

**TRIBAL - STATE COMPACT
FOR CLASS III GAMING**

Between the

Squaxin Island Tribe

and the

State of Washington

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CLASS III GAMING COMPACT

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**SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT**

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**SQUAXIN ISLAND INDIAN TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT**

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GAMING COMPACT

INTRODUCTION

THIS COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC §2701-2721 and 18 USC §1166-1168 (hereafter I.G.R.A. or Act).

PARTIES

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

DECLARATION OF POLICY AND PURPOSE

IGRA provides for the negotiation of compacts between States and Tribes to govern the conduct of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity. The overarching policy of IGRA is to provide a framework for the operation of gaming by Indian tribes as a means of promoting Tribal economic development, self-sufficiency and strong Tribal governments, as well as providing a basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences,

to ensure that the Indian tribe is the primary beneficiary of the gaming operation and to assure that gaming is conducted fairly and honestly by both the operator and players. The terms and conditions set forth below to regulate Class III gaming conducted by the Tribe have been agreed to pursuant to that congressional mandate.

It is the stated intention of the parties hereto to foster full cooperation between the Tribe and the State on the basis of a shared concern for the welfare and protection of all the members of the Tribe and citizens of the State as a result of gaming on the Squaxin Island Reservation. Through the partnership of this Compact, the parties desire to further the purposes of IGRA for the benefit of the Tribe and the protection of the State, by creating a cooperative means through which the Tribe may lawfully conduct Class III gaming activities on the Squaxin Island Reservation in conjunction with the State, which permits such gaming for any purpose by any person, organization or entity. To that end, this Compact defines the manner in which laws regulating the conduct of Tribe's Class III gaming activities are to be applied in order that the respective Tribal and State interests may be met.

The Tribe and the State have mutually agreed, within the parameters established by the Act, to the following provisions governing the conduct of Class III gaming activities on the lands of the Tribe, which are designed to (a) protect the health, welfare and safety of the citizens of the Tribe and the State, (b) develop and implement a means of regulating Class III gaming on the Squaxin Island Reservation in order to ensure the fair and honest operation of such gaming, (c) minimize the possibility of corruption or illegal practices in conjunction with such activities, and (d) maintain the integrity of Class III gaming within the State.

The policy of the State, as set forth in Chapter 9.46 RCW, is to allow limited and highly regulated casino gaming for non-profit organizations, and to restrain persons from seeking profit from professional gambling activities. The provisions of Chapter 9.46 RCW and Title 230 WAC regulate gambling activities; the provisions of Chapter 67.16 RCW and Title 260 WAC authorize and regulate horse racing activities, including parimutuel satellite wagering, in Washington State. The State agrees that the Tribe is authorized, as a result of the provisions of IGRA and the terms of this Compact, to engage in the Class III gaming activities expressly permitted herein.

The Tribe and the State believe the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective, benefit the Tribe and the State and protect the members of the Tribe and the citizens of the State consistent with the objectives of IGRA.

NOW, THEREFORE, in consideration of the foregoing and the mutual benefits to be derived, the Tribe and State do enter into this Compact as provided for herein.

I. TITLE

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

II. DEFINITIONS

For purposes of this Compact:

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

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

D. "Commission" means the Washington Horse Racing Commission, a State agency.

E. "Compact" means the Squaxin Island Tribe - State of Washington Gaming Compact.

F. "Gambling Device" means any device or mechanism by the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return

the same value or thing of value for the same consideration upon each operation thereof.

G. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribe's gaming operation or facility, whether employed by or contracted to the Tribe or by or to any person or enterprise providing gaming operation or management services to the Tribe, including but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; supervisors; dealers or croupiers, box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; parimutuel clerks; management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming facility related to gaming which are not otherwise open to the public, or to areas designated by the Tribal and State Gaming Agencies.

H. "Gaming Facility" means the building in which Class III Gaming activities as authorized by this Compact are conducted on the Squaxin Island Reservation.

I. "Gaming Operation" means the enterprise operated by the Tribe on the Squaxin Island Reservation for the conduct of any form of Class III gaming in any gaming facility.

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

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

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

M. "Local Law Enforcement Agency" means any non-Tribal law enforcement agency in the vicinity of the gaming operation and which has jurisdiction to enforce state laws on the Squaxin Island Reservation, or is subject to the terms of a cross deputization agreement. Except as specifically provided in this Compact, nothing in this definition or in any provision set forth herein, however, is intended to expand, waive or confer or limit any jurisdiction upon any law enforcement agency on the Squaxin Island Reservation.

N. "Management Entity" means any individual with whom, or other business entity with which, the Tribe has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming establishment on the Squaxin Island Reservation.

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

P. "Principal" means with respect to any entity: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its

shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person or entity other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the start-up capital or operating capital over a twelve 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.

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

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

S. "State Certification" means the process utilized by the State Gaming Agency to assist the Tribe and ensure that all individuals or other entities persons required to be licensed or certified are qualified to hold such license or certification in accordance with this Compact and the provisions of Chapters 9.46 and 67.16 RCW.

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

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

V. "Tribal Law Enforcement Agency" means any police force which may be established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Squaxin Island Reservation.

W. "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 Squaxin Island Tribal Gaming Ordinance.

X. "Tribe" means the Squaxin Island Tribe, its authorized officials, agents and representatives.

Y. "Squaxin Island Tribal Lands" means Indian lands as defined by 25 USC §2703(4)(A) and (B), subject to the provisions of 25 USC §2719, which lands are subject to the jurisdiction of the Tribe.

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

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

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

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack
5. Chemin De Fer;

6. Chuck-a-luck;
7. Craps;
8. 4-5-6;
9. Horses (stop dice);
10. Horse Race;
11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Pai-gow;
15. Red Dog;
16. Roulette;
17. Ship-Captain-Crew;
18. Sic-Bo;
19. Sweet Sixteen;
20. Punchboards and Pull Tabs, subject to Appendix B; and

B. Punchboards and Pull Tabs and Washington State Lottery - Separate Locations. In addition to the games authorized by Section III.A, the Tribe may utilize punchboards and pull tabs in the facility and at other locations within the Squaxin Island Tribal Lands subject to regulation by the Tribe. Punchboards and pull tabs operated outside of the Tribal gaming facility shall be operated in a manner consistent with the sale of punchboards and pull tabs in the Tribal bingo facility. The operation

of State lottery retail locations within Squaxin Island Tribal Lands shall be subject to the provisions of RCW 67.70, WAC 315, and Tribal Ordinance.

C. Lottery-type Games. For games including keno and keno-type games, 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 USC §2703(7), the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to time play shall begin. If the State takes no action within the 60 days, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training 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, then the Tribe may initiate formal negotiations subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the Tribal and State Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C.

D. Other Class III Table Games. With respect to any other Class III table games similar to those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and which are not otherwise treated as Class II gaming in Washington pursuant to 25 USC §2703(7), the Tribe shall provide the game regulations thereof to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If the State Gaming Agency

takes no action within the 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 and Tribal Gaming Agencies shall meet and attempt to resolve the dispute through good faith negotiations prior to the time play of that game can begin. 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.C.

E. Authorized Gaming Operation and Facility. The Tribe may establish one Class III gaming operation and gaming facility, to be located on the Squaxin Island Reservation, for the operation of any Class III games authorized pursuant to this Compact.

F. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribe on the Squaxin Island Reservation, including the purchase of chips or tokens for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of the gaming facility for gaming activities.

G. Size of Gaming Floor. The actual size of the gaming floor devoted to Class III activities within the gaming facility, excluding floor space used in connection with the conduct of satellite wagering, shall not exceed 15,000 square feet.

H. Number of Gaming Stations. The maximum number of Class III gaming stations initially authorized for use on the gaming floor within the gaming facility shall

be twenty six (26). Notwithstanding the foregoing, the Tribe has the option to use a total of twenty seven (27) gaming stations within the facility if and when the proceeds from one (1) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the non-profit station is not subject to the community contribution established under Section XIV.C of this Compact. The maximum wager limit for the non profit gaming station shall be \$25. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the non-profit station. After eight (8) months of continual operation of the Class III facility, and provided that no violations as set forth in Section III.I.2 have occurred, the number of gaming stations may be increased (excluding the non-profit station) to thirty-one (31). At the time the operation is increased to 31 gaming stations the State and Tribal Gaming Agencies will thoroughly review the non-profit program conducted by the Tribe, and conduct discussions and negotiations regarding the terms and conditions of an extension of this non-profit program by amendment of this Compact.

I. Wagering Limitations.

1. Initially the maximum wager shall be as follows: Thirteen (13) of the gaming stations shall not exceed twenty-five dollars (\$25); and thirteen (13) gaming stations shall not exceed ten dollars (\$10). Provided, that when the number of Class III gaming stations are increased after eight (8) months of operation the

wagering limits shall be increased to the following: fifteen (15) of the gaming stations shall not exceed twenty-five dollars (\$25); one (1) gaming station shall not exceed one-hundred dollars (\$100); and the remainder shall not exceed ten dollars (\$10).

2. An increase in the number of gaming stations and/or wager limits authorized is conditioned on compliance with the following criteria:

a. There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by the Federal District Court;

b. There have been no substantial and repeated violations of Sections III and IV of this Compact against the gaming facility; and

c. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility.

3. Should the State or any political subdivision thereof increase the wagering limits permitted for licensed fund-raising events or card games operated by any person for any purpose, upon thirty (30) days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits.

4. Notwithstanding anything herein to the contrary, after six (6) months of continual operation of the Class III gaming facility, the Tribal and State Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in Section III.H.2 above and no other evidence to indicate that the operation should not expand the number of gaming stations and wager limits, upon a showing of the ability of the staff and management to operate under the increased limits, the Tribal and State Gaming Agencies shall authorize an

increase in the number of gaming stations and wager limits in conformity with the increases authorized in III.G and III.H above.

J. Hours of Operation. Except as set forth below, the maximum number of operating hours for the gaming operation shall not exceed an average of eighty (80) hours per week on an annualized basis. The Tribe may schedule the hours to best meet market conditions and may operate any day of the week. Notwithstanding the foregoing, no Class III gaming may be conducted between the hours of 2:00 a.m. and 6:00 a.m. Prior to the opening of the gaming operation, and on a quarterly basis thereafter, the Tribal Gaming Agency will provide to the State Gaming Agency a schedule indicating the hours of operation of the Class III facility.

K. Ownership of Gaming Facility and Gaming Operation. The gaming operation and the gaming facility shall be owned and operated by the Tribe, but the Tribe shall be entitled to contract for management of the gaming facility and gaming operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

L. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities on the Squaxin Island Reservation or within the gaming facility.

M. 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. Should alcoholic

beverages be offered on the gaming floor pursuant to applicable law, then no patron under the age of twenty-one (21) shall be permitted on the gaming floor during actual hours of operation.

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

IV. LICENSING AND CERTIFICATION REQUIREMENTS

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

this inspection cannot be resolved by the gaming agencies within a reasonable time, the parties may seek resolution pursuant to Section XII.C of this Compact. The actual costs of final inspection of the facility under this Section shall be the responsibility of the Tribe.

B. Gaming Employees. Every gaming employee shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to commencement of employment, and annually thereafter. Provided, the Tribal Gaming Agency may issue a license if the employee has a current Class III gaming certification issued by the State Gaming Agency, the employee consents to disclosure to the Tribal Gaming Agency of all information held by the state agency, and the State Gaming Agency certifies in writing prior to licensing that the employee is in good standing. If Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, all Class II table gaming employees shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees engaged in activities related to bingo, pull tabs and/or punchboards.

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

after initial certification. Professional legal and accounting services shall not be subject to the certification and licensing requirements.

D. Financiers. Any party extending financing, directly or indirectly, to the gaming facility or gaming operation shall be subject to the annual licensing requirements of the Tribal Gaming Agency, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Squaxin Island Tribal government, or the federal government. The source of all funds will be fully disclosed in accordance with IGRA and a copy provided to the State Gaming Agency and, as applicable to the satellite wagering facility and activities, to the Washington Horse Racing Commission.

V. LICENSING AND STATE CERTIFICATION PROCEDURES

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

who are business entities, these provisions shall apply to the principals of such entities.

B. Background Investigations of Applicants. Upon receipt of a completed application and required fee for State certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State certification. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State certification to the applicant with a copy to the Tribal Gaming Agency, or deny the application. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-50 WAC with a copy forwarded to the Tribal Gaming Agency.

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

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

requirements, conditions, limitations or duties imposed by any provision of a Tribal/State Compact.

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

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

For the purpose of reviewing any application for a state certification and for considering the denial, suspension or revocation of any state certification the state gaming agency may consider any prior criminal conduct or current probationary status of the applicant or holder of certification and the provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to such cases.

4. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of the following non-gambling related offenses the occasion of which occurred prior to Supreme Court rulings on the subject: (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or

factors which would warrant denial, revocation or suspension, these Indian individuals shall not be barred solely as a result of such activities from certification.

5. For enrolled members of the Tribe who are applicants for Class III gaming certification and licensing, the State Gaming Agency will consult with the Tribal Gaming Agency prior to denying certification to such an applicant who does not meet the criteria for certification. The Tribal and State Gaming Agencies may waive, by mutual agreement, through a provisional or conditional certification, certain criteria for such enrolled tribal members if the waiver does not pose an appreciable risk to the public or the lawful operation of the gaming facility. If the Tribe can show extenuating circumstances why an enrolled tribal member who does not meet all criteria should be further considered for a provisional or conditional certification, the Tribal and State Gaming Agencies may agree to a temporary certification, based on specific conditions and a further detailed review of the applicant. Additional fees may be required to maintain a conditional or provisional certification.

D. Right To Hearing For Revocation, Suspension, or Denial of State Certification. Any applicant for State certification or holder of a State certification shall be entitled to 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, provided, the State may defer such actions to the Tribal Gaming Agency at the State's discretion, and nothing herein shall prevent the Tribal Gaming Agency from invoking its disciplinary procedures and proceedings.

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

F. Duration and Renewal of Tribal Issued Licenses and State Certifications. Any Tribal issued license or State certification shall be effective for one year from the date of issuance. Provided, that a licensed or certified employee or party that has applied for renewal may continue to be employed under the expired license or State certification until action is taken on the renewal application by the Tribal Gaming Agency or State Gaming Agency or a summary suspension has occurred. Applicants for renewal of the license or certification shall provide updated material as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Agency or the State Gaming Agency. Additional background investigation shall not be required unless new information concerning the applicant's continuing suitability or eligibility for a Tribal license or a State certification is discovered by either the Tribal Gaming Agency or the State Gaming Agency.

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

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

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

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

Provided, should actual costs incurred by the State Gaming Agency exceed the above fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to the

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

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

K. Temporary Certification of Gaming Employees. Unless the background investigation undertaken by the State Gaming Agency within thirty (30) days of the receipt of a completed application discloses that the applicant has a criminal history, or unless other grounds sufficient to disqualify the applicant pursuant to Section V of this Compact are apparent or have been discovered during that period, the State Gaming Agency shall, upon request of the Tribal gaming operation, issue a temporary certification to the applicant. The temporary certification shall become void and be of no effect upon either the issuance of a State certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact. During the twelve (12) month period immediately following the effective date of this Compact as provided herein, any applicant who has a current license issued by the State Gaming Agency, together with his or her completed application shall be immediately issued a temporary certification by the State Gaming Agency pending completion of the certification investigation.

L. Summary Suspension of Tribal License or State Certification. The Tribal Gaming Agency, pursuant to the laws of the Tribe, and the State Gaming Agency,

pursuant to the laws of the State, may summarily suspend any respective Tribal license or State certification if the continued licensing or certification of a person or party constitutes a threat to the public health or safety.

M. Submission to State Administrative Process. Applicants for State certification agree by submitting such application to submit to State jurisdiction to the extent necessary to determine qualification to hold such certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-50 and the State Administrative Procedures Act, RCW 34.05. Tribal members who apply specifically waive any immunity, defense, or other objection they might otherwise have to the exercise of State jurisdiction for these purposes, but only for the purposes discussed in this paragraph. Nothing in this Section shall be deemed or interpreted as a waiver of immunity or submission to State jurisdiction for any other purpose or cause of action.

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

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on the Squaxin Island Reservation, shall be that of the Tribal Gaming Agency. As part of its structure, the Tribal Gaming Agency shall perform the following functions:

1. Enforce in the gaming operation, including the facility, all relevant laws;
2. Ensure the physical safety of patrons in the establishment;
3. Ensure the physical safety of personnel employed by the establishment;
4. Ensure the physical safeguarding of assets transported to and from the gaming facility and cashier's cage department;
5. Protect the patrons and the establishment's property from illegal activity;
6. Temporarily detain, to the extent of its authority, persons who may be involved in illegal acts for the purpose of notifying the law enforcement authorities; and
7. Record in a permanent and detailed manner any and all unusual occurrences within the gaming facility. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:
 - (a) the assigned number;
 - (b) the date;
 - (c) the time;
 - (d) the nature of the incident;
 - (e) the person involved in the incident; and
 - (f) the security department or tribal gaming agency employee assigned.

B. Tribal Gaming Agents/Inspectors. The Tribal Gaming Agency shall employ qualified inspectors or agents ("Tribal Inspectors") under the authority of the Tribal Gaming Agency. Tribal Inspectors shall be independent of the Tribal gaming

operation, and shall be supervised and accountable only to the Tribal Gaming Agency. Tribal Inspectors shall not be required to be certified by the State.

C. Reporting of Violations. A Tribal Inspector shall be present in the gaming facility during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violation(s) of the provisions of this Compact, or of Tribal Ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation shall be reported immediately to the Tribal Gaming Agency and forwarded to the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.

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

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

proper compliance with the provisions of this Compact, Tribal Ordinances, laws of the Tribe, or applicable laws of the State.

F. Quarterly Meetings. In an attempt to develop and foster a relationship in the enforcement of the provisions of this Compact, representatives of the State Gaming Agency; the Tribal Gaming Agency; and the Washington Horse Racing Commission, as applicable, shall meet not less than on a quarterly basis to review past practices and examine methods to improve the regulatory program created by this Compact. The meetings shall take place at a location selected by the Tribal Gaming Agency. The State Gaming Agency prior to or during such meetings shall disclose to the Tribal Gaming Agency any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected.

VII. STATE COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring. The State Gaming Agency and, as applicable to the satellite wagering facility and activities the Washington Horse Racing Commission, shall pursuant to the provisions of this Compact have the authority to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal gaming operation, these agents of the State Gaming Agency and the Commission shall have free and unrestricted access to all areas of the gaming facility during normal operating hours with or without giving prior notice to the Tribal gaming operation. Provided, that

when possible, notice shall be given to the Tribal Gaming Agency or to a Tribal gaming inspector in the facility, and the Tribe may assign a Tribal agent or other representative to accompany the State agent while on the Squaxin Island Reservation. 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 Agency with a report of the investigation, including information about evidence gathered in connection with the investigation.

B. Access to Records. Agents of the State Gaming Agency and the Commission shall have equal authority with the Tribal Gaming Agency to review and copy, during all operating hours, all Class III gaming records maintained by the Tribal gaming operation. Provided, that any copy thereof and any information derived therefrom, shall be deemed strictly confidential, and proprietary financial information of the Tribe. The State Gaming Agency shall notify the Tribe of any requests for disclosure of such information and shall not disclose until the Tribe has had a reasonable opportunity to challenge the request. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact.

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

D. Cooperation With Tribal Gaming Agency. The State Gaming Agency and the Commission shall meet periodically with the Tribal Gaming Agency and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and

promptly notify the Tribal Gaming Agency of any activity suspected or occurring whether within the gaming facility or not, which adversely affects State, Tribal or public interests relating to the gaming facility and operation. Provided, such disclosure shall not compromise the interest sought to be protected.

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

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

A. Concurrent Jurisdiction. The Tribal Gaming Agency, the State Gaming Agency and the Commission shall have concurrent jurisdiction to investigate violations of the provisions of this Compact, and to bring administrative charges, in accordance with Tribal Laws and the provisions of Chapter 9.46 RCW, Chapter 67.16 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, against any individual or business entity that is licensed by the Tribal Gaming Agency or certified by the State Gaming Agency in accordance with this Compact. In recognition of the need to foster a joint regulatory program to enforce the provisions of this Compact, the Tribe consents to

the limited waiver of sovereign immunity solely with respect to this Compact and its provisions. The Tribe further consents to the exercise of jurisdiction by the Federal District Court of the Western District of Washington with respect to actions to enforce the provisions of this Compact, but if such court declines to exercise subject matter jurisdiction, then by any court of competent jurisdiction. With the exception of those jurisdictional issues specifically addressed in this Compact, this Compact should not be construed to affect any other jurisdictional issues between the State and the Tribe.

IX. LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. Investigative Authority. The Tribal Gaming Agency, the Tribal Law Enforcement Agency, the Mason County Sheriff or law enforcement agencies cross deputized by the Tribal Law Enforcement Agency, the Washington State Patrol, the State Gaming Agency, and the Commission shall have the authority to investigate any gambling and related crimes against the laws of Chapter 9.46 RCW or Chapter 67.16 RCW to the extent said State laws are expressly made applicable herein, and that occur on the Squaxin Island Reservation. 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 Squaxin Island Reservation, members of the Tribe, or any other individuals or entities subject to Tribal jurisdiction.

B. Jurisdictional Forums. Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-tribal members will be through the proper State or Federal courts. Tribal members who are criminal

defendants will be prosecuted in Tribal or Federal Court. Wherever possible, for criminal defendants who are Tribal members, Tribal Court will be the preferred venue for individual prosecutions unless the Tribe declines to seek jurisdiction in the Tribal Court within six months of the discovery of an offense.

C. Consent to Application of State Law and Incorporation in Tribal Ordinance. For the purposes of 18 USC §1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health and safety and welfare and, to the extent not inconsistent with other provisions of this Compact, RCW 9.46.075; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.196; 9.46.198; 9.46.220; 9.46.221; 9.46.222; 9.46.230; 9.46.240; 67.16.060; as now or hereafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated into a Tribal ordinance regarding any gaming affected by such statutory sections. Provided, that in the event any such provisions of State law are amended or repealed, the Tribe will be given notice of same within 30 days of the effective date, by the State Gaming Agency. Notwithstanding anything herein to the contrary, any penalty or fines contained in any 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.

D. Exception to Consent. Except for the concurrent jurisdiction of the State with respect to gaming on the Squaxin Island 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 other laws of the State.

E. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the State or the Tribe, and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those law enforcement agencies shall meet prior to commencement of operations and periodically thereafter to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

X. ENACTMENT OF COMPACT PROVISIONS

A. State Gaming Agency Rules or Regulations. Pursuant to the general rule making authority contained in state law, the State Gaming Agency and the Washington Horse Racing Commission may enact as part of those agencies' rules or regulations governing gambling and horse racing activities, all or part of the provisions of this Compact.

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

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

A. Adoption of Regulations for Operation and Management. The Tribal Gaming Agency shall adopt regulations to govern the operation and management of

the gaming operation conducted pursuant to this Compact. To the extent such regulations have been adopted prior to the execution of this Compact they are set forth in Appendix A hereto and shall be deemed approved by the State. 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 Tribal Gaming Agency shall notify the State Gaming Agency of any intent to revise its standards or of any other regulations issued thereafter and shall request the concurrence of the State Gaming Agency for such revisions. State Gaming Agency concurrence shall be deemed granted unless disapproved in writing within twenty (20) 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.C of this Compact.

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

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

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

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

4. The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. To the extent such rules have been adopted prior to the execution of this Compact they are set forth in Appendix B hereto and shall be deemed approved by the State. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the gaming facility. Betting limits applicable to any gaming station shall be displayed at such

gaming station. Rules for games identified in Section III, except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, as do not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section III, 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. The Tribe will provide the State Gaming Agency ten (10) days advance notice of the rules of each game and any modifications thereof, and will provide adequate notice to patrons of the gaming operation facility to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII.C of this Compact.

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

approval. In the event of a dispute, the matter will be handled in accordance with the provisions of Section XII.C.

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

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

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

B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual. The State Gaming Agency may bring an action to enjoin the Tribe, the Tribal gaming operation, or any individual, if the State determines that any gaming operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on the Squaxin Island Reservation in violation of the provisions of this Compact. Such action shall be brought in the U.S. District Court, pursuant to 25 USC §2710(d)(7)(A)(ii). Solely for the purpose of this remedy, the Tribe consents to such suit and hereby agrees to a limited waiver of sovereign immunity for the purposes set forth in this sub-section. Prior to bringing such action, the State Gaming Agency shall notify the Tribe, the Tribal Gaming Agency and the Tribal Gaming Operation of the alleged violation(s) and the parties shall meet and confer in a good faith attempt to correct the alleged violation before court action is sought.

C. Dispute Resolution. In recognition of the government to government relationship of the Tribe and State, the parties shall make best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, without prejudice

to the right of either party to seek injunctive relief against the other when circumstances require such immediate relief, 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. Unless other procedures and time frames are elsewhere set forth in this Compact, in the event of a dispute or disagreement between the parties regarding the implementation of and compliance with referenced provisions of this Compact or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

1. Either party shall give the other, as soon as possible after the event giving rise to the concern, a written notice setting forth the issues to be resolved.
2. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than ten (10) days from receipt of the notice.
3. If the dispute is not resolved to the satisfaction of the parties within twenty (20) days of the first meeting, then the party may seek to have the dispute resolved by and in accordance with the policies and procedures of the Judicial Arbitration and Management Service of Seattle, Washington (JAMS), at sites which alternate between the Squaxin Island Reservation and the State Gaming Agency or Commission offices after each arbitration dispute, i.e, the first arbitration dispute, until completed, shall be held on the Squaxin Island Reservation; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Commission offices; and so forth.

4. The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) days from the date an arbitrator or JAMS judge is agreed upon by the parties, but in the event no agreement is made, then as selected by JAMS.

5. The decision of the arbitrator shall be final and unappealable. If the party against whom sanctions are sought or curative or conforming action is required does not perform or expeditiously undertake to effect a cure, or that party is not capable of immediate remedy, then that failure shall be deemed a default and breach of the provision(s) of the Compact at issue.

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

7. Nothing in this Section shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall this Section be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to mediation or utilization of a technical advisor to the Tribal and State Agencies; provided that neither party is under any obligation to agree to such alternative method of dispute resolution. The parties to this Compact agree that the favored method of resolving differences is for the State and Tribal Gaming Agencies to meet and confer in good faith regarding

the issues in dispute and attempt to resolve disputes through their joint working relationship.

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

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

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

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

a. For employees: (1) first infraction - fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and (2) second and subsequent infractions - suspension of

twenty (20) hours of gaming operations for each day of employment or a fine equal to the Net Win for each day of employment.

b. For manufacturers, suppliers and other entities: (1) first infraction - up to \$5,000; and (2) second and subsequent infractions - up to \$20,000.

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

a. For first infraction - written warning.

b. For second infraction - up to \$250.

c. For third infraction - up to \$500.

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

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

E. Method of Collection and Payment to Washington State Council on Problem Gambling. Any civil fines collected by the State Gaming Agency or the Tribal Gaming Agency pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year to the Washington State Council on Problem Gambling, a bona fide nonprofit organization, provided that the organization offers some program which takes affirmative steps to reach the Indian community in Washington State. In the event the Washington State Council on Problem Gambling does not have such an Indian program, or ceases to exist, or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide

nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, the Squaxin Island Reservation and the neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

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

The Tribe shall reimburse the State Gaming Agency for all reasonable costs and expenses actually incurred by the State Gaming Agency in carrying out its responsibilities as authorized under the provisions of this Compact. Reimbursement shall be made for monitoring, investigative, and processing costs. With regard to administrative actions, reimbursement shall be made to the extent that costs incurred exceed the certification fees received. The State shall submit a verified, detailed statement with supporting documentation after the gaming operation has been open to the public for no less than three (3) months, and on a quarterly basis thereafter, to the Tribal Gaming Agency. The Tribe shall reimburse the State Gaming Agency within forty-five (45) days after the receipt of the statement of expenses. The State Gaming Agency agrees to meet at least annually with the Tribal Gaming Agency to discuss any issues related to reimbursements from the Tribe and to develop an estimate of the reimbursable costs to be sought during the next year, based on the information reasonably available to the parties at that time. In the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIV. PUBLIC HEALTH AND SAFETY

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

- Indian Health Service public health standards;
- All Federal laws establishing minimum standards for environmental protection;
- Applicable Environmental Protection Agency program standards and National Environmental Policy Act requirements;
- Federal water quality and safe drinking water standards;
- Uniform Building Code, including codes for electrical, fire and plumbing;
- Public health standards for food and beverage handling in accordance with U.S. Public Health Service requirements; and
- Squaxin Island Tribal Codes regarding public health, safety and environmental protection standards.

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

C. Community and Enforcement Impact Contribution.

The Squaxin Island Tribe provides a police department and tribal court system to enforce criminal law and order codes against Squaxin Island tribal members and civil administrative codes against all persons within the Tribe's jurisdiction. The Tribe recognizes that adequate enforcement and the availability of support services

and assistance is critical to the safe operation of the gaming activities and that activities directly and indirectly associated with the operation of gaming facilities on the Squaxin Island Reservation may impact surrounding local law enforcement and other local governmental service agencies, and place an increased burden on them. To that end, the Tribe hereby agrees to establish a fund for purpose of providing assistance to non-tribal local law enforcement, emergency services and/or other local governmental service agencies (including those agencies responsible for traffic and transportation) impacted by the Class III gaming facility and to withhold and disburse 2.0% of the Net Win from Class III gaming operation, with the exclusion of the satellite wagering activities, for this fund ("Community Contribution"). Further, the Tribe shall, on a quarterly basis beginning no more than three months from the date the facility opens to the public, distribute this fund to non-tribal local law enforcement and local governmental service agencies materially impacted by the Class III gaming operation. Distributions from the fund shall be paid within forty-five (45) days following the end of each quarter (January 31, April 30, July 31, and October 31), beginning with the end of the first quarter following the date the facility opens to the public, and quarterly thereafter. These funds shall be shared by all non-tribal local law enforcement and local governmental service agencies materially impacted by the gaming operation based on evidence of impacts presented by each agency; provided, however, the first priority for the distribution of this fund will be to the Mason County Sheriff in an amount sufficient to cover the cost of monitoring, routine patrol and response services. The Mason County Sheriff shall receive directly from the fund an

amount sufficient to cover the expenses for any additional staffing required, including salary, benefits, training and vehicle costs.

