NOOKSACK INDIAN TRIBE

TRIBAL - STATE COMPACT FOR CLASS III GAMING

Between the

Nooksack Indian Tribe

and the

State of Washington

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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 U.S.C. s2701-2721 and 18 U.S.C. s1166-1168 (hereafter I.G.R.A. or Act).

PARTIES

THIS TRIBAL-STATE COMPACT is made and entered into by and between the NOOKSACK INDIAN TRIBE, a federally recognized Indian Tribe, possessed of all sovereign powers and rights thereto pertaining; and the STATE OF WASHINGTON, as a sovereign state of the United States, with all rights and powers thereto pertaining.

DECLARATION OF POLICY AND PURPOSE

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 I.G.R.A. to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by Federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming 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 insure 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.

This Compact is intended to be the immediate means by which the Tribe may lawfully conduct Class III gaming activities within the State which permits such gaming for any purpose by any person, organization or entity while realizing both State and Tribal objectives by defining the manner in which laws regulating the conduct of gaming activities are to be applied.

It is the policy of the State, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking personal profit from professional gambling activities in the State; to restrain all persons from patronizing such professional gambling activities; to safeguard the public policy against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public and do not breach the peace.

It is the policy of the Nooksack Indian Tribe to exercise and retain its rights to regulate gaming activities upon its lands and reservation for the purposes of encouraging Tribal employment,

economic and social development and funding of Tribal services while insuring fair operation of such gaming and the prevention of corruption or infiltration by criminal or other unwanted influences.

This Compact is intended to embody the policies and the shared and individual goals and concerns of the Tribe and State concerning the conduct of Tribal Class III gaming.

SECTION 1. TITLE.

This document shall be cited as "The Nooksack Indian Tribe - State of Washington Gaming Compact."

SECTION 2. DEFINITIONS.

For purposes of this Compact:

(a) "Act" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 U.S.C. s2701 et seq.

(b) "State Certification" means the licensing process utilized by the State Gaming Agency to ensure all persons required to be licensed/certified are qualified to hold such license in accordance with the provisions of Chapter 9.46 RCW.

(c) "Class III Gaming" means all forms of gaming as defined in 25 U.S.C. Section 2703(8) and authorized under Section 3 of this Compact.

(d) "Compact" means the Nooksack Indian Tribe - State of Washington Gaming Compact.

(e) "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.

(f) "Gaming Employee" means any person 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 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. This section shall not be applicable to the Board of Directors of the N.E.D.C. N.E.D.C. board members shall be screened by the Tribal Council to ensure qualifications with the provisions of Section 5(C). The Tribal Gaming Agency shall notify the State Gaming Agency of the identity of all board members of the N.E.D.C.

(g) "Gaming Facility" means the room, rooms or that portion of a room in which Class III Gaming as authorized by this Compact is conducted on Nooksack Tribal Lands on the reservation in Deming located in Whatcom County, Washington.

(h) "Gaming Operation" means the enterprise operated by the Tribe on Nooksack Tribal Lands for the conduct of any form of Class III gaming in any gaming facility.

(i) "Gaming Services" means the providing of any goods or services to the Tribe directly in connection with the operation of Class III gaming in a gaming facility, including equipment, maintenance or security services for the gaming facility.

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

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

(l) "Net Win" means the total amount of gaming station income (gross gaming revenue), i.e., the difference between the total amount wagered or played and the amounts repaid to winners. The formula to calculate net win shall be that as contained in Appendix A of this Compact.

(m) "Nooksack Economic Development Corporation" as defined by Title 59 of the Nooksack Tribe Code of Laws, hereinafter amended, and attached as Appendix C.

(n) "Nooksack 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.

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

financing for the enterprise constituting more than ten percent of the total financing of the enterprise.

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

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

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

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

(t) "Tribe" means the Nooksack Indian Tribe, its authorized officials, agents, representatives and the N.E.D.C.

SECTION 3. 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:

(i) Blackjack;

(ii) Money-wheel;

(iii) Roulette;

(iv) Baccarat;

(v) Chuck-a-luck;

(vi) Pai-gow;

(vii) Red Dog;

(viii) Chemin De Fer;

(ix) Craps;

(x) 4-5-6;

(xi) Ship-Captain-Crew;

(xii) Horses (stop dice);

(xiii) Beat the Dealer;

(xiv) Over/Under Seven;

(xv) Beat My Shake;

(xvi) Horse Race;

(xvii) Sweet Sixteen;

(xviii) Sports Pools;

(xix) Sic-Bo;

(xx) Poker played in the same manner as authorized in State licensed card rooms and in conformity with those laws and regulations of the State regarding hours or periods of operation of such card game and its limitations on wagers or pot sizes in such card games limited to a maximum of five tables, which tables are in addition to the number of gaming stations set forth in Section 3(g);

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

(b) Punchboards and Pull Tabs and Washington State Lottery - Separate Locations. In addition to the games authorized by Section

3(a), the Tribe may utilize punchboards and pull tabs in the facility and at other locations within the Nooksack Tribal Lands subject to regulation by the Tribe and operated in a manner consistent with the sale of punchboards and pull tabs in the Tribal bingo facility. The operation of State lottery retail locations shall be subject to the provisions of RCW 67.70, WAC Chapter 315 and Tribal Ordinance.

(c) Amusement Games. The Tribe may utilize Amusement Games, as defined in chapter 9.46.0201 R.C.W., as a part of the Class III facility subject to tribal regulation at least as restrictive as that imposed by the State.

(d) Authorized Gaming Operation. The Tribe may establish one gaming operation and gaming facility on the Nooksack Tribal Lands for the operation of any Class III games as authorized pursuant to sub-section (a) of this Section. The gaming facility may be in the same location and operated in conjunction with the other Tribal gaming operations.

(e) 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. Personal checks shall not exceed $250.00 per person per day.

(f) Size of Gaming Floor. The actual gaming floor within the gaming facility shall not exceed 12,000 square feet.

(g) Size of Class III Gaming Operation. The number of gaming stations authorized for use on the gaming floor within the facility

shall not exceed twenty-three (23) stations. The maximum number of Blackjack stations shall be nineteen (19). After eighteen (18) months of continual operation of the Class III gaming facility, the number of gaming stations may be increased to thirty-one (31) with up to a maximum of twenty-six (26) blackjack tables, provided none of the following have occurred: Violations of the provisions of the Compact which have resulted in sanctions imposed by the Federal District Court; substantial and repeated violations of Sections 3 and 4 of this Compact against the gaming facility; or material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility. Provided further, such expansion shall not occur while a state initiated action in Federal District Court or a dispute under Section 12(c) is pending on this issue.

(h) Wagering Limitations. The maximum wager authorized for any thirteen (13) of the gaming stations shall not exceed ten (10) dollars per wager. The remaining ten stations shall not exceed a maximum wager of twenty-five (25) dollars. The Tribe may 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 and all proceeds are awarded to winners as prizes. Provided, should the State Gaming Agency increase the wagering limits currently in play for licensed fund raising events and card games, upon thirty days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits. At the end of eighteen (18) months continual operation, if the size

of the gaming operation is increased in accordance with Section 3(g), up to thirteen (13) of the thirty-one (31) stations may utilize a maximum of twenty-five (25) dollars per wager and one (1) station may utilize a maximum of one hundred (100) dollars per wager. If a dispute arises, it shall be resolved pursuant to Section 12(c) of this Compact.

