TRIBAL-STATE COMPACT FOR CLASS III GAMING

Between the

SPOKANE TRIBE

and the

STATE OF WASHINGTON

FEBRUARY 2007

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT

TABLE OF CONTENTS

Section	Subject Matter	Page
	INTRODUCTION	**1**
	PARTIES	**1**
	RECITALS	**1**
I	**TITLE**	**3**
II	**DEFINITIONS**	**3**
III	**NATURE, SIZE, AND SCOPE OF CLASS III GAMING**	**6**
	A. Scope of Class III Gaming Activities	6
	B. Lottery-type Games	7
	C. Other Class III Games	7
	D. Gambling Devices	8
	E. Authorized Gaming Operation and Facilities	8
	F. Forms of Payment	8
	G. Size of Gaming Floor	8
	H. Number of Gaming Stations, Wager Limitations, and Hours of Operation	8
	I. Ownership of Gaming Facilities and Gaming Operation	8
	J. Prohibited Activities	8
	K. Age Limitations	9
	L. Prohibition on Firearms	9
	M. Regulations and Ordinances Regulating the Operation and Management of the Gaming Operation	9
IV	**LICENSING AND CERTIFICATION REQUIREMENTS**	**9**
	A. Gaming Facilities	9
	B. Gaming Employees	10
	C. Manufacturers and Suppliers of Gaming Services	10

D. Financiers 11
E. Tribal Application Forms 11
F. Key Personnel List 11
V LICENSING AND CERTIFICATION PROCEDURES 11
A. Procedures for Tribal License Applications and State Certification 11
B. Background Investigations of Gaming Employee Applicants 12
C. Background Investigations of Gaming Employees 13
D. State Gaming Agency Certification of Financiers, Manufacturers, and/or Suppliers of Gaming Goods and Services 13
E. Grounds for Revocation, Suspension, or Denial of State Certification 14
F. Right to Hearing for Revocation, Suspension, or Denial of State Certification 15
G. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Commission 15
H. Duration and Renewal of Tribal Issued Licenses, Eligibility Determinations, and State Certifications 15
I. Identification Cards 16
J. Exchange of Tribal Licensing and State Certification Information 16
K. Fees for State Certification 16
L. Fees for Tribal License 16
M. Summary Suspension of Tribal License 16
N. Summary Suspension of State Certification 17
O. Submission to State Administrative Process 17
VI TRIBAL ENFORCEMENT OF COMPACT PROVISIONS 17
A. Tribe 17
B. Tribal Gaming Commission 17
C. Tribal Gaming Agents 18
D. Gaming Manager 18
E. Reporting of Violations 18
F. Investigation and Sanctions 18
G. Reporting to State Gaming Agency 18
H. Agency Meetings 18

VII COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS 19

A. Monitoring of Gaming Operation 19

B. Access to Records 19

C. Tribal Gaming Commission Notification 20

D. Cooperation With Tribal Gaming Commission 20

E. Jurisdictional Issues 20

VIII REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT 20

IX LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING 20

A. Investigative Authority 20

B. Jurisdictional Forums 20

C. Federal, Criminal, or Tribal Jurisdiction 21

D. Consent to Application of State Law and Incorporation in Tribal Laws 21

E. Exception to Consent 21

F. Law Enforcement Coordination 21

X ENACTMENT OF COMPACT PROVISIONS 22

A. State Gaming Agency Rules or Regulations 22

B. Tribal Gaming Commission Regulations 22

XI REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATION 22

A. Adoption of Regulations for Operation and Management 22

B. Additional Operational Requirements Applicable to Class III Gaming 22

C. Regulation of Gaming Facilities 24

XII REMEDIES FOR BREACH OF COMPACT PROVISIONS 25

A. Introduction 25
1. Mediation 25
2. Standard Arbitration 26
3. Temporary Resolution – Expedited Binding Arbitration 27

B. Judicial Resolution of Disputes 27

C. Limited Waiver of Sovereign Immunity 28

D. Sanctions and Civil Fines 28

E. Method of Assessment and Payment of Fines 29

XIII TRIBAL REIMBURSEMENT OF REGULATORY FEES AND EXPENSES INCURRED BY THE STATE GAMING AGENCY 30

XIV PUBLIC HEALTH AND SAFETY 31

A. Compliance 31

B. Emergency Service Accessibility 31

C. Impact Mitigation Fund 31

D. Community Relations 32

E. Alcoholic Beverage Service 32

XV AMENDMENTS, DURATION, AND EFFECTIVE DATE 32

A. Effective Date 32

B. Transition Date 33

C. Transition 33
1. Best Efforts 33
2. Commencement of Eligibility Verifications and Certifications 33
3. Access to State Gambling Agency Officials 33

D. Termination 33

E. Other Termination – Change of State Law 33

F. Adjustments/Renegotiations 34
1. Renegotiations 34
2. Process and Negotiation Standards 34
3. Authorization to Other Tribes 34

G. Entire Agreement 35

H. Governing Law 35

XVI LIMITATION OF LIABILITY 35

XVII NOTICES 35

XVIII SEVERABILITY 35

APPENDIX SPOKANE
APPENDIX A – Standards of Operation and Management for Class III Activities
APPENDIX B – Rules Governing Class III Gaming on the Spokane Reservation
APPENDIX X – Rules Governing Tribal Lottery Systems
APPENDIX Y

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT

INTRODUCTION

THIS COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, Pub.L. 100-497, codified at 25 U.S.C. Sections 2701-2721 and 18 U.S.C. Sections 1166-1168 (hereafter IGRA or Act).

PARTIES

THIS TRIBAL-STATE COMPACT is made and entered into by and between the Spokane Tribe (hereafter "Tribe"), federally-recognized as an Indian Tribe, possessed of all sovereign powers and rights thereto pertaining; and the STATE OF WASHINGTON (hereafter "State"), as a sovereign state of the United States, with all rights and powers thereto pertaining.

RECITALS

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

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

The Tribe and the State have negotiated the terms and conditions of this Compact in good faith so as to provide for mutual governmental purposes and to provide a regulatory framework for the operation of certain Class III gaming, which is intended to: (a) ensure the fair and honest operation of such gaming activities; (b) maintain the integrity of all activities conducted in regard to such gaming activities; (c) prevent unsavory and unsuitable persons from having any direct or indirect involvement with gaming activities at any time or in any capacity; (d) establish and maintain responsible accounting practices and procedures; (e) maintain effective control over the financial

practices related to gaming activities, including establishing the minimum procedures for internal fiscal affairs and the safeguarding of assets and revenues and reliable recordkeeping; (f) prevent cheating and fraudulent practices; and (g) protect the health, welfare and safety of the citizens of the Tribe and of the State; and

The Act provides that an Indian tribe may conduct Class III gaming as provided in IGRA; and

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

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

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

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

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

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

The State and the Tribe are empowered to enter into this Compact due to their inherent power to contract and pursuant to the Indian Gaming Regulatory Act; and

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

I – TITLE

This document shall be referred to as "The Spokane Tribe and the State of Washington Class III Gaming Compact."

II – DEFINITIONS

For purposes of this Compact:

A. "Act" or "IGRA" means the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. Sections 2701-2721 and 18 U.S.C. Sections 1166-1168, and all regulations issued thereunder.

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

C. "Chairperson" means the Chair of the elected, Spokane Tribal Council, the tribal governing body.

D. "Class II Gaming" means all forms of gaming as defined in 25 U.S.C. Section 2703(7).

E. "Class III Gaming" means all forms of gaming as defined in 25 U.S.C. Section 2703(8).

F. "Class II Gambling Device" means any device which the National Indian Gambling Commission (NIGC) has determined by formal ruling or regulation is a permissible computer, electronic, or other technologic aid to a Class II gaming activity.

G. "Compact" means the Spokane Tribe and the State of Washington Compact for Class III Gaming.

H. "Distributor" means an individual who distributes any machines or devices of any kind used for any gaming activity in the gaming facility.

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

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

K. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribe's gaming operation or facilities, including whether employed by or when contracted to the Tribe or by or to any person or enterprise providing gaming operation and management services to the Tribe, including but not

limited to, gaming operation managers and assistant managers, accounting personnel, surveillance and security personnel, cashiers, dealers or croupiers, box men, floor men, pit bosses, shift bosses, cage personnel, collection personnel, gaming consultants, pari-mutuel clerks, management companies and their principals, and any person whose employment duties require or authorize access to areas of the gaming facilities related to gaming which are not otherwise open to the public, or to areas designated by the Tribal and State Gaming Agencies.

L. "Gaming Facility or Facilities" means the building(s) in which Class III gaming is conducted as authorized by this Compact.

M. "Gaming Operation" means the Tribe's operation of Class III gaming in any gaming facility in accordance with this Compact.

N. "Gaming Ordinance" means the gaming laws (and including regulations promulgated thereunder) duly adopted by the Tribe and approved by the NIGC in accordance with the Act.

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

P. "Gaming Station" means a gaming table of the same general size and as is commonly used in Nevada for similar games.

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

R. "Indian Lands" means those lands over which the Tribe exercises governmental power that meet the definition of "Indian Lands" as defined in the Indian Gaming Regulatory Act.

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

T. "Local Law Enforcement Agency" means the Washington State Patrol, Bureau of Indian Affairs Law Enforcement, Stevens County Sheriff, Lincoln County Sheriff, and any other non-Tribal law enforcement agency in the vicinity of the gaming operation which has jurisdiction to enforce state gaming laws on the Spokane Indian Lands pursuant to the terms of this Compact, and pursuant to a cooperative, mutual aid or cross-deputation agreement approved by the Tribe. Nothing in this definition or in any provision set forth in this Compact is intended to expand, waive, confer or limit any jurisdiction upon any law enforcement agency on the Spokane Indian Lands. If gaming is actually offered for play pursuant to this Compact in Spokane County, then "Local Law Enforcement Agency" shall also include the Spokane County Sheriff.

U. "Gross Gaming Revenue" means the total gaming income less prizes or winnings from a Class III gaming activity.

V. "NIGC" means the National Indian Gaming Commission established pursuant to 25 U.S.C. Section 2704.

W. "Principal" means with respect to any entity: (i) each of its officers and directors; (ii) each of its primary 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 start-up capital or operating capital over a twelve month period, or a combination, thereof. For purposes of this definition, where there is any commonality of the characteristics identified in (i) through (iv) above between any two or more entities, those entities shall be deemed to be a single entity.

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

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

Z. "State Certification" means the process utilized by the State Gaming Agency to ensure that entities required to be certified are qualified to hold such certification in accordance with this Compact.

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

BB. "Tribal Council" means the Spokane Tribal Council, which is the elected governing body of the Spokane Tribe.

CC. "Tribal Gaming Commission" means the agency of the Tribe primarily responsible for regulatory oversight of Class III gaming as authorized by this Compact. No employee of the gaming operation may be a member or employee of the Tribal Gaming Commission.

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

EE. "Tribal Licensing" means the licensing process utilized by the Tribe to ensure all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of the Spokane Tribe Gaming Ordinance.

FF. "Tribal Member" means an enrolled member of the Spokane Tribe or an enrolled member of any federally recognized Tribe, provided that for members of other federally recognized Tribes, the Spokane Tribe shall demonstrate that the individual has a significant relationship with the Spokane Tribe.

GG. "Tribe" or "Tribal" means of or stemming from the Spokane Tribe, its authorized officials, agents and representatives acting on the Tribe's behalf pursuant to Tribal law.

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

II. "Effective Date" means the date on which notice of approval of this Compact by the Department of the Interior is published in the Federal Register.

JJ. "Transition Date" means the date on which the Chairperson of the Tribal Council has certified to the State Gaming Agency that the Tribe's gaming locations do not include non-compliant machine games and the State Gaming Agency has certified that all gaming locations are otherwise in compliance with this Compact such that the State's and Tribe's obligations thereunder are fully enforceable.

III – NATURE, SIZE, AND SCOPE OF CLASS III GAMING

A. Scope of Class III Gaming Activities. The Tribal gaming operation may utilize in its gaming facilities, subject to the provisions of this Compact, any Class III activities, which the State of Washington "permits for any purpose by any person, organization, or entity," as the phrase is interpreted in the context of the Indian Gaming Regulatory Act. Unless agreed upon by amendment or other approved Compact modification, the Tribe and State agree that the Tribe may operate the following Class III gaming activities:

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack;
5. Caribbean Stud;
6. Chemin De Fer;
7. Chuck-a-luck;
8. Craps;
9. 4-5-6;
10. Horses (stop dice);
11. Horse Race;
12. Let It Ride;
13. Money-Wheel;
14. Satellite (off-track) wagering on horse races, subject to Appendix B;
15. Over/Under Seven;
16. Pai-gow;

17. Poker (to the extent not played as a Class II game);

18. Red Dog;

19. Roulette;

20. Ship-Captain-Crew;

21. Sic-Bo;

22. Sports Pools, subject to Appendix B;

23. Sweet Sixteen;

24. Keno

25. Punchboards and pull-tabs (to the extent not played as Class II games), subject to Appendix B;

26. Any pull-tab dispenser (to the extent not played as a Class II game), approved by the State Gaming Agency;

27. Any gambling device as defined under the Johnson Act, which is approved by the State Gaming Agency, as set forth in Appendices Spokane, X, and Y to this Compact; and

28. 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 XII.

B. Lottery-Type Games. For games including keno-type games (other than keno itself), instant tickets, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class II gaming in Washington pursuant to 25 U.S.C. Section 2703(7), or have been or are later identified as a Class II game pursuant to federal law, federal regulation, through consensual lawsuit, or by a court of competent jurisdiction interpreting the laws of the State of Washington in a final and unappealable decision, and the Tribe desires to conduct such games within Spokane Indian Lands, the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to the time play shall begin. If the State does not object in writing within sixty (60) days or approves the game, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training and enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion within sixty (60) days after submission by the Tribe, then the Tribe may initiate the dispute resolution provisions of Section XII.

C. Other Class III Games. With respect to any other Class III games similar to, but not included within, those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and which are not otherwise

treated as Class II gaming in Washington pursuant to 25 U.S.C. Section 2703(7), the Tribe shall provide the game's regulations to the State Gaming Agency at least thirty (30) days prior to offering the gaming activity for play. If the State Gaming Agency does not object in writing to the regulations within said thirty (30) days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State Gaming Agency with respect to issues including but not limited to, the rules of the game, legality of the game, manner of play, or training and enforcement associated with the regulation thereof, the State Gaming Agency and Tribal Gaming Agency shall meet and attempt to resolve the dispute through good faith negotiations prior to offering the gaming activity for play. If either party believes, after such negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII. Notwithstanding the foregoing, if the State authorizes any other Tribe, person or entity to conduct such game, the Tribe may offer said game under the same rules and manner of play previously approved by the State upon ten (10) days' notice to the Director of the State Gaming Agency. If the State objects to the Tribe's offering of such game, the Tribe shall be entitled to conduct the game in accordance with rules and manner of play previously approved by the State unless and until the State's objections have been resolved in the State's favor.

D. Gambling Devices. Gambling devices shall be governed pursuant to Appendices Spokane, X, and Y to this Compact.

E. Authorized Gaming Operation and Facilities. The Tribe may establish and operate such gaming facilities as are authorized in Appendix Spokane.

F. Forms of Payment. All payment for wagers made in gaming conducted by the Tribe in their gaming operation shall be made by cash, chips or tokens. Chips or tokens may only be purchased using cash, checks, or travelers checks. The gaming operation shall not extend credit, except as set forth in Appendix Spokane.

G. Size of Gaming Floor. The actual gaming floor devoted to Class III activities within each gaming facility shall be determined by the Tribe.

H. Number of Gaming Stations, Wager Limitations, and Hours of Operation. The number of gaming stations, wager limitations, and hours of operation shall be as provided in Appendix Spokane.

I. Ownership of Gaming Facilities and Gaming Operation. The gaming operation, including all gaming facilities, shall be owned by the Tribe. The Tribe may, if it chooses, contract for management of the gaming facilities and gaming operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

J. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. The parties understand that the Tribe will continue to operate

Class III gaming activities prior to the transition date of this Compact. The parties mutually agree to pursue a smooth transition without any time that the facilities would be shut down or closed to the public. Such operation prior to the transition date shall not be considered a breach of this Compact.

K. Age Limitations. No person under the age of eighteen (18) shall participate in any gaming operation, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Persons between the age of eighteen and twenty one years of age may patronize and participate in Class III gaming activities offered by the Tribe in its gaming facilities, so long as such patrons do not purchase or consume alcoholic beverages on the premises. PROVIDED, that such age limitation shall not apply to an individual accompanied by an adult for the specific and limited purpose of proceeding directly and immediately across the gaming area for a legitimate non-gaming purpose, with no gaming area loitering or gaming participation by the underage person or accompanying adult.

L. Prohibition on Firearms. The possession of firearms by any person within the gaming facilities shall be strictly prohibited, and the Tribal Gaming Commission shall post a notice of this prohibition near the entrance to the gaming facilities. This prohibition shall not apply to authorized agents of the Tribal or State Gaming Agencies. This prohibition shall also not apply to local law enforcement agencies authorized by federal law, tribal law or by a cooperative, mutual aid or cross deputization agreement.

M. Regulations and Ordinances Regulating the Operation and Management of the Gaming Operation. The Tribal Gaming Commission or the Tribal Council may, from time to time, adopt, amend or repeal such regulations or ordinances consistent with the policy, objectives, purposes and terms of this Compact as it may deem necessary or desirable in the interests of the Tribe and the State in carrying out the policy and provisions of this Compact. The Tribe has enacted an ordinance regulating the operation and management of the gaming operation.

