction Data Review. In addition to the updated criminal history check performed by the Tribal Gaming Commission at the time any Gaming Employee's license is subject to renewal, the State Gaming Agency shall perform an annual criminal history and non-conviction data review of all Gaming Employees, and shall report on the eligibility results of such review to the Tribal Gaming Commission in the same manner as set out in § V(B) above. The Tribal Gaming Commission shall reimburse the State Gaming Agency for its reasonable costs incurred in performing the annual criminal history and non-conviction data review.

H. Identification Cards. The Tribal Gaming Commission shall require all gaming employees to wear, in plain view, an identification card issued by the Tribal Gaming Commission which includes a photo, first name and an identification number unique to the individual Tribal license. The identification card shall also include the Colville Tribal Seal and a date of expiration.

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 conducted within the Tribal Gaming Operation, and in all types of gambling authorized under the laws of the State, the Tribal Gaming Commission and the State Gaming Agency, upon completion of any administrative action or legal proceeding against a Tribal licensee or holder of a State certificate, shall each forward to the other the final disposition to the Tribal Gaming Commission or the State Gaming Agency, as the case may be. If, at any time, the Tribal Gaming Commission or the State Gaming Agency independently comes into possession of information which could affect any Tribal license or State certification issued pursuant to this Compact, the Tribal Gaming Commission and the State Gaming Agency shall each promptly forward to the other such information. All such dispositions and information shall be maintained as part of both agencies' permanent licensing and certification records.

J. Fees For Tribal License and State Certification. The Tribal Gaming Commission shall establish fees for Tribal gaming licenses. The State Gaming Agency shall determine the fee for performing each criminal history record and non-conviction data review check in conjunction with the Tribal licensing process, and such fee shall not exceed $150 per check for first-time applicants and $75 per check for applicants seeking to renew their licenses. Fees for State certification shall be determined pursuant to WAC 230-04-204 for gaming employees, WAC 230-04-119 for service suppliers, and WAC 230-04-203 for manufacturers and 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 a 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. Should a dispute arise under this Section it shall be resolved pursuant to § XII of this Compact.

K. Summary Suspension of Tribal License or State Certification. The Tribal Gaming Commission, pursuant to the laws of the Tribes, and the State Gaming Agency, pursuant to the laws of the State, may each summarily suspend any Tribal license or State certificate, respectively, if the continued licensing or certification of a person or entity constitutes an immediate and potentially serious threat to the public health, safety or welfare. The Tribal Gaming Commission and the State Gaming Agency shall each forthwith notify the other in writing of any summary suspension of a Tribal license or State certificate.

L. 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 230-50 and the State Administrative Procedures Act, RCW 34.05. Tribal members who apply specifically grant a waiver of immunity, defense, or other objection they might otherwise have to the exercise of State jurisdiction for these purposes, but only for the purposes discussed in this paragraph. Nothing in this Section shall be deemed or interpreted as a waiver of immunity or submission to State jurisdiction for any other purposes or cause of action.

M. State Participation in Annual Review. Once each year, the Tribal Gaming Commission or the State Gaming Agency may request of the other a review of the Tribal Gaming Commission licensing and State certification processes, including, but not limited to, all forms, procedures, criteria, and functions performed by the Tribal Gaming Commission and the state Gaming Agency, respectively. The State Gaming Agency may also elect to participate in the choice of the use of any investigative firm the Tribal Gaming Commission chooses to utilize as part of the Tribal licensing process. The Tribal Gaming Commission and the State Gaming Agency may each provide comments to the other on the Tribal licensing and State certification processes, and such comments shall be submitted within sixty (60) calendar days of the Tribal Gaming Commission's or State Gaming Agency's request for a review. In the event the State or the Tribes disagree regarding the other's licensing processes, including, but not limited to, all forms, procedures, criteria, and functions performed by the Tribal Gaming Commission or the State Gaming Agency, the subject of that disagreement may be submitted to dispute resolution, pursuant to § XII of this Compact.

N. Tribal Certification. The Tribal Gaming Commission may, in its sole discretion, rely upon the certification of the State as the Tribes' qualification process for a Tribal gaming license.

VI - TRIBAL ENFORCEMENT OF THIS COMPACT

A. Tribal Gaming Commission. 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 on Colville Indian Lands, shall be that of the Tribal Gaming Commission and the Colville Tribal Police Services. These responsibilities shall include:

1. Enforce all applicable laws and ordinances;

2. Ensure the physical safety of patrons in the Gaming Facilities;

3. Ensure the physical safety of personnel employed by the Gaming Operation;

4. Ensure the physical safeguarding of assets transported to and from the Gaming Facilities and cashiers' cage departments;

5. Protect the patrons and the Gaming Operation's property from illegal activity;

6. To the extent of its jurisdiction, arrest and prosecute or temporarily detain until notification and turnover to the appropriate law enforcement authorities, persons who may be involved in illegal activities; and

7. Record in a permanent and detailed manner any and all occurrences that happen within the Gaming Facilities and that require evaluation, investigation, or other decision making under the terms of this Compact. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:

   (a) the assigned number;
   (b) the date;
   (c) the time;
   (d) the nature of the incident;
   (e) the name, address and telephone number of all persons involved in the incident; and
   (f) the name and identification number of the security department or Tribal Gaming Commission employee assigned responsibility for recording the occurrence.

B. Tribal Gaming Agents. The Tribal Gaming Commission shall employ qualified agents who shall be subject to no less stringent background investigations than those performed by the Tribal Gaming Commission for Tribal license applicants under the provisions of this Compact. Tribal Gaming Agents shall be independent of the Tribal Gaming Operation, and shall be supervised and accountable only to the Tribal Gaming Commission.

C. Reporting of Violations. 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 Facilities for the purpose of ensuring compliance with the provisions of this Compact and any applicable Tribal ordinances. Any violation(s) of the provisions of this Compact or of applicable Tribal ordinances by the Tribal Gaming Operation, a gaming employee, or any person on the premises, whether or not associated with the Tribal Gaming Operation, shall be reported immediately to the Tribal Gaming Commission and notice of same shall be forwarded to the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.

D. Investigation and Sanctions. The Tribal Gaming Commission shall investigate any reported, observed or suspected violation of the provisions of this Compact or applicable statutes and regulations, and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Commission determines are necessary. The Tribal Gaming Commission is, and shall be, empowered by Tribal ordinance to impose fines and other sanctions within the jurisdiction of the Tribes against the Tribal Gaming Operation, a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the violation.

E. Reporting to State Gaming Agency. The Tribal Gaming Commission shall forward copies of all completed incident and investigation reports and final dispositions to the State Gaming Agency on a continuing and timely basis. If requested by the Tribal Gaming Commission, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Commission and provide other related investigation services, for which the Tribes agrees to reimburse the State Gaming Agency.

F. Agency Meetings. In order to develop and foster a coordinated relationship in the enforcement of the provisions of this Compact, representatives of the Tribal Gaming Commission and the State Gaming Agency shall meet semi-annually during the first year of operation after this Compact becomes effective to review existing practices and examine methods to improve the regulatory program set forth in this Compact. After the first year, the parties shall meet at least annually to discuss these matters. The meetings shall take place at a location within the State of Washington convenient to the Tribal Gaming Commission and the State Gaming Agency. At least ten (10) business days prior to such meetings, the State Gaming Agency shall disclose, in writing, to the Tribal Gaming Commission any concerns, suspected activities or pending matters which might reasonably be believed to constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected. At such time as the Tribes begins operating satellite wagering facilities or horse racing activities, the Washington Horse Racing Commission shall participate in the Agency meeting.

VII - COOPERATIVE ENFORCEMENT OF THIS COMPACT

A. Monitoring of Gaming Operation. The State Gaming Agency and, with respect to satellite wagering facilities and activities only, the Washington Horse Racing Commission shall, pursuant to the provisions of this Compact, be permitted to monitor the Tribal Gaming Operation to ensure that it is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal Gaming Operation, duly authorized agents of the State Gaming Agency (and the Washington Horse Racing Commission, with respect to satellite wagering facilities and activities only) shall have free and unrestricted access to all public areas of the Tribes' Gaming Facilities during normal operating hours with or without giving prior notice to the Tribal Gaming Commission. Provided, that, when possible, notice shall be given to the Tribal Gaming Commission or to a Tribal Gaming Agent in the facility proposed to be monitored and the Tribal Gaming Commission may assign an agent or other representative to accompany the State agent while on Colville Indian Lands. With respect to private areas of the Gaming Facilities which are not accessible to the public, duly authorized agents of the State Gaming Agency (and the Washington Horse Racing Commission, with respect to satellite wagering facilities and activities only) shall have access during normal operating hours, provided the State Gaming Agency has provided the Tribal Gaming Authority with a current list of all authorized State agents, which list shall be updated as agents are added or deleted; and provided further, such State agents may be accompanied at all times into said private areas of the Tribes' Gaming Facilities by a Tribal Gaming Agent. Any investigative materials prepared by State Gaming agents shall be held confidential from the Tribal Gaming Operation until any resulting investigation is completed. Following any investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State shall provide the Tribal Gaming Commission with a report of the investigation, including information about evidence gathered in connection with the investigation. It shall be within the State Gaming Agency's discretion whether any agency of the Tribes may have access to identifying information regarding confidential informants. The Tribal Gaming Commission may issue any temporary badge required by Tribal regulation to any state gaming agent for purposes of this Compact.

