

# SQUAXIN ISLAND TRIBE

RESOLUTION NO. 95 - 71

OF THE

SQUAXIN ISLAND TRIBAL COUNCIL

WHEREAS, the Squaxin Island Tribal Council is the Governing Body of the Squaxin Island Indian Reservation by authority of the Constitution and By-Laws of the Squaxin Island Tribe, as approved and adopted by the General Body and the Secretary of the Interior on July 8, 1965; and

WHEREAS, under the Constitution and By-laws of the Tribe, the Squaxin Island Tribal Council is charged with the duty of protecting the health, security, education and general welfare of tribal members; and

WHEREAS, under the above mentioned Constitution and Bylaws, the Squaxin Tribal Council is empowered to exercise the responsibility to approve or disapprove contracts or agreements with private persons or with corporate bodies; and

WHEREAS, the gaming facility manager recommends that an agreement be entered into with MegaBingo, Inc., a Delaware corporation, whereby MegaBingo, Inc. will provide Integrated Gaming Services to the gaming facility, including MegaBingo and MegaCash; and

WHEREAS, the Squaxin Tribal Council agrees that it is to the economic and financial benefit for the Tribe to enter into this agreement with MegaBingo, Inc.; and

WHEREAS, MegaBingo, Inc. is in the business of providing technical, financial and other services required for the conduct of Integrated Gaming, hereby defined as lawful games on "Indian Lands" as defined in the Indian Gaming Regulatory Act, Public Law 100-497, the "Act"; and

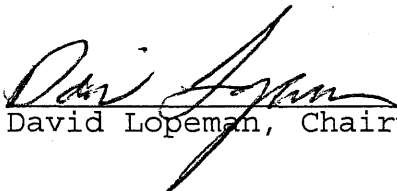
WHEREAS, the parties understand and agree that the Integrated Games to be conducted at the hall under and in connection with the Agreement initially shall be a series of High Stakes bingo games described in the Games Parameters provided for in this agreement, and shall thereafter include such other Integrated Games as may be selected from time to time in accordance with the terms of the Agreement which are legally conducted under applicable law, including the "Act"; and

NOW THEREFORE BE IT RESOLVED, that the Squaxin Island Tribal Council, in consideration of the mutual premises and covenants of the parties contained in this agreement approved and supports this resolution for the Tribe to enter into this agreement with MegaBingo, Inc. and agrees to all Terms and Conditions of said Agreement.


BE IT FINALLY RESOLVED, that the Chairman of the Tribal Council of the Squaxin Tribe, or in the absence of the Chairman, the Vice Chairman, is hereby authorized to sign, execute and negotiate all contracts, agreements and amendments thereto, with respect to the contracts with MegaBingo, Inc. on behalf of the Tribe without further adoption of a resolution securing the performance of this activity throughout its duration and is executed in compliance with all the Tribal, federal and other ordinances.


C E R T I F I C A T I O N

The Squaxin Island Tribal Council does hereby certify that the foregoing Resolution was adopted at a meeting of the Squaxin Island Tribal Council, held on this 31st day of August 1995, at which a quorum was present and was passed by a vote of 3 for, and 0 against with 0 abstentions.

  
David Lopeman, Chairman

Attested by:

  
Dave Whitener, Secretary

  
Cal Peters, Vice Chairman

## Integrated Gaming Services Agreement

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_ 1995 by and between \_\_\_\_\_, with an address at \_\_\_\_\_, (the "Tribe") and MegaBingo Inc., a Delaware corporation with a place of business at 7335 South Lewis, Suite 204, Tulsa, Oklahoma 74136.

### Preamble

The concept of integrated games was begun prior to enactment of the Indian Gaming Regulatory Act of 1988; however, the concept of integrated games was clearly contemplated by the U. S. Congress when it enacted Section 4 (7) (A) (i) of the Act. The Senate Committee report describing this concept said:

"The Committee intends that the tribes be given the opportunity to take advantage of modern methods of conducting Class II games and the language regarding technology is designed to provide maximum flexibility. In this regard, the Committee recognizes that tribes may wish to join with other tribes to coordinate their Class II operations and thereby enhance the potential of increasing revenues. For example, linking participant players at various reservations whether in the same or different States, by means of telephone, cable, television or satellite may be a reasonable approach for Tribes to take."

### **As a preface to this services agreement, it is noted:**

\* The integrated games are tribally owned and operated Class II bingo games;

\* MegaBingo, Inc. is a service organization that provides technical, electronic and satellite support services for the integrated games;

\* MegaBingo, MegaCash and other games integrated among multiple halls are being played on approximately 50 Indian reservations nationwide;

\* The balls and drawing equipment for the games are owned by a Tribal government and the employees who draw the balls for games are employees of a Tribal Government. The integrated games are played at and broadcast from a central location on the Creek Nation in Oklahoma, or other Indian lands. However, a consortium of Indian Tribes offer the games to players participating with their Tribes. The increased number of players allows the participating tribes to offer higher prizes, thus creating a benefit to both large and small tribes. In particular, the integrated games provide an opportunity for small tribes in remote locations who may otherwise be unable to consistently attract bingo players who want to enjoy the excitement of participation in a high stakes game; and

\* All personnel are employed by the tribe and report to that tribe which is responsible for all cash handling and deposits.