IV – LICENSING AND CERTIFICATION REQUIREMENTS

A. Gaming Facilities. The gaming facilities authorized by this Compact shall be licensed by the Tribal Gaming Commission in conformity with the requirements of this Compact prior to the transition date or prior to commencement of operation, and annually thereafter to verify its conformity with the requirements of this Compact. The Tribe's operation of Class III gaming activities in the absence of a Tribal-State Compact prior to the transition date of this Compact shall not be considered in the State Gaming Agency's determination of conformity pursuant to this provision. Verification that such requirements have been met shall be made by the State Gaming Agency and Tribal Gaming Commission, through a joint pre-operation inspection scheduled at least thirty (30) days before the transition date of this Compact or thirty (30) days prior to commencement of operation. If a gaming facility fails to meet such requirements the Tribal or State Gaming Agency must send a written and detailed non-compliance letter and report to the Tribe and the manager, if any, within seven (7) working days after

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

B. Gaming Employees. Every gaming employee shall be licensed by the Tribal Gaming Commission and their eligibility for a license shall be verified by the State Gaming Agency prior to the transition date or prior to commencement of employment, and annually thereafter. Employees of the gaming facilities at the time of the transition shall be verified before working in the gaming facilities subsequent to the transition. Employment at a Spokane Tribal gaming facility prior to the effective date of this Compact shall not be grounds of a letter of ineligibility. The Tribal Gaming Commission may immediately issue a license if the employee has a current State gaming license or Class III gaming certification issued by the State Gaming Agency, or the State Gaming Agency verifies that the prospective employee is in good standing, and the employee consents to disclosure of records to the Tribal Gaming Commission of all information held by the State Gaming Agency. The Tribal Gaming Commission may immediately issue a conditional, temporary license for a period of time no longer than six (6) months when the Tribal Gaming Commission determines that a gaming employee applicant does not pose a significant risk to the public and the gaming operation. The Tribal Gaming Commission shall submit a list of the licensed and temporarily licensed gaming employees to the State Gaming Agency at least annually. The Tribal Gaming Commission shall include the licensee's complete name, aliases, social security number, and date of birth in its submission to the State Gaming Agency. If Class II and Class III table games are combined in the same room in a gaming facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II gaming employees in such room shall be verified by the State Gaming Agency as if they were Class III gaming employees.

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

D. Financiers. Any party who extends or intends to extend financing, directly or indirectly, to a gaming facility or gaming operation shall be subject to the annual certification and licensing requirements of the State Gaming Agency and the Tribal Gaming Commission. Such party shall be required to obtain State certification prior to completing the financing agreement and annually thereafter as long as the financing agreement is in effect. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Spokane Tribal government, or the federal government. The party shall fully disclose the source of all funds required to be disclosed under and in accordance with IGRA and the Tribe shall provide a copy of such disclosures to the State Gaming Agency. If a disclosure regards satellite wagering facilities and activities, the Tribe shall also send a copy to the Washington Horse Racing Commission. Nothing herein shall be interpreted as preventing the Tribe from satisfying debts to financiers incurred prior to the transition date of the Compact so long as such financier has no access to the gaming facilities or involvement with any management decisions in the absence of State certification.

E. Tribal Application Forms. All applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Commission and shall be accompanied by the application and investigative fees set forth in the Tribe's published schedule of fees. Such application forms shall require, but not be limited to, complete information and details with respect to the applicant's habits, character, Tribal activities, financial affairs, and Tribal associates, covering at least a seven (7) year period immediately preceding the date of filing of the application. In addition, all applicants shall provide information relating to their complete criminal history, as well as all civil or administrative violations of gambling laws or regulations.

F. Key Personnel List. Prior to the transition date and annually thereafter, the Tribe shall provide the State Gaming Agency with information listing personnel who are key personnel in the gaming operation.

V – LICENSING AND CERTIFICATION PROCEDURES

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

B. Background Investigations of Gaming Employee Applicants. Prior to hiring or licensing a prospective gaming employee, the Tribal Gaming Commission shall obtain sufficient information and identification from the applicant on forms to be furnished by the Tribal Gaming Commission to permit a thorough background investigation, together with such fees as may be required by the Tribe. The information obtained shall include, at a minimum, name (including any aliases), current address, date and place of birth, criminal arrest and conviction record, social security number, two sets of fingerprints, sex, height, weight, and two current photographs.

When the Tribal Gaming Commission has completed its initial investigation of the gaming employee applicant, and has issued a temporary license, it will, within five (5) business days, forward the application, a set of fingerprint cards, a current photograph, and the fee required to the State Gaming Agency for a final eligibility verification review, as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030. The State Gaming Agency shall complete the review and thereafter notify the Tribal Gaming Commission that either: (1) the eligibility verification review has revealed no information which would make the applicant ineligible for employment pursuant to Section V.(E)(1)-(6) of this Compact; or (2) the eligibility verification review has revealed that the applicant is ineligible for employment pursuant to Section V.(E)(1)-(6) of this Compact. An applicant who has been determined ineligible for licensing by the State Gaming Agency after an eligibility verification review will not be licensed by the Tribal Gaming Commission except in conformity with Section V.(E) of this Compact. When the Tribal Gaming Commission has completed its investigation, it will forward its investigative report and the FBI fingerprint check results to the State Gaming Agency. Upon completion of the necessary background investigation, and receipt of the State Gaming Agency notification of eligibility, the Tribal Gaming Commission shall either issue an employee gaming license to the applicant, or deny the application based on criteria set forth in this Compact, Tribal law and regulations. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for tribal licensing or state eligibility verification shall be available to the Tribal Gaming Commission at the State Gaming Agency office upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of Law Enforcement Intelligence Unit.

The gaming operation shall not hire or continue to employ a gaming employee, and shall terminate any probationary gaming employee, if the Tribal Gaming Commission determines that the applicant or employee:

1. Has been convicted of any offense related to gambling, or any felony (excluding juvenile convictions) relating to fraud, misrepresentation, deception or theft, within the past ten (10) years. Nothing herein shall be interpreted to prevent the Tribal Gaming Agency and/or the State Gaming Agency from considering such juvenile convictions in a suitability determination, nor shall be interpreted to excuse the applicant of its obligation to disclose juvenile convictions or arrests;

2. Has provided materially false statements or information on his or her employment application or misstated or otherwise attempted to mislead the Tribe or the State with respect to any material fact contained in the employment application;

3. Is a member or associate of organized crime or is of notorious or unsavory reputation; or

4. Has a reputation, habits or associations that might pose a threat to the public interest or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of gaming or the carrying on of the Tribal and financial arrangements incidental thereto. It is intended that applicants and employees have the continuing burden to satisfy all doubts as to their fitness. Where doubt remains, an applicant or employee is not entitled to be hired or to remain employed.

Additionally, the Tribal Gaming Commission shall not grant an application for a license unless it is satisfied that:

1. The applicant is of good character, honesty and integrity;

2. The applicant's prior activities, criminal record (if any), reputation, habits, and associations do not pose a threat to the public interest of the Tribe or the State or the effective regulation and control of gaming pursuant to this Compact, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods, and activities in the conduct of gaming or the carrying on of the Tribal and financial arrangements incidental thereto;

3. In all other respects, the applicant is qualified to be licensed or found suitable with the provisions and policies set forth in this Compact; and

4. The applicant has adequate Tribal probity, competence, and experience in gaming.

C. Background Investigations of Gaming Employees. The Tribe and the State Gaming Agency shall retain the right to conduct such additional background investigations of any gaming employee at any time during the term of that person's employment. At any time, any gaming employee who does not establish that he or she satisfies all of the criteria set forth above shall be dismissed.

D. State Gaming Agency Certification of Financiers, Manufacturers, and/or Suppliers of Gaming Goods and Services. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a gaming certificate to the financier, manufacturer, and/or supplier of gaming services or deny the application based on criteria set forth in this Compact or state law and regulations. The Tribal Gaming Commission shall forthwith provide copies of all gaming licenses issued and gaming license applications denied to the State Gaming Agency. The State Gaming Agency shall similarly forthwith provide copies of all gaming certificates issued and gaming certification applications denied to the Tribal Gaming Commission. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded

to the applicant in accordance with the provisions of Chapter 230-50 WAC or as hereafter amended, with a copy forwarded to the Tribal Gaming Commission. The State shall not apply, to any applicant for certification required under this Compact, a more rigorous standard than that actually applied in the approval of State licenses or certification in non-Tribal gaming activities regulated by the State.

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

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

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

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

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

5. Notwithstanding anything herein to the contrary, it shall not be grounds for suspension, revocation or denial for the applicant to have been involved in the operation of Class III gaming activities in the absence of a Tribal/State Compact. Nothing herein prevents the State from suspending, revoking or denying the certification to such an applicant on other grounds.

6. The State Gaming Agency will consult with the Tribal Gaming Commission prior to denying certification to such an applicant who does not meet the criteria for certification. For Tribal members who are applicants for Class III licensing, the

State and Tribal Gaming Agencies may waive, by mutual agreement, through a conditional Tribal license, certain criteria for such tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the gaming facilities. If the Tribe can show extenuating circumstances why a tribal member who does not meet all criteria should be further considered for a conditional Tribal license, the Tribal and State Gaming Agencies may agree to a temporary Tribal license, based on specific conditions and a further detailed review of the applicant. Additional fees may be required to maintain a conditional Tribal license, which the Tribe agrees to pay.

F. Right to Hearing for Revocation, Suspension, or Denial of State Certification. Any applicant for State certification or holder of a State certification shall be entitled to notice and a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State certification. The notice and hearing will be conducted in accordance with the procedures contained in the applicable provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC. The State may, at its discretion, defer such actions to the Tribal Gaming Commission. Nothing herein shall prevent the Tribal Gaming Commission from invoking its own disciplinary procedures and proceedings at any time. The Tribe shall have the right to appear and present argument and/or evidence in any hearings held pursuant to this section. Nothing herein shall be interpreted to preclude the Tribe from invoking the dispute resolution provisions of this Compact to challenge a State Gaming Agency decision to revoke, suspend or deny State certification.

G. Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Commission. The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Commission shall be in accordance with Tribal ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section V.(E)(1)-(6). The Tribe shall notify the State Gaming Agency of any determination under this paragraph. In the event the State disagrees with the Tribe's licensing determination, the State may submit the matter to dispute resolution pursuant to the provisions of this Compact.

H. Duration and Renewal of Tribal Issued Licenses, Eligibility Determinations, and State Certifications. Any Tribal license, eligibility determination, or State certification shall be effective for one year from the date of issuance unless, in the case of a license or certification, the holder is otherwise revoked or suspended. A licensed or certified employee or entity that has applied for renewal may continue to be employed under the expired Tribal license, eligibility determination, or State certification until the Tribal Gaming Commission or State Gaming Agency takes action on the renewal application or the license or certification is suspended or revoked. Applicants seeking renewal of a license, eligibility determination, or certification shall provide information updating originally submitted information as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Commission or the State Gaming Agency. Additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility

for a Tribal license, or a State certification is discovered by either the Tribal or State Gaming Commission. The State shall forward a copy of any updated information to the Tribe, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of the Law Enforcement Intelligence Unit. Should any renewal application be denied, the State shall send to the Tribe a copy of the statement sent to the applicant setting forth the grounds for the non-renewal of the certification. In the event the State issues a letter of ineligibility for a renewal applicant, the Tribe may either withdraw the application or submit the matter to dispute resolution. Should a Tribal licensee become ineligible during the twelve (12) month licensure period, as determined from a review by the State, the Tribe may withdraw the application or submit the matter to dispute resolution.

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

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

K. Fees for State Certification. The fees for initial and the renewal of State certification shall be determined pursuant to WAC 230-04-119 for service suppliers and WAC 230-04-203 for manufacturers and distributors. Provided, should actual costs incurred by the State Gaming Agency exceed the stated fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to beginning the investigation for the issuance of State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this section it shall be resolved pursuant to Section XII of this Compact. The fees for State eligibility verification are set forth in Section XIII.(E).

L. Fees for Tribal License. The Tribal Gaming Commission shall establish the fees for Tribal gaming licenses.

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

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

O. Submission to State Administrative Process. Applicants for State certification agree by submitting such application to submit to State jurisdiction to the extent necessary to determine qualification to hold such certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-50, and the State Administrative Procedures Act, RCW 34.05.

VI – TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

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

1. Ensure the enforcement in the gaming operation, including the facilities, of all relevant laws;

2. Ensure that the gaming operation has adequate policies in place for the physical safety of patrons in the establishment; and

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

B. Tribal Gaming Commission. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact shall be that of the Tribal Gaming Commission. As part of its structure, the Tribal Gaming Commission shall perform the following functions as related to the regulation and integrity of gaming:

1. Ensure the physical safeguarding of assets transported to and from gaming facilities and cashier's cage department;

2. Protect the patrons and the establishments' property from illegal activity;

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

4. Record in a permanent and detailed manner any and all unusual occurrences within each gaming facility. Each occurrence shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:

   (a) the assigned number;

   (b) the date;

   (c) the time;

(d) the nature of the incident;

(e) the person involved in the incident; and

(f) the security department or Tribal gaming employee assigned.

C. Tribal Gaming Agents. The Tribal Gaming Commission shall employ qualified agents. Tribal Gaming Agents shall be independent of the Tribal gaming operation, and shall be supervised and accountable only to the Tribal Gaming Commission.

D. Gaming Manager. The Tribal Council or its designee shall employ the gaming manager. The gaming manager shall serve at the pleasure of the Tribal Council or its designee and shall have overall responsibility for the administrative functions of the Tribal gaming operations. The Tribal Council shall be accountable for actions of the gaming manager in the context of this Compact.

E. Reporting of Violations. A Tribal Gaming Agent shall be present in the gaming facilities during all hours of gaming operation authorized under this Compact, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal ordinances. 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 Commission and forwarded to the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.

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

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

H. Agency Meetings. In order to foster a positive and effective relationship in carrying out and enforcing the provisions of this Compact, representatives of the Tribe (including the Tribal Gaming Commission and the gaming managers) and the State Gaming Agency shall meet at least quarterly during the first year the Compact becomes effective to review past practices and examine methods to improve the regulatory program created by this Compact. After the first year, the parties shall meet at least annually to discuss these

matters. The meetings shall take place at a location mutually agreed upon by the Tribal Gaming Commission and the State Gaming Agency. At least ten (10) days prior to such meetings, the State Gaming Agency and the Tribal Gaming Commission shall disclose to each other and at such meetings any and all suspected activities or pending matters reasonably believed to constitute violations of this Compact by any person or enterprise. Should the Tribe begin operating a satellite wagering facility for horse racing activities, the Washington Horse Racing Commission shall participate in the agency meeting.

VII – COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring of Gaming Operation. The State Gaming Agency shall, pursuant to the provisions of this Compact, have the authority to monitor the Tribal gaming operation to ensure that it is conducted in compliance with the provisions of this Compact. Agents of the State Gaming Agency and, as applicable, the Horse Racing Commission, shall have access equivalent to that exercised by the Tribal Gaming Commission to all areas of the gaming facility during all normal operating hours with or without giving prior notice to the Tribal gaming operation. Following the investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State shall provide the Tribal Gaming Commission with a report of the investigation, including information about evidence gathered in connection with the investigation. In no event shall the Tribe have access to identifying information regarding confidential informants. State agents shall provide proper identification at the time of inspection to the appropriate Tribal representatives. The Tribal Gaming Commission and the State Gaming Agency shall establish protocol that allows the Tribal Gaming Commission to confirm that the alleged State agent is duly authorized by the State to monitor the Tribal gaming operation.

B. Access to Records.

1. Agents of the State Gaming Agency shall have equal authority with the Tribal Gaming Commission to review and copy, during all operating hours, all applicable Class III gaming records maintained by the Tribal gaming operation. However, the State Gaming Agency is mindful of the Tribe's desire for privacy, and agrees to examine all records at the gaming facilities, to the extent practical. The State Gaming Agency further agrees that its agents will only retain copies of records necessary for investigative purposes. Any information derived therefrom shall be deemed strictly confidential and proprietary financial information of the Tribe. Subject to the requirements of Section VII.(B)(2) below, or any court order, such information shall be retained by the State Gaming Agency in its contractual capacity as a signatory to this Compact solely pending its full review process. All copies taken shall be returned to the Tribe immediately after use by the State Gaming Agency unless otherwise provided pursuant to the Compact.

2. The State Gaming Agency or, as applicable, the Washington Horse Racing Commission, shall notify the Tribe, by certified mail, or by other mutually agreed upon means, of any requests for disclosure of Tribal information and shall not

disclose any such information until the Tribe, the State, or both have had a reasonable opportunity to challenge the request.

C. Tribal Gaming Commission Notification. At the completion of any inspection or investigation, copies of the investigative report shall be forwarded to the Tribal Gaming Commission along with copies of evidence and information pertinent to the inspection.

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

E. Jurisdictional Issues. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this Compact do not constitute a waiver of sovereign immunity by either party and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact. Nothing in this Compact is intended to create any State or other non-Spokane Tribe entity jurisdiction with respect to non-gaming related activities on the Spokane Indian Reservation. The terms of such limited waiver of sovereign immunity shall be strictly construed.

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

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

IX – LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. Investigative Authority. The Tribal Gaming Commission, Tribal Law Enforcement Agency, Local Law Enforcement Agencies, the State Gaming Agency and, as applicable to the satellite wagering and activities only, the Washington Horse Racing Commission, shall have the authority to investigate any violations of Chapter 9.46 RCW or Chapter 67.16 RCW and such other crimes as are associated with the violations of those chapters that occur on Spokane Indian Lands, subject to the jurisdiction of the Spokane Tribe. Except as expressly set forth in this Compact, nothing herein shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribe with respect to the Tribe, the Spokane Indian Reservation, members of the Tribe, or any other individuals or entities subject to Tribal jurisdiction.

