TRIBAL-STATE COMPACT FOR CLASS III GAMING

Between the

Sauk-Suiattle Indian Tribe

and the

State of Washington

SAUK-SUIATTLE INDIAN TRIBE
AND THE
STATE OF WASHINGTON
CLASS III GAMING COMPACT

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SAUK-SUIATTLE INDIAN TRIBE
AND THE
STATE OF WASHINGTON
CLASS III GAMING COMPACT

INTRODUCTION

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

PARTIES

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

DECLARATION OF POLICY AND PURPOSE

IGRA provides for the negotiation of compacts between Tribes and States to govern the conduct of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by Federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity. The overarching policy of 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 terms and conditions set forth below to regulate Class III gaming conducted by the Tribe have been agreed to pursuant to that congressional mandate.

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

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

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

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

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

I - TITLE

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

II - DEFINITIONS

For purposes of this Compact:

A. "Act" or "IGRA" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 U.S.C. §§ 2701 et seq. and 18 U.S.C. §§ 1166 et seq. and all regulations issued thereunder (also IGRA).
B. "Applicant" means any individual who has applied for a tribal license or state certification whether or not such license or certification is ultimately granted.
C. "Chairman" means the Chair of the tribal governing body elected by the tribal members.
D. "Class II Gaming" means all forms of gaming as defined in 25 USC §2703(7) and by the regulations and formal rulings of the National Indian Gaming Commission.

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

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

G. "Compact" means this Class III Tribal-State Gaming Compact.

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

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

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

K. "Gaming Facility" means the building in which Class III Gaming activities are conducted as authorized by this Compact.

L. "Gaming Operation" or "Tribal Gaming Operation" means the gaming enterprise operated by the Tribe in accordance with this Compact.

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

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

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

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

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

R. "Sauk-Suiattle Indian Reservation" or "Indian Lands" means Indian lands as defined by 25 USC §2703(4)(A) and (B), subject to the provisions of 25 USC §2719.

S. "Local Law Enforcement Agency" means the State Gaming Agency, Washington State Patrol, Skagit County Sheriff, Darrington Police Department, and any other non-Tribal law enforcement agency in the vicinity of the Gaming Operation which has jurisdiction to enforce state gaming laws on the Sauk-Suiattle Indian Reservation pursuant to the terms of this Compact, or has a co-operative, mutual aid or cross-deputation agreement approved by the Tribe. Nothing in this definition or in any provision set forth in this Compact is intended to expand, waive or confer or limit any jurisdiction upon any law enforcement agency on Sauk-Suiattle Indian Reservation.

T. "Management Entity" means any individual with whom, or other business entity with which, the Tribe has entered into a contractual agreement for financing, development or operation of any Class II or Class III gaming facility on the Sauk-Suiattle Indian Reservation.

U. "Net Win" means the total amount of gaming station income (gross gaming revenue) after prizes or winnings have been paid out; i.e., the difference between the total amount wagered or played and the amounts repaid to winners (does not include keno, etc.)

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

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

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

Y. "State Certification" means the process utilized by the State Gaming Agency to ensure that all individuals or other entities or persons required to be licensed or certified are qualified to hold such license or certification in accordance with this Compact.

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

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

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

CC. "Tribal Member" means an enrolled member of the Sauk-Suiattle Indian Tribe pursuant to the membership ordinance of the Tribe.

DD. "Tribe" means the Sauk-Suiattle Indian Tribe, represented by its elected officials and appointed authorized representatives.

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

III - NATURE, SIZE AND SCOPE OF CLASS III GAMING

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

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack (to the extent not played as a Class II game);
5. Caribbean Stud;
6. Chemin De Fer;
7. Chuck-a-luck;
8. Craps;
9. 4-5-6;
10. Horses (stop dice);
11. Horse Race;
12. Let It Ride;
13. Money-wheel;
14. Satellite (off-track) wagering on horse races, subject to Appendix B;
15. Over/Under Seven;
16. Pai-gow (to the extent not played as a Class II game);
17. Poker (to the extent not played as a Class II game);
18. Red Dog;
19. Roulette;
20. Ship-Captain-Crew;
21. Sic-Bo;
22. Sports Pools, subject to Appendix B;
23. Sweet Sixteen;
24. Punchboards and Pull-tabs (to the extent not played as Class II games), subject to Appendix B;
25. Washington State Lottery tickets, subject to Appendix B;
26. Keno;
27. Any Pull-tab dispenser (to the extent not played as a Class II game), approved by the Washington State Gambling Commission; and
28. Any gambling device as defined under the Johnson Act, which is approved by the Washington State Gambling Commission.
29. Tribal Lottery Systems. Notwithstanding anything in this Compact which could be construed to be to the contrary, Tribal Lottery Systems operated in conformity with Appendix X are hereby authorized.

