LOWER ELWHA KLALLAM TRIBE

TRIBAL - STATE COMPACT FOR CLASS III GAMING

Between the

Lower Elwha Klallam Tribe

and the

State of Washington

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LOWER ELWHA KLALLAM TRIBE - STATE OF WASHINGTON CLASS III GAMING COMPACT

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INTRODUCTION

THIS COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC §2701 et seq. and 18 USC §1166 et seq. (hereafter I.G.R.A. or Act).

PARTIES

THIS TRIBAL-STATE COMPACT is made and entered into by and between the LOWER ELWHA KLALLAM TRIBE (hereafter "Tribe"), a federally-recognized Indian Tribe, 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 rights and powers thereto pertaining.

RECITALS

The Tribe is located on a 600 acre reservation at the mouth of the Elwha River in Clallam County, Washington. The Tribe signed the Treaty of Point-No-Point in 1855, at which time it was promised a reservation, a cash and goods settlement and the right to hunt and fish undisturbed by non-Indians. None of these promises came true and it was not until 1968 that the Tribe received federal recognition.

The Tribe has a service population of 1059 individuals, including 576 enrolled members. Approximately 44% of the enrolled

membership resides on the Reservation. Forty (40%) of the Tribe is under the age of 16.

Tribal unemployment runs at approximately 50% for males and 60% for females. Sixty-one (61%) of the service population exists below the poverty level and the annual per capita income of the Tribe is approximately $3,900.00 per year. (Tribal fishermen averaged approximately $3700.00 in gross fishing income before expenses in 1991.)

The Tribe faces a lack of suitable land for housing and economic development. Much of the employment on the Reservation comes from the Tribal Government, a convenience store and the Tribal Bingo operation which the Tribe has operated for a number of years. Faced with these needs in a shrinking federal grant atmosphere, the Tribe has determined that it must turn to gaming to provide services. The Tribe intends to use gaming revenues to provide the following (but not necessarily in the order set forth below):

1) Enhance tribal housing, especially for tribal elders, and economic development.

2) Repurchase previously owned land to enhance the Tribal land base.

3) Expand the Tribal economic base, including a grocery store, Indian craft supply outlet, and nursery.

4) Expand current services with respect to alcohol and drug abuse, mental health counseling, Headstart and medical and dental services.

5) Develop a Tribal school.

6) Develop a Natural Resources Center to coordinate natural resource protection on the Olympic Peninsula.

7) Develop a library.

8) Establish a Museum to hold Tribal artifacts.

9) Establish an art gallery for Tribal arts.

10) Develop a Cultural Training Center to disseminate and foster Klallam culture, language and arts.

11) Enhance the fishery of the Olympic Peninsula area

12) Develop recreational facilities including a baseball field and trails.

DECLARATION OF POLICY AND PURPOSE

The I.G.R.A. provides for the negotiation of compacts between States and Tribes to govern the conduct of Class III gaming. Indian tribes have rights under the I.G.R.A. to conduct and 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 activity. 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, as well as providing 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.

The United States has determined, through the adoption of the I.G.R.A., that the conduct of certain gaming activities should benefit Indian tribes and their members. The terms and conditions set forth below to regulate Class III gaming conducted by the Lower Elwha Klallam Tribe have been agreed to pursuant to that congressional mandate.

It is the stated intention of the parties hereto to foster full cooperation between the Tribe and the State based upon equality and a shared concern for the welfare of all the citizens of the State and the Tribe as a result of gaming on the Lower Elwha Klallam Reservation. Through the partnership created by this Compact, the parties desire to further the purposes of the I.G.R.A. for the benefit of the Tribe and the protection of the State.

This Compact is intended to be the cooperative means by which the Lower Elwha Klallam Tribe lawfully conducts Class III gaming activities within the Lower Elwha Klallam Reservation and in conjunction with the state of Washington, which permits such gaming for any purpose by any person, organization or entity; and to define the manner in which laws regulating the conduct of these gaming activities are to be applied in order that the respective Tribal and State interests may be met.

The Lower Elwha Klallam Tribe and the State of Washington have mutually agreed, within the parameters established by the Act, to the following provisions governing the conduct of Class III gaming activities on the lands of the Tribe, designed to (a) protect the health, welfare and safety of the citizens of the Tribe and the

State, and (b) develop and implement a means of regulation for the conduct of Class III gaming on Indian lands, as that term is defined in the Act, in an effort to ensure the fair and honest operation of such gaming activities and to minimize the possibility of corruption or illegal practices in conjunction with such activities, and (c) to maintain the integrity of all activities conducted in regard to Class III gaming.

The policy of the State of Washington regarding the gaming authorized under this Compact is set forth in Chapter 9.46 RCW. The provisions of Chapter 9.46 RCW and Title 230 WAC regulate gaming activities in the State. The policy of the State is to allow limited and highly regulated casino gaming for non-profit organizations, and to restrain persons from seeking profit from professional gambling activities. The State agrees that the Tribe is authorized, as a result of the provisions of I.G.R.A and the terms of the Compact, to engage in the Class III gaming activities expressly permitted herein.

The Lower Elwha Klallam Tribe and the State of Washington believe that the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective benefit the Lower Elwha Klallam Tribe and the State and protect the members of the Lower Elwha Klallam Tribe and the citizens of the State of Washington consistent with the objectives of the I.G.R.A..

IN CONSIDERATION of the foregoing and the mutual benefits to be derived, the LOWER ELWHA KLALLAM TRIBE and the STATE OF WASHINGTON do enter into a TRIBAL-STATE COMPACT as provided for herein.

I. TITLE

This document shall be cited as "The Lower Elwha Klallam Tribe - State of Washington Gaming Compact."

II. DEFINITIONS

For purposes of this Compact:

A. "Act" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 USC §2701 et seq. and 18 USC §1166 et seq. (also I.G.R.A.)

B. "Applicant" means any individual who has applied for a Tribal license or State certification, whether or not such license or certification is ultimately granted. This definition is applicable to Class II card dealers under Section III.N and for any Class III activities.

C. "Class III Gaming" means all forms of gaming as defined in 25 USC §2703(8) and by regulations of the I.G.R.C. and are authorized under Section III of this Compact as Class III games. Pull tabs and punchboards, even though discussed in Section III, are specifically deemed to be Class II games when operated in conjunction with bingo.

D. "Code" means the Lower Elwha Klallam Gaming Code, as amended.

E. "Compact" means the Lower Elwha Klallam Tribe - State of Washington Gaming Compact, governing management and operation of Class III gaming facilities.

F. "Gambling Device" means any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as

the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof.

G. "Gaming Employee" means any individual employed in the operation or management of the Gaming Operation, whether employed by or contracted to the Tribe or by any person or enterprise providing on or off-site services to the Tribe within or without the Gaming Facility regarding any Class III activity, including, but not limited to, Gaming Operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashier supervisors; dealers or croupiers, box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; management companies and their principals; and any other natural person whose employment duties require or authorize access to restricted areas of the Gaming Facility not otherwise opened to the public, or to areas designated by the Tribal and State Gaming Agencies.