B. Jurisdictional Forums. Following investigation and arrest, formal criminal charges against individuals or entities shall be brought in the appropriate venue. Criminal prosecution of non-Indian defendants shall be in state or federal court. Criminal prosecution of Tribal members or enrolled members of other tribes shall be in Spokane

Tribal or federal court or, where permitted under law in effect upon the execution of this Compact, in state court. Spokane Tribal Court shall be the preferred venue whenever possible for prosecutions for criminal defendants who are Indian unless the Tribe declines to exercise its jurisdiction within six months of apprehension by a law enforcement agency and receipt by the Tribal Prosecuting Attorney of all relevant information in the possession of the apprehending agency. The Tribe agrees to cooperate with the State in any criminal investigation conducted pursuant to this subsection and to provide any information in the Tribe's possession relative to a criminal proceeding being conducted by the State.

C. Federal, Criminal, or Tribal Jurisdiction. Nothing contained herein shall be deemed to modify or limit existing federal, criminal, or tribal jurisdiction over the gaming operation negotiated under this Compact or over individuals who commit gaming-related offenses.

D. Consent to Application of State Law and Incorporation in Tribal Laws. Upon the effective date of the Compact, for the purposes of 18 U.S.C. Section 1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.0335, 9.46.071, 9.46.075, 9.46.140, 9.46.155, 9.46.160, 9.46.170, 9.46.180, 9.46.185, 9.46.190, 9.46.196, 9.46.1961, 9.46.1962, 9.46.198, 9.46.210, 9.46.215, 9.46.220, 9.46.221, 9.46.222, 9.46.231, 9.46.235, 9.46.240, and 67.16.060, as now or hereinafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact. The Tribe is in material breach of this Compact if Tribal law regarding any Class III gaming does not contain substantially similar provisions. Provided, that in the event any such provisions of State law are amended or repealed, the State Gaming Agency will give the Tribe notice of same within thirty (30) days of the date such change in law goes into effect. The State agrees that activities conducted in conformity with this Compact shall not be deemed to be a violation of such statutory sections referenced herein. Notwithstanding provisions herein to the contrary, any penalty or fine contained in State statutory provisions incorporated into this Compact or the Tribe's gaming ordinance which are in conflict with applicable federal law shall be deemed revised and amended so as to conform to federal law.

E. Exception to Consent. Except for the concurrent jurisdiction of the State with respect to gaming on the Spokane Indian Reservation contained in this section and elsewhere for acts of individuals, nothing in this Compact shall be deemed a consent or submission of or by the Tribe to the concurrent jurisdiction and/or application of any other laws of the State.

F. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the State or the Tribe, and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those law enforcement agencies shall meet prior to the

effective date and periodically thereafter, to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X – ENACTMENT OF COMPACT PROVISIONS

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

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

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

A. Adoption of Regulations for Operation and Management. The Tribal Gaming Commission shall adopt regulations to govern the operation and management of the gaming operation conducted under the authority of this Compact. Any regulations adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the integrity of the gaming operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III gaming operation. The initial regulations to govern the operation and management of the Tribal gaming operation shall be the standards set forth in Appendix A and are approved by the State Gaming Agency. The Tribal Gaming Commission shall notify the State Gaming Agency of any intent to revise the standards set forth in Appendix A or of any other regulations issued thereafter and shall request the concurrence of the State Gaming Agency for such revisions. The State Gaming Agency concurrence shall be deemed granted unless disapproved in writing within thirty (30) days of submission of the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the gaming operation, and shall disapprove only such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency disagrees with the proposed revised standards, it shall set forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to Section XII of this Compact.

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

1. To ensure integrity, the Tribal gaming operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the State Gaming Agency in accordance with Section VII (B) of this Compact: a surveillance log recording all surveillance activities in the monitoring room of the

gaming facilities; a security log recording all unusual occurrences that require an evaluation, investigation, or other decision making process by a Tribal Gaming Agent.

2. The Tribal Gaming Commission shall establish a list of persons barred from the gaming facilities because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming activities of the Tribe. The Tribal Gaming Commission shall employ reasonable efforts to exclude persons on such list from entry into its gaming facilities. The Tribal Gaming Commission shall send a copy of its list on a quarterly basis to the State Gaming Agency.

3. At the close of the fiscal year (commencing with the current Tribal fiscal year), the Tribal Gaming Commission shall require an independent certified public accountant to audit the books and records of the Tribal gaming operation in accordance with Generally Accepted Accounting Principles (GAAP). The Tribal Gaming Commission shall require the audit of the Tribal gaming operation, not less than annually, by an independent certified public accountant. The audit shall be completed within one hundred twenty (120) days after the close of the fiscal year. Upon completion of the audit, the Tribe shall notify the State Gaming Agency that the audit reports and management letters are available for on-site review. In addition, the Tribe shall deliver to the State Gaming Agency a copy of the addendum to the annual independent audit, as required by Section 2.(C) of Appendix Spokane to this Compact, and shall make copies of all current internal accounting and audit procedures available to the State upon written request.

4. Independent Compliance Audit. The State Gaming Agency shall be supplied with the federally required Independent Compliance Audit annually as is submitted to the NIGC by the Tribe. In the event the State Gaming Agency has a concern with the federally required Independent Compliance Audit, the State Gaming Agency shall notify the Tribal Gaming Commission in writing and then a joint effort between the State Gaming Agency and the Tribal Gaming Commission shall take place in the selection of an independent auditor. Copies of the results of the Compliance Audit shall be submitted to both gaming agencies within ten (10) days of completion if possible.

5. Rules of the Games. The Tribal Gaming Commission shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the gaming facilities. Betting limits applicable to any gaming station shall be displayed at such gaming station. Rules for games identified in Section III.(A), except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, that does not fundamentally alter the nature of the game as the Tribal Gaming Commission may approve. Rules for games identified in Section III.(A), except as specified in

Appendix B, shall be submitted to the State Gaming Agency for review, to determine if the rules fundamentally alter the nature of the game. In the event the State Gaming Agency has concerns in regard to a change in the rules, it shall submit such concerns to the Tribal Gaming Commission for its review and comment. The Tribe will provide the State Gaming Agency with ten (10) days advance notice of the rules of each game and any modification thereof, and will provide adequate notice to patrons of the gaming facilities to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII of this Compact.

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

1. The gaming operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A, and shall not modify such regulations without the agreement of the State Gaming Agency. The gaming operation shall provide the Tribal Gaming Commission with copies of its floor plan and closed circuit television system and any modifications thereof for review by the Tribal Gaming Commission. If the floor plan or closed circuit television system does not provide unobstructed camera views in accordance with such regulations, the Tribal Gaming Commission shall modify such floor plan or closed circuit television system in order to remedy such deficiency. The Tribal Gaming Commission shall forward a copy of the floor plan and closed circuit television system to the State Gaming Agency for review and consideration prior to final approval. In the event of a dispute, the matter will be handled in accordance with the provisions of Section XII.

2. The 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 Commission 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 said Appendix, the 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 XII.

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

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

XII – REMEDIES FOR BREACH OF COMPACT PROVISIONS

A. Introduction. In recognition of, and consistent with, the government-to-government relationship of the Tribe and State, the parties shall make their best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact. However, the parties understand that informal and formal mediation may not always lead to satisfactory results. Therefore, in the event either party is dissatisfied with informal and/or formal mediation, they may seek judicial resolution of any disagreement relating to the administration, monitoring of performance and compliance with the terms, provisions and conditions of this Compact; provided, however, the parties are free under this Compact to agree to other alternative dispute resolution mechanisms, such as, but not limited to, binding arbitration. The parties are aware that some sections of this Compact contain an explicit reference to Section XII in the event a dispute arises under that section. Notwithstanding such explicit references, and with respect to all other sections of this Compact, it is the parties' intent that any dispute of whatever kind, type or nature arising under this Compact shall be subject to the provisions of Section XII.

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

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

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

   (c) If the dispute is not resolved to the satisfaction of either party within twenty (20) business days of the first meeting, then the parties, by agreement, may seek and cause to have the dispute resolved by formal mediation, in which event the parties shall use their best efforts to select a mediator as soon as possible. The mediator's fees and attendant costs of mediation shall be borne equally by the parties.

2. Standard Arbitration

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

(b) If the parties agree, arbitration shall be conducted in accordance with the policies and procedures of the Commercial Rules of Arbitration of the American Arbitration Association (except as modified hereinafter), unless the parties agree to use different policies and procedures; provided, however, the arbitration itself shall not be administered by or proceed before the American Arbitration Association. Sites for such arbitrations shall alternate between Spokane Indian Lands and the State Gaming Agency or Washington Horse Racing Commission offices after each arbitration dispute, as follows: the first arbitration dispute, until completed, shall be held on Spokane Indian Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.

(c) In the event the parties agree to arbitration, the Tribe and the State Gaming Agency shall, within five (5) days, agree upon an arbitrator to decide the matter at issue, or agree upon a procedure for the selection of an arbitrator.

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

(e) The decision of the arbitrator shall be final for the purpose of concluding the non-judicial phase of the arbitration process, but the final decision of the arbitrator shall be subject to judicial review pursuant to the provisions of Sections XII.(A)(2)(i) and/or XII.(B).

(f) The arbitrator shall, consistent with this Compact, have the power to impose fines and award equitable relief in his or her discretion and as the circumstances warrant. In no event may the arbitrator award monetary relief against the State or against assets of the Tribe other than revenue from the gaming facility or from the sale of gaming-related assets.

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

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

(i) In the event the parties agree to conduct arbitration, or either party seeks a temporary resolution through expedited binding arbitration pursuant to XII.(A)(3), either the Tribe or the State may bring any cause of action against the other authorized by the Federal Arbitration Act (FAA), 9 U.S.C. Sections 1-16, but only in any United States district court which has jurisdiction over the subject matter and the parties and is the proper venue for the cause. Such suits shall be limited to actions (a) to compel arbitration, (b) to confirm, vacate or modify an arbitration award obtained under this section in accordance with the FAA, (c) to enforce any judgment upon such confirmed or modified award, and (d) any other action, if any, authorized by the FAA.

3. Temporary Resolution – Expedited Binding Arbitration

(a) At any time not earlier than twenty (20) days from the notifying of a party under the procedures set forth in Section XII.(A)(1) and not later than thirty (30) days after the initiation of arbitration pursuant to Section XII.(A)(2) or judicial resolution pursuant to XII.(B), either party may also make a written request for expedited binding arbitration to obtain a temporary resolution pending a decision from the formal arbitration process set forth in Section XII.(A)(2) above.

(b) The parties shall select a different arbitrator for the expedited proceedings and shall schedule an arbitration date in the same manner as provided for in Section XII.(A)(2)(b) & (c).

(c) The arbitrator shall render a binding decision within five (5) days of the arbitration date, which shall have full force and effect until a decision is issued pursuant to the formal arbitration process.

(d) In proceedings under this subsection, there shall be no presumption given to either party in disputes over interpretation of the terms of this Compact, or disputes over a regulatory decision made by the State Gaming Agency or by the Tribal Gaming Agency.

B. Judicial Resolution of Disputes. In the event either party has exhausted the procedures set forth in Section XII.(A)(1) and (2), or more than twenty (20) days have passed since the complaining party has properly notified the other party under the procedures set forth

in Section XII.(A) (1), and the complaining party is not satisfied with the results obtained, said party may initiate litigation in an appropriate United States district court to enforce compliance with or interpretation of the terms, provisions and conditions of this Compact, and for any other relief the United States district court is empowered to grant.

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

1. The Tribe hereby agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Sections XII.(A)(2)(i) and (B) of this Compact, such waiver to be in effect only so long as this Compact is in effect, but in no event shall the limited waiver be construed to allow for monetary relief against assets of the Tribe other than revenue from the gaming facility or from the sale of gaming-related assets.

2. The State and the State Gaming Agency represent and acknowledge that the State has waived its sovereign immunity with respect to suits interpreting or enforcing any contract to which the State and/or its subordinate agencies has entered into with a private party, which includes an Indian tribe. See RCW 4.92.010 and Architectural Woods, Inc. v. Washington, 92 Wash. 2d 521, 598 P.2d 1372 (Wash. 1979). In addition, the State and the State Gaming Agency represent and acknowledge that the State has waived its immunity from those suits set forth in Substitute Senate Bill 5905, 57th Legislature, 2001 Regular Session. Notwithstanding such statutory waivers of immunity, the State hereby reiterates and agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Sections XII.(A)(2)(i) and (B) of this Compact, and any other suits set forth in Substitute Senate Bill 5905, 57th Legislature, 2001 Regular Session, such waivers to be in effect only so long as this Compact is in effect.

D. Sanctions and Civil Fines. The following is a schedule of civil fines for any violation of the provisions of this Compact. These penalties are set forth as maximums to be set within the reasonable discretion of the Tribal Gaming Commission. The Tribal Gaming Commission may levy fines against the gaming operation, manufacturer, supplier, gaming employee or other entities. The State Gaming Agency shall notify the Tribal Gaming Commission of any alleged violations of the provisions of this Compact and may request the Tribal Gaming Commission take appropriate enforcement and/or corrective action. Failure of the Tribal Gaming Commission to take the action recommended by the State Gaming Agency shall constitute a dispute or disagreement between the parties subject to the dispute resolution provisions contained in this Section XII of this Compact. Any penalties collected shall be distributed to a non-tribal, bona fide nonprofit or charitable organization in the state of Washington selected by the Tribe.

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

   (a) First and subsequent violations: Up to a maximum suspension of gaming operations within the Class III gaming facility not to exceed one hundred (100) hours of operation per violation, or the dollar equivalent of the Gross Gaming Revenue to the Tribe from operations for the number of days of suspension, all not to exceed thirty (30) days.

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

   (a) For employees:

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

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

   (b) For manufacturers, suppliers and other entities:

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

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

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

   (a) For first violation: written warning.

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

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

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

All penalties listed in this Section XII.(B)(3)(a)-(d) will be charged and monitored on a per-violation basis on an annual basis per violator dating from the issuance of the written warning. Provided, during the first six (6) months of actual operation subsequent to the transition date, only written warnings shall be issued.

E. Method of Assessment and Payment of Fines. Any civil fines assessed by the Tribal Gaming Commission pursuant to the provisions of this Compact shall be paid within thirty (30) days of assessment. In the event a dispute arises with regard to this subsection, it will be resolved pursuant to Section XII of this Compact.

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

The State and Tribe agree that the reasonable and necessary costs of state oversight of the regulation of the Tribe's Class III gaming activities should be paid by the Tribe. To best approximate such costs, the parties agree to assessment and payment of fees, as follows:

A. The Tribe shall pay a one-time, up-front fee to reflect capital costs incurred to establish the state lab, in the amount of $8,803. This fee shall be payable within five (5) days of the transition date.

B. The Tribe shall reimburse the State for the hours directly related to the pre-operational inspection of the gaming facilities, which is required pursuant to Section IV of this Compact. This fee shall be paid within thirty (30) days after receipt of the State Gaming Agency's detailed statement.

C. Following the transition date, the Tribe shall pay an annual regulatory fee to reimburse the State Gaming Agency for carrying out its responsibilities as authorized under the provisions of this Compact, including monitoring, investigative, and processing costs. Should the transition date occur in calendar year 2008, the Tribe's annual regulatory fee shall be $146,000, paid in quarterly installments of $36,500. The annual regulatory fee for years subsequent to 2008 shall be determined in accordance with subsection E below. The Tribe shall reimburse the State Gaming Agency within thirty (30) days after receipt of the State Gaming Agency's invoice.

D. In addition to the State regulatory fees, the Tribe shall pay in quarterly installments an annual eligibility verification fee determined by the State Gaming Agency. The parties agree that the initial annual fee will be based on an individual determination fee of seventy-five dollars ($75) per applicant and fifty dollars ($50) per annual renewal, excluding costs of fingerprint processing for the first four hundred (400) determinations. The Tribal Gaming Agency and the State Gaming Agency shall enter into a Memorandum of Understanding, which may be amended from time to time regarding fees and submittal process for eligibility determinations. Based on the initial fee, the State may adjust the fee based on efficiencies or cost increases.

E. In years subsequent to those referenced in subsection C above, the Tribe shall pay an annual regulatory fee that will be calculated on the State Gaming Agency's hourly billing rate for all Tribes and the amount of time that the State Gaming Agency anticipates it will actually incur in monitoring the Tribe's gaming operation. The fees shall be paid in quarterly installments, within thirty (30) days after receipt of the State Gaming Agency's invoice.

F. Nothing herein shall be interpreted to prevent the Tribe from requesting the services of the State Gaming Agency in addition to those required by this Compact. The Tribe agrees to pay for such requested services, as well as any special scope investigations which shall be billed according to the State Gaming Agency's hourly rate. Such other

special costs, if any, shall be billed in addition to the Tribe's regulatory fee and shall be due within thirty (30) days of receipt of the invoice. The State shall submit a detailed statement with supporting documentation on a quarterly basis to the Tribal Gaming Commission.

G. If the Tribe disputes the State's costs or fees, the Tribe shall pay no less than the amount of the costs which are not in dispute when due to the State Gaming Agency and deposit the remaining disputed amount into an escrow account that is restricted until such dispute is resolved. Tribe may dispute fees on grounds that they are not reasonable and necessary and/or other grounds that fees are not consistent with the terms of the Compact or Appendix Spokane. In the event such dispute arises, it will be resolved pursuant to Section XII of this Compact.

XIV – PUBLIC HEALTH AND SAFETY

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

1. Indian Health Service public health standards;
2. All federal laws establishing minimum standards for environmental protection;
3. Applicable Environmental Protection Agency program standards and Tribal Environmental Policy Act requirements;
4. Federal water quality and safe drinking water standards;
5. Uniform Building Code, including codes for electrical, fire and plumbing;
6. Public health standards for food and beverage handling in accordance with U.S. Public Health Service requirements; and
7. The Spokane Tribe's Laws regarding public health, safety and environmental protection standards.

B. Emergency Service Accessibility. The Tribe and the Tribal Gaming Commission shall make provisions for adequate emergency accessibility and service of the gaming facilities.