B. Lottery-type Games. For games including keno-type games (other than keno itself), instant tickets, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class

II gaming in Washington pursuant to 25 U.S.C. § 2703(7), or have been or are later identified as a Class II game pursuant to federal law, federal regulation, through consensual lawsuit, or by a court of competent jurisdiction interpreting the laws of the State of Washington in a final and unappealable decision, and the Tribe desires to conduct such games on the Sauk-Suiattle Indian Reservation, the Tribe will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to the time play shall begin. If the State does not object in writing within sixty (60) days or earlier approves the game, the Tribe may begin offering the game. If a dispute arises between the Tribe and the State with respect to the nature of the game, security issues, rules of play, or training and enforcement associated with regulation, the State and Tribal Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion and action within sixty (60) days after submission by the Tribe, then the Tribe may initiate the dispute resolution provisions of Section XII.C.

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

D. Gambling Devices. In the event of any final court decision determining that Gambling Devices not authorized herein are properly includable in a tribal-state compact, or if in fact the State agrees to include Gambling Devices in any tribal-state compact, this Compact hereby authorizes the Tribe and the State to negotiate and reach agreement for inclusion of such Gambling Devices in this Compact and any such amendment shall be effective at the conclusion of the process provided in RCW 9.46.

E. Authorized Gaming Operation and Facility. The Tribe may establish one Class III Gaming Facility, on its tribal lands, for the operation of any Class III games authorized pursuant to this Compact, and shall give the State Gaming Agency at least sixty (60) days' notice of any intention to relocate its Class III gaming activities to another facility.

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

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

H. Number of Gaming Stations. During the first six months of operation ("phase one"), the maximum number of Class III gaming stations shall not exceed thirty-one (31) plus, at the option of the Tribe, 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 Skagit County or the State of Washington. For the purposes of the determination of "proceeds" from the non-profit station only, proceeds shall mean the net win of the non-profit station less the pro rata cost of regulation and operation, specifically excluding capital costs. The net win from the non-profit station is not subject to the community contribution established under Section XIV.C of this Compact. Therefore, the "proceeds" shall equal the net win of the nonprofit station less the costs of regulation and operation, divided by the thirty-two (32) gaming stations. The Tribal Gaming Agency 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. These organizations may not include non-profit organizations affiliated with the Tribe. At the end of six (6) months of continued operation of the Class III facility, if the Gaming Operation has met the conditions set forth in Section III.K., "phase two" may be implemented, providing for up to fifty (50) gaming stations plus, at the option of the Tribe, two (2) additional non-profit gaming stations.

I. Wagering Limitations. During the first six months of operation, wager limits shall not exceed two hundred fifty dollars ($250). At the end of six (6) months of continued operation, if the gaming operation has met the conditions set forth in Section III.K, "phase two" may be implemented, providing for wager limits of up to five hundred dollars ($500).

J. Hours of Operation. The maximum number of hours of operation for the Gaming Facility shall be as follows:

1. During the first six months of operation, operating hours may not exceed one hundred twelve (112) hours per week. At the end of six months of continued operation, if the Gaming Facility has met the conditions set forth in Section III.K, "phase two" may be

implemented providing for operating hours of up to one hundred forty (140) hours per week.

2. The Gaming Operation shall not operate more than twenty (20) hours per day and shall be closed to the public between the hours of 2:00 a.m. and 6:00 a.m. each day of operation, provided the Tribe may operate the Gaming Facility past the hour of 2:00 a.m., upon mutual written agreement by the State Gaming Agency, the Tribal Gaming Agency, and local law enforcement agencies.

3. Upon thirty (30) days written notice to the State Gaming Agency and with written mutual agreement between the State Gaming Agency and Tribal Gaming Agency, the Tribe may, not more than three (3) times per calendar year, conduct continuous Class III operations for up to seventy two (72) hours. During these three (3) times, the total number of hours the Tribe may operate in one week may exceed 112 or 140 hours, depending on whether Phase II limits have been implemented. The Tribe must bank these additional hours.

K. "Phase II" Review & Implementation. After six months of operation of the Class III Gaming Facility, the State Gaming Agency shall conduct a review of the Class III Gaming Operation to determine Compact compliance and whether the conditions set forth below have been satisfied. If, as a result of the review, the State Gaming Agency determines that the Gaming Operation is in compliance with the conditions set forth below, the Class III Gaming Operation may implement "phase two." If the State Gaming Agency determines that the Class III Gaming Operation has not satisfied the conditions, any resulting dispute will be resolved through the dispute resolution procedures set forth in section XII.C. of this Compact. Any increase in the number of gaming stations, hours of operation, or wager limits beyond that initially authorized during "phase one" of Class III Gaming Operation shall be conditioned upon the following criteria:

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

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

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

4. The Tribal Gaming Agency has developed a strong program of regulation and control demonstrating an adequate level of proficiency, which includes hiring of trained Tribal Gaming Agents, an independent Tribal Gaming Agency management and reporting structure separate from that of the gaming facility or Tribal government, a thorough and

developed system for the reporting of Compact violations, and a strong and consistent presence within the Class III facility; and

5. There have been no material violations of Appendix A or B of this Compact.

L. Ownership of Gaming Facility and Gaming Operation. The Gaming Operation, including the Gaming Facility, shall be owned and operated by the Tribe. The Tribe may, if it chooses, contract for management of the Gaming Facility and Gaming Operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

M. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited.