B. Access to Records.

1. Agents of the State Gaming Agency and, with respect to the satellite wagering facility and activities only, the Washington Horse Racing Commission, shall have equal authority with the Tribal Gaming Commission to review and copy, during all operating hours, all applicable Class III gaming records maintained by the Tribal Gaming Operation. However, the State Gaming Agency is mindful of the Tribes' desire for privacy, and agrees to examine all records at the Gaming Facility, 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 derived therefrom shall be deemed strictly confidential, and proprietary financial information of the Tribes. Subject to the requirements of § VII. B. 2. below, or any court order, such information shall be retained by the

State Gaming Agency in its contractual capacity as a signatory to this Compact solely pending its full review process.

2. The State Gaming Agency or, and with respect to satellite wagering facilities and activities only, the Washington State Horse Racing Commission, shall notify the Tribes by certified mail of any requests for disclosure of Tribal information and shall not disclose any such information until the Tribes, the State, or both have had a reasonable opportunity to challenge the request. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact. If the information requested relates to Impact Mitigation fund distributions, as provided for in § XIV(C), the State Gaming Agency may notify the Tribes of the request by using U.S. mail, facsimile, or other means as agreed to by the parties.

C. Tribal Gaming Commission Notification. At the completion of any State inspection or investigation, copies of the investigative report shall be forwarded to the Tribal Gaming Commission along with copies of evidence and information pertinent to the inspection within five (5) business days after the final report is complete.

D. Cooperation With Tribal Gaming Commission. The State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall promptly notify the Tribal Gaming Commission of any activity suspected or occurring, whether within the Gaming Facilities or not, which adversely affects Tribal, State or public interests relating to the Gaming Facilities and Gaming Operation; provided however, such disclosure shall not compromise the interest sought to be protected.

VIII - REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT

Jurisdiction. The Tribal Gaming Commission, State Gaming Agency, and with respect to the satellite wagering and activities only, the Washington Horse Racing Commission, shall have concurrent jurisdiction to investigate violations of the provisions of this Compact.

IX - LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. Investigative Authority. The Tribal Gaming Commission, Colville Tribal Police Services, local law enforcement agencies, the State Gaming Agency and, as applicable to satellite wagering facilities and activities only, the Washington Horse Racing Commission, shall have the authority to investigate any gambling and related crimes committed on Colville Indian Lands as those crimes are set out in RCW 9.46 or RCW 67.16. Except as expressly set forth in this Compact, nothing herein shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribes with respect to the Tribes, Colville Indian Lands, members of the Tribes, or any other individuals or entities subject to Tribal jurisdiction.

B. Jurisdictional Forums. Following investigation and arrest, formal criminal charges against individuals or entities shall be brought in the appropriate venue. Criminal prosecution of non-Indian defendants shall be in state or federal court. Criminal prosecution of Colville Tribal members and non-member Indians subject to Colville Tribal jurisdiction shall be in Colville Tribal or federal court or, where permitted under law in effect upon the execution of this Compact, in state court. Colville Tribal Court shall be the preferred venue for prosecutions of criminal defendants who are Indian unless the Tribes declines to exercise its jurisdiction. For purposes of this Section, the Tribes shall be deemed to have declined prosecution if, after an Indian criminal defendant is apprehended by a law enforcement agency, the Tribal Prosecuting Attorney does not commence a criminal action in the Colville Tribal Court within one hundred eighty (180) calendar days after receiving all relevant information in the possession of the apprehending agency.

C. No Consent to Additional State Jurisdiction. Except for the criminal jurisdiction of the State with respect to gaming on Colville Indian Lands contained in this Section and elsewhere for acts of non-Indian individuals, nothing in this Compact shall be deemed a consent or submission of or by the Tribes to the jurisdiction of the State and/or the application of any other laws of the State.

D. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the Tribes or the State, representatives of those law enforcement agencies shall meet as soon as practicable after this Compact becomes effective, and periodically thereafter, to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X - ENACTMENT OF REGULATIONS

A. State Gaming Agency Rules or Regulations. Pursuant to its general rule-making authority contained in RCW 9.46, the State Gaming Agency may enact as part of its rules or regulations governing gambling, all or part of the provisions of this Compact.

B. Tribal Gaming Commission Regulations. Pursuant to its general rule-making authority, the Tribal Gaming Commission may enact, as part of its regulations governing gambling, all or part of the provisions of this Compact.

XI - REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION

A. Adoption of Regulations for Operation and Management. The Tribes and the Tribal Gaming Commission have adopted Tribal Code provisions and regulations to govern the operation and management of the Gaming Operation conducted under the authority of this Compact and Tribal law. These Tribal Code provisions and regulations are attached to this Compact as Appendix A, which the State has reviewed and concurs that said Appendix A is consistent with the goals and standards set forth in this § XI(A). Any new regulations adopted by the Tribal Gaming Commission shall ensure that the interests of

the Tribes and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the public's interest in the integrity of the Gaming Operation, shall reduce the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation, and shall be consistent with generally accepted standards in the gaming industry. The Tribal Gaming Commission shall notify the State Gaming Agency of any proposed revisions to Appendix A or any other regulations issued after the effective date of this Compact, and shall request the concurrence of the State Gaming Agency for such revisions. The State Gaming Agency concurrence shall be deemed granted unless it submits to the Tribal Gaming Commission a written notice of disagreement within thirty (30) days of submission of the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the Gaming Operation, and shall disagree only with such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency believes the Tribes' proposed regulations, or any portion thereof, are inconsistent with the goals and standards set forth in this § XI(A), it shall set forth in writing with specificity the reasons for such belief within thirty (30) days after receipt of the proposed revised regulations from the Tribal Gaming Commission. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to § XII of this Compact. The parties agree that any disputed revisions to Appendix A shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.

B. Additional Operational Requirements Applicable to Class III Gaming. The following additional requirements shall apply to the Gaming Operation conducted by the Tribes:

1. To ensure integrity, the Tribal Gaming Operation shall maintain the following logs as written or computerized records which shall be available for inspection by the State Gaming Agency in accordance with § VII(B) of this Compact: a surveillance log recording all surveillance activities in the monitoring room of each gaming facility; and a security log recording all unusual occurrences that require an evaluation, investigation, or other decision-making process by a Tribal Gaming Agent.

2. The Tribal Gaming Commission 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 Tribes. The Tribal Gaming Commission shall employ its best efforts to exclude persons on such list from entry into its Gaming Facilities. The Tribal Gaming Commission shall send a copy of its list on a quarterly basis to the State Gaming Agency.

3. The Tribal Gaming Commission shall require the audit of the Tribal Gaming Operation, not less than annually, by an independent certified public accountant, in accordance with Generally Accepted Accounting Principles.

4. The Tribal Gaming Commission shall notify the State Gaming Agency of the rules of each game operated by the Tribes and of any change in such rules. To the extent that such rules have been adopted prior to the effective date of this Compact, they are set forth in Appendix A hereto. The State has reviewed Appendix A and concurs with it. 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 § III(A) shall be based upon such games as commonly practiced in Nevada, including wagering, and shall not fundamentally alter the nature of the game as the Tribal Gaming Commission may approve. Rules for games identified in § III(A) shall be submitted to the State Gaming Agency for its review and concurrence, consistent with the standards set forth in this § XI(B)(4). The Tribes shall provide the State Gaming Agency ten (10) business days' advance notice of the rules of each game and any modifications thereof; and shall provide adequate notice to patrons of the Gaming Facilities to advise them of the applicable rules in effect. In the event of a dispute, the matter will be resolved in accordance with § XII of this Compact.

C. Regulation of Gaming Facilities. The following requirements shall apply to the Gaming Facilities maintained by the Tribes, or its manager, or management company, if any:

1. The Gaming Operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A. The Tribal Gaming Commission shall provide the State Gaming Agency with copies of its floor plan and closed circuit television system and any modifications thereof. The floor plan or closed circuit television system shall provide unobstructed camera views of locations where gaming takes place, as well as the cashiers' cages, count rooms and other areas consistent with generally accepted standards in the gaming industry. The Tribal Gaming Commission shall forward a copy of the floor plan and closed circuit television system to the State Gaming Agency for review and consideration prior to final approval. In the event of a dispute, the matter shall be resolved in accordance with the provisions of § XII of this Compact. The parties agree that any disputed modifications to the floor plan or closed circuit television system shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.

2. The Gaming Operation shall maintain a cashier's cage at each gaming facility in accordance with the standards set forth in Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Tribal Gaming Commission and the State Gaming Agency may review the cashier's cage

security. If the cashier's cage does not comply with the standards set forth in Appendix A, the Gaming Operation shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be resolved in accordance with the provisions of § XII of this Compact. The parties agree that any disputed modifications to the cashier's cage shall not take effect until the State Gaming Agency and the Tribal Gaming Commission meet and confer, or if necessary, until the parties complete the alternative dispute resolution procedures under § XII of this Compact.

3. The Gaming Operation shall provide the Tribal Gaming Commission and the State Gaming Agency with a description of its minimum requirements for supervisory staffing for each table gaming pit operated in its Gaming Facilities. In the event the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal Gaming Commission and the State Gaming Agency shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements. If agreement cannot be reached between the State Gaming Agency and the Tribal Gaming Commission, the dispute shall be resolved in accordance with § XII of this Compact.

4. Standards for management and operation of the satellite wagering activities shall be consistent with the provisions of this Compact.

XII - REMEDIES FOR BREACH OF COMPACT

A. Introduction. In recognition of, and consistent with, the government-to-government relationship of the Tribes 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. However, the parties understand that informal and formal mediation may not always lead to satisfactory results. Therefore, 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; provided, however, the parties are free under this Compact to agree to other alternative dispute resolution mechanisms, such as, but not limited to, binding arbitration. The parties are aware that some sections of this Compact contain an explicit reference to this § 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 this § XII.

