APPENDIX COLVILLE

CONFEDERATED TRIBES OF THE COLVILLE RESERVATION and the STATE OF WASHINGTON CLASS III GAMING CONTRACT

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APPENDIX COLVILLE

1 INTRODUCTION

1.1 General

This Appendix is created to provide the basic "core" requirements for electronic gaming devices ("EGDs") authorized under § III(A)(28) of the Compact and to establish the approval and testing process for gaming machines and associated equipment that are to be operated by the Confederated Tribes of the Colville Reservation ("Tribes") in the State of Washington, pursuant to the Compact approved by the Secretary of the Interior. This Appendix does not apply to electronic gaming devises authorized under Appendix X to the Compact, which are governed by that Appendix.

These standards take into consideration certain judicially articulated restrictions on the use and operation of EGDs. Those restrictions prohibit:

a) individual play against such devices or terminals; and
b) activation of gaming devices by the insertion of a coin or currency.

1.2 Intent

The intent of this Appendix is to ensure that gaming on Colville Indian Lands occurs in a manner that is:

a) Fair;
b) Secure;
c) Auditable; and
d) Compliant with judicially articulated restrictions.

1.3 Testing

The general purpose of testing gaming equipment is to determine the suitability of such gaming equipment for operation in the intended environment. Prior to operation, all EGDs and associated equipment shall be tested by a licensed gaming laboratory to:

a) verify that they comply with the requirements of the Compact and this Appendix;
b) ensure that they are fair to both the players and the operators;
c) verify that they comply with currently accepted gaming test industry standards such as GLI 11 and 12; and
d) ensure that the equipment does not constitute:
    i) electronic, mechanical or electro-mechanical devices or terminals which allow for individual play against such devices or terminals, or
    ii) gambling that is activated/initiated by the insertion of a coin or currency.

1.4 Judicially Articulated Restrictions

EGDs may be utilized by the Tribes under the following conditions:

a) The EGD is activated by a "cashless transaction system" and not by the insertion of coin or currency;

b) The EGD does not allow for individual play against the device or terminal. The parties agree that this requirement can be met in the following non-exclusive ways:

   i) Players compete for a number from a predetermined set of numbers, each associated with a specific outcome; or

   ii) Players compete in a pooled wagering system whereby prizes are awarded from a wagering pool or pools made up of the players' wagers and the house is entitled to a set amount of the pooled wagers. Systems meeting the requirements of this subsection may allow for an initial seeding of the wagering pool by the house, and reseeding in circumstances of excessive volatility.

c) Player terminals do not contain slot machine-type spinning reel mechanisms in mechanical form, nor allow for activation by a slot machine-type handle; and

d) The Tribes and the Washington State Gambling Commission have signed an agreement for each specific type of EGD which confirms that that type of EGD meets the foregoing requirements and sets technical standards and internal controls for operation of that type of EGD.

1.5 Approval Process

a) Except for those EGDs governed by Appendix X, the Tribes and the Gambling Commission shall enter into an agreement for each specific type of EGD which the Tribes wishes to operate. Each agreement shall confirm that the proposed type of EGD meets the requirements contained in the Compact and this Appendix, and shall set the technical standards and internal controls for the operation of that type of EGD. Such technical standards and internal controls shall be uniformly applied to all Washington State gaming tribes and shall include, but not be limited to: operation, interface and random number generator standards; game reports; accounting system requirements and reports; cashless transaction system requirements and reports; security system requirements; testing requirements; and regulatory fees.

b) The Tribes may present to the State Gaming Agency, at any time, a machine concept it believes satisfies the requirements of the Compact and this Appendix. Within thirty (30) days thereafter, the State Gaming Agency shall notify the Tribes of its acceptance or rejection of said concept. If the State Gaming Agency accepts the Tribes' conceptual machine, the Tribes and the State Gaming Agency shall have ninety (90) additional days to execute the agreement required by § 1.5(a); provided, however, said ninety (90) day period shall not commence until the Tribes has made a full submission of its machine proposal to the State Gaming

Agency; provided, further, that the Tribes shall not commence operation of said EGD until the laboratory testing and certification requirements referred to in § 1.3 of this Appendix are met.

c) A "full submission," as that term is used in § 1.5(b), shall include machine hardware (a prototype EGD), base software (the software platform upon which games are loaded), game software for one or more games, and a detailed narrative description of said hardware, base software and game software. Failure of the Tribes and the State Gaming Agency to agree upon a machine concept or failure to execute an agreement required by § 1.5(a) shall constitute a dispute or disagreement between the Tribes and the State Gaming Agency, subject to the dispute resolution provisions contained in § XII of the Compact.