H. "Gaming Facility" means the building, including the room or rooms in which Class III Gaming activities as authorized by this Compact are conducted on the Lower Elwha Klallam Reservation.

I. "Gaming Operation" means the enterprise operated by the Tribe on the Lower Elwha Klallam Reservation for the conduct of any form of Class III gaming in any Gaming Facility.

J. "Gaming Services" means the providing of any goods or services to the Tribe, whether on or off site, directly in connection with the operation of Class III gaming in a Gaming Facility, including equipment, maintenance or security services for

the Gaming Facility. Gaming services shall not include professional legal and accounting services.

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

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

M. "Local Law Enforcement Agency" means any non-tribal law enforcement agency in the vicinity of the Gaming Operation and which has jurisdiction to enforce local and state laws within the Lower Elwha Klallam Tribal Lands, or is subject to the terms of a cross deputization agreement. Except as specifically provided in this Compact, nothing in this definition or in any provision set forth herein, however, is intended to expand, waive or confer or limit any jurisdiction upon any law enforcement agency within the Lower Elwha Klallam Tribal Lands.

N. "Management Entity" means any individual with whom, or other business entity with which the Lower Elwha Klallam Business Committee enters into a contractual agreement for financing, development and operation of any Class III gaming establishment on the Lower Elwha Klallam Indian Reservation.

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

P. "Principal" means with respect to any enterprise: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief

financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person or entity 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 characteristics identified in (i) through (iv) above between any two (2) or more entities, those shall be deemed to be a single entity.

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

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

S. "State Certification" means the process utilized by the State Gaming Agency to assist the Tribe and ensure that all individuals or other entities required to be licensed/certified are qualified to hold such license/certification in accordance with this Compact and the provisions of Chapter 9.46 RCW.

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

U. "Tribal Gaming Agency" means the Lower Elwha Klallam Tribal Gaming Commission or such other agency of the Tribe as the Tribe may from time to time designate by written notice to the State as the Tribal agency primarily responsible for independent 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 Agency.

V. "Tribal Law Enforcement Agency" means the police force of the Lower Elwha Klallam Tribe established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Lower Elwha Klallam Tribal Lands.

W. "Tribal Licensing" means the licensing process utilized by the Lower Elwha Klallam Tribe to ensure that all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of the Lower Elwha Klallam Tribal Gaming Code.

X. "Tribe" means the Lower Elwha Klallam Tribe, its authorized officials, agents and representatives.

Y. "Lower Elwha Klallam Tribal Lands" means Indian lands as defined by 25 USC Section 2703(4)(A) and (B), subject to the provisions of 25 USC Section 2719.

Z. "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 Facility, subject to the provisions of this Compact, any or all of the following Class III activities:

1. Blackjack;
2. Money-wheel;
3. Roulette;
4. Baccarat;
5. Chuck-a-luck;
6. Pai-gow;

7. Red Dog;

8. Chemin De Fer;

9. Craps;

10. 4-5-6;

11. Ship-Captain-Crew;

12. Horses (stop dice);

13. Beat the Dealer;

14. Over/Under Seven;

15. Beat My Shake;

16. Horse Race;

17. Sweet Sixteen;

18. Sports Pools, as further defined in Section III.F;

19. Sic-Bo.

B. Lottery-type Games. For games including "Beat the Tribe" (played the same as "Beat the State"), keno and keno-type games, instant ticket games, on-line games, or other lottery-type games authorized for any purpose by any person, organization, or entity in the State of Washington pursuant to 25 USC §2703(7), the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to time play shall begin. If the state takes no action within the 60 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training or enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion, then the Tribe may initiate formal negotiations

subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the State and Tribal Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C.

C. Punchboards and Pull Tabs and Washington State Lottery - Separate Locations. In addition to the games authorized by Section III.A, the Tribe may utilize punchboards and pull tabs in the facility and at other locations within the Lower Elwha Klallam Tribal Lands subject to regulation by the Tribe. Punchboards and pull tabs operated outside of the Tribal Gaming Facility shall be operated in a manner consistent with the sale of punchboards and pull tabs in the Tribal Class II Gaming Facility. The operation of Washington State Lottery retail locations within Lower Elwha Klallam Tribal Lands shall be subject to the provisions of RCW 67.70, WAC 315, and Tribal Ordinance.

D. Other Class III Table Games. For other Class III table games similar to those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State of Washington that is not otherwise treated as Class II gaming in Washington pursuant to 25 USC §2703(7), the Tribe shall provide the game regulations to the State Gaming Agency at least forty-five (45) days prior to the time play shall begin. If the State takes no action within the 45 days, the Tribe shall begin offering the game. If a dispute arises between the Tribe and the State with respect to issues of the legality of the game, rules of the game, manner of play, or training or enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can

begin. If either party believes, after negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII.C below.

E. Additional Class III Games. The parties understand that the Lower Elwha Klallam Tribe may later wish to conduct other Class III games allowed under the I.G.R.A., that are not included in this Compact, to be played on the Lower Elwha Klallam Reservation; for example, a horse racing or off-track parimutuel wagering activity. In that event, the parties agree that if the Tribe wishes to conduct such activities, the following process will be followed.

1. The Tribe will submit a letter from the Tribal Chairman to the Governor identifying specifically the additional proposed activities as well as applicable amendments or additions to the Lower Elwha Klallam Tribal Code.

2. The Tribe will submit to the State Gaming Agency, together with a copy of the above letter, draft regulations covering the proposed activity.

3. The State will review the regulations submitted and, with the Tribe, negotiate to develop a Compact covering operation and regulation of the activity, within the next sixty (60) days after receipt.

4. If the State disapproves the proposed regulations during the 60 day period or a Compact covering the proposed activity is not finalized during the 60 day period, the State and the Tribe agree to continue to negotiate to develop regulations and

a compact for at least an additional 120 days prior to any action being filed against the State pursuant to 25 USC §2710(d)(A)(i).

F. Sports Pools. The Tribe shall be entitled to offer sports pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten ($10) dollars (wager) plus an administrative charge payable to the Tribe of not more than fifty ($0.50) cents per $10.00 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 adopted by the Tribe by Ordinance and shall be applicable.

G. Authorized Gaming Operation. The Tribe may establish one Class III Gaming Operation within the Gaming Facility, located on tribal lands within the Lower Elwha Klallam Reservation for the operation of any Class III games as authorized pursuant to this Compact.

H. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribe on its Tribal Lands, including the purchase of chips, for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. The Tribal Gaming Operation shall not extend credit to any patron of the gaming establishment for gaming activities.

I. Size of Gaming Floor. The actual Class III gaming floor within the Gaming Facility shall not exceed 15,000 square feet.