B. Mediation 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:

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

2. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than ten (10) business days from receipt of the notice.

3. If the dispute is not resolved to the satisfaction of either party within twenty (20) business days of the first meeting, then the parties, at their option, 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.

C. Arbitration.

1. In the event informal and/or formal mediation fails to resolve the dispute between the parties, they may choose, at their option, to resolve their disagreement by arbitration, but only after they have exhausted the procedures set forth in § XII(B)(1) and (2). If the parties elect arbitration, it shall be conducted in accordance with the policies and procedures of the Commercial Rules of Arbitration of the American Arbitration Association (except as modified hereinafter), unless the parties agree to use different policies and procedures; provided, however, the arbitration itself shall not be administered by or proceed before the American Arbitration Association. Sites for such arbitrations shall alternate between Colville Indian 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 Colville Indian Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.

2. In the event arbitration is elected by the parties, the Tribes and the State Gaming Agency shall meet as soon as practicable, and attempt to agree upon an arbitrator to decide the matter at issue, or agree upon a procedure for the selection of an arbitrator.

3. 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.

4. The decision of the arbitrator shall be final and non-appealable.

5. 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.

6. Nothing in this Section shall be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to utilization of a technical advisor to the Tribal Gaming Commission and State Gaming Agency; provided that neither party is under any obligation to agree to such alternative method of dispute resolution.

7. 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.

8. In the event the parties elect to conduct arbitration, either the Tribes or the State may bring any cause of action against the other authorized by the Federal Arbitration Act ("FAA"), 9 U.S.C. §§ 1-16, but only in any United States district court which has jurisdiction over the subject matter and the parties and is the proper venue for the cause. Such suits shall be limited to actions (a) to compel arbitration, (b) to confirm, vacate or modify an arbitration award obtained under this Section in accordance with the FAA, (c) to enforce any judgment upon such confirmed or modified award, and (d) any other action, if any, authorized by the FAA.

D. Judicial Resolution of Disputes. In the event either party has exhausted the procedures set forth in § XII(B)(1) and (2), and is not satisfied with the results obtained, said party may initiate litigation in an appropriate United States district court to enforce compliance with or interpretation of the terms, provisions and conditions of this Compact, and for any other relief the United States district court is empowered to grant.

E. Limited Waiver of Sovereign Immunity. The Tribes 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 Tribes and/or its members or the State enjoy, except as expressly provided hereinafter.

1. The Tribes hereby agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in §§ XII(C)(8) and (D) and XIV(C)(4) of this Compact, such waiver to be in effect only so long as this Compact is in effect.

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 Wash. 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 Substitute Sen. Bill 5905, 57th Legislature, 2001 Reg. Sess. 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 § XII (C)(8), and (D) of this Compact, and any other suits set forth in Substitute Sen. Bill 5905, 57th Legislature, 2001 Reg. Sess., such waivers to be in effect only so long as this Compact is in effect.

F. Sanctions and Civil Fines. The following is a schedule of civil fines for any violation of the provisions of this Compact. These penalties are set forth as maximums to be set within the reasonable discretion of the Tribal Gaming Commission. The Tribal Gaming Commission may levy fines against the Gaming Operation, manufacturer, supplier, gaming employee or other entities. The State Gaming Agency shall notify the Tribal Gaming Commission 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 shall constitute a dispute or disagreement between the parties subject to the dispute resolution provisions contained in this § XII of this Compact.

1. For violation of terms, conditions and provisions of § III:

   (a) First and subsequent violations: Up to a maximum suspension of gaming operations within the Class III gaming facility not to exceed five (5) days of operation (up to 20 hours per day) per violation, or the dollar equivalent of the Net Win to the Tribes from operations for the number of days of suspension, all not to exceed 30 days.

2. For violations of the terms, conditions and provisions of §§ IV and V, non-licensed gaming employee(s), manufacturer(s), supplier(s) or other entities:

   (a) For employees:

      (1) first violation: fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and

      (2) for the same employee's second and subsequent violations: suspension of twenty (20) hours of gaming operations for each day of employment or a fine equal to the Net Win for each day of employment.

   (b) For manufacturers, suppliers and other entities:

      (1) first violation: up to $5,000; and

      (2) second and subsequent violations: up to $20,000.

3. For violation of the terms, conditions and provisions of § XI and Appendix A:

(a) For first violation: written warning.

(b) For second violation: up to $250.

(c) For third violation: up to $500.

(d) For subsequent violations: up to $1,000.

All penalties listed in this § XII(F)(3)(a)-(d) will be charged and monitored on a per-violation basis on an annual basis per violator dating from the issuance of the written warning. Provided, during the first six (6) months of actual operation of the Class III Gaming Operation, only written warnings shall be issued.

G. Method of Assessment and Payment of Fines. Any civil fines assessed by the Tribal Gaming Commission pursuant to the provisions of this Compact shall be paid within thirty (30) days of assessment to a bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive or problem gambling within the State, the Tribe and the neighboring communities. Provided, in the event a dispute arises with regard to this subsection, it will be resolved pursuant to § XII of this Compact.

XIII - TRIBAL REIMBURSEMENT OF REGULATORY FEES AND EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Tribes shall reimburse the State Gaming Agency for all reasonable costs and expenses actually incurred by the State Gaming Agency in carrying out its responsibilities as authorized under the provisions of this Compact and the Appendices attached hereto. Reimbursement shall also be made for Tribally requested investigative costs. The State shall submit a verified, detailed statement with supporting documentation on a quarterly basis to the Tribal Gaming Commission. The Tribes shall reimburse the State Gaming Agency within thirty (30) calendar days after the receipt of the statement of expenses. The method of reimbursement shall be on an hourly rate basis that is reasonable and consistent with that charged to other Class III gaming facilities in the State or, if mutually agreed upon by the parties, on an alternate payment rate basis, as set forth in a Memorandum of Understanding. Costs incurred by the State Gaming Agency in common for more than one tribe shall be allocated among such tribes. If the Tribes disputes the State's costs, the Tribes shall pay no less than the amount of the costs which are not in dispute when due to the State Gaming Agency and deposit the remaining disputed amount into an escrow account that is restricted until such dispute is resolved. In the event such a dispute arises, it will be resolved pursuant to § XII of this Compact.

XIV - PUBLIC HEALTH AND SAFETY

A. Compliance. For purposes of this Compact, the Gaming Operation shall comply with, and the Tribes shall enforce standards no less stringent than, the following with respect to public health and safety:

1. Indian Health Service public health and food-handling standards;

2. All applicable federal laws establishing minimum standards for environmental protection including federal water quality and safe drinking water standards as set out in the Clean Water Act and the Safe Drinking Water Act as may be amended from time-to-time, and applicable federal regulations;

3. All Tribal Environmental, Water Quality, Public Health, Tribal Occupational Safety and Health, Tribal Building Codes, Land Use and Zoning and other Tribal Code provisions and applicable regulations related to public health and safety; and

4. To the limited extent not already adopted by the Tribes, the National Uniform Building Code, including the uniform electrical, fire and plumbing codes.

B. Emergency, Service Accessibility. The Tribal Gaming Commission shall make provisions for adequate emergency accessibility and service.

C. Impact Mitigation.

1. The Tribes recognizes that activities directly and indirectly associated with the operation of the Gaming Facilities on Colville Indian Lands may have both positive and negative impacts on local communities and services provided by and to such communities. Regardless of the net impact of any Colville Gaming Facility, to the extent negative impacts and increased burdens may occur to adjacent local communities' law enforcement agencies, emergency services, and other services, the Tribes will continue to pay the direct costs of those impacts and to make specific contributions to communities affected by Tribal Gaming Operation(s), consistent with the requirements and limitations set forth below.

2. The Tribes shall make available, out of Gaming Operation revenues, funds for the purpose of providing assistance to adjacent local communities' law enforcement, emergency services, and/or service agencies (including those agencies responsible for traffic and transportation) actually and directly impacted by the Class III gaming facilities and shall disburse to those agencies their reasonable costs related to Class III gaming activities, not to exceed cumulatively, two percent (2%) of the net win from Class III gaming activities, in any Tribal fiscal year, except as otherwise excluded under the provisions of this Compact.

3. The Tribes, acting through the Colville Business Council, shall consider all requests for funds from all adjacent local communities allegedly impacted by

Colville Class III gaming, and shall determine whether to fund such requests and at what level. Such requests shall be supported by appropriate technical reports and/or material related to the subject of the funding request(s). The Tribes shall provide communities requesting said funds with a reasonable opportunity to present their position, and to support said request(s) with appropriate expert testimony and/or reports. Approved payments shall be disbursed every twelve (12) months from the effective date of this Compact.

4. In the event any adjacent local community disagrees with the Tribes' decision regarding the funding of such requests, it may utilize the arbitration provisions set forth in § XII(C)(1)-(8) of this Compact, to resolve that disagreement, subject to the following revisions and additions.

   (a) If, pursuant to § XII(C)(2), the Tribes and the aggrieved local community are unable to agree upon an arbitrator or upon a procedure for the selection of an arbitrator within twenty (20) business days after their meeting, the Tribes and the aggrieved local community shall each select an arbitrator and the two selected, within twenty (20) business days thereafter, shall select a third arbitrator who shall alone decide the matter in dispute. In the event either the Tribes or the aggrieved local community fail for whatever reason to name an arbitrator (who, if named, would be obligated along with the other party's choice for arbitrator to select a third arbitrator to decide the matter), the participating party (i.e., the one selecting an arbitrator) may unilaterally select an arbitrator to decide the matter in dispute. If, after utilizing these procedures, an arbitrator cannot be selected for any reason, the Tribes and the aggrieved local community may jointly petition the United States District Court for the Eastern District of Washington to select an arbitrator to decide the matter in dispute.