C. Impact Mitigation Fund.

1. The Tribe recognizes that activities directly and indirectly associated with the operation of gaming facilities on Spokane Indian Lands may impact local law enforcement agencies, emergency services, and other services and place an increased burden on them. The Tribe hereby agrees to establish a fund for purposes of providing assistance to non-tribal law enforcement, emergency services, and/or service agencies (including those agencies responsible for traffic and transportation, as well as those that provide services to support problem or pathological gambling) impacted by the Class III gaming facilities and to

withhold and disburse 2 percent (2.0%) of the Gross Gaming Revenue from the Class III table games, except as otherwise excluded under the provisions of this Compact, for this fund (Impact Mitigation Fund).

A committee consisting of three representatives of the Spokane Tribe, an elected representative from the town of Chewelah, one member of the Stevens County Commission, and a representative of the State Gaming Agency shall be established. The composition of this committee may be altered by mutual agreement of the Tribe and State Gaming Agency, if necessary. The committee shall initially meet within 120 days of the transition date of this Compact to develop and execute a Memorandum of Understanding containing committee rules of order, Impact Mitigation Fund distribution procedures, and establish set factors to be used to determine negative impacts. The committee shall meet at least once every twelve (12) months from the effective date of this Compact, and annually thereafter, to discuss the following: 1) positive and negative impacts within the county, neighboring cities, and on Spokane Indian Lands; 2) services provided by tribal and non-tribal agencies; and 3) the distribution of the Impact Mitigation Fund. If the committee determines that the impact mitigation distribution does not meet or exceed the 2 percent (2.0%) withholding for any twelve (12) month period, the remaining funds shall be distributed by the Committee to the Department of Social and Health Services Division of Alcohol and Substance Abuse to support problem gambling services or to a bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive or problem gambling within neighboring communities.

Except as provided in Appendix X, Section 12.1, no Tribal Lottery System gaming device revenues, Class II gaming revenues, or non-gaming revenues, such as, but not limited to, food, beverage, wholesale or retail sales, shall be included, with the 2 percent (2.0%) budgeted and disbursed as set forth in this section.

2. All disbursements from the Impact Mitigation Fund shall be made not later than thirty (30) days after the annual meeting of the committee required in Section XIV.(C)(1).

D. Community Relations. The Tribal Council or its designee agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact of the Class III gaming operation upon the neighboring communities.

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

XV – AMENDMENTS, DURATION, AND EFFECTIVE DATE

A. Effective Date. This Compact shall take effect upon publication of notice of approval by the U.S. Secretary of the Interior in the Federal Register in accordance with 25 U.S.C. Section 2710(d)(3)(B).

B. Transition Date. The transition date shall occur upon approval by the State Gaming Agency and the Tribal Gaming Commission that the gaming facilities have passed the pre-operation inspection as set forth in Section IV.(A) and are in compliance with the Compact; and, certification to the State Gaming Agency by the Tribe's Chairperson that the only electronic gambling devices in operation at the gaming facilities are those authorized by Appendices Spokane, X, and Y to this Compact.

C. Transition. The Tribe is currently operating gaming facilities in the absence of a Tribal/State Compact and it is the intention of both the Tribe and State to make the transition to compacted gaming facilities expeditiously, without any disruption in business. Except as stated below, this Compact shall not be binding upon either the Tribe or the State until the provisions in Section XV.(B) are met. Until the transition date, the following provisions shall be binding:

1. Best Efforts. The Tribe shall use best efforts in transitioning the gaming facilities to comply with the provisions of this Compact, expeditiously, with the goal of completing the transition within twelve (12) months from the date of signing the Compact. At least thirty (30) days before the transition date, the Tribe shall submit to the State Gaming Agency all information required to make a determination of eligibility for Class III gaming employees licensed by the Tribe prior to said transition date. The State Gaming Agency shall use best efforts to assist the Tribe in the transition.

2. Commencement of Eligibility Verifications and Certifications. Once the State and Tribal Gaming Agencies have agreed that the gaming facilities meet the requirements for licensing as set forth in Section IV.(A), the State Gaming Agency shall conduct eligibility verifications and certifications per its obligations set forth in Section V.(B).

3. Access to State Gaming Agency Officials. The Tribe shall provide access to State Gaming Agency officials per its obligations set forth in Section VII.(A), except that the Tribe may require a Tribal escort at all times prior to the transition date of the Compact.

D. Termination. 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. In the event of unilateral termination, State jurisdiction under this Compact shall continue until all Class III gaming ends or the completion of any pending investigation or court action. Suspension or injunction of Class III gaming operations shall not constitute termination for the purpose of this subsection.

E. 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 U.S.C. Section 2710(d)(7)(A)(ii).

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

F. Adjustments/Renegotiations.

1. Renegotiations. In addition to the provisions contained in Section 6 of the attached Appendix Spokane, either the Tribe or the State may request renegotiation of any of the provisions of this Compact if and when circumstances or events occur that merit the discussion and renegotiation of such provisions. The request to renegotiate shall include the activities or circumstances the party wishes to negotiate, together with a statement of the basis supporting the request. The parties agree that negotiations shall commence in good faith under IGRA and within thirty (30) days of the request. The current terms and provisions of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

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

3. Authorization to Other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State enters into or amends a compact with another tribe and such agreement gives any such tribe more gaming facilities, activities, stations or higher wager limits, or any combination thereof than provided under the terms of this Compact, then this Compact shall be thereby amended upon approval and acceptance of any such increases by the Tribe and any written incorporation of such amendments to this Compact being provided to the State.

G. Entire Agreement. This Compact contains the entire agreement of the parties hereto with respect to the matters covered by this Compact, including all appendices, and no other statement, agreement or promise made by any party, officer or agency of any party shall be valid or binding. The Tribe and the State shall not enter into any other compact affecting the gaming operation, except by amending this Compact as provided above.

H. Governing Law. This Compact shall be governed by and construed in accordance with the laws of the United States.

XVI – LIMITATION OF LIABILITY

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

XVII – NOTICES

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

Governor
State of Washington
State Capitol
Olympia, Washington 98504

Chairperson
The Spokane Tribe
Post Office Box 100
Wellpinit, Washington 99040

With a copy to:
Office of the Tribal Attorney
P.O. Box 360
Wellpinit, Washington 99040

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

Executive Secretary
Washington Horse Racing Commission
6326 Martin Way, Suite 209
Olympia, Washington 98516

XVIII – SEVERABILITY

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

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

THE SPOKANE TRIBE

By _____ DATED: 2-14-2007
Richard Sherwood, Tribal Chairperson

THE STATE OF WASHINGTON

By _____ DATED: 2/16/07
Christine Gregoire, Governor

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX SPOKANE

TABLE OF CONTENTS

Section	Subject Matter	Page
	PREAMBLE – STATEMENT OF CONDITIONS AND LIMITATIONS	1
1.	Authorized Gaming Operations and Locations	2
2.	Community Investments and Contributions	2
	A. Qualifying Programs	2
	B. Distribution of Community Investments and Contributions	3
	C. Community Investments and Contributions Report	3
3.	Problem Gambling Contribution	4
4.	Smoking Cessation Contribution	4
5.	Player Terminal Allocation	4
6.	Player Terminal Authorization Limits and Transfer Agreements	5
7.	Inter-Tribal Fund	6
8.	Number of Gaming Stations	8
9	Gaming Station Wager Limits	8
10.	Tribal Lottery System (TSL)	9
	A. Alternate Standards	9
	B. Testing and Machine Approval	10
11.	Hours of Operation	10

ATTACHMENT A – "Two Rivers" Legal Description

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT

APPENDIX SPOKANE

PREAMBLE
STATEMENT OF CONDITIONS AND LIMITATIONS

This Preamble recites the specific agreements and understandings that the Spokane Tribe of Indians (Tribe) and the State of Washington (State) have agreed upon as conditions of the terms, provisions, and limitations contained in each and every provision of this Appendix Spokane (Appendix). As such, it is an integral part of each and every provision contained in this Appendix.

This Appendix contains provisions that set various agreed upon numerical limitations and other operating conditions that reflect and address circumstances unique to the Spokane Tribe, specifically including the size and geographical location of its Reservation and the other lands that are held in trust for the Tribe's benefit. Agreement by the State to each of the individual numerical limitations and other provisions contained in this Appendix is expressly conditioned upon agreement by the Tribe to each and every other provision contained in the Appendix. Absent such agreement by the Tribe, the State would not, and does not, agree to the individual numerical limitations and other conditions contained in this Appendix. Similarly, the Tribe's agreement to individual provisions of the Appendix is also expressly conditioned on the State's agreement to each and every other provision of the agreement. Absent such agreement by the State, the Tribe would not, and does not, agree to the individual numerical limitations and other conditions contained in this Appendix.

The parties believe that conducting Class III gaming under the terms, limitations, and conditions set forth below, given the unique geographical, economic and other factors relevant to this agreement, will benefit the Tribe and the State, will protect the members of the Tribe and the other citizens of the State, and is consistent with the objectives of the federal Indian Gaming Regulatory Act. The parties condition their respective approvals of this Appendix on their specific mutual agreement that all of the provisions of this Appendix are interrelated and interdependent and, as such, that they are not divisible from each other for any purpose. The State and Tribe acknowledge that the terms of this Appendix, each of which is agreed to only as an interrelated and indivisible condition of every other term in the Appendix, impose unique obligations, responsibilities, and corresponding operational opportunities that are agreed to only in return for the parties mutual recognition and acceptance of the completely integrated nature of this agreement. Any attempted use or interpretation of individual provisions of this Appendix must incorporate, apply and give full consideration to every other term contained in the Appendix as a condition of any such attempted use or interpretation.

1. Authorized Gaming Operations and Locations

A. The Tribe may establish as many as five (5) gaming facilities for the purpose of operating any Class III games authorized by this Compact. All gaming facilities operated by the Tribe pursuant to this Compact shall be located on Indian Lands, as that term is defined in this Compact and in the Indian Gaming Regulatory Act, that are held in trust by the United States for the benefit of the Spokane Tribe. Two facilities may be within 25 miles of each other. All other facilities must be at least 25 miles from each other and also from each of the two facilities that are located within 25 miles of each other, if any two are so located. The 25 mile distance between facilities shall be measured by paved roads. The Governor will deliberate and act in good faith in making any concurrence decision required under 25 U.S.C. 2719(b)(1)(A). Additionally, the Tribe shall provide the State with no less than sixty (60) days prior written notice of its intention to open a gaming facility site. No gaming facility site(s) shall be opened by the Tribe if the Tribe is in material breach of the terms and conditions of this Compact, and fails to cure that breach within sixty (60) days of providing the required notice. In the event either party submits the matter to dispute resolution per Section XII of the Compact, such sixty (60) day period shall be stayed until the process is completed.

(1) For purposes of this Appendix Spokane, a facility may include more than one building, so long as the property can be reasonably characterized as one destination resort.

(2) The Tribe shall obtain consent of the State Gaming Agency prior to gaming actually operating in more than one building at a single facility. The State may withhold consent if the property cannot be reasonably characterized as one destination resort.

(3) The "Two Rivers Resort", with the physical footprint set forth in the legal description in "Attachment A", shall be considered one facility in the context of this Appendix Spokane.

2. Community Investments and Contributions

A. Qualifying Programs

The Tribe agrees to continue its commitment of investing in the health and welfare of the community by providing for programs that benefit tribal and non-tribal members through Community Investments and Contributions. Community Investments and Contributions are intended to support programs including, but not limited, to the following:

(1) Law enforcement, courts, detention programs, and fire and emergency services (contributions may include cross deputization and mutual aid agreements, facilities and equipment);

(2) Natural resource protection and habitat restoration;

(3) Health care, including: drug and alcohol treatment and prevention services, smoking cessation programs, problem gambling treatment and services, mental health care, dental care, and health promotion programs, such as diabetes prevention, nutrition programs, and fitness programs;

(4) Education, including tutoring, head start and related services, as well as direct financial support to State-funded education;

(5) Day care;

(6) Disaster and emergency preparedness;

(7) Public utilities, including water, wastewater, and water treatment infrastructure;

(8) Economic development and job training;

(9) Elder services;

(10) Cultural resource protection;

(11) Social services programs, such as food banks, shelters, etc.;

(12) Transit services;

(13) Outreach and informational programs, such as financial training for homeowners, home repair classes, GED classes, parenting classes, etc.;

(14) Roads, bridges and other transportation infrastructure (including sidewalks, lighting, signage);

(15) Low income housing; and

(16) Public works, public facilities (such as museums, libraries, cultural facilities, wellness centers), athletic fields, parks, and other recreational facilities.

B. Distribution of Community Investments and Contributions

The Tribe may make the Community Investments and Contributions in either or both of the following ways:

(1) The Tribe may choose to distribute its Community Investments and Contributions directly to local jurisdictions by developing and executing a Memorandum of Understanding with each local jurisdiction regarding the distribution of funds process and the services to be provided; or

(2) The Tribe may make direct payments to, or for, projects or entities supporting programs in the areas identified in the list contained in Section 2.A., above.

C. Community Investments and Contributions Report

In order to ensure that such efforts and contributions are recognized and documented, the Tribe agrees to provide data that fairly reflect its Community Investments and Contributions. Pursuant to Section XI.B(4) of the Compact and Section 5 of Appendix A to this Compact, the Tribe must submit to the State

Gaming Agency a certified financial statement from a national accounting firm, or from a firm mutually agreed upon between the Tribal Gaming Agency and the State Gaming Agency. The annual audit will have an addendum, which documents the payments and in-kind services provided by the Tribe for any of the purposes described in Section 2.A. Generally Accepted Accounting Principles shall govern the preparation of the certified statement, and the addendum shall, at a minimum, contain the date or time period of the contribution, a brief description of the program or services, and an approximate dollar value of the investment or contribution.

3. Problem Gambling Contribution

The Tribe recognizes that the operation of Class III gaming activities on the Spokane Indian Reservation may adversely impact individuals who suffer from problem or pathological gambling addiction disorders. Moreover, the Tribe is committed to supporting problem gambling education, awareness, and treatment for such individuals. The Tribe hereby agrees to set aside 0.13 percent of the gross gaming revenues from its Class III gaming activities for contributions dedicated to problem gambling support services. Contributions shall be made to the Department of Social and Health Services' Division of Alcohol and Substance Abuse (DSHS/DASA). The Tribe shall be credited for payments, if any, made to other organizations that are directly related to helping to reduce problem gambling. The balance of the 0.13 percent of gross gaming revenues shall be paid to DSHS/DASA annually, starting with the 12-month anniversary of the Compact's effective date, and shall be paid by the 15th day of the month following said effective date.

4. Smoking Cessation Contribution

The Tribe hereby agrees to set aside 0.13 percent, annually, of the gross gaming revenue from its Class III gaming activities for contributions dedicated to reduce smoking. Contributions shall be made to fund advertisements with a primary message that smoking is a danger to one's health. In the alternative, the Tribe may make contributions to charitable and/or nonprofit organizations with a primary purpose of discouraging the use of tobacco. However, if the Tribe operates all of its gaming facilities as entirely smoke-free facilities, the Tribe shall be excused from making its smoking cessation contribution.

5. Player Terminal Allocation

For purposes of this Appendix Spokane, the Tribe shall be entitled to an allocation of nine hundred (900) player terminals ("Allocation"). If, subsequent to the effective date of this Compact, the Secretary of the Interior approves a compact or compact amendment between the State and any authorized Washington tribe that gives such tribe an allocation in excess of 900 player terminals, the parties agree that they will amend the Allocation established by this Section 5 to provide an equivalent number of player terminals and that Section 6.A. and 7.B., below, will also be amended to reflect the increase. The term "player terminal(s)," wherever used in this Appendix Spokane, shall have the same meaning as that set forth in Section 2.12 of the attached Appendix X.

6. Player Terminal Authorization Limits and Transfer Agreements

The Tribe is hereby authorized to operate up to 1,500 player terminals at any one facility, and up to 4,700 player terminals at all facilities combined, by acquiring additional player terminal allocation rights from any Washington tribe that has entered into a Compact authorizing operation of a Tribal Lottery System consistent with Appendix X to this Compact, subject to the following:

A. The Tribe agrees that at no time during the first three years immediately following the effective date of this Compact will it operate more than a total of 1,500 player terminals at all of its facilities combined. Any player terminals in excess of its Allocation of 900 that the Tribe chooses to operate, up to but not exceeding the maximum of 600 additional player terminals allowed by this Section 6.A., must be acquired by securing the allocation rights for such player terminals from other authorized Washington tribes, as indicated above. In the event that the Tribe is unable, after making reasonable efforts to do so, to acquire allocation rights for some or all of such additional player terminals from other Washington tribes, and the Chairperson of the Spokane Tribe details and certifies such facts to the State Gaming Agency in writing, the Tribe may obtain some or all of such additional player terminals by making payments into the Inter-Tribal Fund for each of the player terminals operated in excess of its Allocation of 900 in accordance with Section 7 of this Appendix Spokane, below. Any dispute between the parties regarding the reasonableness of the Tribe's efforts, where required by either Section 6.A. or Section 6.B. of this Appendix, to acquire additional player terminal allocation rights from other Washington tribes prior to obtaining such player terminal rights by making payments into the Inter-Tribal Fund established in Section 7, below, shall be resolved pursuant to Section XII of the Compact to which this Appendix is attached.