J. Size of Class III Gaming Operation. The number of Gaming Stations authorized for use on the gaming floor within the facility shall be as follows:

1. The Tribe shall be entitled to operate twenty-five (25) Gaming Stations plus one (1) additional Gaming Station (the "Non-profit Station"). The proceeds from the Non-profit Station shall be dedicated to support non-profit organizations and their activities located within the State of Washington and/or Clallam County. For the purpose of the determination of "proceeds" from the Non-profit Station only, proceeds shall mean the Net Win less the pro rata cost of regulation and operation, specifically excluding capital costs. Therefore, the proceeds shall equal the Net Win less the costs of regulation and operation, divided by the 26 Gaming Stations. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the Non-profit Station. Notwithstanding anything herein to the contrary, the Washington State Council on Problem Gambling shall be a beneficiary with respect to the Non-profit Station.

2. After twelve (12) months of continual operation of the Class III Gaming Facility, the number of Gaming Stations shall be increased to thirty-one (31) Gaming Stations, provided none of the following have occurred: (1) violations of the provisions of the Compact which have resulted in sanctions imposed by the Federal District Court; (2) substantial and repeated violations of this Compact against the Gaming Facility resulting in fines or a determination under the dispute resolution provisions of Section XII.C below; or (3) there have been material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities which are, by a preponderance of the

evidence, shown to be directly related to the operation of the Class III Gaming Facility. Provided; after nine (9) months of continual operation of the Class III Gaming Facility, the State and Tribal Gaming Agencies will review the Gaming Operation and activities and, if there is no evidence under the conditions set forth in this Section III.J.2 or other evidence of recurring violations to indicate that the operation should not expand to the thirty-one (31) Gaming Stations, upon a showing of the ability of the staff/management to operate the increased gaming consistent with the regulations, the Tribal and State Gaming Agencies may by mutual agreement authorize an increase in the number of Gaming Stations immediately, or at a specified date prior to the twelve (12) month period. Provided further, such expansion shall not occur while a state initiated action in Federal District Court or a dispute under Section XII.C is pending on this issue. At the time the operation is increased to 31 Gaming Stations the State and Tribal Gaming Agencies will thoroughly review the Non-Profit program conducted by the Tribe, and conduct discussions and negotiations regarding the terms and conditions of an extension of this Non-Profit program by amendment of this Compact.

K. Wagering Limitations. The maximum wager authorized shall be as follows:

1. For the initial phase of operation, thirteen (13) of the Gaming Stations shall not exceed ten ($10) dollars per wager and the limits at the remaining Gaming Stations shall not exceed a maximum wager of twenty-five ($25) dollars. Provided, should the State Gaming Agency increase the wagering limits currently in play for licensed fund raising events and card games, upon thirty (30)

days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits.

2. If the Gaming Operation is increased in accordance with the terms of this Compact, fifteen (15) of the stations shall utilize a maximum of ten ($10) dollars per wager. One (1) station shall utilize a maximum of one hundred ($100) dollars per wager, and the remaining Gaming Stations shall utilize a maximum of up to twenty-five ($25) dollars per wager.

L. Hours of Operation. Except as set forth below, the maximum number of operating hours for the Gaming Operation shall not exceed an average of eighty (80) hours per week on an annualized basis. The Tribe shall schedule the hours to best comply with market conditions and may operate any day of the week. The Gaming Operation and Gaming Facility shall be closed to the public from 2:00 a.m. until 8:00 a.m. each day of operation. Prior to commencement of the Gaming Operation, and on a quarterly basis thereafter, the Tribal Gaming Agency will provide to the State Gaming Agency a schedule indicating the hours of operation of the facility.

M. Ownership of Gaming Facility and Gaming Operation. The Gaming Operation, including the Gaming Facility, shall be owned and operated by the Tribe. The Tribe shall be entitled to contract for management of the Gaming Facility and Gaming Operation. Such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

N. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Slot machines, electronic facsimiles of a gaming activity, and all

gambling devices are prohibited under this Compact unless later specifically authorized pursuant to Section XV. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities upon Lower Elwha Klallam Tribal Lands or within the Gaming Facility. Provided, however, that if Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, all Class II table gaming employees shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees engaged in activities related to bingo, pull tabs and/ or punchboards.

O. Prohibition on Minors. No person under the age of eighteen (18) shall participate in any Gaming Operation, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Should alcoholic beverages be offered on the gaming floor pursuant to applicable law, then no patron under the age of twenty-one (21) shall be permitted on the gaming floor during actual hours of operation. The Tribe shall check all ID's at the entrance to the Class III facility.

P. Prohibition on Firearms. The possession of firearms by any person within the Gaming Facility shall be strictly prohibited, and the Tribal Gaming Agency will post a notice of this prohibition near the entrance to the facility. Provided, this prohibition shall not apply to authorized agents or officers of the Tribal Gaming Agency, Tribal Law Enforcement Agency, State Gaming Agency, or State and Local law enforcement agencies.

Q. Financiers. Any party extending financing, directly or indirectly, to the Gaming Facility or Gaming Operation shall be subject to the annual licensing requirements of the Tribal Gaming Agency, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Lower Elwha Klallam Tribal government, or the Federal government. The source of all funds will be fully disclosed in accordance with I.G.R.A. and a copy provided to the State Gaming Agency.

IV. LICENSING AND CERTIFICATION REQUIREMENTS

A. Gaming Operation and Facility. The Gaming Operation and Gaming Facility authorized by this Compact shall be licensed by the Tribal Gaming Agency in conformity with the requirements of this Compact prior to commencement of operation, and annually thereafter. Verification of this requirement shall be made by the Tribal Gaming Agency and the State Gaming Agency through a joint pre-operation inspection conducted not later than ten (10) days prior to the scheduled opening to the public. If the facility does not meet the requirements, the Tribal Gaming Agency and/or State Gaming Agency must send a non-compliance letter within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether the facility meets the requirements, the agencies will meet within ten (10) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be

resolved by the gaming agencies within a reasonable time, the parties may seek resolution pursuant to Section XII.C of this Compact. The actual costs of final inspection of the facility under this section shall be the responsibility of the Tribe.

B. Gaming Employees. Every gaming employee shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to commencement of employment, and annually thereafter. Provided, the Tribal Gaming Agency may issue a license if the employee has a current license or certification issued by the State Gaming Agency, the employee consents to disclosure to the Tribal Gaming Agency of all information held by the state agency, and the State Gaming Agency certifies that the employee is in good standing. In order to certify that the employee is licensed and in good standing, the Tribal Gaming Agency shall provide to the State Gaming Agency, prior to issuance of the license, a written request for such certification.

