TRIBAL - STATE COMPACT
for
Class III Gaming

between the

Confederated Tribes of the Chehalis Reservation

and the

State of Washington

July 1995

TABLE OF CONTENTS

CONFEDERATED TRIBES OF THE CHEHALIS RESERVATION - STATE OF WASHINGTON

CLASS III GAMING COMPACT

Section		Subject Matter	Page
		Introduction	1
		Parties	1
		Recitals	1
		Declaration of Policy and Purpose	3
I		**Title**	6
II		**Definitions**	6
III		**Nature and Scope of Class III Gaming**	10
	A	Scope of Class III Gaming Activities	10
	B	Lottery-Type Games	11
	C	Punchboards and Pull Tabs and State Lottery - Separate Locations	12
	D	Other Class III Table Games	13
	E	Additional Class III Games	13
	F	Sports Pools	14
	G	Authorized Gaming Operation	14
	H	Forms of Payment	14
	I	Size of Gaming Floor	14
	J	Size of Class III Gaming Operation	14
	K	Wagering Limitations	16
	L	Hours of Operation	17
	M	Ownership of Gaming Facility/Operation	17
	N	Prohibited Activities	17

	O	Prohibition on Minors	18
	P	Prohibition on Firearms	18
	Q	Financiers	18
IV		**Licensing and Certification Requirements**	29
	A	Gaming Operation and Facility	29
	B	Gaming Employees	20
	C	Manufacturers and Suppliers of Gaming Services	20
V		**Licensing and State Certification Procedures**	21
	A	Procedures for Tribal License Applications and State Certification	21
	B	Background Investigations of Applicants	21
	C	Grounds for Revocation, Suspension or Denial of State Certification	21
	D	Right to Hearing for Revocation, Suspension, or Denial of State Certification	24
	E	Denial, Suspension, or Revocation of Licenses Issued by Tribal Gaming Agency	24
	F	Duration and Renewal of Tribal Issued Licenses and State Certifications	24
	G	Identification Cards	25
	H	Exchange of Tribal Licensing and State Certification Information	25
	I	Fees for State Certification	25
	J	Fees for Tribal License	26
	K	Temporary Certification of Gaming Employees	26
	L	Summary Suspension of Tribal License or State Certification	27
	M	Submission to State Administrative Process	27
	N	Tribal Certification	28

VI		**Tribal Enforcement of Compact Provisions**	28
	A	Tribal Gaming Agency	28
	B	Tribal Gaming Agents/Inspectors	29
	C	Reporting of Violations	29
	D	Investigation and Sanctions	29
	E	Reporting to State Gaming Agency	30
	F	Quarterly Meetings	30
VII		**State Cooperative Enforcement of Compact Provisions**	31
	A	Monitoring	31
	B	Access to Records	31
	C	Tribal Gaming Agency Notification	32
	D	Cooperation with Tribal Gaming Agency	32
	E	Jurisdictional Issues	32
VIII		**Regulatory Jurisdiction Relating to Enforcement of the Provisions of this Compact**	33
	A	Concurrent Jurisdiction	33
IX		**Law Enforcement Jurisdiction Relating to Gambling**	33
	A	Investigative Authority	33
	B	Jurisdictional Forums	34
	C	Consent to Application of State Law and Incorporation in Tribal Ordinance	34
	D	Exception to Consent	35
	E	Law Enforcement Coordination	35
X		**Enactment of Compact Provisions**	36
	A	State Gaming Agency Rules or Regulations	36
	B	Tribal Gaming Agency Regulations	36