B. On the third anniversary of the effective date of this Compact, the parties agree to engage in good faith renegotiations regarding the provisions of Sections 5, 6, and 7 of this Appendix Spokane. As part of its commitment to the renegotiation process, the Tribe also agrees to participate with other Washington tribes in additional negotiations relating to establishing a revised statewide framework for tribal gaming that addresses player terminal allocation and other issues. During the period of the renegotiation of Sections 5, 6, and 7 of this Appendix Spokane, the Tribe, provided that it has never previously acquired, and does not subsequently acquire, player terminals by making payments into the Inter-Tribal Fund established pursuant to Section 7, below, shall be entitled to operate up to its authorized limit of 4,700 total player terminals at all facilities combined. If, however, during the period of renegotiation, or at any previous time, the Tribe acquires player terminals by making payments into the Inter-Tribal Fund established pursuant to Section 7, below, then the Tribe agrees not to operate more than 1,500 additional player terminals pursuant to the terms of this Section 6.B., in addition to the 1,500 player terminal maximum referenced in Section 6.A., above, for a combined maximum total of up to 3,000 terminals, for the duration of the renegotiations. In such an event, for each additional player terminal operated by

the Tribe pursuant to this Section 6.B., up to the stated 1,500 player terminal maximum, the Tribe must acquire the allocation rights for such additional player terminals from other authorized Washington tribes with gaming compacts, as indicated above. In the event that the Tribe is unable, after making reasonable efforts to do so, to acquire allocation rights for some or all such additional player terminals from other Washington tribes, and the Chairperson of the Spokane Tribe details and certifies such facts to the State Gaming Agency in writing, the Tribe may obtain some or all of the 1,500 maximum additional player terminals authorized by this Section 6.B. by making payments into the Inter-Tribal Fund for each such additional player terminal in accordance with Section 7, below. Additionally, if on the fourth anniversary of the effective date of this Compact the parties have not concluded their renegotiation of Sections 5, 6, and 7 of this Appendix Spokane, and the Tribe acquires, or has previously acquired, player terminals by making payments into the Inter-Tribal Fund established pursuant to Section 7, below, the Tribe may at that time commence operation of up to 500 more player terminals in addition to the 3,000 player terminals otherwise allowed by Sections 6.A. and 6.B. of this Appendix. In such an event, any authorized player terminals that the Tribe operates in excess of a total of 3,000, up to the temporary conditional maximum of 3,500 terminals established by this Section 6.B., must be acquired by securing the allocation rights for such terminals from other authorized Washington tribes and may be operated for the duration of the renegotiation by the parties of Sections 5, 6, and 7 of this Appendix Spokane.

C. If the Tribe chooses to operate two facilities within 25 miles of each other pursuant to Section 1.A. of this Appendix, one of those two facilities may operate a total of up to 2,000 player terminals at that location, however, the total number of player terminals at the two facilities combined shall not exceed 3,000.

D. Under no circumstances shall the Tribe operate more than a total of 4,700 player terminals at all of its facilities combined.

7. Inter-Tribal Fund

In the event the Tribe becomes eligible to obtain authorized player terminals that exceed its total Allocation by exercising the relevant alternative acquisition methods provided in Sections 6.A. and 6.B., above, the following requirements shall apply:

A. The Spokane Tribe shall establish and maintain an Inter-Tribal Fund (Fund). The State Gaming Agency shall have access to records, including audits, necessary to ensure that the Inter-Tribal Fund is administered consistent with this section.

B. The Tribe shall pay into the Fund an amount equal to ten dollars ($10.00) per player terminal, per day, for each Class III player terminal on the gaming floor at facilities operated pursuant to this Compact and Appendix Spokane, except that payment shall not be required for the first nine hundred (900) of such player terminals. The total payment amount will be based on the actual number of player terminals on the gaming floor during three random physical counts conducted by the State Gaming Agency during the prior calendar year, and the

average number of player terminals on the gaming floor in excess of 900 will be used to determine the required payment. (Example: ten dollars ($10.00), multiplied by the average number of Class III player terminals (minus 900) that are on the gaming floor, multiplied by the number of days in the year equal the amount required to be paid to the Fund.)

C. The ten dollars ($10.00) per player terminal figure that is utilized in Section 7.B, above, in computing the Tribe's required contribution to the Inter-Tribal Fund, shall increase to eleven dollars and fifty cents ($11.50) per player terminal on the fifth anniversary of the effective date of this Compact. Thereafter, the above mentioned per player terminal figure shall increase in one dollar and fifty cent ($1.50) increments every five years, up to a maximum amount of twenty-one dollars and fifty cents ($21.50) for so long as this Appendix Spokane is in effect. In the event that the maximum amount of twenty-one dollars and fifty cents ($21.50) is reached, the parties shall renegotiate this subsection 7.C. in good faith. During such renegotiations, the fee shall remain at twenty-one dollars and fifty cents ($21.50). Any dispute regarding such renegotiations shall be resolved pursuant to Compact Section XII.

D. Payments into the Fund shall be made quarterly, based on a calendar year. Payments shall be made by the 15th of the month following the end of each quarter.

E. The State Gaming Agency shall, on an annual basis, provide the Spokane Tribe with the names of those tribes eligible to receive distributions from the Fund and the quarterly payments to be made to each eligible tribe. Distributions will be made from the Fund only to tribes with valid Tribal-State Compacts that averaged less than a total of 675 player terminals on an eligible tribe's gaming floor, as determined by averaging three random physical counts conducted on site by the SGA during the prior calendar year.

F. Distributions from the Fund shall be made to eligible tribes based on the following:

(1) For each player terminal under a total of 675 that is not on the gaming floor, an eligible tribe shall be credited with one unit.

(2) The total number of units credited to all eligible tribes, as provided by the State Gaming Agency, shall be divided into the existing monetary balance of the Fund at the end of each quarter in order to determine a per unit value. (Example: If the Fund contains $100,000.00, and the total number of units credited to all eligible tribes is 10,000, each unit shall have a value of ten dollars ($10.00).)

(3) All monies in the Inter-Tribal Fund shall be distributed quarterly based on the number of units credited to each eligible tribe, multiplied by the per unit value determined in accordance with Section 7.F(2) above. Distributions to all eligible tribes shall be made by the 30th of the month following the end of each quarter. (Example: If an eligible tribe is credited with 400 units, and the per-unit value is determined to be ten dollars

($10.00), the Spokane Tribe shall tender payment of $4,000.00 to the eligible tribe.)

G. If, subsequent to the signing of this Compact by the parties, the Secretary of the Interior approves a compact or compact amendment between the State and any authorized Washington tribe that gives such tribe an allocation in excess of 675 player terminals, the parties agree that the references to 675 player terminals contained in Sections 7.E. and 7.F. of this Appendix Spokane shall be adjusted to be equivalent to the higher allocation amount in the compact or compact amendment that was approved by the Secretary.

H. In the event an eligible tribe does not accept a tendered payment from the Inter-Tribal Fund, that fact shall not constitute a breach of this Compact and such payment shall instead be contributed to the Department of Social and Health Services' Division of Alcohol and Substance Abuse program for problem gambling, or a successor program, for the purposes addressed in Section 3 of this Appendix.

8. Number of Gaming Stations

The Tribe may operate up to fifty (50) gaming stations at each of its facilities, except that it may operate up to seventy-five (75) gaming stations at one facility. The Tribe shall operate all of its gaming stations at the gaming facilities authorized by this Compact, and no gaming stations or the rights to such gaming stations shall be leased from or transferred to other Tribes.

9. Gaming Station Wager Limits

A. The maximum wager shall not exceed five hundred dollars ($500). Provided, that upon twenty (20) days written notice to the State Gaming Agency and upon mutual written agreement between the State Gaming Agency and the Tribal Gaming Agency, the Tribe may designate up to five (5) higher stakes tables at one facility, at which wagers may be accepted beyond the maximum limit during five (5) specified time periods each year, to be determined by the Tribe. Under no circumstances shall the operation of the designated higher stakes tables exceed a total of one hundred and twenty (120) days each calendar year. This exception to the maximum wager limits applies only to gaming stations, as defined in Section II.P of this Compact.

B. The Tribe shall determine the wager limit for any allowed higher stakes gaming stations. However, only qualified patrons shall be allowed to play at higher stakes tables. A qualified patron is one who:

(1) Meets the criteria set forth in a memorandum of understanding between the State Gaming Agency and the Tribe, as may be amended from time to time. The criteria shall be reasonably commensurate with the financial risks at stake. Dispute over such provisions shall be resolved pursuant to the expedited dispute resolution process set forth in Section XII; and

(2) Is not identified by the Tribal Gaming Commission as a person demonstrating significant characteristics associated with problem gambling.

C. Any higher stakes tables must be separated from other areas of the gaming location in a manner that ensures only qualified patrons and appropriate tribal personnel are able to enter and exit.

D. The Tribe must implement such additional safeguards and surveillance as are required by the State which are reasonable and commensurate with the financial risks at stake. Disputes relating to such provisions shall be resolved pursuant to the expedited dispute resolution process set forth in Section XII.

E. The Tribe may only extend credit to qualified patrons, as defined in Section 9.B. above, and shall take the following additional steps to verify such qualification prior to extending credit:

(1) The Tribe shall require all patrons wishing to participate in wagering beyond the $500 limit to complete and submit a credit application;

(2) The Tribe shall not approve a credit limit until it has conducted a thorough review and verification of the credit application and has verified the patron's bank account information;

(3) Prior to accepting a patron's check, the Tribe shall record and verify the patron's identity, address, current casino credit limits and outstanding balances, outstanding indebtedness, and personal checking account information; and

(4) After the Tribe has completed the proper verifications, it may accept a personal check drawn against the player's approved bank account. The Tribe shall issue the patron a counter check with a multi-part form made negotiable with the patron's bank. The Tribe shall not cash counter checks in excess of the patron's previously established credit limit.

10. Tribal Lottery System (TLS)

The TLS machines operated by the Tribe must conform to Appendix X of this Compact, provided, that the Tribe may operate player terminals that: 1) allow the player to initiate game play through the insertion of U.S. coins or currency; and /or 2) allow the player to touch the screen or press a button once in order to select the game and reveal the game outcome. Additionally, fifteen (15) percent of the TLS Class III Player Terminals in operation by the Tribe at each facility may accept wagers of up to twenty dollars ($20). However, TLS machines offering any of the above-referenced features are subject to the provisions of Sections 10.A and B below.

A. Alternate Standards. Pursuant to Section 11 of Appendix X to this Compact, the Tribe and State shall agree to alternate standards for any TLS machines operated by the Tribe that offer activation by coin or currency, single button play, and/or wagers greater than five dollars ($5). The Tribe and State shall enter into an

agreement that confirms that the proposed TLS machine meets all other requirements contained in the Compact and this Appendix. In addition, the agreement shall set the technical standards and internal controls for the operation of TLS machines that feature activation by coin or currency, single button play, or wagers greater than five dollars ($5). Such technical standards and internal controls shall include, but not be limited to: operation, interface and random number generator standards; game reports; accounting system requirements and reports; transaction system requirements and reports for coin activation; security system requirements; and testing requirements.

B. Testing and Machine Approval. Prior to the Tribe operating player terminals that: 1) allow the player to initiate game play through the insertion of U.S. coins or currency; 2) allow the player to touch the screen or press a button once in order to select the game and reveal the game outcome; and/or 3) accept wagers of up to twenty dollars ($20), the Tribe and State shall enter into an agreement, as required by Section 10.A of this Appendix Spokane. Additionally, such proposed TLS machines shall be subject to all requirements set forth in Appendix Y to this Compact, to the extent that such requirements do not conflict with Section 10 of this Appendix Spokane.

11. Hours of Operation. The Tribe shall determine the hours of operation for each gaming facility operated pursuant to this Appendix Spokane.

APPENDIX SPOKANE

ATTACHMENT A

"TWO RIVERS" LEGAL DESCRIPTION

The S1/2 SW1/4 SE1/4, S1/2 N1/2 SW1/4 SE1/4 Section 19, And The N1/2 NW1/4, W1/2 NW1/4 NE1/4 Section 30, All in Township 28 North, Range 36 East, W.M., Stevens County, Washington. Area containing 130.00 acres, more or less.

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX A

TABLE OF CONTENTS

Section	Subject Matter	Page
1	Definitions	A-1
2	Accounting Records	A-3
3	System of Internal Control	A-3
4	Forms, Records, Documents, and Retention	A-4
5	Annual Audit and Other Reports	A-4
6	Closed Circuit Television System	A-5
7	Organization of the Tribal Operation	A-7
8	Personnel Assigned to the Operation and Conduct of Class III Gaming Activities	A-10
9	Cashier's Cage	A-10
10	Accounting Controls Within the Cashier's Cage	A-11
11	Drop Boxes	A-12
12	Drop Boxes, Transportation to and from Gaming Stations, and Storage in the Count Room	A-13
13	Procedure for Exchange of Checks Submitted by Gaming Patrons	A-13
14	Procedure for Depositing Checks Received from Gaming Patrons	A-15
15	Procedure for Collecting and Recording Checks Returned to the Gaming Operation After Deposit	A-15
16	Procedure for Accepting Cash at Gaming Stations	A-16
17	Acceptance of Gratuities from Patrons	A-16
18	Adoption of Rules for Class III Activities	A-16
19	Station Inventories and Procedure for Opening Stations for Gaming	A-17
20	Procedure for Distributing Gaming Chips and Coins to Gaming Stations	A-19

21 Procedure for Removing Gaming Chips and Coins from Gaming Stations.....A-21
22 Procedure for Shift Changes at Gaming Stations.....A-23
23 Procedure for Closing Gaming Stations.....A-24
24 Count Room: Characteristics.....A-25
25 Procedure for Counting and Recording Contents of Drop Boxes.....A-26
26 Signatures.....A-29

SPOKANE INDIAN TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT

APPENDIX A

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

1. DEFINITIONS

In these standards, unless the context indicates otherwise:

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

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

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

"Chief Operating Officer" is the senior executive of the tribal gaming operation exercising the overall management or authority over all the operations of the tribal gaming operation and the carrying out by employees of the tribal gaming operation of their duties;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Security Department Member" means any person who is a member of the Security Department as provided in the organization of the tribal gaming operation in accordance with these standards;

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

"Table Game Win or Loss" is determined by adding the amount of cash or coin, the amount recorded on the closer, removed from a drop box, plus credits, and subtracting the amount recorded on the opener and the total of the amounts recorded on fills removed from a drop box.

2. ACCOUNTING RECORDS

(1) The tribal gaming operation shall maintain complete, accurate, and legible records of all transactions relating to the revenues and costs of the gaming operation.

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

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

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

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

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

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

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

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

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

3. SYSTEM OF INTERNAL CONTROL

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

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

(3) The submission required by paragraph (1) shall be signed by the executive responsible for its preparation and shall be accompanied by a report of an

independent accountant stating that the submitted system conforms in all respects to the principles of internal control required by these standards.

4. FORMS, RECORDS, DOCUMENTS, AND RETENTION

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

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

(a) The original, duplicate and triplicate copies shall be color coded;

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

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

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

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

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

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

5. ANNUAL AUDIT AND OTHER REPORTS

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

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

(3) Upon completion of the annual audit, and not later than 120 days following the end of the calendar or fiscal year, the Tribe shall notify the Tribal Gaming Agency and the State Gaming Agency that the audited financial statements, together with the report thereon of the tribal gaming operation's independent

accountant, are available for review. Extensions may be granted by the Tribal Gaming Agency for extenuating circumstances. Provided, that the Tribe shall deliver the addendum to the annual audit, as required by Section 6 of Appendix Spokane to this Compact, to the State Gaming Agency within 120 days following the end of the calendar or fiscal year.

(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. <u>CLOSED CIRCUIT TELEVISION SYSTEM</u>

(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 each gaming facility and the activities in the gaming facility pits;

(ii) The operations conducted at and in each 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 facilities and the count rooms; and

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

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

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

(d) Audio capability in the count rooms.

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

(4) The tribal gaming operation shall be required to maintain a surveillance log of all surveillance activities in each 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; and

(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 recordings shall be retained for at least seven (7) days and at least thirty (30) days in the case of original recordings 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.

(8) Digital Recording Systems:

(a) Digital images shall be recorded at not less than 25 frames per second in all areas in the gaming facility where Class III gaming is conducted, including but not limited to, table games, TLS, poker, keno stations, cages, count rooms, information technology department, and all gaming activities conducted by gaming employees, patrons, and/or players.

(b) Digital images may be recorded at less than 25 frames per second in and around the gaming facility in Class II areas, including but not limited to, open parking lots, parking structures, non-sensitive areas, employee dining/break areas, hallways, storage areas, workshops, restaurants, and meeting rooms.

(c) The recording systems shall be equipped with an alarm that notifies the operator in the event of an equipment malfunction.

(d) Digital cameras may be on motion detection setting when motion is detected by the camera. The pictures shall be observed by the surveillance operator, but the camera is not required to provide a continuous recording when motion is not detected.

(e) Footage from the surveillance digital system shall only be viewed by individuals with access to the proprietary reader software.

7. ORGANIZATION OF THE TRIBAL GAMING OPERATION

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

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

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

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

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

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

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

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

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

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

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

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

(i) The physical safety of all patrons and employees, as well as their property, as authorized by the Tribal Gaming Agency;

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

(iii) The transfer of assets to and from the cashier cage(s) and the gaming stations; and

(iv) The physical control of gaming equipment inventories. Such inventories shall specifically include cards, dice, shoes, and other gaming devices and equipment deemed appropriate. The security department shall control the receipt, storage, issuance, collection, disposition and/or destruction of same, subject to oversight by operations management and review by the Tribal Gaming Agency.

(b) A surveillance department supervised by the head of the surveillance department who shall cooperate with, yet perform independently of all other departments and shall report directly to the Chief Operating Officer of the tribal gaming operation regarding matters of policy, purpose, and responsibilities. At the discretion of the tribe, this department may report directly to the Tribal Gaming Agency. The head of surveillance shall be responsible for, but not limited to, the following:

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

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

(iii) The video and audio recordings of activities in the count rooms;

(iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facilities, count rooms, and cashier's cages;

(v) The video recording of illegal and unusual activities monitored; and

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

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

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

(d) A gaming facility accounting department supervisor who shall report directly to the Chief Financial Officer or equivalent. The supervisor responsibilities shall include, but not be limited to, the following:

(i) Accounting controls;

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

(iii) The control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the gaming operation and required by these standards.