(i) Hours of Operation. The maximum number of operating hours for the gaming operation shall not exceed eighty (80) hours per week. 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 6:00 a.m. each day of operation.

(j) Ownership of Gaming Facility and Gaming Operation. The gaming operation shall be owned by the Tribe. Provided, the Tribe may utilize a management company in the gaming operation, including the gaming facility, consistent with the requirements of the I.G.R.A., if market factors and business reasons dictate. Provided further, any management company shall obtain certification from the state authorizing it to engage in Class III gaming prior to the commencement of operation.

(k) Prohibited Activities. Any Class III gaming activity not specifically authorized in Section 3(a) is prohibited. In addition, any electronic facsimile of a gaming activity, and all gambling devices are prohibited. Except as provided in Section 3(a)(xx), nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities upon Nooksack Tribal Lands or within the gaming facility.

(l) Prohibition on Minors. No person under the age of eighteen shall participate in any gaming operation, or be allowed on the 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 person under the age of twenty-one shall be permitted on the gaming floor during actual hours of operation.

(m) Prohibition on Firearms. The possession of firearms by any person within the gaming facility shall be strictly prohibited. Provided, this prohibition shall not apply to authorized agents or officers of the Tribal Gaming Agency, Tribal Law Enforcement Agency, State Gaming Agency, state and local law enforcement agencies.

(n) Financing. Any third party financing extended or guaranteed for the Class III operation and facility shall be disclosed to the State Gaming Agency and said party shall be required to be certified by the State Gaming Agency.

SECTION 4. 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 State Gaming Agency and the Tribal Gaming Agency through a joint pre-operation inspection and letter of compliance. The State shall send a non-compliance letter within seven working days after the

completion of the inspection. If a dispute arises during the inspection, it shall be resolved pursuant to Section 12(c) of this Compact.

(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.

(c) Management Companies. Any management company, including its principals, engaged by the Tribe to assist in the management or operation of the gaming facility or gaming operation shall be subject to the licensing requirements of the Tribal Gaming Agency, the National Indian Gaming Commission, and shall be required to obtain state certification prior to providing management services for Class III activities. The certification shall be limited to gaming authorized under this compact, and maintained annually thereafter.

(d) Financiers. Any party extending financing to the gaming facility or gaming operation shall be subject to the 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.

(e) Manufacturers and Suppliers of Gaming Services. Each manufacturer and supplier of gaming services shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to the sale of any gaming services. If the supplier or manufacturer is licensed or certified by the State of Washington it shall be deemed certified for the purposes of this Compact. The licensing and certification shall be maintained annually

thereafter. This provision shall not apply to the Tribe manufacturing gaming equipment for its own Class III Operation.

SECTION 5. 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 and to the State Gaming Agency. Each completed State certification application shall be accompanied by the applicants' fingerprint card(s), current photograph, and the fee required by the State Gaming Agency.

(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. The State Gaming Agency shall expedite State certification applications. 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 for any reason or reasons it deems to be in the public interest. These reasons shall include, but not be limited to, when an applicant or holder of certification:

(i) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the State Gaming Agency pursuant thereto, or any provision of a Tribal/State Compact, or when a violation of any provision of chapter 9.46 RCW, or any State Gaming Agency rule, or any provision of a Tribal/State Compact has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(ii) Knowingly causes, aids, abets, or conspires with another to cause, any person to violate any of the laws of this State or the rules of the State Gaming Agency, or the provisions of a Tribal/State Compact;

(iii) Has obtained a license, State certification, or Tribal license by fraud, misrepresentation, concealment, or through inadvertence or mistake;

(iv) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, wilful failure to make required payments or reports to any Tribal, State, or U.S. governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses, or of bribing or otherwise unlawfully influencing a public official or employee of the Tribe, any state or the United States, or of any crime, whether a felony or misdemeanor involving any gambling activity or physical harm to individuals or involving

moral turpitude; provided however, crimes, other than gambling, of a Tribal member relating to the exercise or defense of Tribal treaty rights shall not be grounds for revocation, suspension or denial;

(v) Makes a misrepresentation of, or fails to disclose, a material fact to the State Gaming Agency or the Tribal Gaming Agency;

(vi) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this Section;

(vii) Is subject to current prosecution or pending charges, or a conviction which is under appeal, for any of the offenses included under sub-section (iv) of this Section. Provided, that at the request of an applicant for an original certification, the State Gaming Agency may defer decision upon the application during the pendency of such prosecution or appeal.

(viii) Has had a Tribal license revoked or denied during the preceding twelve months.

(ix) Has demonstrated a willful disregard for compliance with gaming regulatory authority in any jurisdiction other than the State of Washington, to include: Suspension, revocation and forfeiture of license.

(x) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal laws of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the

purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain;

(xi) Is a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in such a manner which creates probable cause to believe that the association is of such a nature as to be inimical to the proper operation of the authorized gambling or related activities in this state. For the purposes of this section, career offender shall be defined as any person whose behavior is pursued in an occupational manner or context for the purpose of economic gain utilizing such methods as are deemed criminal violations of the public policy of this state. A career offender cartel shall be defined as any group of persons who operate together as career offenders.

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 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.

(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 5(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. 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 a four digit 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 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 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:

(i)	Gaming Employee Initial Certification	$ 150.00
(ii)	Gaming Employee - Renewal	$ 75.00
(iii)	Management Companies and/or Financiers Initial Certification	$1500.00
(iv)	Management Companies and/or Financiers Renewal	$ 500.00
(v)	Manufacturers and Suppliers Initial Certification	$1500.00
(vi)	Manufacturers and Suppliers - 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 12(c) 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 twenty (20) 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 sub-section (c) of this Section are apparent on the face of the application, 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 an immediate threat to the public health, safety or welfare.

(m) Submission to State Administrative Process. Any applicant for State certification agrees 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. As a condition of employment in Class III activities, the Tribe shall require Tribal members who apply for certification specifically, waive any immunity, defense, or other objection they might otherwise have to the exercise of state jurisdiction for those 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.

SECTION 6. 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 Nooksack Tribal Lands, shall be that of the Tribal Gaming Agency. Upon request of the Tribe, the State shall work with the Tribe to develop and train agents of the Tribal Gaming Agency. As part of its duties, the Tribal Gaming Agency shall perform the following functions:

(i) the enforcement in the gaming operation, including the facility, of all relevant laws;

(ii) the physical safety of patrons in the establishment;

(iii) the physical safety of personnel employed by the establishment;

(iv) the physical safeguarding of assets transported to and from the gaming facility and cashier's cage department;

(v) the protection of the patrons and the establishment's property from illegal activity;

(vi) the detention of persons who may be involved in illegal acts for the purpose of notifying the law enforcement authorities; and

(vii) the recording of 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:

(aa) the assigned number;

(bb) the date;

(cc) the time;

(dd) the nature of the incident;

(ee) the person involved in the incident; and

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

(b) 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 any management company 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, a management company 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.

SECTION 7. STATE ENFORCEMENT OF COMPACT PROVISIONS.

(a) Monitoring. The State Gaming Agency shall, pursuant to the provisions of this Compact, have the authority 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 free and unrestricted access to all areas of the gaming facility during normal operating hours without giving prior notice to the Tribal gaming operation.

(b) Access to Records. Agents of the State Gaming Agency shall have authority to review and copy, during normal business 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. The State shall notify the Tribe of any

requests for disclosure of such information and shall not disclose until the Tribe has had a reasonable opportunity to challenge the request or to seek judicial relief. Any records or copies removed from the premises shall be forthwith returned to the Tribe after use, unless otherwise permitted to be retained by the State under this Compact. Provided further, 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 immediately 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.