A committee consisting of two (2) representatives of the Squaxin Island Tribal Government; a representative from Mason County; and a representative of the State Gaming Agency shall be established. The composition of this committee may be altered by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on the Reservation, the level of services provided, use of the funds, and to determine the distribution of the funds. Within six (6) months of the date of final approval of this Compact and annually thereafter, the Tribe and any impacted local service agencies seeking funds from the Community Contribution shall enter into a Memorandum or Memoranda of Understanding (MOU) delineating the anticipated governmental relationships, responsibilities, services to be provided during the following year, and utilization of the funds. The MOU(s) will prioritize the disbursements to mitigate off-reservation impacts and may include enforcement protocol or other similar agreements. The MOU(s) shall also provide that the committee may adjust annually the funds distributed to meet the impacts associated with Class III gaming. In the event of a dispute that cannot be resolved by agreement of the parties, either the State Gaming Agency or the Tribe may seek resolution through the arbitration provisions of Section XII.C of this Compact. The determination of the arbitrator shall be binding on all parties, including local government agencies. The MOU terms as determined by the arbitrator shall be promptly executed by the parties, and the funds disbursed. No Class II gaming revenues, satellite wagering

revenues, or non-gaming revenues shall be included with the 2.0% budgeted and disbursed as set forth in this Section.

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

E. Alcoholic Beverage Service. Standards for alcohol service shall be subject to applicable law.

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

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

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

C. Other Termination - Change of State Law. If the laws of the State authorizing the activities set forth herein as Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of the Compact providing for such gaming would not be authorized and continued operation of such gaming would constitute a violation of the Compact and the State may bring an action in Federal District Court pursuant to 25 USC §2710 (d)(7)(A)(ii).

The Tribe disagrees that such subsequent State legislation would have this effect under 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.

D. Amendments/Renegotiations.

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

2. Amendments - Contractual. The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III above upon written notice and request by the Tribe to the State if and when:

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

(b) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealable decision that permits participation in a gaming activity that was not authorized for any purpose by any person, organization or entity at the time this Compact was executed and is not authorized by this Compact.

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

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

(b) the Tribe wishes to engage in forms of Class III gaming other than those games authorized in Section III.

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

5. Renegotiation - Either Party. Notwithstanding anything in this Section XV.D to the contrary, at any time after thirty six (36) months from the date of opening the gaming facility authorized under this Compact, either the Tribe or the State may request renegotiation of any of the provisions of this Compact 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 original terms and provisions of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

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

7. 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 located in the counties of Whatcom, Skagit, Snohomish, King, Pierce, Pacific, Clark, Thurston, Mason, Grays Harbor, Kitsap or Clallam and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, or any combination thereof, then this Compact shall be renegotiated and amended to maintain competitive equality with tribes located in the above listed counties.

XVI. LIMITATION OF LIABILITY

Neither the Squaxin Island 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 Squaxin Island 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

Tribal Chair
Squaxin Island Indian Tribe
Southeast 70 Squaxin Lane
Shelton, Washington 99040

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

Executive Secretary
Washington Horse Racing Commission
3700 Martin Way
Olympia 98504-5052

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 Squaxin Island Indian Tribe and the State of Washington have executed this compact.

THE SQUAXIN ISLAND TRIBE

BY: David Lopeman July 27, 1993
David Lopeman Date
Chairperson

THE STATE OF WASHINGTON

BY: Mike Lowry July 27, 1993
Mike Lowry Date
Governor

APPENDIX A

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON

CLASS III GAMING COMPACT

STANDARDS OF OPERATION AND MANAGEMENT

FOR CLASS III ACTIVITIES

STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

1. DEFINITIONS

In these standards, unless the context indicates otherwise:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING RECORDS

- (1) The tribal gaming operation shall maintain complete accurate and legible records of all transactions relating to the revenues and costs of the gaming operation.
- (2) General accounting records shall be maintained on a double entry system of accounting with transactions recorded on the accruals basis, and detailed, supporting, subsidiary records, sufficient to meet the requirements of paragraph (4).
- (3) The forms of accounts adopted should be of a standard form which would ensure consistency, comparability, and effective disclosure of financial information.
- (4) The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:
 - (a) Records of all patrons' checks initially accepted, deposited, and returned as "Uncollected", and ultimately written off as "Uncollectible";
 - (b) Statistical game records to reflect drop and win amounts for each station, for each game, and for each shift;
 - (c) Records of investments in property and services, including equipment used directly in connection with the operation of Class III gaming;
 - (d) Records of amounts payable by the tribal gaming operation; and
 - (e) Records which identify the purchase, receipt and destruction of gaming chips used in wagering.
- (5) All accounting records shall be kept for a period not less than two (2) years from their respective dates.

3. SYSTEM OF INTERNAL CONTROL

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

- (2) Each such submission shall contain both narrative and diagrammatic representation of the internal control system to be utilized by the tribal gaming operation.
- (3) The submission required by paragraph (1) shall be signed by the executive responsible for its preparation and shall be accompanied by a report of an independent accountant stating that the submitted system conforms in all respects to the principles of internal control required by these standards.

4. FORMS, RECORDS, DOCUMENTS AND RETENTION

- (1) All information required by these standards is to be placed on a form, record or document or in stored data in ink or other permanent form.
- (2) Whenever duplicate or triplicate copies are required of a form, record or document:
 - (a) The original, duplicate and triplicate copies shall be color coded.
 - (b) If under these standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser; and
 - (c) If under these standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately in writing to the Tribal Gaming Agency for investigation.
- (3) Unless otherwise specified in these standards or exempted by the Tribal Gaming Agency, all forms, records, documents and stored data required to be prepared, maintained and controlled by these standards shall:
 - (a) Have the title of the form, record, document, or stored data imprinted or pre-printed thereon or therein;
 - (b) Be located on Squaxin Island Tribal Lands or such other location as is approved by the Tribal Gaming Agency; and
 - (c) Be retained for a period of at least two (2) years in a manner that assures reasonable accessibility to inspectors of the Tribal Gaming Agency and personnel of the State Gaming Agency.

5. ANNUAL AUDIT AND OTHER REPORTS

- (1) The tribal gaming operation shall, at its own expense, cause its annual financial statements to be audited in accordance with generally accepted auditing standards by an independent accountant.
- (2) The annual financial statements shall be prepared on a comparative basis for the current and prior calendar or fiscal year and shall present the financial position and results of operations in conformity with generally accepted accounting principles.
- (3) Two copies of the audited financial statements, together with the report thereon of the tribal gaming operation's independent accountant shall be filed with the Tribal Gaming Agency and with the State Gaming Agency not later than 120 days following the end of the calendar or fiscal year. Extensions may be granted by the Tribal Gaming Agency for extenuating circumstances.
- (4) The tribal gaming operation shall require its independent accountant to render the following additional reports:
 - (a) A report on material weakness in accounting and internal controls. Whenever, in the opinion of the independent accountant, there exists no material weaknesses in accounting and internal controls, the report shall say so; and
 - (b) A report expressing the opinion of the independent accountant that, based on his or her examination of the financial statements, the tribal gaming operation has followed, in all material respects, during the period covered by his or her examination, the system of accounting and internal control on file with the Tribal Gaming Agency. Whenever, in the opinion of the independent accountant, the tribal gaming operation has deviated from the system of accounting and internal controls filed with the Tribal Gaming Agency, or the accounts, records, and control procedures examined are not maintained by the tribal gaming operation in accordance with the Compact and these standards, the report shall enumerate such deviations regardless of materiality, the areas of the system no longer considered effective and shall make recommendations in writing regarding improvements in the system of accounting and internal controls.
- (5) Two copies of the reports required by paragraph (4) and two copies of any other reports on accounting and internal control, administrative controls, or other matters relating to the tribal gaming operation's accounting or operating procedures rendered by the tribal gaming operation's independent

accountant, shall be filed with the Tribal Gaming Agency and with the State Gaming Agency by the tribal gaming operation within 120 days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Provided, extensions may be granted for extenuating circumstances by the Tribal Gaming Agency.

6. CLOSED CIRCUIT TELEVISION SYSTEM

- (1) The tribal gaming operation shall install a closed circuit television system according to the following specifications.
- (2) The closed circuit television system shall include, but need not be limited to the following:
 - (a) Light sensitive cameras some with zoom, scan and tilt capabilities to effectively and clandestinely monitor in detail and from various vantage points, the following:
 - (i) The gaming conducted at each gaming station in the gaming facility and the activities in the gaming facility pits;
 - (ii) The operations conducted at and in the cashier's cage;
 - (iii) The count processes conducted in the count rooms in conformity with these standards;
 - (iv) The movement of cash, gaming chips, drop boxes, and drop buckets in the establishment;
 - (v) The entrances and exits to the gaming facility and the count rooms; and
 - (vi) Such other areas as the Tribal Gaming Agency designates.
 - (b) Video recording units with time and date insertion capabilities for recording what is being viewed by any camera of the system; and
 - (c) One or more monitoring rooms in the establishment which shall be in use at all times by the employees of the security department assigned to monitor the activities in the gaming facility and which may be used as necessary by the inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency; and
 - (d) Audio capability in the count rooms.

- (3) Adequate lighting shall be present in all areas, including gaming stations and pits, where closed circuit camera coverage is required.
- (4) The tribal gaming operation shall be required to maintain a surveillance log of all surveillance activities in the monitor room. The log shall be maintained by monitor room personnel and shall include, at a minimum, the following:
 - (a) Date and time of surveillance;
 - (b) Person initiating surveillance;
 - (c) Reason for surveillance;
 - (d) Time of termination of surveillance;
 - (e) Summary of the results of the surveillance;
 - (f) A record of any equipment or camera malfunctions.
- (5) The surveillance log shall be available for inspection at any time by inspectors of the Tribal Gaming Agency and agents of the State Gaming Agency.
- (6) Video or audio tapes shall be retained for at least seven (7) days and at least thirty (30) days in the case of tapes of evidentiary value, or for such longer period as the Tribal Gaming Agency or the State Gaming Agency may require.
- (7) Entrances to the closed circuit television monitoring rooms shall not be visible from the gaming facility area.

7. ORGANIZATION OF THE TRIBAL GAMING OPERATION

- (1) The tribal gaming operation shall have a system of internal control that includes the following:
 - (a) Administrative control, which includes but is not limited to the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions; and
 - (b) Accounting control which includes the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:

- (i) Transactions are executed in accordance with the management's general and specific authorization which shall include the requirements of these standards;
 - (ii) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and with these standards, and to maintain accountability for assets;
 - (iii) Access to assets is permitted only in accordance with management's authorization which shall include the requirements of these standards; and
 - (iv) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (2) The tribal gaming operation's system of internal control shall provide for:
 - (a) Competent personnel with an understanding of prescribed procedures; and
 - (b) The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties.
- (3) The tribal gaming operation shall, at a minimum, establish the following departments:
 - (a) A security department supervised by the head of the security department who shall co-operate with, yet perform independently of, all other departments and shall report directly to the Chief Operating Officer of the tribal gaming operation regarding matters of policy, purpose, and responsibilities. The head of security shall be responsible for, but not limited to the following:
 - (i) The clandestine surveillance of the operation and conduct of the table games;
 - (ii) The clandestine surveillance of the operation of the cashier's cage;
 - (iii) The video and audio taping of activities in the count rooms;

- (iv) The detection of cheating, theft, embezzlement, and other illegal activities in the gaming facility, count rooms, and cashier's cage;
- (v) The video taping of illegal and unusual activities monitored;
- (vi) The notification of appropriate gaming facility supervisors, and the Tribal Gaming Agency upon the detection and taping of cheating, theft, embezzlement, or other illegal activities; and
- (vii) Security Department to control issue, collection and storage of cards, shoes, dice and other gaming devices deemed appropriate, and to control disposition and/or destruction of same.

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

- (b) A gaming facility department supervised by a gaming facility manager who shall perform independently of all other departments and shall report directly to the chief operating officer. The gaming facility manager shall be responsible for the operation and conduct of all Class III activities conducted in the gaming facility.
- (c) A gaming facility accounting department supervisor who shall report directly to the chief operating officer. The supervisor responsibilities shall include, but not be limited to, the following:
 - (i) accounting controls;
 - (ii) the preparation and control of records and data required by these standards;
 - (iii) the control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the gaming operating and required by these standards; and

- (iv) the control and supervision of the cashier's cage.
- (d) A cashier's cage supervised by a cage supervisor who shall supervise cage cashiers and co-operate with, yet perform independently of, the gaming facility and security departments, and shall be under the supervision of, and report directly to the chief operating officer. The cashier's cage shall be responsible for, but not limited to the following:
 - (i) the custody of currency, coin, patron checks, gaming chips, and documents and records normally associated with the operation of a cashier's cage;
 - (ii) the approval, exchange, redemption and consolidation of patron checks received for the purpose of gaming in conformity with the gaming operation's standards;
 - (iii) the receipt, distribution and redemption of gaming chips in conformity with these standards; and
 - (iv) such other functions normally associated with the operation of a cashier's cage.
- (4) The tribal gaming operation's personnel shall be trained in all accounting and internal control practices and procedures relevant to each employee's individual function. Special instructional programs shall be developed by the tribal gaming operation in addition to any on-the-job instruction sufficient to enable all members of the departments required by this standard to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all transactions relating to their function.

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

- (1) Table games shall be operated by dealers or croupiers who shall be the persons assigned to each gaming station as authorized under Section III.A of the Compact.
- (2) A pit boss shall be the supervisor assigned the responsibility for the overall supervision of the operation and conduct of gaming at the table games played within a single pit and shall oversee any intermediate supervisors assigned by the tribal gaming operation to assist in supervision of table games in the pit.

- (3) A gaming facility shift manager shall be the supervisor assigned to each shift with the responsibility for the supervision of table games conducted in the gaming facility. In the absence of the gaming facility manager, the gaming facility shift manager shall have the authority of a gaming facility manager.
- (4) Nothing in this standard shall be construed to limit the tribal gaming operation from utilizing personnel in addition to those described herein.

9. CASHIER'S CAGE

- (1) As part of the gaming operation there shall be on or immediately adjacent to the gaming floor a physical structure known as the cashier's cage ("cage") to house the cashiers and to serve as the central location for the following:
 - (a) The custody of the cage inventory comprising currency, coin, patron checks, gaming chips, forms, documents and records normally associated with the operation of a cage;
 - (b) the approval of patron checks for the purpose of gaming in conformity with these standards;
 - (c) the receipt, distribution, and redemption of gaming chips in conformity with these standards; and
 - (d) such other functions normally associated with the operation of a cage.
- (2) The tribal gaming operation shall have a reserve cash bankroll in addition to the imprest funds normally maintained by the cashier's cage, on hand in the cashier's cage or readily available to the cashier's cage at the opening of every shift in a minimum amount established by the tribal gaming operation.
- (3) The cage shall be designed and constructed to provide maximum security including, at a minimum, the following:
 - (a) An enclosed structure except for openings through which items such as gaming chips, checks, cash, records, and documents can be passed to service the public and gaming stations;
 - (b) Manually triggered silent alarm systems connected directly to the monitoring rooms of the closed circuit television system and the security department office;

- (c) Access shall be through a locked door.
 - (i) The system shall have closed circuit television coverage which shall be monitored by the gaming facility security department.
- (4) The tribal gaming operation shall place on file with the Tribal Gaming Agency the names of all persons authorized to enter the cage, those who possess the combination or the keys or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

10. ACCOUNTING CONTROLS WITHIN THE CASHIER'S CAGE

- (1) The assets for which the cashiers are responsible shall be maintained on an imprest basis. At the end of each shift, the cashiers assigned to the outgoing shift, shall record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory.
 - (a) Cashiers functions shall be, but are not limited to the following:
 - (i) Receive cash, checks, and gaming chips from patrons for check consolidations, total or partial redemptions or substitutions;
 - (ii) Receive gaming chips from patrons in exchange for cash;
 - (iii) Receive travelers checks and other cash equivalents from patrons in exchange for currency or coin;
 - (iv) Receive documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cashier's cage; and
 - (v) Receive from security department members, chips and coins removed from gaming stations in exchange for the issuance of a credit;
 - (vi) Receive from security department members, requests for fills in exchange for the issuance of a fill and the disbursal of gaming chips;
 - (vii) Receive cash from the coin and currency count rooms;

- (viii) Prepare the overall cage reconciliation and accounting records; and
 - (ix) Perform such other functions as necessary to ensure proper accountability consistent with these standards.
 - (x) The tribal gaming operation in its discretion may utilize the necessary number of independent cashiers to ensure compliance with these standards.
- (3) Signatures attesting to the accuracy of the information contained on the following sheets shall be, at a minimum:
- (a) On the cashiers count sheet, the fill bank closeout sheet, and the main bank closeout sheet, the signatures of the cashiers assigned to the incoming and outgoing shifts.
- (4) At the conclusion of gaming activity each day, at a minimum, copies of the cashier's count sheet, recapitulation, fill, main, and related documentation, shall be forwarded to the accounting department for agreement of opening and closing inventories, and agreement of amounts thereon to other forms, records and documentation required by these standards or for the recording of transactions.

11. DROP BOXES

- (1) Each gaming station in a gaming facility shall have attached to it a metal container known as a "Drop Box", in which shall be deposited all cash, duplicate fills and credits, requests for fills and credits, and station inventory forms.
- (2) Each drop box shall have:
 - (a) One separate lock securing the contents placed into the drop box, the key to which shall be different from any other key;
 - (b) A separate lock securing the drop box to the gaming stations, the key to which shall be different from the key to the lock securing the contents of the drop box;
 - (c) An opening through which currency, coins, forms, records and documents can be inserted into the drop box;
 - (d) Permanently imprinted or impressed thereon, and clearly visible a number corresponding to a permanent number on the gaming station

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

- (3) The key utilized to unlock the drop boxes from the gaming stations shall be maintained and controlled by the security department.
- (4) The key to the lock securing the contents of the drop boxes shall be maintained and controlled by the Tribal Gaming Agency.

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

- (1) All drop boxes removed from the gaming stations shall be transported, at a minimum, by one security department member and one employee of the tribal gaming operation directly to, and secured in, the count room.
- (2) All drop boxes, not attached to a gaming station, shall be stored in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The key to one lock shall be maintained and controlled by the security department and the key to the second lock shall be maintained and controlled by the Tribal Gaming Agency inspector.
- (3) Drop boxes, when not in use during a shift may be stored on the gaming stations provided that there is adequate security. If adequate security is not provided during this time, the drop boxes shall be stored in the count room in an enclosed storage cabinet or trolley as required in paragraph (2).

13. PROCEDURE FOR EXCHANGE OF CHECKS SUBMITTED BY GAMING PATRONS

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

- (2) All personal checks sought to be exchanged in the tribal facility by a patron shall be:
 - (a) Drawn on a bank and payable on demand;
 - (b) Drawn for a specific amount;
 - (c) Made payable to the tribal gaming operation; and
 - (d) Currently dated, but not post dated.
- (3) All checks sought to be exchanged at the cashiers' cage shall be:
 - (a) Presented directly to the cashier who shall:
 - (i) Restrictively endorse the check "for deposit only" to the tribal gaming operation's bank account;
 - (ii) Initial the check;
 - (iii) Date and time stamp the check;
 - (iv) Immediately exchange the check for currency and coin in an amount equal to the amount for which the check is drawn; and
 - (v) Forward all patron checks to the main bank cashier.
- (4) Prior to acceptance of a travelers check from a patron, the general cashier shall verify its validity by:
 - (a) Requiring the patron to countersign the travelers check in his or her presence;
 - (b) Comparing the countersignature with the original signature on the travelers check;
 - (c) Examining the travelers check for any other signs of tampering, forgery or alteration; and
 - (d) Performing any other procedures which the issuer of the travelers check requires in order to indemnify the acceptor against loss.
- (5) Prior to the acceptance of any tribal gaming operation check from a patron, a general cashier shall examine that patron's identification credentials to ensure the patron's identity and shall maintain documentation supporting that examination.

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

14. PROCEDURE FOR DEPOSITING CHECKS RECEIVED FROM GAMING PATRONS

- (1) All checks received in conformity with these standards shall be deposited in the tribal gaming operation's bank account in accordance with the tribal gaming operations normal business practice, but in no event later than seven (7) days after receipt.
- (2) In computing a time period prescribed by this section, the last day of the period shall be included unless it is a Saturday, Sunday, or a state or federal holiday, in which event the time period shall run until the next business day.
- (3) Any check deposited into a bank will not be considered clear until a reasonable time has been allowed for such check to clear the bank.

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

- (1) All dishonored checks returned by a bank ("returned checks") after deposit shall be returned directly to, and controlled by accounting department employees.
- (2) No person other than one employed within the accounting department may engage in efforts to collect returned checks except that a collection company or an attorney-at-law representing the tribal gaming operation may bring action for such collection. Any verbal or written communication with patrons regarding collection efforts, shall be documented in the collection section.
- (3) Continuous records of all returned checks shall be maintained by accounting department employees. Such records shall include, at a minimum, the following:

- (a) The date of the check;
 - (b) The name and address of the drawer of the check;
 - (c) The amount of the check;
 - (d) The date(s) the check was dishonored;
 - (e) The date(s) and amount(s) of any collections received on the check after being returned by a bank.
- (4) A check dishonored by a bank may be immediately redeposited if there is sufficient reason to believe the check will be honored the second time.
 - (5) If a check is dishonored a second time, the name of the person who submitted the check shall be kept in a log, and available to the cashier. Such person shall be prohibited from submitting a future check until the amount owed is paid in full.

16. PROCEDURE FOR ACCEPTING CASH AT GAMING STATIONS

- (1) The cash shall be spread on the top of the gaming station by the croupier or dealer, accepting it in full view of the patron who presented it and the facility supervisor specifically assigned to such gaming station.
- (2) The amount of cash shall be announced by the croupier or dealer accepting it in a tone of voice calculated to be heard by the patron who presented the cash and the facility supervisor specifically assigned to such gaming station. All cash changes of \$50.00 or over shall be verified by the supervisor.
- (3) Immediately after an equivalent amount of gaming chips has been given to the patron, the cash shall be taken from the top of the gaming station and placed by the croupier or dealer into the drop box attached to the gaming station.

17. ACCEPTANCE OF GRATUITIES FROM PATRONS

- (1) No tribal gaming operation employee directly concerned with management, accounting, security and surveillance shall solicit or accept any tip or gratuity from any player or patron.
- (2) The tribal gaming operation shall establish a procedure for accounting for all tips received by other gaming employees.

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

18. ADOPTION OF RULES FOR CLASS III ACTIVITIES

- (1) The tribal gaming operation shall submit for approval to the Tribal Gaming Agency rules to govern the conduct of Class III activities operated in the tribal gaming facility. Copies of game rules in effect, from time to time, shall be provided to the State Gaming Agency in accordance with Section XI of the Compact. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station. Game rules adopted by the Tribal Gaming Agency shall include in addition to the rules of play:
 - (a) Specifications provided by the equipment manufacturer or supplier applicable to gaming equipment:
 - (i) Physical characteristics of chips; and
 - (ii) Physical characteristics of the following:
 - (A) roulette tables;
 - (B) roulette balls;
 - (C) roulette wheels;
 - (D) cards (including procedures for receipt and storage);
 - (E) blackjack tables;
 - (F) blackjack layouts;
 - (G) poker tables;
 - (H) dice (including procedures for receipt and storage);
 - (I) craps tables;
 - (J) craps layouts;

- (K) money wheels;
- (L) money wheel layouts;
- (M) baccarat and mini-baccarat tables;
- (N) baccarat and mini-baccarat layouts;
- (O) chuck-a-luck tables;
- (P) chuck-a-luck layouts;
- (Q) red dog tables;
- (R) red dog layouts;
- (S) beat the dealer layouts;
- (T) pai-gow tables and layouts;
- (U) dealing shoes (including procedures for receipts and storage);
- (V) bill changer devices;
- (W) such other equipment as may be required for use in otherwise authorized Class III activities.

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

- (a) Procedures of play;
- (b) Minimum and maximum permissible wagers;
- (c) Shuffling, cutting and dealing techniques, as applicable;
- (d) Payout odds on each form of wager;
- (e) Procedures to be followed on occurrence of irregularities, including definition of irregularities as applicable to each game; and
- (f) Prohibitions on side betting between and against player and against the house.

19. STATION INVENTORIES AND PROCEDURE FOR OPENING STATIONS FOR GAMING

- (1) Whenever a gaming station is opened for gaming, operations shall commence with an amount of gaming chips and coins to be known as the "Station Inventory" and the tribal gaming operation shall not cause or permit gaming chips or coins to be added to or removed from such station inventory during the gaming day except:
 - (a) In exchange for cash;
 - (b) In payment of winning wagers and collection of losing wagers made at such gaming station;
 - (c) In exchange for gaming chips received from a patron having an equal aggregate face value; and
 - (d) In conformity with the fill and credit procedures described in these standards.
- (2) Each station inventory and the station inventory slip prepared in conformity with the procedures set forth in these standards shall be stored during non-gaming hours in a separate locked, clear container which shall be clearly marked on the outside with the game and the gaming station number to which it corresponds. The information on the station inventory slip shall be visible from the outside of the container. All containers shall be stored either in the cashier's cage during non-gaming hours or secured to the gaming station subject to arrangements for security approved by the Tribal Gaming Agency.
- (3) The keys to the locked containers containing the station inventories shall be maintained and controlled by the gaming facility department in a secure place and shall at no time be made accessible to any cashier's cage personnel or to any person responsible for transporting such station inventories to or from the gaming stations.
- (4) Whenever gaming stations are to be opened for gaming activity, the locked container securing the station inventory and the station inventory slip shall be unlocked by the gaming facility supervisor assigned to such station.
- (5) A croupier or dealer assigned to the gaming station shall count the contents of the container in the presence of the gaming facility supervisor assigned to such station and shall agree the count to the opener removed from the container.

- (6) Signatures attesting to the accuracy of the information on the opener shall be placed on such opener by the croupier or dealer assigned to the station and the gaming facility supervisor that observed the croupier or dealer count the contents of the container.
- (7) Any discrepancy between the amount of gaming chips and coins counted and the amount of the gaming chips and coins recorded on the opener, shall be immediately reported to the gaming facility manager, assistant gaming facility manager, or gaming facility shift manager in charge at such time, the security department and the Tribal Gaming Agency inspector verbally. Security will complete the standard security report in writing and immediately forward a copy to the Tribal Gaming Agency.
- (8) After the count of the contents of the container and the signing of the opener, such slip shall be immediately deposited in the drop box attached to the gaming station by the croupier or dealer after the opening of such station.

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

- (1) A request for fill ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a fill slip ("Fill") for the distribution of gaming chips and coins to gaming stations. The request shall be prepared in a duplicate form and restricted to gaming facility supervisors.
- (2) On the original and duplicate of the request, the following information, at a minimum, shall be recorded:
 - (a) The date, time and shift of preparation;
 - (b) The denomination of gaming chips or coins to be distributed to the gaming stations;
 - (c) The total amount of each denomination of gaming chips or coins to be distributed to the gaming stations;
 - (d) The game and station number to which the gaming chips or coins are to be distributed.
 - (e) The signature of the gaming facility supervisor; and
 - (f) The signature of the security department member.

- (3) After preparations of the request, the original of such request shall be transported directly to the cashier's cage.
- (4) The duplicate copy of the request shall be placed by the croupier or dealer in public view on the gaming station to which the gaming chips or coins are to be received. Such duplicate copy shall not be removed until the chips and coins are received, at which time the request and fill are deposited in the drop box.
- (5) A fill shall be prepared by a cashier whenever gaming chips or coins are distributed to the gaming stations from the cashier's cage.
- (6) Fills shall be serially pre-numbered forms, and each series of fills shall be used in sequential order, and the series of numbers of all fills received by a gaming facility shall be separately accounted. All the originals and duplicates of void fills shall be marked "VOID" and shall require the signature of the preparer.
- (7) The following procedures and requirements shall be observed with regard to fills:
 - (a) Each series of fills shall be in triplicate form to be kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still located in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser;
 - (b) Access to the triplicate copy of the form shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of fills, placing fills in the dispensers, and removing from the dispensers, each day, the triplicate copies remaining therein.
- (8) On the original, duplicate and triplicate copies of the fill, the preparer shall record, at a minimum, the following information:
 - (a) The denomination of the gaming chips or coins being distributed;
 - (b) The total amount of the gaming chips or coins being distributed;
 - (c) The total amount of all denominations of gaming chips or coins being distributed;
 - (d) The game and station number to which the gaming chips or coins are being distributed;

- (e) The date and shift during which the distribution of gaming chips or coins occur; and
 - (f) The signature of the preparer.
- (9) Upon preparation, the time of preparation of the fill shall be recorded, at a minimum, on the original and the duplicate.
- (10) All gaming chips or coins distributed to the gaming stations from the cashier's cage shall be transported directly to the gaming stations from the cashier's cage by a security department member who shall agree to the request to the fill and sign the original of the request, maintained at the cashier's cage, before transporting the gaming chips or coins and the original and duplicate of the fill for signature.
- (11) Signatures attesting to the accuracy of the information contained on the original and duplicate of the fills shall be, at a minimum, of the following personnel at the following times:
 - (a) The cashier upon preparation;
 - (b) The security department member transporting the gaming chips or coins to the gaming station upon receipt from the cashier of gaming chips or coins to be transported;
 - (c) The croupier or dealer assigned to the gaming station upon receipt;
 - (d) The gaming facility supervisor assigned to the gaming station, upon receipt of the gaming chips or coins at such station.
- (12) Upon meeting the signature requirements as described in paragraph (11), the security department member that transported the gaming chips or coins and the original and duplicate copies of the fill to the station, shall observe the immediate placement by the croupier or dealer of the duplicate fill and duplicate request in the drop box attached to the gaming station to which the gaming chips or coins were transported and return the original fill to the fill bank where the original fill and request shall be maintained together and controlled by employees independent of the gaming facility department.
- (13) The original and duplicate "VOID" fills, the original request and the original fill, maintained and controlled in conformity with paragraph (12) shall be forwarded to:
 - (a) The count team for agreement with the duplicate copy of the fill and duplicate copy of the request removed from the drop box after which the original and duplicate copy of the request and the original and

duplicate copy of the fill shall be forwarded to the accounting department for agreement, on a daily basis, with the triplicate; or

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

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

- (1) A request for credit ("Request") shall be prepared by a gaming facility supervisor to authorize the preparation of a credit ("Credit") for the removal of gaming chips and coins to the cashier's cage. The request shall be in duplicate form and access to such form shall, prior to use, be restricted to gaming facility supervisors.
- (2) On the original and the duplicate copy of the request the following information, at a minimum, shall be recorded:
 - (a) The date, time and shift of preparation;
 - (b) The denomination of gaming chips or coins to be removed from the gaming station;
 - (c) The total amount of each denomination of gaming chips or coins to be removed from the gaming station;
 - (d) The game and station number from which the gaming chips or coins are to be removed; and
 - (e) The signature of the gaming facility supervisor and croupier or dealer assigned to the gaming station from which gaming chips or coins are to be removed.
- (3) Immediately upon preparation of a request and transfer of gaming chips or coins to a security department member, a gaming facility supervisor shall obtain on the duplicate copy of the request, the signature of the security department member to whom the gaming chips or coins were transferred and the croupier or dealer shall place the duplicate copy in public view on the gaming station from which the gaming chips or coins were removed, and such request shall not be removed until a credit is received from the fill bank at which time the request and credit are deposited in the drop box.

