Washington State Gambling Commission

Protect the Public by Ensuring that Gambling is Legal and Honest.

December 29, 2025

The Honorable Senator Claudia Kauffman, Chair
Senate Business, Financial Services & Trade Committee
PO Box 40447
Olympia, WA 98504

Dear Chair Kauffman:

I am sending this correspondence to advise you that we have reached a tentative agreement with the Squaxin Island Tribe to amend their Class III Gaming Compact. Per RCW 9.46.360, when a tentative agreement with a Tribe is reached, the Gambling Commission shall transmit a copy of the proposed compact amendment to all voting members of the Commission and to the designated committees.

RCW 9.46.360 also requires the designated committee of the Senate and the House of Representatives, within 45 days of receipt, to hold a hearing and forward any comments to the Gambling Commission. The Gambling Commission, including ex officio members, then vote, after giving the public an opportunity to comment, to determine whether to forward the proposed compact to Governor Ferguson for review and execution or return it to me with instructions for further negotiation.

The Gambling Commission plans to hold its public hearing concerning the proposed Class III Gaming Compact Amendment on February 12, 2026, in-person and virtually via Microsoft Teams. The exact time will be available on our website (www.wsgc.wa.gov).

I have enclosed a copy of the proposed Class III Gaming Compact amendment. For additional information, please call me at (360) 486-3546, or the Commission's Assistant Attorney General, Sharon James at (360) 586-2747.

Sincerely,

Tina Griffin
Director

Enclosure:
Proposed Compact Amendment

4565 7th Avenue SE
Lacey, WA 98503
wsgc.wa.gov

PO Box 42400
Olympia, WA 98504
360-486-3440

901 N Monroe St Suite 240
Spokane, WA 99201
509-325-7900

Duplicate Original:

The Honorable Bob Ferguson, Governor of Washington
The Honorable Kristopher Peters, Chair, Squaxin Island Tribe
The Honorable Sharlett Mena, Chair, House State Government & Tribal Relations Committee
Alicia Levy, Chair, Washington State Gambling Commission

cc:

Senator Adrian Cortes, Vice Chair
Senator Perry Dozier, Ranking Member
William Bridges, Sr., Coordinator & Counsel, Business, Financial Services & Trade Committee
Sharon James, Assistant Attorney General, Office of the Attorney General
Julie Lies, Tribal Liaison, Washington State Gambling Commission

SEVENTH AMENDMENT TO THE TRIBAL – STATE COMPACT

FOR CLASS III GAMING BETWEEN

THE SQUAXIN ISLAND TRIBE AND THE STATE OF WASHINGTON

The Squaxin Island Tribe ("Tribe") and the STATE OF WASHINGTON ("State") (together the "Parties") entered into a Class III gaming compact on July 27, 1993, (hereafter the "Original Compact"), pursuant to the Indian Gaming Regulatory Act ("IGRA"). Over the years, the Parties amended the Compact. The Parties have now reached an agreement to amend and restate the Compact as set forth below.

COMPACT AMENDMENT

1. **The attached Amended and Restated Tribal – State Class III Gaming Compact supersedes the Original Compact entered on July 27, 1993, as amended, in its entirety.**

   The amended and restated Compact contains bargained for concessions, limitations, and agreements of the Tribe and the State.

2. **Replace Appendix A - Standards of Operation and Management for Class III Activities.**

   Appendix A "Standards of Operation and Management for Class III Activities" as set forth in the Tribe's Original Compact is replaced in its entirety by the attached amended and restated Appendix A.

3. **Replace Appendix B - Satellite (Off-Track) Wagering on Horse Races.**
   Appendix B "Rules Governing Class III Gaming on the Squaxin Island Indian Reservation" as set forth in the Tribe's Original Compact is replaced in its entirety by the attached amended and restated Appendix B "Satellite (Off-Track) Wagering on Horse Races".

4. **Delete Appendix C - Class III Gaming Station Transfer Agreement.**

   Appendix C "Class III Gaming Station Transfer Agreement" added in the Tribe's Fifth Amendment is deleted in its entirety.

DRAFT

5. **Add Appendix E – Limitations on Wagers, Credit, Facilities, and Problem Gambling Resources.**

   The Compact is hereby amended to add Appendix E "Limitations on Wagers, Credit, Facilities, and Problem Gambling Resources," in the form attached hereto. The attached Limitations Appendix was bargained for and in exchange for provisions therein and Section III in the amended and restated Compact.

6. **Add Appendix G - Electronic Table Games.**
   The Compact is hereby amended to add Appendix G "Electronic Table Games," in the form attached hereto. The attached Electronic Table Games Appendix was bargained for and in exchange for provisions therein and Section III in the amended and restated Compact.

7. **Replace Appendix S - Sports Wagering.**

   Appendix S "Sports Wagering" added in the Tribe's Sixth Amendment is replaced in its entirety by the attached amended and restated Appendix S. The attached Sports Wagering Appendix was bargained for and in exchange for provisions therein and Section III in the amended and restated Compact.

8. **Add Appendix W - Rules Governing Wide Area Progressives.**

   The Compact is hereby amended to add Appendix W "Rules Governing Wide Area Progressives," in the form attached hereto.

9. **Delete Appendix X - Rules Governing Tribal Lottery Systems.**
   Appendix X "Rules Governing Tribal Lottery Systems" added in the Tribe's Second Amendment is deleted in its entirety.

10. **Replace Appendix X2 - Rules Governing Tribal Lottery Systems.**

    Appendix X2 "Rules Governing Tribal Lottery Systems" added in the Tribe's Third Amendment is replaced in its entirety by the attached amended and restated Appendix X2. The attached Appendix X2 was bargained for and in exchange for provisions therein, and Section III, Section XII and Appendix E of the amended and restated Compact.

11. **Delete Appendix X2 Addendum.**

    Because many of the terms in Appendix X2 Addendum were incorporated into Section XII and Appendix E of the amended and restated Compact, Appendix X2 Addendum added in the Tribe's Fourth Amendment has been deleted.

DRAFT

12. Replace Appendix Y - Requirements for Electronic Gambling Devices.

Appendix Y "Appendix Colville" added in the Tribe's Memorandum of Incorporation, effective August 11, 2007, is replaced in its entirety by the attached amended and restated Appendix Y "Requirements for Electronic Gambling Devices."