N. Age Limitations. No person under the age of eighteen (18) shall participate in any Gaming Operation, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Persons between the age of eighteen (18) and twenty one (21) years of age may patronize and participate in Class III gaming activities offered by the Tribe in its gaming facility, so long as such patrons do not purchase or consume alcoholic beverages on the premises.

O. Prohibition on Firearms. The possession of firearms by any person within the Gaming Facility shall be strictly prohibited, and the Tribal Gaming Agency shall post a notice of this prohibition near the entrance to the Gaming Facility. This prohibition shall not apply to authorized agents or officers of the Tribal Gaming Agency, any Sauk-Suiattle Tribe law enforcement agency, the State Gaming Agency, or state and local law enforcement agencies authorized by law or by a co-operative mutual aid or cross deputization agreement.

IV – LICENSING AND CERTIFICATION REQUIREMENTS

A. Gaming Facility. The 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 to verify its conformity with the requirements of this Compact. Verification that such requirements have been met shall be by the State Gaming Agency and Tribal Gaming Agency and, with respect to the satellite wagering facility and operation only, the Washington Horse Racing Commission, through a joint pre-operation inspection scheduled at least ten (10) days prior to the scheduled opening to the public. If the Gaming Facility fails to meet such requirements the Tribal or State Gaming Agency must send a written and detailed non-compliance letter and report to the Tribe and Gaming Facility manger, if any, within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether the Gaming Facility meets the requirements, the agencies will meet within seven (7) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection

cannot be resolved by the gaming agencies within sixty (60) days, the parties may seek resolution pursuant to Section XII.C of this Compact or by mutual agreement of the parties prior to commencement of the Gaming Operation or at any other such time as needed. 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 Gaming Agency prior to commencement of employment, and annually thereafter. The Tribal Gaming Agency may immediately issue a license if the employee has a current State Gaming license or Class III gaming certification issued by the State Gaming Agency, the State Gaming Agency certifies that the prospective employee is in good standing, and the employee consents to disclosure of records to the Tribal Gaming Agency of all information held by the State Gaming Agency. If Class II and Class III table games are combined in the same room in the Gaming Facility the parties agree that this could impact the regulatory scheme established under this Compact. In such event, the Class II table gaming employees in such room shall be certified as if they were Class III gaming employees. This provision shall not be applicable to employees only engaged in activities related to bingo, pull-tabs, or punchboards.

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

D. Financiers. Any party who extends or intends to extend financing, directly or indirectly, to the Gaming Facility or Gaming Operation shall be subject to the annual State certification and licensing requirements of the Tribal Gaming Agency. Such party shall be required to obtain State certification prior to completing the financing agreement, and annually thereafter as long as the financing agreement is in effect. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Sauk-Suiattle Tribal government, or the Federal Government. The party shall fully disclose the source of all funds required to be disclosed under and in accordance with IGRA and the Tribe shall provide a copy of such disclosures to the State Gaming Agency. If a disclosure regards satellite wagering facilities and activities, the Tribe shall also send a copy to the Washington Horse Racing Commission.

E. Key Employee List. Upon commencement of operations and annually thereafter, the Tribe shall provide the State Gaming Agency with a list of personnel who are defined under IGRA as key employees in the Gaming Operation.

V - LICENSING AND CERTIFICATION PROCEDURES

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

B. Background Investigations of Applicants. Upon receipt of a completed application, attachments and the fee required for State certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State certification. The State Gaming Agency shall expedite gaming certification requests submitted by the Tribe. 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 based on criteria set forth in this Compact. If the State Gaming Agency issues a State Certification to the applicant, the State shall forward a copy of the certification to the Tribal Gaming Agency. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-50 WAC with a copy forwarded to the Tribal Gaming Agency. After twenty-four (24) months of operation, and upon the Tribe's demonstration of its capacity to conduct background investigations meeting Compact standards for certifications, the State and the Tribe shall meet and confer regarding the possibility of transferring to the Tribe the primary responsibility for the conduct of background investigations for its tribal member applicants. State certification of tribal member applicants shall still be required even if the primary responsibility for conducting background investigations is transferred to the Tribe, but certification fees will be adjusted to reflect the primary background investigation responsibility of the Tribe. The State shall not apply to any applicant for certification required under this Compact a more rigorous standard than that actually applied in the approval of state licenses or certifications in non-Tribal gaming activities regulated by the State. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for certification shall be available to the Tribal Gaming Agency at the State Gaming Agency office upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of Law Enforcement Intelligence Unit.