   (b) If the arbitrator determines the Tribes has acted arbitrarily, capriciously, abusively or not in accordance with § XIV(C)(2) and (3), the powers of the arbitrator shall be limited to directing the Tribes to expend the funds requested by the adjacent local community, or some lesser amount, consistent with the provisions and limitations contained in § XIV(C)(2). Therefore, the provisions of § XII(C)(5) shall not apply to any arbitrations conducted under this § XIV(C).

D. Community Relations. The Tribes, acting through the Colville Business Council, agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact of the Class III gaming operation upon the neighboring communities.

E. Alcoholic Beverage Service. Standards for alcohol service within the Gaming Facilities shall be subject to applicable law.

XV - AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact, promulgated pursuant to IGRA, may be modified or amended by mutual agreement of the parties. This Compact shall take effect upon the occurrence of the last of the three following events: publication of notice of approval by the Secretary of the United States Department of the Interior in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B); certification to the State by the Tribes' Chairperson that the only EGDs in operation at any and all Tribal Gaming Facilities are those authorized either by Appendix Colville or Appendix X; and compliance with § IV(A)(1) of this Compact.

B. Voluntary Termination. Once effective, this Compact shall be in effect until terminated by the Tribes by submitting written notice sixty (60) calendar days prior to the date of termination to the Governor of the State of Washington and the Secretary of the United States Department of the Interior; provided further, however, the State may continue to exercise any rights granted under this Compact until the completion of any investigation or court action pending as of the date of termination. Suspension or injunction of Class III gaming activities shall not constitute termination for the purpose of this subsection.

C. Other Termination - Change of State Law. If the laws of the State authorizing Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, this Compact shall continue in full force and effect unless or until either the Tribes or the State initiates the dispute resolution provisions of § XII of this Compact, and a final decision is entered pursuant thereto.

D. Adjustments/Renegotiations.

1. Adjustments - Mutual. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of the Tribes and the State, and as provided in this Compact.

2. Changes to and Interpretation of Laws. This Compact shall be amended automatically if and when:

(a) the laws of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact;

(b) 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 that permits participation in a gaming activity that the State maintains was not authorized for any purpose by any person, organization or entity at the time this Compact was executed and is not authorized by this Compact;

(c) federal legislation authorizes the operation of or participation in a gaming activity that was not authorized at the time this Compact was executed or was not authorized by this Compact; or

(d) any final settlement, consent judgment and/or decree determines or confirms that electronic gambling devices not now authorized herein are the subject of negotiation for a tribal-state compact in Washington State.

The Tribes shall be authorized immediately to commence conducting such activity and may continue to do so notwithstanding the initiation of the dispute resolution provisions of § XII, until a final decision is entered under that Section.

3. Renegotiation for Unforeseen Circumstances. At any time after execution of this Compact, the parties shall renegotiate sections of this Compact upon the written notice and request by one party to the other if and when circumstances and events unforeseen at the time of the negotiation and execution of this Compact occur meriting discussion and renegotiation of such provisions.

4. Process and Negotiation Standards. All written requests to amend or renegotiate shall include the activities or circumstances to be negotiated together with a statement of the basis supporting the request. The Tribes and the State shall confer and negotiations shall commence within thirty (30) calendar days of the date the written request is received by the non-requesting party. All matters involving negotiations or other amendatory processes under this subsection shall be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 U.S.C. § 2710(d). The original terms and provisions of this Compact shall remain in effect unless and until the Tribes and the State agree on renegotiated terms.

5. State Authorization of Additional Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III gaming activity, then this Compact shall be amended automatically and the Tribes shall be authorized immediately to commence conducting such activity prior to the subsequent negotiations as provided in § XV(D)(5), provided however, pending completion of the amendment process, such gaming activity shall be conducted in a manner consistent with the terms and conditions of this Compact.

6. State Authorization to Other Tribe(s) Modifying Scope of Gaming Compact. Notwithstanding any other provision of this Compact to the contrary, if after the effective date of this Compact, the Secretary of the Department of the Interior approves a compact or secretarial procedures, pursuant to 25 C.F.R. pt. 291, as amended or revised, with any tribe within the State of Washington, or an amendment thereto, and such compact or secretarial procedures gives such tribe more gaming stations, more hours of operation, other Class III gaming activities and/or gambling devices, or otherwise approves a compact, an amendment to a compact or secretarial procedures which gives such tribe an expansion of terms

other than those identified above, then this Compact shall be amended automatically to maintain equality. Provided however, in the event a dispute arises with regard to this subsection, it shall be resolved pursuant to § XII of this Compact.

XVI - DISCLOSURE

The Tribes and the State shall immediately disclose to the other any change in law, regulation, or circumstance which would materially affect or alter the terms of this Compact.

XVII - LIMITATION OF LIABILITY/NO THIRD PARTY RIGHTS

Except for the provisions of § XIV(C)(4) of this Compact, neither the Tribes 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 Tribes or the State as a result of this Compact. Neither the Tribes nor the State has waived 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, except for, and in strict conformance with, the provisions of § XIV(C)(4) of this Compact.

XVIII - NOTICES

Unless otherwise indicated by this Compact, all notices required or authorized to be served shall be served by certified mail or be delivered by other expedited services which require a signature for receipt at the following addresses:

Governor
State of Washington
State Capitol
Olympia, WA 98504

Chairperson
Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155

With a copy to:

Director
Washington State Gambling Commission
Post Office Box 42400
Olympia, WA 98504-2400

Office of the Reservation Attorney
Confederated Tribes of the Colville Reservation
P.O. Box 150
Nespelem, WA 99155

XIX - SEVERABILITY

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

IN WITNESS WHEREOF, the Confederated Tribes of the Colville Reservation and the State of Washington have executed this Compact.

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION

By _____ DATED: August 25-2002
Joseph A. Pakootas, Tribal Chair

THE STATE OF WASHINGTON

By _____ DATED: Aug 22, 2002
Gary Locke, Governor

APPENDIX A

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION – STATE OF WASHINGTON CLASS III GAMING COMPACT

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

1. DEFINITIONS

In these standards, unless the context indicates otherwise:

"Accounting Department" is that established in the tribal gaming operation's system of organization in accordance with these standards;

"Cage Cashiers" are the cashiers performing any of the functions in the Cashier's Cage as set forth in these standards;

"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;

"Chief Operating Officer" is 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;

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

"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;

"Drop Box" is the metal container attached to a gaming station for deposit of cash and certain documents received at a gaming station as provided by these standards;

"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;

"Gaming Facility" means any gaming facility as defined in the Compact in which a tribal gaming operation is conducted;

"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;

"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;

"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;

"Independent Accountant" means a professional accountant suitably qualified and sufficiently independent to act as auditor of the tribal gaming operation;

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

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

"Opener" means the duplicate copy of 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;

"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;

"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;

"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;

"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;

"Table Game Drop" means the sum of the total amounts of currency and coin removed from a drop box;

"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.

2. 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) Records of all patrons' checks initially accepted, deposited, and returned as "Uncollected", and ultimately written off as "Uncollectible";

(b) Statistical game records to reflect drop and win amounts for each station, for each game, and for each shift;

(c) Records of investments in property and services, including equipment used directly in connection with the operation of Class III gaming;

(d) Records of amounts payable by the tribal gaming operation; and

(e) 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.

3. SYSTEM OF INTERNAL CONTROL

(1) The tribal gaming operation shall submit to the Tribal Gaming Agency and the State Gaming Agency a description of its system of internal procedures and administrative and accounting controls before gaming operations are to commence.

(2) Each such submission shall contain both narrative and diagrammatic representation of the internal control system to be utilized by the tribal gaming operation.

(3) The submission required by paragraph (1) shall be signed by the executive responsible for its preparation and shall be accompanied by a report of an independent accountant stating that the submitted system conforms in all respects to the principles of internal control required by these standards.

4. FORMS, RECORDS, DOCUMENTS AND RETENTION

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

(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 or exempted by the Tribal Gaming Agency, all forms, records, documents and stored data required to be prepared, maintained and controlled by these standards shall:

(a) Have the title of the form, record, document, or stored data imprinted or pre-printed thereon or therein;

(b) Be located on the Shoalwater Bay Tribe's Reservation or such other location as is approved by the Tribal Gaming Agency; and

(c) Be retained for a period of at least two (2) years in a manner that assures reasonable accessibility to inspectors of the Tribal Gaming Agency and personnel of the State Gaming Agency.

5. ANNUAL AUDIT AND OTHER REPORTS

(1) The tribal gaming operation shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent accountant.

(2) 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.

(3) Two copies of the audited financial statements, together with the report thereon of the tribal gaming operation's independent accountant shall be filed with the Tribal Gaming Agency and with the State Gaming Agency not later than 120 days following the end of the calendar or fiscal year. Extensions may be granted by the Tribal Gaming Agency for extenuating circumstances.

(4) The tribal gaming operation shall require its independent accountant to render the following additional reports:

(a) 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

(b) 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 control on file with the Tribal Gaming Agency. Whenever, in the opinion of the independent accountant, the tribal 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 tribal 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.

(5) Two copies of the reports required by paragraph (4) and two copies of any other reports on accounting and internal control, administrative controls, or other matters relating to the tribal gaming operation's accounting or operating procedures rendered by the tribal gaming operation's independent accountant, shall be filed with the Tribal Gaming Agency and with the State Gaming Agency by the tribal gaming operation within 120 days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Provided, extensions may be granted for extenuating circumstances by the Tribal Gaming Agency.