The Tribe and State agree that the Compact and its appendices become effective upon publication of notice of approval by the Secretary of the Interior of the United States in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B).

IN WITNESS WHEREOF, the Tribe and the State have executed the Seventh Amendment to the Compact.

THE SQUAXIN ISLAND TRIBE	**STATE OF WASHINGTON**
BY:_____	**BY:**_____
KRISTOPHER PETERS	**BOB FERGUSON**
Chairman	**Governor**
DATED:_____	**DATED:**_____

DRAFT





DRAFT

TRIBAL – STATE COMPACT FOR CLASS III GAMING

BETWEEN THE

Squaxin Island Tribe

AND THE

State of Washington

Squaxin Island Tribe – State of Washington Class III Gaming Compact

TABLE OF CONTENTS

INTRODUCTION 1

INTENT STATEMENT 1

PARTIES 1

DECLARATION OF POLICY AND PURPOSE 1

I. TITLE 3

II. DEFINITIONS 3

III. NATURE AND SCOPE OF CLASS III GAMING 8

A. Location of the Gaming Facilities 8

B. Ownership of Gaming Facilities and Gaming Operation 8

C. Construction 8

D. Public Health, Safety and Environmental Protection 8

E. Alcoholic Beverage Service 9

F. Responsible Gaming 9

G. Forms of Payment 11

H. Size of Gaming Floor 12

I. Number of Gaming Stations 12

J. Wagering Limits 12

K. Hours of Operation 12

L. Prohibition on Minors 12

DRAFT

M. Prohibition on Firearms 13

N. Acceptance of Electronic Benefits Cards from the State of Washington 13

IV. CLASS III GAMING ACTIVITIES AND OTHER GAMING ACTIVITIES 13

A. Class III Table Games 14

B. Tribal Lottery Systems 15

C. Tribal Lottery System Wide Area Progressive 15

D. Electronic Gambling Devices 15

E. Keno 15

F. Sale of Washington State lottery tickets 16

G. Lottery-type Games 16

H. Satellite (Off-Track) wagering on Horse Races 17

I. Sports Pools 17

J. Punchboards and Pull Tabs - Separate Locations 17

K. Sports Wagering 17

V. LICENSING, STATE CERTIFICATION, ELIGIBILITY, AND REGISTRATION GENERAL REQUIREMENTS 18

A. Gaming Facilities 18

B. New Facility or Expansion of Existing Facility 18

C. Gaming Employees 18

D. Manufacturers and Suppliers of Gaming Services 18

E. Financiers 19

F. Identification Cards 19

VI. LICENSING, STATE CERTIFICATION, ELIGIBILITY, AND REGISTRATION PROCEDURES 20

DRAFT

A. Overview – Gaming Employees 20

B. Gaming Employee State Certification 22

C. Gaming Employee Eligibility Determination 27

D. Gaming Employee Registration 33

E. State Role for Issuing State Certification of Manufacturers and Suppliers of Gaming Services and Financiers 41

VII. STATE FEES FOR STATE CERTIFICATION, ELIGIBILITY DETERMINATION, AND REGISTRATION 44

A. State Certification – Gaming Employee 44

B. State Eligibility Determination – Gaming Employee 45

C. State Registration – Gaming Employee 45

D. Alternative Fee Agreements 45

E. State Certification of Suppliers, Manufacturers and Financiers 46

VIII. TRIBAL ENFORCEMENT OF COMPACT REQUIREMENTS 46

A. Tribal Regulation 46

B. Tribal Gaming Agency 46

C. Tribal Gaming Agents 47

D. Investigation 47

E. Reporting of Violations 47

IX. STANDARDS OF OPERATION 48

A. Adoption of Standards of Operation and Management 48

B. Rules of the Games 49

C. Minimum Supervisory Requirements 49

D. Additional Operation Requirements 49

DRAFT

E. Records Retention 51

X. COOPERATIVE ENFORCEMENT OF COMPACT REQUIREMENTS 51

A. State Gaming Agents – Monitoring 52

B. Access to Records 52

C. Investigations 53

D. Tribal Gaming Agency Access to State Gaming Agency Records 53

E. Cooperation With Tribal Gaming Agency 53

XI. JURISDICTION 54

A. Criminal Matters 54

B. Civil Matters 54

C. Sanctions and Civil Fines 55

D. Limited Application of State Criminal Law 55

E. Law Enforcement Coordination 55

F. Reporting Requirements. 56

G. Preservation of Tribal Self-Government 56

XII. REIMBURSEMENT FOR REGULATORY EXPENSES INCURRED BY THE STATE GAMING AGENCY 56

XIII. DISPUTE RESOLUTION AND REMEDIES FOR BREACH OF COMPACT 58

A. Introduction 58

B. Dispute Resolution Alternatives 58

C. Injunction Against the State 60

D. Injunction Against the Tribe, the Gaming Operation, or any Individual 60

E. Limited Waiver of Sovereign Immunity 61

F. References 61

DRAFT

XIV. LIMITATION OF LIABILITY 61

XV. EFFECTIVE DATE, DURATION, AND AMENDMENTS 62

A. Effective Date 62

B. Termination 62

C. Subsequent Negotiations 62

D. Enactment of Compact Provisions 62

E. Revision of State Regulations 62

F. Changes to State Law 63

G. Clarification, Amendments, and Renegotiations 63

XVI. NOTICES 65

XVII. SEVERABILITY 65

APPENDIX A - STANDARDS OF OPERATION AND MANAGEMENT FOR CLASS III ACTIVITIES

APPENDIX B - SATELLITE (OFF-TRACK) WAGERING ON HORSE RACES

APPENDIX E – LIMITATIONS ON WAGERS, CREDIT, FACILITIES; AND PROBLEM GAMBLING RESOURCES

APPENDIX G – ELECTRONIC TABLE GAMES

APPENDIX S—SPORTS WAGERING

APPENDIX W – WIDE AREA PROGRESSIVE

APPENDIX X2 - TRIBAL LOTTERY SYSTEMS

APPENDIX X2 ADDENDUM

APPENDIX Y – REQUIREMENTS FOR ELECTRONIC GAMBLING DEVICES

DRAFT

INTRODUCTION

This CLASS III TRIBAL-STATE GAMING 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).