SECTION 8. REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT.

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 Section 4 and Section 5 of 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 exercise of jurisdiction over such administrative actions by the Office of Administrative Hearings and Superior Courts of the State with respect to such actions to enforce the provisions of this Compact.

SECTION 9. LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING.

(a) Investigative Authority. The Tribal Gaming Agency, Tribal Law Enforcement Agency, the Whatcom County Sheriff, 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 of Chapter 9.46 RCW made applicable, that occur within the gaming facility or within Nooksack Tribal Lands.

(b) Jurisdictional Forums. Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-Indians will be through the proper State or Federal courts. Indian criminal defendants will be prosecuted in the Nooksack Tribal Court, State or Federal Court.

(c) Consent to Application of State Law. For the purposes of 25 USC Section 1166(d) and enforcing the provisions of this Compact, and of protecting the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.140; 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; 9.46.230;

9.46.240; as now or hereinafter amended, including those amendments enacted by the 1991 Legislative Regular Session, set forth in Appendix B, shall be applicable and incorporated herein as part of this Compact and the Tribe consents to this grant of jurisdiction to the State with respect to gaming on Nooksack Tribal Lands.

(d) Exception to Consent. Except for the grant of jurisdiction to the State with respect to gaming on Nooksack 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 jurisdiction and 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, 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.

SECTION 10. 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 rules or regulations governing gambling, all or part of the provisions of this Compact.

SECTION 11. 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 under the authority of 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 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 written disagreement within sixty (60) days of submission of the revised standards is delivered to the Tribal Gaming Agency. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the gaming operation, and shall disagree with such portions which are determined to have a material adverse impact upon that interest. If the State Gaming Agency disagrees with the request, it shall set forth with specificity the reasons for such

disagreement. Upon a notice of disagreement, the State Gaming Agency and the Tribal Gaming Agency shall meet and, in good faith, try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to Section 12(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:

(i) To ensure integrity, the Tribal Gaming operation shall maintain 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 or security department employee is made.

(ii) 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.

(iii) 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.

(iv) 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 3(a) shall be based upon such games as commonly practiced in Nevada, including wagering or play, as do not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section 3(a) shall be submitted to the State Gaming agency for review, which review shall determine if said rules do not fundamentally alter the nature of the game. The Tribal Gaming Agency 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 12(c) of this Compact.

(v) 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 12(c).

(vi) 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 the Appendix, the Tribal gaming 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 12(c).

(vii) 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, and in the event that the State Gaming Agency regards such supervisory staffing as inadequate to protect the integrity of the table games, 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 12(c) of this Compact.

SECTION 12. 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.

(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. If any Class III activity is being conducted by others elsewhere on Nooksack Tribal Lands in violation of the provisions of this Compact, the State may also seek to enjoin that activity. Such action shall be brought in the U.S. District Court, pursuant to 25 U.S.C. s2710(d)(7)(A)(ii). For the purpose of this remedy, the Tribe consents to such suit and waives any defense it may assert by way of its sovereign immunity.

(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 this Compact where referenced herein or otherwise by mutual agreement of the parties, such and same shall be redressed as follows:

(i) Either party shall give the other, as reasonably proximate to the event giving rise to the concern, a notice setting forth the issues to be resolved;

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

(iii) If the dispute is not resolved to the satisfaction of either 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);

(iv) 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;

(v) 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;

(vi) 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 not paid or performed or expeditiously undertaken to effect cure, if not capable of immediate remedy, then the failure to do so shall be deemed a default and breach of the provision(s) of the Compact at issue;

(vii) 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 the American Arbitration Association - Seattle.

(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 N.E.D.C. Should the N.E.D.C. cease to operate the Class III Gaming Operation, these penalties shall be charged and levied against the subsequent operator or the Tribe. The event or circumstances occasioning the charge and the extent and amount of the penalty for the infraction, if contested, are subject to dispute resolution under Section 12(c). All such penalties are subject to disposition under Section 12(e).

Violation of Terms, Conditions and Provisions of Section 3:	First and subsequent infractions: up to a maximum suspension of gaming operations within the facility not to exceed 5 days of active hours of operation (up to 20 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.

Violation of Terms, Conditions and Provisions of Section 4 - Non-Certified or Non-Licensed Gaming Employee(s)/Manufacturer(s) and Supplier(s):	(a) Employees: First infraction: Fine equal to daily net win for each day of employment divided by the number of stations in play for each day of employment. Second infraction (same person): One day's suspension (20 hours) of gaming operations for each day of employment or a fine equal to the net win for each day of employment; (b) Manufacturers and suppliers: First infraction: Up to $5,000.00; second infraction: Up to $20,000.00.
Violation of Terms, Conditions and Provisions of Section 11 and Appendix A - Violation of Same Provision:	First infraction: written warning; second infraction: up to $250.00; third infraction: up to $500.00: any subsequent violation up to $1,000.00, all to 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 only written warnings will be issued.

(e) Disposition of Civil Fines Collected. Any civil fines collected by the State Gaming Agency or the Tribal Gaming Agency pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year to the Washington State Council on Problem Gambling, a bona fide nonprofit organization. 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, Nooksack Tribal Lands and neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section 12(c) of this Compact.

SECTION 13. TRIBAL REIMBURSEMENT FOR EXPENSES INCURRED BY THE STATE GAMING AGENCY.

The Tribe shall reimburse the State Gaming Agency for all 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 12(c) of this Compact.

SECTION 14. PUBLIC HEALTH AND SAFETY.

(a) Compliance. For the purposes of this Compact, with respect to public health and safety, the Tribe shall adopt and enforce standards no less stringent than those contained in:

(i) National Environmental Policy Act and environmental protection standards in accordance with U.S. Indian Health Service and U.S. Public Health Service requirements.

(ii) Uniform Building Code, including national codes for electrical, fire, and plumbing; and, if applicable, Nooksack Tribal Zoning Code; and

(iii) Public health standards for food and beverage handling in accordance with United States Public Health Service requirements and, if applicable, Nooksack Tribal Ordinance.

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

(c) Community Contribution. Two and one-half percent (2.5%) of the net win of the gaming stations shall be paid to the County of Whatcom for law enforcement purposes as a contribution to defray potential impacts which may result from the operation of the Class III gaming facility. The contribution shall be made annually upon the anniversaries of the opening of the facility in the manner agreed upon between the Tribe and Whatcom County.

(d) Community Relations. The Tribal Gaming Agency agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact(s) of the Class III gaming operation upon the neighboring communities.

(e) Alcoholic Beverage Service. Standards for alcohol service shall be subject to applicable law.

SECTION 15. 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 pursuant to the provisions

herein and shall take effect when notice of approval by the Secretary of the Interior that such Compact has been published in the Federal Register.

(b) Voluntary Termination. This Compact shall be in effect until terminated by the written agreement of both parties. 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. State jurisdiction shall continue until the completion of any pending investigation or court action. Any 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 Section 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 waives any defense it may assert by way of its sovereign immunity.

(d) Amendments/Renegotiations.

(i) Amendments - Mutual. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties.