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

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

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

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

5. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not automatically be grounds for revocation, suspension or denial for an Indian person from a federally recognized Indian Tribe to have been charged or convicted under state law of the following non-gambling related offenses if the charge or conviction occurred prior to United States Supreme Court rulings upholding state jurisdiction over Indians for such offenses as, but not limited to: (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or factors which would warrant denial, revocation or suspension, these Indian persons shall not be barred solely as a result of such activities from certification.

6. The State Gaming Agency will consult with the Tribal Gaming Agency prior to denying certification to such an applicant who does not meet the criteria for certification. For enrolled members of the Tribe who are applicants for Class III gaming certification, and licensing, the State and Tribal 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, which the Tribe agrees to pay.

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

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. The Tribe shall notify the State Gaming Agency of any determination under this paragraph.

F. Duration and Renewal of Tribal Issued Licenses and State Certifications. Any Tribal license or State certification shall be effective for one year from the date of issuance of the license, certification, or temporary license or certification, unless otherwise revoked or suspended. A licensed or certified employee or entity that has applied for renewal may continue to be employed under the expired Tribal license or State certification or license until the Tribal Gaming Agency or State Gaming Agency takes action on the renewal application or the certification or license is suspended or revoked. Applicants seeking renewal of license or certification shall provide information updating originally submitted information as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Tribal Gaming Agency or the State Gaming Agency. Additional background investigation shall be required if new information concerning the applicant's continuing suitability or eligibility for a Tribal license or a State certification is discovered by either the Tribal or State Gaming Agency. The State shall forward a copy of any updated information to the Tribe, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of Law Enforcement Intelligence Unit. Should

any renewal application be denied, the State shall send a copy of the statement to the Tribal Gaming Agency setting forth the grounds for the non-renewal of the certification.

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 initial and renewal State certification shall be determined pursuant to WAC 230-04-204 for gaming employees, WAC 230-04-119 for Service Suppliers, and WAC 230-04-203 for manufacturers and distributors. Provided, should actual costs incurred by the State Gaming Agency exceed the stated fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to beginning the investigation for the issuance of State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this Section it shall be resolved pursuant to Section XII.C of this Compact.

J. Fees For Tribal License. The Tribal Gaming Agency shall establish the fees for Tribal gaming licenses.

K. Temporary Certification of Gaming Employees. Within thirty (30) days of the State Gaming Agency's receipt of the completed application, the State Gaming Agency shall upon request of the Tribal Gaming Agency, issue a temporary certification to the applicant unless the background investigation undertaken by the State Gaming Agency 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 during that period. 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.

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

M. Summary Suspension of State Certification. The State Gaming Agency, pursuant to the laws of the State, may summarily suspend any State certification if the continued certification constitutes an immediate and potential serious threat to public health, safety or welfare. Provided, the State shall not summarily suspend or revoke the certification of key management personnel who have supervisory responsibilities in the Class III gaming facility solely for failing to comply with procedural requirements of this Compact and any applicable laws incorporated herein. To minimize any potential of jeopardizing the proper operations of the Gaming Facility, the State Gaming Agency shall discuss its intent to summarily suspend or revoke the certification of any key personnel and the basis for such action with the Tribal Gaming Agency prior to taking any action.

N. 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 grant a waiver of 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.

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

VI - TRIBAL ENFORCEMENT OF COMPACT PROVISIONS

A. Tribal Gaming Agency. The primary responsibility for the on-site regulation, control and security of the Gaming Operation authorized by this Compact, and for the enforcement of this Compact within the Sauk-Suiattle Indian Reservation, shall be that of the Tribal Gaming Agency and any Sauk-Suiattle law enforcement agency. The Tribal Gaming Agency and/or the Tribe's law enforcement agency shall:

1. Enforce in the Gaming Operation all applicable laws and ordinances;

2. Ensure the physical safety of patrons in the Gaming Facility;

3. Ensure the physical safety of personnel employed by the Gaming Operation;

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

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

6. To the extent of its jurisdiction, arrest and prosecute or temporarily detain until notification and turnover to the appropriate law enforcement authorities, persons who may be involved in illegal activities; and

7. Record in a permanent and detailed manner any and all occurrences that require evaluation, investigation, or other decision making under the terms of this Compact that happen 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 name, address and telephone number of all persons involved in the incident; and

   (f) the name and identification number of the security department or Tribal Gaming Agency employee assigned responsibility for recording the occurrence.

B. Tribal Gaming Agents. The Tribal Gaming Agency shall employ qualified agents. Tribal Gaming Agents shall be independent of the Tribal Gaming Operation, and shall be supervised and accountable only to the Tribal Gaming Agency.