INTENT STATEMENT

This Class III Tribal-State Gaming Compact supersedes the original Tribal-State Gaming Compact entered on July 27, 1993, as amended, and is hereby stated as set forth below and pursuant to the appendices attached hereto.

To the extent they do not conflict, Internal Controls, game rules, Memorandums of Understanding, and similar documents agreed to and still in effect as of the date of the publication of Amendment 7 remain in full force and effect unless and until they are subsequently modified pursuant to the process set forth in the Compact.

PARTIES

This Class III Tribal-State Gaming Compact is made and entered into by and between the Squaxin Island Tribe (hereafter Tribe), a federally recognized Indian tribe, possessed of all sovereign powers and rights thereto pertaining and the State of Washington (hereafter State), a sovereign state of the United States, with all rights and powers thereto pertaining.

DECLARATION OF POLICY AND PURPOSE

The Tribe and the State recognize and respect the laws and authority of the respective parties.

The Congress of the United States has enacted into law IGRA, Pub. L. 100-497, 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1166-1168, which provides in part that a tribal-state compact may be negotiated between a tribe and a state to govern the conduct of certain Class III Gaming activities on Tribal Lands within the state 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 Tribe and the State have negotiated the terms and conditions of this Compact in good faith so as to provide for mutual governmental purposes and to provide a regulatory framework for the operation of certain Class III Gaming, which is intended to: (a) ensure the fair and honest operation of such Gaming activities; (b) maintain the integrity of all activities conducted in regard to such Gaming activities; (c) prevent unsavory and unsuitable persons from having any direct or indirect involvement with Gaming activities at any time or in any capacity; (d) establish and maintain responsible accounting practices and procedures; (e) maintain effective control over the financial practices related to Gaming activities, including establishing the minimum

DRAFT

procedures for internal fiscal affairs and the safeguarding of assets and revenues and reliable recordkeeping; (f) prevent cheating and fraudulent practices; and (g) protect the health, welfare and safety of the citizens of the Tribe and of the State.

An Indian tribe may conduct Class III Gaming in accordance with IGRA. The Tribe and the State of Washington have mutually agreed that the conduct of Class III Gaming under the terms and conditions set forth below will benefit the Tribe and protect the citizens of the Tribe and of the State consistent with the objectives of IGRA.

The parties hereto deem it to be in their respective best interests to enter into this Compact.

A principal goal of federal Indian policy is to promote tribal economic development, tribal self-determination and a strong government-to-government relationship.

The State recognizes the Tribe's sovereign rights to control Gaming activities on Tribal Lands as provided by IGRA and this Compact.

It is the policy of the Tribe to exercise and retain its rights to regulate Gaming activities upon its Tribal Lands for the purposes of encouraging Tribal employment, economic and social development, and funding of Tribal services while ensuring the fair and lawful operation of Gaming and the prevention of corrupt and criminal influences. Per 25 U.S.C. § 2710(b)(2)(B), the Tribe will utilize net revenues generated by Gaming to fund tribal government operations or programs, to provide for the general welfare of the Tribe and its citizens, to promote tribal economic development, to donate to charitable organizations, or to help fund operations of local government agencies.

This Compact shall govern the licensing, regulation, and operation of Class III Gaming conducted by the Tribe on Tribal Lands located within the State.

The State and the Tribe are empowered to enter into this Compact due to their inherent power to contract and pursuant to IGRA, Tribal law, and State law.

In consideration of the mutual undertakings and agreements hereinafter set forth, the Tribe and the State enter into the following amended Compact.

DRAFT

I. TITLE

This document will be cited as "Squaxin Island Tribe – State of Washington Gaming Compact."

II. DEFINITIONS

For purposes of this Compact:

A. "IGRA" means the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. §2701 et seq.

B. "Applicant" means any Individual who has applied for a tribal license, State Certification, Eligibility Determination or Gaming Employee Registration whether or not such license, State Certification, Eligibility Determination, or Registration is ultimately granted.

C. "Available for Lease" means a Player Terminal that is part of an Eligible Tribe's Allocation of Player Terminals and is neither in use in any Eligible Tribe's Gaming Facility or Facilities, nor leased to another Eligible Tribe.

D. "Cash" when used as a noun, means currency in the form of coins or bills issued by the government of the United States.

E. "Cash Equivalent" means U.S. currency in the form of a treasury check, personal check, travelers check, wire transfer of funds, money order, certified check, cashier's check, a check drawn on the Gaming Operation payable to the patron or to the Gaming Operation, a patron's debit or credit card, a patron's reloadable prepaid card that has been verified as being issued to the patron and is non-transferable, ACH transfer if the operator has security measures and controls to prevent ACH fraud regarding failed ACH deposits, or a voucher recording Cash drawn against a credit card or charge card.

F. "Certification" means a confirmation conducted and signed by an Independent Accounting Firm that states the number of Player Terminals Available for Lease in the State of Washington.

G. "Class III Gaming" means all forms of Gaming as defined in 25 U.S.C. § 2703(8) and authorized under Compact Section IV.

H. "Closed Surveillance System" means a recording system with a collection of surveillance cameras in which live signals are recorded and are available to be viewed within the system and are not publicly distributed or accessible.

DRAFT

I. "Compact" means the Squaxin Island Tribe – State of Washington Gaming Compact and Appendices, as stated herein.

J. "Electronic Gambling Device" or "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, "Electronic Gambling Device" does not include a "Class II Gambling Device."

K. "Eligible Tribe" means a Washington Tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with Appendix X2.

L. "Eligibility Determination" means a process described in Compact Section VI.C. conducted by the State Gaming Agency to verify a person qualifies for a tribal license and does not pose a threat to the public or to effective regulation of this Compact.

M. "Federally Recognized Tribe" means an American Indian or Alaska Native tribal entity that is recognized as having a government-to-government relationship with the United States of America, with the responsibilities, powers, limitations, and obligations attached to that designation, and is eligible for funding and services from the Bureau of Indian Affairs or successor agency.

N. "Gaming" or "Gambling" means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome.

O. "Gaming Code" means the Tribal Ordinance approved by the National Indian Gaming Commission pursuant to IGRA and codified in Squaxin Island Tribal Code Chapter 6.08, as amended and any regulations or rules adopted by the Tribe thereunder.