## Background

The Tribe conducts various games at the \_\_\_\_\_ gaming facility located at \_\_\_\_\_ (the "Hall").

MegaBingo Inc. is in the business of providing technical, financial and other services required for the conduct of "**Integrated Games**," hereby defined as lawful games played simultaneously in a number of gaming facilities located on "**Indian lands**" (as such term is defined in the Indian Gaming Regulatory Act, (25 USC Section 2701 et seq.) the "**Act**") utilizing electronically interconnecting and merging play and integrated revenue and prize pools.

The parties to this Agreement desire that the Tribe engage in and conduct, and that MegaBingo Inc. provide technical and other integration services in support of, Integrated Games at the Hall.

The parties understand and agree that the Integrated Games to be conducted at the Hall under and in connection with this Agreement (the "**Games**") initially shall be a series of high-stakes bingo games (described in the Game Parameters provided for in this Agreement) and shall thereafter include such other Integrated Games as may be selected from time to time in accordance with the terms of this Agreement which are legally conductible under applicable law, including the Act.

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties contained in this Agreement, the parties hereto agree as follows:

### **Terms and Conditions**

#### 1. Term and Termination

1.1 Term. This Agreement shall be in full force and effect during the period of time (the "**Term**") commencing on the date the Games are first played at the Hall and ending either (i) five (5) years from the date that the Games are first played at the Hall, (ii) such later date as to which this Agreement is hereafter extended from time to time by mutual written agreement of the parties hereto or (iii) such earlier date as this agreement is terminated pursuant to the provisions of Section 1.2 hereof.

1.2 Termination. Except as otherwise may be provided herein, this Agreement shall not be terminated prior to the expiration of the initial Term except as follows:

(i) by either party hereto upon written notice in the event of impossibility of performance within the usual and customary meaning of such term, force majeure or other cause beyond the reasonable control of the parties; or

(ii) by either party hereto upon at least thirty (30) days written notice given no later than one hundred and twenty (120) days after the commencement (under this Agreement or otherwise) of the Games at the Hall in the event that such party determines that this Agreement is not to its financial benefit; or

(iii) by either party hereto upon written notice given within seven (7) business days after becoming aware of the material breach of this Agreement by the other party hereto; or

(iv) by the Tribe in accordance with the provisions of Section 2.1.4 hereof;

(v) by MegaBingo Inc. upon at least one week's written notice in the event that the Hall ceases to be available, due to a change in the Hall's gaming schedule, for the conduct of the Games during the Games' designated time slot on any of the days of the week or weekend the Hall is so available at the signing of this agreement.

## 2. Duties of MegaBingo Inc.

### 2.1 Game Procedures

2.1.1 Establishment. To ensure the technical quality, game uniformity, efficient coordination and operational flexibility required for continued successful operation of the Games the parties agree that, except for the Game Accounting Procedures provided for in Section 4.1 hereof, MegaBingo Inc. shall be solely responsible for proposing, establishing and modifying from time to time the "**Game Procedures**," hereby defined as the technical, financial and other plans, arrangements, systems, rules and procedures defining and used in the operation of the Games subject to final approval by the appropriate Tribal Committee. The Game Procedures in all cases shall be consistent with the provisions of this Agreement.

2.1.2 Consultation with Committees. As more fully set forth in Article 5 hereof, certain committees have been and may be established to provide for the mutual communication, cooperation and coordination between MegaBingo Inc. and the "**Participants**" (each Participant being defined as the party or parties associated with a participating Hall who have contracted with MegaBingo Inc. to conduct the Games at that Hall) required for the successful conduct of the Games, including an active role for the Participants in the establishment and modification of Game Procedures. MegaBingo Inc. will attempt to attend all meetings of the committees and, to the extent practicable, will in good faith consult with and give all due consideration to the concerns, desires and advice of the committees before proposing or implementing new or materially modified Game Procedures.

### 2.1.3 Approval by Committees.

(a) MegaBingo Inc. will submit any proposed material modifications of the "**Game Parameters**" (defined as the Game Procedures which establish and define the prize structure, game rules and other parameters defining the Games to be conducted), to the Operations Committee (defined in Article 5 hereof) for its approval thereof, which approval shall not be unreasonably withheld.

(b) MegaBingo Inc. will submit any proposed material modifications of the "**Financial Procedures**" (defined as the Game Procedures which establish and define the Cash Management System defined in Section 4.2

hereof and the methods used to provide the protection against prize duplication and the guaranty of payment of prizes won referred to in Sections 2.5 and 2.6 hereof) Financial Procedures, to the Audit Committee (defined in Article 5 hereof) for its approval thereof, which approval shall not be unreasonably withheld or delayed.