C. Manufacturers and Suppliers of Gaming Services. Each manufacturer and supplier of gaming services, excluding professional legal and accounting services specifically excluded by I.G.R.A., shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to the sale of any gaming services. If the supplier or manufacturer of the services or goods is licensed or certified by the State of Washington it shall be deemed certified to supply those services or goods for the purposes of this Compact. The licensing and certification shall be maintained annually thereafter. Professional legal and accounting services shall not be subject to the certification and licensing requirements.

V. LICENSING AND STATE CERTIFICATION PROCEDURES

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

B. Background Investigations of Applicants. Upon receipt of a completed application and required fee for State certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State certification. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State certification to the applicant with a copy to the Tribal Gaming Agency, or deny the application. 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 Agency.

C. Grounds for Revocation, Suspension or Denial of State Certification. The State Gaming Agency may revoke, suspend or deny a State certification under the provisions of RCW 9.46.075 and

rules promulgated thereunder for any reason or reasons it deems to be in the public interest. In addition, these reasons shall include, but shall not be limited to when an applicant or holder of certification or principal of an entity:

1. Is determined to be a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the effective regulation of gaming or create or enhance the chances of unfair or illegal practices, methods and activities in the conduct of the gaming activities permitted pursuant to this Compact; or the person has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal/State Compact.

2. Has failed to provide any information reasonably required to investigate the application for state certification or to reveal any fact material to such application, or has furnished any information which is untrue or misleading in connection with such application.

3. Has had a Tribal or State gaming license revoked or denied during the twelve (12) months prior to the date of receipt of the application; is currently on probation; or has demonstrated a willful disregard for compliance with gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of a gaming license.

For the purpose of reviewing any application for a state certification and for considering the denial, suspension or revocation of any state certification the state gaming agency may

consider any prior criminal conduct or current probationary status of the applicant or holder of certification and the provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to such cases.

4. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of the following non-gambling related offenses the occasion of which occurred prior to Supreme Court rulings on the subject: (1) hunting or fishing offense; or (2) a cigarette or alcohol sales offense. The parties agree that for Indians from federally recognized Indian tribes charged or convicted in cases involving the exercise of non-gambling related trust or treaty rights; in the absence of other violations, activities or factors which would warrant denial, revocation or suspension; shall not be barred solely as a result of such activities from certification.

5. For enrolled members of the Lower Elwha Klallam Tribe who are applicants for Class III gaming certification and licensing, the State Gaming Agency will consult with the Tribal Gaming Agency prior to denying certification to such an applicant who does not meet the criteria for certification. The Tribal and State Gaming Agencies may waive, by mutual agreement, through a provisional or conditional certification, certain criteria for such enrolled tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the Gaming Facility. If the Tribe can show extenuating circumstances why an enrolled tribal member who does not meet all criteria should be further

considered for a provisional or conditional certification, the Tribal and State Gaming Agencies may agree to a temporary certification, based on specific conditions and a further detailed review of the applicant. Additional fees may be required to maintain a conditional or provisional certification.

D. 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 a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State certification. The hearing will be conducted in accordance with the procedures contained in the applicable provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC. Provided, the State may defer such actions to the Tribal Gaming Agency at the State's discretion, and nothing herein shall prevent the Tribal Gaming Agency from invoking its disciplinary procedures and proceedings.

E. Denial, Suspension, or Revocation of Licenses Issued By Tribal Gaming Agency. The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Agency shall be in accordance with Tribal ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section V.C.

F. Duration and Renewal of Tribal Issued Licenses and State Certifications. Any Tribal issued license or State certification shall be effective for one year from the date of issuance. Provided, that a licensed or certified employee or party that has applied for renewal may continue to be employed under the expired license or State certification until action is taken on the renewal

application by the Tribal Gaming Agency or State Gaming Agency or a summary suspension has occurred. Applicants for renewal of license or certification shall provide updated material as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Agency or the State Gaming Agency. Additional background investigation shall not be required unless new information concerning the applicant's continuing suitability or eligibility for a license, or a State certification is discovered by either the Tribal Gaming Agency or the State Gaming Agency.

G. Identification Cards. The Tribal Gaming Agency shall require all gaming employees to wear in plain view identification cards issued by the Tribal Gaming Agency which include photo, first name and an identification number unique to the individual tribal license and/or certification which shall include a Tribal seal or signature, and a date of expiration.

H. Exchange of Tribal Licensing and State Certification Information. In an effort to ensure a qualified work force in all areas of Class III gaming, and in all types of gambling authorized under the laws of the State, upon completion of any administrative action or legal proceeding against a Tribal license or State certification, the final disposition shall be forwarded to either the Tribal Gaming Agency or the State Gaming Agency and maintained as part of both agencies permanent licensing records.

I. Fees For State Certification. The fees for State certification shall be the following:

Gaming Employee (in-state) Initial Certification	$ 200.00
Gaming Employee (out-of-state) Initial Certification	$ 250.00
Gaming Employee - Renewal	$ 125.00
Management Entities, Suppliers, Manufacturers or Financiers (in-state) Initial Certification	$1500.00
Management Entities, Suppliers, Manufacturers or Financiers (out-of-state) Initial Certification	$5000.00
Management Entities, Suppliers, Manufacturers or Financiers Renewal	$ 500.00

Provided, should actual costs incurred by the State Gaming Agency exceed the above 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 the issuance of State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this section it shall be resolved pursuant to Section XII of this Compact.

J. Fees For Tribal License. The fees for all gaming employee licenses shall be set by the Tribal Gaming Agency.

K. Temporary Certification of Gaming Employees. Unless the background investigation undertaken by the State Gaming Agency within thirty (30) days of the receipt of a completed application discloses that the applicant has a criminal history, or unless

other grounds sufficient to disqualify the applicant pursuant to this section are apparent or have been discovered, the State Gaming Agency shall, upon request of the Tribal Gaming Operation, issue a temporary certification to the applicant. The temporary certification shall become void and be of no effect upon either the issuance of a State certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact. During the twelve month period immediately following the effective date of this Compact as provided herein, any applicant who has a current license issued by the State Gaming Agency, together with his or her completed application, shall be immediately issued a temporary certification by the State Gaming Agency pending completion of the certification investigation.

L. Summary Suspension of Tribal License or State Certification. The Tribal Gaming Agency, pursuant to the laws of the Tribe, and the State Gaming Agency, pursuant to the laws of the State, may summarily suspend any respective Tribal license or State certification if the continued licensing or certification of a person or party constitutes a threat to the public health, safety or welfare.

M. 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 waive any 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 purpose or cause of action.

N. Tribal Certification. The Tribe for any certification process may, in its sole election, rely upon the certification of the State as the Tribe's certification.