P. "Gaming Employee" means any person employed in the operation or management of the Gaming Operation, whether employed by or contracted by the Tribe or by any person or enterprise providing on or off-site services to the Tribe within or without the Gaming Facilities regarding any Class III Gaming, including, but not limited to, Gaming Operation managers and assistant managers; accounting personnel; security personnel; surveillance personnel; cashier supervisors; dealers; box men; floormen; Pit bosses; shift bosses; cage personnel; Sports Wagering personnel; collection personnel; Gaming consultants; management company employees, officers, and

DRAFT

Principals; and any other natural person whose employment duties require or authorize access to restricted areas of the Gaming Facilities not otherwise opened to the public.

Q. "Gaming Facility" or "Gaming Facilities" means the building or buildings or portions thereof in which Class III Gaming occurs as authorized by this Compact.

R. "Gaming Operation" means the enterprise or enterprises operated by the Tribe on Tribal Lands for the conduct of any form of Class III Gaming in any Gaming Facility.

S. "Gaming Promotion" means a way to encourage players to participate in a Gaming activity. A Gaming Promotion cannot require the participants to give valuable consideration in order to participate in the promotion.

T. "Gaming Services" means the providing of any goods or services to the Tribe directly in connection with the operation of Class III Gaming in a Gaming Facility and involving restricted areas or access. Goods or services include, but are not limited to, equipment, maintenance, management or security services for the Gaming Facility.

U. "Gaming Station" means one conventional, physical Gaming table of the general size and scope as commonly used in Nevada.

V. "Independent Accountant" means a professional accountant suitably qualified and sufficiently independent to act as auditor of the Gaming Operation.

W. "Independent Accounting Firm" means a person or firm licensed by the Washington State Board of Accountancy.

X. "Indian" means an enrolled member of a Federally Recognized tribe.

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

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

AA. "Investigative Report" means a report that accurately reflects the background investigation conducted by the Tribal Gaming Agency to determine whether a Gaming Employee/Applicant qualifies to hold a Gaming license. Each Investigative Report should include at least the following: full legal name, alias, date of birth, unique identification number, position to be held, summary of investigative results

DRAFT

found, type of license issued, date license issued, and who completed the investigation.

BB. "Keno System" means the collection of hardware and software components which facilitate the play, reporting, and security of the keno game. The system includes number selection devices, databases, servers, networking devices, management terminals, kiosks, and other components used as integral parts of the keno game.

CC. "Local Law Enforcement Agency" means any law enforcement agency in the vicinity of the Gaming Operation that has jurisdiction to enforce local and State laws within the Tribal Lands or is subject to the terms of a cross-deputization, cooperation, or mutual aid agreement.

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

EE. "National Indian Gaming Commission" or "NIGC" means the Commission established pursuant to Section 5 of IGRA, 25 U.S.C. § 2704.

FF. "Net Win" means the total amount wagered or played less the amounts repaid to winners.

GG. "Non-Indian" means a person not enrolled as a member of a Federally Recognized tribe.

HH. "Pit" means the area enclosed or encircled by an arrangement of Gaming Stations in which Gaming Facility personnel administer and supervise the games played at the Gaming Stations by the patrons located on the outside perimeter of the area.

II. "Principal" means with respect to any enterprise: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person other than a banking institution who has provided financing for the enterprise constituting more than ten percent of the total financing of the enterprise or project.

JJ. "Proof of Identity" means legal identification that includes a current photograph such as a valid driver's license, state identification card, valid passport, military identification card, or tribal identification card.

DRAFT

KK. "Registration" or "Gaming Employee Registration" means the process described in Compact Section VI. conducted by the State Gaming Agency to determine, from the State's perspective, if a person is of good character, honesty, and integrity; the person's prior activities do not pose a threat to the public or to effective regulation of this Compact; and that such person is likely to conduct Class III Gaming activities in accordance with this Compact.

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

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

NN. "State Certification" means the process described in Compact Section VI.B. utilized by the State Gaming Agency to ensure that all entities or persons required to be licensed or certified are qualified to hold such license or State Certification in accordance with this Compact.

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

PP. "Tribal Gaming Agency" means the Tribal Gaming Commission and/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.

QQ. "Tribal Gaming Agent" means an employee of the Tribal Gaming Agency duly appointed by the agency as an agent.

RR. "Tribal Lands" means Indian lands as defined by 25 U.S.C. § 2703(4)(A) and (B), subject to the provisions of 25 U.S.C. § 2719, which lands are subject to the jurisdiction of the Tribe.

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

TT. "Tribal Licensing" means the licensing process utilized by the Tribe to ensure all entities or persons required to be licensed are qualified to hold such license in accordance with provisions of the Tribe's Gaming Code, regulations, and this Compact.

UU. "Tribal Member" means an enrolled member of the Squaxin Island Tribe pursuant to the membership laws of the Tribe.

DRAFT

VV. "Tribe" means the Squaxin Island Tribe, its authorized officials, agents, and representatives, and includes federally or tribally chartered entities wholly owned by the Tribe.

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

III. NATURE AND SCOPE OF CLASS III GAMING

A. Location of the Gaming Facilities

(1) The Tribe may establish two (2) Gaming Facilities to be located on Tribal Lands.

(2) Any Gaming Facility may be expanded to include additional buildings or portion(s) thereof connected to become part of that Gaming Facility. Any connected structures of that Gaming Facility must provide corridors connecting such buildings or portion(s) thereof with a safe, secure, and direct path for the public, employees, and assets. All Compact requirements shall apply to such additional buildings.

B. Ownership of Gaming Facilities and Gaming Operation

The Gaming Operation, including all Gaming Facilities, shall be owned by the Tribe. The Tribe may, if it chooses, contract for management of the Gaming Facilities and Gaming Operation. Any such contract shall subject the manager to the terms of this Compact, including licensing pursuant to the requirements of Compact Sections V. and VI.

C. Construction

Any Gaming Facility will comply with all applicable tribal and federal regulations, including by way of example: zoning, building, environmental review, and water quality protection.

D. Public Health, Safety and Environmental Protection

(1) The number of persons permitted in any Gaming Facility will not exceed the number authorized by applicable fire and building codes.

(2) The Tribe recognizes there may be an increased burden on local jurisdictions' public safety, emergency response, and other services associated with the operation of Gaming Facilities and shall make provisions for adequate emergency accessibility and service to ensure the safety of its patrons and employees.

(3) The Tribe shall comply with and enforce standards no less stringent than those contained in the following laws, regulations, and codes:

DRAFT

(a) Indian Health Service public health standards.