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

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

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

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

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

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

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

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

(2) A pit boss shall be the supervisor assigned the responsibility for the overall supervision of the operation and conduct of gaming at the table games played within a single pit and shall oversee any intermediate supervisors assigned by the tribal gaming operation to assist in supervision of table games in the pit.

(3) A gaming facility shift manager shall be the supervisor assigned to each shift with the responsibility for the supervision of table games conducted in each gaming facility. In the absence of the gaming facility manager, the gaming facility shift manager shall have the authority of a gaming facility manager.

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

9. CASHIER'S CAGE

(1) As part of the gaming operation there shall be on, or immediately adjacent to, the gaming floor a physical structure known as the cashier's cage ("cage") to house the cashiers and to serve as the central location for the following:

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

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

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

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

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

(3) The cage shall be designed and constructed to provide maximum security including, at a minimum, the following:

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

(b) Manually triggered silent alarm systems connected directly to the monitoring rooms of the closed circuit television system and the security department office; and

(c) Access shall be through a locked door.

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

(4) The tribal gaming operation shall place on file with the Tribal Gaming Agency the names of all persons authorized to enter the cage, those who possess the combination or the keys, or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

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

10. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

(1) The assets for which the cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift, shall record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory.

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

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

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

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

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

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

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

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

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

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

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

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

(a) On the cashiers count sheet, the fill bank close-out sheet, and the main bank closeout sheet, the signatures of the cashiers assigned to the incoming and outgoing shifts.

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

11. DROP BOXES

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

(2) Each drop box shall have:

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

(b) A separate lock securing the drop box to the gaming stations, the key to which shall be different from the key to the lock securing the contents of the drop box;

(c) An opening through which currency, coins, forms, records and documents can be inserted into the drop box; and

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

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

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

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

(1) All drop boxes removed from the gaming stations shall be transported, at a minimum, by one security department member and one employee of the tribal gaming operation directly to, and secured in, the count room.

(2) All drop boxes, not attached to a gaming station, shall be stored in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The key to one lock shall be maintained and controlled by the security department and the key to the second lock shall be maintained and controlled by the Tribal Gaming Agency inspector.

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

13. PROCEDURE FOR EXCHANGE OF CHECKS SUBMITTED BY GAMING PATRONS

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

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

(a) Drawn on a bank and payable on demand;

(b) Drawn for a specific amount;

(c) Made payable to the tribal gaming operation; and

(d) Currently dated, but not post dated.

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

(a) Presented directly to the cashier who shall:

(i) Restrictively endorse the check "for deposit only" to the tribal gaming operation's bank account;

(ii) Initial the check;

(iii) Date and time stamp the check;

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

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

(4) Prior to acceptance of a travelers check from a patron, the general cashier shall verify its validity by:

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

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

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

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

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

(6) A person may obtain cash at the cashier's cage to be used for gaming purposes by presenting a recognized credit card to a general cashier. Prior to the issuance of cash to a person, the general cashier shall verify through the recognized credit card company the validity of the person's credit card, or shall verify through a recognized electronic funds transfer company which, in turn, verifies through the credit card company the validity of the person's credit card, and shall obtain approval for the amount of cash the person has requested. The general cashier shall then prepare such documentation as required by the tribal gaming operation

to evidence such transactions and to balance the imprest fund prior to the issuance of the cash.

14. PROCEDURE FOR DEPOSITING CHECKS RECEIVED FROM GAMING PATRONS

(1) All checks received in conformity with these standards shall be deposited in the tribal gaming operation's bank account in accordance with the tribal gaming operations normal business practice, but in no event later than seven (7) days after receipt.

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

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

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

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

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

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

(a) The date of the check;

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

(c) The amount of the check;

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

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

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

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

16. PROCEDURE FOR ACCEPTING CASH AT GAMING STATIONS

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

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

(3) Immediately after an equivalent amount of gaming chips has been given to the patron, the cash shall be taken from the top of the gaming station and placed by the croupier or dealer into the drop box attached to the gaming station.

17. ACCEPTANCE OF GRATUITIES FROM PATRONS

(1) No tribal gaming operation employee directly concerned with management, accounting, security and surveillance shall solicit or accept any tip or gratuity from any player or patron.

(2) The tribal gaming operation shall establish a procedure for accounting for all tips received by other gaming employees.

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

18. ADOPTION OF RULES FOR CLASS III ACTIVITIES

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

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

(i) Physical characteristics of chips; and

(ii) Physical characteristics of the following:
(A) roulette tables;

(B) roulette balls;
(C) roulette wheels;
(D) cards (including procedures for receipt and storage);
(E) blackjack tables;
(F) blackjack layouts;
(G) poker tables;
(H) dice (including procedures for receipt and storage);
(I) craps tables;
(J) craps layouts;
(K) money wheels;
(L) money wheel layouts;
(M) baccarat and mini-baccarat tables;
(N) baccarat and mini-baccarat layouts;
(O) chuck-a-luck tables;
(P) chuck-a-luck layouts;
(Q) red dog tables;
(R) red dog layouts;
(S) beat the dealer layouts;
(T) pai-gow tables and layouts;
(U) dealing shoes (including procedures for receipts and storage);
(V) bill changer devices;
(W) such other equipment as may be required for use in otherwise authorized Class III activities.

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

(a) Procedures of play;

(b) Minimum and maximum permissible wagers;

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

(d) Payout odds on each form of wager;

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

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

19. STATION INVENTORIES AND PROCEDURE FOR OPENING STATIONS FOR GAMING

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

(a) In exchange for cash;

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

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

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

(2) Each station inventory and the station inventory slip prepared in conformity with the procedures set forth in these standards shall be stored during non-gaming hours in a separate locked, clear container which shall be clearly marked on the outside with the game and the gaming station number to which it corresponds. The information on the station inventory slip shall be visible from the outside of the container. All containers shall be stored either in the cashier's cage during non-gaming hours or secured to the gaming station subject to arrangements for security approved by the Tribal Gaming Agency.

(3) The keys to the locked containers containing the station inventories shall be maintained and controlled by the gaming facility department in a secure place and shall at no time be made accessible to any cashier's cage personnel or to any person responsible for transporting such station inventories to or from the gaming stations.

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) The signature of the security department member.

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

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

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

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

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

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

(b) Access to the triplicate copy of the form shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of fills, placing fills in the dispensers,

and removing from the dispensers, each day, the triplicate copies remaining therein.

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

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

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

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

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

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

(f) The signature of the preparer.

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

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

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

(a) The cashier upon preparation;

(b) The security department member transporting the gaming chips or coins to the gaming station upon receipt from the cashier of gaming chips or coins to be transported;

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

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

(12) Upon meeting the signature requirements as described in paragraph (11), the security department member that transported the gaming chips or coins and the original and duplicate copies of the fill to the station, shall observe the immediate placement by the croupier or dealer of the duplicate fill and duplicate request in the drop box attached to the gaming station to which the gaming chips or coins

were transported and return the original fill to the fill bank where the original fill and request shall be maintained together and controlled by employees independent of the gaming facility department.

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

(a) The count team for agreement with the duplicate copy of the fill and duplicate copy of the request removed from the drop box after which the original and duplicate copy of the request and the original and duplicate copy of the fill shall be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or

(b) The accounting department for agreement, on a daily basis, with the duplicate fill and duplicate copy of the request removed from the drop box and the triplicate.

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

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

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

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

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

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

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

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

(3) Immediately upon preparation of a request and transfer of gaming chips or coins to a security department member, a gaming facility supervisor shall obtain on the duplicate copy of the request, the signature of the security department member to whom the gaming chips or coins were transferred and the croupier or dealer shall place the duplicate copy in public view on the gaming station from which the gaming chips or coins were removed, and such request shall not be removed until

a credit is received from the fill bank at which time the request and credit are deposited in the drop box.

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

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

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

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

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

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

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

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

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

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

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

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

(f) The signature of the preparer.

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

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

(a) The fill bank cashier upon preparation;

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

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

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

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

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

(a) The count team for agreement with the duplicate credit and the duplicate request removed from the drop box, after which the request and the original and duplicate credit shall be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or

(b) The accounting department for agreement, on a daily basis, with the duplicate copies of the credit and request removed from the drop box and the triplicate.

22. PROCEDURE FOR SHIFT CHANGES AT GAMING STATIONS

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

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

outgoing shift or the gaming facility supervisor assigned to the gaming station at the time of the drop box shift change.

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

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

(b) The game and station number;

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

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

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

23. PROCEDURE FOR CLOSING GAMING STATIONS

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

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

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

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

(b) The game and station number;

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

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

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

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

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

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

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

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 keyed locks securing the interior of the count room, the keys to which shall be different from each other and from the keys to the locks securing the contents of the drop boxes, and one key shall be maintained and controlled by the security department in a secure area within the security department, access to which may be gained only by a nominated security department member, one key maintained and controlled by the cage manager or supervisor, and the electronic lock maintained and controlled by surveillance manager; and

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

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

(3) Located within the count room shall be:

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

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

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

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

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

25. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

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

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

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

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

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

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; and

(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.

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX B

TABLE OF CONTENTS

Section	Subject Matter Page	
1	SPORTS POOLS	B-1
2	PUNCHBOARDS AND PULL-TABS	B-1
3	SALE OF WASHINGTON STATE LOTTERY TICKETS	B-1
4	SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES	B-1
	(1) Definitions	B-1
	(2) Applicability of Laws	B-2
	(3) Regulation of Satellite (Off Track) Wagering	B-2
	(a) Wagering Permitted	B-2
	(b) Hours of Operation	B-4
	(c) Approval of Facilities	B-4
	(d) Wagering Rules	B-4
	(e) Other Facilities Within Area	B-5
	(f) Amounts Received by Tribe	B-5
	(g) Security Control	B-5
	(h) Accounting Practices and Audits	B-5

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX B

RULES GOVERNING CLASS III GAMING
on the
SPOKANE RESERVATION

1. SPORTS POOLS

The Spokane Tribe shall be entitled to offer sports pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten dollars ($10.00) (wager) plus an administrative charge payable to the Tribe of not more than fifty cents ($0.50) per $10.00 wager. All wagers shall be awarded to winners as prizes. All other provisions of state law established in RCW 9.46.0335 regarding the conduct of sports pools shall be applicable.

2. PUNCHBOARDS AND PULL-TABS

The Spokane Tribe may sell punchboards and pull-tabs in the facility and at other locations on the Spokane Tribal Reservation subject to regulation by the Tribe and other than at a location where bingo is played. Such punchboards and pull-tabs shall be sold in a manner consistent with the sale of punchboards and pull-tabs at any location on the Spokane Tribal Reservation where bingo is played.

3. SALE OF WASHINGTON STATE LOTTERY TICKETS

The sale of Washington State lottery tickets on the Spokane Indian Lands shall be subject to the provisions of RCW 67.70, WAC 315, and the Tribal Ordinance.

4. SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES

(1) Definitions:

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

"Commission Regulations" means Title 260 WAC.

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

"Horse Racing Law" means Chapter 67.16 RCW.

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

"Satellite wagering" means parimutuel wagering on simulcast results.

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

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

"Wagering employee" means any person who is employed by the Tribe or at any satellite wagering facility hereunder to handle any monies, materials, records or equipment related to the satellite wagering permitted herein, or who supervises any person who does so, or supervises any such supervisor.

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

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

(3) Regulation of Satellite (Off Track) Wagering.

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

(i) Unless permitted in accordance with subparagraph (c) below, the Tribe may conduct satellite wagering only on events simulcast from any Washington State track (whether of a live race or an authorized simulcast of an out-of-state signal) on the same terms and conditions permitted any other satellite wagering facility in the State without limitation on the

distance such tribal facility is from a live race meet; provided, the Tribe is entitled to receive simulcast signals from each Washington State track on terms at least as advantageous as those made available by such track to any other satellite facility operated at a track holding a Class A or Class B Washington Horse Racing Commission license or at any other facility operated or leased by an entity holding such a license. Negotiations conducted between the Tribe and the track shall cover areas including but not limited to, the following: percent of handle received; equipment required and who provides such equipment; who provides wagering employees; and how and on what schedule funds will be transferred. All wagers accepted at the tribal facility on such events shall be made into the parimutuel pool of the Washington State track which provides the simulcast signal, and shall be deemed to have been made at the location of such pool for the purposes of assessment of fees, charges, taxes or other assessments. Nothing herein shall prohibit assessment by the Tribe of taxes, fees or other charges for wagering conducted at the tribal facility, nor shall the State, or any of its political subdivisions, be authorized to impose any taxes, fees, charges or assessments upon the Tribe or any person or entity authorized to conduct such activities on behalf of the Tribe for the satellite wagering activities regulated hereunder, other than those generally applicable to the parimutuel pool.

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

(iii) If, following an adverse determination from the Commission, the Washington State track does not offer the terms identified by the Commission in accordance with subparagraph (b) above, the Tribe shall be entitled to negotiate for and receive simulcast signals from out-of-state

races for an equivalent number of races, to be offered within the subsequent twelve (12) month period, on such terms and conditions as it may obtain. Acceptance of signals from out-of-state tracks shall be made in compliance with the Interstate Horseracing Act, 15 USC Sections 3001, *et seq*. Nothing in this Section 4 shall be deemed to limit acceptance of satellite wagers to the extent permitted under the Interstate Horseracing Act. Consent of the Commission, as required under the Interstate Horseracing Act, shall not be unreasonably withheld. For disputes concerning whether the Commission has unreasonably withheld its consent, the Tribe or the State may request arbitration under Section XII.A of this Compact.

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

(c) Approval of Facilities. All Spokane Tribe gaming facilities are approved as locations for the conduct of satellite wagering under this Compact, subject to approval of the physical adequacy of each facility. The right of the Tribe to conduct satellite wagering from a gaming facility shall not be affected by its distance from any live race meet being broadcast to such facility, and statutes and regulations imposing distance limitations on the location of satellite wagering facilities relative to live race meets, including but not limited to, RCW 67.16.200(c), shall not be applicable to Tribe.

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

(i) References therein to "racing associations" shall mean the Tribe.

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

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

(iv) References to "the manager of the parimutuel department" shall refer to any person appointed to manage the satellite wagering facilities authorized under this Compact.

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

(e) Other Facilities Within Area. In the event the Commission considers allocation of exclusive or limited areas in which satellite wagering facilities may be located, the Commission will give good faith consideration to designating the Spokane Tribe satellite wagering facilities as exclusive or limited area satellite wagering sites. Notwithstanding the foregoing, the conduct of satellite wagering at any other facility, including a live racing facility, in the State shall not affect the right of the Tribe to operate its satellite wagering facility at any time.

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

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

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

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX X

TABLE OF CONTENTS

1. OVERVIEW X-1

2. DEFINITIONS X-1

2.1 Cashless Transaction System X-1
2.2 Central Computer X-2
2.3 Electronic Accounting System X-2
2.4 Electronic Scratch Ticket X-2
2.5 Electronic Scratch Ticket Game X-2
2.6 Electronic Scratch Ticket Game Set X-2
2.7 Electronic Scratch Ticket Game Subset X-3
2.8 Game Play Credits X-3
2.9 Manufacturing Computer X-3
2.10 Online Lottery Game X-3
2.11 Online Lottery Game Ticket X-3
2.12 Player Terminals X-3
2.13 State Gaming Agency (SGA) X-3
2.14 Tribal Gaming Agency (TGA) X-3
2.15 Tribal Lottery System X-4

3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM X-4

3.1 Description of System Operation X-4
3.2 Game Set and Subset Requirements X-5
3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game X-6

3.4 Data Required to be Available Following the Completion of a Scratch Ticket Game X-7

3.5 Software Auditing Tool to be Made Available X-7

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

3.7 Manufacturing Computer X-8

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

3.9 Player Terminals Used in Electronic Scratch Ticket Games X-10

4. TRIBAL ONLINE LOTTERY GAME SYSTEM X-10

4.1 Description of System Operation X-10

4.2 Central Computer Used for Online Lottery Game X-12

4.3 Player Terminals Used for Online Games X-12

4.4 Verification and Viewing Requirements for Online Game Results X-13

4.5 Online Lottery Game Records X-13

4.6 Redemption Period X-13

4.7 Other Game Rules X-13

4.8 Prizes: Jackpots X-13

5. PLAYER TERMINALS X-14

5.1 Use as a Stand-Alone Gambling Device Prohibited X-14

5.2 Features X-14

5.3 Non-Volatile Backup Memory Required X-14

5.4 On/Off Switch X-14

5.5 Static Discharge/Interference X-15

5.6 Accounting: Meters X-15

5.7 No Automatic Clearing of Accounting, Meters: Reading and Resetting Meters X-15

5.8 Display of Information X-15

5.9 Protection of Displayed Information X-16

5.10 Hardware Switches Prohibited X-16

5.11 Networking Requirements X-16

5.12 Prohibited Software Functions X-16

5.13 Quick-Pick Function X-16

5.14 Wagers - Displaying Electronic Scratch Ticket Outcomes X-16

6. STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM X-17

6.1 Chi-Square Analysis X-17

6.2 Runs Test X-17

6.3 Correlation Analysis X-17

6.4 Serial Correlation Analysis X-17

7. ELECTRONIC ACCOUNTING SYSTEM X-17

7.1 Revenue Reporting Requirements X-17

8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING, AND STORAGE REQUIREMENTS X-20

8.1 Player Accounts X-20

8.2 Smart Cards X-20

8.3 Other Functions X-21

9. GENERAL SECURITY REQUIREMENTS X-21

9.1 Separation X-21

9.2 Security X-21

9.3 Secure Connections: Data Encryption Standards or Equivalent Data Encryption X-21

9.4 Surge Protection: Uninterrupted Power System X-22

9.5 Identification Plates X-22

9.6 Locked Areas X-22

9.7 Key Control Standards X-22

9.8 MEAL Cards X-22

9.9 Access Control X-22

9.10 Cameras X-22

9.11 Verification Data and Functions X-22

10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY X-23

10.1 Designation of Independent Gaming Test Laboratory X-23

10.2 Testing and Certification of Tribal Lottery Systems X-23

10.3 Approval by the SGA X-24

10.4 Modifications of Approved Lottery Systems: Emergency Certifications X-24

10.5 Manufacturer's Conformity to Technical Standards X-24
10.6 Payment of Gaming Test Laboratory Fees X-25
10.7 Gaming Test Laboratory Duty of Loyalty X-25
10.8 Random Inspections X-25
10.9 SGA to be Supplied Model of Player Terminal and System X-25

11. ALTERNATIVE STANDARDS PERMITTED AND TECHNICAL CHANGES X-25

11.1 Alternative Standards Permitted X-25
11.2 Technical Changes X-25

12. OTHER PAYMENTS X-26

12.1 Impact Costs X-26
12.2 Charitable Donations X-26
12.3 Community Impacts X-26
12.4 Payment X-26

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX X

RULES GOVERNING
TRIBAL LOTTERY SYSTEMS

1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and online lottery games. The system utilizes player terminals with video displays which allow players to purchase chances and obtain game result information, a manufacturing computer which securely creates the finite set of chances used in the scratch ticket portion of the system, a central computer which stores and transmits game information and makes draws for the online lottery game, and an electronic central security and accounting system. In the scratch ticket game, preexisting scratch tickets are dispensed in an electronic format to players through the player terminals on an on-demand basis. In the online lottery game, drawings are conducted on a central computer independently of any activity at player terminals. The drawing results are then matched to player selections previously made on the player terminals. The system and games described and authorized herein are subject to the technical provisions set forth herein.