6. CLOSED CIRCUIT TELEVISION SYSTEM

(1) The tribal gaming operation shall install a closed circuit television system according to the following specifications.

(2) The closed circuit television system shall include, but need not be limited to the following:

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

(i) The gaming conducted at each gaming station in the gaming facility and the activities in the gaming facility pits;

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

(iii) The count processes conducted in the count rooms in conformity with these standards;

(iv) The movement of cash, gaming chips, drop boxes, and drop buckets in the establishment;

(v) The entrances and exits to the gaming facility and the count rooms; and

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

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

(c) 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; and

(d) Audio capability in the count rooms.

(3) Adequate lighting shall be present in all areas, including gaming stations and pits, where closed circuit camera coverage is required.

(4) The tribal gaming operation shall be required to maintain a surveillance log of all surveillance activities in the monitor room. The log shall be maintained by monitor room personnel and shall include, at a minimum, the following:

(a) Date and time of surveillance;

(b) Person initiating surveillance;

(c) Reason for surveillance;

(d) Time of termination of surveillance;

(e) Summary of the results of the surveillance;

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

(5) The surveillance log shall be available for inspection at any time by inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency.

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

(7) Entrances to the closed circuit television monitoring rooms shall not be visible from the gaming facility area.

7. 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

(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 Tribal Gaming Agency;

(ii) The physical safety of the facility and assets of the tribe, as authorized by the Tribal Gaming Agency;

(iii) The transfer of assets to and from the cashier cage(s) and the gaming stations; 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, subject to oversight by operations management and review 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 of the tribal gaming operation regarding matters of policy, purpose, and responsibilities. At the discretion of the tribe, this department may report directly to the Tribal Gaming Agency. The head of surveillance shall be responsible for, but not limited to, the following:

(i) The clandestine surveillance of the operation and conduct of the table games;

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

(iii) The video and audio taping 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 taping of illegal and unusual activities monitored;

(vi) The notification of appropriate gaming facility supervisors, and the Tribal Gaming Agency upon the detection and taping of cheating, theft, embezzlement, or other illegal activities; and

(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 activities conducted in the gaming facility.

(d) A gaming facility accounting department supervisor who shall report directly to the Chief Financial Officer or equivalent. 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;

(iii) the control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the gaming operating 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 financial officer or equivalent. 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 operation's 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.

8. PERSONNEL ASSIGNED TO THE OPERATION AND CONDUCT OF CLASS III GAMING ACTIVITIES

(1) Table games shall be operated by dealers or croupiers who shall be the persons assigned to each gaming station as authorized under Section III.A of the Compact.

(2) A pit boss shall be the supervisor assigned the responsibility for the overall supervision of the operation and conduct of gaming at the table games played 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.

(3) A gaming facility shift manager shall be the supervisor assigned to each shift with the responsibility for the supervision of table games 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.

(4) Nothing in this standard shall be construed to limit the tribal gaming operation from utilizing personnel in addition to those described herein.

9. CASHIER'S CAGE

(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 ("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;

(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) 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.

(3) The cage shall 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 closed circuit television system and the security department office;

(c) Access shall be through a locked door.

(i) The system shall have closed circuit television coverage which shall be monitored by the gaming facility surveillance department.

(4) The tribal gaming operation shall 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.

(5) The cashier's cage shall be responsible for establishing procedures and controls necessary to comply with the Bank Security Act.

10. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

(1) The assets for which the cashiers are responsible shall be maintained on an imprest basis. 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 shall reconcile the total closing inventory with the total opening inventory.

(a) Cashiers functions shall be, but are not limited to the following:

(i) Receive cash, checks, and gaming chips from patrons for check consolidations, total or partial redemptions or substitutions;

(ii) Receive gaming chips from patrons in exchange for cash;

(iii) Receive travelers checks and other cash equivalents from patrons in exchange for currency or coin;

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

(v) Receive from security department members, chips and coins removed from gaming stations in exchange for the issuance of a credit;

(vi) Receive from security department members, requests for fills in exchange for the issuance of a fill and the disbursal of gaming chips;

(vii) Receive cash from the coin and currency count rooms;

(viii) Prepare the overall cage reconciliation and accounting records; and

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

(2) The tribal gaming operation in its discretion may utilize the necessary number of independent cashiers to ensure compliance with these standards.

(3) Signatures attesting to the accuracy of the information contained on the following sheets shall be, at a minimum:

(a) On the cashiers count sheet, the fill bank close-out 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, recapitulation, fill, main, and related documentation, shall 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.

11. DROP BOXES

(1) Each gaming station in a gaming facility shall have attached to it a metal container known as a "Drop Box", in which shall be deposited all cash, duplicate fills and credits, requests for fills and credits, and station inventory forms.

(2) Each drop box shall have:

(a) One separate lock securing the contents placed into the drop box, the key to which shall be different from any other key;

(b) A separate lock securing the drop box to the gaming stations, the key to which shall 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 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.

(3) The key utilized to unlock the drop boxes from the gaming stations shall be maintained and controlled by the security department.

(4) The key to the lock securing the contents of the drop boxes shall be maintained and controlled by the Tribal Gaming Agency.

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

(1) All drop boxes removed from the gaming stations shall 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, shall be stored 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 shall be maintained and controlled by the security department and the key to the second lock shall 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 shall be stored in the count room in an enclosed storage cabinet or trolley as required in paragraph (2).

13. 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, shall 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 verify its validity by:

(a) Requiring the patron to countersign the travelers check in his or her presence;

(b) Comparing the countersignature with the original signature on the travelers check;

(c) Examining the travelers check for any other signs of tampering, forgery or alteration; and

(d) Performing any other procedures which the issuer of the travelers check requires in order to indemnify the acceptor against loss.

(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 person, the general cashier shall verify through the recognized credit card company the validity of the person's credit card, or shall verify through a recognized electronic funds transfer company which, in turn, verifies through the credit card company the validity of the person's credit card, and shall obtain approval for the amount of cash the person has requested. The general cashier shall then prepare such documentation as required by the tribal gaming operation to evidence such transactions and to balance the imprest fund prior to the issuance of the cash.

14. 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.

(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.

15. 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.

(4) A check dishonored by a bank may be immediately redeposited if there is sufficient reason to believe the check will be honored the second time.

(5) If a check is dishonored a second time, 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.

16. PROCEDURE FOR ACCEPTING CASH AT GAMING STATIONS

(1) The cash shall be spread on the top of the gaming station by the croupier or 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 shall be announced by the croupier or dealer accepting it in a tone of voice calculated to be heard by the patron who presented the cash and the facility supervisor specifically assigned to such gaming station. All cash changes of $100.00 or over shall be verified by the supervisor.

(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 croupier or dealer into the drop box attached to the gaming station.

17. ACCEPTANCE OF GRATUITIES FROM PATRONS

(1) No tribal gaming operation employee directly concerned with management, 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 accounting for all tips received by other gaming employees.

(3) Upon receipt from a patron of a tip, a croupier or dealer assigned to a gaming station shall tap the table or wheel and extend his or her arm to show the pit boss that he has received a tip and immediately deposit such tip in the tip box. Tips received shall be retained by employees or pooled among employees in such manner as determined by the tribal gaming operation.

18. ADOPTION OF RULES FOR CLASS III ACTIVITIES

(1) The tribal gaming operation shall submit for approval to the Tribal Gaming Agency rules to govern the conduct of Class III activities operated in the tribal gaming facility. Copies of game rules in effect, from time to time, shall be provided to the State Gaming Agency in accordance with Section XI of the Compact. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station. Game rules adopted by the Tribal Gaming Agency shall include in addition to the rules of play:

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

(i) Physical characteristics of chips; and

(ii) Physical characteristics of the following:

(A) roulette tables;

(B) roulette balls;

(C) roulette wheels;

(D) cards (including procedures for receipt and storage);

(E) blackjack tables;

(F) blackjack layouts;

(G) poker tables;

(H) dice (including procedures for receipt and storage);

(I) craps tables;

(J) craps layouts;

(K) money wheels;

(L) money wheel layouts;

(M) baccarat and mini-baccarat tables;

(N) baccarat and mini-baccarat layouts;

(O) chuck-a-luck tables;

(P) chuck-a-luck layouts;

(Q) red dog tables;

(R) red dog layouts;

(S) beat the dealer layouts;

(T) pai-gow tables and layouts;

(U) dealing shoes (including procedures for receipts and storage);

(V) bill changer devices;

(W) such other equipment as may be required for use in otherwise authorized Class III activities.

(2) Rules for each authorized game, to include:

(a) Procedures of play;

(b) Minimum and maximum permissible wagers;

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

(d) Payout odds on each form of wager;

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

(f) Prohibitions on side betting between and against player and against the house.

19. STATION INVENTORIES AND PROCEDURE FOR OPENING STATIONS FOR GAMING

(1) Whenever a gaming station is opened for gaming, operations shall commence with an amount of gaming chips and coins to be known as the "Station Inventory" and the tribal gaming operation shall not cause or permit gaming chips or coins to be added to or removed from such 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.

(2) Each station inventory and the station inventory slip prepared in conformity with the procedures set forth in these standards shall be stored during non-gaming hours 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 station inventory slip shall be visible from the outside of the container. All containers shall be stored either in the cashier's cage during non-gaming hours or secured to the gaming station subject to arrangements for security approved by the Tribal Gaming Agency.

(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 shall at no time be made accessible to any cashier's cage personnel or to any person responsible for transporting such station inventories to or from the gaming stations.