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the Gaming Operation authorized by this Compact, and for the enforcement of this Compact within Lower Elwha Klallam Tribal Lands, shall be that of the Tribal Gaming Agency and the Tribal Law Enforcement Agency. As part of its structure, the Tribal Gaming Agency and/or the Tribal Law Enforcement Agency shall perform the following functions:

1. Enforce in the Gaming Operation, including the Gaming Facility, all relevant laws and Ordinances;

2. Ensure the physical safety of patrons in the establishment;

3. Ensure the physical safety of personnel employed by the establishment;

4. Ensure the physical safeguarding of assets transported to and from the Gaming Facility and cashier's cage department;

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

6. Temporarily detain, to the extent of its authority and in cooperation with the Tribal Law Enforcement Agency, persons who may be involved in illegal acts for the purpose of notifying the appropriate law enforcement authorities; and

7. Record, in a permanent and detailed manner, any and all unusual occurrences within the Gaming Facility. 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 person involved in the incident; and

(f) the security department or Tribal Gaming Agency employee assigned.

B. Tribal Gaming Agents / Inspectors. The Tribal Gaming Agency shall employ qualified inspectors or agents under the authority of the Tribal Gaming Agency. Said inspectors shall be independent of the Tribal Gaming Operation, and shall be supervised and accountable only to the Tribal Gaming Agency.

C. Reporting of Violations. A Tribal gaming inspector shall be present in the Gaming Facility during all hours of Gaming Operation, and shall have immediate access to any and all areas of the Gaming Operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violation(s) of the provisions of this Compact, or of 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 Agency and 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 Agency shall investigate any reported violation of the Compact provisions and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Agency determines are necessary. The Tribal Gaming Agency shall be empowered by Tribal Ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Gaming Operation.

E. Reporting to State Gaming Agency. The Tribal Gaming Agency shall forward copies of all completed investigation reports and final dispositions to the State Gaming Agency on a continuing basis. If requested by the Tribal Gaming Agency, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Agency and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal Ordinances, laws of the Tribe, or applicable laws of the State.

F. Quarterly Meetings. In an attempt to develop and foster a relationship in the enforcement of the provisions of this Compact, representatives of the State Gaming Agency and the Tribal Gaming Agency shall meet, not less than on a quarterly basis, to review past practices and examine methods to improve the regulatory program created by this Compact. The meetings shall take place at a location selected by the Tribal Gaming Agency. The State Gaming Agency prior to or during such meetings shall disclose to the Tribal Gaming Agency any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of

this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected.

VII. STATE COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring. The parties hereto recognize the necessity of cooperative monitoring of the activities engaged in pursuant to this Compact. To that end, the State Gaming Agency shall have equal authority with the Tribe to monitor the Tribal Gaming Operation to ensure that the operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal Gaming Operation, agents of the State Gaming Agency shall have equal access equivalent to that exercised by the Tribal Gaming Agency to all areas of the Gaming Facility during all operating hours without giving prior notice to the Tribal Gaming Operation.

B. Access to Records.

1. Agents of the State Gaming Agency shall have equal authority with the Tribal Gaming Agency to review and copy, during all operating hours, all records maintained by the Tribal Gaming Operation. Provided, that any copy thereof and any information derived therefrom, shall be deemed confidential, and proprietary financial information of the Tribe. Subject to the requirements of B.2 below, or any court order, such information will be retained by the State Gaming Agency in its contractual capacity as a signatory to this Compact.

2. The State Gaming Agency shall notify the Tribe of any requests for disclosure of such information and shall not disclose until the Tribe, the State, or both have had a reasonable

opportunity to challenge the request or to seek judicial relief. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact.

C. Tribal Gaming Agency Notification. At the completion of any inspection or investigation, copies of the investigative report shall be forwarded to the Tribal Gaming Agency.

D. Cooperation With Tribal Gaming Agency. The State Gaming Agency shall meet periodically with the Tribal Gaming Agency and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and promptly notify the Tribal Gaming Agency of any activity suspected or occurring whether within the Gaming Facility or not, which adversely affects State, Tribal or public interests relating to the Gaming Facility and operation. Provided, such disclosure shall not compromise the interest sought to be protected.

E. Jurisdictional Issues. Except as expressly set forth herein, nothing in this Compact is intended nor shall it confer upon the State or any other non-Tribal entity any jurisdiction or exclusive jurisdiction with respect to non-gaming related activities on Lower Elwha Klallam Tribal Lands. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this document do not constitute a waiver of sovereign immunity and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact. The terms of such limited waiver of sovereign immunity, furthermore, shall be strictly construed and not liberally construed.

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

A. Concurrent Jurisdiction. The Tribal Gaming Agency and the State Gaming Agency shall have concurrent jurisdiction to investigate violations of the provisions of this Compact, and to bring administrative charges, in accordance with Tribal Laws and the provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, against any individual or business entity that is licensed by the Tribal Gaming Agency or certified by the State Gaming Agency in accordance with this Compact. In recognition of the need to foster a joint regulatory program to enforce the provisions of this Compact, the Tribe consents to the limited waiver of sovereign immunity solely with respect to this Compact. The Tribe further consents to the exercise of jurisdiction by the Federal District Court of the Western District of Washington with respect to actions to enforce the provisions of this Compact. With the exception of those jurisdictional issues specifically addressed in this Compact, this Compact should not be construed to affect any other jurisdictional issues between the Tribe and the State.

IX. LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. Investigative Authority. The Tribal Gaming Agency, Tribal Law Enforcement Agency, the Clallam County Sheriff or law enforcement agencies cross deputized by the Tribal Law Enforcement Agency, the Washington State Patrol and the State Gaming Agency shall have the authority to investigate gambling and related crimes against the laws of the Tribe and/or of Chapter 9.46 RCW made applicable, that occur within the Gaming Facility or within Lower

Elwha Klallam Tribal Lands, provided that such activities shall relate only to the terms of this Compact. Furthermore, nothing in this sub-section shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribe with respect to Lower Elwha Klallam Tribal Lands and its relationship to its members, and any other individuals or entities subject to Tribal jurisdiction. In addition, neither is there a waiver of any sovereign right or immunity with respect to each and every non-tribal entity or jurisdictional group set forth in this sub-section.

B. Jurisdictional Forums. Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-tribal members will be through the proper State or Federal courts. Tribal members who are criminal defendants will be prosecuted in Tribal or Federal Court. Wherever possible, for criminal defendants who are Tribal members, Tribal Court will be the preferred venue for individual prosecutions unless the Tribe declines to place jurisdiction in the Tribal Court within six (6) months of apprehension by a law enforcement agency.

C. Consent to Application of State Law and Incorporation in Tribal Ordinance. For the purposes of 18 USC Section 1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, and for protection of the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.075; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.196; 9.46.198; 9.46.220; 9.46.221, 9.46.222, 9.46.230; 9.46.240; as now or hereafter amended, to the extent such

amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated into a Tribal ordinance to provide consistency and equality between State and Tribal law. To the extent required pursuant to this Compact, and consistent with the terms of this Compact, the Tribe consents to the concurrent jurisdiction of the State with respect to Class III gaming activities on Lower Elwha Klallam Tribal Lands. Notwithstanding anything herein to the contrary, any penalty or fine contained in the statutory provisions set forth herein which are in conflict with the limitations upon the Tribe under federal statute, shall be made, in the Tribe's gaming ordinance, to comport with federal law.