(ii) 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 3 above upon written notice and request by the Tribe to the State, if and when:

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

(bb) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington 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; or

(cc) another tribe within the Point Elliott, Point-No-Point and/or Medicine Creek Treaty areas obtains through a Compact approved by the state of Washington and the Secretary of the Interior, greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact;

(iii) Renegotiation - Tribe. The parties shall renegotiate the nature and/or scope of Class III gaming as set forth in Section 3 above upon the written notice and request by the Tribe to the State, if and when:

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

(bb) the Tribe wishes to engage in other forms of Class III gaming other than those games authorized in Section 3(a), including a Tribal lotto/lottery, off-track betting and/or horse racing track and facility.

(iv) Renegotiation - State. The parties shall renegotiate Sections 4, 5, 7, 11 and 14 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, provided however, if any renegotiation of Section 14 would require additional expenditures of Tribal funds, then the source and origin of such funds must be addressed and resolved. If the renegotiations are unsuccessful, then the matter shall be resolved pursuant to Section 12(c) which in this instance shall be mandatory and binding.

(v) 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 or 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 Section 15 shall be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 USC Section 2710(d), except the delegation of the actual resolution

of an unsettled dispute under Section 15(d)(iv) pursuant to Section 12(c).

(vi) 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 this sub-section (d), if such activity is conducted in accordance with all of the limitations and requirements of the State.

SECTION 16. NOTICES.

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

Governor
State of Washington
State Capitol
Olympia, Washington 98504

Tribal Chairman
Nooksack Indian Tribe
P.O. Box 157
Deming, Washington 98244

Washington State Gambling Commission
4511 Woodview Drive S.E.
Olympia, Washington 98504-2400

Nooksack Tribal Gaming Agency
P.O. Box 157
Deming, Washington 98244

SECTION 17. 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.

THE NOOKSACK INDIAN TRIBE

By Hubert Williams DATED: 28 day of Oct, 1991.
Hubert Williams
Chairman

THE STATE OF WASHINGTON

By Booth Gardner DATED: 28 day of Oct, 1991.
Booth Gardner
Governor

APPENDIX A

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;

"Tribal Gaming Agency" means the Nooksack Tribal Gaming Agency;
"Compact" means the Nooksack Tribes of Washington - State of Washington Gaming Compact adopted pursuant to the Indian Gaming Regulatory Act, 25 U.S.C. s2701 et seq.;

"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;

"State Gaming Agency" means the state agency responsible for review of the tribal gaming operation in accordance with the provisions of the Compact;

"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 loser, 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;

"Tribal Gaming Operation" means the Class III gaming operation involving games authorized under section 3(a) of the Compact;

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 Nooksack 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 units with time and date insertion capabilities for taping what is being viewed by any camera of the system;

(c) Audio capability in the count rooms; and

(d) 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.

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

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

(a) Date and time of surveillance;

(b) Person initiating surveillance;

(c) Reason for surveillance;

(d) Time of termination of surveillance;

(e) Summary of the results of the surveillance;

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

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

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

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

7. ORGANIZATION OF THE TRIBAL GAMING OPERATION

(1) The tribal gaming operation shall have a system of internal control that includes the following:

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

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

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

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

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

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

(2) The tribal gaming operation's system of internal control shall provide for:

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

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

(3) The tribal gaming operation shall, at a minimum, establish the following departments:

(a) A security department supervised by the head of the security department who shall co-operate with, yet

perform independently of, all other departments and shall report directly to the Chief Operating Officer of the tribal gaming operation regarding matters of policy, purpose, and responsibilities. The head of security shall be responsible for, but not limited to the following:

(i) The 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 audio-video 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; and

(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.

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

(1) Table games shall be operated by dealers or croupiers who shall be the persons assigned to each gaming station as authorized under 3(a).

(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) A fully 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. <u>ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE</u>

(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 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. <u>DROP BOXES, TRANSPORTATION TO AND FROM GAMING STATIONS AND STORAGE IN THE COUNT ROOM</u>

(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 sorted in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The key to one lock 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, not to exceed two hundred and fifty ($250.00) per patron per day; 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, if $50.00 or over, 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.

(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 11 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. <u>PROCEDURE FOR DISTRIBUTING GAMING CHIPS AND COINS TO GAMING STATIONS</u>

(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. PROCEDURE FOR SHIFT CHANGES AT GAMING STATIONS

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

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

(3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is maintained and controlled by security, the gaming facility supervisor shall record the following:

(a) The date and identification of the shift ended;

(b) The game and station number;

(c) The total value of each denomination of gaming chips and coins remaining at the station.

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

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

23. PROCEDURE FOR CLOSING GAMING STATIONS

(1) Whenever the daily gaming activity at each gaming station is concluded, the gaming chips and coins on the gaming station shall be counted by the croupier or dealer assigned to the gaming station and observed by a gaming facility supervisor assigned to the gaming station, and the station float shall be brought back to the imprest value.

(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.

24. 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 audio-video 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) Audio-video taping of the entire count process and any other activities in the count room.

25. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

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

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

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

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

(5) Immediately prior to the commencement of the count, one count team member shall notify the person assigned to the closed circuit television monitoring station in the establishment that the count is about to begin, after which such a person shall make an audio-video recording, with the time and date inserted thereon, of the entire counting process which shall be retained by the security department for at least seven days from the date of

recording unless otherwise directed by the Tribal Gaming Agency or State Gaming Agency.

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

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

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

(c) Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box shall be held up to the full view of a closed circuit television camera, and shall be shown to at least one other count team member and the Tribal Gaming Agency inspector to confirm that all contents of the drop box have been removed, after which the drop box shall be locked and placed in the storage area for drop boxes;

(d) The contents of each drop box shall be segregated by a count team member into separate stacks on the count table by denominations of coin and currency and by type of form, record or document;

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

(f) As the contents of each drop box is counted, one count team member shall record or verify on a master game report, by game, station number, and shift, the following information:

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

(ii) The amount of the opener;

(iii) The amount of the closer;

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

(v) The total amount of all fills;

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

(vii) The total amount of all credits; and

(viii) The win or loss.

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

(h) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the recording on the master game report of fills, credits, and station inventory slips by cage cashiers prior to the commencement of the count, a count team member shall compare for agreement the serial numbers and totals of the amounts recorded thereon to the fills, credits, and station inventory slips removed from the drop boxes;

(i) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the count team functions to be comprised only of counting and recording currency, coin, and credits; accounting department employees shall perform all other counting, recording and comparing duties herein;

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

(k) At no time after the inspector has signed the master game report shall any change be made to it without prior written approval of the Tribal Gaming Agency.

(7) Procedures and requirements at the conclusion of the count for each gaming shift shall be the following:

(a) All cash removed from each drop box after the initial count shall be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the master game report and in the presence of the count

team and the inspector, shall re-count, either manually or mechanically, the cash received, after which the inspector shall sign the report evidencing his or her presence during the count and the fact that both the cashier and count team have agreed on the total amount of cash counted;

(b) The top copy of the master game report, after signing, and the requests for fills, the fills, the requests for credits, the credits, and the station inventory slips removed from drop boxes shall be transported directly to the accounting department and shall not be available to any cashier's cage personnel;

(c) A duplicate of the master game report , but no other document referred to in this standard whatsoever, shall be retained by the inspector.

(d) If the tribal gaming operation's system of accounting and internal controls does not provide for the forwarding from the cashier's cage of the duplicate of the fills, credits, request for credits, request for fills, such documents recorded or to be recorded on the master game report shall be transported from the count room directly to the accounting department.

(8) The originals and copies of the master game report, request for fills, fills, request for credits, credits and station inventory slips shall on a daily basis, in the accounting department be:

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

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

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

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

(e) Subsequently recorded; and

(f) Maintained and controlled by the accounting department.