(4) Whenever gaming stations are to be opened for gaming activity, the locked container securing the station inventory and the station inventory slip shall be unlocked by the gaming facility supervisor assigned to such station.

(5) A croupier or dealer assigned to the gaming station shall count the contents of the container in the presence of the gaming facility supervisor assigned to such station and shall agree the count to the opener removed from the container.

(6) Signatures attesting to the accuracy of the information on the opener shall be placed on such opener by the croupier or dealer assigned to the station and the gaming facility supervisor that observed the croupier or dealer count the contents of the container.

(7) Any discrepancy between the amount of gaming chips and coins counted and the amount of the gaming chips and coins recorded on the opener, shall be immediately reported to the gaming facility manager, assistant gaming facility manager, or gaming facility shift manager in charge at such time, the security department and the Tribal Gaming Agency inspector verbally. Security will complete the standard security report in writing and immediately forward a copy to the Tribal Gaming Agency.

(8) After the count of the contents of the container and the signing of the opener, such slip shall be immediately deposited in the drop box attached to the gaming station by the croupier or dealer after the opening of such station.

20. PROCEDURE FOR DISTRIBUTING GAMING CHIPS AND COINS TO GAMING STATIONS

(1) A request for fill ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a fill slip ("Fill") for the distribution of gaming chips and coins to gaming stations. The request shall be prepared in a duplicate form and restricted to gaming facility supervisors.

(2) On the original and duplicate of the request, the following information, at a minimum, shall be recorded:

(a) The date, time and shift of preparation;

(b) The denomination of gaming chips or coins to be distributed to the gaming stations;

(c) The total amount of each denomination of gaming chips or coins to be distributed to the gaming stations;

(d) The game and station number to which the gaming chips or coins are to be distributed.

(e) The signature of the gaming facility supervisor; and

(f) The signature of the security department member.

(3) After preparations of the request, the original of such request shall be transported directly to the cashier's cage.

(4) The duplicate copy of the request shall be placed by the croupier or dealer in public view on the gaming station to which the gaming chips or coins are to be received. Such duplicate copy shall not be removed until the chips and coins are received, at which time the request and fill are deposited in the drop box.

(5) A fill shall be prepared by a cashier whenever gaming chips or coins are distributed to the gaming stations from the cashier's cage.

(6) Fills shall be serially pre-numbered forms, and each series of fills shall be used in sequential order, and the series of numbers of all fills received by a gaming facility shall be separately accounted. All the originals and duplicates of void fills shall be marked "VOID" and shall require the signature of the preparer.

(7) The following procedures and requirements shall be observed with regard to fills:

(a) Each series of fills shall be in a sequentially numbered triplicate form maintained in a manner that will permit an individual slip in the series and its copies to be written upon simultaneously. At least one of the completed forms shall be placed in a locked box and kept in a secure area. (b) 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 fills, placing fills in the dispensers, and removing from the dispensers, each day, the triplicate copies remaining therein.

(8) On the original, duplicate and triplicate copies of the fill, the preparer shall record, at a minimum, the following information:

(a) The denomination of the gaming chips or coins being distributed;

(b) The total amount of the gaming chips or coins being distributed;

(c) The total amount of all denominations of gaming chips or coins being distributed;

(d) The game and station number to which the gaming chips or coins are being distributed;

(e) The date and shift during which the distribution of gaming chips or coins occur; and

(f) The signature of the preparer.

(9) Upon preparation, the time of preparation of the fill shall be recorded, at a minimum, on the original and the duplicate.

(10) All gaming chips or coins distributed to the gaming stations from the cashier's cage shall be transported directly to the gaming stations from the cashier's cage by a security department member who shall compare the request to the fill to assure they are equivalent, compare the fill to the actual money received to assure they are equivalent, leave the original request with the cashier to be maintained at the cashier's cage, and sign the original of the fill before transporting the gaming chips or coins and the original and duplicate of the fill to the gaming station for signature.

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

(a) The cashier upon preparation;

(b) 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;

(c) The croupier or dealer assigned to the gaming station upon receipt;

(d) The gaming facility supervisor assigned to the gaming station, upon receipt of the gaming chips or coins at such station.

(12) Upon meeting the signature requirements as described in paragraph (11), the security department member that transported the gaming chips or coins and the original and duplicate copies of the fill to the station, shall observe the immediate placement by the croupier or dealer of the duplicate fill and duplicate request in the drop box attached to the gaming station to which the gaming chips or coins were transported and return the original fill to the fill bank where the original fill and request shall be maintained together and controlled by employees independent of the gaming facility department.

(13) The original and duplicate "VOID" fills, the original request and the original fill, maintained and controlled in conformity with paragraph (12) shall be forwarded to:

(a) The count team for agreement with the duplicate copy of the fill and duplicate copy of the request removed from the drop box after which the original and duplicate copy of the request and the original and duplicate copy of the fill 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 duplicate fill and duplicate copy of the request removed from the drop box and the triplicate.

21. PROCEDURE FOR REMOVING GAMING CHIPS AND COINS FROM GAMING STATIONS

(1) A request for credit ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a credit ("Credit") for the removal of gaming chips and coins to the cashier's cage. The request shall be in duplicate form and access to such form shall, prior to use, be restricted to gaming facility supervisors.

(2) On the original and the duplicate copy of the request the following information, at a minimum, shall be recorded:

(a) The date, time and shift of preparation;

(b) The denomination of gaming chips or coins to be removed from the gaming station;

(c) The total amount of each denomination of gaming chips or coins to be removed from the gaming station;

(d) The game and station number from which the gaming chips or coins are to be removed; and

(e) The signature of the gaming facility supervisor and croupier or dealer assigned to the gaming station from which gaming chips or coins are to be removed.

(3) Immediately upon preparation of a request and transfer of gaming chips or coins to a security department member, a gaming facility supervisor shall obtain on the duplicate copy of the request, the signature of the security department member to whom the gaming chips or coins were transferred and the croupier or dealer shall place the duplicate copy in public view on the gaming station from which the gaming chips or coins were removed, and such request shall not be removed until a credit is received from the fill bank at which time the request and credit are deposited in the drop box.

(4) The original of the request shall be transported directly to the cashier's cage by the security department member who shall at the same time transport the gaming chips or coins removed from the gaming station.

(5) A credit shall be prepared by a fill bank cashier whenever gaming chips or coins are removed from the gaming stations to the cashier's cage.

(6) Credits shall be serially pre-numbered forms, each series of credits shall be used in sequential order, and the series number of all credits received by a gaming facility shall be separately accounted for. All original and duplicate copies of credits shall be marked "VOID" and shall require the signature of the preparer.

(7) The following procedures and requirements shall be observed with regard to credits:

(a) Each series of credits shall be a three-part form and shall be inserted in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still locked in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser.

(b) Access to the triplicate shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of credits, placing credits in the dispensers, and removing from the dispensers, each day, the triplicates remaining therein.

(8) On the original, duplicate and triplicate copies of a credit, the preparer shall record, at a minimum, the following information:

(a) The denomination of the gaming chips or coins removed from the gaming station to the cashier's cage;

(b) The total amount of each denomination of gaming chips or coins removed form the gaming station to the cashier's cage;

(c) The total amount of all denominations of gaming chips or coins removed from the gaming station to the cashier's cage;

(d) The game and station number from which the gaming chips or coins were removed;

(e) The date and shift during which the removal of gaming chips or coins occurs; and

(f) The signature of the preparer.

(9) Upon preparation, the time of preparation of the credit shall be recorded, at a minimum, on the original and duplicate copy.

(10) Signatures attesting to the accuracy of the information contained on the original and the duplicate copy of a credit shall be, at a minimum, the following personnel at the following times:

(a) The fill bank cashier upon preparation;

(b) The security department member transporting the gaming chips or coins to the cashier's cage;

(c) The croupier or dealer assigned to the gaming station upon receipt at such station from the security department member; and

(d) The gaming facility supervisor assigned to the gaming station upon receipt at such station.

(11) Upon meeting the signature requirements as described in paragraph (10), the security department member transporting the original and duplicate copies of the credit to the gaming station, shall observe the immediate placement by the croupier or dealer of the duplicate copies of the credit and request in the drop box attached to the gaming station from which the gaming chips or coins are removed. The security department member shall expeditiously return the original credit to the fill bank where the original of the credit and request shall be maintained together, and controlled by employees independent of the gaming facility department.

(12) The original and duplicate copies of "VOID" credits and the original request and credit, maintained and controlled in conformity with paragraph (11) shall be forwarded to:

(a) The count team for agreement with the duplicate credit and the duplicate request removed from the drop box, after which the request and the original and duplicate credit 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 duplicate copies of the credit and request removed from the drop box and the triplicate.

22. PROCEDURE FOR SHIFT CHANGES AT GAMING STATIONS

(1) Whenever gaming stations are to remain open for gaming activity at the conclusion of a shift, the gaming chips and coins remaining at the gaming stations at the time of the shift change shall be counted by either the croupier or dealer assigned to the outgoing shift, and the croupier or dealer assigned to the incoming shift, or the croupier or dealer assigned to the gaming station at the time of a drop box shift change which does not necessarily coincide with an employee shift change. The count shall be observed by the gaming facility supervisor assigned to the gaming station at the time of a drop box shift change.

(2) The gaming chips and coins counted shall be recorded on the station inventory slip by the gaming facility supervisor assigned to the gaming station of the outgoing shift or the gaming facility supervisor assigned to the gaming station at the time of the drop box shift change.

(3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate,

which is 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 total value of each denomination of gaming chips and coins remaining at the station.