D. Exception to Consent. Except for the concurrent jurisdiction of the State with respect to gaming on Lower Elwha Klallam Tribal Lands contained in this Section and elsewhere for acts of individuals, nothing in this Compact shall be deemed a consent or submission of or by the Tribe to the concurrent jurisdiction and/or application of other laws of the State.

E. 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 State or the Tribe, and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those law enforcement agencies shall meet prior to commencement of operations and periodically thereafter to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X. ENACTMENT OF COMPACT PROVISIONS

A. State Gaming Agency Rules or Regulations. Pursuant to its general rule making authority contained in Chapter 9.46 RCW, 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 Agency Regulations. Pursuant to its general rule making authority, the Tribal Gaming Agency 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 Tribal Gaming Agency shall adopt regulations to govern the operation and management of the Gaming Operation conducted pursuant to this Compact. The regulations shall ensure that the interests of the Tribe and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the integrity of the Gaming Operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation. The initial regulations to govern the operation and management of the Tribal Gaming Operation shall be the standards set forth in Appendix A. The Tribal Gaming Agency shall notify the State Gaming Agency of any intent to revise the standards set forth in Appendix A and shall request the concurrence of the State Gaming Agency for such revisions. State Gaming Agency concurrence shall be deemed granted unless disapproved in writing within thirty (30)

days of its receipt by certified mail or hand delivery of the submission setting forth 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 disapprove only such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency disagrees with the proposed revised standards, it shall set forth with specificity the reasons for such disagreement. 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 Section XII.C 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 Tribe:

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 Tribal Gaming Agency and the State Gaming Agency in accordance with Section VII.B of this Compact: a surveillance log recording all surveillance activities in the monitoring room of the Gaming Facility; a security log recording all unusual occurrences for which the assignment of a Tribal Gaming Agency employee is made.

2. The Tribal Gaming Agency shall establish a list of persons barred from the Gaming Facility because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming

activities of the Tribe. The Tribal Gaming Agency shall employ its best efforts to exclude persons on such list from entry into its Gaming Facility. The Tribal Gaming Agency shall send a copy of its list on a quarterly basis to the State Gaming Agency.

3. The Tribal Gaming Agency shall require the audit of the Tribal Gaming Operation, not less than annually, by an independent certified public accountant, in accordance with the auditing and accounting standards for audits of casinos of the American Institute of Certified Public Accountants.

4. The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the Gaming Facility. Betting limits applicable to any Gaming Station shall be displayed at such Gaming Station. Rules for games identified in Section III shall be based upon such games as commonly practiced in Nevada, including wagering, as do not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section III shall be submitted to the State Gaming agency for review, to determine if the rules fundamentally alter the nature of the game. The Tribe will provide the State Gaming Agency ten (10) days advance notice of the rules of each game and any modifications thereof, and will provide adequate notice to patrons of the Gaming Operation facility to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII.C of this Compact.

5. The Tribal Gaming Operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A, and shall not modify such regulations without the agreement of the State Gaming Agency. The Tribal Gaming Operation shall provide the Tribal Gaming Agency and the State Gaming Agency with copies of its floor plan and closed circuit television system and any modifications thereof for review by the Tribal Gaming Agency. If the floor plan or closed circuit television system does not provide unobstructed camera views in accordance with such regulations, the Tribal Gaming Agency shall modify such floor plan or closed circuit television system in order to remedy such deficiency. The Tribal Gaming Agency 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 will be handled in accordance with the provisions of Section XII.C.

6. The Tribal Gaming Operation shall maintain a cashier's cage in accordance with the standards set forth in Section 7(3) of Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Tribal Gaming Agency and the State Gaming Agency may review cashier's cage security. If the cashier's cage does not comply with the security standards set forth in Appendix A, the Tribal operation shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be handled in accordance with provisions of Section XII.

7. The Tribal Gaming Operation shall provide the Tribal Gaming Agency and the State Gaming Agency with a description of its

minimum requirements for supervisory staffing for each table gaming pit operated in its Gaming Facility. In the event that the Tribal Gaming Agency or the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal Gaming Agency and 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 Agency, the dispute shall be handled in accordance with Section XII.C of this Compact.

XII. REMEDIES FOR BREACH OF COMPACT PROVISIONS

A. Injunction Against the State. If the Tribe believes the State, whether or not through the State Gaming Agency, is in breach or default or is otherwise acting contrary to, or failing to act in the manner required by, any of the provisions of this Compact, the Tribe may seek injunctive or other relief in a court of competent jurisdiction. Prior to bringing such action, the Tribe shall notify the state and the State Gaming Agency of the alleged violation(s).

B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual. The State Gaming Agency may bring an action to enjoin the Tribe, the Tribal Gaming Operation, or any individual, if the State determines that any Gaming Operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on Lower Elwha Klallam Tribal Lands in violation of the provisions of this Compact. Such action shall be brought in the U.S. District Court,

pursuant to 25 USC §2710(d)(7)(A)(ii). Solely for the purpose of this remedy, the Tribe consents to such suit and hereby agrees to a limited waiver of its sovereign immunity for the purposes set forth in this sub-section only. Prior to bringing such action, the State Gaming Agency shall notify the Tribe, the Tribal Gaming Agency and the Tribal Gaming Operation of the alleged violation(s).

C. Dispute Resolution. In addition to the other remedies and enforcement provisions elsewhere in this Compact and without prejudice to either party to seek injunctive relief against the other, 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 with the terms, provisions and conditions of this Compact. Unless other procedures and time frames are elsewhere set forth in this Compact, then and in the event of a dispute or disagreement between the parties regarding the implementation and compliance with referenced 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 notice setting forth the issues to be resolved;

2. The parties shall meet and confer not later than ten (10) days from receipt of the notice;

3. If the dispute is not resolved to the satisfaction of the parties within twenty (20) days of the first meeting, then the party may seek and cause to have the dispute resolved by and in

accordance with the policies and procedures of the Judicial Arbitration and Management Service of Seattle, Washington (JAMS);

4. The hearing, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) days from Judge(s) selection before a JAMS judge or judges of agreed selection by the parties, but in the event no agreement is made, then as selected by JAMS;

5. The hearing shall occur at a time, place and location of mutual selection, but if such cannot be agreed to, then as selected by JAMS or by the judges selected;

6. The decision of JAMS shall be final and unappealable and if the party against whom sanctions are sought or curative or other conforming action is required and it is not performed or expeditiously undertaken to effect cure, or that party is not capable of immediate remedy, then that failure shall be deemed a default and breach of the provision(s) of the Compact at issue;

7. The rules of pleading and procedure of the American Arbitration Association - Seattle for commercial disputes shall supplement those of JAMS, unless the parties otherwise agree to other rules and procedures and document the same by an appendix to this Compact. Should JAMS cease to provide these functions, then the parties agree to substitute the services of a similar arbitration/mediation service.