(b) All Federal laws establishing minimum standards for environmental protection.

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

(d) Federal water quality and safe drinking water standards or the Tribe's Surface Water Quality Standards, approved by the United States Environmental Protection Agency.

(e) International Building Code, including codes for electrical, fire, and plumbing.

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

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

(4) Because air quality is an important part of protecting public health and safety, when smoking is allowed in the Gaming Facility, Tribe agrees to mitigate the harm of second-hand smoke by providing a non-smoking area of the Gaming Facility.

E. Alcoholic Beverage Service

Standards for alcohol service within the Gaming Facilities shall be subject to applicable law or applicable agreement between the Tribe and Washington State Liquor and Cannabis Board, or its successor agency.

F. Responsible Gaming

The Tribe and State Gaming Agency recognize the importance of responsible gaming as part of the shared responsibility to protect the health, welfare, and safety of the citizens of the Tribe and of the State. As part of that responsibility, the Tribe agrees to:

(1) Policy. Create and maintain a responsible gaming policy that, at a minimum, outlines their commitment to responsible gaming, player protection, and mitigating gambling related harms. The policy shall include information about how and where to seek treatment; national or local hotline numbers; a description of self-imposed limits offered by the Gaming Operation, if any; the process for

DRAFT

self-exclusion/barring; and preventing underage persons from entering the Gaming Facility.

(2) Training. Provide annual training and education for all Gaming Employees to cover how to identify problem gamblers, how to provide assistance when asked, the self-exclusion/barring process, and where to direct patrons to find resources. For management, additional training shall cover underage gambling prevention; unattended children; the self-exclusion/barring process and how to initiate the process; and the increased risk of gambling harms that gaming employees may face.

(3) Self-Exclusion.

The Tribe shall:

(a) Provide a self-exclusion process for patrons to self-exclude/bar themselves from the Gaming Facility and describe that process on the Gaming Facility's website and Player Account applications. Current forms for initiating the process should be available on the website.

(b) Provide local resources and a toll-free number to a patron who self-excludes/bars so they can seek further assistance.

(c) Immediately remove a patron who self-excludes/bars from mailing lists and promotional and marketing materials, and they will be denied all complimentary items while excluded/barred.

(d) Consider participating in the State Gaming Agency's statewide self-exclusion program.

(4) Commitment to Responsible Gaming.

(a) Each cashier station, entrance/exit, Gaming Station, Player Terminal, Kiosk, ETG Terminal, Mobile Sports Wagering application, and Sports Wagering Kiosk shall display educational and informational materials that aim at the prevention of problem gambling, a toll-free helpline number, and specify where to find problem gambling assistance. Any link to the Tribe's responsible gaming policy in (1) above shall be consistent with the information posted on the Gaming Facility's website and in a method determined by the Tribe.

(b) Include a responsible gaming message and toll-free hotline number on Class III advertising, marketing, and promotional materials.

DRAFT

(c) Provide recipients of Class III advertising, marketing, and promotional materials with the ability to opt out of email, direct messaging, SMS marketing at any time.

(5) Class III Gaming website information. The Tribe shall, within three (3) clicks from the main website, make the following responsible gaming and problem gambling information available on the Class III Gaming Facility website:

(a) The responsible gaming policy outlined in (1) above,

(b) A toll-free problem gambling hotline number,

(c) Problem gambling resources,

(d) Responsible gaming information,

(e) The Gaming Operations self-barring/exclusion process, and

(f) On-line application/form to start the self-barring/exclusion process.

(6) Self-Imposed Limits.

Within five (5) years, or as soon as feasible thereafter based on reliable technological availability, include in the Tribe's education and awareness program an interactive responsible gaming application or program for players such Gambling application or program may be separate and need not be integrated into the authorized Class III Gaming activities and other Gaming activities.

(7) The Tribe shall annually certify to the State Gaming Agency in writing compliance with (1)-(6) above by December 31 of each year.

(8) Consider additional ways to address problem gambling behaviors of patrons of the Gaming Facility in future negotiations.

G. Forms of Payment

All payment for wagers made in authorized forms of Class III Gaming conducted by the Tribe on its Tribal Lands, including the purchase of chips for use in wagering, shall be made by Cash or Cash Equivalent. Cash payments for wagers made through near-field communication (NFC) devices, EMV or smart cards, or similar secure payment technologies may be utilized upon agreement between the Tribe and the State Gaming Agency and documented in a Memorandum of Understanding. No credit shall be extended to any patron of the Gaming Facilities for Gaming activities except as authorized in this Compact.

DRAFT

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

H. Size of Gaming Floor

The actual size of the Class III Gaming Floor within each Gaming Facility shall be determined by the Tribe.

I. Number of Gaming Stations

Appendix E, Section 5. governs the number of gaming stations.

J. Wagering Limits

Unless otherwise specified in this Compact or Appendices, wager limits shall not exceed five hundred dollars ($500).

K. Hours of Operation

Operating hours shall be determined by the Tribe.

L. Prohibition on Minors

No person under the age of eighteen (18) shall participate in any Gaming activities authorized by this Compact, or be employed in any Gaming Operation, or be allowed on the Class III Gaming floor during actual hours of operation. PROVIDED, that such age limitation shall not apply to a person accompanied by an adult for the specific and limited purpose of proceeding directly and immediately across the Gaming area for legitimate non-gaming purpose, with no Gaming area loitering or Gaming participation by the underage person or accompanying adults. Persons between the ages of eighteen (18) and twenty (20) may patronize and participate in Class III Gaming activities offered by the

DRAFT

Tribe in its Gaming Facilities, so long as such patrons do not purchase or consume alcoholic beverages on the premises in accordance with Washington State liquor laws or an applicable written agreement between the Tribe and Washington State Liquor and Cannabis Board or successor State agency.

M. Prohibition on Firearms

The possession of firearms by any person within the Gaming Facilities shall be strictly prohibited, and the Gaming Operation shall post notice of this prohibition near any entrance to the Gaming Facilities. This prohibition shall not apply to:

(1) Local Law Enforcement or Tribal Law Enforcement agencies authorized by federal law, tribal law or by a cooperative, mutual aid or cross-deputization agreement;

(2) Contracted services, such as armored car services, while performing their contracted duties as provided in RCW 9.41.300 and RCW 18.170; and

(3) The State Gaming Agency.