26. SIGNATURES

(1) Signatures shall:

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

(b) Be immediately adjacent to, or above the clearly printed or pre-printed title of the signer and his or her certificate or permit number; and

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

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

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

APPENDIX B

AMENDATORY SECTION. Sec. 10. RCW 9.46.220 and 1987 c 4 s 42 are each amended to read as follows:

(1) A person is guilty of professional gambling in the first degree if he or she engages in, or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

(a) While engaging in professional gambling acts in concert with or conspires with five or more people;

(b) Accepts wagers exceeding five thousand dollars during any calendar month on future contingent events; or

(c) Operates, manages, or profits from the operation of a premises or location where persons are charged a fee to participate in card games, lotteries, or other gambling activities that are not authorized by this chapter or licensed by the commission.

(2) However, this section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts in furtherance of such activities when conducted in compliance with the rules adopted pursuant to this chapter.

(3) Professional gambling in the first degree is a class B felony subject to the penalty set forth in RCW 9A.20.021.

NEW SECTION. Sec. 11. A new section is added to chapter 9.46 RCW to read as follows:

(1) A person is guilty of professional gambling in the second degree if he or she engages in or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

(a) While engaging in professional gambling acts in concert with or conspires with less than five people;

(b) Accepts wagers exceeding two thousand dollars during any calendar month on future contingent events;

(c) Maintains a "gambling premises" as defined in this chapter; or

(d) Maintains gambling records as defined in RCW 9.46.020.

(2) However, this section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and in accordance with the rules adopted pursuant to this chapter.

(3) Professional gambling in the second degree is a class C felony subject to the penalty set forth in RCW 9A.20.021.

NEW SECTION. Sec. 12. A new section is added to chapter 9.46 RCW to read as follows:

(1) A person is guilty of professional gambling in the third degree if he or she engages in, or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter; and

(a) His or her conduct does not constitute first or second degree professional gambling;

(b) Operates any of the unlicensed gambling activities authorized in this chapter in a manner other than as prescribed by this chapter; or

(c) Is directly employed in but not managing or directing any gambling operation.

(2) This section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and the rules adopted pursuant to this chapter.

(3) Professional gambling in the third degree is a gross misdemeanor subject to the penalty established in RCW 9A.20.021.

APPENDIX C

ORDINANCE OF THE NOOKSACK TRIBE
INCORPORATING
THE NOOKSACK ECONOMIC DEVELOPMENT CORPORATION

TITLE 59

59.01 PURPOSE

59.01.010 PURPOSE OF ORDINANCE: The Nooksack Tribal Council does by this Ordinance charter a public corporation to be known as the Nooksack Economic Development Corporation and enacts this Ordinance which shall constitute the Charter of the Corporation.

59.02 DECLARATION OF NEED, HISTORY, AND CHARTERING AUTHORITY

59.02.010 DECLARATION OF NEED AND HISTORY: Economic development has emerged as a high priority commitment on Indian reservations just as tribal governments are finding themselves burdened by many new, complex responsibilities. The Tribal Council often lacks the time to develop the needed expertise and to plan, implement and monitor new tribal business ventures. The result is often an adhoc approach or a reluctance to participate fully to maximize the profits the business ventures could provide both to the tribe itself and to its individual members. The task before any tribe interested in creating economic development is to create a tribal economic development unit with the mandate to consolidate and strengthen existing tribally owned businesses and to undertake future economic development activities. In addition to the improved business planning which arises from the creation of a separate economic unit solely devoted to tribal businesses, there are definite benefits to the tribe and its members in the creation of a separate management unit for economic development issues related to the need of the tribal businesses to be insulated from the day to day affairs of the tribe and tribal politics.

59.02.020 CHARTERING AUTHORITY: The Nooksack Tribal Council grants this Charter based upon the authority vested in

it by Article VI of the Constitution and by-laws of the Nooksack Tribe and pursuant to the exercise of the sovereign rights reserved to the Nooksack Tribe by the United States Constitution, the Indian Reorganization Act of June 18, 1934 (48 stat.984) as amended by the Act of June 15, 1935 (49 stat. 378) and the Constitution and By-laws of the Nooksack Indian Tribe, adopted by the Nooksack Indian Tribe on July 27, 1973 and approved by the Secretary of the Interior on September 24, 1973.

59.03 IDENTITY, PLACE OF BUSINESS AND SEAL

59.03.010 NAME: The official name of the Corporation shall be "The Nooksack Economic Development Corporation."

59.03.020 PLACE OF BUSINESS: The principal place of business of the Nooksack Economic Development Corporation shall be located on the Nooksack Indian Reservation, and until changed, shall be in the Tribal Headquarters on the reservation in Deming, Washington. The Corporation may also have such other places of business as the Board of Directors of the Corporation may designate.

59.03.030 SEAL: The seal of the Corporation shall consist of such design as the Board of Directors shall designate.

59.04 DURATION AND ATTRIBUTES OF THE CORPORATION

59.04.010 DURATION: The Corporation shall continue until it is dissolved pursuant to NTCL 59.18.010.

59.04.020 SEPARATE ENTITY: The Corporation is an entity separate and distinct but wholly owned by the Nooksack Tribe. Neither the Nooksack Tribe nor any of its assets nor those of members of the Nooksack Tribe, including private and trust property, shall be subject to the payment of debts of, or to the satisfaction of the obligations of the Corporation to any extent whatsoever.

59.04.030 ATTRIBUTES: The Corporation is created and is subject to the jurisdiction, laws and ordinances of the Nooksack Tribe. The actions hereby taken by the Nooksack Tribal Council expressly reserve to the Nooksack Tribe all of its inherent sovereign rights as an Indian Tribe with regard to the activities of the Corporation and confer the privileges and immunities of such rights, as limited herein, to the

Corporation. Nothing in this Charter shall be deemed or construed to be a waiver of sovereign immunity from suit, except as provided in NTCL 59.04.020, or to be a consent by the Nooksack Tribe, the Corporation, or the United States to the jurisdiction of the United States or any State thereof with regard to the business or affairs of the Corporation or to any cause of action, case or controversy to which the Corporation is a party, except as specifically set forth herein.

59.05 PURPOSES AND OBJECTIVES

59.05.010 PURPOSES AND OBJECTIVES: The primary purpose of this Chapter is to establish and authorize the Corporation to act on the Tribe's behalf with respect to all income producing enterprises owned by the Nooksack Indian Tribe as a separate and distinct entity from that of Tribal government. Other purposes and objectives are stated as follows:

a. to develop tribal resources in an orderly manner and to maximize shareholder wealth derived from such benefits on behalf of the Nooksack Tribe and its members;

b. to provide for the separation of the Tribe's economic development management systems from the governmental and political processes of the tribe;

c. to provide opportunities for investing tribal and corporate resources in future enterprises based on viability, feasibility, efficiency, and profitability;

d. to generate revenue and to maximize profits inuring to the benefit of the Corporation and the tribe to provide necessary governmental services and other direct benefits to tribal members;

e. to do any and all activities which may be necessary, useful or desirable for the furtherance, accomplishment, fostering or attainment of the foregoing purposes and objectives, either directly or indirectly, and either alone or in conjunction or cooperation with others, whether such others be persons or organizations of any kind or nature, such as corporations, firms, associations, trusts, institutions, foundations, or governmental bureaus, departments or agencies.