8. Nothing in this section shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall this section 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 mediation, arbitration, or utilization of a technical advisor to the Tribal and State Gaming Agencies; provided that neither party is under any obligation to agree to such alternative method of dispute resolution. The parties to this Compact agree that the favored method of resolving differences is for the State and Tribal Gaming Agencies to meet and confer in good faith regarding the issues in dispute and attempt to resolve disputes through their joint working relationship.

D. Sanctions/Civil Fines. The following is a schedule of civil fines for any infraction of the provisions of the Compact Sections set forth below. These penalties are set forth as maximums to be set within the reasonable discretion of the State Gaming Agency and charged and levied against the Tribe. The event or circumstances occasioning the charge and the extent and amount of the penalty for the infraction, if contested by the Tribe, are subject to dispute resolution under Section XII.C.

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

First and subsequent infractions: up to a maximum suspension of Gaming Operations within the Class III facility not to exceed 5 days of operation (up to 18 hours per day) per violation, or the dollar equivalent of the Net Win to the Tribe from operations for the number of days of suspension, all not to exceed 30 days.

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

a. For employees first infraction - 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. For employees second and subsequent infractions - one day's suspension 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 - up to $5,000 for the first infraction; and up to $20,000 for the second and subsequent infractions.

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

a. For first infractions - written warning.

b. For second infractions - up to $250.

c. For third infractions - up to $500.

d. For subsequent violations - up to $1,000.

4. All penalties listed in subsection 3.a. through d. will be charged and monitored on a per-violation basis on an annual basis 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 will be issued.

E. Disposition of Civil Fines Collected. Any civil fines collected pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year as follows: 50% to the Washington State Council on Problem Gambling, a bona fide nonprofit organization; and the remainder to a charitable non-profit organization in Clallam County selected by the Tribe with the concurrence of the State Gaming Agency providing general assistance within the county in the areas of health, food or shelter. In the

event the Washington State Council on Problem Gambling ceases to exist or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, Lower Elwha Klallam Tribal Lands and neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIII. TRIBAL REIMBURSEMENT FOR EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Tribe 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. Reimbursement shall be made for monitoring, investigative, and processing costs. With regard to administrative actions, reimbursement shall be made to the extent that costs incurred exceed the certification fees received. The State shall submit a verified, detailed statement with supporting documentation on a quarterly basis to the Tribal Gaming Agency. The Tribe shall reimburse the State Gaming Agency within thirty (30) days after the receipt of the statement of expenses. In the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIV. PUBLIC HEALTH AND SAFETY

A. Compliance. For the purposes of this Compact the Tribal Gaming Operation shall comply with and enforce standards no less

stringent than the following with respect to public health and safety:

Indian Health Service public health standards.

All Federal laws establishing minimum standards for environmental protection.

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

Federal water quality and safe drinking water standards.

Uniform Building Code, including codes for electrical, fire and plumbing.

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

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

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

C. Community Contribution.

1. The Tribe recognizes that activities directly and indirectly associated with the operation of the Gaming Facility on Lower Elwha Klallam Tribal Lands may impact surrounding Local Law Enforcement Agencies, emergency services and other agencies and place an increased burden on them. The Tribe hereby agrees to establish a fund for purposes of providing assistance to Local Law Enforcement Agencies, emergency services and/or other service agencies impacted by the Class III Gaming Facility and to withhold and disburse at least 2.0% of the Net Win from the Class III Gaming Operation for this fund ("Community Contribution"). A committee with six (6) votes (majority rule) shall be established consisting

of two representatives of the Lower Elwha Klallam Business Committee; two representatives of the State Gaming Agency; and two representatives from the county in which the Gaming Facility is located, of which one representative is chosen by the County Sheriff, and one representative is chosen by the County Commissioners. Provided, that the Tribal Business Committee and the State Gaming Agency may each choose to be represented by only one person, in which case that representative would be entitled to two votes on the committee. The makeup of this committee may be altered by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on the Reservation. No Class II gaming revenues or non-gaming revenues such as but not limited to food, beverage, wholesale or retail sales, shall be included within the 2.0% budgeted and disbursed as set forth in this Section XIV.C.

2. Within six (6) months of the date of final approval of this Compact, the Tribe and all local jurisdictions potentially impacted shall enter into a Memorandum or Memoranda of Understanding (MOU) delineating the anticipated governmental relationships and responsibilities both on and off Reservation with respect to the utilization of the Community Contribution. In the event that the parties shall be unable to enter into such a MOU(s) then, except as set forth below, the Community Contribution shall be placed in an interest bearing escrow account(s) pending the execution of such agreements. The Tribe shall be entitled to any interest earned on such funds unless it is subsequently determined,

under the provisions of Section XII.C, that the Tribe acted unreasonably in refusing to sign such agreements.

3. The Community Contribution shall be paid within thirty (30) days following the end of each quarter (January 30, April 30, July 30, and October 30), following the opening of the Class III Gaming Facility to the public.

4. The MOU(s) shall provide that the committee may adjust annually the allocation of the Community Contribution to meet the impacts associated with Class III gaming by the Tribe.

5. At any time after one year from the opening of the Class III Gaming Facility, or from time to time thereafter, either the State Gaming Agency or the Tribal Gaming Agency may request a reevaluation, and possible reduction of, the Community Contribution based on fewer than anticipated impacts. In the event the State and the Tribal Gaming Agencies mutually agree, the Community Contribution shall be reduced at that time.

6. In the event of the creation of an escrow account(s), either the State Gaming Agency or the Tribe shall be entitled to invoke the alternative dispute resolution procedures of Section XII.C above. The determination of the arbitrator shall be binding on all parties, including the local governments, and the MOU terms as determined by the arbitrator shall be approved and executed by all parties. Upon execution, the Community Contribution shall be disbursed.

D. Community Relations. The Tribal Gaming Agency 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 shall be subject to applicable law.

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact shall constitute the agreement between the State and the Tribe pursuant to I.G.R.A. and shall be amendable and modified only under provisions of the Compact. This Compact shall take effect upon publication of notice of approval by the U.S. Secretary of the Interior in the Federal Register in accordance with 25 USC §2710(d)(3)(B).

B. Voluntary Termination. Once effective, this Compact shall be in effect until terminated by the written agreement of both parties. Provided, should the Tribe wish to cease Class III Gaming Operations, the Tribe may unilaterally terminate this Compact by submitting written notice sixty (60) days prior to the date of termination to the Governor of the State of Washington. Provided, State jurisdiction under this Compact shall continue until the completion of any pending investigation or court action. Suspension or injunction of Class III Gaming Operations shall not constitute termination for the purpose of this sub-section.