(c) Any existing, new or modified Gaming Parameter or Financial Procedure submitted to the proper committee as aforesaid shall be deemed approved by such committee unless expressly disapproved in writing by such committee within seven (7) business days after submission by MegaBingo Inc.. Once approved or disapproved by the proper committee (or, in the event of emergency, at such earlier time as MegaBingo Inc. in good faith shall deem necessary in the circumstances), any such existing Game Parameter or Financial Procedure may be reaffirmed by MegaBingo Inc. and any such new or materially modified Game Parameter or Financial Procedure may be adopted by MegaBingo Inc., in which event the Tribe shall have the termination rights set forth in Section 2.1.4 hereof if such Game Parameter or Financial Procedure has been disapproved by the proper committee in accordance with the provisions of this Section 2.1.3.

2.1.4 Access, Notification and Termination Rights. Upon request, the Tribe shall have access to and may copy during normal business hours all Game Procedures other than those portions which must be kept confidential for game security or integrity reasons. Within five (5) business days after the execution of this Agreement, MegaBingo Inc. shall provide to the Tribe a written summary of the major provisions of the Game Parameters and Financial Procedures by then adopted and notice of any committee disapproval thereof. Further, MegaBingo Inc. shall promptly provide to the Tribe a written summary of all new or materially modified Game Parameters and Financial Procedures thereafter adopted and notice of any committee disapproval thereof. The Tribe shall have the right to terminate this Agreement by written notice sent to MegaBingo Inc. no later than seven (7) business days after the aforesaid initial reaffirmation of any existing Game Parameter or Financial Procedure or the adoption of any new or materially modified Game Parameter or Financial Procedure (or, if later, seven (7) business days after the initial notification to the Tribe of such initial reaffirmation or adoption) if such Game Parameter or Financial Procedure has been disapproved by the proper committee in accordance with the provisions of Section 2.1.3 above.

2.2 Equipment, Materials, Supplies and Personnel. Except as otherwise provided in this Agreement, MegaBingo Inc. shall design and procure or otherwise provide, repair and maintain in good condition at its sole expense all hardware, software, equipment, materials and supplies and shall provide the training of qualified personnel in accordance with agreed to job performance standards, necessary to operate the Games including but not limited to those required to accomplish the tasks ascribed to MegaBingo Inc. in Section 7.1 hereof. Except as may be otherwise agreed in writing, MegaBingo Inc. shall retain title to said hardware, software, equipment and unexpended supplies (and shall be permitted reasonable access thereto to remove the same from the Tribe's lands at the end of the Term) except that, said equipment is leased to the Tribe for \$1.00 a year and is under their sole operating control, and unless this Agreement is terminated prior to expiration of the initial five years of the Term, at the end of the Term title to any satellite receiving electronics and dishes and

drawing monitoring equipment then being utilized in the Game at the Hall shall be transferred without cost to the Tribe.

2.3 Support. In its sole discretion, MegaBingo Inc. may procure such technical, marketing, and other support as it deems necessary or advisable to effectuate the design, implementation and operation of the Games, and to require such support groups to provide such information as it may deem necessary, including but not limited to background investigations, to ensure the security and integrity of the Games. MegaBingo Inc. shall provide the Tribe with the names and addresses of the principals of all subcontracted support groups and any other information required for any review or approval thereof mandated by applicable federal law.

2.4 Marketing. MegaBingo Inc. shall conduct such market analyses and research and place such paid advertising and promotions (in addition to the efforts to be made by the Tribe under Section 3.4 hereof) as MegaBingo Inc., in its sole discretion, deems necessary or advisable. MegaBingo Inc.'s general advertising and promotional plans shall be submitted for approval by the Marketing Committee, which approval shall not be unreasonably withheld or delayed, and the same shall be deemed approved by the committee unless expressly disapproved in writing by the committee within seven (7) Business days after submission by MegaBingo Inc..

2.5 Protection Against Prize Duplication. MegaBingo Inc. shall provide reasonable commercially available errors and omissions insurance coverage or other suitable protection against the possibility of duplication of prize liabilities due to the malfunction of equipment and/or actions of personnel provided by MegaBingo Inc. and its subcontractors.

2.6 Guaranty of Prizes. MegaBingo Inc. shall guaranty the payment of prizes won in the Games by letters of credit, performance bonds, escrowed funds, insurance and/or other guarantees. The Tribe shall not advertise any prize which has not been established by MegaBingo Inc. under Section 2.1 hereof.

2.7 Licenses and Approvals. MegaBingo Inc. shall obtain any licenses and approvals required for the operations of the Games under applicable law and shall present to the Tribe documentation of the obtainment thereof prior to the commencement of the Games at the Hall.

2.8 Environmental Assessment. MegaBingo Inc. shall be responsible at its own expense to obtain any environmental assessments or studies required by federal law in connection with this Agreement.

### 3. Duties of the Tribe

3.1 Space. The Tribe shall provide sufficient secure space in the Hall to accomplish the following: (i) sell Game cards and tickets for each Game from up to four (4) hours prior to the commencement of each session of the Games and to perform necessary accounting activities up to one (1) hour after the close of each session of the Games, (ii) store up to one hundred thousand (100,000) Game cards or tickets and (iii) store and use such equipment (including but not limited to computers, cameras and telecasting, reception and monitoring devices) as MegaBingo Inc. deems necessary to the conduct of the Games at the Hall.