(4) Signatures attesting to the accuracy of the information recorded on the station inventory slips shall be of either the croupier or dealer and the gaming facility supervisor assigned to the incoming and outgoing shifts or the croupier or dealer and the gaming facility supervisor assigned to the gaming station at the time of a drop box shift change.

(5) Upon meeting the signature requirements as described in paragraph (4), the closer shall be deposited in the drop box that is attached to the gaming station immediately prior to the change of shift at which time the drop boxes shall then be removed and the opener shall be deposited in the replacement drop box that is to be attached to the gaming stations immediately following the change of shift. The triplicate shall be forwarded to the accounting department by a security department member.

23. PROCEDURE FOR CLOSING GAMING STATIONS

(1) Whenever the daily gaming activity at each gaming station is concluded, the gaming chips and coins on the gaming station shall be counted by the croupier or dealer assigned to the gaming station and observed by a gaming facility supervisor assigned to the gaming station, and the entire count and closure process shall be monitored and taped by the surveillance department and those tapes retained for a period of at least seven (7) days and at least thirty (30) and in the case of tapes of evidentiary value, or for such longer period as the Tribal Gaming Agency or the State Gaming Agency may require.

(2) The gaming chips and coins counted shall be recorded on a station inventory slip by the gaming facility supervisor assigned to the gaming station.

(3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is 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 total value of each denomination of gaming chips and coins remaining at the stations; and

(d) The total value of all denominations of gaming chips and coins remaining at the gaming stations.

(4) Signatures attesting to the accuracy of the information recorded on the station inventory slips at the time of closing the gaming stations shall be of the croupier or dealer and the gaming facility supervisor assigned to the gaming station who observed the croupier or count the contents of the station inventory.

(5) Upon meeting the signature requirements specified in paragraph (4), the closer shall be deposited in a drop box attached to the gaming station immediately prior to the closing of the station.

(6) The triplicate copy of the station inventory slip shall be forwarded to the accounting department by a security department member.

(7) Upon meeting the signature requirements specified in paragraph (4), the opener and the gaming chips remaining at the station shall be placed in the clear container provided for that purpose as specified in these standards after which the container shall be locked.

(8) At the end of each gaming day, if the locked containers are transported to the cashier's cage, a cage cashier shall determine that all locked containers have been returned or, if the locked containers are secured to the gaming station, a gaming facility supervisor shall account for all the locked containers.

Provided, that an alternative method to the procedures set forth in this Section 22 above may be approved by mutual agreement of the Tribal and State Gaming Agencies in a Memorandum of Understanding.

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

(1) As part of the gaming operation, there shall be a room specifically designated for counting the contents of drop boxes which shall be known as the count room.

(2) The count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein, to include at a minimum, the following:

(a) A door equipped with two separate keyed locks securing the interior of the count room, the keys to which shall be different from each other and from the keys to the locks securing the contents of the drop boxes, and one key shall be maintained and controlled by the security department in a secure area within the security department, access to which may be gained only by a nominated security

department member, one key maintained and controlled by the cage manager or supervisor, and the electronic lock maintained and controlled by surveillance manager; and

(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 in such a manner as to cause a signaling to the monitors of the closed circuit television system in the gaming facility's surveillance monitor room whenever the door to the count room is opened.

(3) Located within the count room shall be:

(a) A table constructed of clear glass or similar material for the emptying, counting and recording of the contents of the drop boxes which shall be known as the "Count Table";

(b) Closed circuit television cameras and microphones wired to monitoring rooms capable of, but not limited to the following:

(i) Effective and detailed video and audio monitoring of the entire count process;

(ii) Effective, detailed video-monitoring of the count room, including storage cabinets or trolleys used to store drop boxes; and

(iii) Video and audio taping of the entire count process and any other activities in the count room.

25. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

(1) The contents of drop boxes shall be counted and recorded in the count room in conformity with this standard.

(2) The tribal gaming operation shall notify the Tribal Gaming Agency through an inspector whenever the contents of drop boxes removed from gaming stations are to be counted and recorded, which, at a minimum, shall be once each gaming day.

(3) The opening, counting and recording of the contents of drop boxes shall be performed in the presence of an inspector and by those employees assigned by the tribal gaming operation for the conduct of the count ("Count Team") who have no incompatible functions. To gain entrance to the count room, the inspector may be required to present an official identification card containing his or her photograph issued by the Tribal Gaming Agency.

(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 the person assigned to the closed circuit television monitoring station in the establishment that the count is about to begin, after which such a person shall make a video and audio recording, with the time and date inserted thereon, of the entire counting process which shall be retained by the security department for at least seven days from the date of recording unless otherwise directed by the Tribal Gaming Agency or State Gaming Agency.

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

(a) As each drop box is placed on the count table, one count team member shall announce, in a tone of voice to be heard by all persons present and to be recorded by the audio recording device, the game, station number, and shift marked thereon;

(b) The contents of each drop box shall be emptied and counted separately on the count table, which procedures shall be at all times conducted in full view of the closed circuit television cameras located in the count room;

(c) Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box shall be held up to the full view of a closed circuit television camera, and shall be shown to at least one other count team member and the Tribal Gaming Agency inspector 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 into separate stacks on the count table by denominations of coin and currency and by type of form, record or document;

(e) Each denomination of coin and currency shall be counted separately by at least two count team members who shall place individual bills and coins of the same denomination on the count table in full view of the closed circuit television cameras, and such count shall be observed and the accuracy confirmed orally or in writing, by at least one other count team member;

(f) As the contents of each drop box is counted, 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.

(g) After the contents of each drop box have been counted and recorded, one member of the count team shall record by game and shift, on the master game report, the total amounts of currency and coin, station inventory slips, fills and credits counted, and win or loss, together with such additional information as may be required on the master game report by the tribal gaming operation;

(h) Notwithstanding the requirements of sub-paragraphs (f) and (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) and (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 for each gaming shift 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.

26. SIGNATURES

(1) Signatures shall:

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

(b) Be immediately adjacent to, or above the clearly printed or pre-printed title of the signer and 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 file, alphabetically by name, within a department. 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 department.

APPENDIX COLVILLE

1 INTRODUCTION

1.1 General

This Appendix is created to provide the basic "core" requirements for electronic gaming devices ("EGDs") authorized under § III(A)(28) of the Compact and to establish the approval and testing process for gaming machines and associated equipment that are to be operated by the Confederated Tribes of the Colville Reservation ("Tribes") in the State of Washington, pursuant to the Compact approved by the Secretary of the Interior. This Appendix does not apply to electronic gaming devises 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 Colville Indian 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 Tribes 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 Tribes 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 Tribes and the Gambling Commission shall enter into an agreement for each specific type of EGD which the Tribes 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 Tribes 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 Tribes of its acceptance or rejection of said concept. If the State Gaming Agency accepts the Tribes' conceptual machine, the Tribes 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 Tribes has made a full submission of its machine proposal to the State Gaming

Agency; provided, further, that the Tribes 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 Tribes 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 Tribes and the State Gaming Agency, subject to the dispute resolution provisions contained in § XII 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 Tribes 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 Tribes 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 Tribes 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 Tribes 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 complied computer program represented in base 16 format), and any

other information requested by the Gaming Test Laboratory. The Tribes shall make all such materials available to the State Gaming Agency upon request;

c) If requested by the Gaming Test Laboratory, the Tribes 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 Tribes 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 § XII 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 Tribes 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 Tribes has relied in good faith on the certification of the manufacturer.

2.6 Payment of Gaming Test Laboratory Fees

The Tribes shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in the Compact. The Tribes shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribes 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 Tribes 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 Tribes 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 Tribes.

2.8 Random Inspections

The Tribes 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 § VII of 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.

APPENDIX X

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 online 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 online 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 online 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.

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 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, a smart card system (i.e., a card

generally made of plastic with a computer chip imbedded in it), 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, first by depositing credits into a player account, a voucher system, or a smart card system or similar device for recording individual player data, and then providing a means to exchange such credits for cash or cash equivalents. All exchanges for cash must be through a cashier or other separate redemption system.

2.2 Central Computer. A computer which conducts random drawings for Online 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 § 7.0.

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

2.9 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.

2.10 Online 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.

2.11 Online 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 outcomes and prizes won, if any, and other information associated with, an Online Lottery Game drawing in which the player is enrolled.

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

2.13 State Gaming Agency ("SGA"). The agency of the State of Washington which has the authority and responsibility to carry out regulatory functions on behalf of the State in connection with a Tribal-State compact. Unless indicated otherwise in the compact or any law or regulations adopted in connection therewith, the SGA shall be the Washington State Gambling Commission.

2.14 Tribal Gaming Agency ("TGA"). The agency of the Tribe which has the authority and responsibility to carry out regulatory functions on behalf of the Tribe in connection with a Tribal-State compact. The TGA shall be as further defined in the compact.

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, 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 from 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 §§ 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.

3.1.4 Following 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 § 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 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 it is dispensed to the Player Terminal. The outcome associated with that ticket is shown on the Player Terminal only after the player touches the screen or performs some other physical interaction with the terminal to cause the outcome to be revealed. 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, not to exceed $5.00, but a single Ticket may offer more than one opportunity to win a prize on the same wager;
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 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 § 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. Scratch Tickets shall be dispensed from two or more Subsets of a given Game Set which have been securely stored in the Central Computer and which Subsets are rotated on a fixed and sequential, and not random, basis;
d. Scratch Tickets shall be dispensed from a Subset in the order in that Subset in which they were held in the Central Computer, and
e. 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 The date and time that the game was stored on the Manufacturing Computer; and

3.3.9 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 at each prize or other game category level, that were dispensed by the Central Computer to Player Terminals, and the total number of tickets in each such category that were sold at each Terminal;

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 The sequence in which each ticket was dispensed from each Subset.