C. Other Termination - Change of State Law. If the laws of the State authorizing the activities set forth herein as Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of the Compact providing for such gaming would not be authorized and continued operation of such gaming would constitute a violation of the Compact and the State

may bring an action in Federal District Court pursuant to 25 USC §2710 (d)(7)(A)(ii).

The Tribe disagrees that such subsequent State legislation would have this effect under I.G.R.A. and the Compact, but does agree that such an action, if commenced in that forum, is the appropriate State recourse and for such purpose the Tribe consents to such a suit and hereby grants a limited waiver of sovereign immunity solely for the purpose of litigating the said issue.

D. Amendments/Renegotiations.

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

2. Amendments - Contractual. The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III above upon written notice and request by the Tribe to the State 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 was not authorized for any purpose by any person, organization or entity at the time this Compact was executed or not authorized by this Compact.

3. Renegotiation - Tribe. The parties shall renegotiate the nature and/or scope of Class III gaming as set

forth in Section III upon the written notice and request by the Tribe to the State if and when:

(a) laws in the State are enacted allowing that gaming which is now prohibited; or

(b) the Tribe wishes to engage in other forms of Class III gaming other than those games authorized in Section III, including, but not limited to a Tribal lotto/lottery, off-track betting and/or horse racing track and facility.

4. Renegotiation - State. The parties shall renegotiate Compact Sections containing provisions affecting health, safety and welfare or environmental requirements, including Sections IV, V, VII, XI or XIV, upon the written notice and request by the State to the Tribe 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. The notice to amend or renegotiate shall include the activities or circumstances the State wishes to negotiate, together with a statement of the basis supporting the request. The parties agree that negotiations shall commence within thirty (30) days of the request. If the renegotiations are unsuccessful, then the matter shall be resolved pursuant to Section XII.C which in this instance shall be mandatory and binding.

5. Renegotiation - Either Party. At any time after thirty six (36) months from the date of opening the Gaming Facility authorized under this Compact, either the Tribe or the State may request renegotiation of any of the provisions of this Compact when circumstances occur that merit the discussion and renegotiation of such provisions. The request to renegotiate shall

include the activities or circumstances the party wishes to negotiate, together with a statement of the basis supporting the request. The parties agree that negotiations shall commence within thirty (30) days of the request. The original terms and provisions of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

6. Process and Negotiation Standards. The notices to amend or renegotiate shall include the activities or circumstances to be negotiated together with a statement of the basis supporting the request. If the request meets the requirements of this sub-section proviso, the parties shall confer and required negotiations shall commence within thirty (30) days of the request. All matters involving negotiations or other amendatory processes under this Section shall be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 USC §2710(d), except in subsections where a different resolution is specifically provided in the event of an unsettled dispute or where agreement is not reached by the parties.

7. State Authorization of Additional Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III activity, including electronic facsimiles of Class II or Class III gaming, the Tribe shall be authorized to conduct such activity prior to completion of the subsequent negotiations as provided in Section XV.D.2, if such activity is conducted in accordance with all of the limitations, regulations and requirements of the State.

8. Authorization to other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that

the State enters into or amends a compact with the Tulalip Tribe, Jamestown Klallam Tribe, Makah Tribe, Hoh Tribe, Quileute Tribe or Quinault Tribe or any other tribe located in Jefferson, Clallam, Pacific, Grays Harbor, Thurston, Mason or Kitsap Counties, and such agreement gives any such tribe more Gaming Stations, higher wager limits, more tables with higher wager limits, any other Class III gaming activity and/or more hours of operation, then this Compact shall be renegotiated and amended to maintain competitive equality with the Tribes listed above. Provided, the State shall have the right to take the issue to dispute resolution under the provisions of Section XII.C if no agreement regarding amendment is reached by the parties.

XVI. LIMITATION OF LIABILITY

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

XVII. NOTICES

Unless otherwise indicated by this Compact, all notices required or authorized to be served shall be served by first class mail at the following addresses:

Governor
State of Washington
State Capitol
Olympia, Washington 98504

Tribal Chairperson
Lower Elwha Klallam Tribe
1666 Lower Elwha Road
Port Angeles, Washington 98362

Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, Washington 98504-2400

XVIII. SEVERABILITY

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

IN WITNESS WHEREOF, the Lower Elwha Klallam Tribe and the State of Washington have executed this compact.

THE LOWER ELWHA KLALLAM TRIBE

BY: Carla J. Elofson — 12-21-92
Carla J. Elofson
Chairperson
Date

THE STATE OF WASHINGTON

BY: Booth Gardner — 12-21-92
Booth Gardner
Governor
Date

APPENDIX A

LOWER ELWHA KLALLAM TRIBE - STATE OF WASHINGTON

CLASS III GAMING COMPACT

STANDARDS OF OPERATION AND MANAGEMENT

FOR CLASS III ACTIVITIES

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 Lower Elwha Klallam Tribal Lands 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 security 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. <u>ORGANIZATION OF THE TRIBAL GAMING OPERATION</u>

(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 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) Security Department to control issue, collection and storage of cards, shoes, dice and other gaming devices deemed appropriate, and to control disposition and/or destruction of same.

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.

(b) 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.

(c) A gaming facility accounting department supervisor who shall report directly to the chief operating officer. The supervisor responsibilities shall include, but not be limited to, the following:

(i) accounting controls;

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

(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

(iv) the control and supervision of the cashier's cage.

(d) A cashier's cage supervised by a cage supervisor who shall supervise cage cashiers and co-operate with, yet perform independently of, the gaming facility and security departments, and shall be under the supervision of, and report directly to the chief operating officer. The cashier's cage shall be responsible for, but not limited to the following:

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

(ii) the approval, exchange, redemption and consolidation of patron checks received for the purpose of gaming in conformity with the gaming operation's standards;

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

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

(4) The tribal gaming 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. <u>PERSONNEL ASSIGNED TO THE OPERATION AND CONDUCT OF CLASS III GAMING ACTIVITIES</u>

(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 security 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.

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.

(x) 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 closeout sheet, and the main bank closeout sheet, the signatures of the cashiers assigned to the incoming and outgoing shifts.

(4) At the conclusion of gaming activity each day, at a minimum, copies of the cashier's count sheet, 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. <u>DROP BOXES</u>

(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 $50.00 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 triplicate form to be kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still located 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 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 agree to the request to the fill and sign the original of the request, maintained at the cashier's cage, before transporting the gaming chips or coins and the original and duplicate of the fill 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. A. <u>PROCEDURE FOR SHIFT CHANGES AT GAMING STATIONS</u>

(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.

B. <u>PROCEDURE FOR CLOSING GAMING STATIONS</u>

(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 thirty (30) days.

(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.

23. COUNT ROOM: CHARACTERISTICS

(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 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, and the other key maintained and controlled by the gaming facility department;

(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 signalling 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.

24. 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.

25. <u>SIGNATURES</u>

(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.