XI		**Regulations for the Operation and Management of the Tribal Gaming Operation**	36
	A	Adoption of Regulations for Operation and Management	36
	B	Additional Operational Requirements Applicable to Class III Gaming	37
XII		**Remedies for Breach of Compact Provisions**	40
	A	Injunction Against the State	40
	B	Injunction Against the Tribe, the Tribal Gaming Operation, or Any Individual	40
	C	Dispute Resolution	41
	D	Sanctions/Civil Fines	43
	E	Disposition of Civil Fines Collected	44
XIII		**Tribal Reimbursement for Expenses Incurred by the State Gaming Agency**	45
XIV		**Public Health and Safety**	46
	A	Compliance	46
	B	Emergency Service Accessibility	46
	C	Community Contribution	46
	D	Community Relations	48
	E	Alcoholic Beverage Service	48
XV		**Amendments, Duration and Effective Date**	49
	A	Effective Date	49
	B	Voluntary Termination	49
	C	Other Termination - Change of State Law	49
	D	Amendments/Renegotiations	50
		1 Amendments - Mutual	50
		2 Amendments - Contractual	50
		3 Renegotiation - Tribe	50
		4 Renegotiation - State	51
		5 Renegotiation - Either Party	51

	6 Process and Negotiation Standards	52
	7 State Authorization of Additional Class III Gaming Activities	52
	8 Authorization to other Tribes	52
XVI	**Limitations of Liability**	53
XVII	**Notices**	53
XVIII	**Severability**	54
	Signatures	54

INTRODUCTION

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

PARTIES

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

RECITALS

Unlike many tribes in Western Washington, The Tribe has a limited economic resource base from which to provide essential services for the health and welfare of its members.

The Tribe's Reservation was created in 1864 by Executive Order upriver at the confluence of the Black and Chehalis Rivers in what is now Thurston and Grays Harbor Counties. In April of 1989, the State of Washington retroceded the criminal jurisdiction previously exercised by the State of Washington pursuant to Pub. L. 280 over the Confederated Tribes of the Chehalis Reservation.

The principal economic enterprise for tribal members has always been fishing, but the Tribe's right to fish is currently limited to on-reservation fishing. As a result, the price achievable by tribal fishermen is several dollars per pound less than that achievable by fishermen working closer to salt water. This has created a severe economic burden on the Tribe and its members.

Tribal unemployment runs at approximately 38% per annum. More than 50% of the Tribe earns less than the Health and Human Services poverty-low income index. Finally, 65% of the Tribe is 25 years old or younger.

Even with these limited resources, the Tribe has built housing for its members, constructed a Tribal Center and provided recreational / ball fields for its members. In addition the Tribe has supported fish enhancement on the Chehalis River and has been extremely active in the environmental protection of the entire Chehalis watershed.

Faced with these needs in a shrinking federal grant atmosphere, the Tribe has determined that it must turn to gaming to provide services. The Tribe has operated bingo at the Reservation for a number of years. The Tribe intends to use gaming revenues to provide the following (but not necessarily in the order set forth below):

1) Enhance tribal economic development.

2) Create the necessary infrastructure for economic development.

3) Support for fisheries and environmental enhancement programs.

4) Enhance the Tribe's Chemical Dependency Program.

5) Relieve the debt of and enhance the Tribe's medical and dental center and improve the facilities.

6) Return previously owned land to the Reservation land base.

7) Provide an Elder Center.

8) Provide a Youth Center.

9) Build a Tribal Museum to house Tribal artifacts.

10) Develop adult education and vocational training programs.

DECLARATION OF POLICY AND PURPOSE

The I.G.R.A. provides for the negotiation of compacts between States and Tribes to govern the conduct of Class III gaming. Indian tribes have rights under the I.G.R.A. to conduct and regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by Federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity. The overarching policy of the Act is to provide a framework for the operation of gaming by Indian tribes as a means of promoting Tribal economic development, self-sufficiency and strong Tribal governments, as well as providing a basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the Gaming Operation and to assure that gaming is conducted fairly and honestly by both the operator and players.

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

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

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

The Chehalis Tribe and the State of Washington have mutually agreed, within the parameters established by the Act, to the following provisions governing the conduct of Class III gaming activities on the lands of the Tribe, designed to (a) protect the health, welfare and safety of the citizens of the Tribe and the State, and (b) develop and implement a means of regulation for the conduct of Class III gaming on Indian lands, as that term is

defined in the Act, in an effort to ensure the fair and honest operation of such gaming activities and to minimize the possibility of corruption or illegal practices in conjunction with such activities, and (c) to maintain the integrity of all activities conducted in regard to Class III gaming.