2. DEFINITIONS

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

2.1.1 The Electronic Accounting System;

2.1.2 One or more of the following: plastic, cardboard, magnetic, or "smart" cards; paper; personal identification numbers; Game Play Credits obtained from the exchange of cash or cash equivalents; Game Play Credits displayed on the Player Terminal which were earned as prizes from prior play and not redeemed; and other means for effectuating play and awarding prizes without inserting or dispensing cash into or from the

terminal, provided that all Game Play Credits (other than credits earned from prior play and remaining displayed on a Player Terminal) must have been paid for by cash or cash equivalent;

2.1.3 A means of accounting for player deposits of cash or cash equivalents and exchanges for and redemption of Game Play Credits which is independent of the Player Terminal, through a player's account, a voucher system, a smart card system (i.e., a card generally made of plastic with a computer chip imbedded in it), or similar device for recording individual player data; and

2.1.4 A means by which players can redeem unused Game Play Credits for cash or cash equivalents, first by depositing credits into a player account, a voucher system, or a smart card system or similar device for recording individual player data, and then providing a means to exchange such credits for cash or cash equivalents. All exchanges for cash must be through a cashier or other separate redemption system.

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

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

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

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

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

otherwise, so that it can be distinguished from other game sets manufactured from the same template.

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

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

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

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

2.11 **Online Lottery Game Ticket**. A paper, cardboard or electronically encoded medium onto which information is legibly printed, or is recorded electronically in a manner which can cause a Player Terminal to display, the outcomes and prizes won, if any, and other information associated with, an Online Lottery Game drawing in which the player is enrolled.

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

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

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

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

3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

3.1 Description of System Operation.

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

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

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

3.1.4 Following the player's selection of a game or games, the player uses Game Play Credits displayed on the Player Terminal to purchase one or more Electronic Scratch Tickets, except as provided in Appendix Spokane. The pricing of tickets is governed by the provisions of Section

3.2.1. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

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

3.1.6 After the player purchases an Electronic Scratch Ticket it is dispensed to the Player Terminal. Except as provided in Appendix Spokane, the outcome associated with that ticket is shown on the Player Terminal only after the player touches the screen or performs some other physical interaction with the terminal to cause the outcome to be revealed. Any prizes won are displayed on the Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

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

3.2 Game Set and Subset Requirements.

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

a. Each Game Set shall be made up of a finite number of Electronic Scratch Tickets;
b. Except as provided in Appendix Spokane, all Scratch Tickets in a particular Game Set shall be of the same purchase price, not to exceed $5.00, but a single ticket may offer more than one opportunity to win a prize on the same wager;
c. The payout percentage for the entire Game Set shall be no less than 75% of the total purchase price of all tickets in the set combined;
d. Each Game Set shall be assigned a unique serial number; and
e. Each ticket shall have a specific outcome and prize level associated with it.

3.2.2 Game Set Verification Process. Prior to commencement of play, the Game Set shall be verified as to the total number of tickets in the set and the number of winners at each prize level, including the amounts of such prizes, and the number of non-winners. The verification standards which the Game Set must meet are those set forth in Section 3.3.

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

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

a. Within a given Game Set, each Subset shall be the same size and comprised of no less than 5,000, and no more than 10,000 Electronic Scratch Tickets, provided that in order to complete the distribution of all tickets in a Game Set, the final Subset derived from the Set may have less than the number of tickets in any other Subset and be less than 5,000;
b. Each Subset shall be individually and uniquely identified by the Game Set serial number and a unique serial number for each Subset assigned in the order in which the Subsets are created;
c. Scratch Tickets shall be dispensed from two or more Subsets of a given Game Set which have been securely stored in the Central Computer and which Subsets are rotated on a fixed and sequential, and not random, basis;
d. Scratch Tickets shall be dispensed from a Subset in the order in that Subset in which they were held in the Central Computer; and
e. Once an Electronic Scratch Ticket has been dispensed to a Player Terminal from a Subset, it cannot be dispensed again.

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

3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game. The following data shall be available to the TGA and SGA prior to the commencement of an Electronic Scratch Ticket Game and shall be maintained and be viewable both electronically and, if requested, by printed report upon demand:

3.3.1 A unique identifying Game Set serial number;

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

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

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

3.3.5 The payout percentage of the entire Game Set;

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

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

3.3.8 The date and time that the game was stored on the Manufacturing Computer; and

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

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

3.4.1 The Game Set and Game Subsets serial numbers;

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

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

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

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

3.4.6 The final payout percentage of the game; and

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

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

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

3.6.1 No Audit of Set While in Play. In order to provide maximum game integrity, no audit or other determination of the status of any Game Set or any Subset, including but not limited to, a determination of the prizes won

or prizes remaining to be won, shall be conducted by anyone, including TGA and SGA personnel, while a Subset is in play without causing termination of the entire Game Set from which the Subset was derived as provided in Section 3.6.3.

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

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

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

3.7 Manufacturing Computer.

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

this Appendix, is included in the system before it may be authorized for use.

3.7.2 Primary Purpose: Separation. The Manufacturing Computer shall be dedicated primarily to those Tribal Electronic Scratch Ticket gaming system functions related to the creation of Scratch Ticket Game Sets and the creation, randomization, and transmittal to the Central Computer of Scratch Ticket Subsets. It shall also be capable of generating the data necessary to provide the reports required in this Appendix. Notwithstanding the foregoing, the Manufacturing Computer may also be used for other computer functions in the Tribal Lottery System or Electronic Accounting System if such use will not affect the integrity or outcome of any game.

3.7.3 Storage Medium: Backup. The Manufacturing Computer shall have a medium for securely storing Electronic Scratch Ticket Game Sets and Subsets on the Manufacturing Computer which shall be mirrored on line by a backup medium within the same cabinet or enclosure. The Manufacturing Computer shall also provide a means for storing on it duplicates of the Subsets already transmitted to the Central Computer so as to reflect, on an ongoing basis, changes in the transmitted Subsets as they occur. In addition, duplicates of the Sets and Subsets, as created and stored on the Manufacturing Computer, shall be stored in a secure enclosure in the gaming facility separate from the Manufacturing Computer. All storage shall be through an error-checking, nonvolatile physical medium, so that should the primary storage medium fail, the functions of the Manufacturing Computer and the process of auditing those functions can continue with no critical data loss.

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

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

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

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

3.8.3 Storage Medium: Backup. The Central Computer shall have a medium for storing Electronic Scratch Ticket Game Subsets and reflecting their current status of play, which shall be mirrored on line by a backup medium within the same cabinet or enclosure, and on another medium in the Manufacturing Computer. All storage shall be through an error-checking, nonvolatile physical medium, so that should the primary storage medium fail, the functions of the Central Computer can continue with no critical data loss.

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

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

4. TRIBAL ONLINE LOTTERY GAME SYSTEM.

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

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

4.1.2 The Player Terminal video monitor displays one or more of the Online Lottery games that are offered by the system, as well as other information such as graphics, game play, and outcome information, and entertainment effects, subject to the limitation in Sections 5.2.2 and 5.2.3. The player chooses a particular game by touching the screen, pressing a button, or performing some other form of interaction with the Player Terminal.

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

4.1.4 Each Online Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each

wager may not exceed $5.00, except as provided in Appendix Spokane. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

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

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

4.1.7 All drawings for any game are conducted within a period of five (5) minutes or less, and all drawings for all games offered are held within that period. Drawings are held on a regularly scheduled basis and regardless of whether any player is enrolled in a particular Online Lottery Game. Games take place no more frequently than thirty (30) minutes apart, determined by when the first drawing in a game occurs. No more than five (5) different Online Lottery Games are offered at a time, unless the State increases the number of Online Lottery Games it is now playing, thereby entitling the Tribe to increase the number of games it offers in accordance with the rules for doing so.

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

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

4.1.10 Game Play Credits earned as prizes remain displayed and available for use in further play from that terminal. Game Play Credits also may be electronically transferred through the Cashless Transaction System, such as to: a) a player's account in the Central Accounting System; b) a ticket

or receipt printed by the Player Terminal; or c) a smart card or similar instrument. Once transferred, Game Play Credits may be: a) used for further play on another terminal; or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

4.2 **Central Computer Used for Online Lottery Game.** The following requirements apply to any Central Computer used in connection with an Online Lottery Game:

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

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

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

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

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

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

4.3.2 The Player Terminal shall enable a player to select numbers, symbols or other data, through touching the screen or pressing one or more buttons on the terminal. The player may also ask for a "quick pick" selection via the

use of a random number generator located in the Player Terminal and used solely for the Online Lottery Games, provided that such random number generator shall meet the criteria set forth in Section 6.

4.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawings to which they apply, shall be provided to the player through the Player Terminal in some tangible means using electronic encoding or printing on paper, card or other medium. Such information may also be displayed on the screen for review by the player.

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

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

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

4.7 **Other Game Rules**. The specific rules and prize structures for each Online Lottery Game may vary and shall be made available to players prior to making any wagers on that game. The rules shall indicate when, in relation to the commencement of the first drawing in a game, no further wagers on that game may be made. Each Online Lottery Game may offer more than one method at winning a prize, and each method may be represented by a separate wager, but each wager may not exceed $5, except as provided by Appendix Spokane.

4.8 **Prizes: Jackpots**. Every Online Lottery Game must have at least one jackpot-level prize paid, when won, from a lottery prize pool into which a percentage of each player's wagers, as set forth in the rules for that game, is placed and in which the Tribe shall have no interest. The prize pool may be seeded from time to time by promotional payments or interest free loans from the Tribe. Jackpot prizes not won in a particular game shall be rolled forward into a future game in accordance with rules for disposing of such prizes. Rollover funds may replace the need for seeding a pool if the amount of such rollover funds exceeds the minimum prize available

under the rules of that game. The player pool fund may not be used for any purpose other than payment of the jackpot prize.

5. PLAYER TERMINALS.

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

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

5.2 **Features**. Player Terminals shall include the following features:

5.2.1 Operation through the Cashless Transaction System, or as otherwise authorized in Appendix Spokane;

5.2.2 One or more of the following: a video monitor, electro-mechanical display, printer, graphics and signage, provided that slot machine-type spinning reel mechanisms are prohibited in mechanical form or, prior to commencing the process of revealing an Electronic Scratch Ticket, in video display form; and

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

5.3 **Non-Volatile Backup Memory Required**. A non-volatile backup memory or its equivalent shall be maintained in a secure compartment on each Player Terminal for the purpose of storing and preserving a redundant set of critical data which has been error checked in accordance with this Appendix, and which data shall include, at a minimum, the following Player Terminal information:

5.3.1 Electronic Meters required by this Appendix;

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

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

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

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

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

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

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

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

5.6.4 The number of Scratch Tickets purchased on the terminal;

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

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

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

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

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

5.8.1 The rules of the game being played;

5.8.2 The maximum and minimum wagers and the amount of credits, or cash equivalents, which may be won for each Electronic Scratch Ticket and Online Lottery Game offered through that terminal;

5.8.3 The player's credit balance;

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

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

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

5.10 **Hardware Switches Prohibited**. No hardware switches may be installed on a Player Terminal or any associated equipment which may affect the outcome or pay out of any game for which the Player Terminal is used. Switches may be installed to control the ergonomics of the Player Terminal.

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

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

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

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

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

5.14 **Wagers – Displaying Electronic Scratch Ticket Outcomes**. Players shall make wagers using a Player Terminal to purchase Electronic Scratch Tickets. Following a purchase, except as provided in Appendix Spokane, the Electronic Scratch Ticket shall be displayed on the Terminal's video screen for the purpose of revealing the

outcome of the selected ticket, provided that players shall be required to physically interact with the terminal in order to reveal the outcome, such as by pressing a button or touching a video touch screen.

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

Any random number generation used in connection with the Tribal Lottery System must be by use of a microprocessor and random number generation program that meets the following random selection tests:

6.1 **Chi-Square Analysis**. Each card, symbol, number, or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99% confidence limit using the standard chi-square analysis.

6.2 **Runs Test**. Each card, symbol, number, or stop position does not, as a significant statistic, produce predictable patterns of game elements or occurrences. Each card symbol, number, or stop position will be considered random if it meets the 99% confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

6.3 **Correlation Analysis**. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn within that game play. Each card, symbol, number, or stop position is considered random if it meets the 99% confidence level using standard correlation analysis.

6.4 **Serial Correlation Analysis**. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it meets the 99% confidence level using standard serial correlation analysis.

7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in Section 9.3. The Electronic Accounting System shall not interfere with the outcome of any gaming functions.

7.1 **Revenue Reporting Requirements**. The following reporting capabilities must be provided by the Electronic Accounting System:

7.1.1 Player Terminal Revenue Report. A revenue report for each Player Terminal must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides:

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

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

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

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

7.1.4 Online Lottery Game Reports. An Online Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each Online Lottery Game, the following information:

a. Total sales;
b. Total won per prize level;
c. Total won per Player Terminal; and
d. Activity per jackpot prize, for the accounting period and to-date, per Section 7.1.5.

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

a. Amount seeded;
b. Amount in reserve fund;
c. Current jackpot;
d. Contribution total;
e. Total paid in prizes;
f. Itemized jackpot awards; and
g. Amount, time of award, and the Player Terminal on which the jackpot was won.

7.1.6 Liability Report. A liability report will be required on a daily and monthly basis at a minimum. It should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, it must include:

a. Amount of prizes which were awarded, but have not yet been claimed;
b. Detail of prizes for which redemption period expired during this reporting period;
c. Unredeemed Game Play Credits; and
d. Expired Game Play Credits.

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

a. Funds collected from cashiers, cash exchange kiosks, and as authorized by Appendix Spokane, player terminals;
b. Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and reserve funds, etc;
c. Payments to players;
d. Funds available to operator; and
e. Tickets and prizes dispensed and played to reconcile with amount won.

7.1.8 Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of two (2) years, and in connection with determining randomness where applicable, for a minimum of six (6) months. To the extent not inconsistent with the foregoing, data shall be retained and backed up by the Electronic Accounting System according to the following minimum requirements:

a. Accounting records;
b. Per Player Terminal, Cashier Terminal, or other points of cash exchange daily records and meters: online for 6 months;
c. Daily records and meters: off-line for 12 months;
d. Game Set Records, as to each Player Terminal and by Game Set;
e. The amount wagered and the amount won, daily by prize level, online: 6 months;
f. The amount wagered and the amount won, daily by prize level, off-line: 6 months;
g. Online prize redemptions: 30 days;
h. Dated cash vouchers: 30 days; and
i. Undated bearer instruments: indefinitely or until instrument by its own terms expires.

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

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

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

8.1.2 An audit file must be kept of all financial transactions against the account. This file must be stored in at least two separate non-volatile media, and be accessible for purposes of audit and dispute resolution to authorized individuals; this file must be available online for a minimum of 30 days, after which it must be available off-line for a minimum of one hundred eighty (180) days;

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

8.1.4 Passwords or personal identification numbers, if used, must be protected from unauthorized access;

8.1.5 All means for communicating information within the system shall conform to the protocol standards set forth in Section 9.3;

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

8.1.7 Any card or other tangible instrument issued to a player for the purpose of using the Cashless Transaction System shall bear on its face a control or inventory number unique to that instrument;

8.1.8 Encoded bearer instruments, printed or magnetic, may include coupons and other items distributed or sold for game play, promotional, advertising, or other purposes, but may not include cash. Such instruments must be in electronically readable form in addition to having unique identification information printed on the instrument face. The daily and monthly reporting must include with respect to such instruments:

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

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

8.2 **Smart Cards**. Any smart card system which the Tribe intends to implement as part of the Cashless Transaction System shall be tested by the Gaming Test Laboratory to ensure the integrity of player funds, following the standards applicable to system

accounts set forth in Section 8.1. Any smart card must store on the card, or on the system using the card, an audit trail of the last ten (10) transactions involving the use of the card. Each transaction record must include, at a minimum, the type of transaction, the amount of the transaction, the date of the transaction, the time of the transaction, and the identification of the Player Terminal or cashier terminal or other points of cash exchange where the transaction occurred. The minimum daily and monthly reporting for smart card activity must include:

8.2.1 Total of cash transferred to smart card;

8.2.2 Total of smart card amounts transferred to cash;

8.2.3 Total of smart card amounts transferred to Game Play Credits;

8.2.4 Total of Game Play Credits transferred to smart card amounts; and

8.2.5 Total unredeemed smart card balance.

8.3 **Other Functions**. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any Tribal Lottery Game being played. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

9. GENERAL SECURITY REQUIREMENTS

The following requirements apply to all components of the Tribal Lottery System, including the Manufacturing Computer, the Central Computer, the Electronic Accounting System and Player Terminals.