3.2 Time Allocation. Except as many otherwise be mutually agreed in writing by the parties hereto and absenting technical difficulties on the part of MegaBingo Inc., the Games will be conducted at the Hall in the time slot (not to exceed 30 minutes in duration without the consent of the Tribe) established from time to time by MegaBingo Inc. during each day the Hall is open for gaming business during said time slot.

3.3 Access. The Tribe shall allow MegaBingo Inc. reasonable access to its property for purposes of installing, operating and maintaining any and all Game equipment.

3.4 Advertising and Promotion. The Tribe shall provide such advertising and promotion of the Games as it deems, in its sole discretion, to be required to stimulate optimal player participation in the Games at the Hall, and the Tribe will cooperate with MegaBingo Inc.'s advertising and promotional efforts.

3.5 Cooperation. The Tribe will cooperate in good faith with any effort by MegaBingo Inc. to obtain any environmental assessments or studies and any licenses or approvals deemed by MegaBingo Inc. to be necessary or desirable respecting this Agreement or the conduct of the Games hereunder including, but not limited to, approval of this Agreement by the Bureau of Indian Affairs ("BIA") and/or the National Indian Gaming Commission (the "**Commission**").

3.6 Data. Upon the request of MegaBingo Inc. made from time to time, the Tribe will provide MegaBingo Inc. with such information and data as the Tribe shall then possess regarding bingo and other games conducted on Indian lands and possible markets for the Games, which information and data shall be protected regarding disclosure under the provision of Section 6.2 hereof. The Tribe shall also make available to MegaBingo Inc., the Hall and its customers in order to facilitate the conduct of any marketing research to be conducted by MegaBingo Inc. under Section 2.4 hereof.

3.7 Personnel. The Tribe shall provide such personnel to sell Game cards or tickets at the Hall as are called for by the Game Accounting Procedures established under Section 4.1 hereof.

#### 4. Financial Matters

4.1 Game Accounting Procedures. No later than one week before the scheduled commencement of the Games at the Hall, MegaBingo Inc. and the Tribe shall agree upon specific written procedures ("**Game Accounting Procedures**") to be followed by the parties hereto regarding the sale of Game cards or tickets at the Hall and the handling of the revenues derived from such sales (the "**Hall Revenues**") including, without limitation:

(i) the allocation and distribution of Game cards or tickets to or the Tribe for sale to the players at the Hall,

(ii) the sale of Game cards or tickets to the players and collection of the purchase price from the players,

(iii) the return and deallocation of those Game cards or tickets which have been allocated for sale but have not been sold prior to the start of each Game session,



(iv) the reconciliation of the cash receipts collected by each party hereto with the receipts to be expected from the sale by such party of the Game cards or tickets allocated and not deallocated to such party. Any shortage in receipts collected by a party hereto shall be deemed a part of the Hall Revenues collected by such party and shall be provided by such party in cash for deposit under (v) immediately below, and

(v) the local deposit no later than the next banking day in immediately available funds of said Hall Revenues less any amounts to be deducted therefrom (for immediate payment of prizes or otherwise) prior to deposit in accordance with the terms of this Agreement and the Game Procedures.

The Game Accounting Procedures in all cases shall be consistent with the terms of this Agreement and the Game Procedures and may be amended from time to time by the mutual written agreement of the parties hereto.

4.2 Cash Management System. MegaBingo Inc. shall be solely responsible for the allocation, disbursement and distribution in conformity with the provisions of this Agreement of all Hall Revenues which are locally deposited in accordance with Section 4.1(v) above. All such deposited Hall Revenues shall be transferred promptly and directly to an account or accounts under the control of a bank, trust company or similar disinterested organization (the "**Agent**") which will hold, allocate, disburse and distribute said funds as aforesaid under an escrow agreement or similar arrangement with MegaBingo Inc. (the "**Cash Management System**") adequate to safeguard such deposited Hall Revenues. MegaBingo Inc. has established, and from time to time may modify, the Cash Management System (with the same or a different Agent). Such existing Cash Management System and any material modification thereof shall be submitted to the Audit Committee for approval in accordance with Section 2.1.3 hereof.

4.3 Prize Allocation. Seventy (70%) percent of the Hall Revenues shall be allocated to an account (said portion of the Hall Revenues and said account hereinafter referred to as the "**Prize Allocation**") for the payment of (i) the prizes won in the Games, (ii) any out-of-pocket cost or expense incurred by MegaBingo Inc. in connection with guarantying the payment of said prizes, and (iii) Agent's fees.

4.4 Compensation. The Tribe shall be entitled to a fee (the "**Tribe's Fee**") and MegaBingo Inc. shall be entitled to a fee ("**MegaBingo Inc.'s Fee**"), each fee being equal to fifteen (15%) percent of the Hall Revenues, with MegaBingo Inc. paying all expenses from its share, and in no case will MegaBingo Inc. received more than 30% of net revenue after prizes and expenses from the games on Indian land. Subject to the Prize Reserve provisions of Section 4.5(b) below, the Tribe's Fee respecting any given Game session shall be paid to or retained by the Tribe at the close of said session.