59.06 POWERS OF THE CORPORATION

59.06.010 CORPORATE POWERS: In furtherance, but not in limitation, of the foregoing economic development purposes, the Corporation shall have the following powers:

a. to purchase, take, receive, lease, solicit, take by

gift, devise, or bequest, or otherwise acquire, own, hold, improve, use and otherwise deal in and with money, securities, real and personal property, rights and services of any kind and description, or any interest therein, PROVIDED, that the Corporation shall have authority to purchase or exchange real property, whether located on or off the Nooksack Indian Reservation, only upon adoption by the Tribal Council of a resolution approving each such action by the Corporation;

b. to sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of its property and assets, PROVIDED that title to all trust or restricted real property shall be and remain in its trust or restricted status, and PROVIDED FURTHER, that the Corporation shall have authority to sell, convey, mortgage, exchange or transfer real property, whether located on or off the Nooksack Indian Reservation, only upon adoption by the Tribal Council of a resolution approving such action of the Corporation;

c. to borrow money and to make, accept, endorse, execute and issue bonds, debentures, promissory notes, guarantees, and other obligations of the Corporation for monies borrowed, or in payment for property acquired or for any of the purposes of the Corporation, and to secure payment of any such obligations by secured interest, mortgage, pledge, deed, indenture, agreement or other instrument of trust, or by other lien upon assignment of or agreement in regard to all or any part of the property, rights or privileges of the Corporation, except as provided in sections (a) and (b) above. The Corporation may, in the documents evidencing any secured interest, mortgage, pledge, deed or indenture, consent to the jurisdiction of a court of the Nooksack Tribe over such of the Corporation's property as shall be specifically made subject to such secured interest, mortgage, pledge, deed or indenture. Nothing herein confers power on the Corporation to mortgage, pledge, or encumber property of the Nooksack Tribe;

d. to arbitrate, compromise, negotiate, or settle any dispute related to the Corporation's authorized activities to which it is a party;

e. to enter into, make, perform and carry out or cancel and rescind contracts for any lawful purpose pertaining to its business or which is necessary or incidental to the accomplishment of its purposes as outlined herein;

f. to invest and reinvest its funds in such mortgages, bonds, notes, debentures, shares or preferred and common stock, and any other securities of any kind whatsoever and property, real personal or mixed, tangible and intangible, as the Board of Directors of the Corporation shall deem advisable and as may be permitted under applicable law or ordinance, PROVIDED that the Corporation shall have authority to invest or reinvest in real property, whether located on or off the

Nooksack Indian Reservation, only upon adoption by the Tribal Council of a resolution approving such action by the Corporation;

g. to furnish management, administrative and other business advice, support, training and technical assistance to Nooksack Indians involved in business ventures and programs owned, operated or assisted by the Corporation;

h. to conduct educational activities designed to provide instruction or training of Nooksack Indians in technical, language and job skills;

i. to engage in the activities of owning and operating business ventures providing job training, employment and managerial development opportunities to Nooksack Indians;

j. to elect or appoint officers and agents of the Corporation and define their duties and fix their compensation, PROVIDED that such elections or appointments comply with the hiring policies established by the Nooksack Economic Development Corporation;

k. to make and alter By-laws, not inconsistent with this Chapter, for the administration and regulation of the affairs of the Corporation;

l. to sue and to be sued in the Nooksack Tribal Court in causes of action arising from its business and related activities, including any debt, contract, guarantee, mortgage, lien, pledge or tort, over which the Nooksack Indian Tribal Court has jurisdiction, specifically including debts, contracts, obligations or torts of individual Nooksack Indians. The Corporation shall have no power or authority to consent to the jurisdiction of a court of the United States or of a State, or to waive such immunity from suit in any court without the adoption of a resolution approving such consent by the Nooksack Tribal Council, acting at a duly called and held meeting;

m. to conduct its affairs, carry on its operations and exercise the powers granted under this Charter in any state, territory, district, or possession of the United States, or in any foreign country.

n. to engage in any and all activities which will directly or indirectly carry out the purposes and objectives of the Corporation as set forth in Article IV above.

59.06.020 POWERS NOT PURPOSES: The powers enumerated herein shall not be construed as purposes, but the Corporation shall have and exercise such powers solely in furtherance of, but not in addition to, the limited purposes set forth in NTCL 59.05. Moreover, the activities of the Corporation, as permitted by the purposes, objectives, and powers herein stated, shall be in compliance with all the rules and regulations duly adopted and promulgated by the regulatory

agencies, commissions and committees duly established by the Nooksack Tribal Council.

59.07 LIMITATION OF POWERS

59.07.010 LIMITATION OF POWERS: Unless expressly authorized under this Charter or by resolution of the Nooksack Tribal Council, the Corporation may not:

a. expressly or impliedly enter into agreements of any kind on behalf of the Nooksack Tribe;

b. pledge the credit of the Nooksack Tribe;

c. dispose of, pledge, or otherwise encumber real or personal property of the Nooksack Tribe, unless specifically authorized by the Nooksack Tribal Council as provided herein;

d. secure loans or incur indebtedness requiring any obligation, contribution or guarantee on the part of the Nooksack Tribe;

e. waive any right of, or release any obligation owed to the Nooksack Tribe;

f. waive any other rights, privileges, or immunities of the Nooksack Tribe;

g. exercise governmental functions, such as zoning, licensing or police powers, with respect to Nooksack Tribal lands. Such powers are reserved and shall be exercised exclusively by the Nooksack Indian Tribe.

59.08 STRUCTURE AND MANAGEMENT

59.08.010 BOARD OF DIRECTORS: The affairs of the Corporation shall be managed by a Board of Directors composed of seven persons, three of whom shall be non-tribal members and four of whom shall be registered members of the Nooksack Indian Tribe. The Board of Directors shall also have one member of the Tribal Council as an ex-officio member who shall not have the right or power to vote on matters before the Board of Directors.

59.08.020 SELECTION OF DIRECTORS: The Board of Directors shall be appointed by the Nooksack Tribal Council from nominees submitted by the Tribal Affairs Officer, the Board of Directors of the Corporation, and members of the Tribal Council. The Board must always include one member of the Council to serve as the ex-officio member and who shall be appointed annually. The Council must appoint persons with recognized background, experience, expertise, and demonstrated success in the fields of business, finance, merchandising, and other fields related to the ongoing operations of the Corporation. It shall appoint persons currently active in

those fields and who will ideally try to have at least one appointee connected with banking, one active in the field of merchandising, one in the field of accounting, and one in the field of law.

59.08.030 TERMS OF DIRECTORS: The term of office for the ex-officio member from the Council shall be for one year and that of other Board members for three years and shall run from July 1 to July 1 of each calendar year. Appointments to the Board shall be made by the Council annually during the month of June. When the Corporation is first established, the Tribal Council shall designate one of its members and two Board members at large to a one year term, three Board members at large for a two year term, and two Board members at large for a three year term. Thereafter, except for the position of the member from the Council, the appointment shall be or three years except in the filling of a vacancy the appointment shall be for the length of the unexpired term. Each incumbent Board member shall continue to serve until his or her successor actually assumes office.

59.08.040 SELECTION OF OFFICERS: The Board of Directors shall annually in the month of June name one of the Directors who will serve after July 1 as Chairman of the Board of the Corporation. The appointment of the Chairman of the Board shall be confirmed by the Tribal Council prior to appointment becoming effective. The Board shall annually in the month of July elect from among its members a Vice-Chairman, a Secretary and a Treasurer. Any member may hold two of these positions except that the Chairman and the Vice-Chairman must be different persons.