- (4) The original of the request shall be transported directly to the cashier's cage by the security department member who shall at the same time transport the gaming chips or coins removed from the gaming station.
- (5) A credit shall be prepared by a fill bank cashier whenever gaming chips or coins are removed from the gaming stations to the cashier's cage.
- (6) Credits shall be serially pre-numbered forms, each series of credits shall be used in sequential order, and the series number of all credits received by a gaming facility shall be separately accounted for. All original and duplicate copies of credits shall be marked "VOID" and shall require the signature of the preparer.
- (7) The following procedures and requirements shall be observed with regard to credits:
 - (a) Each series of credits shall be a three-part form and shall be inserted in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously while still locked in the dispenser, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser.
 - (b) Access to the triplicate shall be maintained and controlled at all times by employees responsible for controlling and accounting for the unused supply of credits, placing credits in the dispensers, and removing from the dispensers, each day, the triplicates remaining therein.
- (8) On the original, duplicate and triplicate copies of a credit, the preparer shall record, at a minimum, the following information:
 - (a) The denomination of the gaming chips or coins removed from the gaming station to the cashier's cage;
 - (b) The total amount of each denomination of gaming chips or coins removed 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. A. 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.

B. PROCEDURE FOR CLOSING GAMING STATIONS

- (1) Whenever the daily gaming activity at each gaming station is concluded, the gaming chips and coins on the gaming station shall be counted by the croupier or dealer assigned to the gaming station and observed by a gaming facility supervisor assigned to the gaming station, and the entire count and closure process shall be monitored and taped by the surveillance department and those tapes retained for a period of at least thirty (30) days.
- (2) The gaming chips and coins counted shall be recorded on a station inventory slip by the gaming facility supervisor assigned to the gaming station.
- (3) Station inventory slips shall be three-part serially pre-numbered forms and on the original of the slip ("Closer"), the duplicate of the slip ("Opener"), and on the triplicate, which is maintained and controlled by security, the gaming facility supervisor shall record the following:
 - (a) The date and identification of the shift ended;
 - (b) The game and station number;
 - (c) The total value of each denomination of gaming chips and coins remaining at the stations; and
 - (d) The total value of all denominations of gaming chips and coins remaining at the gaming stations.
- (4) Signatures attesting to the accuracy of the information recorded on the station inventory slips at the time of closing the gaming stations shall be of the croupier or dealer and the gaming facility supervisor assigned to the gaming station who observed the croupier or count the contents of the station inventory.
- (5) Upon meeting the signature requirements specified in paragraph (4), the closer shall be deposited in a drop box attached to the gaming station immediately prior to the closing of the station.
- (6) The triplicate copy of the station inventory slip shall be forwarded to the accounting department by a security department member.
- (7) Upon meeting the signature requirements specified in paragraph (4), the opener and the gaming chips remaining at the station shall be placed in the clear container provided for that purpose as specified in these standards after which the container shall be locked.

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

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

23. COUNT ROOM: CHARACTERISTICS

- (1) As part of the gaming operation, there shall be a room specifically designated for counting the contents of drop boxes which shall be known as the count room.
- (2) The count room shall be designed and constructed to provide maximum security for the materials housed therein and for the activities conducted therein, to include at a minimum, the following:
 - (a) A door equipped with two separate locks securing the interior of the count room, the keys to which shall be different from each other and from the keys to the locks securing the contents of the drop boxes, and one key shall be maintained and controlled by the security department in a secure area within the security department, access to which may be gained only by a nominated security department member, and the other key maintained and controlled by the gaming facility department;
 - (b) The security department shall establish a sign out procedure for all keys removed from the security department; and
 - (c) An alarm device connected to the entrance of the count room in such a manner as to cause a signalling to the monitors of the closed circuit television system in the gaming facility's surveillance monitor room whenever the door to the count room is opened.
- (3) Located within the count room shall be:
 - (a) A table constructed of clear glass or similar material for the emptying, counting and recording of the contents of the drop boxes which shall be known as the "Count Table";
 - (b) Closed circuit television cameras and microphones wired to monitoring rooms capable of, but not limited to the following:

- (i) Effective and detailed video and audio monitoring of the entire count process;
- (ii) Effective, detailed video-monitoring of the count room, including storage cabinets or trolleys used to store drop boxes; and
- (iii) Video and audio taping of the entire count process and any other activities in the count room.

24. PROCEDURE FOR COUNTING AND RECORDING CONTENTS OF DROP BOXES

- (1) The contents of drop boxes shall be counted and recorded in the count room in conformity with this standard.
- (2) The tribal gaming operation shall notify the Tribal Gaming Agency through an inspector whenever the contents of drop boxes removed from gaming stations are to be counted and recorded, which, at a minimum, shall be once each gaming day.
- (3) The opening, counting and recording of the contents of drop boxes shall be performed in the presence of an inspector and by those employees assigned by the tribal gaming operation for the conduct of the count ("Count Team") who have no incompatible functions. To gain entrance to the count room, the inspector may be required to present an official identification card containing his or her photograph issued by the Tribal Gaming Agency.
- (4) Immediately prior to the opening of the drop boxes, the doors to the count room shall be securely locked and except as otherwise authorized by this standard, no person shall be permitted to enter or leave the count room, except during a normal work break or in an emergency, until the entire counting, recording and verification process is completed.
- (5) Immediately prior to the commencement of the count, one count team member shall notify the person assigned to the closed circuit television monitoring station in the establishment that the count is about to begin, after which such a person shall make a video and audio recording, with the time and date inserted thereon, of the entire counting process which shall be retained by the security department for at least seven days from the date of recording unless otherwise directed by the Tribal Gaming Agency or State Gaming Agency.
- (6) Procedures and requirements for conducting the count shall be the following:

- (a) As each drop box is placed on the count table, one count team member shall announce, in a tone of voice to be heard by all persons present and to be recorded by the audio recording device, the game, station number, and shift marked thereon;
- (b) The contents of each drop box shall be emptied and counted separately on the count table, which procedures shall be at all times conducted in full view of the closed circuit television cameras located in the count room;
- (c) Immediately after the contents of a drop box are emptied onto the count table, the inside of the drop box shall be held up to the full view of a closed circuit television camera, and shall be shown to at least one other count team member and the Tribal Gaming Agency inspector to confirm that all contents of the drop box have been removed, after which the drop box shall be locked and placed in the storage area for drop boxes;
- (d) The contents of each drop box shall be segregated by a count team member into separate stacks on the count table by denominations of coin and currency and by type of form, record or document;
- (e) Each denomination of coin and currency shall be counted separately by at least two count team members who shall place individual bills and coins of the same denomination on the count table in full view of the closed circuit television cameras, and such count shall be observed and the accuracy confirmed orally or in writing, by at least one other count team member;
- (f) As the contents of each drop box is counted, one count team member shall record or verify on a master game report, by game, station number, and shift, the following information:
 - (i) The total amount of currency and coin counted;
 - (ii) The amount of the opener;
 - (iii) The amount of the closer;
 - (iv) The serial number and amount of each fill;
 - (v) The total amount of all fills;
 - (vi) The serial number and amount of each credit;
 - (vii) The total amount of all credits; and

- (viii) The win or loss.
 - (g) After the contents of each drop box have been counted and recorded, one member of the count team shall record by game and shift, on the master game report, the total amounts of currency and coin, station inventory slips, fills and credits counted, and win or loss, together with such additional information as may be required on the master game report by the tribal gaming operation;
 - (h) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the recording on the master game report of fills, credits, and station inventory slips by cage cashiers prior to the commencement of the count, a count team member shall compare for agreement the serial numbers and totals of the amounts recorded thereon to the fills, credits, and station inventory slips removed from the drop boxes;
 - (i) Notwithstanding the requirements of sub-paragraphs (f) and (g), if the tribal gaming operation's system of accounting and internal controls provides for the count team functions to be comprised only of counting and recording currency, coin, and credits; accounting department employees shall perform all other counting, recording and comparing duties herein;
 - (j) After completion and verification of the master game report, each count team member shall sign the report attesting to the accuracy of the information recorded thereon;
 - (k) At no time after the inspector has signed the master game report shall any change be made to it without prior written approval of the Tribal Gaming Agency.
- (7) Procedures and requirements at the conclusion of the count for each gaming shift shall be the following:
- (a) All cash removed from each drop box after the initial count shall be presented in the count room by a count team member to a cashier who, prior to having access to the information recorded on the master game report and in the presence of the count team and the inspector, shall re-count, either manually or mechanically, the cash received, after which the inspector shall sign the report evidencing his or her presence during the count and the fact that both the cashier and count team have agreed on the total amount of cash counted;

- (b) The top copy of the master game report, after signing, and the requests for fills, the fills, the requests for credits, the credits, and the station inventory slips removed from drop boxes shall be transported directly to the accounting department and shall not be available to any cashier's cage personnel;
 - (c) A duplicate of the master game report , but no other document referred to in this standard whatsoever, shall be retained by the inspector.
 - (d) If the tribal gaming operation's system of accounting and internal controls does not provide for the forwarding from the cashier's cage of the duplicate of the fills, credits, request for credits, request for fills, such documents recorded or to be recorded on the master game report shall be transported from the count room directly to the accounting department.
- (8) The originals and copies of the master game report, request for fills, fills, request for credits, credits and station inventory slips shall on a daily basis, in the accounting department be:
- (a) Compared for agreement with each other, on a test basis, by persons with no recording responsibilities and, if applicable, to triplicates or stored data;
 - (b) Reviewed for the appropriate number and propriety of signatures on a test basis;
 - (c) Accounted for by series numbers, if applicable;
 - (d) Tested for proper calculation, summarization, and recording;
 - (e) Subsequently recorded; and
 - (f) Maintained and controlled by the accounting department.

25. SIGNATURES

- (1) Signatures shall:
- (a) Be, at a minimum, the signer's first initial and last name;
 - (b) Be immediately adjacent to, or above the clearly printed or pre-printed title of the signer and his or her certificate or permit number; and

- (c) Signify that the signer has prepared forms, records, and documents, and/or authorized to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with these standards and the tribal gaming operation's system of accounting and internal control.
- (2) Signature records shall be prepared for each person required by these standards to sign or initial forms, records and documents, and shall include specimens of signatures and initials of signers. Such signature records shall be maintained on a dated signature card file, alphabetically by name, within a department. The signature records shall be adjusted on a timely basis to reflect changes of personnel.
- (3) Signature records shall be securely stored in the accounting department.

APPENDIX B

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON

CLASS III GAMING COMPACT

RULES GOVERNING CLASS III GAMING

ON THE SQUAXIN ISLAND RESERVATION

APPENDIX B

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON CLASS III GAMING COMPACT

RULES GOVERNING CLASS III GAMING on the SQUAXIN ISLAND RESERVATION

SECTION 1. PUNCHBOARDS AND PULL-TABS

The Tribe may sell punchboards and pull-tabs in the facility and at other locations on the Squaxin Island 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 Squaxin Island Reservation where bingo is played.

SECTION 2. SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES

2.1 DEFINITIONS.

2.1.1 "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.

2.1.2 "Commission Regulations" means Title 260 WAC.

2.1.3 "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.

2.1.4 "Horse Racing Law" means Chapter 67.16 RCW.

2.1.5 "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.

2.1.6 "Satellite Wagering" means parimutuel wagering on simulcast results.

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

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

2.1.9 "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.

2.1.10 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.

2.2 APPLICABILITY OF LAWS. Wagering at the Squaxin Island tribal 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.

2.3 REGULATION OF SATELLITE (OFF-TRACK) WAGERING.

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

a. Unless permitted in accordance with subparagraph c., below, 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 Horseracing 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.

b. 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 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.C of this Compact.

c. 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 §3001, et seq. Nothing in this section (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.C of this Compact.

2.3.2 Hours of Operation. The wagering authorized in the Tribe's satellite wagering facility shall be conducted within the eighty (80) hours per week, averaged annually, as authorized for Class III gaming under Section III.I of this Compact. Provided, however, when a track providing a simulcast to the tribal facility operates outside the Tribe's regularly scheduled 80 hours of operation, then the satellite wagering portion of the Class III facility authorized under this Compact may be open to the public during the time the sending track is open to the general public.

2.3.3 Approval of Facility. Subject to approval of the physical adequacy of the facility, the Squaxin Island Reservation is hereby approved as location for the conduct of satellite wagering as permitted under this Compact. The right of Tribe to conduct satellite wagering from a facility at such location 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.

2.3.4 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:

2.3.4.1 References therein to "racing associations" shall mean the Tribe.

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

2.3.4.3 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.

2.3.4.4 References to "the manager of the parimutuel department" shall refer to any person appointed to manage the satellite wagering facility authorized under this Compact.

2.3.4.5 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.

2.3.5 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 Squaxin Island Tribe's satellite wagering facility as one of those 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.

2.3.6 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).

2.3.7 Security Control. The Tribe shall maintain such security controls over any satellite wagering facility authorized hereunder as would be required by the Commission for a comparable facility off the Reservation. The Tribe shall remove, deny access to, eject or exclude persons whose presence within such facility 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.

2.3.8 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.

APPENDIX X
to the
THE SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT

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TRIBAL LOTTERY SYSTEMS

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APPENDIX X

RULES GOVERNING TRIBAL LOTTERY SYSTEMS

SECTION 1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and on-line 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 on-line 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 on-line lottery game, drawings are conducted on a central computer independently of any activity at player terminals. The drawing results are then matched to player selections previously made on the player terminals. The system and games described and authorized herein are subject to the technical provisions set forth herein.

SECTION 2. DEFINITIONS

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

2.1.1 The Electronic Accounting System;

2.1.2 One or more of the following: Plastic, cardboard, magnetic, or "smart" cards; paper; personal identification ("PIN") 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, or a "smart" card 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 On-line 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 7.0.

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

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

2.6 Electronic Scratch Ticket Game Set. A finite set of Electronic Scratch Tickets that is based on a template that has been designed in accordance with a specific set of rules, including the basic requirements of 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 On-line 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 On-line 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 outcome(s) and prize(s) won, if any, and other information associated with, an On-line 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 On-line Lottery and Electronic Scratch Ticket games. Player Terminals are not capable of playing gambling games as stand-alone devices.

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

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

2.15 Tribal Lottery System. Any lottery system operated pursuant to this Appendix.

All computers and terminals and the combination and components thereof in each system operated by the Tribe shall conform to the provisions of this Appendix.

SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

3.1 Description of System Operation

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

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

3.1.3 A player initiates participation in an Electronic Scratch Ticket game at a Player Terminal, using Game Play Credits from the Cashless Transaction System. The monitor displays one or more of the Electronic Scratch Ticket games that are offered by the system, as well as other information such as graphics, game play and outcome information, and entertainment effects, subject to the limitations in 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. 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. The outcome associated with that ticket is shown on the Player Terminal only after the player touches the screen or performs some other physical interaction with the terminal to cause the outcome to be revealed. Any prizes won are displayed on the Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

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

3.2 Game Set and Subset Requirements

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

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

3.2.2 Game Set Verification Process. Prior to commencement of play, the Game Set shall be verified as to the total number of tickets in the set and the number of winners at each prize level, including the amounts of such prizes, and the number of non-winners. The verification standards which the Game Set must meet are those set forth in 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 Section 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 6.0 of this Appendix.

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

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

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

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

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

3.9 Player Terminals Used in Electronic Scratch Ticket Games. Player Terminals used in connection with Electronic Scratch Ticket Games shall conform to the requirements of Section 5.0.

SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM

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

4.1.1 A player initiates participation in On-line 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 On-line Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an On-line 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 On-line 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, 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 On-line Lottery Game Tickets representing such selections, for drawings to be held in the future.

4.1.4 Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed \$5.00. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

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

4.1.6 The player is then entered into one or more future On-line 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 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 On-line Lottery Game. Games take place no more frequently than thirty minutes apart, determined by when the first drawing in a game occurs. No more than five different On-line Lottery Games are offered at a time, unless the State increases the number of On-line 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 On-Line 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 On-Line Lottery Game. The following requirements apply to any Central Computer used in connection with an On-line 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 On-line 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 On-line Lottery Game only. All drawings shall be on a random basis, using the randomization requirements set forth in Section 6.0.

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

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

4.3 Player Terminals Used for On-Line Games. Player Terminals used in connection with On-line Lottery Games shall conform to the requirements of Section 5.0. The following provisions shall also be applicable:

4.3.1 A Player Terminal may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be used to play On-Line Lottery Games. The On-line Lottery Game may also be played from a Player Terminal dedicated to selling On-Line 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 On-line Lottery Games, provided that such random number generator shall meet the criteria set forth in Section 6.0.

4.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawing(s) 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 On-Line Game Results. The results of each On-line 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 On-Line Lottery Game Records. The following records with respect to each On-Line 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 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 On-line Lottery Game.

4.7 Other Game Rules. The specific rules and prize structures for each On-line 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 On-line 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.

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

SECTION 5. PLAYER TERMINALS

All Player Terminals shall conform at a minimum to the requirements of this Section 5.0.

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

5.2 Features. Player Terminals shall include the following features:

5.2.1 Operation through the Cashless Transaction System;

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

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

slot machine-type handles are prohibited.

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

5.3.1 Electronic Meters required by this Appendix;

5.3.2 Recall of all wagers and other information associated with the last ten (10) Electronic Scratch Ticket plays and the last ten (10) On-Line 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 On-line 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 On-line 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 On-line 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 On-Line 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 On-line Lottery Game.

5.14 Wagers; Displaying Electronic Scratch Ticket Outcomes. Players shall make wagers using a Player Terminal to purchase Electronic Scratch Tickets. Following a purchase, the Electronic Scratch Ticket shall be displayed on the Terminal's video screen for the purpose of revealing the outcome of the selected ticket, provided that players shall be required to physically interact with the terminal in order to reveal the outcome, such as by pressing a button or touching a video touch screen.

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

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

6.1 Chi-Square Analysis. Each card, symbol, number, or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99 percent 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 percent 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 percent confidence level using standard correlation analysis.

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

SECTION 7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in 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 On-Line 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 Section 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 On-line Lottery Game Reports. An On-line Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each On-line 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 provides a summary of all daily sources of funds and disposition of funds, including the following:

- a. Funds collected from cashiers and cash exchange kiosks;
- b. Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and

reserve funds, etc.;

- c. Payments to players;
- d. Funds available to operator; and
- e. Tickets and prizes dispensed and played to reconcile with amount won.

7.1.8 Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of 2 years, and in connection with determining randomness where applicable, for a minimum of 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: on-line 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, on line: 6 months;
- f. The amount wagered and the amount won, daily by prize level, off line: 6 months;
- g. On-line prize redemptions: 30 days;

- h. Dated cash vouchers: 30 days; and
- i. Undated bearer instruments: indefinitely or until instrument by its own terms expires.

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

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

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

8.1.2 An audit file must be kept of all financial transactions against the account. This file must be stored in at least two separate non-volatile media, and be accessible for purposes of audit and dispute resolution to authorized individuals; this file must be available on-line for a minimum of 30 days, after which it must be available off-line for a minimum of 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 (PINs), 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 14 days.

8.2 Smart Cards. Any "smart card" (i.e., a card generally made of plastic with a computer chip imbedded in it) 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 cards;

8.2.2 Total of smart card amounts transferred to cash;

8.2.3 Total of smart card amounts transferred to Game Play Credits;

8.2.4 Total of Game Play Credits transferred to smart card amounts; and

8.2.5 Total unredeemed smart card balance.

8.3 Other Functions. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any Tribal Lottery Game being played. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

SECTION 9. GENERAL SECURITY REQUIREMENTS

The following requirements apply to all components of the Tribal Lottery System, including the Manufacturing Computer, the Central Computer, the Electronic Accounting System and Player Terminals.

9.1 Separation. The Manufacturing Computer, Central Computer and Player Terminals in each Tribal Lottery System shall be physically and operationally independent from one another except as specified otherwise in this Appendix, such as for communications, storage and security monitoring, including the routing of communications among system components, provided such routing does not affect the integrity of the communications or the outcome of any game.

9.2 Security. The Manufacturing Computer and Central Computer must be in a locked, secure enclosure with both camera coverage and key controls in place.

9.3 Secure Connections; DES 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 (DES) or equivalent encryption with changeable seeds or algorithms.

9.4 Surge Protection; Uninterrupted Power System (UPS). 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 a UPS, 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 the Compact.

9.11 Verification Data and Functions. In addition to its functions in operating a connection with the Electronic Scratch Ticket and On-line Lottery Games, the Central Computer may be used to record the data used to verify game play and to configure and perform security checks on Player Terminals, provided such functions do not affect the security, integrity or outcome of such games.

SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

10.1 Designation of Independent Gaming Test Laboratory. The SGA shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems and to otherwise perform the functions set forth in this compact. A Tribe may request additional laboratories be placed on the SGA's list of Gaming Test Laboratories which request shall not be reasonably withheld. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate electronic gaming devices or systems shall be placed on the list if after review by the SGA it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State Law. For any testing required under this Appendix, the Tribe shall choose a laboratory from those Gaming Test Laboratories on said SGA list. If, at any time, any of the Gaming Test Laboratory's 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 the Compact.

10.4 Modifications of Approved Lottery Systems; Emergency Certifications. No modification to any Tribal Lottery System may be made after testing, certification and approval of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under 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 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 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 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 the Compact.

10.9 SGA to be Supplied Model of Player Terminal and System. If not already provided to the SGA, the SGA shall, upon request, be supplied a Player Terminal Central Computer and Manufacturing Computer to be held at the SGA's offices for purposes of determining compliance with these technical requirements.

SECTION 11. ALTERNATIVE STANDARDS PERMITTED

Notwithstanding anything in this Appendix to the contrary, the SGA and Tribe may agree on alternative provisions to those set forth herein, provided such provisions adequately preserve and protect the integrity and security of any game or gaming system or component, or accounting or auditing system or component, affected thereby.

SECTION 12. TRIBAL LOTTERY SYSTEM TERMINAL ALLOCATIONS

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

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

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

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

12.2.3 There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III gaming facility;

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

12.2.5 All fees due from Tribe under Section 13 have been paid, or in the alternative either a memorandum of understanding with the SGA ("MOU") has been entered into or an arbitration has been demanded, has not been resolved, and the Tribe has complied with the provisions of Section 13.5.

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

12.4 Further Conditions. Provided the requirements of Sections 12.2.1 through 12.2.5 have been met and so determined by the SGA, or have been deemed to be so determined, the Tribe may increase the number of Player Terminals it is authorized to operate above the number of Terminals in its Allocation, up to a maximum of 1500 Player Terminals per facility, by acquiring allocation rights from any tribe which has entered into a compact authorizing operation of a Tribal Lottery System consistent with this Appendix ("Eligible Tribe"), or may transfer some or all of its Allocated Player Terminals to an Eligible Tribe, subject to the following conditions:

12.4.1 The Tribe agrees that its acquisitions and transfers of Player Terminals shall be made only pursuant to a plan approved by no less than a majority of the tribes that were Eligible Tribes at the time such plan was adopted. Development and approval of the plan shall follow notice to all Eligible Tribes and an opportunity to participate in creating the plan. Once adopted or amended, the plan shall stay in effect without change for at least one year, even if additional tribes become Eligible Tribes thereafter, but such additional tribes may participate in the plan. Changes in the plan shall not affect the validity or terms of prior transactions conducted between or among tribes under the plan. The State shall have no responsibility whatsoever with respect to the plan, including but not limited to responsibility for providing notices to tribes, determining if the plan has been agreed to properly, monitoring its rules or implementation, or any

other aspect of such plan, the entire responsibility for which shall be upon the Eligible Tribes.

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

12.4.3 The Tribe may not operate any Player Terminals acquired from any other Tribe's allocation until 30 days has elapsed following delivery to the State of a complete set of the documents which govern the transfer.

12.5 Other Circumstances. Notwithstanding anything in this Section 12 to the contrary, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals to a tribe which is greater, or is on terms which are more favorable, than as set forth herein, the Tribe shall be entitled to such greater Allocation or more favorable terms.

SECTION 13. STATE REGULATORY FEES

13.1 Payment of Outstanding Fees. All regulatory fees which have been billed by the SGA to the tribes collectively who are parties to State of Washington v. The Confederated Tribes of the Chehalis Reservation, NO. C 95-1805-FVS (W.D. Wa.), covering services through the most recent billing period, shall be paid prior to the Tribe being authorized to operate the Tribal Lottery Systems set forth in this Appendix. This requirement shall be deemed to have been met with respect to any fees as to which either a) a MOU has been entered into regarding such fees and the Tribe has paid all fees due through the most recent billing period as stated above, or b) an arbitration has been demanded and has not been resolved and the Tribe has made the payments and deposits required under Section 13.5.

13.2 Set-up Fee. As part of the recoverable cost of regulating Tribal Lottery Systems under this Appendix, the State shall be entitled to the reasonable cost of initially setting up such regulation ("Set-up Fee"), which shall not exceed for all Eligible Tribes, in the aggregate, the sum

of \$250,000. The Tribe acknowledges that the SGA's ability to regulate Tribal Lottery Systems, and thus the implementation of this Appendix, is contingent on the receipt by the SGA of an advance deposit to be credited against the Set-up Fee in the full amount of \$250,000 ("Set-up Deposit"). The Tribe agrees to cooperate and participate on a fair and pro rata basis (i.e., dividing the entire amount due by the number of Eligible Tribes at the time such determination is made) in any agreement among the Eligible Tribes with respect to the Set-up Deposit, which shall be paid to the SGA on the following minimum terms:

13.2.1 \$85,000 shall be received by the SGA within three months following the effective date of this Appendix;

13.2.2 \$85,000, plus any fees not yet paid under Section 13.2.1 provisions, shall be received by the SGA no later than six months following the effective date of this Appendix; and,

13.2.3 the remaining \$80,000 and any other amounts not yet paid under Sections 13.2.1 and 13.2.2 shall be received by the SGA prior to the Tribe's operation of the Tribal Lottery System.

13.3 Payment of Tribe's Share of Set-up Fee. As a condition to the Tribe's operation of the Tribal Lottery System under this Appendix, the Tribe shall deposit with the SGA its pro-rata share of the Set-up Deposit if the actual costs comprising the Set-up Fee have not yet been determined, or if so, of the Set-up Fee. In the event the Tribe pays the SGA more than its pro-rata share of the Set-up Deposit or, after the actual costs are determined, the Set-up Fee, it shall be reimbursed by way of future Regulatory Fee credits based on the collection by the SGA of additional pro-rata payments from other Eligible Tribes, the addition of such tribes and resulting recalculation of the pro-rata amount per tribe, or both, as the case may be. The pro-rata amount per tribe shall be redetermined by the SGA at least once a year to take into account the collection of further tribal pro-rata payments or the addition of new Eligible Tribes, and further credits due as a result thereof shall be applied to the next billing period.

13.4 Annual Regulatory Fees. The Tribe agrees to pay its share of the SGA's actual costs which are reasonably incurred in order to commence and carry out its regulatory functions with respect to the Tribe's gaming under this Appendix, through the payment of an annual Regulatory Fee. For the sake of convenience and efficiency, the Regulatory Fee shall also include any actual costs which were incurred by the SGA in connection with the Tribe's class III gaming other than those authorized under this Appendix, and shall supercede provisions in the Compact with respect to the imposition of such fees therein. "Actual costs" as used herein shall mean those costs that were reasonably incurred in order to protect the honesty and integrity of the gaming being operated by Tribe under, and to monitor the Tribe's compliance with, the Compact. Costs incurred in common for more than one tribe shall be allocated among such tribes. For purposes of this section 13, prior years' actual costs shall be based on the actual costs incurred for the twelve months ending September 30. Regulatory Fees shall be paid as follows:

13.4.1 First Year Regulatory Fees. With respect to the Regulatory Fee for the first calendar year or portion thereof commencing with the date of this Appendix, the SGA shall estimate its reasonable cost of regulating the Tribe's operation based on the prior billing year's actual costs incurred in connection with class III gaming other than as governed by this Appendix. The Tribe's Regulatory Fee for the first year shall be subject to adjustment as provided in Section 13.4.2 and 13.4.3. The total Regulatory Fee due from the Tribe for the first year, shall be due and payable in accordance with Section 13.4.3.

13.4.2 First Year Regulatory Fees for Tribal Lottery System. Upon commencement of operations of a Tribal Lottery System, the SGA shall make a good faith estimate of the cost of regulating the Tribe's activities under this Appendix for the remainder of the calendar year and shall adjust the Tribe's Regulatory Fee for that year established under 13.4.1 or 13.4.3 accordingly.