9.1 **Separation**. The Manufacturing Computer, Central Computer and Player Terminals in each Tribal Lottery System shall be physically and operationally independent from one another except as specified otherwise in this Appendix, such as for communications, storage and security monitoring, including the routing of communications among system components, provided such routing does not affect the integrity of the communications or the outcome of any game.

9.2 **Security**. The Manufacturing Computer and Central Computer must be in a locked, secure enclosure with both camera coverage and key controls in place.

9.3 **Secure Connections: Data Encryption Standards or Equivalent Data Encryption**. Connections between all components of the Tribal Lottery System shall only be through the use of secure communication protocols which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards or equivalent encryption with changeable seeds or algorithms.

9.4 **Surge Protection: Uninterrupted Power System**. Each component of the Tribal Lottery System shall at all times be connected to a device which provides surge protection on any line that feeds it and, with the exception of Player Terminals, shall be connected to a temporary power source, such as an Uninterrupted Power System to provide means for an orderly shutdown of the computer in the event of a main power system failure.

9.5 **Identification Plates**. A non-removable plate shall be affixed to the exterior of each Manufacturing Computer, Central Computer and Player Terminal which shall have written upon it the computer or terminal's serial number, model number, name of the manufacturer and a unique location or inventory number.

9.6 **Locked Areas**. The Manufacturing and Central Computers shall at a minimum be enclosed in a locked and monitored cabinet. Access shall be through the use of keys secured as provided in Section 9.7. The Player Terminal shall have at a minimum the following separately locked areas, which shall be the only means of accessing any non-public part of the terminal: a) a locked and monitored cabinet door; and b) a locked microprocessor compartment.

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

9.8 **MEAL Cards**. For all entries into the locked areas of the Manufacturing Computer, Central Computer, or any Player Terminal, a written record must be made on a machine entry authorization log ("MEAL") indicating at least the following: the time, date, and purpose of entering said locked area(s), and the name and employee number (or other personal identification specific to such person) of the person doing so.

9.9 **Access Control**. In addition to maintenance of MEAL cards, the Manufacturing and Central Computers and Player Terminals shall record and generate a report on any access including date, time of access, person (by employee number) accessing the computer, and the reason for access.

9.10 **Cameras**. Any Manufacturing Computer and storage related thereto, Central Computer and storage related thereto, and any Player Terminal, shall be monitored by camera and video recordings maintained thereof, in compliance with the requirements of this Compact.

9.11 **Verification Data and Functions**. In addition to its functions in operating a connection with the Electronic Scratch Ticket and Online Lottery Games, the Central Computer may be used to record the data used to verify game play and to configure and perform security checks on Player Terminals, provided such functions do not affect the security, integrity or outcome of such games.

10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

10.1 **Designation of Independent Gaming Test Laboratory**. The SGA shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems, and to otherwise perform the functions set forth in this Compact. A Tribe may request additional laboratories be placed on the SGA's list of Gaming Test Laboratories, which request shall not be reasonably withheld. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate electronic gaming devices or systems shall be placed on the list if, after review by the SGA, it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State Law. For any testing required under this Appendix, the Tribe shall choose a laboratory from those Gaming Test Laboratories on said SGA list. If, at any time, any of the Gaming Test Laboratories' licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the SGA's list. If removed from the SGA list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

10.2 **Testing and Certification of Tribal Lottery Systems**. No Tribal Lottery System may be offered for play unless:

10.2.1 Such Tribal Lottery System is approved by the SGA as provided in Section 10.3;

10.2.2 The Tribal Lottery System prototype thereof, has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix;

10.2.3 If not already provided to the Gaming Test Laboratory, the Tribe shall provide, or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of Tribal Lottery System illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Gaming Test Laboratory. The Tribe shall make all such materials available to the SGA upon request;

10.2.4 If requested by the Gaming Test Laboratory, the Tribe shall require the manufacturer to transport not more than two (2) working models of the Tribal Lottery System to a location designated by the laboratory for testing, examination or analysis. Neither the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the Tribal Lottery System. If requested by the Gaming Test

Laboratory, the Tribe shall require the manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis;

10.2.5 At the conclusion of each test, the Gaming Test Laboratory shall provide to the SGA and the TGA a report that contains findings, conclusions, and a certification that the Tribal Lottery System conforms or fails to conform to the requirements contained in this Compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Tribal Lottery System into compliance, the report may contain recommendations for such modifications. The State is not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of its enforcement of the provisions of this Compact.

10.3 **Approval by the SGA**. Upon receiving the certification from the test laboratory, the SGA shall either approve or disapprove the Tribal Lottery System, or component thereof, based on the technical criteria contained in this Appendix, within sixty (60) days of receipt of the certification as to any new Tribal Lottery System, or component thereof, and within fifteen (15) days of the receipt of the certification as to any modification to a system which has already been approved by the SGA. The certification shall be deemed approved if no action is taken thereon by the SGA within said sixty (60) or fifteen (15) day period, as may be applicable. Any disputes arising out of the approval process in this Section 10.3 shall be resolved in accordance with the binding arbitration provisions of this Compact.

10.4 **Modifications of Approved Lottery Systems: Emergency Certifications**. No modification to any Tribal Lottery System may be made after testing, certification and approval of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under Section 10.2 and approval thereof by the SGA under Section 10.3. In situations where immediate modifications are necessary to preserve the integrity of a Tribal Lottery System which has been operating pursuant to an approval obtained under Section 10.3, the Gaming Test Laboratory may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the Tribal Lottery System. Such emergency certifications shall be deemed to be temporarily approved by the SGA and remain in effect until the SGA takes action on the certification, which shall be governed by Section 10.3, provided that no emergency certification shall be valid or effective until actually approved by the SGA if it was not received by the SGA within five (5) days after being issued.

10.5 **Manufacturer's Conformity to Technical Standards**. Before any component of a Tribal Lottery System may be placed into operation, the Tribe shall first have obtained and submitted to the SGA a written certification from the manufacturer that upon installation, each such component: (a) conforms to the specifications of

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

10.6 **Payment of Gaming Test Laboratory Fees**. The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in this Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the SGA, which shall have the right to audit such fees. In order to ensure independence of the Gaming Test Laboratory, any Gaming Test Laboratory payment delinquency by the Tribe of fees or costs due to the Gaming Test Laboratory may be grounds by the SGA for rejecting such laboratory's reports or certification.

10.7 **Gaming Test Laboratory Duty of Loyalty**. The Tribe shall inform the Gaming Test Laboratory in writing that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribe.

10.8 **Random Inspections.** The Tribe shall allow the SGA to inspect any components of the Tribal Lottery System for the purposes of confirming that such component is operating in accordance with the requirements of this Compact and that such component is identical to that tested by an Independent Test Laboratory. Inspections shall be pursuant to the Facility access rules set forth in this Compact.

10.9 **SGA to be Supplied Model of Player Terminal and System**. If not already provided to the SGA, the SGA shall, upon request, be supplied a Player Terminal Central Computer and Manufacturing Computer to be held at the SGA's offices for purposes of determining compliance with these technical requirements.

11. ALTERNATIVE STANDARDS PERMITTED AND TECHNICAL CHANGES

11.1 **Alternative Standards Permitted.** Notwithstanding anything contained in this Appendix or in Appendices Y or Spokane to the contrary, the SGA and Tribe may agree on alternative provisions to those set forth herein, provided such provisions adequately preserve and protect the integrity and security of any game or gaming system or component, or accounting or auditing system or component, affected thereby.

11.2 **Technical Changes.** Nothing in this Section shall prohibit the Tribe or State from seeking changes of the technical provisions of this Appendix if the necessity or desirability for such changes becomes apparent in the development, testing,

production, marketing or use of the system. Neither party shall unreasonably deny such requests.

12. OTHER PAYMENTS

In order to provide for impacts to local community services that may arise as a result of the gaming authorized under this Appendix, the following payments shall be made from revenues derived from Tribal Lottery System activities on the terms and conditions set forth below:

12.1 **Impact Costs**. Up to one-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be added to any amounts payable and distributable from other Class III activities under the Compact in order to meet community impacts, to the extent such Compact amounts are insufficient to meet actual and demonstrated impact costs.

12.2 **Charitable Donations**. One-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be donated to non-tribal bona fide nonprofit and charitable organizations in the state of Washington.

12.3 **Community Impacts**. Up to one-half of one percent (0.5%) of the net win derived from the Tribal Lottery System, determined on an annual basis, determined by deducting from one percent of said net win the amounts actually paid under Sections 12.1 and 12.2 in said year, shall be applied to Tribal governmental programs which have an impact on the community by assisting the Tribe and its members in becoming self-sufficient, such as programs concerned with Tribal law enforcement, education, housing, health, elderly care, safety, and gaming regulation.

12.4 **Payment**. The payments set forth in Sections 12.1 through 12.3 shall be subject to the following:

12.4.1 As used in this Section 12 and applied to revenues from the Tribal Lottery System, the term "net win" shall mean the total amount of Tribal Lottery System revenue after prizes or winnings have been paid out (i.e., the difference between the amount wagered or played and the amounts repaid to winners), less any cost of developing, licensing, or otherwise obtaining the use of the Tribal Lottery System.

12.4.2 Because IGRA requires that the Tribe be the primary beneficiary of gaming revenues, no donation shall be due under Section 12.2 in any Tribal fiscal year in which the Tribe has not made a profit from its Class III operation, taking into account the effect of such donation if made. As used herein, the term "profit" shall mean net profits associated with the operation of all Class III gaming by the Tribe, as determined under

Generally Accepted Accounting Principles (GAAP), but without deduction for depreciation.

12.4.3 The Tribe and the State acknowledge that the Tribal Lottery System will have substantial start-up costs associated with it. In order to provide a means for adjusting for such expenses, the amounts due from the Tribe under Sections 12.1, 12.2, and 12.3 shall be reduced by one-half as to the first year's revenues and payments and by one-quarter as to the second year's revenues and payments.

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX Y

TABLE OF CONTENTS

1 INTRODUCTION Y-1

1.1 General Y-1

1.2 Intent Y-1

1.3 Testing Y-1

1.4 Judicially Articulated Restrictions Y-2

1.5 Approval Process Y-2

2 TESTING AND MACHINE APPROVAL Y-3

2.1 Designation of Independent Gaming Test Laboratory Y-3

2.2 Testing and Certification of EGDs Y-3

2.3 Approval by the State Gaming Agency Y-4

2.4 Modifications of Approved Systems; Emergency Certifications Y-4

2.5 Manufacturer's Conformity to Technical Standards Y-5

2.6 Payment of Gaming Test Laboratory Fees Y-5

2.7 Gaming Test Laboratory Duty of Loyalty Y-5

2.8 Random Inspections Y-5

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

SPOKANE TRIBE
and the
STATE OF WASHINGTON

CLASS III GAMING COMPACT
APPENDIX Y

1 INTRODUCTION

1.1 General

This Appendix is created to provide the basic "core" requirements for electronic gaming devices ("EGDs") authorized under § III(A)(27) of the Compact and to establish the approval and testing process for gaming machines and associated equipment that are to be operated by the Spokane Tribe ("Tribe") in the State of Washington, pursuant to the Compact approved by the Secretary of the Interior. This Appendix does not apply to electronic gaming devices authorized under Appendix X to the Compact, which are governed by that Appendix. These standards take into consideration certain judicially articulated restrictions on the use and operation of EGDs, including but not limited to, the prohibition of individual play against such devices or terminals.

1.2 Intent

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

a) fair;

b) secure;

c) auditable; and

d) compliant with judicially articulated restrictions.

1.3 Testing

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

a) verify that they comply with the requirements of the Compact and this Appendix;

b) ensure that they are fair to both the players and the operators;

c) verify that they comply with currently accepted gaming test industry standards such as GLI 11 and 12; and

d) ensure that the equipment does not:

i) constitute electronic, mechanical or electro-mechanical devices or terminals which allow for individual play against such devices or terminals; or

ii) otherwise violate existing statutory or judicially established limitations on gambling devices.

1.4 Judicially Articulated Restrictions

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

a) The EGD is activated by a "cashless transaction system" and not by the insertion of coin or currency;

b) The EGD does not allow for individual play against the device or terminal. The parties agree that this requirement can be met in the following non-exclusive ways:

i) Players compete for a number from a predetermined set of numbers, each associated with a specific outcome; or

ii) Players compete in a pooled wagering system whereby prizes are awarded from a wagering pool or pools made up of the players' wagers and the house is entitled to a set amount of the pooled wagers. Systems meeting the requirements of this subsection may allow for an initial seeding of the wagering pool by the house, and reseeding in circumstances of excessive volatility.

c) Player terminals do not contain slot machine-type spinning reel mechanisms in mechanical form, nor allow for activation by a slot machine-type handle; and

d) The Tribe and the Washington State Gambling Commission have signed an agreement for each specific type of EGD which confirms that type of EGD meets the foregoing requirements and sets technical standards and internal controls for operation of that type of EGD.

1.5 Approval Process

a) Except for those EGDs governed by Appendix X, the Tribe and the Gambling Commission shall enter into an agreement for each specific type of EGD which the Tribe wishes to operate. Each agreement shall confirm that the proposed type of EGD meets the requirements contained in the Compact and this Appendix, and shall set the technical standards and internal controls for the operation of that type of EGD. Such technical standards and internal controls shall be uniformly applied to all Washington State gaming tribes and shall include, but not be limited to: operation, interface and random number generator standards; game reports; accounting system requirements and reports; cashless transaction system requirements and reports; security system requirements; testing requirements; and regulatory fees.

b) The Tribe may present to the State Gaming Agency, at any time, a machine concept it believes satisfies the requirements of the Compact and this Appendix. Within thirty (30) days thereafter, the State Gaming Agency shall notify the Tribe

of its acceptance or rejection of said concept. If the State Gaming Agency accepts the Tribe's conceptual machine, the Tribe and the State Gaming Agency shall have ninety (90) additional days to execute the agreement required by § 1.5(a); provided, however, said ninety (90) day period shall not commence until the Tribe has made a full submission of its machine proposal to the State Gaming Agency; provided further, that the Tribe shall not commence operation of said EGD until the laboratory testing and certification requirements referred to in § 1.3 of this Appendix are met.

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

2 TESTING AND MACHINE APPROVAL

2.1 Designation of Independent Gaming Test Laboratory

The State Gaming Agency shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems and to otherwise perform the functions set forth in the Compact. The Tribe may request additional laboratories be placed on the State Gaming Agency's list of Gaming Test Laboratories, which request shall not be unreasonably denied. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate EGDs or electronic gaming systems shall be placed on the list if, after review by the State Gaming Agency, it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State Law. For any testing required under this Appendix, the Tribe shall choose a laboratory from those Gaming Test Laboratories on said State Gaming Agency list. If, at any time, any of the Gaming Test Laboratories' licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the State Gaming Agency's list. If removed from the State Gaming Agency's list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

2.2 Testing and Certification of EGDs

a) No EGD may be offered for play unless:

i) such EGD is approved by the parties as provided in this Appendix; or

ii) the EGD prototype thereof has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix.

b) If not already provided to the Gaming Test Laboratory, the Tribe shall provide or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of EGD illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the complied computer program represented in base 16 format), and any other information requested by the Gaming Test Laboratory. The Tribe shall make all such materials available to the State Gaming Agency upon request;

c) If requested by the Gaming Test Laboratory, the Tribe shall require the manufacturer to transport not more than two (2) working models of the EGD to a location designated by the laboratory for testing, examination or analysis. Neither the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the EGD. If requested by the Gaming Test Laboratory, the Tribe shall required the manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis;

d) At the conclusion of each test, the Gaming Test Laboratory shall provide to the State Gaming Agency and the Tribal Gaming Commission a report that contains findings, conclusions and a certification that the EGD conforms or fails to conform to the requirements contained in the Compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the EGD into compliance, the report may contain recommendations for such modifications. The parties are not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of enforcement of the provisions of the Compact.

2.3 Approval by the State Gaming Agency

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

2.4 Modifications of Approved Systems; Emergency Certifications

No modification to any EGD may be made after testing, certification and approval of an EGD without certification of the modification by the Gaming Test Laboratory under § 2.3 and approval thereof by the State Gaming Agency under this § 2.4. In situations where immediate modifications are necessary to preserve the integrity of an EGD which has been operating pursuant to an approval obtained under § 2.3, the Gaming Test Laboratory

may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the EGD. Such emergency certifications shall be deemed to be temporarily approved by the State Gaming Agency and remain in effect until the State Gaming Agency takes action on the certification, which shall be governed by § 2.3, provided that no emergency certification shall be valid or effective until actually approved by the State Gaming Agency, if it was not received by the State Gaming Agency within five (5) days after being issued.

2.5 Manufacturer's Conformity to Technical Standards

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

a) conforms to the specifications of the EGD as certified by the Gaming Test Laboratory; and

b) operates and plays in accordance with the requirements of the Compact Procedures.

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

2.6 Payment of Gaming Test Laboratory Fees

The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in the Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the State Gaming Agency, which shall have the right to audit such fees. In order to assure independence of the Gaming Test Laboratory, any Gaming Test Laboratory payment delinquency by the Tribe of fees or costs due to the Gaming Test Laboratory may be grounds by the State Gaming Agency for rejecting such laboratory's reports or certification.

2.7 Gaming Test Laboratory Duty of Loyalty

The Tribe shall inform the Gaming Test Laboratory, in writing, that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribe.

2.8 Random Inspections

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

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

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