3.5 Software Auditing Tool to Be Made Available. For auditing and security purposes, any Tribal Lottery System shall include and have available for the SGA and the TGA a secure software tool to audit each Game Set and Subset which provides the same data as set forth in §§ 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 § 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 tapes, 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.

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. It shall also be capable of generating the data necessary to provide the reports required in this Appendix. 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. The Manufacturing Computer shall also provide a means for storing on it duplicates of the Subsets already transmitted to the Central Computer so as to reflect, on an ongoing basis, changes in the transmitted Subsets as they occur. 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, the functions of the Manufacturing Computer and the process of auditing those functions can continue with 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 § 6.0 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, an electronic Scratch Ticket.

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, and on another medium in the Manufacturing Computer. All storage shall be through an error-checking, nonvolatile physical medium, so that should the primary storage medium fail, the functions of the Central Computer can continue with 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 § 5.0.

SECTION 4. TRIBAL ONLINE LOTTERY GAME SYSTEM

4.1 Description of System Operation. Tribal Online Lottery Games shall be played in accordance With the following provisions:

4.1.1 A player initiates participation in Online Lottery Games at a Player Terminal, using Game Play Credits from the Cashless Transaction System which are displayed on the terminal video monitor. Play may also be initiated through a Player Terminal dedicated to Online Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an Online 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 Online 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 §§ 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 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 Online Lottery Game Tickets representing such selections, for drawings to be held in the future.

4.1.4 Each Online 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 $5.00. 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 Online 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 five (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 Online Lottery Game. Games take place no more frequently than thirty (30) minutes apart, determined by when the first drawing in a game occurs. No more than five (5) different Online Lottery Games are offered at a time, unless the State increases the number of Online 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 Online 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 §§ 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 § 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 § 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 Online Lottery Game. The following requirements apply to any Central Computer used in connection with an Online 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 Online Lottery Game. The rules in this § 4.2 govern that activity.

4.2.2 Randomization Capability. The Central Computer shall have randomization capability associated with its use in an Online Lottery Game only. All drawings shall be on a random. basis, using the randomization requirements set forth in § 6.0.

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. Online Lottery Game drawings shall be held on a regularly scheduled basis in intervals of no less than thirty (30) minutes. Once a drawing period begins, all drawings during that period must be drawn within five (5) minutes. Each drawing shall have its own identifying serial number.

4.2.4 Limit on Number of Online Lottery Games. The Tribe may have no more than five (5) Online 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 Online Lottery Games it offers.

4.3 Player Terminals Used for Online Games. Player Terminals used in connection with Online Lottery Games shall conform to the requirements of § 5.0. 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 Online Lottery Games. The Online Lottery Game may also be played from a Player Terminal dedicated to selling Online 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 Online Lottery Games, provided that such random number generator shall meet the criteria set forth in § 6.0.

4.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawings 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 Online Game Results. The results of each Online 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 § 4.5.

4.5 Online Lottery Game Records. The following records with respect to each Online 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 thirty (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 Online Lottery Game.

4.7 Other Game Rules. The specific rules and prize structures for each Online 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 Online Lottery Game may offer more than one method at winning a prize, and each method may be represented by a separate wager, but each wager may not exceed $55.00.

4.8 Prizes: Jackpots. Every Online 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 § 5.0

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 through the Cashless Transaction System;

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 or, prior to commencing the process of revealing an Electronic Scratch Ticket, in video display 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) Online Lottery Games played; and

5.3.3 Error conditions that may have occurred on the Player Terminal.

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 Online Lottery Games are required.

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

5.6.2 If a Player Terminal offers more than one Electronic Scratch Ticket Game for play, then for each game, the meter shall record the number of credits, or equivalent monetary units, wagered and won for each game;

5.6.3 Hand-Paid and progressive jackpots paid for that terminal, which must include the cumulative amounts paid by an attendant for any such jackpot not otherwise metered pursuant to § 5.6.2;

5.6.4 The number of Scratch Tickets purchased on the terminal;

5.6.5 The number of Online Lottery wagers made on that terminal;

5.6.6 If a Player Terminal offers more than one Electronic Scratch Ticket Game for play, the meter shall record the number of Scratch Tickets purchased for each game; and

5.6.7 The number of times the cabinet door is opened or accessed.

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, or cash equivalents, which may be won for each Electronic Scratch Ticket and Online Lottery Game offered through that terminal;

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. 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 facility 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, shall require submission to, and approval by, the SGA and the Governor.

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 Online 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 Online 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, provided that players shall be required to physically

interact with the terminal in order to reveal the outcome, such as by pressing a button or touching a video touch screen.

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% 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% 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 melts the 99% 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 met 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 § 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 of a daily and monthly basis, provides:

a. The total amount won per prize level for each Electronic Scratch Ticket Game and the total amount won per Online Lottery Game; and
b. The amount wagered per game type.

7.1.2 Electronic Scratch Game Reports. An Electronic Scratch Ticket Game report must be made and maintained on a confidential and secure basis which, on a minimum of a daily and monthly basis, provides as to each Electronic Scratch Ticket Game Set in play:

a. All subsets in play without revealing the unused tickets and/or prizes remaining in the Subset;
b. All completed subsets;
c. The total number of Scratch Tickets sold/unsold in each Game Set;
d. The total prizes paid/remaining to be paid in each-Game Set; and
e. The total jackpot amounts paid in each Game Set.

7.1.3 Electronic Scratch Ticket Security. The data collected pursuant to §§ 7.1.1 and 7.1.2,with respect to Electronic Scratch Ticket games shall not be accessed by anyone until after completion or termination of the game.

7.1.4 Online Lottery Game Reports. An Online 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-tine 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 § 7.1.5.

7.1.5 Jackpot Report. A jackpot report must be made which provides, for the accounting period and to-date:

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 jackpot was won.

7.1.6 Liability Report. A liability report will be required on a daily and monthly basis at a minimum. It should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, it 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; and
d. Expired Game Play Credits.

7.1.7 Master Reconciliation Report. A master reconciliation report must be available on a daily and monthly basis, at a minimum. It should provide a summary of all daily sources of funds and disposition of funds, including the following:

a. Funds collected from cashiers and cash exchange 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.

7.1.8 Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of two (2) years, and in connection with determining randomness where applicable, for a minimum of six (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: online 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, online: 6 months;
f. The amount wagered and the amount won, daily by prize level, off-line: 6 months;
g. Online prize redemptions: 30 days;
h. Dated cash vouchers: 30 days; and
i. Undated bearer instruments: indefinitely or until instrument by its own terms expires.

SECTION 8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS

8.1 Player Accounts. The following requirements shall be met in connection with any Cashless Transaction System:

8.1.1 All player account information must be stored on at least two separate non-volatile media;

8.1.2 An audit file must be kept of all financial transactions against the account. 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 online for a minimum of 30 days, after which it must be available off-line for a minimum of one hundred eighty (180) days;

8.1.3 Access controls must be in place to guarantee that unauthorized individuals will not have access to account information or history;

8.1.4 Passwords or personal identification numbers 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 § 9.3;

8.1.6 Player accounts shall follow accounting procedures which are designed to verify and protect the accurate recording of all player transactions;

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 Game Play Credits;
b. Outstanding unredeemed balance;
c. Game Play Credits converted to cash;
d. Game Play Credits wagered; and
e. Game Play Credits won.

8.1.9 All customer accounts or instruments must have a redemption period of at least 14 days.

8.2 Smart Cards. Any smart card 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 system accounts set forth in § 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 being played. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

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.

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.

9.3 Secure Connections: Data Encryption Standards 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 or equivalent encryption with changeable seeds or algorithms.

9.4 Surge Protection: Uninterrupted Power System. 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 an Uninterrupted Power System 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 Manufacturing Computer, Central Computer and Player Terminal which shall have written upon it the computer or terminal's serial number, model number, name of the manufacturer and a unique location or inventory number.

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 keys secured as provided in § 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, and b) a locked microprocessor compartment.

9.7 Key Control Standards. Keys which provide access to any locked compartment, component or area of a Tribal Lottery System shall be maintained and used in accordance with the key control standards enacted in the Tribe's statement of minimum internal controls.

9.8 MEAL Cards. For all entries into the locked areas of the Manufacturing Computer, Central Computer, 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 and Player Terminals 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. Any Manufacturing Computer and storage related thereto, Central Computer and storage related thereto, and any Player Terminal, shall be monitored by camera and video recordings maintained thereof, 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 Online 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 SGA 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. 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 Laboratories' 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 may be offered for play unless:

10.2.1 Such Tribal Lottery System is approved by the SGA as provided in § 10.3.

10.2.2 The Tribal Lottery System 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 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. The Tribe shall make all such materials available to the SGA upon request;

10.2.4 If requested by the Gaming Test Laboratory, the Tribe shall require the Manufacturer to transport not more than two (2) working models of the Tribal Lottery System 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 Tribal Lottery System. If requested by the Gaming Test Laboratory, 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.

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.

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 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 SGA. The certification shall be deemed approved if no action is taken thereon by the SGA within said sixty (60) or fifteen (15) day period, as may be applicable. Any disputes arising out of the approval process in this § 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 § 10.2 and approval thereof by the SGA under § 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 § 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 § 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 five (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 and submitted to the SGA 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.

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 ensure 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 fir 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 AND TECHNICAL CHANGES

11.1 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.

11.2 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.