13.4.3 Subsequent Years. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1 and 13.4.2, shall be set by determining the actual cost of regulating

all of Tribe's class III activities in the preceding year and setting and adjusting the coming year's Regulatory Fee based thereon. If the previous year's Regulatory Fee exceeded the SGA's actual cost of regulation, any excess which was paid will be applied as a credit to the payment of Regulatory Fees in such next year. In the alternative, the Regulatory Fee may be set by agreement between the Tribe and the SGA reached through good faith negotiations commenced at the request of the Tribe, the terms of which may include a fixed amount without subsequent adjustment if both parties, at their sole discretion, agree.

13.4.4 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Other than as may be provided in connection with a negotiated fee, Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences, or within 45 days of being notified of the forthcoming year's Regulatory Fee, whichever last occurs, in which event the Tribe shall receive a 10% discount. Regulatory Fees which are so paid and discounted shall not be subject to any retroactive adjustment based on the prior year's estimate having been over the actual costs of regulation. Except for a negotiated fee that provides otherwise, or payment in advance, Regulatory Fees shall be paid in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.

13.5 Regulatory Fee Disputes. If the Tribe disputes the State's determination of the Regulatory Fee, the Tribe shall pay no less than the amount of the fee which is not in dispute to the SGA when due and deposit the disputed amount into an escrow account that is restricted until such dispute is resolved. The dispute will be resolved pursuant to the binding arbitration provisions of this Compact. If the Tribe fails to make the required payment to the SGA or deposit into escrow, the State may pursue any of the remedies set forth in the Compact for the Tribe's breach thereof.

SECTION 14. 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:

14.1 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;

14.2 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 non-profit and charitable organizations in the State of Washington; and

14.3 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 14.1 and 14.2 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 become self-sufficient, such as programs concerned with Tribal law enforcement, education, housing, health, elderly care, safety, and gaming regulation.

14.4 Payment. The payments set forth in Section 14.1 through 14.3 shall be subject to the following:

14.4.1 As used in this Section 14 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.

14.4.2 Because IGRA requires that the Tribe be the primary beneficiary of gaming

revenues, no donation shall be due under Section 14.2 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 GAAP, but without deduction for depreciation;

14.4.3 The Tribe and the State acknowledge that the Tribal Lottery System is a new and untested gaming system, which will have substantial start-up costs and uncertainties associated with it. In order to provide a means for adjusting for such uncertainties and expenses, the amounts due from Tribe under Sections 14.1, 14.2 and 14.3 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.

SECTION 15. MORATORIUM

15.1 Three year moratorium. The Tribe agrees to seek no amendment to the compact with respect to the subject matter of gambling devices for a period of three (3) years from the date of execution of this Amendment by the Governor of the State of Washington, except in the following circumstances:

15.1.1 Federal or State law is amended to authorize any gambling devices now prohibited in the State and not governed by this Appendix;

15.1.2 A State or Federal Court within the State of Washington or a Federal Court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation by any person, organization or entity to use a gambling device that was not deemed by the State to be authorized at the time this Compact amendment was executed, or is not authorized by this Compact; or

15.1.3 Any other tribe located in the State of Washington obtains through a Compact, or Compact amendment, or any person or entity (including the State Lottery) is licensed to use or places in use, any type or number of Class III - type gambling device or

equipment which is materially different from or allows a greater quantity per location than that which is authorized by this Compact. In such event the Tribe shall be entitled to use such equipment or increase their allocation to a like number, subject to good faith negotiations with the State regarding the use and regulation of such equipment, which negotiations shall be subject to the dispute resolution provisions of this Compact.

15.2 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.

15.3 Amendments. Nothing in this Section shall diminish the right of the either party to amend the terms and conditions in this Compact by mutual agreement, as otherwise provided in this Compact.

SECTION 16. DISPUTE RESOLUTION.

In the event of a dispute hereunder, it shall be resolved in accordance with any dispute resolution provisions specifically made applicable in this Appendix to such disputes, or if there are none, under the binding arbitration provisions of the Compact.

Squaxin Island Tribe - State of Washington Class III Compact Amendment

This amendment is entered into between the State of Washington (hereinafter referred to as the "State") and the Squaxin Island Tribe, a federally recognized Indian tribe (hereinafter referred to as the "Tribe").

Whereas, the State and the Tribe executed a Class III Gaming Compact dated July 27, 1993, which Compact was approved by the Secretary of the Interior and published in the Federal Register; and

Whereas, the State has proposed an amendment to the Compact which the State believes will provide additional flexibility for Class III gaming by the Tribe consistent with what the State deemed to be its public policy of limited gaming;

Whereas, the Tribe enters into this amendment which the Tribe believes will provide basic market opportunities consistent with what the Tribe believes to be the congressional mandate to negotiate in good faith and consistent with the sovereignty of the Tribe,

Now therefore, the State and the Tribe agree to amend the Compact as follows:

(Substitute the foregoing language for each identified section and subsection except as noted:)

I. TITLE

This document shall be cited as "The Squaxin Island Tribe - State of Washington Gaming Compact, as amended."

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

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

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack
5. Chemin De Fer;
6. Chuck-a-luck;
7. Craps;
8. 4-5-6;
9. Horses (stop dice);
10. Horse Race;

11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Poker , including Pai-gow;
15. Red Dog;
16. Roulette;
17. Ship-Captain-Crew;
18. Sic-Bo;
19. Sweet Sixteen;
20. Punchboards and Pull Tabs, subject to Appendix B;

G. Size of Gaming Floor. The actual size of the gaming floor devoted to Class III activities within the gaming facility, including floor space used in connection with the conduct of satellite wagering, shall be determined by the Tribe.

H. Number of Gaming Stations. For the initial period, the maximum number of Class III gaming stations authorized for use on the gaming floor within the gaming facility shall be thirty-one (31). Notwithstanding the foregoing, the Tribe has the option to use a total of one additional gaming station within the facility if the proceeds from one (1) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the non-profit station is not subject to the community contribution established under Section XIV.C of this Compact. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the non-profit station. If the gaming operation has met the conditions set forth in Section III(I)(2) the number of gaming stations may be increased (excluding the non-profit station) to fifty (50). Notwithstanding the foregoing, the Tribe has the option to use a total of two additional gaming stations within the facility if the proceeds from two (2) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington.

I. Wagering Limitations.

1. For the initial period, the maximum wager shall not exceed Two hundred and fifty dollars (\$250). If the gaming operation has met the conditions set forth in Section III(I)(2), the maximum wager shall not exceed five hundred dollars (\$500).

2. An increase in the authorized number of gaming stations, hours of operation and/or wager limits is conditioned on the following criteria:

a. Continual operations of the Class III gaming facility for any six month period in compliance with (b)(c)(d)(e) and (f) herein.

b. There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission;

- c. There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material; and
- d. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility.
- e. There have been no material violations of Appendix A .
- f. The Tribal Gaming Agency has implemented the provisions of Section VI.

4. Notwithstanding anything herein to the contrary, after six (6) months of continual operation of the Class III gaming facility, the Tribal and State Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in Section III(I)(2) above and no other evidence to indicate that the operation should not expand the number of gaming stations and wager limits, the Tribal and State Gaming Agencies shall authorize an increase in the number of gaming stations and wager limits in conformity with the increases authorized in III.H and III.I above. If the State claims that any of the conditions in III(I)(2) have not been met, the issue shall be subject to the provisions of Section XII. During this dispute resolutions process, the Tribe will be precluded from expansion of gaming stations within the existing facility.

J. Hours of Operation. For the initial period, except as set forth below, the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred twelve (112) hours per week on an annualized basis. If the gaming operation has met the conditions set forth in Section III(I)(2), the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred forty (140) hours per week on an annualized basis. The Tribe may schedule the hours to best meet market conditions and may operate any day of the week. Class III gaming may not be conducted between the hours of 2:00 a.m. and 6:00 a.m., unless there is a written agreement of the Tribal Gaming Agency and the State Gaming Agency after consultation with the Mason County Sheriff, specifying a different four hour closing period. Provided further, upon thirty (30) days written notice to the State Gaming Agency and upon written mutual agreement between the State Gaming Agency and the Tribal gaming Agency, the Tribe may, not more than three (3) times per calendar year, conduct continuous Class III operations for up to seventy two (72) hours.

L. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by a Federal District Court, the National Indian Gaming Commission or the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities on the Squaxin Island Reservation or within the gaming facility.

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact,

and for the enforcement of this Compact on the Squaxin Island Reservation, shall be that of the Tribal Gaming Agency. The Tribal Gaming Agency will develop a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Tribal Gaming Agents, and independent regulatory and reporting structure separate from that of the gaming operation or tribal bodies, a thorough and developed system for reporting of Compact violations, and a strong and consistent presence with the Class III facility. As part of this structure, the Tribal Gaming Agency shall perform the following functions: ...

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

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

D. Amendments/Renegotiations.

(Subsections 2 and 3 replace Subsections 2 through 6 inclusive.)

2. Amendments - Contractual. The parties agree that Section III (E), (G), (H), (I) and (J) shall not be amended for three years from the date of signing this first amendment, except as provided herein. The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III (E), (G), (H), (I) and (J) above upon written notice and request by the Tribe to the State if and when:

- (a) the laws of the State are amended, including by initiative expanding gaming beyond that which is now allowed under the terms of this Compact;
- (b) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealed decision permitting participation in a gaming activity that was not deemed by the State to be authorized or was not authorized for any purpose by any person, organization or entity at the time this Compact was executed or is not authorized by this Compact, including the use of gambling devices; or the Tribe wishes to engage in any other forms of Class III gaming other than those games authorized in Section III.

3. Renegotiation - Either Party. The parties shall renegotiate an compact provision other than Section III (E), (G), (H), (I) or (J), which provisions are subject to a three year moratorium with exceptions, 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 original terms and provisions of the Compact will remain in effect pending dispute resolution unless until the parties agree on the renegotiated terms. If the renegotiations are unsuccessful, then the matter shall be resolved pursuant to Section XII.C which shall be mandatory and binding.

4. 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 located West of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, greater number of facilities, different games or any combination thereof, or any other competitive advantage, or with another tribe East of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, different games or any combination thereof or any other competitive advantage and the Tribe can demonstrate that the gaming activity has resulted in an adverse economic impact on the Class III operation, then this Compact shall be renegotiated and amended to maintain competitive equality with tribes located in the above listed counties.

IN WITNESS WHEREOF, the Squaxin Island Indian Tribe and the State of Washington have executed this first amendment.

THE SQUAXIN ISLAND TRIBE

BY: David Lopeman 1/26/95
David Lopeman Date
Chairperson

THE STATE OF WASHINGTON

BY: Mike Lowry 1-26-95
Mike Lowry Date
Governor

Squaxin Island Tribe - State of Washington Class III Compact Amendment

This amendment is entered into between the State of Washington (hereinafter referred to as the "State") and the Squaxin Island Tribe, a federally recognized Indian tribe (hereinafter referred to as the "Tribe").

Whereas, the State and the Tribe executed a Class III Gaming Compact dated July 27, 1993, which Compact was approved by the Secretary of the Interior and published in the Federal Register; and

Whereas, the State has proposed an amendment to the Compact which the State believes will provide additional flexibility for Class III gaming by the Tribe consistent with what the State deemed to be its public policy of limited gaming;

Whereas, the Tribe enters into this amendment which the Tribe believes will provide basic market opportunities consistent with what the Tribe believes to be the congressional mandate to negotiate in good faith and consistent with the sovereignty of the Tribe,

Now therefore, the State and the Tribe agree to amend the Compact as follows:

(Substitute the foregoing language for each identified section and subsection except as noted:)

I. TITLE

This document shall be cited as "The Squaxin Island Tribe - State of Washington Gaming Compact, as amended."

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

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

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack
5. Chemin De Fer;
6. Chuck-a-luck;
7. Craps;
8. 4-5-6;
9. Horses (stop dice);
10. Horse Race;

11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Poker , including Pai-gow;
15. Red Dog;
16. Roulette;
17. Ship-Captain-Crew;
18. Sic-Bo;
19. Sweet Sixteen;
20. Punchboards and Pull Tabs, subject to Appendix B;

G. Size of Gaming Floor. The actual size of the gaming floor devoted to Class III activities within the gaming facility, including floor space used in connection with the conduct of satellite wagering, shall be determined by the Tribe.

H. Number of Gaming Stations. For the initial period, the maximum number of Class III gaming stations authorized for use on the gaming floor within the gaming facility shall be thirty-one (31). Notwithstanding the foregoing, the Tribe has the option to use a total of one additional gaming station within the facility if the proceeds from one (1) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the non-profit station is not subject to the community contribution established under Section XIV.C of this Compact. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the non-profit station. If the gaming operation has met the conditions set forth in Section III(I)(2) the number of gaming stations may be increased (excluding the non-profit station) to fifty (50). Notwithstanding the foregoing, the Tribe has the option to use a total of two additional gaming stations within the facility if the proceeds from two (2) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington.

I. Wagering Limitations.

1. For the initial period, the maximum wager shall not exceed Two hundred and fifty dollars (\$250). If the gaming operation has met the conditions set forth in Section III(I)(2), the maximum wager shall not exceed five hundred dollars (\$500).

2. An increase in the authorized number of gaming stations, hours of operation and/or wager limits is conditioned on the following criteria:

a. Continual operations of the Class III gaming facility for any six month period in compliance with (b)(c)(d)(e) and (f) herein.

b. There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission;

- c. There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material; and
- d. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility.
- e. There have been no material violations of Appendix A .
- f. The Tribal Gaming Agency has implemented the provisions of Section VI.

4. Notwithstanding anything herein to the contrary, after six (6) months of continual operation of the Class III gaming facility, the Tribal and State Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in Section III(I)(2) above and no other evidence to indicate that the operation should not expand the number of gaming stations and wager limits, the Tribal and State Gaming Agencies shall authorize an increase in the number of gaming stations and wager limits in conformity with the increases authorized in III.H and III.I above. If the State claims that any of the conditions in III(I)(2) have not been met, the issue shall be subject to the provisions of Section XII. During this dispute resolutions process, the Tribe will be precluded from expansion of gaming stations within the existing facility.

J. Hours of Operation. For the initial period, except as set forth below, the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred twelve (112) hours per week on an annualized basis. If the gaming operation has met the conditions set forth in Section III(I)(2), the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred forty (140) hours per week on an annualized basis. The Tribe may schedule the hours to best meet market conditions and may operate any day of the week. Class III gaming may not be conducted between the hours of 2:00 a.m. and 6:00 a.m., unless there is a written agreement of the Tribal Gaming Agency and the State Gaming Agency after consultation with the Mason County Sheriff, specifying a different four hour closing period. Provided further, upon thirty (30) days written notice to the State Gaming Agency and upon written mutual agreement between the State Gaming Agency and the Tribal gaming Agency, the Tribe may, not more than three (3) times per calendar year, conduct continuous Class III operations for up to seventy two (72) hours.

L. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by a Federal District Court, the National Indian Gaming Commission or the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities on the Squaxin Island Reservation or within the gaming facility.

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact,

and for the enforcement of this Compact on the Squaxin Island Reservation, shall be that of the Tribal Gaming Agency. The Tribal Gaming Agency will develop a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Tribal Gaming Agents, and independent regulatory and reporting structure separate from that of the gaming operation or tribal bodies, a thorough and developed system for reporting of Compact violations, and a strong and consistent presence with the Class III facility. As part of this structure, the Tribal Gaming Agency shall perform the following functions: ...

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

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

D. Amendments/Renegotiations.

(Subsections 2 and 3 replace Subsections 2 through 6 inclusive.)

2. Amendments - Contractual. The parties agree that Section III (E), (G), (H), (I) and (J) shall not be amended for three years from the date of signing this first amendment, except as provided herein. The parties shall amend through renegotiation the wagering limitations, hours of operation, size and/or scope of Class III gaming as set forth in Section III (E), (G), (H), (I) and (J) above upon written notice and request by the Tribe to the State if and when:

- (a) the laws of the State are amended, including by initiative expanding gaming beyond that which is now allowed under the terms of this Compact;
- (b) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealed decision permitting participation in a gaming activity that was not deemed by the State to be authorized or was not authorized for any purpose by any person, organization or entity at the time this Compact was executed or is not authorized by this Compact, including the use of gambling devices; or the Tribe wishes to engage in any other forms of Class III gaming other than those games authorized in Section III.

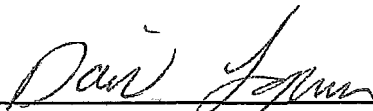
3. Renegotiation - Either Party. The parties shall renegotiate an compact provision other than Section III (E), (G), (H), (I) or (J), which provisions are subject to a three year moratorium with exceptions, if and when circumstances or events occur that merit the discussion and renegotiation of such 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 original terms and provisions of the Compact will remain in effect pending dispute resolution unless until the parties agree on the renegotiated terms. If the renegotiations are unsuccessful, then the matter shall be resolved pursuant to Section XII.C which shall be mandatory and binding.

4. 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 located West of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, greater number of facilities, different games or any combination thereof, or any other competitive advantage, or with another tribe East of the Cascade Mountains and such agreement gives any such tribe more gaming stations, higher wager limits, more hours of operation, different games or any combination thereof or any other competitive advantage and the Tribe can demonstrate that the gaming activity has resulted in an adverse economic impact on the Class III operation, then this Compact shall be renegotiated and amended to maintain competitive equality with tribes located in the above listed counties.

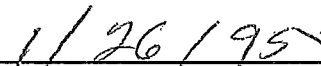
IN WITNESS WHEREOF, the Squaxin Island Indian Tribe and the State of Washington have executed this first amendment.

THE SQUAXIN ISLAND TRIBE

BY:



David Lopeman
Chairperson



Date

THE STATE OF WASHINGTON

BY:



Mike Lowry
Governor



Date

SECOND AMENDMENT TO THE TRIBAL/STATE COMPACT
FOR CLASS III GAMING
BETWEEN
THE SQUAXIN ISLAND TRIBE
AND THE STATE OF WASHINGTON

WHEREAS, on July 27, 1993, the State of Washington and the Squaxin Island Tribe executed a Class III Gaming Compact pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC Section 2701 et seq. and 18 USC Section 1166-1168, and

WHEREAS, the Class III Gaming Compact executed by the State and the Tribe, as well as the amendment thereto, were approved by the Secretary of the Interior and are in full force and effect (hereinafter referred to as the "Compact"), and

WHEREAS, pursuant to negotiations conducted in accordance with the Order dated September 26, 1997, in State of Washington v. The Confederated Tribes of the Chehalis Reservation, et al., No. C-95-1805-FVS (W.D. Wa.), the State and Tribe have agreed to amend Section III. and to add Appendix X to the Compact to authorize the Tribal Lottery Systems as described in Appendix X.

NOW, THEREFORE, the Compact shall be and hereby is amended to read and state as follows:

1. Section III.A. is hereby amended by the addition of the following:

"III. NATURE AND SCOPE OF CLASS III GAMING

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

"1. Baccarat;

" ...


"20. Punchboards and Pull Tabs, subject to Appendix B; and

"21. Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be to the contrary, Tribal Lottery Systems operated in conformity with Appendix X are hereby authorized."

2. Appendix X is added in the form attached hereto and is hereby incorporated by reference.


IN WITNESS WHEREOF, the Squaxin Island Tribe and the State of Washington have executed this Compact amendment.

SQUAXIN ISLAND TRIBE

BY: 
David Whitener, Sr., Chairman

Dated: 11/25/98, 1998.

STATE OF WASHINGTON

BY: 
Gary Locke, Governor

Dated: 11-23, 1998.

THIRD AMENDMENT TO THE TRIBAL/STATE COMPACT
FOR CLASS III GAMING
BETWEEN
THE SQUAXIN ISLAND TRIBE
AND THE STATE OF WASHINGTON

WHEREAS, on July 27, 1993, the State of Washington and the Squaxin Island Tribe (hereinafter referred to as the Tribe) executed a Class III Gaming Compact pursuant to the Indian Gaming Regulatory Act (IGRA) of 1988, P.L. 100-497, codified at 25 USC Section 2701 et seq. and 18 USC Section 1166-1168, and

WHEREAS, the Class III Gaming Compact executed by the State and the Tribe, as well any amendments thereto, were approved by the Secretary of the Interior and are in full force and effect (hereinafter referred to as the "Compact"), and

WHEREAS, the State and Tribe conducted additional negotiations in accordance with the provisions of IGRA and amended Section III of the Compact by adding Appendix X to the Compact that authorized the Tribal Lottery Systems described therein, and

WHEREAS, since the adoption of Appendix X, the State and Tribe have agreed to certain optional changes to the Tribal Lottery System that require Appendix X to be supplemented by a further amendment known as Appendix X2,

NOW, THEREFORE, the Compact shall be, and hereby is, amended to read and state as follows:

1. Appendix X2, in the form attached hereto, is added to the IGRA Compact between the Squaxin Island Tribe and the State of Washington and is hereby incorporated by reference as a fully enforceable part of the Compact; and

2. Tribal Lottery Systems operated in accordance with the requirements of Appendix X2 are hereby recognized as additional authorized gaming activities under Section III of this Compact; and

3. The provisions of Subsection XV.D.6 of the Compact are hereby revoked, rescinded, and replaced in their entirety, and that Subsection is hereby amended to read as follows:

“6. 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, more hours of operation, or any combination thereof, than provided under the terms of this Compact, then this Compact shall be amended thereby upon approval and acceptance of any such increases by the Tribe and upon copies of the written incorporation of such amendments into this Compact being provided to the State.”

IN WITNESS WHEREOF, the Squaxin Island Tribe and the State of Washington have executed this Third Compact Amendment.

SQUAXIN ISLAND TRIBE

BY: 

JAMES PETERS, Chairman

Dated: 3-19, 2007.

STATE OF WASHINGTON

BY: 

CHRISTINE O. GREGOIRE, Governor

Dated: 3/30, 2007.

APPENDIX X2
to the
SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT

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APPENDIX X2

RULES GOVERNING **TRIBAL LOTTERY SYSTEMS**

SECTION 1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and on-line 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 on-line 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 on-line 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. Notwithstanding anything to the contrary herein, tribal lottery systems and player terminals approved pursuant to Appendix X prior to the effective date of this Appendix X2 may continue to be operated consistent with the requirements of Appendix X as they existed on the date this Appendix X2 became effective. Further, nothing herein shall restrict the Tribe from exercising any provision in its Compact not covered by this Appendix X2.

SECTION 2. DEFINITIONS

2.1 **Cashless Transaction System.** The means by which a player obtains, transfers and redeems Game Play Credits. The Cashless Transaction system permits a player to play the Tribal Lottery System without inserting cash (coins, tokens or paper currency) into, and to win

prizes without receiving cash from, the Player Terminal. The Cashless Transaction System includes the following components:

2.1.1 The Electronic Accounting System;

2.1.2 One or more of the following: Plastic, cardboard, magnetic, or "smart" cards; paper; personal identification ("PIN") 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, or a "smart" card 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. All redemptions for cash must be through a cashier or redemption system separate from the Player Terminal.

2.2 Central Computer. A computer which conducts drawings for On-line 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. A means of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, which is used as a means to effectuate play. Game Play Credits may be redeemed for cash or a cash equivalent.

2.9 Kiosks. Cash exchange or redemption terminals, which allow for cash to cashless transactions or cashless to cash transactions with or without a cashier. A Player Terminal is not a Kiosk.

2.10 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.

2.11. On-line 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.

2.12 On-line 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 outcome(s) and prize(s) won, if any, and other information associated with, an On-line Lottery Game drawing in which the player is enrolled.

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

2.14 Template. A software file containing all possible prize values for a Game Set to be created, indicating the number of prizes for each prize value that will appear in the Game Set.

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

SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

3.1 Description of System Operation

3.1.1 The Tribal Lottery System game known as the Electronic Scratch Ticket Game consists of a finite number of Electronic Scratch Tickets, a certain number of which, if drawn, entitle a player to prize awards at various levels. The scratch tickets are designed from a

template in conformity with this Appendix and are created in Game Sets on a Manufacturing Computer from which Scratch Tickets are randomly selected and placed into Scratch Ticket Subsets. Each Game Set has a predetermined number of winners and values and is designed so as to assure players of an at least 75% payback of the amounts paid in the aggregate for all tickets in the Set. As a Game Set's tickets are placed into Subsets, the pool of tickets available from that Game Set for placement into Subsets diminishes, until each ticket in the Game Set has been placed into a Subset.

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

3.1.3 A player initiates participation in an Electronic Scratch Ticket game at a Player Terminal, using Game Play Credits purchased on the Player Terminal through the insertion of cash, or through 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 may choose a particular game and reveal the outcome, by touching the screen, pressing a button once or performing some other form of interaction with the Player Terminal.

3.1.4 Following or as part of the player's selection of a game or games, the player uses Game Play Credits displayed on the Player Terminal to purchase one or more Electronic Scratch Tickets. The pricing of tickets is governed by the provisions of 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 or available 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 the outcome associated with that ticket is shown on the Player Terminal. Any prizes won are displayed on the Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

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

3.2 Game Set and Subset Requirements

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

- a. Each Game Set shall be made up of a finite number of Electronic Scratch Tickets;
- b. All Scratch Tickets in a particular Game Set shall be of the same purchase price, which shall not exceed \$5.00, with the exception that up to 15 percent of the Player Terminals in operation may have purchase prices of up to \$20.00 per Ticket. A single Ticket may offer an opportunity to enter another Game Set;
- 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 initial 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. 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 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 purchased;
- 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 Price per Ticket.

3.5 Software Auditing Tool to be Made Available. For auditing Game Sets and Subsets that have been archived, any Tribal Lottery System shall include and have available for the SGA and the TGA a secure software tool which provides the same data as set forth in Section 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 recordings, 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. Security systems and

monitoring may be required for any component that has electronic access to this system that may violate the integrity and security of the manufacturing computer.

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. 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. 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, there will be 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, Electronic Scratch Tickets.

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. All storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, there will be 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.

3.10 Data Available for Inspection. The following data is required to be available for inspection in compliance with Section 7.1.9 for any Player Terminal or Game Set:

3.10.1 All Game Set serial numbers, indicating the date and time the Game Set was put in play, pulled from play, or completed.

3.10.2 By Game Set serial numbers, the Player Terminal numbers assigned, and the dates and times of assignment to the Player Terminals.

SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM

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

4.1.1 A player initiates participation in On-line Lottery Games at a Player Terminal, using Game Play Credits through the insertion of cash or from the Cashless Transaction System which are displayed on the Terminal video monitor. Play may also be

initiated through a Player Terminal dedicated to On-line Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an On-line 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 On-line 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 or as part of the player's choice of a game or games, the player selects numbers, symbols or other data to be matched in the game by pressing buttons or touching the video screen. The Player may also make such selections through the "quick pick" method. The player then uses Game Play Credits displayed on the Terminal monitor to purchase one or more On-line Lottery Game Tickets representing such selections, for drawings to be held in the future.

4.1.4 Each On-line 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 \$20.00. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

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

4.1.6 The player is then entered into one or more future On-line 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 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 On-line Lottery Game. Games take place no more frequently than thirty minutes apart, determined by when the first drawing in a game occurs. No more than five different On-line Lottery Games are offered at a time, unless the State increases the number of On-line 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 On-line 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 On-line Lottery Game. The following requirements apply to any Central Computer used in connection with an On-line 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 On-line 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 On-line 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. On-line Lottery Game drawings shall be held on a regularly scheduled basis in intervals of no less than 30 minutes. Once a drawing period begins, all drawings during that period must be drawn within 5 minutes. Each drawing shall have its own identifying serial number.

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

4.3 Player Terminals Used for On-line Games. Player Terminals used in connection with On-line 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 On-line Lottery Games. The On-line Lottery Game may also be played from a Player Terminal dedicated to selling On-line 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 On-line 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 drawing(s) 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 On-line Game Results. The results of each On-line 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 On-line Lottery Game Records. The following records with respect to each On-line 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 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 On-line Lottery Game.

4.7 Other Game Rules. The specific rules and prize structures for each On-line 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 On-line 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 the amounts set forth in Section 4.1.4.

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

SECTION 5. PLAYER TERMINALS

All Player Terminals shall conform at a minimum to the requirements of this 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 either through the Cashless Transaction System, or through means for accepting cash (coins, tokens or paper currency) for conversion into Game Play Credits, which can then activate participation in the game, provided the insertion of cash will not alone activate the game and such use of cash is in accordance with section 5.15;

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; 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) On-line Lottery Games played;

5.3.3 Error conditions that may have occurred on the Player Terminal; and

5.3.4 Recall of the last twenty five (25) cash or cash equivalent deposits.

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 On-line Lottery Games are required in compliance with Section 7.1.9:

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

5.6.2 Credits, or equivalent monetary units, won for the Player Terminal;

5.6.3 For Scratch Ticket games, the number of Scratch Tickets purchased on the Terminal; and

5.6.4 For On-line Lottery games, the number of On-line Lottery wagers made on that Terminal.

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, cash equivalents, or additional game play opportunities, which may be won for each Electronic Scratch Ticket and On-line Lottery Game offered through that Terminal, including the current values of any progressive prizes available;

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. The use of firewalls and other system protections as approved by TGA and SGA are required to protect the integrity of the Tribal Lottery System and player accounts and:

5.11.1 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 facilities 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, monitoring and/or maintenance of the system, shall require submission to, and approval by, the TGA and SGA.

5.11.2 Dedicated and protected network connections prohibiting unauthorized access, approved by SGA and TGA, may allow two or more of the Tribe's Tribal Lottery Systems to share player information. Game tickets and other information prohibited from being viewed, as outlined in other sections of this Appendix, shall not be available or transmitted between the Tribe's connected Tribal Lottery Systems or facilities. Communications between the Tribe's facilities will require the use of approved firewalls that are configured and operated

to protect the Tribal Lottery System and player information. Computer systems linked between the Tribe's facilities may not be used to link progressive jackpots, except in Joined Facilities.

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 On-line 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 On-line Lottery Game.

5.14 Wagers; Displaying Electronic Scratch Ticket Outcomes. Players shall make wagers using a Player Terminal to purchase Electronic Scratch Tickets. Following a purchase, the Electronic Scratch Ticket shall be displayed on the Terminal's video screen for the purpose of revealing the outcome of the selected ticket.