4.5 Prize Reserve.

(a) The Cash Management System shall include a separate account for each of MegaBingo Inc., the Tribe and the other Participants (said accounts collectively referred to as the "**Prize Reserve**" which shall be held in reserve to make loans to the Prize Allocation as needed in order to pay prizes won in the

Games in the event that the amount in the Prize Allocation is insufficient for such purpose. All such loans shall be made from the individual accounts comprising the Prize Reserve pro rata to their respective balances and, when the funds therefore are available, shall be repaid by the Prize Allocation to the individual Prize Reserve accounts pro rata to the respective amounts loaned by them.

(b) One-hundred percent (100%) of the Tribe's Fee earned by the Tribe hereunder will be deposited in the Tribe's Prize Reserve account from the commencement of the Games at the Hall until the total amount deposited in the Tribe's Prize Reserve account under this Section 4.5(b) equals or exceeds the "Reserve Contribution" set forth below:

<u>Weekly Sales Brackets</u>	<u>Reserve Contribution</u>
\$5,500 or less.	\$11,725.00
At least \$5,500 but less than \$11,000	\$23,750.00
At least \$11,000 but less than \$22,000.	\$33,500.00
At least \$22,000.	\$73,700.00

All interest accruing on the funds in the Tribe's and MegaBingo Inc.'s Prize Reserve accounts during any calendar month shall be paid to the Tribe and MegaBingo Inc., respectively, not later than the twentieth (20th) day of the following month unless a party entitled to such interest payment desires its interest to be retained in its Prize Reserve account.

(c) MegaBingo Inc. will from time to time establish an amount (which must be approved by the Audit Committee) deemed to be adequate as a reserve for the Prize Allocation (the "**Minimum Reserve Amount**"). At least quarterly, any excess of the Prize Reserve over the Minimum Reserve Amount will be returned to MegaBingo Inc. and such of the Participants as have fulfilled their initial funding obligations to the Prize Reserve, out of their respective Prize Reserve accounts as follows. An amount will be returned to the holder of each such Prize Reserve account equal to the amount, if any, by which such account balance exceeds the account holder's pro rata share of the Minimum Reserve Amount. For purposes of this Section 4.5(c), (i) MegaBingo Inc.'s "pro rata share" shall be a percentage of the Minimum Reserve Amount equal to the percentage of the Prize Reserve represented by MegaBingo Inc.'s Prize Reserve account balance and (ii) each other such account holder's "pro rata share" shall be pro rata to the portion of all revenues derived from the sale of Game cards or tickets at all participating halls during a standard recent time interval (established from time to time by MegaBingo Inc. with the approval of the Audit committee) represented by all revenues derived from the sale of Game cards or tickets at said account holder's hall during said time interval.

(d) Further, any remaining balance in each Participant's Prize Reserve account will be returned to said Participant upon termination of its Integrated Gaming Services Agreement with MegaBingo Inc., and the remaining

balance of each Prize Reserve account will be returned to its account holder upon the final termination of the Cash Management System. The former holder of each such closed account thereafter shall be entitled to directly receive any sums which, but for such termination, would be due and payable to the account holder's Prize Reserve account with respect to any loans from said account to the Prize Allocation which were outstanding at the time of said termination.

#### 4.6 Protective Provisions.

(a) Each banking day a copy of a writing signed by a representative of the Agent will be provided to the Tribe prior to the beginning of that day's Game setting forth whether or not the funds available for the payment of Game Prizes in the Cash Management System or draftable by the Agent on one banking day's notice under letters of credit acceptable to the Agent ("**Total Available Reserves**") are at least equal to all accrued and unpaid prize liabilities plus the cost of all prizes which may be won in said upcoming Game session (the "**Total Potential Liability**") and the amount, if any, by which Total Available Reserves exceed the Total Potential Liability. On each non banking day, MegaBingo Inc. will provide said information to the Tribe in writing prior to the beginning of that day's Game. The Tribe may decline, without penalty, to conduct the Games on any day when Total Available Reserves are not at least equal to the Total Potential Liability. Further, no Game will be conducted on any day when Total Available Reserves plus any other funds reserved by MegaBingo Inc. to pay Game prizes total less than the Total Potential Liability.

(b) Other than to correct any previous erroneous allocation of funds, in no event shall any portion of the balance in MegaBingo Inc.'s Prize Reserve account be returned to MegaBingo Inc. except pursuant to Section 4.5(c) or (d) above.

(c) Other than to correct any previous erroneous allocation of funds or to reimburse MegaBingo Inc. for any payments or loans made by it to satisfy prizes won in the Games, in no event shall any of the Prize Allocation funds be distributed to MegaBingo Inc. except any distribution to MegaBingo Inc. in an amount equal to the total amount similarly distributed from the Prize Allocation to the then existing Participants (including the Tribe) pro rata to the cumulative revenues derived from the sale of Game cards or tickets at their respective halls as of the date of said distribution. The entire amount in the Prize Allocation (less any reserve for accrued and unpaid or contingent liabilities deemed prudent by MegaBingo Inc.) shall be so distributed in the event of the final termination of the Cash Management System, and from time to time MegaBingo Inc. may in its sole discretion authorize such a distribution of part or all of the amount in the Prize Allocation (less any reserve for accrued and unpaid or contingent liabilities deemed prudent by MegaBingo Inc.) if it determines that such distributed amounts are not required to adequately guaranty the payment of any prizes which may thereafter be won in the Games.