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

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

IN CONSIDERATION of the foregoing and the mutual benefits to be derived, the CONFEDERATED TRIBES OF THE CHEHALIS INDIAN RESERVATION and the STATE OF WASHINGTON do enter into a TRIBAL-STATE COMPACT as provided for herein.

I. TITLE

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

II. DEFINITIONS

For purposes of this Compact:

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

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

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

D. "Code" means the Chehalis Gaming Code, as amended.

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

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

or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof.

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

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

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

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

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

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

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

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

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

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

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

financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person or entity other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the start-up capital or operating capital over a twelve (12) month period, or a combination thereof. For purposes of this definition, where there is any commonality of characteristics identified in (i) through (iv) above between any two (2) or more entities, those shall be deemed to be a single entity.

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

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

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

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

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

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

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

X. "Tribe" means the Confederated Tribes of the Chehalis Indian Reservation, its authorized officials, agents and representatives.

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

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

III. NATURE, SIZE AND SCOPE OF CLASS III GAMING

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

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

7. Red Dog;

8. Chemin De Fer;

9. Craps;

10. 4-5-6;

11. Ship-Captain-Crew;

12. Horses (stop dice);

13. Beat the Dealer;

14. Over/Under Seven;

15. Beat My Shake;

16. Horse Race;

17. Sweet Sixteen;

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

19. Sic-Bo;

20. Caribbean Stud Poker.

B. Lottery-type Games. For games including "Beat the Tribe" (played the same as "Beat the State"), 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 or enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play

of that game can begin. If the dispute cannot be resolved by the parties through discussion, then the Tribe may initiate formal negotiations subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the State and Tribal Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C.

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

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

with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If either party believes, after negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII.C below.

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

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

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

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

4. If the State disapproves the proposed regulations during the 60 day period or a Compact covering the proposed activity is not finalized during the 60 day period, the State and

the Tribe agree to continue to negotiate to develop regulations and a compact for at least an additional 120 days prior to any action being filed against the State pursuant to 25 USC 2710(d)(A)(i).

F. Sports Pools. The Tribe shall be entitled to offer sports pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than ten ($10) dollars (wager) plus an administrative charge payable to the Tribe of not more than fifty ($0.50) cents per $10.00 wager. All wagers shall be awarded to winners as prizes. All other provisions of state law established in RCW 9.46.0335 regarding the conduct of sports pools shall be adopted by the Tribe by Ordinance and shall be applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q. Financiers. Any party extending financing, directly or indirectly, to the Gaming Facility or Gaming Operation shall be subject to the annual licensing requirements of the Tribal Gaming

Agency, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Chehalis Tribal government, or the Federal government. The source of all funds will be fully disclosed in accordance with I.G.R.A. and a copy provided to the State Gaming Agency.

IV. LICENSING AND CERTIFICATION REQUIREMENTS

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

Compact. The actual costs of final inspection of the facility under this section shall be the responsibility of the Tribe.

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

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

V. LICENSING AND STATE CERTIFICATION PROCEDURES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Gaming Employee (in-state) Initial Certification	$ 200.00
Gaming Employee (out-of-state) Initial Certification	$ 250.00

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

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

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

K. Temporary Certification of Gaming Employees. Unless the background investigation undertaken by the State Gaming Agency within thirty (30) days of the receipt of a completed application discloses that the applicant has a criminal history, or unless other grounds sufficient to disqualify the applicant pursuant to this section are apparent or have been discovered, the State Gaming Agency shall, upon request of the Tribal Gaming Operation, issue a

temporary certification to the applicant. The temporary certification shall become void and be of no effect upon either the issuance of a State certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact. During the twelve month period immediately following the effective date of this Compact as provided herein, any applicant who has a current license issued by the State Gaming Agency, together with his or her completed application, shall be immediately issued a temporary certification by the State Gaming Agency pending completion of the certification investigation.