5.15 Cash Standards. When cash is used, the following procedures shall be performed by accounting/auditing employees who are independent of the transactions being reviewed:

5.15.1 For each drop period, accounting/auditing employees shall compare the report information required in Section 7.1.10 (a) to the total cash acceptor drop amount for the period. Discrepancies shall be resolved before the generation/distribution of any statistical reports.

5.15.2 TGA will be notified and follow-up shall be performed for any one machine having an unresolved variance between actual cash drop and the report information required in Section 7.1.10 (a) in excess of an amount that is both more than \$25 and at least three

percent (3%) of the actual cash drop. The follow-up performed and results of the investigation shall be documented and maintained for inspection.

5.15.3 At least annually, accounting/auditing and TGA personnel shall randomly verify that EPROM or other equivalent game software media changes are properly reflected in the analysis reports.

5.15.4 Accounting/auditing employees shall review exception reports on a daily basis for propriety of transactions and unusual occurrences. TGA will be notified in writing of any unexplained or suspicious transactions or unusual occurrences.

5.15.5 All auditing procedures and any follow-up performed shall be documented and maintained for inspection.

5.15.6 Cash shall be removed from the Player Terminal in accordance with Appendix A drop box and transportation standards for secure and verifiable handling of cash receipts from electronic games.

5.16 Door Access Logging. The Player Terminal shall record the date and time of any opening of cabinet door(s); provided, that this information need not be retained on the Player Terminal if it is communicated to another component of the system. This information shall be retrievable in report form.

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

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

6.1 Chi-Square Analysis. Each card, symbol, number, or stop position which is wholly or partially determinative of the outcome of the game satisfies the 99 percent 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 percent 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 percent 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 percent confidence level using standard serial correlation analysis.

SECTION 7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in 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 on a daily and monthly basis, provides:

- a. The total aggregate amount won per Player Terminal;
- b. The aggregate amount wagered per Player Terminal; and
- c. The amount of cash deposited into each Player Terminal.

7.1.2 Closed Game Set Reports. Immediately after a Game Set is completed or pulled from play, a report will provide the Game Set ending information described in Section 3.4 above.

7.1.3 In Play Game Set Reports. One or more reports will be available for Game Sets still in play, containing the information described in Sections 3.3.1 through 3.3.7 above.

7.1.4 On-line Lottery Game Reports. An On-line Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each On-line 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 Progressive Jackpot Report. A progressive jackpot report must be made for the accounting period and to-date which provides:

- 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 progressive jackpot prize was won.

7.1.6 Larger Prize Report. A report will be required for all prizes that exceed the threshold that triggers additional procedures to be followed for the purposes of compliance with federal tax reporting requirements. At a minimum, on a daily and monthly basis, the report shall provide the following information per Player Terminal:

- a. The date and time won; and
- b. Amount of all prizes.

7.1.7 Liability Reports. Liability reports will be required on a daily and monthly basis at a minimum. They should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, they 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;
- d. Expired Game Play Credits; and
- e. Daily and cumulative contributions to progressive prize pools which have not yet been awarded.

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

- a. Funds collected from cashiers, Player Terminals, and Kiosks;
- b. Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and reserve funds, etc.;
- c. Payments to players;

- d. Funds available to operator; and
- e. Tickets and prizes dispensed and played to reconcile with amount won.

7.1.9. Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of 2 years, and in connection with determining randomness where applicable, for a minimum of 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: on-line 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, on line: 6 months;
- f. The amount wagered and the amount won, daily by prize level, off line: 6 months;
- g. On-line prize redemptions: 30 days;
- h. Dated cash vouchers: 30 days;
- i. Cash vouchers cancelled by Player Terminal: 7 days;
- j. Cash vouchers redeemed by cashiers or redeemed at Kiosks: 30 days;
- k. Log files that track password access to sensitive components: online for 90 days, offline for 12 months; and
- l. Log files that track system events or errors: 90 days.

7.1.10 Other Reports. Revenue reports for the Tribal Lottery System must be made and maintained on a confidential and secure basis which, at a minimum on a daily and monthly basis, provides:

- a. The amount of cash removed or dropped from Player Terminals;
and
- b. The percentage of Player Terminals offering wagers between \$5.01 and \$20.

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

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

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

8.1.2 An audit file must be kept of all player financial transactions. 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 on-line for a minimum of 30 days, after which it must be available off-line for a minimum of 180 days;

8.1.3 Physical and operational controls must be used to protect player information from tampering or unauthorized access;

8.1.4 Passwords or personal identification numbers (PINs), 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 All player information shall be accurately recorded and such recording protected by the system;

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 value in the cashless system;
- b. Outstanding unredeemed balance;
- c. Value in the cashless system converted to cash;
- d. Amount wagered; and
- e. Amount won.

8.1.9 Redemption periods, if any, shall be posted or otherwise disclosed to all players.

8.1.10 Vouchers must bear on the face, in addition to the unique serial number, the following:

- a. Time/Date printed;
- b. Unique identification from which it was printed; and
- c. Value of voucher.

8.2 Smart Cards. Any "smart card" (i.e., a card generally made of plastic with a computer chip imbedded in it) 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 player information 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 cards;
- 8.2.2 Total of smart card amounts transferred to cash;
- 8.2.3 Total of smart card amounts transferred to Game Play Credits;
- 8.2.4 Total of Game Play Credits transferred to smart card amounts; and
- 8.2.5 Total unredeemed smart card balance.

8.3 Other Functions. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any Tribal Lottery Game or the cashless accounting system. Systems shall be permissible that allow progressive prize management with the certification of the Gaming Test Laboratory and approval of the SGA.

8.4 Kiosks. Kiosks shall have reports that properly document all transactions, as well as dedicated video surveillance, to protect the integrity of the cashless system used. Cash boxes shall be designed so their contents are protected from unauthorized access, in accordance with Appendix A drop box and transportation standards, and shall be uniquely labeled for the purpose of audit and security.

SECTION 9. GENERAL SECURITY REQUIREMENTS

The following requirements apply to all components of the Tribal Lottery System, including the Manufacturing Computer, the Central Computer, the Electronic Accounting System and Player Terminals.

9.1 Separation. The Manufacturing Computer, Central Computer, and Player Terminals in each Tribal Lottery System shall be physically and operationally independent from one another except as specified otherwise in this Appendix, such as for communications, storage and security monitoring, including the routing of communications among system components, provided such routing does not affect the integrity of the communications or the outcome of any game. All Tribal Lottery System cables shall be secured against unauthorized access.

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. Routers, switches, hubs, or other network access points, to include management terminals and terminals not separated from the Tribal Lottery System by firewalls approved by the SGA and TGA, must also be in a locked, secure enclosure with both camera coverage and key controls in place. Access to Manufacturing Computers and Central Computers shall be logged by the system to include the date and time of access and available to SGA and TGA upon request.

9.3 Secure Connections; DES 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 (DES) or equivalent encryption with changeable seeds or algorithms.

9.4 Surge Protection; Uninterrupted Power System (UPS). 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 a UPS, 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 Player Terminal which shall have written upon it the Terminal's serial number and model number of the component and name of the manufacturer. Other audit numbers may be required to be affixed to provide a means of identifying individual Terminals for correlation to required reports.

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 access controls 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; (b) a locked microprocessor compartment; (c) a locked outer cash box door; and (d) a locked drop cash box door.

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

9.7.1 Each employee accessing the Tribal Lottery System software except for Player Terminals and unattended Kiosks by means of a password, keycard, or PIN number, including vendor representatives, must have a user name or user number unique to that individual, and the Tribal Lottery System must log the date and time of access. These access logs must be readily available for audit by TGA and SGA.

9.8 MEAL Cards. For all entries into the locked areas of the Manufacturing Computer, Central Computer, unattended Kiosks, 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 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. For purposes of this section, all components of the Tribal Lottery System, except wiring, cables, and conduit in which they are located, shall have the ability to be effectively and clandestinely monitored and recorded by means of a closed circuit television

system or digital surveillance system in accordance with Appendix A and as authorized by TGA and SGA, in compliance with the requirements of the Compact.

9.11 Verification Data and Functions. In addition to its functions in operating a connection with the Electronic Scratch Ticket and On-line Lottery Games, the Central Computer may be used to record the data used to verify game play and to configure and perform security checks on Player Terminals, provided such functions do not affect the security, integrity or outcome of such games.

SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

10.1 Designation of Independent Gaming Test Laboratory. The Tribe 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, and shall be licensed by the SGA. The SGA shall maintain a list of approved Gaming Test Laboratories. 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 Laboratory's 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 or component thereof 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 or component 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 and the SGA 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 or SGA;

10.2.4 If requested by the Gaming Test Laboratory or SGA, the Tribe shall require the Manufacturer to transport working models of the Tribal Lottery System to a location designated by the Gaming Test Laboratory or SGA 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 or SGA, 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. For purpose of continued monitoring, the SGA may retain working models of any Tribal Lottery System or component after approval for as long as the equipment is in play in the state;

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 and may perform further testing on the system or components to verify compliance;

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 any component thereof, and within fifteen (15) days of the receipt of the certification as to any modification of 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) day period or fifteen (15) day period, as may be applicable. The fifteen (15) day period shall be extended for the first nine (9) months after the effective date of this Appendix and, during that first nine (9) month period, such certification shall only be deemed approved if no action is taken within thirty (30) days. Any disputes arising out of the approval process in this Section 10.3 shall be resolved in accordance with the binding arbitration provisions of the Compact.

10.4 Modifications of Approved Lottery Systems; Emergency Certifications. No modification to any Tribal Lottery System may be made after testing, certification and approval of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under 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 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 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 and has retained a written certification in the manner described in this section.

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 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 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 the Compact.

10.9 SGA to be Supplied Model of Player Terminal and System. If not already provided to the SGA, the SGA shall, upon request, be supplied a Player Terminal Central Computer and Manufacturing Computer to be held at the SGA's offices for purposes of determining compliance with these technical requirements.

SECTION 11. ALTERNATIVE STANDARDS PERMITTED

Notwithstanding anything in this Appendix to the contrary, the SGA and Tribe may agree on alternative provisions to those set forth herein, provided such provisions adequately preserve

and protect the integrity and security of any game or gaming system or component, or accounting or auditing system or component, affected thereby.

**SECTION 12. TRIBAL LOTTERY SYSTEM PLAYER TERMINAL ACQUISITION
AND OPERATION**

12.1 Allocation. The Tribe shall be entitled to an allocation of, and may operate or transfer the ability to operate, up to 975 Player Terminals ("Allocation").

12.1.1 If the Tribe has not previously operated a gaming facility, the SGA shall conduct a standard compliance review commencing on the one year anniversary of the facility's opening to determine whether the following requirements have been satisfied:

- a. There have been no violations of the provisions of the Compact that have resulted in sanctions imposed by the Federal District Court;
- b. There have been no violations of the Compact which are substantial or would be deemed material due to repetition;
- c. There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III Gaming Facility;
- d. Any changes in the operating requirements that are necessary to accommodate any increase in the number of Player Terminals in use have been implemented; and
- e. All fees due from Tribe under Section 13 have been paid, or in the alternative either a memorandum of understanding with the SGA ("MOU") has been entered into or an arbitration has been demanded, has not been resolved, and the Tribe has complied with the provisions of Section 13.5.

A summary of the results of the compliance review will be provided to both the Tribe and the TGA.

12.2 Further Conditions. The Tribe may acquire the ability to operate additional Player Terminals that have been allocated by compact to any other Washington tribe and may also transfer any of its own Allocation of Player Terminals, or the ability to operate such allocated Terminals to another Washington tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with this Appendix ("Eligible Tribe"), subject to the following conditions:

12.2.1 Subject to Section 12.4 below, the Tribe may operate no more than 2,500 Player Terminals per facility ("Facility Limit"), and no more than a combined Player Terminal total ("Total Operating Ceiling") of 3,000 Player Terminals. It is also agreed that upon the effective date of this Appendix, the Total Operating Ceiling for the Muckleshoot Tribe, Tulalip Tribes, and Puyallup Tribe shall be 3,500 for each of those three tribes until the third anniversary of the effective date of this Appendix, at which time it shall increase to 4,000 for each of those same three tribes. It is further agreed that the Tribe shall not be entitled as a matter of right to an increase in its Total Operating Ceiling based on the fact that the Muckleshoot Tribe, the Tulalip Tribes, and the Puyallup Tribe are entitled under this Appendix to operate up to the separate, higher Total Operating Ceiling(s) established specifically for them in this Appendix.

12.2.2 The Tribe agrees that its acquisitions and transfers of the ability to operate additional Player Terminals shall be made only pursuant to a plan approved by no less than a majority of the tribes that were Eligible Tribes at the time such plan was adopted. Development and approval of the plan shall follow notice to all Eligible Tribes and an opportunity to participate in creating the plan. Once adopted or amended, the plan shall stay in effect without change for at least one year, even if additional tribes become Eligible Tribes thereafter, but such additional tribes may participate in the plan. Changes in the plan shall not affect the validity or terms of prior transactions conducted between or among tribes under the plan. The State shall have no responsibility whatsoever with respect to the plan, including but not limited to responsibility for providing notices to tribes, determining if the plan has been

agreed to properly, monitoring its rules or implementation, or any other aspect of such plan, the entire responsibility for which shall be upon the Eligible Tribes.

12.2.3 The Tribe waives the ability to operate a Player Terminal pursuant to its Allocation if the ability to operate such a Terminal has been transferred to another tribe until such time as the ability to operate such a Terminal has been reacquired by the Tribe.

12.2.4 The Tribe may not utilize the ability to operate a Player Terminal that was allocated to, and subsequently acquired from, another tribe, until it completes delivery to the State of documentation confirming the number of transfers of the ability to operate such Terminals it has acquired.

12.3. Joining Facilities by Common Enclosure.

12.3.1 Notwithstanding anything to the contrary in this Compact (including any amendments), Facilities that are physically joined ("Joined Facilities") by a Common Enclosure (as defined below) shall be treated as separate Facilities for the purpose of determining compliance with the Facility Limit. No Class III game or gaming system, or component thereof, shall be located or operated outside the Tribe's gaming facility except as approved pursuant to Section 5.11. Facilities may share utility services, electronic and computer data, accounting, equipment, instructions, information, functions and systems. If the combined Player Terminals in any structure (regardless of its resemblance to a Joined Facility or inclusion of what would otherwise be deemed to be a Common Enclosure) total no more than the Facility Limit, the Tribe may treat the entire structure as a single Facility and not as a Joined Facility or as containing a Common Enclosure.

12.3.2 As used herein, the term "Common Enclosure" means a walkway, breezeway, or hallway that is physically connected to, and is shared in common by, Joined Facilities and its primary purpose is to provide a passage from one facility to another. A Common Enclosure shall not contain any Tribal Lottery System Player Terminals, gaming tables or other gaming equipment and shall not be more than one story tall, with a height of not more than twenty feet from the floor to the interior ceiling and a width of not more than thirty feet.

12.4 Other Circumstances. Except as specifically provided in Section 12.2.1 of this Appendix, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals to a tribe which is greater, or is on terms which are more favorable, than as set forth herein, the Tribe shall be entitled to such greater Allocation or more favorable terms.

SECTION 13. STATE REGULATORY FEES

13.1 Payment of Outstanding Fees. All regulatory fees which have been billed by the SGA to the tribes collectively who are parties to State of Washington v. The Confederated Tribes of the Chehalis Reservation, NO. C 95-1805-FVS (W.D. Wa.), covering services through the most recent billing period, shall be paid prior to the Tribe being authorized to operate the Tribal Lottery Systems set forth in this Appendix. This requirement shall be deemed to have been met with respect to any fees as to which either a) a MOU has been entered into regarding such fees and the Tribe has paid all fees due through the most recent billing period as stated above, or b) an arbitration has been demanded and has not been resolved and the Tribe has made the payments and deposits required under Section 13.5.

13.2 Set-up Fee. As part of the recoverable cost of regulating Tribal Lottery Systems under this Appendix, the State shall be entitled to the reasonable cost of initially setting up such regulation ("Set-up Fee"), which shall not exceed for all Eligible Tribes, in the aggregate, the sum of \$250,000. The Tribe acknowledges that the SGA's ability to regulate Tribal Lottery Systems, and thus the implementation of this Appendix, is contingent on the receipt by the SGA of an advance deposit to be credited against the Set-up Fee in the full amount of \$250,000 ("Set-up Deposit"). The Tribe agrees to cooperate and participate on a fair and pro rata basis (i.e., dividing the entire amount due by the number of Eligible Tribes at the time such determination is made) in any agreement among the Eligible Tribes with respect to the Set-up Deposit, which shall be paid to the SGA within three months of the casino opening.

13.3 Payment of Tribe's Share of Set-up Fee. As a condition to the Tribe's operation of the Tribal Lottery System under this Appendix, the Tribe shall deposit with the SGA its pro-rata share of the Set-up Deposit if the actual costs comprising the Set-up Fee have not yet been determined, or if so, of the Set-up Fee. In the event the Tribe pays the SGA more than its pro-

rata share of the Set-up Deposit or, after the actual costs are determined, the Set-up Fee, it shall be reimbursed by way of future Regulatory Fee credits based on the collection by the SGA of additional pro-rata payments from other Eligible Tribes, the addition of such tribes and resulting recalculation of the pro-rata amount per tribe, or both, as the case may be. The pro-rata amount per tribe shall be redetermined by the SGA at least once a year to take into account the collection of further tribal pro-rata payments or the addition of new Eligible Tribes, and further credits due as a result thereof shall be applied to the next billing period.

13.4 Annual Regulatory Fees. The Tribe agrees to pay its share of the SGA's actual costs which are reasonably incurred in order to commence and carry out its regulatory functions with respect to the Tribe's gaming under this Appendix, through the payment of an annual Regulatory Fee. For the sake of convenience and efficiency, the Regulatory Fee shall also include any actual costs which were incurred by the SGA in connection with the Tribe's class III gaming other than those authorized under this Appendix, and shall supersede provisions in the Compact with respect to the imposition of such fees therein. "Actual costs" as used herein shall mean those costs that were reasonably incurred in order to protect the honesty and integrity of the gaming being operated by Tribe under, and to monitor the Tribe's compliance with, the Compact. Costs incurred in common for more than one tribe shall be allocated among such tribes. For purposes of this Section 13, prior years' actual costs shall be based on the actual costs incurred for the twelve months ending September 30. Regulatory Fees shall be paid as follows:

13.4.1 First Year Regulatory Fees. With respect to the Regulatory Fee for the first calendar year or portion thereof commencing with the date of this Appendix, the SGA shall estimate its reasonable cost of regulating the Tribe's operation based on the prior billing year's actual costs incurred in connection with class III gaming other than as governed by this Appendix. The Tribe's Regulatory Fee for the first year shall be subject to adjustment as provided in Section 13.4.2 and 13.4.3. The total Regulatory Fee due from the Tribe for the first year, shall be due and payable in accordance with Section 13.4.3.

13.4.2 First Year Regulatory Fees for Tribal Lottery System. Upon commencement of operations of a Tribal Lottery System, the SGA shall make a good faith estimate of the cost of regulating the Tribe's activities under this Appendix for the remainder of

the calendar year and shall adjust the Tribe's Regulatory Fee for that year established under 13.4.1 or 13.4.3 accordingly.

13.4.3 Subsequent Years. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1 and 13.4.2, shall be set by determining the actual cost of regulating all of Tribe's class III activities in the preceding year and setting and adjusting the coming year's Regulatory Fee based thereon. If the previous year's Regulatory Fee exceeded the SGA's actual cost of regulation, any excess which was paid will be applied as a credit to the payment of Regulatory Fees in such next year. In the alternative, the Regulatory Fee may be set by agreement between the Tribe and the SGA reached through good faith negotiations commenced at the request of the Tribe, the terms of which may include a fixed amount without subsequent adjustment if both parties, at their sole discretion, agree.

13.4.4 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Other than as may be provided in connection with a negotiated fee, Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences, or within 45 days of being notified of the forthcoming year's Regulatory Fee, whichever last occurs, in which event the Tribe shall receive a 10% discount. Regulatory Fees which are so paid and discounted shall not be subject to any retroactive adjustment based on the prior year's estimate having been over the actual costs of regulation. Except for a negotiated fee that provides otherwise, or payment in advance, Regulatory Fees shall be paid in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.

13.5 Regulatory Fee Disputes. If the Tribe disputes the State's determination of the Regulatory Fee, the Tribe shall pay no less than the amount of the fee which is not in dispute to the SGA when due and deposit the disputed amount into an escrow account that is restricted until such dispute is resolved. The dispute will be resolved pursuant to the binding arbitration

provisions of this Compact. If the Tribe fails to make the required payment to the SGA or deposit into escrow, the State may pursue any of the remedies set forth in the Compact for the Tribe's breach thereof.

SECTION 14. 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, as specified, the Tribe's Class III gaming or Tribal Lottery System activities on the terms and conditions set forth below.

14.1 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 using the Tribe's fiscal year, 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.

14.2 Charitable Donations. One-half of one percent (0.5%) of the net win derived from Tribal Lottery System activities, determined on an annual basis using the Tribe's fiscal year, shall be donated to non-tribal bona fide non-profit and charitable organizations in the State of Washington.

14.3 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 using the Tribe's fiscal year, determined by deducting from one percent of said net win the amounts actually paid under Sections 14.1 and 14.2 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 become self-sufficient, such as programs concerned with Tribal law enforcement, education, housing, health, elderly care, safety, and gaming regulation.

14.4 Problem Gambling. Thirteen one-hundredths of one percent (0.13%) of the net win derived from all Class III gaming activities, determined on an annual basis, shall be dedicated to problem gambling education, awareness, and treatment in the State of Washington.

Contributions shall be made to governmental, charitable and/or non-profit organizations, which may include the Department of Social and Health Services' Division of Alcohol and Substance Abuse (DSHS/DASA), that are directly related to helping to reduce problem gambling. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective, and shall be paid by the 15th day of the month following the conclusion of each full fiscal year.

14.5 Smoking Cessation and Prevention. Thirteen one-hundredths of one percent (0.13%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be dedicated to smoking cessation, prevention, education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or nonprofit organizations that have as a purpose the discouragement of the use of tobacco. However, if the Tribe operates any of its Class III gaming facilities as entirely smoke-free, the Tribe's smoking cessation contribution shall be reduced proportionally based upon the pro rata number of Tribal Lottery System machines in that non-smoking facility compared to the total number of Tribal Lottery System machines operated by the Tribe. Additionally, it is also agreed that if the Tribe completely prohibits the sale and use of alcohol in all of its Class III gaming facilities, the Tribe shall be entirely excused from making the smoking cessation contribution required by this subsection for as long as the prohibition on the sale and use of alcohol remains in effect. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective, and shall be paid by the 15th day of the month following the conclusion of each full fiscal year.

14.6 Payment. The payments set forth in Section 14.1 through 14.5 shall be subject to the following:

14.6.1 Except in Section 14.4, as used in Section 14, 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 paid to winners), less any cost of developing, licensing, or otherwise obtaining the use of the Tribal Lottery System. In Section 14.4, the term "net win" shall mean the total amount of Class III gaming revenue after prizes or winnings have been paid out (i.e., the difference between the amount

wagered or played and the amounts paid to winners) less any cost of developing, licensing, or otherwise obtaining the use of the Class III games;

14.6.2 Because IGRA requires that the Tribe be the primary beneficiary of gaming revenues, no donation shall be due under Section 14.2 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 GAAP, but without deduction for depreciation;

14.6.3 The payments and distributions required by Sections 14.1, 14.2, and 14.3, above, shall be paid within one year of the close of the Tribe's fiscal year. In the first year that a tribe operates a gaming facility, the payments required by Sections 14.1, 14.2, and 14.3, above, shall be reduced by one half, and in the second year that a tribe operates a gaming facility, the payments required by those Sections shall be reduced by one quarter. The payments required by Sections 14.4 and 14.5, shall be paid as indicated in those Sections.

14.7 Community Investments and Contributions

14.7.1 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:

- a. Goods and services purchased;
- b. Wages and benefits paid (including number of jobs provided);
- c. Law enforcement, courts, detention programs, and fire and emergency services (contributions may include cross deputization and mutual aid agreements, facilities and equipment);
- d. Natural resource protection and habitat restoration;

- e. 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;
- f. Education, including tutoring, head start and related services, as well as direct financial support to State-funded education;
- g. Day care;
- h. Disaster and emergency preparedness;
- i. Public utilities, including water, wastewater, and water treatment infrastructure;
- j. Economic development and job training;
- k. Elder services;
- l. Cultural resource protection;
- m. Social services programs, such as food banks, shelters, etc.;
- n. Transit services;
- o. Outreach and informational programs, such as financial training for homeowners, home repair classes, GED classes, parenting classes, etc.;
- p. Roads, bridges and other transportation infrastructure (including sidewalks, lighting, signage);
- q. Low income housing;
- r. Public works, public facilities (such as museums, libraries, cultural facilities, wellness centers, elections facilities), athletic fields, parks, and other recreational facilities;
- s. Contributions to communities or charities; and
- t. In kind contributions related to any of the above.

14.7.2. Community Investments and Contributions Report. In order to ensure that such efforts and contributions are recognized and documented, the Tribe agrees to provide and certify data that fairly reflect its Community Investments and Contributions in an annual report. The report shall 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. The report shall be accompanied by a certification that the data supplied by the Tribe is accurate.

SECTION 15. MORATORIUM

15.1 Amendment Moratorium. The Tribe agrees to seek no additional amendments to this Appendix with respect to the subject matter of Tribal Lottery System Terminals prior to June 30, 2009, ("Moratorium") except in the following circumstances, which circumstances may also constitute a basis for the Tribe to seek such an amendment after the expiration of the Moratorium:

15.1.1 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.

15.1.2 Mutual Agreement. Nothing in this Section shall diminish the right of either party to amend the terms and conditions of this Compact by mutual agreement, as otherwise provided in this Compact.

15.2 Post-Moratorium. Upon the expiration of the Moratorium, the following circumstances may constitute a basis for the Tribe to seek an amendment and without prejudice to any other provision(s) of the Compact or this Appendix, except the application of the Moratorium in section 15.1, above, to such provision(s), when:

15.2.1 Federal or State law, whether by statute, rule, regulation or other action is amended to authorize any gambling devices now prohibited or not now permitted in the State and/or not governed by this Appendix;

15.2.2 A State or Federal Court within the State of Washington or a Federal Court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation by any person, organization or entity to use a gambling device that was not deemed by the State to be authorized at the time this Compact amendment was executed, or is not authorized by this Compact; or

15.2.3 Any other tribe located in the State of Washington obtains through a Compact or Compact amendment, or otherwise through applicable federal law, or any person or entity (including the State Lottery) is licensed to use or places in use, any type or number of Class III - type gambling device or equipment which is materially different from or allows a greater quantity per location than that which is authorized by this Compact. In such event the Tribe shall be entitled to use such equipment or increase their allocation to a like number, subject to good faith negotiations with the State regarding the use and regulation of such equipment, which negotiations shall be subject to the dispute resolution provisions of this Compact.

15.2.4 Any other tribe located in the State of Washington actually offers to patrons pursuant to a Compact or Compact amendment, or otherwise through applicable federal law, higher maximum wagers than provided for in this Compact, and/or the extension of credit, then the Tribe may likewise do so in conformity with the terms and conditions so permitted the other tribe.

SECTION 16. HOURS OF OPERATION

Notwithstanding anything in the Tribe's Compact, as amended, to the contrary, the Tribe shall determine the hours of operation for each of its gaming facilities.

SECTION 17. DISPUTE RESOLUTION

In the event of a dispute hereunder, it shall be resolved in accordance with any dispute resolution provisions specifically made applicable in this Appendix to such disputes, or if there are none, under the Dispute Resolution provisions of the Compact.

SECTION 18. EFFECTIVE DATE

This Appendix shall take effect only when the following conditions have, in the order listed, been met: 1) additional amending Appendices containing identical terms, conditions, and provisions have been approved and signed by the authorized officials of the State and by all of the Indian tribes in the State of Washington (excepting only the Cowlitz Tribe and the Spokane Tribe) that were federally recognized on or before January 1, 2007; 2) the approved and signed amending Appendices for every federally recognized Washington tribe (excepting only the Cowlitz Tribe and the Spokane Tribe) have been forwarded to the United States Secretary of the Interior; and, 3) notice of the approval of this Appendix by the United States Secretary of the Interior has been published in the Federal Register in accordance with 25 U.S.C. §2710(d)(3)(B). Provided, if the provisions of this Section 18(1) and (2) above have not been fully satisfied within 90 days after execution by the State and the Tribe, then the Tribe shall be entitled to terminate its approval of this Appendix. Provided further, that the State may, if it chooses, waive the requirements of subsections (1) and (2) of this Section 18.

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GAMBLING COMMISSION
DIRECTOR'S OFFICE

**Memorandum of Incorporation of Most Favored Nation Amendments
to the Tribal – State Compact for Class III Gaming
between the
Squaxin Island Tribe and the State of Washington**

Introduction

The Squaxin Island Tribe (the "Tribe") and the State of Washington (the "State") entered into a Tribal – State Compact for Class III Gaming (the "Compact") on July 27, 1993, and approved by the federal government on October 7, 1993, and amended the Compact by mutual agreement on January 26, 1995, and approved by the federal government on April 20, 1995, on November 25, 1998, and approved by the federal government on January 28, 1999, and again on March 19, 2007, and approved by the federal government on May 31, 2007.

Section XV.D.6 of the Compact (the "Most Favored Nation clause") provides:

6. 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, more hours of operation, or any combination thereof, than provided under the terms of this Compact, then this Compact shall be amended thereby upon approval and acceptance of any such increases by the Tribe an upon copies of the written incorporation of such amendments into this Compact being provided to the State.