4.7 Accounting Methodology. All books of account and financial statements relating to the Cash Management System shall be prepared and maintained in accordance with generally accepted accounting principals.

4.8 Audits, Reports and Inspections. Appropriate officials of the Tribe shall be permitted access to the daily operations of the Game at the Hall and shall have the right to verify Hall Revenues and the Tribe's Fee on a daily basis.

MegaBingo Inc. shall perform or provide for appropriate daily audits of all Hall Revenues and shall provide the Tribe with at least monthly statements showing the status of the Tribe's Prize Reserve account and any expenses paid with Hall Revenues or Cash Management System funds. MegaBingo Inc. shall engage the services of a nationally recognized certified public accounting firm acceptable to the Audit Committee to perform an annual independent audit of the Cash Management System and the funds flowing therethrough, the results of which audit shall be made available to the Tribe and the Audit Committee upon request. The Tribe and the Audit Committee each shall have the right to inspect the Cash Management System including all books of account at all reasonable times (including normal business hours), and MegaBingo Inc. shall permit the Tribe and the Audit Committee to conduct, at their own respective expense, such further independent audits of said system and books as they may desire.

4.9 NIGC Fees and Assessments: The Tribe is responsible for including total sales from Integrated Games in its quarterly reports to the National Indian Gaming Commission which provide the Tribe's assessable gross for the purposes of compliance with 25 C.F.R. 514.1. One-half of all fees paid to the NIGC under 514.1 that are attributable to Integrated Games sales, as a result of this agreement, shall be reimbursed on a quarterly basis to the Tribe from MegaBingo Inc.

## 5. Committee

5.1 Existing Committees. The following committees, each consisting of one MegaBingo Inc. representative who chairs the committee and four Participant representatives, have been constituted by MegaBingo Inc. and the Participants to provide the mutual communication, cooperation and coordination required for the conduct of the Games:

- (i) the "Audit Committee";
- (ii) the "Legal Committee";
- (iii) the "Marketing Committee"; and
- (iv) the "Operations Committee."

5.2 Functions. In addition to the specific approval functions set forth in this Agreement, the committees shall provide oversight of and shall advise MegaBingo Inc. concerning the following aspects of the Games and related operations:

- (i) Audit Committee - financial and audit matters;
- (ii) Legal Committee - legal matters;
- (iii) Marketing Committee - marketing, advertising and public relations matters; and
- (iv) Operations Committee - operations matters.

### 5.3 Annual Meetings.

(a) MegaBingo Inc. will call a meeting annually upon not less than a ten (10) days written notice to which MegaBingo Inc. and each Participant shall be invited and entitled to send one voting delegate for the following purposes:

(i) constituting and defining the role of such additional committees as may be desired provided that such additional committee shall be advisory only except to the extent any approval functions under this Agreement of the committees listed in Section 5.2 above are expressly transferred thereto,

(ii) reconstituting, redefining or eliminating existing committees provided that all approval functions under this Agreement of the committees listed in Section 5.2 above are retained by the remaining committees and

(iii) electing the committee members to serve on each committee until the next such annual meeting or until their successors are elected and qualified.

(b) The presence, in person or by written and signed proxy, of voting delegates representing at least one-third of the Participants shall constitute a quorum for the transaction of business at the meeting. The affirmative vote of a majority of those delegates present in person or by proxy and voting, a quorum being present and each delegate being entitled to cast one vote, shall be sufficient to take action on matters properly brought before the meeting except that (i) the MegaBingo Inc. delegate shall not vote for Participant committee representative and (ii) the Participant delegates shall not vote for MegaBingo Inc. committee representatives.

(c) Each committee shall have as its members one MegaBingo Inc. representative who shall chair the committee and such number of Participant representatives as shall have been established at such annual delegate meetings and shall operate in accordance with such rules and procedures as are voted by the delegates at such aforesaid annual meetings or, in the absence of such votes, as decided by the members of said committee, all provided that with respect to each committee: (i) the presence in person (or by telephonic or other means whereby each member of the committee can hear all other members of the committee) of a majority of the committee members shall constitute a quorum for the transaction of business at any meeting of the committee, (ii) the committee shall take action only at a meeting thereof or by unanimous written consent of all committee members, (iii) the affirmative vote of a majority of those committee members present in person (or telephonically or otherwise as aforesaid) at the meeting, a quorum being present, shall be sufficient to take action on matters properly brought before the meeting and (iv) each Committee member shall have one vote.

(d) The failure of any committees to remain active or to act in accordance with established rules and procedures shall neither be grounds for termination of this Agreement nor prevent MegaBingo Inc. from taking actions which by the terms of this Agreement must be submitted to such committees for approval.