C. Reporting of Violations. A Tribal Gaming Agent shall be present in the gaming facility during all hours of gaming operation authorized under this Compact, and shall have immediate access to any and all areas of the Gaming Operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances. Any violation(s) of the provisions of this Compact, or of Tribal Ordinances, by the Tribal Gaming Operation, a gaming employee, or any person on the premises whether or not associated with the Tribal Gaming Operation shall be reported immediately to the Tribal Gaming 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, observed or suspected violation of the Compact provisions or other applicable law 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 violation.

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

F. Agency Meetings. In order to develop and foster a coordinated relationship in the enforcement of the provisions of this Compact, representatives of the State Gaming Agency and the Tribal Gaming Agency shall meet quarterly during the first year of operation to review existing practices and examine methods to improve the regulatory program created by this Compact. After the first year, the parties shall meet at least annually to discuss these matters. The meetings shall take place at a location selected by the Tribal Gaming Agency. At least ten (10) days prior to such meetings, the State Gaming Agency shall disclose in writing 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. If the Tribe should begin operating a satellite wagering facility for horse racing activities, the Washington Horse Racing Commission shall participate in the Agency Meeting.

VII - COOPERATIVE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring of Gaming Operation. The State Gaming Agency and, with respect to satellite wagering facility and activities only, the Washington Horse Racing Commission shall, pursuant to the provisions of this Compact, have the authority to monitor the Tribal Gaming Operation to ensure that it 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 and the Washington Horse Racing Commission, if applicable, shall have free and unrestricted access to all applicable areas of the Gaming Facility during normal operating hours with or without giving prior notice to the Tribal Gaming Agency. Provided, that when possible notice shall be given to the Tribal Gaming Agency or to a Tribal Gaming Agent in the facility, and the Tribal Gaming Agency may assign an Agent or other representative to accompany the State agent while on the Sauk-Suiattle Indian Reservation. Following the investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of individuals, the State shall provide the Tribal Gaming Agency with a report of the investigation, including information about evidence gathered in connection with the investigation. The State shall protect identifying information regarding confidential informants if the State deems that non disclosure is necessary to protect the individual.

B. Access to Records.

1. Agents of the State Gaming Agency and, with respect to satellite wagering facility and activities only the Washington Horse Racing Commission, shall have equal authority with the Tribal Gaming Agency to review and copy, during all operating hours, all applicable Class III gaming records maintained by the Tribal Gaming Operation. Any information derived therefrom shall be deemed strictly confidential and proprietary financial information of the Tribe. Subject to the requirements of Section VII.B.2 below, or any court order, such information shall be retained by the State Gaming Agency solely in its contractual capacity as a signatory to this Compact pending its full review process. All copies taken shall be returned to the Tribe immediately after use by the State Gaming Agency unless otherwise specifically provided pursuant to the Compact.

2. The State Gaming Agency or, if applicable, the Washington Horse Racing Commission, shall notify the Tribe by certified mail of any requests for disclosure of Tribal information and shall not disclose any such information until the Tribe, the State, or both have had a reasonable opportunity to challenge the request, as provided in RCW 42.17.330. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact. If information is requested regarding the 2% Impact Mitigation Fund amounts or distributions, the State Gaming Agency may notify the Tribe of the request by using regular U.S. mail, facsimile, or other means as agreed to by the parties.

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 along with copies of evidence and information pertinent to the inspection.

D. Cooperation With Tribal Gaming Agency. The State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall 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 Gaming Operation. Provided, such disclosure shall not compromise the interest sought to be protected.

E. Jurisdictional Issues. Unless 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 with respect to non-gaming related activities on the Sauk-Suiattle Indian Reservation. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this Compact do not constitute a waiver of sovereign immunity by either party and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact. The Terms of any such limited waiver of sovereign immunity shall be strictly construed.

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

Concurrent Jurisdiction. The Tribal Gaming Agency, State Gaming Agency and, with respect to the satellite wagering and activities only, the Washington Horse Racing Commission shall have concurrent jurisdiction to investigate violations of the provisions of this Compact, and to bring administrative charges in accordance with Tribal Laws or the provisions of Chapter 9.46 RCW, Chapter 67.16 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, against any individual or business entity that is licensed by the Tribal Gaming Agency or certified by the State Gaming Agency in accordance with this Compact. In recognition of the need to foster a joint regulatory program to enforce the provisions of this Compact, the Tribe consents to the limited waiver of sovereign immunity solely with respect to this Compact and its provisions. The Tribe further consents to the exercise of jurisdiction by the Federal District Court of the Western District of Washington with respect to actions to enforce the provisions of this Compact, but if such court declines to exercise subject matter jurisdiction, then by any court of competent jurisdiction. This waiver shall be effective only during the term that this Compact is in effect. With the exception of those jurisdictional issues specifically addressed in this Compact, this Compact should not be construed to affect any other jurisdictional issues between the State and the Tribe.