59.08.050 RESIGNATION BY DIRECTOR: Any Director may resign at any time, either by oral tender of resignation at a meeting of the Board or by giving written notice thereof to the Secretary. Such resignation shall take effect at the time specified therein, and, unless otherwise specified, acceptance of such resignation by the Board or the Tribal Council shall not be necessary to make it effective. The Secretary of the Corporation shall immediately notify the Tribal Council of any resignation.

59.08.060 REMOVAL OF DIRECTOR: Any Director may be removed, with or without cause, by the affirmative vote of four members of the Board of Directors at a meeting of the Board called expressly for that purpose, or by the affirmative vote of five members of the Tribal Council at a meeting of the Tribal Council, whenever, in their judgment the best interests of the Corporation would be served thereby. The Secretary

shall immediately notify the Council of the removal of a Director by the Board. Any officer may be removed, with or without cause, in the manner provided above for the removal of a Director. The unexpired term of each removed officer shall be filled by the Board except the Tribal Council must confirm the appointment to fill a vacancy in the office of Chairman.

59.08.070 VACANCIES: Any vacancy because of death, resignation, removal or other reason occurring on the Board and any Directorship to be filled by reason of an increase in the number of Directors shall be filled by appointment by the Council. A Director elected to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

59.08.080 COMPENSATION OF DIRECTORS: The Directors shall not, except with the approval of the Council, receive compensation for their services, but shall be entitled to reimbursement for expenses, including travelling expenses, incurred in the discharge of their official duties.

59.08.090 DUTIES OF OFFICERS: The officers of the Board of Directors shall have the following duties:

a. The Chairman and Vice-Chairman shall perform the function and duties customary for such officers on the Board of Directors with the Vice-Chairman always acting in the absence of the Chairman. Each shall perform such other duties as from time to time may be prescribed by the Board.

b. The Secretary shall keep or cause to be kept the minutes of the meeting of the Board, see that all notices are duly given, be custodian of the Corporation's records and in general perform all duties incident to the Office of Secretary and such other duties that the Board may direct. The Board may delegate all or part of the record keeping function of the Secretary to a clerical employee.

c. The Treasurer, except to the extent that the same shall be delegated to Management, shall have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for monies due and payable form any source whatsoever, deposit all such monies in the name of the Corporation in proper depositories and in general perform all duties incident to and customary for the Office of the Treasurer in any similar corporation and perform such other duties as may be prescribed by the Board.

59.08.100 OTHER OFFICERS: The Board may appoint other officers, assistant officers and employees who shall perform such duties assigned to them by the Board or its authorized representative.

59.08.110 REGULAR MEETINGS: Regular meetings of the Board shall be held on the first Wednesday of every month or on another date set by the Chairman or by the Board. They shall be for the primary purpose of reviewing the preceding month's operations, making plans for the current month's operations and the transaction of such other business as may come before the meeting. At the annual meeting the Directors shall review the preceding year's operations, make plans for the ensuing year's operations, elect officers and transact such other business as may come before the meeting. The regular meetings may be recessed from time to time, and may, if necessary, be continued to a succeeding day or days.

59.08.120 SPECIAL MEETINGS: Special meeting of the Board may be called on three days written notice by the Chairman or any two members of the Board or by the Tribal Council. Notice is not required if all Board members are present.

59.08.130 QUORUM: Five members in attendance, notwithstanding any vacancies, shall constitute a quorum.

59.08.140 ACTION BY THE BOARD: The act of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board unless the act of a greater number is required elsewhere in this Charter. Each member of the Board including the Chairman shall b entitled to one vote.

59.08.150 ACTION OF BOARD BY WRITING: Any action which may be taken at a meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors. Such action by unanimous consent must be in the hands of the Chairman within twenty days following initiation of such action.

59.08.160 GENERAL MANAGER (G.M.): The Board shall appoint and employ a General Manager hereafter called "G.M.", who shall not be a member of the Board of Directors, nor a member of the Tribal Council.

59.08.170 RESPONSIBILITIES OF G.M.: The G.M. shall be responsible for the ongoing business of the Corporation and shall be in charge of the Corporation office and staff and the custodian of all of its records, equipment and supplies. He or she shall be the supervisor of all the Corporation's employees, having, subject to preemption by the Board, authority to enter into employment agreements to employ needed personnel and to hire and fire except that in such hiring or

firing he or she must comply with applicable Tribal and Corporation rules and regulations including that of the Tribal Employment Rights Ordinance, except insofar as the same may be waived by the Council.

59.08.180 FINANCE OFFICE: The G.M. is responsible for the establishment of a Corporation Finance Office and through it to keep accurate financial records and accounting documents, including, but not limited to, quarterly profit and loss statements, annual financials limited to, quarterly profit and loss statements, annual financial statements, and periodic audit reports for each enterprise under the control of the Corporation.

59.09 TRANSFER OF ASSETS

59.09.010 TRANSFER OF ASSETS: The existing assets of the Deming Quick Stop and all the other assets listed in the Appendix to this Charter shall, as of the effective date of this Charter, be transferred to the Corporation by this document and be accounted for thereafter in accordance with generally accepted accounting principles and with applicable ordinances and statutes. The Tribal Council may assign other existing or planned Tribal business enterprises to the Corporation by Council Resolution concurred in by the Board.

59.10 RECORDS, ACCOUNT PRACTICES AND AUDITS

59.10.010 CORPORATE RECORDS AND PROCEDURES: The Corporation and its officers shall establish and maintain appropriate written procedures, records, and accounting and financial systems consistent with generally accepted business practices.

59.10.020 PAYMENT OF COSTS AND REPORTS: The Corporation shall pay and discharge all costs consistent with approved budgets and shall issue monthly financial reports and provide an Annual Report to the Nooksack Tribal Council.

59.10.030 ANNUAL AUDIT: The Corporation shall cause to be completed an annual audit within 120 days after the end of the fiscal year. Such audit shall be completed by a certified public accounting firm.

59.10.040 AUDIT BY TRIBAL COUNCIL: The Nooksack Tribal Council, upon written notice to the Corporation, shall have the right to conduct its own audit of the Corporation's

records relative to the operation of the Corporation. The Tribal Council shall bear the cost of such an audit.

59.10.050 ACCESS TO RECORDS BY TRIBAL COUNCIL: The Nooksack Tribal Council or its duly appointed representatives may, during normal business hours, have reasonable access to accounting records maintained on behalf of the Corporation.

59.11 TAXES AND DISTRIBUTION OF REVENUE

59.11.010 FINANCIAL SUPPORT TO GOVERNMENT: This Charter is granted upon the condition that the Corporation will provide financial support to the government of the Nooksack Indian Tribe. No distribution of earnings or profit shall be made to any individual by the Corporation, PROVIDED, HOWEVER, that this provision shall not prohibit the payment of appropriate costs of doing business including, but not limited to, salaries, mileage, per diem expenses or incentives.

59.11.020 GROSS REVENUE TAX: The Corporation shall annually pay to the Nooksack Tribe, as a condition for the exercise of the rights and privileges granted hereunder and in exchange for the benefits and services provided to the Corporation by the tribe, a tax of 2% of the gross revenues of the Corporation derived from operations. The obligation of the Corporation to make the payments provided by this section shall accrue as of the last day of the fiscal year of the Corporation for such fiscal year.