N. Acceptance of Electronic Benefits Cards from the State of Washington.

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

IV. CLASS III GAMING ACTIVITIES AND OTHER GAMING ACTIVITIES

Any Class III Gaming activity not authorized in this Compact is prohibited, and unless authorized by the State, all Class III Gambling Devices are prohibited.

Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II Gaming activities Tribal Lands or within the Gaming Facility.

The Tribe may conduct any or all the following games subject to the terms and conditions of this Compact:

DRAFT

A. Class III Table Games

(1) Existing Table Games. The Tribe may offer any Class III table game authorized for play in the State of Washington pursuant to the table game rules approved at the time of the effective date of this amended Compact.

(2) Modifications to Table Games. If the Gaming Operation wishes to modify its table game rules of an approved Class III table game, it shall first provide the modified game rules to the Tribal Gaming Agency for review and approval. Once the Tribal Gaming Agency has reviewed and approved the modified game rules, the Tribal Gaming Agency shall provide the State Gaming Agency with the approved modifications to the rules for concurrence. If the State Gaming Agency takes no action on the submitted modifications to the table game rules within the thirty (30) days, the Gaming Operation may begin offering the table game. If, however, the State Gaming Agency disagrees with the proposed modified game rules, it shall provide a notice of disagreement to the Tribal Gaming Agency setting forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the Tribal Gaming Agency and State Gaming Agency shall meet, and in good faith try to resolve the differences.

(3) Table Games Approved in Washington after Effective Date. If the Gaming Operation wishes to offer any Class III table game not approved at the time of the effective date of this amended Compact but subsequently authorized for play in the State of Washington and played in accordance with rules as approved, it shall first provide the game rules to the Tribal Gaming Agency for review and approval, and the Tribal Gaming Agency shall provide the table game rules to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If, however, the State Gaming Agency disagrees with the proposed table game rules, it shall provide a notice of disagreement to the Tribal Gaming Agency setting forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the Tribal Gaming Agency and State Gaming Agency shall meet, and in good faith try to resolve the differences.

(4) New Table Games. If the Gaming Operation wishes to offer any Class III table game that does not fall under subsections (1), (2) or (3) above, it shall first provide the game rules to the Tribal Gaming Agency for review and approval. Once the Tribal Gaming Agency has reviewed and approved the game rules, the following items shall be submitted to the State Gaming Agency at least sixty (60) days prior to the time play shall begin:

(a) The proposed rules,

DRAFT

(b) Manner of regulation,

(c) Manner of play, and

(d) Any equipment included as part of the proposal. A working model of the equipment will be submitted to the State Gaming Agency prior to installation and implementation.

If the State Gaming Agency takes no action on the submission within the sixty (60) days, the Gaming Operation may begin offering the game. If, however, the State Gaming Agency disagrees with the submission, it shall provide a notice of disagreement to the Tribal Gaming Agency setting forth with specificity the reasons for such disagreement.

(5) Electronic Table Games. The Gaming Operation may offer Electronic Table Games, operated in conformity with Appendix F.

B. Tribal Lottery Systems operated in conformity with X2.

C. Tribal Lottery System Wide Area Progressive operated in conformity with Appendix W.

D. Electronic Gambling Devices, as defined herein and the Johnson Act, 15 U.S.C. § 1171, operated in conformity with Appendix Y.

E. Keno

(1) The wagering limit for Keno is five hundred dollars ($500).

(2) Existing Keno Systems. The Tribe may offer any Keno System approved for play in the State of Washington pursuant to the game rules and Internal Controls approved at the time of the effective date of this amended Compact.

(3) Keno System Modification or Approved in Washington after Effective Date. If the Gaming Operation wishes to offer a modification to game rules or Internals Controls of a currently authorized Keno System or a new Keno System that was not approved at the time of the effective date of this amended Compact but was subsequently authorized for play in the State of Washington, it shall first provide the game rules or Internal Controls to the Tribal Gaming Agency for review and approval, and the Tribal Gaming Agency shall provide the game rules or Internal Controls to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If, however, the State Gaming Agency disagrees with the proposed game rules or Internal Controls, it shall provide a notice of disagreement to the Tribal Gaming Agency setting forth with specificity the reasons for such

DRAFT

disagreement. If the State takes no action within the thirty (30) days, the Tribe shall begin offering the game.

(4) New Keno Systems. For a Keno System that does not fall under subsections (2) or (3) above, the Tribe will submit to the State Gaming Agency at least sixty (60) days prior to time play shall begin the:

(a) Proposed rules,

(b) Manner of regulation,

(c) Manner of play, and

(d) The proposed Keno System equipment will be submitted to the State Gaming Agency for testing and approval prior to installation and implementation.

If the State Gaming Agency disagrees with the proposal, it shall provide a notice of disagreement to the Tribal Gaming Agency setting forth with specificity the reasons for such disagreement. If the State takes no action within sixty (60) days, the Tribe may begin offering the game.

F. Sale of Washington State lottery tickets on Tribal Lands shall be subject to the provisions of RCW 67.70, WAC 315, and the Gaming Code.

G. Lottery-type Games

(1) The Tribe may offer games including keno-type games, instant tickets, raffles, 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).

(2) At least sixty (60) days prior to the time play shall begin, the Tribe will submit to the State Gaming Agency the following:

(a) Proposed rules;

(b) Manner of regulation;

(c) Manner of play; and

(d) If the proposal includes gambling equipment, the proposed equipment will be submitted to the State Gaming Agency for testing and approval prior to installation and implementation.

DRAFT

(3) If the State takes no action within sixty (60) days, the Tribe may begin offering the game.

H. Satellite (Off-Track) wagering on Horse Races, in conformity with Appendix B.

I. Sports Pools, on regularly scheduled athletic contests, of one hundred (100) squares wherein each square is sold for not more than one hundred dollars ($100) and all proceeds, less a tribal administrative charge of no more than fifty cents ($.50) for each ten dollars ($10) wagered, are awarded as prizes. The sports pool may be conducted only as follows:

(1) A board or piece of paper is divided into one hundred (100) equal squares, each of which constitutes a chance to win in the sports pool and each of which is offered directly to prospective contestants;

(2) The purchaser of each chance or square signs their name on the face of each square purchased;

(3) No later than prior to the start of the subject athletic contest the pool is closed and no further chances are sold;

(4) After the pool is closed a prospective score is assigned by random drawing to each square; and

(5) The sports pool board must be available for inspection by any person purchasing a chance, the State Gaming Agency, and the Tribal Gaming Agency at all times prior to the payment of the prize.