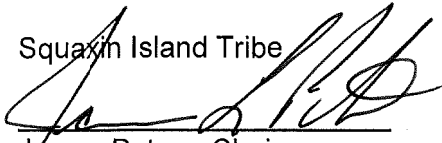
The Tribe has approved and accepted certain of the "increases" contained in the Class III Gaming Compact between the State and the Confederated Tribes of the Colville Reservation. Therefore, pursuant to Section XV.D.6 of the Compact, the following amendment is hereby incorporated in the Compact:

Compact Amendment

1. Appendix Colville.

Appendix Colville, as appended to the Class III Gaming Compact between the State and the Confederated Tribes of the Colville Reservation is incorporated herein by reference and appended to the Compact as Appendix Y.

Squaxin Island Tribe


James Peters, Chairman
Squaxin Island Tribal Council

The State of Washington


Rick Day, Director
Washington State Gambling Commission

Date: August 9, 2007

Date: August 11, 2007

**FOURTH AMENDMENT TO THE TRIBAL-STATE COMPACT
FOR CLASS III GAMING BETWEEN
THE SQUAXIN ISLAND TRIBE AND THE STATE OF WASHINGTON**

WHEREAS, on July 27, 1993, the State of Washington ("State") and the Squaxin Island Tribe ("Tribe") executed a Class III Gaming Compact ("Compact"), pursuant to the Indian Gaming Regulatory Act of 1988 ("IGRA"), P.L. 100-407, codified at 25 U.S.C. Section 2701 *et seq.* and 18 U.S.C. Sections 1166-1668; and

WHEREAS, the Class III Gaming Compact executed by the State and the Tribe, as well any amendments thereto, were approved by the Secretary of the Interior and are in full force and effect (hereinafter referred to as the "Compact"); and

WHEREAS, the State and Tribe subsequently conducted additional negotiations in accordance with the provisions of IGRA and the terms of the Compact; and

WHEREAS, the State and Tribe have agreed to certain changes to the Compact, including certain provisions found within Appendix X2, and agreed to incorporate an optional Addendum to that Appendix,

NOW, THEREFORE, the Compact shall be, and is hereby amended as follows:

1. Add Compact Section III.

O. Acceptance of Electronic Benefits Cards From the State of Washington.

The Tribe shall ensure that all cash dispensing outlets, including without limitation, automated teller machines (ATM) and point of sale machines located within the Tribe's Gaming Facility or Facilities, shall not accept Electronic Benefits Cards.

2. Amend Appendix X2, Section 12.1 to:

12.1 Allocation. The Tribe shall be entitled to an Allocation of, and may operate or transfer the ability to operate, up to 1075 Player Terminals ("Allocation").

3. Amend Appendix X2, Section 13.4, Sub-Sections 13.4.1 to 13.4.5 to:

13.4.1 First Year Regulatory Fees. Upon commencement of operations of a Gaming Operation, the SGA shall make a good faith estimate of the cost of regulating the Tribe's activities under this Appendix for the remainder of the calendar year.

13.4.2 Cost Allocation. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all class III activities under the Compact, including those applicable to the activities described in this Appendix (except for the first year fees set by estimate as provided in Sections 13.4.1), shall be set by determining the cost of regulating the

Tribe's class III activities using the State's cost allocation model currently in use as of the effective date of this Amendment.

13.4.3 Billing and Payment. The SGA shall notify the Tribe of the forthcoming Regulatory Fee at least 45 days prior to its becoming due. Regulatory Fees may be paid for an entire year in advance of the date on which the billing year commences (calendar year) or in no more than 12 equal monthly installments, each of which shall be due on the first day of each month, which monthly payments shall commence on the first day of the first month of the billing year, or within 45 days following notification of the amount of the forthcoming year's Regulatory Fee, whichever is later.

13.4.4 Audit. The SGA shall send the Tribe an annual audited accounting of actual costs on or before April 30th of the following year.

13.4.5 Revisions to State's Cost Allocation Model. The State may revise its cost allocation model, which shall become effective upon 90 days' notice to the Tribe. If the Tribe disputes the revised model, the State and Tribe shall meet and confer in an attempt to resolve the matter within 30 days. If the parties cannot resolve the dispute, the dispute resolution provisions set forth in section 13.5 shall apply.

4. Amend Appendix X2, Sections 14.4 and 14.5 to:

14.4 Problem Gambling. Thirteen one-hundredths of one percent (0.13%) of the net win derived from all Class III gaming activities, determined on an annual basis, shall be dedicated to problem gambling education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or non-profit organizations, which may include the Department of Social and Health Services' Division of Alcohol and Substance Abuse (DSHS/DASA), that are directly related to helping to reduce problem gambling. The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective and shall be paid annually within one year of the close of the Tribe's fiscal year.

14.5 Smoking Cessation and Prevention. Thirteen one-hundredths of one percent (0.13%) of the net win derived from Tribal Lottery System activities, determined on an annual basis, shall be dedicated to smoking cessation, prevention, education, awareness, and treatment in the State of Washington. Contributions shall be made to governmental, charitable and/or nonprofit organizations that have as a purpose the discouragement of the use of tobacco. However, if the Tribe operates any of its Class III gaming facilities as entirely smoke-free, the Tribe's smoking cessation contribution shall be reduced proportionally based upon the pro rata number of Tribal Lottery System machines in that non-smoking facility compared to the total number of Tribal Lottery System machines operated by the Tribe. Additionally, it is also agreed that if the Tribe completely prohibits the sale and use of alcohol in all of its Class III gaming facilities, the Tribe shall be entirely excused from making the smoking cessation contribution required by this subsection for as long as the prohibition on the sale and use of alcohol remains in effect.

The 0.13 percent of net win shall be paid annually, commencing with the conclusion of the Tribe's first full fiscal year following the date upon which this Appendix becomes effective and shall be paid annually within one year of the close of the Tribe's fiscal year as set forth in section 14.6.3.

5. Incorporate by reference as a fully enforceable part of the Compact:

Appendix X2 Addendum Tribal Lottery System Terminal Allocations, in the form attached hereto.

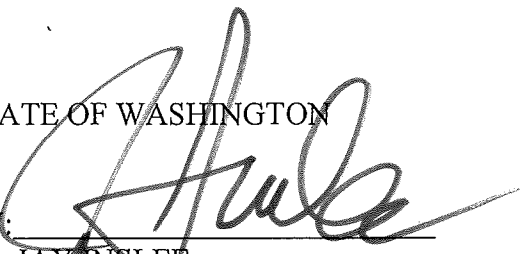
This Amendment shall take effect upon publication of notice of approval by the United States Secretary of the Interior in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B).

IN WITNESS WHEREOF, the Squaxin Island Tribe and the State of Washington have executed this Fourth Amendment to the Compact.

SQUAXIN ISLAND TRIBE

STATE OF WASHINGTON

BY: 
DAVID LOPEMAN
Chairman

BY: 
JAY INSLEE
Governor

DATED: 2/26/15

DATED: 4-8-15

**Squaxin Island Tribe - State of Washington
Class III Gaming Compact**

**Appendix X2 Addendum
Tribal Lottery System Terminal Allocations**

Section 1. Overview

The Parties executed the Third Amendment to the Tribal-State Compact, known as Appendix X2. Appendix X2 became effective May 31, 2007. This Appendix X2 Addendum further supplements Appendix X2 as follows:

Section 2. Definitions

All terms not defined herein shall have the same definitions as in the Tribe's Compact and its amendments and appendices.

- 2.1 **"Available for Lease"** means a Player Terminal that is part of an Eligible Tribe's Allocation of Player Terminals and is neither in use in any Eligible Tribe's Gaming Facility or Facilities, nor leased to another Eligible Tribe.
- 2.2 **"Certification"** means a confirmation conducted and signed by an Independent Accounting Firm that states the number of Player Terminals Available for Lease in the State of Washington.
- 2.3 **"Eligible Tribe"** means a Washington Tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with Appendix X2.
- 2.4 **"Independent Accounting Firm"** means a person or firm licensed by the Washington State Board of Accountancy.

Section 3. Increases to Tribe's Allocation of Player Terminals

- 3.1 The Tribe's Allocation of Player Terminals as set forth in Appendix X2 may increase by 50 Player Terminals upon meeting the procedures and conditions set forth in this Addendum.
- 3.2 The Tribe shall provide the State Gaming Agency with written notice, along with Certification from an Independent Accounting Firm, that there are 500 or fewer Player Terminals Available for Lease among all tribes participating in the Tribal Lottery System under Appendix X2. The Tribe shall derive its notice and Certification from information provided by participants in the plan described in Section 12.2.2 of Appendix X2.
- 3.3 Upon receipt of the Tribe's notice, the State Gaming Agency shall review the Certification and verify the Player Terminals Available for Lease in the state. To facilitate the State Gaming Agency's review and verification process, the Tribe

shall authorize the Independent Accounting Firm to make available for review by the State Gaming Agency all supporting records used to develop the Certification.

- 3.4 The State Gaming Agency has 30 days to review, verify, and provide written notification to the Tribe of the additional Allocation of Player Terminals set forth in Section 3.1. Any such increase to the Tribe's Allocation shall become effective 30 days after notification by the State Gaming Agency.
- 3.5 Such notice by the State Gaming Agency shall for all purposes increase the Allocation of Player Terminals for the Tribe until such time as, if ever, another notice and Certification is delivered to the State Gaming Agency for an increase to the Allocation.
- 3.6 Except as set forth in Section 3.7, additional increases to the Tribe's Allocation of Player Terminals under this Section are limited to one (1) increase per twelve (12) month period.
- 3.7 Notwithstanding the limitation set forth in Sections 3.5 and 3.6, if the Tribe, or another Eligible Tribe, licenses a new Gaming Facility on Tribal Lands that will operate more than 1,075 Player Terminals at its initial opening, the Tribe may provide written notification to the State Gaming Agency of such licensure. After receipt of such notification, the State Gaming Agency has 30 days to review, concur, and provide written notification to the Tribe that the Tribe's Allocation of Player Terminals shall increase by an additional 50 Player Terminals.
- 3.8 In the event any other Eligible Tribe becomes entitled to an increased Allocation of Player Terminals under that tribe's version of Section 3.4 or 3.7, the Tribe shall be automatically entitled to the same Allocation increase authorized to that other Washington tribe by its version of Section 3.4 or 3.7 above, and the State shall provide prompt notification of the increase to the Tribe.

Section 4. Dispute Resolution

- 4.1 If a dispute arises between the Tribe and the State with respect to the terms and conditions set forth in this Addendum, including but not limited to the number of Player Terminals Available for Lease, the State and Tribe shall meet and attempt to resolve the dispute not later than 30 days prior to the increased Allocation of Player Terminals going into effect.
- 4.2 If either party believes, after the meet and confer has 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 the Compact.

**FIFTH AMENDMENT TO THE TRIBAL-STATE COMPACT
FOR CLASS III GAMING BETWEEN
THE SQUAXIN ISLAND TRIBE AND THE STATE OF WASHINGTON**

INTRODUCTION

The SQUAXIN ISLAND TRIBE (hereafter "Tribe") and the STATE OF WASHINGTON (hereafter "State") entered into a Class III gaming compact (hereafter "Compact") on July 27, 1993, pursuant to the Indian Gaming Regulatory Act of 1988 (hereafter "IGRA"). At the request of the Tribe, the Tribe and State entered into negotiations for further amendments to the Compact. The parties have reached an agreement to amend the Compact as set forth in this document. The parties believe the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective, benefit the Tribe and the State and protect members of the Tribe and citizens of the State consistent with the objectives of IGRA.

COMPACT AMENDMENT

1. Section II, G, H, I, M, N, V, and X are amended and AA, BB, and CC are added as follows:

- G. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribe's gaming operation or ~~facility~~ facilities, whether employed by or contracted to the Tribe or by or to any person or enterprise providing gaming operation or management services to the Tribe, including but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; supervisors; dealers or croupiers, box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; parimutuel clerks; management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming ~~facility~~ facilities related to gaming which are not otherwise open to the public, or to areas designated by the Tribal and State Gaming Agencies.
- H. "Gaming Facility" or "Gaming Facilities" means the building or buildings or portion thereof in which Class III Gaming activities as authorized by this Compact are conducted on the Squaxin Island ~~Reservation~~ Tribal Lands.
- I. "Gaming Operation" means ~~the an~~ enterprise operated by the Tribe ~~on the Squaxin Island Reservation~~ for the conduct of any Class III gaming in any gaming facility.
- M. "Local Law Enforcement Agency" means any non-Tribal law enforcement agency in the vicinity of the gaming operation and which has jurisdiction to enforce state laws on ~~the Squaxin Island Reservation~~ Tribal Lands, or is subject to the terms of a cross deputization agreement. Except as specifically provided in this Compact, nothing in this definition or

in any provision set forth herein, however, is intended to expand, waive or confer or limit any jurisdiction upon any law enforcement agency on the Squaxin Island Reservation Tribal Lands.

- N. "Management Entity" means any individual with whom, or other business entity with which, the Tribe has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming establishment on the Squaxin Island Reservation Tribal Lands.
- V. "Tribal Law Enforcement Agency" means any police force which may be established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Squaxin Island Reservation Tribal Lands.
- X. "Tribe" means the Squaxin Island Tribe, its authorized officials, agents, and representatives, to include federally or tribally chartered entities wholly-owned by the Tribe.
- AA. "Gaming" or "Gaming Activity" means staking or risking valuable consideration upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Gaming does not include "Gaming Promotions", as that term is defined below.
- BB. "Gaming Promotions" means a way to encourage players to participate in a gaming activity. A gaming promotion cannot require the participants to give valuable consideration in order to participate in the promotion.
- CC. "Reservation" for the purposes of this Compact and all appendices and attachments thereto includes all Squaxin Island Tribal Lands.

2. Section III, A, B, E, F, G, H, I, J, K, L, M, and N are amended to read as follows:

- A. **Scope of Class III Gaming Activities.** The Tribal gaming operation may utilize in its gaming ~~facility~~ facilities, subject to the provisions of this Compact, any or all of the Class III gaming activities:
 - 1. Baccarat;
 - 2. Beat My Shake;
 - 3. Beat the Dealer;
 - 4. Blackjack;
 - 5. Chemin De Fer;
 - 6. Chuck-a-luck;
 - 7. Craps;
 - 8. 4-5-6;
 - 9. Horses (stop dice);

10. Horse Race;
11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Poker, including Pai Gow;
15. Red Dog;
16. Roulette;
17. Ship-Captain-Crew;
18. Sic-Bo;
19. Sweet Sixteen;
20. Punchboards and Pull Tabs, subject to Appendix B; and
21. Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be the contrary, Tribal Lottery Systems operated in conformity with Appendix X and Appendix X2 are hereby authorized.

B. Punchboards and Pull Tabs and Washington State Lottery – Separate Locations. In addition to the games authorized by Section III.A, the Tribe will utilize punchboards and pull tabs in the ~~facility~~ facilities and at other locations within Squaxin Island Tribal Lands subject to regulation by the Tribe. Punchboards and pull tabs operated outside of the Tribal gaming ~~facility~~ facilities shall be operated in a manner consistent with the sale of punchboards and pull tabs in the Tribal bingo facility. The operation of State lottery retail locations within Squaxin Island Tribal Lands shall be subject to the provisions of RCW 67.70, WAC 315, and Tribal Ordinance.

E. Authorized Gaming Operation and Facility Facilities. The Tribe may establish ~~one~~ a Class III gaming operation and two (2) gaming ~~facility~~ facilities, to be located on the Squaxin Island ~~Reservation~~ Tribal Lands for the operation of any Class III games authorized pursuant to this Compact.

F. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribe ~~on the Squaxin Island Reservation~~, including the purchase of chips or tokens for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of ~~the~~ a gaming facility for gaming activities.

G. Size of Gaming Floor. The actual size of the gaming floor devoted to Class III activities within ~~the~~ a gaming facility, including floor space used in connection with the conduct of satellite wagering, shall be determined by the Tribe.

H. Number of Gaming Stations. ~~For the initial period, the maximum number of Class III~~ The Tribe has the option to use a total of seventy-five (75) gaming stations authorized for use on the gaming floor within ~~the one~~ one gaming facility ~~shall be thirty-one (31) and a total of fifty (50) gaming stations within a second facility.~~ Notwithstanding the foregoing, However, the Tribe has the option to use a total of one (1) additional nonprofit gaming station (“nonprofit station”) within the facility for every twenty-five (25) gaming stations allowed in a facility-if the proceeds from one (1) of those gaming nonprofit stations are

dedicated to support non-profit organizations and their activities within the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station PROVIDED, that the tribe is required to obtain transfers of Class III gaming station authorization from another tribe which has entered into a compact with the State for the use of Class III gaming stations as defined in this Compact for any Class III gaming stations, except for nonprofit stations, beyond sixty (60) in total for all gaming facilities. PROVIDED FURTHER, that the transfer of Class III gaming station authorization from another shall be effectuated through the use of "Class III Gaming Station Transfer Agreement" appended hereto as Appendix C of this Compact. For purposes of determination of "proceeds" from the nonprofit stations only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the any nonprofit station is not subject to the community contribution established under Section XIV.C of this Compact. The Tribal Gaming Ordinance shall set forth regulations concerning the types of bona-fide non-profit organizations and/or the types of projects of such organizations which shall be supported by the non-profit station. If the gaming operation has met the conditions set forth in Section III.I.2 the number of gaming stations may be increased (excluding the non-profit station) to fifty (50). Notwithstanding the foregoing, the Tribe has the option to use a total of two additional gaming stations within the a facility if the proceeds from two (2) of those gaming stations are dedicated to support non-profit organizations and their activities within the State of Washington.

I. Wagering Limitations.

1. — For the initial period, the maximum wager shall not exceed two hundred and fifty dollars (\$250). If the gaming operation has met the conditions set forth in Section III.I.2., the The maximum wager shall not exceed five hundred dollars (\$500).
2. — An increase in the authorized number of gaming stations, hours of operation and/or wager limits is conditioned on the following criteria:
 - a. — Continual operations of the Class III gaming facility for any six month period in compliance with (b), (c), (d), (e), and (f) herein.
 - b. — There have been no violation(s) of the provisions of this Compact which have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission;
 - c. — There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material;
 - d. — There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operation of the Class III facility.
 - e. — There have been no material violations of Appendix A.

f. ~~The Tribal Gaming Agency has implemented the provisions of Section VI.~~

3. ~~Should the State or any political subdivision thereof increase the wagering limits permitted for licensed fund-raising events or card games operated by any person for any purpose, upon thirty (30) days written notice to the State Gaming Agency from the Tribe, the Tribe may authorize the same wagering limits.~~

4. ~~Notwithstanding anything herein to the contrary, after six (6) months of continual operation of the Class III gaming facility, the Tribal and State Gaming Agencies will review the gaming operation and activities and, if there is no evidence under the conditions set forth in Section III.I.2 above and no other evidence to indicate that the operation should not expand the number of gaming stations and wager limits, the Tribal and State Gaming Agencies shall authorize an increase in the number of gaming stations and wager limits in conformity with the increases authorized in III.H.1 and III.I.2 above. If the State claims that any of the conditions in III.I.2. have not been met, the issue shall be subject to the provisions of Section XII. During this dispute resolutions process, the Tribe will be precluded from expansion of gaming stations within the existing facility.~~

J. **Hours of Operation.** ~~For the initial period, except as set forth below, the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred twelve (112) hours per week on an annualized basis. If the gaming operation has met the conditions set forth in Section III.I.2., the maximum number of operating hours for the gaming operation shall not exceed an average of one hundred forty (140) hours per week on an annualized basis. The Tribe may schedule the hours to best meet market conditions and may operate any day of the week. Class III gaming may not be conducted between the hours of 2:00 a.m. and 6:00 a.m., unless there is a written agreement of the Tribal Gaming Agency and the State Gaming Agency after consultation with the Mason County Sheriff, specifying a different four hour closing period. Provided further, upon thirty (30) days written notice to the State Gaming Agency and upon written mutual agreement between the State Gaming Agency and the Tribal Gaming Agency, the Tribe may, not more than three (3) times per calendar year, conduct continuous Class III operations for up to seventy two (72) hours. Hours of operation will be determined as outlined in Appendix X2, Section 16.~~

K. **Ownership of Gaming Facility Facilities and Gaming Operation.** ~~The gaming operation and the gaming facility-facilities shall be owned and operated by the Tribe, but the Tribe shall be entitled to contract for management of the gaming facility-facilities and gaming operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.~~

L. **Prohibited Activities.** ~~Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by a Federal District Court, the National Indian Gaming Commission, or the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and~~

authorized Class II gaming activities on the Squaxin Island Reservation Tribal Lands or within the each gaming facility.

- M. **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. ~~Should alcoholic beverages be offered on the gaming floor pursuant to applicable law, then no patron under the age of twenty one (21) shall be permitted on the gaming floor during actual hours of operation.~~ Persons who are at least eighteen (18) years of age and less than twenty one (21) years of age may patronize and participate in Class III gaming activities offered by the Tribe in its gaming facility, so long as such patrons do not purchase or consume alcoholic beverages on the premises.
- N. **Prohibition on Firearms.** The possession of firearms by any person within the gaming facility facilities shall be strictly prohibited. Provided, this prohibition shall not apply to authorized agents or officers of the Tribal Gaming Agency, Tribal Law Enforcement Agency, State Gaming Agency, or State and Local law enforcement agencies.

3. Section IV, A, B, and D are amended to read as follows:

- A. **Gaming Operation and Facility Facilities.** The gaming operation and gaming facility facilities authorized by this Compact shall be licensed by the Tribal Gaming Agency in conformity with the requirements of this Compact prior to commencement of operation, and annually thereafter. Verification of this requirement shall be made by the Tribal Gaming Agency and the State Gaming Agency and, as applicable to the satellite wagering facility and operation the Washington Horse Racing Commission, through a joint pre-operation inspection scheduled at least ten (10) days prior to the scheduled opening to the public. If ~~the a~~ facility does not meet the requirements, the Tribal Gaming Agency and/or State Gaming Agency must send a non-compliance letter within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether ~~the a~~ facility meets the requirements, the agencies will meet within ten (10) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the gaming agencies within a reasonable time, the parties may seek resolution pursuant to Section XII.C of this Compact. The actual costs of final inspection of ~~the a~~ facility under this Section shall be the responsibility of the Tribe.
- B. **Gaming Employees.** The Tribal Gaming Agency shall license Class III employees and may either work with State Gaming Agency to certify those employees as outlined in B1. below; or work with State Gaming Agency to determine eligibility as outlined in B2. below. The options outlined in sections B1. and B2. are mutually exclusive and cannot be utilized at the same time. Transfer between the options is allowed as described in Section V. 1.
1. **Certification.** Every gaming employee shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to commencement of

employment, and annually thereafter. Provided, the Tribal Gaming Agency may issue a license if the employee has a current Class III gaming certification issued by the State Gaming Agency, the employee consents to disclosure to the Tribal Gaming Agency of all information held by the state agency, and the State Gaming Agency certifies in writing prior to licensing that the employee is in good standing. If Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, all Class II table gaming employees shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees engaged in activities related to bingo, pull tabs and/or punchboards.

2. **Eligibility Determination.**

- a. Every Gaming Employee shall be licensed by the Tribal Gaming Agency and their eligibility for a license shall be verified by the State Gaming Agency prior to commencement of employment, and annually thereafter. The Tribal Gaming Agency 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 Agency of all information held by the State Gaming Agency. The Tribal Gaming Agency may immediately issue a conditional, temporary license for a period of time no longer than six (6) months when the Tribal Gaming Agency determines that a Gaming Employee applicant does not pose a significant risk to the public and the gaming operation. The Tribal Gaming Agency shall submit a list of the licensed and temporarily licensed gaming employees to the State Gaming Agency at least annually. The Tribal Gaming Agency shall include the licensee's complete name, aliases, 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 the Gaming Facility or Facilities, the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II gaming employees in such room shall be verified by the State Gaming Agency as if they were Class III gaming employees.
- b. Tribal Application Forms. All applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Agency 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.

- c. 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.

D. **Financiers.** Any party extending financing, directly or indirectly, to the gaming faeility facilities or gaming operation shall be subject to the annual licensing requirements of the Tribal Gaming Agency, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Squaxin Island Tribal government, or the federal government. The source of all funds will be fully disclosed in accordance with IGRA and a copy provided to the State Gaming Agency and, as applicable to the satellite wagering facility and activities, to the Washington Horse Racing Commission.

4. Section V is amended to add new Section V.1 to establish procedures for transferring between certification and eligibility; renumber existing Sections V.A. through V.N. as Section V. 2. A through N; and add a new Section V. 3. for Eligibility procedures

1. The Tribal Gaming Agency shall license Class III employees and may either work with State Gaming Agency to certify those employees or work with State Gaming Agency to determine eligibility as described in Section IV. B.

If the Tribe chooses to transition from certification to the eligibility determination provisions of this Compact, they must operate under the eligibility provisions for at least two (2) years before returning to the certification provisions. If the tribe chooses to return to the certification provisions after at least two (2) years under the eligibility provisions, they must operate under the certification provisions for at least two (2) years before transferring back to eligibility.

The Tribe will submit the proposed transition date and proposed licensing and certification process plan to the State Gaming Agency at least ninety (90) days prior to transitioning from certification to eligibility or vice versa. This will provide the State Gaming Agency time to reprogram their systems and properly train staff in the new procedures.

A Memorandum of Understanding will be agreed upon by both the Tribe and State Gaming Agency that includes at a minimum, transition date, fees, the submittal process for eligibility determinations or state certification, annual review, and that all applications must be submitted online. The Parties may agree to change functions and responsibilities related to certification and eligibility provided any resulting agreement in a Memorandum of Understanding does not conflict with state or tribal law or alter or remove a function or responsibility required by the Compact. Should a dispute arise, the dispute will be resolved in accordance with Section XII.

2. [Original Compact language for Certification remains the same but is renumbered as Section V. 2. A through N]

3. Eligibility

A. Procedures for Tribal License Applications and State Certification. The Tribal Gaming Agency 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 Agency. 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 Agency. 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.

1. Prior to hiring or licensing a prospective gaming employee, the Tribal Gaming Agency shall obtain sufficient information and identification from the applicant on forms to be furnished by the Tribal Gaming Agency 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, two sets of fingerprints, sex, height, weight, and two current photographs. When the Tribal Gaming Agency 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, background results, a current photograph, and the fee required to the State Gaming Agency for a final criminal history record and non-conviction data review, as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030. The State Gaming Agency shall complete the review and thereafter notify the Tribal Gaming Agency that either: (1) the criminal history and non-conviction data review has revealed no information which would make the applicant ineligible for employment pursuant to Section V 3 (E)(6) of this Compact; or (2) the criminal history and non-conviction data review has revealed that the applicant is ineligible for employment pursuant to Section V 3 (E) of this Compact. An applicant who has been determined ineligible for licensing by the State Gaming Agency after criminal history and non-

conviction data review will not be licensed by the Tribal Gaming Agency except in conformity with Section V 3 (E) of this Compact. When the Tribal Gaming Agency 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 Agency 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 Agency 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 Agency determines that the applicant or employee:

- a. 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;
 - b. 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;
 - c. Is a member or associate of organized crime or is of notorious or unsavory reputation; or
 - d. 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.
2. Additionally, the Tribal Gaming Agency shall not grant an application for a license unless it is satisfied that:
- a. The applicant is of good character, honesty and integrity;

- b. 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;
 - c. 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
 - d. 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 Agency 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 Agency. 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 230-17 WAC or as hereafter amended, with a copy forwarded to the Tribal Gaming Agency. 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 Agency 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 230-17 WAC. The State may, at its discretion, defer such actions to the Tribal Gaming Agency. Nothing herein shall prevent the Tribal Gaming Agency 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 Agency. The denial, suspension, or revocation of any Tribal gaming license by the Tribal Gaming Agency shall be in accordance with Tribal ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section V 3 (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 Agency 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 Agency 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 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 Agency shall require all gaming employees to wear, in plain view, identification cards issued by the Tribal Gaming Agency which include photo, first name and an identification number unique to the individual Tribal license and/or certification which shall include a Tribal seal or signature, and a date of expiration.
- 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 Agency 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 230-05-030 for service suppliers, 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 Agency shall establish the fees for Tribal gaming licenses.
- M. Summary Suspension of Tribal License. The Tribal Gaming Agency, 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 230-17, and the State Administrative Procedures Act, RCW 34.05.

5. Section VI, A-1, A-2, A-3, A-4, A-5, A-7, C, and E are amended to read as follows:

- A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact on the Squaxin Island Reservation Tribal Lands, shall be that of the Tribal Gaming Agency. The Tribal Gaming Agency will develop a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Tribal Gaming Agents, and independent regulatory and reporting structure separate from that the gaming operation or tribal bodies, a thorough and developed system for reporting of Compact violations, and a strong and consistent presence with ~~the~~ each Class III facility. As part of its structure, the Tribal Gaming Agency shall perform the following functions:
1. Enforce in the gaming operation, including ~~the~~ each facility, all relevant laws;
 2. Ensure the physical safety of patrons in ~~the~~ each establishment;
 3. Ensure the physical safety of personnel employed by ~~the~~ each establishment;
 4. Ensure the physical safeguarding of assets transported to and from ~~the~~ each gaming facility and cashier's cage department;
 5. Protect the patrons and ~~the~~ each establishment's property from illegal activity;
 7. Record in a permanent and detailed manner any and all unusual occurrences within ~~the~~ any gaming facility. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered entered as a permanent record into the computer application by Tribal Gaming Agents (TGA) as part of their daily log:
- C. **Reporting of Violations.** A Tribal Inspector shall be present in ~~the~~ each gaming facility during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violation(s) of the provisions of this Compact, or of Tribal Ordinances by the Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation shall be reported immediately to the Tribal Gaming Agency ~~and forwarded to the State Gaming Agency.~~ The Tribal Gaming Agency shall notify the State Gaming Agency within seventy-two (72) hours of the time the violation(s) was noted.
- E. **Reporting to State Gaming Agency.** The Tribal Gaming Agency shall ~~forward~~ make available 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

Agency, the State Gaming Agency shall assist in any investigation initiated by the Tribal Gaming Agency and provide other requested services to ensure proper compliance with the provisions of this Compact, Tribal Ordinances, laws of the Tribe, or applicable laws of the State.