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

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

submission to State jurisdiction for any other purpose or cause of action.

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

VI. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

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

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

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

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

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

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

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

7. Record, in a permanent and detailed manner, any and all unusual occurrences within the Gaming Facility. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages

cannot be removed and each side of each page of which is sequentially numbered:

(a) the assigned number;

(b) the date;

(c) the time;

(d) the nature of the incident;

(e) the person involved in the incident; and

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

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

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

D. Investigation and Sanctions. The Tribal Gaming Agency shall investigate any reported violation of the Compact provisions and shall require the Tribal Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming

Agency determines are necessary. The Tribal Gaming Agency shall be empowered by Tribal Ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, or any other person directly or indirectly involved in, or benefiting from, the Gaming Operation.

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

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

VII. STATE COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

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

B. Access to Records.

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

2. The State Gaming Agency shall notify the Tribe of any requests for disclosure of such information and shall not disclose until the Tribe, the State, or both have had a reasonable opportunity to challenge the request or to seek judicial relief. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact.

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

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

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

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

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

IX. LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

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

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

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

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

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

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

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

X. ENACTMENT OF COMPACT PROVISIONS

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

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

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

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

days of its receipt by certified mail or hand delivery of the submission setting forth the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the Gaming Operation, and shall disapprove only such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency disagrees with the proposed revised standards, it shall set forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to Section XII.C of this Compact.

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

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

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

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

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

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

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

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

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

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

XII. REMEDIES FOR BREACH OF COMPACT PROVISIONS

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

B. Injunction Against the Tribe, the Tribal Gaming Operation, or any Individual. The State Gaming Agency may bring an action to enjoin the Tribe, the Tribal Gaming Operation, or any individual, if the State determines that any Gaming Operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on Chehalis 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

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

C. Dispute Resolution. In addition to the other remedies and enforcement provisions elsewhere in this Compact and without prejudice to either party to seek injunctive relief against the other, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each with the terms, provisions and conditions of this Compact. Unless other procedures and time frames are elsewhere set forth in this Compact, then and in the event of a dispute or disagreement between the parties regarding the implementation and compliance with referenced provisions of this Compact or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

1. Either party shall give the other, as soon as possible after the event giving rise to the concern, a notice setting forth the issues to be resolved;

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

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

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

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

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

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

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

8. Nothing in this section shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall this section be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual

agreement, alternative methods of dispute resolution, including but not limited to mediation, arbitration, or utilization of a technical advisor to the Tribal and State Gaming Agencies; provided that neither party is under any obligation to agree to such alternative method of dispute resolution. The parties to this Compact agree that the favored method of resolving differences is for the State and Tribal Gaming Agencies to meet and confer in good faith regarding the issues in dispute and attempt to resolve disputes through their joint working relationship.

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

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

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

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

a. For employees first infraction - fine equal to daily Net Win for each day of employment divided by the number of Gaming Stations in play for each day of employment. For employees second and subsequent infractions - one day's suspension twenty (20) hours of Gaming Operations for each day of employment or a fine equal to the Net Win for each day of employment.

b. For manufacturers, suppliers and other entities - up to $5,000 for the first infraction; and up to $20,000 for the second and subsequent infractions.

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

a. For first infractions - written warning.

b. For second infractions - up to $250.

c. For third infractions - up to $500.

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

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

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

or shelter. At this time, the Tribe has selected and the State has concurred in the selection of the D.A.R.E. Program and the Chehalis Tribal Chemical Dependency Programs, both of which programs serve tribal and non-tribal individuals. In the event the Washington State Council on Problem Gambling ceases to exist or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, Chehalis Tribal Lands and neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

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

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

XIV. PUBLIC HEALTH AND SAFETY

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

Indian Health Service public health standards.

All Federal laws establishing minimum standards for environmental protection.

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

Federal water quality and safe drinking water standards.