IX - LAW ENFORCEMENT JURISDICTION RELATING TO GAMBLING

A. Investigative Authority. The Tribal Gaming Agency, any Sauk-Suiattle law enforcement agency, Local Law Enforcement Agencies, the State Gaming Agency and, as applicable to the satellite wagering and activities only, the Washington Horse Racing Commission, shall have the authority to investigate any gambling and related crimes against the laws of Chapter 9.46 RCW or Chapter 67.16 RCW to the extent said State laws are expressly made applicable herein, and that occur on the Sauk-Suiattle Indian Reservation. Except as expressly set forth in this Compact, nothing herein shall be or be deemed to be a consent, grant or waiver of any sovereign right or immunity of the Tribe with respect to the Tribe, the Sauk-Suiattle Indian Reservation, members of the Tribe, or any other individuals or entities subject to Tribal jurisdiction.

B. Jurisdictional Forums. Following investigation and arrest, formal criminal charges against individuals or entities shall be brought in the appropriate venue. Criminal prosecution of non-Indian defendants shall be in State or Federal court. Criminal prosecution of Sauk-Suiattle Tribal members shall be in Sauk-Suiattle Tribal or Federal court or, where permitted under law in effect upon the execution of this Compact, in State court. Wherever possible, for criminal defendants who are Indian, Sauk-Suiattle Tribal Court shall be the preferred venue for prosecutions unless the Tribe declines to exercise its jurisdiction within six months of apprehension by a law enforcement agency and the receipt by the Tribal Prosecuting Attorney of all relevant information in the possession of the apprehending agency.

C. Consent to Application of State Law and Incorporation in Tribal Laws. For the purposes of 18 U.S.C. Section 1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.0335; 9.46.075; 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; 9.46.231; 9.46.215; 9.46.240; and 67.16.060; and as now or hereinafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated by this reference into Tribal Law regarding any Class III gaming affected by such statutory sections. Provided, that in the event any such provisions of State law are amended or repealed, the State Gaming Agency will give the Tribe notice of same within thirty (30) days of the effective date. The State agrees that activities conducted in conformity with this Compact shall not be deemed to be a violation of such statutory sections referenced herein. Notwithstanding any provision herein to the contrary, any penalty or fine contained in State statutory provisions incorporated into this Compact or the Tribe's gaming ordinance which are in conflict with applicable federal law shall be deemed revised and amended so as to conform to federal law.

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

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

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

1. To ensure integrity, the Tribal Gaming Operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the State Gaming Agency in accordance with Section VII.B of this Compact: a surveillance log recording all surveillance activities in the monitoring room of the Gaming Facility; and a security log recording all unusual occurrences that require an evaluation, investigation, or other decision making process by a Tribal Gaming Agent.

2. The Tribal Gaming 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 Generally Accepted Accounting Principles (GAAP).

4. The Tribal Gaming Agency shall notify the State Gaming Agency of the rules of each game operated by the Tribe and of any change in such rules. To the extent such rules have been adopted prior to the execution of this Compact, they are set forth in Appendices A, B and X hereto and shall be deemed approved by the State. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the Gaming Facility. Betting limits applicable to any gaming station shall be displayed at such gaming station. Rules for games identified in Section III.A, except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, that does not fundamentally alter the nature of the game as the Tribal Gaming Agency may approve. Rules for games identified in Section III.A, except as specified in Appendix B, shall be submitted to the State Gaming Agency for review, to determine if the rules fundamentally alter the nature of the game. 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 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.

C. Regulation of Gaming Operation. The following requirements shall apply to the Tribe's Gaming:

1. The Gaming Operation shall maintain a closed circuit television system in accordance with the regulations set forth in Appendix A, and shall not modify such regulations without the agreement of the State Gaming Agency. The Gaming Operation shall provide the Tribal Gaming 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.

2. The Gaming Operation shall maintain a cashier's cage in accordance with the standards set forth in Section 7(3) of Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Tribal Gaming 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 said Appendix, the Gaming Operation

shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be handled in accordance with provisions of Section XII.C.

3. The 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, and in the event that the State Gaming Agency regards such supervisory staffing as inadequate, the Tribal and State Gaming Agencies shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements. If agreement cannot be reached between the State and Tribal Gaming Agencies, the dispute shall be handled in accordance with Section XII.C of this Compact.

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

XII - REMEDIES FOR BREACH OF COMPACT PROVISIONS

A. Injunction Against the State. If the Tribe believes the State, whether through the State Gaming Agency or the Washington Horse Racing Commission, is in breach or default or is otherwise acting contrary to, or failing to act in the manner required by any of the provisions of this Compact, the Tribe may seek injunctive or other relief in a court of competent jurisdiction. Prior to bringing such action, the Tribe shall notify the State and the State Gaming Agency in writing 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 Gaming Operation, or any individual, if the State determines that any Gaming Operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or if any Class III activity is being conducted by others elsewhere on the Sauk-Suiattle Indian Reservation in violation of the provisions of this Compact. Such action shall be brought in the U.S. District Court for the Western District of Washington, pursuant to 25 U.S.C. § 2710(d)(7)(A)(ii). Solely for the purpose of this remedy, the Tribe consents to such suit and hereby agrees to a limited waiver of sovereign immunity for the purposes set forth in this sub-section only, such waiver to be effective only during the term that this Compact is in effect; provided, that no injunctive relief shall be sought against the Tribe without notice, and if the State seeks injunctive relief against the Tribe without first having resorted to the dispute resolution procedures in Section XII.C of this Compact, the State shall have the burden of demonstrating to the Court that the failure to resort to said procedures was reasonably justified. Prior to bringing such action, the State Gaming Agency shall notify the Tribe in writing of the alleged violation(s).