6. Section VII, A and D. are amended to read as follows:

- A. Monitoring. The State Gaming Agency and, as applicable to the satellite wagering facility and activities, the Washington Horse Racing Commission, shall pursuant to the provisions of this Compact have the authority to monitor whether the Tribal gaming operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal gaming operation, these agents of the State Gaming Agency and the Commission shall have free and unrestricted access to all areas of the gaming ~~facility~~ facilities during normal operating hours with or without giving prior notice to the Tribal gaming operation. Provided, that when possible, notice shall be giving to the Tribal Gaming Agency or to a Tribal gaming inspector in the facility, and the Tribal Gaming Agency may assign a Tribal agent or other representative to accompany the State agent while on ~~the Squaxin Island Reservation~~ Tribal Lands. 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 Agency with a report of the investigation, including information about evidence gathered in connection with the investigation.
- D. **Cooperation with Tribal Gaming Agency.** The State Gaming Agency and the Commission shall meet periodically with the Tribal Gaming Agency and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and promptly notify the Tribal Gaming Agency of any activity suspected or occurring whether within ~~the a~~ a gaming facility or not, which adversely affects State, Tribal or public interests relating to the gaming ~~facility~~ facilities and operation. Provided, such disclosure shall not compromise the interest sought to be protected.
- E. Jurisdictional Issues. Except as expressly set forth herein, nothing in this Compact is intended nor shall it confer upon the State or any other non-Tribal entity any jurisdiction or exclusive jurisdiction with respect to non-gaming related activities on ~~the Squaxin Island Reservation~~ Tribal Lands. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this document do not constitute a waiver of sovereign immunity and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact. The terms of such limited waiver of sovereign immunity shall be strictly construed.

7. Section IX, A and D are amended to read as follows:

- A. **Investigative Authority.** The Tribal Gaming Agency, the Tribal Law Enforcement Agency, the Mason County Sheriff or law enforcement agencies cross deputized by the

Tribal Law Enforcement Agency, the Washington State Patrol, the State Gaming Agency, and the Commission shall have the authority to investigate any gambling and related crimes against the laws of Chapter 9.46 RCW or Chapter 67.16 RCW to the extent said State laws are expressly made applicable herein, and that occur on ~~the Squaxin Island Reservation~~ Tribal Lands. 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 Squaxin Island Reservation~~ Tribal Lands, members of the Tribe, or any other individuals or entities subject to Tribal jurisdiction.

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

8. Section XI, B-1, B-2, B-4, and B-7 are amended to read as follows:

- B. **Additional Operational Requirements Applicable to Class III Gaming.** The following additional requirements shall apply to the Class III 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~~ each gaming facility; a security log recording all unusual occurrences for which the assignment of a Tribal Gaming Agency employee is made.
 2. The Tribal Gaming Agency shall establish a list of persons barred from the gaming ~~facility-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 Agency shall employ its best efforts to exclude persons on such list from entry into its gaming ~~facility-facilities~~. The Tribal Gaming Agency shall send a copy of its list on a quarterly basis to the State Gaming Agency make available the barring list to the State Gaming Agency on a continuing basis.
 4. The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. To the extent such rules have been adopted prior to the execution of this Compact they are set forth in Appendix B hereto and shall be deemed approved by the State. 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~~ each gaming facility. Betting limits applicable to any gaming station shall be

displayed at such gaming station. Rules for games identified in Section III, except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, as do not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section III, 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. The Tribe will provide the State Gaming Agency ten (10) days advance notice of the rules of each game and any modifications thereof, and will provide adequate notice to patrons of ~~the~~ a gaming operation facility to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII.C of this Compact.

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

9. Section XII, B, C-3, and E are amended to read as follows:

- B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual. The State Gaming Agency may bring an action to enjoin the Tribe, the Tribal gaming operation, or any individual, if the State determines that any gaming operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on ~~the Squaxin Island Reservation~~ Tribal Lands in violation of the provisions of this Compact. Such action shall be brought in the U.S. District Court, pursuant to 25 USC §2710(d)(7)(A)(ii). Solely for the purpose of this remedy, the Tribe consents to such suit and hereby agrees to a limited waiver of sovereign immunity for the purposes set forth in this sub-section. Prior to bringing such action, the State Gaming Agency shall notify the Tribe, the Tribal Gaming Agency and the Tribal Gaming Operation of the alleged violation(s) and the parties shall meet and confer in a good faith attempt to correct the alleged violation before court action is sought.
- C-3. If the dispute is not resolved to the satisfaction of the parties within twenty (20) days of the first meeting, then the party may seek to have the dispute resolved by and in accordance with the policies and procedures of the Judicial Arbitration and Management Service of Seattle, Washington (JAMS), at sites which alternate between ~~the Squaxin Island Reservation~~ Tribal Lands and the State Gaming Agency or Commission offices after each arbitration dispute, i.e, the first arbitration dispute, until completed, shall be held on ~~the Squaxin Island Reservation~~ Tribal Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Commission offices; and so forth.

- E. Method of Collection and Payment to Washington State Council on Problem Gambling. Any civil fines collected by the State Gaming Agency or the Tribal Gaming Agency pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year to the Washington State Council on Problem Gambling, a bona fide nonprofit organization, provided that the organization offers some program which takes affirmative steps to reach the Indian community in Washington State. In the event the Washington State Council on Problem Gambling does not have such an Indian program, or ceases to exist, or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, ~~the Squaxin Island Reservation~~ Tribal Lands and the neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

10. Section XIV, C is amended to read as follows:

- C. Community and Enforcement Impact Contribution. The Squaxin Island Tribe provides a police department and tribal court system to enforce criminal law and order codes against Squaxin Island tribal members and civil administrative codes against all persons within the Tribe's jurisdiction. The Tribe recognizes that adequate enforcement and the availability of support services and assistance is critical to the safe operation of the gaming activities and that activities directly and indirectly associated with the operation of gaming facilities on ~~the Squaxin Island Reservation~~ Tribal Lands may impact surrounding local law enforcement and other local governmental service agencies, and place an increased burden on them. To that end, the Tribe hereby agrees to establish a fund for purpose of providing assistance to non-tribal local law enforcement, emergency services and/or other local governmental service agencies (including those agencies responsible for traffic and transportation) impacted by ~~the~~ a Class III gaming facility and to withhold and disburse 2.0% of the Net Win from Class III gaming operation, with the exclusion of the satellite wagering activities, for this fund ("Community Contribution"). Further, the Tribe shall, on a quarterly basis beginning no more than three months from the date ~~the~~ a facility opens to the public, distribute this fund to non-tribal local law enforcement and local governmental service agencies materially impacted by the Class III gaming operation. Distributions from the fund shall be paid within forty-five (45) days following the end of each quarter (January 31, April 30, July 31, and October 31), beginning with the end of the first quarter following the date ~~the~~ a facility opens to the public, and quarterly thereafter. These funds shall be shared by all non-tribal local law enforcement and local governmental service agencies materially impacted by the gaming operation based on evidence of impacts presented by each agency; provided, however, the first priority for the distribution of this fund will be to the Mason County Sheriff in an amount sufficient to cover the cost of monitoring, routine patrol and response services. The Mason County Sheriff shall receive directly from the fund an amount sufficient to cover the expenses for any additional staffing required, including salary, benefits, training and vehicle costs.

A committee consisting of two (2) representatives of the Squaxin Island Tribal Government; a representative from Mason County; and a representative of the State Gaming Agency shall be

established. The composition of this committee may be altered by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on ~~the Reservation~~ Squaxin Island Tribal Lands, the level of services provided, use of the funds, and to determine the distribution of the funds. Within six (6) months of the date of final approval of this Compact and annually thereafter, the Tribe and any impacted local service agencies seeking funds from the Community Contribution shall enter into a Memorandum or Memoranda of Understanding (MOU) delineating the anticipated governmental relationships, responsibilities, services to be provided during the following year, and utilization of the funds. The MOU(s) will prioritize the disbursements to mitigate off-reservation impacts and may include enforcement protocol or other similar agreements. The MOU(s) shall also provide that the committee may adjust annually the funds distributed to meet the impacts associated with Class III gaming. In the event of a dispute that cannot be resolved by agreement of the parties, either the State Gaming Agency or the Tribe may seek resolution through the arbitration provisions of Section XII.C of this Compact. The determination of the arbitrator shall be binding on all parties, including local government agencies. The MOU terms as determined by the arbitrator shall be promptly executed by the parties, and the funds disbursed. No Class II gaming revenues, satellite wagering revenues, or non-gaming revenues shall be included with the 2.0% budgeted and disbursed as set forth in this Section.

11. New Section XIV F. is added to read as follows:

- F. Tribal Problem-Gambling Program
The Tribe recognizes that Gaming activities can lead to compulsive behavior that has the same negative consequences as other behavioral addictions. The Tribe agrees to establish an education and awareness program for Tribal Lands and surrounding communities funded in part or in whole with monies set aside under Appendix X2, Section 14.4 for that purpose. The Tribe will provide information about education, awareness, and treatment program services in its annual community investments and contributions report under Appendix X2, Section 14.7, which includes a certified statement regarding the date or time period of contributions, a brief description of programs and services, and an approximate dollar value of investments and contributions. The Parties agree to work together in good faith to share information related to problem gambling best practices and to meet promptly on the request of either party to discuss issues related to problem gambling.

12. The existing text of Section XIII is labeled subsection A, and new Section B is added to Section XIII to read as follows:

- B 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.

13. Replace previously amended Section XV D.4. and D.6. with new Section XV D.4. as follows:

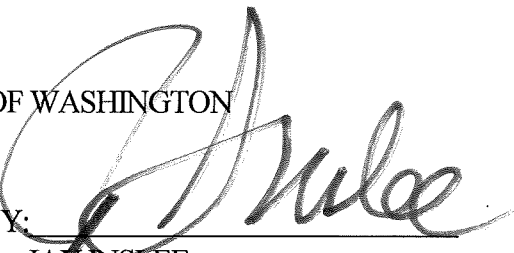

4. Authorization to Other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State enters into or amends a compact with another tribe and such agreement gives such tribe more gaming facilities, activities, stations, or higher wager limits, more hours of operation, different games, or any combination thereof, than provided under the terms of this Compact, then this Compact shall be amended thereby upon approval and acceptance of any such increases by the Tribe and upon copies of the written incorporation of such amendments into this Compact being provided to the State. Further, in the event that the State enters into or amends a compact with another tribe and such agreement gives such tribe any other competitive advantage by means of an item not listed above, then this Compact shall be renegotiated and amended to incorporate that item to maintain competitive equality. To the extent the tribe receiving the competitive advantage is located East of the Cascade Mountains, the Tribe shall demonstrate the competitive advantage has resulted in adverse economic impacts to the Tribe's Class III operations before the Compact is renegotiated and amended.

IN WITNESS WHEREOF, the Squaxin Island Tribe and the State of Washington have executed this Third Amendment to the Compact.

SQUAXIN ISLAND TRIBE

STATE OF WASHINGTON

BY: 
ARNOLD COOPER
Chairman


BY: 
JAY INSLEE
Governor

DATED: 5/25/2017

DATED: 6/15/2017

**APPENDIX C
SQUAXIN ISLAND TRIBE
and the STATE OF WASHINGTON**

CLASS III GAMING COMPACT

Class III Gaming Station Transfer Agreement

This Class III Gaming Station Transfer Agreement ("Agreement") is made and entered into between _____ ("Transferor"), and _____ ("Transferee"), and the State of Washington ("State") for purposes of transferring authority and use of Class III Gaming Stations between Tribes which have entered into Tribal - State Compacts for Class III Gaming with the State and as a Memorandum of Understanding between the State and Tribal parties authorizing and memorializing the transfer.

AGREEMENT

1. **TRANSFER.** Transferor hereby transfers and assigns to Transferee, for the Term set forth below, all of Transferor's Class III Gaming Station authority for the use of _____ Class III Gaming Stations to which Transferor is now or may hereafter become entitled during the Term of this Agreement.

2. **TERM.** The Term of this agreement, and all rights and authority granted hereby, shall be from _____, 20__ through _____, 20__ and shall commence at 12:01 A.M. on the first date entered above and expire 11:59 P.M. on the last date entered above unless other hours are so specified herein.

3. **REPRESENTATIONS AND AGREEMENTS.** Transferor represents and agrees that it is or will become at the commencement of the term of this Agreement, capable and authorized to utilize the number of Class III Gaming Stations noted above, that no other grant or

transfer of any rights relative to the number of Class III Gaming Stations which would conflict with the authority transferred hereby has occurred or will occur, and that it fully waives and surrenders the right to utilize the number of Class III Gaming Stations noted above for the term of this Agreement. Transferee represents and agrees that it is legally authorized to utilize Class III Gaming Stations and is capable and authorized to accept the transfer of authority herein. State represents and agrees that both Transferor and Transferee are authorized under its terms of valid Tribal - State Compacts to utilize Class III Gaming Stations, and, that upon execution of this Agreement by the parties, Transferor and Transferee may effectuate the transfer of authority for the use of the number of Class III Gaming Stations specified for the term of this Agreement.

4. ENTIRE AGREEMENT. This agreement contains the entire agreement of the parties as to the legal capabilities and authorizations for the transfer specified herein. No party is relying on any statement, representation or documentation which is not contained or referenced in this Agreement. Transferor and Transferee may enter into separate agreements related to the utilization of Class III Gaming Stations transferred hereby, PROVIDED, that the terms of such separate agreements shall not affect the legal capabilities and authorizations for the transfer specified herein.

IN WITNESS WHEREOF, the parties have duly executed this Class III Gaming Station Transfer Agreement.

Transferee _____

Transferor _____

By: _____

By: _____

**SIXTH AMENDMENT TO THE TRIBAL-STATE COMPACT
FOR CLASS III GAMING BETWEEN
THE SQUAXIN ISLAND TRIBE AND THE STATE OF WASHINGTON**

INTRODUCTION

The SQUAXIN ISLAND TRIBE (hereafter "Tribe") and the STATE OF WASHINGTON (hereafter "State") entered into a Class III gaming compact (hereafter "Compact") on July 27, 1993, pursuant to the Indian Gaming Regulatory Act of 1988 (hereafter "IGRA"). At the request of the Tribe, the Tribe and State entered negotiations for further amendments to the Compact. The parties have reached an agreement on Compact amendments as set forth in this document. The parties believe the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective, benefit the Tribe and the State and protect members of the Tribe and citizens of the State consistent with the objectives of IGRA.

COMPACT AMENDMENT

- 1. Compact Section II, definition of Gaming Employee, as previously amended, is amended to read as follows:**
 - G. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Tribe's gaming operation or facilities, whether employed by or contracted to the Tribe or by or to any person or enterprise providing gaming operation or management services to the Tribe, including but not limited to, gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; supervisors; dealers or croupiers, box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; Sports Wagering personnel; parimutuel 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.

- 2. Compact Section II is amended to add the following definitions:**
 - DD. "Cash" when used as a noun, means currency in the form of coins or bills issued by the government of the United States.

 - EE. "Internal Controls" means the documents that describe the internal operational system or internal procedures of the Gaming Operation designed to promote efficiency, safeguard assets, and avoid fraud and error.

 - FF. "Memorandum of Understanding" or "MOU" means a document agreed upon by both the Tribe and State Gaming Agency that clarifies terms or details of agreed upon Compact provisions and does not add provisions which would require an amendment.

3. **Compact Section II is amended to add the definition of “Cash Equivalent” as follows and the prior definition of “Cash Equivalent” in Appendix A, Section 1 is stricken:**
 GG. “Cash Equivalent” means U.S. currency in the form of a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashier’s check, a check drawn on the tribal Gaming Operation payable to the patron or to the tribal Gaming Operation, a patron’s debit or credit card, a patron’s reloadable prepaid card that has been verified as being issued to the patron and is non-transferable, ACH transfer if the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits, or a voucher recording Cash drawn against a credit card or charge card;

4. **Compact Section III, A, as previously amended, is amended to add:**
 22. Sports Wagering, subject to Appendix S.

5. **Compact Section III, F, as previously amended, is amended to read as follows:**
 F. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Tribe, including the purchase of chips or tokens for used in wagering, shall be made by ~~eCash, or eCash eEquivalent, credit card or personal check.~~ Cash payments for wagers made through near-field communication (NFC) devices, EMV or smart cards, or similar secure payment technologies may be utilized upon agreement between the Tribe and the State Gaming Agency and documented in a Memorandum of Understanding. Except for said use of credit cards, no credit shall be extended to any patron of a gaming facility for gaming activities.

6. **Compact Section IV, C is amended to read as follows:**
 C. Manufacturers and Suppliers of Gaming Services. Each manufacturer and supplier of gaming services shall be licensed by the Tribal Gaming Agency and shall be certified by the State prior to the sale of any gaming services. If the supplier or manufacturer of the services or goods is licensed or certified by the State of Washington it shall be deemed certified to supply those services or goods for the purposes of this Compact. The licensing and certification shall be maintained annually after initial certification. Professional legal and accounting services shall not be subject to the certification and licensing requirements. In the event a manufacturer or supplier provides or intends to provide less than \$25,000 worth of gaming services or goods annually, upon the mutual agreement of the Tribal Gaming Agency and the State Gaming Agency, the certification and licensing requirement may be waived.

7. **Compact Section IX, C is amended to read as follows:**
 C. Consent to Application of State Law and Incorporation in Tribal Ordinance, For the purposes of 18 USC § 1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health and safety and welfare and, to the extent not inconsistent with other provisions of this Compact, RCW 9.46.0245; 9.46.0269; 9.46.0364; 9.46.0368; 9.46.037; 9.46.038; 9.46.070; 9.46.075; 9.46.130; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.195; 9.46.196; 9.46.1961; 9.46.1962; 9.46.198; 9.46.210 (3), (4), (5) & (6); 9.46.212 9.46.215; 9.46.217; 9.46.220; 9.46.221; 9.46.222; 9.46.225; 9.46.228 (1) (2), (4) & (5);

9.46.230; 9.46.231; 9.46.235; 9.46.240; 67.04; 67.16.060; 67.24; 67.70; 74.08.580; 9A.52; 9A.56; 9A.60; 9A.68; 9A.83.020; 9A.82; 9.35.010; and 9.35.020 as now or hereafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated into a Tribal ordinance regarding any gaming affected by such statutory sections. Provided, that in the event any such provisions of State law are amended or repealed, the Tribe will be given notice of same within 30 days of the effective date, by the State Gaming Agency. Notwithstanding anything herein to the contrary, any penalty or fines contained in any 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.

8. Digital Wallet.

The Tribe and State agree that connecting a patron's Tribal Lottery System Player Account and Sports Wagering Account "digital wallet", or other payment/wagering accounts, at the Gaming Operation shall not be deemed approved as part of the approval of this Amendment. Any future proposal from the Tribe to make such connections must meet Compact and applicable Appendices requirements. If the Tribe's Compact and Appendices provisions do not allow this connection, additional amendments/negotiations may be initiated. If the Tribe determines its proposal meets current Compact and Appendices requirements, the proposal will be submitted to and approved by the Tribe and State Gaming Agency, and such agreement will be documented. The documentation will include at a minimum: how it complies with Compact and Appendices; security, integrity, and testing provisions; and related Internal Controls. Nothing in this amendment is intended to prevent the Tribe from offering a "digital wallet" for Sports Wagering.

9. Payment of Start-Up Costs fee.


A Start-Up Costs fee includes the actual costs incurred by the State Gaming Agency for negotiations, rule development, regulatory program development, training, and similar activities necessary to implement Sports Wagering. The State Gaming Agency will provide the Tribe with a detailed explanation of the actual and reasonable costs incurred by the State Gaming Agency to implement Sports Wagering. The Tribe's operation, or continued operation, of Sports Wagering is contingent on the receipt of the Tribe's share of the Start-Up Costs fee.

The Tribe's share will be determined equal to the Start-Up Costs fee divided by the number of tribes implementing Sports Wagering on or before March 31, 2023, unless the implementing tribes transmit to the State Gaming Agency by March 31, 2023, a unanimously agreed to alternative Start-up Costs fee distribution method documented in a Memorandum of Understanding between all implementing tribes and provided to the State Gaming Agency.

The Tribe's share of the Start-Up Costs fee will be invoiced by April 15, 2023, with payment due to the State Gaming Agency no later than May 30, 2023.

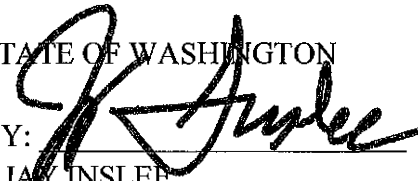
IN WITNESS WHEREOF, the Squaxin Island Tribe and the State of Washington have executed this Sixth Amendment to the Compact.

SQUAXIN ISLAND TRIBE

BY: 
KRISTOPHER PETERS
Chairman

DATED: 6/15/21

STATE OF WASHINGTON

BY: 
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DATED: 7/6/2021

**SQUAXIN ISLAND TRIBE
and the
STATE OF WASHINGTON
CLASS III GAMING COMPACT**

**APPENDIX S
SPORTS WAGERING**

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SECTION 1. INTRODUCTION

It is the intent of the Parties for the Tribe to operate Sports Wagering that will enhance the Tribe's existing Gaming Operation and draw customers into regulated Sports Wagering and away from illegal sports wagering. Tribes in Washington State have more than 25 years' experience with, and a proven track record of, successfully operating gaming in accordance with their compacts. Tribes in Washington and the State Gaming Agency have a proven track record of successfully regulating gaming together in accordance with respective compacts. The Parties agree that Sports Wagering must be fair, secure, and maintain the highest integrity to ensure public confidence.

Sports Wagering conducted under this Appendix is authorized bookmaking and is not subject to civil or criminal penalties under RCW 9.46. Gambling information transmitted over the internet for any Sports Wagering conducted and operated under this Appendix is authorized. Mobile Sports Wagering does not constitute online gambling when operated within the limitations of this Appendix and requirements of the Federal Wire Act, 18 U.S.C. § 1084, as now or hereafter amended.

This Appendix describes, authorizes, and sets forth, consistent with House Bill 2638 (2020), provisions applicable to the operation of Sports Wagering. This Appendix sets out conditions under which the Tribe and State will share information about significant events that reflect on the conduct of Sports Wagering so that both parties are informed of such events in this highly regulated environment. Compact provisions that are not addressed in this Appendix remain in full force and effect, unless and until they are subsequently amended pursuant to the processes set forth in the Compact. This Appendix contains interdependent conditions and consequences that must be accepted as a whole in order to operate or participate in Sports Wagering.

SECTION 2. DEFINITIONS

The following terms apply to this Appendix. All capitalized terms not defined herein, to the extent they do not conflict, shall have the same definitions as in the Tribe's Compact and appendices, as amended.

"Authorized Sports Wagering Menu" means the list of leagues, organizations, and types of wagers approved for Sports Wagering.

"Cloud Storage" means data which is stored on remote servers accessed from the internet.

"Collegiate Sport or Athletic Event" means a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers education services beyond the secondary level, other than such an institution that is located within the state of Washington.

"Electronic Sports or Esports Competition or Event" means a live video game event or tournament attended or watched by members of the public where games or matches are contested in real time by player(s) and team(s), and player(s) or team(s) can win a prize based on their performance in the live video game event or tournament.

“Geofence” means any technology used to create a virtual geographic boundary or technology used to detect the physical location of a device a patron is using to attempt to engage in Mobile Sports Wagering.

“Integrity Monitoring Provider” means a Sports Wagering Vendor approved by the Tribal Gaming Agency and the State Gaming Agency to receive reports of Unusual Wagering Activity from the Gaming Operation for the purpose of assisting in identifying Suspicious Wagering Activity.

“Layoff Wager” means a wager placed or accepted between gaming operations for the purpose of offsetting the tribal Sports Wagering liability.

“Minor League” means a lower professional league or division within a sport, such as American baseball or hockey, where a professional team has the exclusive contractual rights to promote and relegate players.

“Mobile Device” means portable electronic equipment used in Mobile Sports Wagering, including but not limited to a mobile phone, tablet, personal computer, electronic device, and any other portable electronic device.

“Mobile Sports Wagering” means any Sports Wagering on a Mobile Device platform, including Sports Wagers deployed and accessed through the internet or an application installed on a Mobile Device.

“Player Account” means an electronic account established by a patron for the purpose of Sports Wagering, including deposits, withdrawals, wagered amounts, payouts on winning wagers, or similar adjustments.

“Premises” means buildings that comprise a Gaming Facility and adjacent or adjoining amenities, such as hotels, restaurants, conference or entertainment spaces, common areas, parking lots, garages, and other improved areas; provided that such areas constitute Squaxin Island Tribal Lands, and provided further, that such areas do not include non-adjointing convenience stores or golf courses.

“Professional Sport Event or Athletic Event” means an event that is not a Collegiate Sport Event or Collegiate Athletic Event at which two or more persons participate in a sports or athletic event and receive compensation in excess of actual expenses for their participation in the event. “Professional Sport or Athletic Event” does not include any Minor League sport.

“Sports Governing Body” means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein.

“Sports Wager” or “Mobile Sports Wager” means the actual bet placed on sporting events, athletic events, or competitions. A sports wager does not include wagers on horse racing authorized pursuant to chapter 67.16 RCW.

“Sports Wagering” means the business of accepting wagers on any of the following sporting events, athletic events, or competitions by any system or method of wagering: (a) a Professional Sport or Athletic Event; (b) a Collegiate Sport or Athletic Event; (c) an Olympic or international sports competition or event; (d) an Electronic Sports or Esports Competition or Event; (e) a combination of sporting events, athletic events, or competitions listed in (a) through (d) of this subsection; or (f) a portion of any sporting event, athletic event, or competition listed in (a) through (d). Sports Wagering does not include the business of accepting wagers on horse racing authorized pursuant to chapter 67.16 RCW.

“Sports Wagering Kiosk” means an unattended, self-service terminal, machine, or other device provided by the Gaming Operation through which a patron may place or redeem a Sports Wager.

“Sports Wagering Net Win” means the total amount wagered or played less the amounts repaid to winners as reported as gaming revenue on the annual audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The amount of wagers placed by the Gaming Operation and amounts received by the Gaming Operation as payments on Layoff Wagers shall not affect the computation of Sports Wagering Net Win.

“Sports Wagering System” means all equipment, hardware, data networks, communications technology, and software used in the operation of Sports Wagering that directly affect the wagering and results of Sports Wagering offered under this Appendix, including the following: (a) Sports Wagering interactive components, including all associated equipment and software that comprise the Sports Wagering platform used in a Sportsbook or used for online or Mobile Sports Wagering; (b) Sports Wagering Kiosks; and (c) ticket or voucher redemption devices. “Sports Wagering System” does not include a Mobile Device owned and used by a patron to place a Sports Wager.

“Sports Wagering Vendor” means an organization that provides any gaming goods or services in connection with the operation of Sports Wagering.

“Sportsbook” means the Sports Wagering area where transactions are conducted from a counter located in a Sports Wagering lounge or other window locations as approved by the Tribal Gaming Agency, and any window in the cashier’s cage designated only for the redemption of winning Sports Wagering tickets.

“Suspicious Wagering Activity” means Unusual Wagering Activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.

“Unusual Wagering Activity” means abnormal wagering exhibited by a patron or patrons and deemed by the Gaming Operation as a potential indicator of suspicious activity. Abnormal betting activity may include, but is not limited to, the size of a patron’s wager, or increased wagering volume on a particular event or wager type.

SECTION 3. SPORTS WAGERING ACTIVITIES AND LOCATION

3.1 Sportsbook. The Sportsbook must be located within a Gaming Facility. A Sportsbook authorized by this Appendix will be inspected by the Tribal Gaming Agency and the State Gaming Agency prior to commencement of operation to verify its conformity with the requirements of this Appendix. If a Sportsbook fails to meet any requirements of this Appendix, the Tribal Gaming Agency and/or State Gaming Agency will send a non-compliance letter to the Tribe and Gaming Facility manager or responsible person within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a Sportsbook meets the requirements, the Gaming 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 thirty (30) days, the Parties may seek dispute resolution pursuant to the Compact.

3.2 Server. The server or other equipment used to accept and redeem Sports Wagers must be located within a Gaming Facility. Cloud Storage may be used for duplicate or backup Sports Wagering data, provided that such Cloud Storage facilities are located in Washington State.

3.3 Mobile Sports Wagering. The Gaming Operation must use a Geofence to ensure that all Mobile Sports Wagering must occur within the Premises. No less than thirty (30) days prior to offering Mobile Sports Wagering, the Gaming Operation must submit a proposal to the Tribal Gaming Agency and State Gaming Agency for review and concurrence, which at a minimum must include, as applicable: (a) a description of the Geofence technology that it will use to prevent patrons from placing a Sports Wager using a Mobile Device outside of the Premises; and (b) a map of the Premises. If the Tribal and State Gaming Agencies take no action within thirty (30) days of receipt, the Tribe may implement the proposal. Any substantial change in the Geofence technology will require that the Gaming Operation submit a revised proposal to the Tribal Gaming Agency and State Gaming Agency for review and concurrence in accordance with this Section. The Tribal and State Gaming Agencies may only disapprove such portions of a proposal they find do not meet the requirements of this Appendix and must detail the reasons for disapproval. If a dispute regarding a proposal cannot be resolved by the Tribal and State Gaming Agencies within thirty (30) days, the Parties may seek dispute resolution pursuant to the Compact.

SECTION 4. KIOSKS

4.1 Location. Sports Wagering Kiosks may be located anywhere within the Premises and are subject to the surveillance requirements imposed by Section 5.7.

4.2 On Gaming Floor. Sports Wagering Kiosks located on the gaming floor are subject to the limits on anonymous Sports Wagers described in Section 7.1.1.

4.3 Off Gaming Floor. Sports Wagering Kiosks located off the gaming floor may not allow anonymous Sports Wagers or cash redemption.

4.4 Pre-operation Inspection. Sports Wagering Kiosks authorized by this Appendix will be inspected by the Tribal Gaming Agency and the State Gaming Agency prior to commencement of operation to verify its conformity with the requirements of this Appendix. If a Sports Wagering Kiosk fails to meet any requirements of this Appendix, the Tribal Gaming Agency and/or State Gaming Agency will send a non-compliance letter to the Tribe and Gaming Facility manager or responsible person within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a Sports Wagering Kiosk meets the requirements, the Gaming 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 thirty (30) days, the Parties may seek dispute resolution pursuant to the Compact.