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

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

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

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

C. Community Contribution.

1. The Tribe recognizes that activities directly and indirectly associated with the operation of the Gaming Facility on Chehalis Tribal Lands may impact surrounding Local Law Enforcement Agencies, emergency services and other agencies and place an increased burden on them. The Tribe hereby agrees to establish a fund for purposes of providing assistance to Local Law Enforcement Agencies, emergency services and/or other service agencies impacted by the Class III Gaming Facility and to withhold and disburse at

least 2.0% of the Net Win from the Class III Gaming Operation for this fund ("Community Contribution"). A committee (majority rule) consisting of a representative of the Chehalis Business Committee; a representative from the county in which the Gaming Facility is located; and a representative of the State Gaming Agency shall be established. The makeup of this committee may be altered by mutual agreement of the Tribal and State Gaming Agencies, if necessary. The committee shall meet at least annually to discuss impacts within the county and on the Reservation. No Class II gaming revenues or non-gaming revenues such as but not limited to food, beverage, wholesale or retail sales, shall be included within the 2.0% budgeted and disbursed as set forth in this Section XIV.C.

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

3. The Community Contribution shall be paid within thirty (30) days following the end of each quarter (January 30,

April 30, July 30, and October 30), following the opening of the Class III Gaming Facility to the public.

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

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

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

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

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

XV. AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact shall constitute the agreement between the State and the Tribe pursuant to I.G.R.A. and shall be amendable and modified only under provisions of the Compact. This Compact shall take effect upon publication of notice of approval by the U.S. Secretary of the Interior in the Federal Register in accordance with 25 U.S.C. 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 Section 2710(d)(7)(A)(ii).

The Tribe disagrees that such subsequent State legislation would have this effect under I.G.R.A. and the Compact, but does

agree that such an action, if commenced in that forum, is the appropriate State recourse and for such purpose the Tribe consents to such a suit and hereby grants a limited waiver of sovereign immunity solely for the purpose of litigating the said issue.

D. Amendments/Renegotiations.

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

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

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

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

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

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

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

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

5. Renegotiation - Either Party. At any time after thirty six (36) months from the date of opening the Gaming Facility authorized under this Compact, either the Tribe or the State may request renegotiation of any of the provisions of this Compact when circumstances occur that merit the discussion and renegotiation of such provisions. The request to renegotiate shall include the activities or circumstances the party wishes to negotiate, together with a statement of the basis supporting the request. The parties agree that negotiations shall commence within thirty (30) days of the request. The original terms and provisions

of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

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

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

8. Authorization to other Tribes. Notwithstanding any other provision of this Compact to the contrary, in the event that the State enters into or amends a compact with the Tulalip Tribe, the Muckleshoot Tribe, Puyallup Tribe, Nisqually Tribe, Squaxin Island Tribe, Skokomish Tribe, Shoalwater Bay Tribe or any other tribe located in Snohomish, King, Pierce, Thurston, Mason, Pacific,

Grays Harbor or Clark Counties, and such agreement gives any such tribe more Gaming Stations, higher wager limits, more Gaming Stations with higher wager limits, any other Class III gaming activity and/or more hours of operation, then this Compact shall be renegotiated and amended to maintain competitive equality with the Tribes listed above. Provided, the State shall have the right to take the issue to dispute resolution under the provisions of Section XII.C if no agreement regarding amendment is reached by the parties.

XVI. LIMITATION OF LIABILITY

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

XVII. NOTICES

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

Governor
State of Washington
State Capitol
Olympia, Washington 98504

Tribal Chairman
Chehalis Tribe
P.O. Box 536
Oakville, Washington 98568

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

XVIII. SEVERABILITY

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

IN WITNESS WHEREOF, the Confederated Tribes of the Chehalis Reservation and the State of Washington have executed this compact.

THE CONFEDERATED TRIBES OF THE CHEHALIS INDIAN RESERVATION

BY: _____ 12-21-92
Magdalena Medina
Chairperson
Date

THE STATE OF WASHINGTON

BY: _____ 12-21-92
Governor
Date