J. Punchboards and Pull Tabs - Separate Locations

The Tribe may utilize punchboards and pull tabs in each Gaming Facility and at other locations under the Tribe's jurisdiction subject to regulation and licensing by the Tribe and operated in a manner consistent with the sale of punchboards and pull tabs under IGRA.

K. Sports Wagering, operated in conformity with Appendix S.

DRAFT

V. LICENSING, STATE CERTIFICATION, ELIGIBILITY, AND REGISTRATION GENERAL REQUIREMENTS

A. Gaming Facilities

The Gaming Facilities authorized by this Compact shall be licensed by the Tribal Gaming Agency in conformity with the requirements of this Compact and the Gaming Code prior to commencement of operation.

B. New Facility or Expansion of Existing Facility

Verification that the Compact and Gaming Code requirements have been met for any new or additional Gaming Facilities, or for expansion of an existing Gaming Facility shall be made by the Tribal Gaming Agency and State Gaming Agency, through a joint pre-operation inspection scheduled at least thirty (30) days prior to the scheduled opening to the public. If a 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 the manager, if any, within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a 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.

C. Gaming Employees

The Tribal Gaming Agency shall license Gaming Employees and may either work with State Gaming Agency to certify those Gaming Employees; or work with State Gaming Agency to determine eligibility; or work with State Gaming Agency to verify Registration as described in Compact Section VI. and pursuant to RCW 9.46.070.

D. Manufacturers and Suppliers of Gaming Services

(1) 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 is currently licensed or certified by the State Gaming Agency to supply Gaming Services, pursuant to RCW 9.46.070, it shall be deemed certified to supply the same Gaming Services to the Tribe for the purposes of this Compact. The licensing and State Certification shall be maintained annually after the initial State Certification.

(2) Firms or representatives providing professional legal and accounting services, when licensed by the Washington State Bar Association or the Washington State Supreme Court, the Washington State Board of Accountancy, or an equivalent

DRAFT

State or Provincial licensing body that has a reciprocity agreement with Washington State, will not be subject to State Certification, and the Tribe will determine if a license is required.

(3) In the event a manufacturer or supplier demonstrates that their anticipated profits from sales will be below the cost of obtaining a State Certification, it may apply for an abbreviated form of State Certification currently known as a special sales permit.

(4) In the event a manufacturer or supplier provides or intends to provide less than twenty-five thousand dollars ($25,000) worth of Gaming Services annually, the licensing and State Certification requirements may be waived upon the mutual agreement of the Tribal and State Gaming Agencies.

E. Financiers

(1) Any party who extends or intends to extend financing, directly or indirectly, to a Gaming Facility or Gaming Operation shall be subject to the annual State Certification and licensing requirements of the State Gaming Agency and the Tribal Gaming Agency. Such party shall be required to obtain State Certification before executing the financing agreement and annually thereafter as long as the financing agreement is in effect.

(2) These licensing and State Certification requirements do not apply to financing provided by a federal or State regulated commercial lending institution, the Tribe, or the federal government. Federal or State regulated commercial lending institutions are those regulated by the Securities and Exchange Commission, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the United States Federal Reserve System, the National Credit Union Administration, or the Washington State Department of Financial Institutions.

(3) The source of all funds including financing agreements will be fully disclosed to the State Gaming Agency, and the Tribe shall make available such disclosures for review by the State Gaming Agency.

(4) The source of all funds will be fully disclosed, as applicable to the satellite wagering facility and activities, to the Washington Horse Racing Commission.

F. Identification Cards

The Tribal Gaming Agency shall require all Gaming Employees, representatives of manufacturers and suppliers of Gaming Services, and representatives of Sports Wagering Vendors to carry on their person at all times identification cards issued by the Tribal

DRAFT

Gaming Agency which include the Individual's photo, first name, an identification number unique to the Individual's tribal license, a Tribal seal or signature, and a date of expiration. The Tribal Gaming Agency will determine which Gaming Employees are not required to visibly display their identification card and will identify those employees to the State Gaming Agency upon request.

VI. LICENSING, STATE CERTIFICATION, ELIGIBILITY, AND REGISTRATION PROCEDURES

A. Overview – Gaming Employees

The Tribal Gaming Agency shall license Gaming Employees and will work with State Gaming Agency to certify those Gaming Employees as described in Compact Section VI.B. or work with State Gaming Agency to determine eligibility as described in Compact Section VI.C. or work with the State Gaming Agency to verify Registration as described in Compact Section VI.D.

(1) The options outlined in Compact Sections VI.B., C., and D. below are mutually exclusive and cannot be utilized at the same time.

(2) Transitioning between State Certification and Eligibility. The Tribal Gaming Agency may choose to transition from State Certification to the Eligibility Determination provisions of this Compact. The Tribal Gaming Agency agrees that it will operate under the Eligibility Determination provisions for at least two (2) years before returning to the State Certification provisions. If the Tribal Gaming Agency chooses to return to the State Certification provisions after at least two (2) years under the Eligibility Determination provisions, it agrees that it will operate under the State Certification provisions for at least two (2) years before transferring back to Eligibility Determination.

(3) Transitioning from State Certification or Eligibility Determination to Registration. If the Tribal Gaming Agency can demonstrate Tribal licensing expertise by meeting all criteria required in Compact Section VI.D.(1) and the State Gaming Agency verifies the Tribal Gaming Agency has met the criteria, the Tribal Gaming Agency may choose to transition from State Certification or Eligibility Determination to the Registration provisions of this Compact.

(a) The Tribal Gaming Agency must operate under the Registration provisions for at least two (2) years before returning to the State Certification or Eligibility Determination provisions. If the Tribal Gaming Agency chooses to return to the Eligibility Determination or State Certification provisions after at least two (2) years under the Registration

DRAFT

provisions, they must operate under the State Certification or Eligibility Determination provisions for at least two (2) years before transferring back to Registration.

(b) The Tribal Gaming Agency must demonstrate and verify that it meets all criteria in Compact Section VI.D.(1), set out in the transition MOU and every three (3) years thereafter.