2 TESTING AND MACHINE APPROVAL

2.1 Designation of Independent Gaming Test Laboratory

The State Gaming Agency shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems and to otherwise perform the functions set forth in the Compact. The Tribes may request additional laboratories be placed on the State Gaming Agency's list of Gaming Test Laboratories, which request shall not be unreasonably denied. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate EGDs or electronic gaming systems shall be placed on the list if, after review by the State Gaming Agency, it is found to be so qualified and otherwise meets the background and licensing requirements applicable to such laboratories under Washington State law. For any testing required under this Appendix, the Tribes shall choose a laboratory from those Gaming Test Laboratories on said State Gaming Agency list. If, at any time, any of the Gaming Test Laboratories' licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the State Gaming Agency's list. If removed from the State Gaming Agency's list, the Tribes shall choose a new Gaming Test Laboratory as provided herein.

2.2 Testing and Certification of EGDs

a) No EGD may be offered for play unless:

i) such EGD is approved by the parties as provided in this Appendix; or

ii) the EGD prototype thereof has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix.

b) If not already provided to the Gaming Test Laboratory, the Tribes shall provide or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of EGD illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the complied computer program represented in base 16 format), and any

other information requested by the Gaming Test Laboratory. The Tribes shall make all such materials available to the State Gaming Agency upon request;

c) If requested by the Gaming Test Laboratory, the Tribes shall require the manufacturer to transport not more than two (2) working models of the EGD to a location designated by the laboratory for testing, examination or analysis. Neither the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the EGD. If requested by the Gaming Test Laboratory, the Tribes shall required the manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis;

d) At the conclusion of each test, the Gaming Test Laboratory shall provide to the State Gaming Agency and the Tribal Gaming Commission a report that contains findings, conclusions and a certification that the EGD conforms or fails to conform to the requirements contained in the Compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the EGD into compliance, the report may contain recommendations for such modifications. The parties are not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of enforcement of the provisions of the Compact.

2.3 Approval by the State Gaming Agency

Upon receiving the certification from the Gaming Test Laboratory, the State Gaming Agency shall either approve or disapprove the EGD or component thereof, based on the technical criteria contained in this Appendix and the agreement adopted under § 1.5, within sixty (60) days of receipt of the certification as to any new EGD or component thereof, and within fifteen (15) days of the receipt of the certification as to any modification to a system which has already been approved by the State Gaming Agency. The certification shall be deemed approved if no action is taken thereon by the State Gaming Agency within said sixty (60) or fifteen (15) day period, as may be applicable. Any disputes arising out of the approval process in this § 2.3 shall be resolved in accordance with § XII of the Compact.

2.4 Modifications of Approved Systems; Emergency Certifications

No modification to any EGD may be made after testing, certification and approval of an EGD without certification of the modification by the Gaming Test Laboratory under § 2.3 and approval thereof by the State Gaming Agency under this § 2.4. In situations where immediate modifications are necessary to preserve the integrity of an EGD which has been operating pursuant to an approval obtained under § 2.3, the Gaming Test Laboratory may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the EGD. Such emergency certifications shall be deemed to be temporarily approved by the State Gaming Agency and remain in effect until the State Gaming Agency takes action on the certification, which shall be governed by § 2.3, provided that no emergency certification shall

be valid or effective until actually approved by the State Gaming Agency, if it was not received by the State Gaming Agency within five (5) days after being issued.

2.5 Manufacturer's Conformity to Technical Standards

Before any component of an EGD may be placed into operation, the Tribes shall first have obtained and submitted to the State Gaming Agency a written certification from the manufacturer that upon installation each such component:

a) conforms to the specifications of the EGD as certified by the Gaming Test Laboratory; and
b) operates and plays in accordance with the requirements of the Compact Procedures.

Authorization to operate an EGD requires that it operate and play in accordance with the requirements specified by this Appendix; provided that while the failure of such EGD to comply with such requirements will suffice as grounds to enjoin or otherwise terminate said EGD's operation, such non-compliance will not be deemed a violation of the Compact as long as the Tribes has relied in good faith on the certification of the manufacturer.

2.6 Payment of Gaming Test Laboratory Fees

The Tribes shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in the Compact. The Tribes shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribes to the State Gaming Agency, which shall have the right to audit such fees. In order to assure independence of the Gaming Test Laboratory, any Gaming Test Laboratory payment delinquency by the Tribes of fees or costs due to the Gaming Test Laboratory may be grounds by the State Gaming Agency for rejecting such laboratory's reports or certification.

2.7 Gaming Test Laboratory Duty of Loyalty

The Tribes shall inform the Gaming Test Laboratory, in writing, that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribes.

2.8 Random Inspections

The Tribes shall allow the State Gaming Agency to inspect any components of an EGD for the purposes of confirming that such component is operating in accordance with the requirements of the Compact and that such component is identical to that tested by an independent test laboratory. Inspections shall be pursuant to § VII of the Compact.

2.9 State Gaming Agency to be Supplied Model of Player Terminal and System

If not already provided to the State Gaming Agency, the State Gaming Agency shall, upon request, be supplied all components of each EGD to be held at the State Gaming Agency's offices for purposes of determining compliance with these technical requirements.