SECTION 5. STANDARDS OF CONDUCT AND OPERATION

5.1 Approved Sports Wagers. The Gaming Operation may accept a Sports Wager on any event conducted by a league or organization, provided that the league, organization, and wager type are listed on the Authorized Sports Wagering Menu.

5.1.1 Posting.

- a. A list of Sports Wagers available at the Gaming Operation will be made available to its patrons.
- b. The State Gaming Agency will post the Authorized Sports Wagering Menu on its website or otherwise make it available to the public.

5.1.2 Initial Authorized Sports Wagering Menu. The initial Authorized Sports Wagering Menu will include every league, organization, and wager type authorized by any U.S. jurisdiction or jurisdictions as mutually agreed upon by the parties as of the effective date of this Appendix, except for Prohibited Activities as listed in Section 5.2 of this Appendix.

5.1.3 Additions to Authorized Sports Wagering Menu.

- a. The Gaming Operation may apply to the Tribal Gaming Agency, in the form required by Tribal Gaming Agency, to add additional leagues, organizations, or wager types to the Authorized Sports Wagering Menu. The Tribal Gaming Agency will provide notice to the State Gaming Agency of any approval no fewer than five (5) business days before the Gaming Operation intends to offer a Sports Wager on the new league, organization, or wager type.
- b. If the State Gaming Agency believes that the new league, organization, or wager type violates RCW 9.46.037, RCW 9.46.038, or this Appendix or otherwise lacks integrity, the State Gaming Agency will immediately notify the Tribal Gaming Agency, and no Sports Wagers will be offered by the Gaming Operation on the new league, organization, or wager type. The Tribal Gaming Agency and the State Gaming Agency will meet within five (5) business days of the Tribal Gaming Agency's initial notice to the State

Gaming Agency of its approval to discuss the State Gaming Agency's concerns. The timeframe for meeting may be extended by mutual agreement. If after meeting, the Tribal Gaming Agency and State Gaming Agency cannot come to agreement on the Tribal Gaming Agency's determination, the Gaming Operation may offer the Sports Wager(s) at issue and the State Gaming Agency may initiate dispute resolution pursuant to the Compact.

5.1.4 Removals from the Authorized Sports Wagering Menu.

- a. The Tribal Gaming Agency and State Gaming Agency will immediately notify the other Agency if they believe a league, organization, or wager type on the Authorized Sports Wagering Menu violates RCW 9.46.037, RCW 9.46.038, or this Appendix, lacks integrity, or has otherwise become compromised and believe it should be removed from the Authorized Sports Wagering Menu.
- b. If the Tribal and State Gaming Agencies agree on the removal, the State Gaming Agency will provide statewide notice to each tribal gaming agency of a tribe that operates sports wagering, and inquire whether each tribal gaming agency agrees with the removal. The State Gaming Agency may remove a league, organization, or wager type when all such tribal gaming agencies affirmatively consent to removal.
- c. If the Tribal Gaming Agency and State Gaming Agency disagree on whether an item should be removed, the Tribal Gaming Agency and the State Gaming Agency will meet within five (5) business days of the notice to discuss each Agency's concerns. The timeframe for meeting may be extended by mutual agreement. If after meeting, the Tribal Gaming Agency and State Gaming Agency cannot come to agreement on whether to remove the league, organization, or wager type from the Authorized Sports Wagering Menu, the Gaming Operation may continue to offer the Sports Wager(s) at issue and the State Gaming Agency may initiate dispute resolution pursuant to the Compact.

5.1.5 Removals from the Gaming Operation's List of Available Sports Wagers. If the Tribe intends to remove a league, organization, or wager type from its list of available Sports Wagers as described in Section 5.1.1a, it will notify the State Gaming Agency within five (5) business days after removal.

5.1.6 Layoff Wagers. The Gaming Operation may, in its discretion and subject to limitations imposed by state and federal laws, make or accept Layoff Wagers. The Gaming Operation must disclose its identity to the entity that is accepting the wager. Such wagers must be reported to the Tribal Gaming Agency.

5.2 Prohibited Activities and Participants.

5.2.1 Prohibited Activities.

- a. The Gaming Operation may not accept any Sports Wager on a Collegiate Sport Event or Collegiate Athletic Event offered or sponsored by a Washington collegiate institution.
- b. The Gaming Operation may not accept any Sports Wager on a Minor League sport.
- c. Sports Wagers are not transferrable between patrons.
- d. No Gaming Employee may advise or encourage patrons to place a Sports Wager of any specific type, kind, subject, or amount. This restriction does not prohibit general advertising, promotional activities, or answering general questions about Sports Wagers.
- e. The Gaming Operation will not knowingly accept a Sports Wager on an event where the outcome has already been determined (past posting).

5.2.2 Prohibited Participants. The Gaming Operation will make all reasonable efforts to confirm that any patron seeking to engage in Sports Wagering is not a Prohibited Sports Wagering Participant. Prohibited Sports Wagering Participant means:

- a. Any individual under 18 years of age;
- b. Any individual placing a wager as an agent or proxy;
- c. Any athlete whose performance may be used to determine, in whole or in part, the outcome of such wagering;
- d. Any person who is an athlete, player, coach, manager, referee or other game official, physician, trainer, team employee or governing body employee, in any sports event overseen by such person's Sports Governing Body;
- e. Any person with access to material, exclusive, non-public confidential information about a sports event that is the subject of such wagering;
- f. Any person identified to the Tribal Gaming Agency and State Gaming Agency by a Sports Governing Body that the Tribal Gaming Agency and State Gaming Agency agree is a person who should be a Prohibited Sports Wagering Participant;
- g. Any person who holds a position of authority or influence sufficient to exert influence over the participants in a sports event that is the subject of a wager;
- h. Any person which the Gaming Operation knows or reasonably should know, is placing a wager by, or on behalf of a Prohibited Sports Wagering Participant; and

- i. Any person whose participation may undermine the integrity of wagering on a sports event or the conduct of such sports event itself, or any person who is prohibited for other good cause.

5.3 Sports Wagering System. No Sports Wagering System may be offered for play unless it has been tested and certified by an Independent Test Laboratory as meeting the requirements set forth in Section 5.3.2, and approved in accordance with Section 5.3.6.

5.3.1 Independent Test Laboratory. Any Independent Test Laboratory shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of the Sports Wagering System and must be licensed by the Tribal Gaming Agency and certified by the State Gaming Agency. The State Gaming Agency will maintain a list of licensed Independent Test Laboratories.

5.3.2 Minimum Standards. The Sports Wagering System must meet or exceed Gaming Laboratories International's GLI-33: Standards for Event Wagering Systems, and its appendices, as amended or modified ("GLI-33"), and the standards established by this Appendix and any applicable provision of the Compact and Appendices. Alternative standards may be agreed to by the Tribal and State Gaming Agencies if the standards meet the requirements established in this Appendix.

5.3.3 Independent Test Laboratory Reports and Certification. At the conclusion of testing, the Independent Test Laboratory shall provide to the Tribal Gaming Agency and the State Gaming Agency a report that contains findings, conclusions, and a certification that the Sports Wagering System conforms to the requirements contained in this Appendix. If the Independent Test Laboratory determines that the Sports Wagering System fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Sports Wagering System into compliance, the report may contain recommendations for such modifications. If the Independent Test Laboratory provides sufficient documentation that the Sports Wagering System or a component thereof has been tested and certified by that Independent Test Laboratory, without any subsequent modifications, within the past one hundred and eighty (180) days, the Independent Test Laboratory may provide to the Tribal Gaming Agency and the State Gaming Agency a report that contains findings, conclusions and the certification from the previous testing and that shall be sufficient to satisfy this requirement.

5.3.4 Modifications. No substantive modification to any Sports Wagering System may be made after testing, certification, and approval of a Sports Wagering System without certification of the modification by an Independent Test Laboratory. The following modifications are not considered substantive and do not require notification to the State Gaming Agency: (a) Changes to content not related to any regulated feature; (b) Installation or changes to backup software; (c) Adding or removing users; and (d) any system configuration changes that have no impact on the accuracy of report information including gaming revenue.

5.3.5 Emergency Certifications. Nothing in this subsection prevents the immediate resolution of a critically urgent problem as long as documentation is submitted to the Tribal and State Gaming Agencies that details the specifics of the emergency situation and the steps taken to

remedy the emergency. Once the emergency situation has passed, any substantive modification must go through the process described in Section 5.3.3 above.

5.3.6 Approval of Certification; Revocation. The Tribal Gaming Agency shall approve or disapprove of the Sports Wagering System or a component thereof after reviewing the certification, technical standards tested, and results of testing from the Independent Test Laboratory, and will notify the State Gaming Agency of its findings and decision. The State Gaming Agency will notify the Tribal Gaming Agency if the State Gaming Agency determines a certification from the Independent Test Laboratory was issued in error. The Gaming Agencies will meet and confer to discuss the State Gaming Agency's concerns. Tribal Gaming Agency may revoke its approval of the Sports Wagering System or a component thereof if it finds that the certification was erroneous.

5.3.7 Training. The State Gaming Agency will collaborate with the Tribal Gaming Agency to provide training opportunities at agreed upon location(s).

5.3.8 Security Assessment. Prior to offering Sports Wagering and annually thereafter, the Gaming Operation must perform a system integrity and security assessment of the Sports Wagering System, which shall be conducted by an independent technical expert selected by the Gaming Operation and licensed by the Tribal Gaming Agency and certified by the State Gaming Agency. The independent technical expert's report will be submitted to the Tribal Gaming Agency and the State Gaming Agency and will include: (a) the scope of review, (b) name and company affiliation of the individuals who conducted the assessment, (c) date of assessment, (d) findings, (e) recommended corrective action, if applicable, and (f) the Gaming Operation's response to the findings and recommended corrective action, if applicable.

5.3.9 Required Reports. The Sports Wagering System must be capable of generating those reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to Sports Wagering as deemed necessary by the Tribal Gaming Agency or as required by Internal Controls. These reports may include, but are not limited to: (a) Gaming Operation Revenue reports; (b) Gaming Operation Liability reports; (c) Future Events reports; (d) Significant Events and Alterations reports; (e) Wager Record Information reports; (f) Market Information reports; (g) Contest/Tournament Information reports; (h) Player Account Information reports; (i) Sports Wagering System Information reports; (j) Significant Event Information reports; (k) User Access Information reports; and (l) any other reports required by the Tribal Gaming Agency.

5.3.10 Future Technology Permitted. Upon approval by both Parties, any technology not specifically authorized by this Appendix may be utilized if the proposed technology will protect, maintain, or enhance current integrity and security standards in the Compact or this Appendix.

5.4 Wagering Limits. Appropriate Sports Wagering limits will be set by the Gaming Operation, consistent with limitations on anonymous Sports Wagering in accordance with Section 7.1.1 and the Reserve Requirement in Section 5.5 below.

5.5 Reserve Requirement. The Gaming Operation must have the ability to cover all outstanding Sports Wagering liabilities.

5.6 Player Accounts.

5.6.1 Account Required. A Player Account is required to engage in Mobile Sports Wagering. The Gaming Operation will limit each patron to one active account and username. The Gaming Operation will implement rules and procedures to terminate all accounts of any patron who knowingly and intentionally establishes or seeks to establish multiple active accounts, whether directly or by use of another person as a proxy.

5.6.2 In-Person Registration. To establish a Player Account, a patron must register in-person at the Gaming Facility and provide, at a minimum, the following information: (a) legal name; (b) date of birth; (c) social security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number; (d) residential address; (e) email address, if any; and (f) telephone number, if any. The Gaming Operation must verify the patron's identity against a form of valid, federal, state, or tribal government-issued photo identification. The Gaming Operation may utilize a third-party know your customer services or governmental database to authenticate a patron's identity or information. Prior to issuing a patron a Player Account, the patron must accept the Gaming Operation's terms and conditions for Sports Wagering, which must, at a minimum, notify the patron that the Player Account is non-transferrable and that the patron is prohibited from allowing any other person to access or use the Player Account.

5.6.3 Account Funding. A Player Account may be funded with U.S. currency through the use of: (a) Cash; (b) Cash Equivalent; (c) a patron's deposit of cash or vouchers at the Sportsbook or other cashiering location, (d) promotional credit; (e) winnings; (f) adjustments made by the Gaming Operation with documented notification to the patron; or (g) any other means approved by the Tribal Gaming Agency and State Gaming Agency.

5.6.4 Player Account Controls. The Gaming Operation must implement Player Account controls that meet or exceed those in Gaming Laboratories International's GLI-33 (Standards for Event Wagering Systems), as amended or modified, or equivalent standards as approved by the Tribal Gaming Agency with concurrence from the State Gaming Agency, and the standards established by this Appendix.

5.7 Surveillance. All physical components of the Sports Wagering System, except wiring, cables, and conduit in which they are located, shall have the ability to be effectively and clandestinely monitored and recorded by means of a Surveillance System in accordance with Compact, Appendix A, or as otherwise provided in the Tribe's Internal Controls. Mobile Devices owned by the Gaming Operation that are utilized by a patron as part of the Sports Wagering System may have lesser surveillance requirements outlined in the Tribe's Internal Controls.

5.8 Accounting Records. As part of the accounting records required to be kept in accordance with the Compact and Appendix A, the Gaming Operation must keep detailed, supporting, and subsidiary Sports Wagering records to support those accounting records in

accordance with its Internal Controls. The Internal Controls must also establish minimum audit standards.

5.9 Internal Controls. Prior to beginning Sports Wagering operations, the Tribe must implement Internal Controls as minimum operating standards to govern the operation and management of Sports Wagering.

5.9.1 Initial Internal Controls. The Tribal Gaming Agency shall forward to the State Gaming Agency its initial Internal Controls for review and concurrence. The proposal will contain a narrative representation of the internal control system. The Tribal Gaming Agency shall detail how the Internal Controls meet or exceed the requirements described in this Section 5.9. The State Gaming Agency concurrence with the Tribal Gaming Agency proposal shall be deemed granted after twenty (20) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency. The State Gaming Agency shall only disapprove such portions of a proposal it finds would have a material adverse impact on public interest or on the integrity of Sports Wagering and shall detail the reasons for disapproval. If a dispute regarding this process cannot be resolved by the Gaming Agencies within thirty (30) days, the Parties may seek dispute resolution pursuant to the Compact.

5.9.2 Minimum Requirements. The Internal Controls will address the following, at a minimum:

- a. Description of Gaming Employees who perform essential functions, including management of Sports Wagering, supervisory authority over daily operation of Sports Wagering, overseeing technology issues related to the Sports Wagering System, acceptance of Sports Wagers in the Sportsbook, handling payouts on winning tickets/vouchers, and coordination of compliance efforts related to Sports Wagering;
- b. In the event of a failure or malfunction of the Sports Wagering System's ability to pay winning Sports Wagers, the Gaming Operation shall have internal controls detailing the method of paying winning Sports Wagers. The Gaming Operation shall also file an incident report for each system failure and document the date, time, and reason for the failure along with the date and time the system is restored with the Tribal Gaming Agency;
- c. User access controls for Sports Wagering personnel;
- d. Segregation of duties;
- e. Automated and manual risk management procedures;
- f. Procedures for identifying and reporting fraud and suspicious conduct, including identifying Unusual Wagering Activity and Suspicious Wagering Activity and reporting such activity to an Integrity Monitoring Provider;
- g. Procedures for identifying and preventing Sports Wagering by Prohibited Sports Wagering Participants;

- h. Description of anti-money laundering compliance standards, which must include limitations placed on anonymous wagering and prohibit anonymous single Sports Wagers of \$2,000 or more, and include the retention of the wager record information with patron identification;
- i. Process for submitting or receiving approval of all types of wagers available to be offered by the Sports Wagering System;
- j. Description of process for accepting Sports Wagers and issuing pay outs, plus any additional controls for accepting Sports Wagers and issuing pay outs in excess of \$10,000;
- k. Description of a process for accepting multiple Sports Wagers from one patron in a 24-hour cycle, including a process to identify patron structuring of Sports Wagers to circumvent recording and reporting requirements;
- l. Opening and closing Sportsbook windows;
- m. Procedures for reconciliation of assets and documents contained in a Sports Wagering area cashier's drawer, Sports Wagering Kiosk, and Mobile Sports Wagering, which must include the drop and count procedures for Sports Wagering Kiosks;
- n. Procedures for cashing winning tickets at the cage after the Sportsbook has closed, if applicable;
- o. Procedures for accepting value game chips for Sports Wagering, if applicable;
- p. Procedures for issuance and acceptance of promotion funds and free wagers for Sports Wagering, if applicable;
- q. Description of all integrated third-party systems;
- r. If Cloud Storage is utilized, a description of how the Cloud Storage complies with applicable federal laws and a description of how the Cloud Storage meets or exceeds the security standards from Center for Internet Security (CIS), as amended or modified, or equivalent standards as approved by the Tribal Gaming Agency with concurrence from State Gaming Agency;
- s. Procedures for closing out dormant Player Accounts;
- t. Procedures for making adjustments to a Player Account, including the process for a patron to close out a Player Account, and a process whereby a patron will be refunded after the closure of a Player Account;
- u. If the Sports Wagering System includes Mobile Sports Wagering, a method for verifying patrons' wagers placed within the Premises;
- v. Procedures to maintain the security of identity and financial information of patrons;

- w. Procedures for securely issuing, modifying, and resetting a Player Account password, personal identification number, biometric login, or other approved security feature, when applicable;
- x. Procedures for patron notification including any password or security modification via electronic or regular mail, text message, or other manner approved by the Tribal Gaming Agency, provided that such methods will include, at a minimum: (A) if in person, verify the patron's identity against a form of valid, federal, state, or tribal government-issued, photo identification, (B) the correct response to two or more challenge questions, (C) strong authentication, or (D) two-factor authentication;
- y. Controls to prevent ACH fraud regarding failed ACH deposits into a Player Account and policies regarding Player Account closure, dormant Player Account, unclaimed funds in a dormant Player Account, and suspension and subsequent restoration of a Player Account;
- z. Change control procedure;
- aa. Procedures for receiving, investigating and responding to patron complaints;
- bb. Procedures to ensure security of the servers;
- cc. Procedures for line setting and line moving;
- dd. Procedures regarding redemption of winning tickets, including but not limited to a method for redeeming lost tickets, if allowed, and a method for redeeming tickets by U.S. Mail, if allowed;
- ee. Description of the circumstances, limitations, and method by which the Gaming Operation will cancel wagers, which must at a minimum require cancellation in the event of an obvious error and require that only a supervisory employee of the Gaming Operation can void or cancel a wager;
- ff. Procedures for voiding wagers;
- gg. Accounting and audit procedures; and
- hh. Any other internal controls deemed necessary by the State Gaming Agency and Tribal Gaming Agency by memorandum of agreement.

5.9.3 Revisions. Any new or revised Internal Controls adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Sports Wagering are preserved and protected; maintain the integrity of Sports Wagering; and reduce the dangers of unfair or illegal practices in the conduct of Sports Wagering. The Tribal Gaming Agency shall forward to the State Gaming Agency any proposed changes to the Internal Controls for review and concurrence. The Tribal Gaming Agency shall detail how such changes in the provisions adequately preserve and protect the integrity and security of the standard it is replacing. The State Gaming Agency concurrence with the Tribal Gaming Agency proposal shall be deemed granted after twenty (20) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency. The State Gaming Agency shall only disapprove such portions of a

proposal it finds would have a material adverse impact on public interest or on the integrity of the Gaming Operation and shall detail the reasons for disapproval.

5.10 House Rules. The Gaming Operation will adopt comprehensive house rules, which must be approved by the Tribal Gaming Agency, and made available to patrons at the Gaming Facility and through the Sports Wagering System. House Rules shall include: (1) Method for calculation and payment of winning wagers; (2) Description of the process for handling incorrectly posted events, odds, wagers, or results; (3) Effect of schedule changes; (4) Method of notifying patrons of odds or proposition changes; (5) Acceptance of wagers at other than posted terms; (6) Expiration of any winning ticket; (7) Lost ticket policy; (8) Method of contacting the operator for questions and complaints; (9) A policy by which Gaming Operation can cancel or void wagers; and (10) Description of Prohibited Sports Wagering Participants.

SECTION 6. SPORTS WAGERING LICENSING AND CERTIFICATION

The Tribe and State will share information about significant licensing and certification matters that reflect on the conduct of Sports Wagering.

6.1 Applicability of Compact Provisions. Sports Wagering Vendors will be licensed and certified in accordance with this Appendix; however, to extent they are not addressed herein, the following sections of the Compact will also apply to this Appendix: Section IV, Licensing and Certification Requirements, and Section V, Licensing and State Certification Procedures, including but not limited to licensure of Gaming Employees and exemptions from licensure. All manufacturers, suppliers of Gaming Services, and Financiers not expressly identified in this Appendix will be licensed and certified in accordance with Section IV of the Compact, unless exempted therein. Consistent with Section IV of the Compact, in the event a Sports Wagering Vendor provides or intends to provide less than \$25,000 in Sports Wagering goods or services annually, the licensing requirements may be waived upon the mutual agreement of the Tribal and State Gaming Agencies. This waiver does not apply to Sports Wagering Vendors whose compensation is contractually determined by the Tribe's Sports Wagering revenue.

6.2 Sports Wagering Vendors. Each Sports Wagering Vendor must be licensed by the Tribal Gaming Agency and certified by the State Gaming Agency prior to the sale or delivery of any component of the Sports Wagering System or Sports Wagering services to the Tribe. If a Sports Wagering Vendor is certified by the State Gaming Agency to supply any component of the Sports Wagering System or Sports Wagering services to any other tribe in Washington State, it shall be deemed certified to supply similar goods or services to the Tribe for the purposes of this Appendix, provided that such goods and services are within the same Sports Wagering Vendor category, each of which are described in Sections 6.2.1 – 6.2.3 below.

6.2.1 Major Sports Wagering Vendor. Any person or entity that provides goods or services integral to Sports Wagering must be licensed as a Major Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. The following vendors are integral to Sports Wagering:

- a. Manager of the Tribe's Sports Wagering activities pursuant to an agreement approved by the National Indian Gaming Commission;
- b. When the Tribe manages its own Sports Wagering activities, the Tribe's primary consultant who provides substantial Sports Wagering related services;
- c. Any manufacturer or distributor of the Sports Wagering System or a component thereof;
- d. Provider of book-making services; or
- e. Provider of Sports Wagering risk management services.

6.2.2 Mid-Level Sports Wagering Vendor. Any entity that provides security or integrity services directly related to Sports Wagering must be licensed as a Mid-Level Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. For the purpose of this Section 6.2.2, security or integrity services include the following:

- a. Integrity monitoring services;
- b. Services related to compilation, furnishing, or storage of official data for use in Sports Wagering;
- c. System security testing or certification services directly related to initial or annual testing or assessment of the Sports Wagering System security;
- d. Services directly related to the creation and maintenance of a Geofence to ensure that wagers are placed within the Premises;
- e. Player account management services, including Software-as-a-Service (SaaS); and
- f. Any other provider of security or integrity services that the Tribal and State Gaming Agencies agree must be licensed and certified as a Mid-Level Sports Wagering Vendor because the provider's services are directly related to Sports Wagering.

6.2.3 Ancillary Sports Wagering Vendors. Any entity that provides necessary support services to Sports Wagering must be licensed as an Ancillary Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. For the purpose of this Section 6.2.3, support services include at least the following:

- a. Services related to the offering of mobile payment processing for use in Mobile Sports Wagering;
- b. Know your customer services for use in Mobile Sports Wagering; and
- c. Marketing services in which compensation for such services is, by contract, determined by the Tribe's Sports Wagering revenue.

6.3 Tribal Licensing of Sports Wagering Vendors. All applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Agency. The Tribal Gaming Agency shall establish the Tribal licensing fees for Sports Wagering Vendors.

6.4 State Certification of Sports Wagering Vendors. Each Sports Wagering Vendor and its representatives shall apply for certification by the State Gaming Agency and shall submit the completed applications along with the required information and fees to the State Gaming Agency. The State Gaming Agency shall expedite Sports Wagering Vendor certification requests. For applicants who are business entities, the State's application and investigation will extend to each Principal of the entity but will not apply to spouses of any Principals. The State Gaming Agency will conduct interviews virtually and review documents electronically when possible. The State Gaming Agency will perform a site visit if an applicant requests a site visit or if the State Gaming Agency determines that the information sought is critical to its investigation and such information cannot be obtained by other reasonable measures.

6.5 Fees for State Certification. The fees for initial and renewal State certification shall be determined pursuant to Washington Administrative Code (WAC) Title 230 for Sports Wagering Vendors and their representatives.

SECTION 7. CRIMINAL ENFORCEMENT

7.1 Anti-Money Laundering.

7.1.1 Limits on Anonymous Wagering.

- a. No patron shall engage in Mobile Sports Wagering, as provided in Section 5.6.1 of this Appendix, without a Player Account.
- b. No patron may anonymously place a single Sports Wager of \$2,000 or more. The Internal Controls will detail acceptable forms and methods of identifying a patron who places a wager of \$2,000 or more.

7.1.2 Federal Requirements. The Tribe is responsible for the regulatory oversight of Sports Wagering player accounts and patron funds held on deposit. The Tribe's Internal Controls will describe how the Tribe will comply with applicable federal requirements including requirements imposed by the Federal Trade Commission (FTC), Office of the Comptroller of the Currency (OCC), Financial Crimes Enforcement Network (FinCEN), Consumer Financial Protection Bureau (CFPB), Office of Foreign Assets Control (OFAC) and the US Department of Treasury.

7.2 Sports Integrity.

7.2.1 Collaboration. The State Gaming Agency and Tribal Gaming Agency shall collaborate in an effort to prevent and detect competition manipulation through education and enforcement of the provisions of Chapter 9.46 RCW, 67.04 RCW, or 67.24 RCW, or any other State laws related to the integrity of sporting events, athletic events, or competitions within the State.

7.2.2 Integrity Monitoring Provider.

- a. To ensure the Tribal Gaming Agency and State Gaming Agency can monitor the integrity of Sports Wagering, the Gaming Operation will require the collection of aggregate Sports Wagering information, in a format that can be efficiently utilized, provided to, and analyzed by an approved Integrity Monitoring Provider.

In order to identify Unusual Wagering Activity and Suspicious Wagering Activity, the Integrity Monitoring Provider will monitor Sports Wagering information as outlined in the Internal Controls that includes industry best practices.

Upon receiving any report of Unusual Wagering Activity or Suspicious Wagering Activity from an Integrity Monitoring Provider, the Gaming Operation will review such reports and notify the Integrity Monitoring Provider of whether or not it has experienced similar activity.

- b. As a condition of licensure by the Tribal Gaming Agency, the Integrity Monitoring Provider will be required to:
 - i. Share information about any Unusual Wagering Activity with other Integrity Monitoring Providers and required to disseminate all reports of Unusual Wagering Activity to all tribes offering Sports Wagering in Washington; and
 - ii. Immediately notify all other Integrity Monitoring Providers, the Tribal Gaming Agency, and the State Gaming Agency if the Integrity Monitoring Provider finds any Suspicious Wagering Activity, including a previously reported Unusual Wagering Activity that rises to the level of Suspicious Wagering Activity.

7.2.3 Annual Report. The Tribe shall submit a yearly report to the State Gaming Agency, which details services provided by the Integrity Monitoring Provider and summarizes any Unusual Wagering Activity or Suspicious Wagering Activity notifications issued during that time period.

7.3 Information Sharing. In addition to the information sharing provisions contained in the Compact, the Tribe will establish an information disclosure policy that meets the information sharing requirements in RCW 9.46.0364, at a minimum, sets forth the Tribe's process for sharing information with Local Law Enforcement Agencies and State Gaming Agency, when such officials are investigating Sports Wagering related crimes, including money laundering and sports integrity, believed to have occurred within the Gaming Facility or within Squaxin Island Tribal Lands. The Tribe will share the Sports Wagering information disclosure policy, and any changes to the policy, with the State Gaming Agency and provide the State Gaming Agency a thirty (30) day comment period before implementation. The Tribe will provide personal identifiable information of patrons with Local Law Enforcement Agencies and State Gaming Agency in accordance with its information sharing policy.

SECTION 8. PROBLEM AND RESPONSIBLE GAMBLING

8.1 Monetary Contribution. The Tribe agrees that Sports Wagering Net Win will be included in the calculation of Class III gaming revenues for purposes of Section 14.4 of Appendix X2 and subject to the applicable payment provisions of Section 14.6 of Appendix X2.

8.2 Self-Exclusion. The Tribe agrees to consider participating in the State Gaming Agency's statewide self-exclusion program once it is implemented.

8.3 Commitment to Responsible Sports Wagering. The Tribe and State Gaming Agency recognize the importance of responsible gambling as part of the shared responsibility to protect the health, welfare, and safety of the citizens of the Tribe and of the State. As part of that responsibility, the Tribe agrees to:

8.3.1 Training. Provide annual training and education for all Gaming Employees, with a separate training for management, to cover such topics as how to identify problem gamblers, how to provide assistance when asked, underage gambling prevention, and unattended children.

8.3.2 Policy. Create and maintain a responsible gambling policy that, at a minimum, includes information about responsible gambling and identifies resources for individuals seeking information about problem gambling. The policy may include information about how and where to seek treatment, national or local hotline numbers, and a description of self-imposed limits offered by the Gaming Operation, if any.

8.3.3 Display Commitment to Responsible Gambling. Each Mobile Sports Wagering application and each Sports Wagering Kiosk shall display a commitment to responsible gambling and a link to the policy created pursuant to Section 8.3.2.

8.3.4 Offer Self-Imposed Limits. Either through the Mobile Sports Wagering application or through the Player Accounts, the Tribe shall include the option to self-impose limitations on wagering parameters including, at a minimum, (a) limits on the dollar amount of deposits a player can make into his or her Player Account within a specified time period, and (b) limits on the total amount of time available for play or wagering during a specified time period.

8.4 Problem Gambling Task Force. The Tribe agrees to consider the results of the Problem Gambling Legislative Task Force Final Report in any future amendments to the Appendix.