C. Dispute Resolution. In recognition of the government-to-government relationship of the Tribe and State, the parties shall make their best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, without prejudice to the right of either party to seek injunctive relief against the other, when circumstances require such immediate relief, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact. Unless other procedures and time frames are elsewhere set forth in this Compact, 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 written notice setting forth the issues to be resolved;

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

3. If the dispute is not resolved to the satisfaction of either party within twenty (20) days of the first meeting, then either party may seek and cause to have the dispute resolved by and in accordance with the policies and procedures of the Commercial Rules of Arbitration of the American Arbitration Association, unless the parties agree to use a different service, at sites which alternate between the Sauk-Suiattle Indian Reservation and the State Gaming Agency or Commission offices after each arbitration dispute, i.e., the first arbitration dispute, until completed, shall be held on the Sauk-Suiattle Indian Reservation; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.

4. The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) days from the date an arbitrator is named.

5. The decision of the arbitrator shall be final and unappealable.

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

D. Sanctions/Civil Fines. The following is a schedule of civil fines for any violation of the provisions of the compact Sections set forth below. These penalties are set forth as maximums to be set within the reasonable discretion of the State Gaming Agency and charged and levied against the Tribe, Gaming Operation, manufacturer, supplier, gaming employee, or other entities. The event or circumstances occasioning the violation and the extent and amount of the penalty for the violation, if contested, are subject to dispute resolution under Section XII.C. Any penalties are subject to disposition under Section XII.E.

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

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

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

   (a) For employees:

      (1) first violation - fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and

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

   (b) For manufacturers, suppliers and other entities:

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

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

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

   (a) For first violation - written warning.

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

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

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

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

E. Method of Assessment and Payment to Washington State Council on Problem Gambling. Any civil fines assessed by the State Gaming Agency or the Tribal Gaming Agency pursuant to the provisions of this Compact shall be paid within 30 days of assessment to the Washington State Council on Problem Gambling, a bona fide nonprofit organization, provided that the organization offers some program which takes affirmative steps to reach the Indian community in Washington State. In the event the Washington State Council on Problem Gambling does not have such an Indian program, or ceases to exist, or substantially changes its purpose, then the parties agree to meet and in good faith designate an alternative recipient bona fide nonprofit organization whose primary purposes are related to addressing the issues of compulsive or problem gambling within the State, the Tribe and the neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

XIII. TRIBAL REIMBURSEMENT OF REGULATORY FEES AND 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. The method of reimbursement shall be on an hourly rate basis that is reasonable and consistent with that charged to other Class III gaming facilities in the state or, if mutually agreed upon by the parties, on an alternate payment rate basis, as set forth in a Memorandum of Understanding. If the Tribe disputes the State's costs, the Tribe shall pay no less than 50% of such fees to the State Gaming Agency and deposit the remaining 50% into an escrow account that is restricted until such dispute is resolved. In the event such 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 Gaming Operation shall comply with and enforce standards no less stringent than the following with respect to public health and safety:

1. Indian Health Service public health standards;

2. All Federal laws establishing minimum standards for environmental protection;

3. Applicable Environmental Protection Agency program standards and Tribal Environmental Policy Act requirements;

4. Federal water quality and safe drinking water standards;

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

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

7. Sauk-Suiattle Tribal laws 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. Impact Mitigation Fund.

1. The Tribe recognizes that activities directly and indirectly associated with the operation of the Gaming Facility on the Sauk-Suiattle Indian Reservation may impact local law enforcement agencies, emergency services, and other services and place an increased burden on them. The Tribe hereby agrees to establish a fund for purposes of providing assistance to law enforcement, emergency services, and/or service agencies (including those agencies responsible for traffic and transportation) impacted by the Class III Gaming Facility and to withhold and disburse 2.0% of the Net Win from the Class III Gaming Operation, except as otherwise excluded under the provisions of this Compact, for this fund (Impact Mitigation Fund). A committee consisting of two representatives of the Sauk-Suiattle Tribe; a representative designated by the City of Darrington; a representative designated by the Skagit County Commission; and a representative of the State Gaming Agency; shall be established. The composition of this committee may be altered by mutual agreement of the Tribe and State Gaming Agency, if necessary. The committee shall initially meet within 120 days of the Gaming Facility opening to develop and execute a Memorandum of Understanding containing committee rules of order, Impact Mitigation Fund distribution procedures, and establish set factors to be used to determine negative impacts. The committee shall meet at least once every twelve (12) months to discuss the following: 1) positive and negative impacts within the county, neighboring cities, and on the Sauk-Suiattle Indian Reservation; 2) services provided by the Tribal and other agencies; and 3) the distribution of the Impact Mitigation Fund. If the committee determines that the impact mitigation distribution does not meet or exceed the 2% withholding, the remaining funds shall be distributed by the Committee as follows: 50% to the Sauk-Suiattle Tribe for the purposes of law enforcement, other