59.11.030 NET INCOME TAX: The Corporation shall annually pay to the Nooksack Tribe, as a condition for the exercise of the rights and privileges granted hereunder, a tax measured by the net income of each business venture (as defined in NTCL 59.11.050) owned or controlled by the Corporation, at the rate of 50% of the annual net income in excess of $50,000 of each such business venture. The obligation to pay the tax shall accrue as of the last day of the fiscal year of each business venture.

59.11.040 TRIBAL REVENUE CODE: Following promulgation of the Revenue Code of the Nooksack Indian Tribe, duly adopted by the Tribal Council, the obligation of the Corporation to make annual payments to the Nooksack Tribe pursuant to such Revenue Code shall supersede and be in lieu of the payment obligation set forth in NTCL 59.11.020 and 59.11.030.

59.11.050 BUSINESS VENTURE: The term "business venture" as used herein means either:

a. any enterprise chartered by the Tribal Council, or any corporation chartered under the laws of any state of the United States, a majority of the capital stock of which is owned by the Corporation or with regard to which the Corporation has the right to appoint a majority of the members of the governing body; or

b. each continuing business activity carried on by the Corporation, the financial result of which is separately reported as a division or branch of the Corporation in the financial statements of the Corporation prepared and submitted as required by NTCL 59.11.070.

59.11.060 "NET TERM" DEFINED: The term "net income" as used herein means the profit before taxes of a business venture after deduction of all expenses as reported in the venture's financial statements for each fiscal year prepared by independent certified accountants, which financial statements, when prepared for the Corporation as a whole, shall be certified.

59.11.070 ANNUAL REPORT TO TRIBAL COUNCIL: The Corporation shall annually file reports with the Tribal Council within 90 days of the end of the fiscal year of the Corporation or within 90 days of the end of the fiscal year of any business venture as defined in NTCL 59.11.050, if such fiscal year is different from that of the Corporation, which shall describe:

a. the business done or intended to be done by the Corporation or a business venture;

b. material changes and developments since the last report in the business described, including a description of competitive conditions, research and development activities, new lines of business conducted by the Corporation or its subsidiary enterprises, the approximate amount of total sales and revenue, and income (or loss) attributable to each line of business which accounted for more than 10% of total sales and revenues;

c. any material pending legal proceedings to which the Corporation or a business venture in which it is a legal party; and

d. audited financial statements of the Corporation, including a consolidated balance sheet and consolidated statements of income and source and application of funds for each such fiscal year.

The Corporation shall annually prepare and, not less than thirty days prior to the annual meeting of the General Council, mail to each voting member of the Nooksack Tribe a summary of the information contained in the report prepared

pursuant to the preceding paragraph and shall, upon the written request of any voting member of the Nooksack Tribe, mail to such member its most recent quarterly financial statement, showing its assets and liabilities and the results of its operations.

59.12 BONDING AND INSURANCE

59.12.010 FIDELITY BONDS REQUIRED: The Treasurer, Assistant Treasurer, and all other officers, managers, agents and employees of the Corporation who handle fund of the Corporation in any manner and any other officers, agents and employees of the Corporation specifically designated by the Board shall execute Fidelity Bonds in favor of the Corporation in penal sums of at least $25,000 or in larger amounts specified by the Board. Each such Fidelity Bond shall be executed by the officer, agent or employee as principal and by a Corporate Surety Company approved by the Board, PROVIDED HOWEVER, that Blanket Bonds may be employed in lieu of individual bonds. All premiums for Fidelity Bonds shall be paid by the Corporation and shall be a corporate expense.

59.12.020 LIABILITY AND OTHER INSURANCE: The Board, through the G.M., shall acquire and maintain liability insurance and insurance against fire, theft, vandalism, casualty and other dangers and hazards sufficient to give adequate coverage to the Tribe, the Corporation and any business venture being managed and governed by the Corporation.

59.13 INDEMNIFICATION OF DIRECTORS AND OFFICERS

59.13.010 INDEMNIFICATION BY CORPORATION: The Corporation shall indemnify any and all persons who may serve or who have served at any time as directors or officers, or who, at the request of this Corporation, may serve or at any time have served as director or officer of another corporation in which this corporation owns a majority of the shares of the capital stock, and their respective heirs and personal representatives against any and all cost and expenses which may be imposed upon or incurred by him or her in connection with or resulting from claim, action, suit or proceeding in which such person may be involved by reason of his or her being or having been a director or officer of this Corporation, or of such other corporation.

59.13.020 SCOPE OF INDEMNIFICATION: This indemnification shall be effective whether or not such person continues to be a director or officer of this Corporation, or of such other corporation, at the time such costs and expenses are imposed or incurred.

59.13.030 "COSTS AND EXPENSES" DEFINED: As used herein, the term "costs and expenses" shall include, but shall not be limited to, counsel fees and amount of judgments against and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by any such director or officer, other than amounts paid to the Corporation itself: PROVIDED, HOWEVER, that no such director or officer shall be indemnified in any action, suit or proceeding in which he shall be adjudged liable for his own negligence or misconduct in the performance of his duty to the Corporation.

59.14 CONTRACTS WITH INSIDERS

59.14.010 CONTRACTS WITH INSIDERS: A director or officer of the Corporation shall not be disqualified by his or her office from dealing or contracting with the Corporation either as a vendor, purchaser, or otherwise; nor shall only transaction or contract of the Corporation be void or voidable by reason of the fact that any director or officer is a shareholder, officer or director, is in any way interested in such transaction or contract, provided that such transaction or contract is or shall be authorized, ratified, or approved either (1) by a vote of a majority of the Board of Directors, or (2) by the written consent or by the vote of the Nooksack Tribal Council; nor shall any director or officer be liable to account to the Corporation for any profits realized by or from or through such transaction or contract authorized, ratified or approved as herein provided by reason of the fact that he or she, or any firm of which he or she is a member or any corporation of which he is a stockholder, officer or director, was interested in such transaction or contract. Nothing herein contained shall create liability in the event above described, or prevent the authorization or approval of such contracts in any other manner permitted by law.

59.15 COMPLIANCE WITH APPLICABLE LAW

59.15.010 COMPLIANCE WITH APPLICABLE LAW: The Corporation and its directors, officers, agents and employees shall, while engaged in the business and affairs of the

Corporation, comply with all provisions of applicable law including Federal and Tribal laws.

59.16 AMENDMENTS

59.16.010 AMENDMENTS: This Charter may be amended by a vote of a majority of the Directors, but no amendment shall be effective until approved by the Tribal Council. Likewise, the Tribal Council may amend this Charter, but its amendment shall not be effective until approved by the Board of Directors of the Corporation.

59.17 BY-LAWS

59.17.010 BY-LAWS: The Board of Directors of the Corporation may adopt By-laws not inconsistent with this Charter.

59.18 DISSOLUTION

59.18.010 DISSOLUTION OF CORPORATION: The Corporation may be dissolved upon:

a. adoption of a resolution providing for dissolution of the Corporation by the affirmative vote of two or two thirds of the Board of Directors, or;

b. adoption by the Tribal Council or an ordinance proposing dissolution of the Corporation, followed within 90 days by a vote approving such dissolution by a majority of the members of the General Council present and voting at any regular or special meeting of the General Council

59.18.020 DISTRIBUTION OF ASSETS: Upon winding up and dissolution of the Corporation, the assets of the Corporation remaining after payment of, or provision for payment of, all debts and liabilities of the Corporation, shall be distributed to the Tribal Council or to such other Nooksack Tribal organization or enterprise, duly designated by the Tribal Council, so as to insure that the assets of the Corporation will be used exclusively to accomplish the general purposes for which the Corporation is organized.