## 6. Miscellaneous Matters

6.1 Disputes. Any dispute among the parties hereto regarding the interpretation, performance, breach or enforcement of this Agreement shall be submitted to and resolved by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any award, determination, order or relief, whether in law or equity or otherwise, resulting from such arbitration shall be binding on the parties and may be entered in and enforced by any court having jurisdiction thereof provided that any money judgment or award against the Tribe or any officer or member thereof shall be payable only out of Hall Revenues or the proceeds thereof, and the Tribe waives its sovereign immunity only to the extent required to give effect to the provisions of this Section 6.1.

6.2 Confidentiality. Except as otherwise required by law, the Tribe agrees to forever maintain in confidence and never to disclose to any third party any financial information, confidential ideas and plans, methods, data, developments, inventions or proprietary information regarding MegaBingo Inc., the Games or the operation thereof obtained under or in connection with this Agreement without the express written approval of a duly authorized officer of MegaBingo Inc.. Except as otherwise required by law, MegaBingo Inc. agrees to forever maintain in confidence and never disclose to any third party any information or data provided by the Tribe under Section 3.6 hereof or any financial or other proprietary information regarding the Tribe or its operations obtained under or in connection with this Agreement without the express written approval of a duly authorized officer of the Tribe except disclosures to other Participants, the Agent and other as necessary or convenient to the operation of the Games in accordance with the provisions of this Agreement or the raising of funds thereof.

6.3 Exclusivity. During the Term and, unless this Agreement is terminated pursuant to Section 1.2(i) or (ii) or terminated by the Tribe pursuant to Section 1.2(iii) hereof, for one (1) year thereafter, the Tribe shall not conduct or assist in the conducting of any Integrated Games except in conjunction with MegaBingo Inc. under this Agreement or an agreement hereafter entered into with MegaBingo Inc..

## 6.4 Certifications.

(a) Each party hereto certifies that no payments have been made or will be made to any elected member of the Tribe's government or to any relatives thereof for the purpose of obtaining or maintaining this Agreement or any privilege for such party. For purposes of this Agreement, a "**relative**" is an individual who is related as a father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother or half sister.

(b) Each party hereto certifies that no party in interest (as said term is defined in Section H of the BIA Guidelines dated March 5, 1992) is an elected member of the government of the Tribe or a relative thereof. Each party hereto shall require any party in interest who is elected to the government of the Tribe or relative thereof to divest himself of his or her interest in this Agreement.

(c) Each party hereto certifies that no elected member of the government of the Tribe or relative in the immediate household thereof shall or may be an employee of any party hereto other than an employee of the Tribe not associated with the operation of the Games.

(d) The Tribe certifies that it has a valid bingo ordinance, and that the conduct of the Games at the Hall in conformity with the provisions of this Agreement will be duly authorized in accordance with such ordinance, as the same may be amended, and all other applicable Tribal law and rules. Each party hereto certifies that its actions under and in connection with this Agreement shall be in conformity with all applicable Tribal and other law.

(e) MegaBingo Inc. certifies it will not interfere with, or attempt to influence, the internal affairs or governmental decisions of the Tribe.

(f) The Tribe, which shall be responsible for employment and personnel matters respecting its employees, certifies that it will seek, to the extent practicable, to employ members of the Tribe or other persons of Native American ancestry when recruiting persons to assist in the operation of the Games at the Hall.

(g) The Tribe certifies that attached to this Agreement is a Tribal resolution, certified by the appropriate officer, setting forth the scope of authority of the official(s) of the Tribe who have signed this Agreement on behalf of the Tribe and identifying the provision(s) of the organic document of the Tribe which authorizes this Agreement.

(h) The Tribe certifies that it shall not tax in any form the Games, the operation thereof or MegaBingo Inc.'s participation therein.

6.5 Assignment. This Agreement shall not be assignable, in whole or in part, without the express written consent of all parties hereto. Any assignment of or subcontract under this Agreement shall not be valid unless approved by BIA, the Commission and/or other governmental agencies if and for so long as such approval is required under applicable law.

6.6 Entire Agreement, etc. This Agreement constitutes the entire agreement and understanding and supersedes and cancels any and all prior oral or written agreements and understanding, of the parties hereto respecting the conduct of games at the Hall in conjunction with MegaBingo Inc.. This Agreement shall not be amendable in whole or in part except by a writing signed by the parties hereto. No waiver by any party hereto of any violation of any provision of this Agreement shall be effective unless given in a signed writing, nor shall any such waiver be deemed a waiver of any further violation of this Agreement unless expressly so stated in a signed writing. The Article and Section headings of this Agreement are for convenience of reference only, and shall not constitute any part of this Agreement. This Agreement has been made and shall be interpreted in accordance with the laws of the state within which the Indian lands upon which the Hall stands are located and applicable federal law.