community needs or any combination thereof, and 50% to be applied towards and the State's regulatory costs and expenses, as set forth in Section XIII, to the Tribal Gaming Agency, or any combination thereof. No Class II gaming revenues, satellite wagering revenues, "non-profit gaming table" revenues, or non-gaming revenues, such as, but not limited to, food, beverage, wholesale or retail sales, shall be included with the 2.0% budgeted and disbursed as set forth in this Section.

2. The recipients of the Impact Mitigation Fund shall be paid within thirty (30) days following the final meeting of the committee each year.

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 within the Gaming Facility shall be subject to applicable law.

XV - AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact shall constitute the agreement between the State and the Tribe pursuant to IGRA and shall be amenable 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 U.S.C. § 2710(d)(7)(A)(ii).

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

D. Adjustments/Renegotiations.

1. Adjustments - 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. Changes To and Interpretation of Laws. The parties shall adjust the terms and conditions of this Compact, except as provided below in Section XV.D.3, 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 the State maintains was not authorized for any purpose by any person, organization or entity at the time this Compact was executed and is not authorized by this Compact; or

   (c) federal legislation authorizes the operation of or participation in gaming activity that was not authorized at the time this Compact was executed or was not authorized by this Compact.

3. Renegotiation/Amendments - Compact Section III. Section III. E, H, I, and J of the Compact regarding certain aspects of the scope of gaming shall not be subject to renegotiation or amendment for thirty-six (36) months from the date signed by the Governor, unless one of the following occurs: (1) the laws of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact; (2) a State or Federal court within the State of Washington or a Federal court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation 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; or (3) another tribe located within the State of Washington obtains, through a Compact or Amendment to a Compact approved by the Secretary of the Interior, greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact.

4. Re-negotiation to Meet Market Needs. At the conclusion of the moratorium period on re-negotiation set forth in Section XV.D.3, the State and the Tribe shall meet and confer as to whether the Gaming Operation should be expanded to meet market needs at that time. Negotiations under this paragraph shall be in accordance with Section XV.D.6.

5. Re-negotiation for Unforeseen Circumstances. At any time after execution of this Compact, the parties shall re-negotiate Sections of the Compact, other than Section III E, H, I and J, upon the written notice and request by one party to the other if and when circumstances and events unforeseen at the time of the negotiation and execution of this Compact occur meriting discussion and re-negotiation of such provisions.

6. Process and Negotiation Standards. All written requests to amend or re-negotiate 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 subsection, 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 U.S.C. § 2710(d), except in subsections where a different resolution is specifically provided for by this Compact. The original terms and provisions of this Compact shall remain in effect unless and until the parties agree on re-negotiated terms.

7. State Authorization of Additional Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III gaming activity, including electronic facsimiles of Class II or Class III gaming, the Tribe shall be authorized to immediately commence conducting 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. State Authorization to Other Tribe Modifying Scope of Gaming Compact. Notwithstanding any other provision of this Compact to the contrary, if after the signing of this Compact, the Secretary of the Interior approves a compact with any tribe within the State of Washington, or an amendment thereto, and such compact gives such tribe more gaming stations, higher wager limits, other Class III gaming activity, and/or more hours of operation or otherwise approves a compact or amendment to a compact which gives such tribe an expansion of terms other than those identified above, then this Compact shall be amended to maintain equality. Provided, either party shall have the right to take the issue to dispute resolution under the provisions of Section XII.C of this Compact if a dispute arises regarding the applicability of this automatic amendment provision to a particular term approved in another compact.

XVI - LIMITATION OF LIABILITY

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

XVII – NOTICES

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

Governor
State of Washington
State Capitol

Chair
Sauk-Suiattle Indian Tribe
5318 Chief Brown Lane
Darrington, Washington 98241

With a copy to: Levine & Associates
999 Third Avenue, Suite 3210
Seattle, WA 98104

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

Executive Secretary
Washington Horse Racing
Commission
7912 Martin Way, Suite D
Olympia, Washington 98506

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 Sauk-Suiattle Indian Tribe and the State of Washington have executed this compact.

SAUK-SUIATTLE INDIAN TRIBE

By _____ DATED: April 20, 2000
Jason Joseph, Tribal Chairman

THE STATE OF WASHINGTON

By _____ DATED: April 18, 2000
Gary Locke, Governor