#### 6.7 Communications.

(a) All submissions of matters by MegaBingo Inc. to committees for approval under the terms of this Agreement and all committee disapprovals of

said matters shall be in writing, only. All other notices and other communications required or permitted pursuant to this Agreement initially may be made verbally or in writing provided that, if initially made verbally, the same shall be confirmed in writing within five (5) business days if the terms of this Agreement require the same to be made in writing. Each communication required or permitted under this Agreement shall be deemed to be made and effective only upon the actual or deemed receipt thereof as follows:

(i) respecting any MegaBingo Inc. communication to a committee (including submission of matters for the committee's approval), by the person and at the address designated by said committee for such purpose from time to time upon written notice to MegaBingo Inc. given in accordance with the provisions of this Section 6.7,

(ii) respecting committee communications to MegaBingo Inc. (including committee approvals and disapprovals), by the MegaBingo Inc. representative on said committee at the address designated by MegaBingo Inc. for such purpose from time to time upon written notice to the committee given in accordance with the provisions of this section 6.7,

(iii) respecting MegaBingo Inc. communications to the Tribe, by the Hall manager at the address first written above, or at such other address designated by the Tribe for such purpose from time to time upon written notice to MegaBingo Inc. given in accordance with the provisions of this Section 6.7,

(iv) respecting Tribe communications to MegaBingo Inc., by the President at the MegaBingo Inc. address first above written or by such other persons and/or at such other address designated by MegaBingo Inc. for such purpose from time to time upon written notice to the Tribe given in accordance with the provisions of the Section 6.7.

(b) Each communication required or permitted under this Agreement, if sent to the proper person and address as aforesaid, shall be deemed received by the intended recipient (i) on the day sent by telefax, telegram or telex, (ii) on the business day next following the day sent by next-business-day delivery courier service and (iii) on the third business day next following the day sent by first class U.S. Mail.

## 7. Special Provisions.

Any foregoing provisions of this Agreement to the contrary notwithstanding, the following provision(s) shall apply:

7.1 To Be Provided by MegaBingo Inc. The hardware, software, equipment, materials and supplies and the training of personnel to be supplied by MegaBingo Inc. under Section 2.2 of this Agreement shall include those required to accomplish the following tasks with respect to the conduct of the Games at the Hall:

(i) produce unique Game cards or tickets,

(ii) sell the Game cards or tickets which, in accordance with the provisions of the Game Accounting Procedures established under Section 4.1 of this Agreement,



(iii) perform registration and accounting of Game cards or tickets sold,

(iv) account for revenues, prize awards and other expenses of the Games in accordance with procedures approved by the Tribal Audit Committee.

(v) record transmit, receive and display (via satellite, cable or other means) the Game drawings to the Hall and the other participating halls and

(vi) transmit, monitor and record any data necessary to the conduct of the Games.

7.2 To be Provided by Tribe. The provisions of Section 2.2 notwithstanding, the Tribe shall provide the qualified on-site personnel necessary to operate the Games, including, but not limited to, those required to accomplish the tasks set forth in Section 7.1 above (the "**Personnel**"). At the request of the Tribe made no less than sixty (60) days from the date hereof and no more frequently than two (2) times per year, MegaBingo Inc. will review the hall Revenues and other relevant factors, determine whether it will agree to provide reimbursement to the Tribe for the personnel and promptly notify the Tribe of its decision. The intent of the immediately preceding paragraph is to provide the Tribe with an opportunity to have the issue of Personnel considered by MegaBingo Inc. but not obligate MegaBingo Inc. to provide reimbursement for such Personnel unless MegaBingo Inc. considers such a modification of the Agreement appropriate in its sole discretion.

7.3 Use of Proceeds. Any other provision of this Agreement notwithstanding, if, after due process, an independent auditor, the National Indian Gaming Commission (the "**Commission**") or a court of law determines that the Tribe did not receive the appropriate percentage of net revenues from this Agreement required by the Act, MegaBingo Inc. agrees to pay to the Tribe the difference between the amount that was determined to be payable to the Tribe and the amount paid to the Tribe from this Agreement.

7.4 Promulgation of Regulations. Any other provision of this Agreement notwithstanding, the parties hereto agree that this Agreement must be in compliance with the Act and may require revision upon promulgation of regulation under the Act (the "**Regulations**") in order to comply with the Regulations. Upon promulgation of the Regulations, any party may request a revision of the Agreement to comply with the Regulations. If any party hereto objects to such proposed revision (the "**Objecting Party**"), the revision shall be submitted to the Commission to determine whether such revision is required.

Any decision of the Commission may be appealed in accordance with the Regulations and applicable laws. If the proposed revision is determined to be necessary after the decision of the Commission and any applicable appeal, the Objecting Party shall have the right to terminate this Agreement by giving the other parties thirty (30) days notice of termination.

Here is a list of some of the Tribes that have Mega Bingo in their hall.

- Nisqually Bingo
- Bingo at the Lucky Eagle Casino
- 7 Cedars
- Muckleshoot
- Suquamish
- Swinomish
- Colville
- Spokane

We will be making  
almost 20% of sales

based on the sales usually  $\left\{ \begin{array}{l} 15\% \\ 4.5-5\% \end{array} \right.$  20%

according to the  
representative of mega Bingo  
He will be out to hook  
us up ASAP.

Angie

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

THE TRIBE:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

MEGABINGO INC.:

MegaBingo Inc.

By: \_\_\_\_\_

Title: \_\_\_\_\_