(c) If the Tribe determines that the Tribal Gaming Agency no longer meets the requirements set forth in Compact Section VI.D.(1), the Tribe will immediately notify the State Gaming Agency of the Tribal Gaming Agency's plan to transition back to either a State Certification or Eligibility Determination process and provide the State Gaming Agency thirty (30) days' notice to update their processes and reprogram their systems.

(d) If the State Gaming Agency finds the Tribal Gaming Agency no longer meets the requirements in Compact Section VI.D.(1), the State Gaming Agency will immediately notify the Tribe and request a meeting to discuss a transition plan back to either a State Certification or Eligibility Determination process.

(4) Submitting Transition Plan to State Gaming Agency.

(a) The Tribal Gaming Agency will submit the proposed transition date and licensing and State Certification, Eligibility Determination, or Registration plan to the State Gaming Agency at least ninety (90) days prior to transitioning. The ninety (90) day period will provide the State Gaming Agency time to reprogram their systems, properly train staff in the new procedures, and allow time for the State Gaming Agency to verify the Tribal Gaming Agency meets the Registration criteria.

(b) When transitioning to Registration, the Tribal Gaming Agency must also provide documentation in their transition plan of how it meets the criteria in Compact Section VI.D.(1).

(c) When returning to a previous process, the Tribe will notify the State Gaming Agency of their plan to transition to a previous process and provide the State Gaming Agency thirty (30) days' notice to update their processes and reprogram their systems.

DRAFT

(5) Transition MOU. If the Tribe wishes to transition to another process, the Tribal Gaming Agency and State Gaming Agency must enter an MOU ("Transition MOU") that includes at a minimum, transition date; fees; the submittal process for State Certification, Eligibility Determination, or Registration verification; annual review, including the timing, process, and any costs associated with such; and that State Certification and Eligibility Determination applications and Registration information must be submitted online. If the transition is to Registration, the Transition MOU will also include the Tribal Gaming Agency's verification that it meets all criteria in Compact Section VI.D.(1). The MOU may be amended from time to time and will remain in effect while the TGA operates under either the Eligibility Determination or Registration verification process.

B. Gaming Employee State Certification

(1) Tribal license and State Certification Required. Any employee who meets the definition of Gaming Employee, regardless of the employee's job title, must be licensed by the Tribal Gaming Agency and relicensed annually, and must also receive State Certification from the State Gaming Agency and be recertified annually.

(2) The Tribal Gaming Agency may immediately issue a license if the Gaming Employee has a current State Gaming license or State Certification issued by the State Gaming Agency.

(3) Procedures for Tribal License Applications and State Certification. Each Applicant for a Tribal gaming license and for State Certification shall submit the completed State Certification application form along with the required information to the Tribal Gaming Agency. Each completed application shall be accompanied by the Applicants' fingerprint card(s), Proof of Identity, 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, Proof of Identity, and the fees required. For Applicants who are business entities, these provisions shall apply to the Principals and spouses of such entities.

(4) 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. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State Certification or deny the application based on criteria set forth in this

DRAFT

Compact. If the State Gaming Agency issues a State Certification, the State Gaming Agency shall forward the State Certification to the Tribal Gaming Agency. If the application for State Certification is denied, a statement setting forth the grounds for denial shall be forwarded to the Applicant in accordance with the provisions of Chapter 230-17 WAC, with a copy forwarded to the Tribal Gaming Agency. The State Gaming Agency shall not apply to any Applicant for State Certification required under this Compact a more rigorous standard than that actually applied in the approval of State Gaming Agency licenses or State Certifications in non-tribal Gaming activities regulated by the State Gaming Agency. All background materials compiled by the State Gaming Agency in connection with the background investigation of any Applicant for State 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, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

(5) 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 a State Certification or Principal of an entity:

(a) Is determined to be a person who, because of prior activities, criminal record (if any) or reputation, habits or 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.

(b) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a tribal-state compact.

(c) 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 of State Certification 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.

DRAFT

(d) 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 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 of the application, or 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 State Certification and the provisions of RCW 9.95.240 and RCW 9.96A shall not apply to such cases.

(e) 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 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 clarifying 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 State Certification.

(f) The State Gaming Agency will consult with the Tribal Gaming Agency prior to denying State Certification to such an Applicant who does not meet the criteria for State Certification. For enrolled members of the Tribe who are Applicants for State Certification, and licensing, the State and Tribal Gaming Agencies may waive, by mutual agreement, through a provisional or conditional State 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 Tribal Gaming Agency can show extenuating circumstances why an enrolled Tribal Member who does not meet all criteria should be further considered for a provisional or conditional State Certification, the Tribal and State Gaming Agencies may agree to a temporary State Certification, based on specific conditions and a further detailed review of the Applicant. Additional fees may be required to maintain a conditional or provisional State Certification, which the Tribe agrees to pay.

DRAFT

(6) Right to Hearing for Revocation, Suspension, or Denial of State Certification. If an application has not been withdrawn by the Tribal Gaming Agency during the State Certification review process, any Applicant 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 RCW 9.46, RCW 34.05, and WAC 230-17, and the records involved shall be governed by the definitions set out in RCW 10.97.030. The SGA shall notify the TGA of any determination under this subsection. The State Gaming Agency, 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.

(7) 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 Gaming Code and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Compact Section VI.B.(5). The Tribe shall notify the State Gaming Agency of any determination under this paragraph.

(8) 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, State Certification, or temporary license or State Certification, unless otherwise revoked or suspended. A Gaming Employee who has applied for renewal prior to expiration may continue to be employed under the expired Tribal license or State Certification or State Gaming license until the Tribal Gaming Agency or State Gaming Agency takes action on the renewal application or the State Certification or license is suspended or revoked. Applicants seeking renewal of license or State 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. An 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 Gaming Agency shall forward a copy of any updated information to the Tribal Gaming Agency, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement

DRAFT

intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

(9) 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, any administrative action or legal proceeding against a Tribal license or State Certification will be communicated to either the State Gaming Agency or Tribal Gaming Agency, and the final disposition shall be forwarded to either the Tribal Gaming Agency or the State Gaming Agency and maintained in accordance with each agency's respective record retention requirements for licensing records.

(10) Fees For Tribal License. The Tribal Gaming Agency shall establish the fees for Tribal gaming licenses.

(11) 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.

(12) Summary Suspension of State Certification. The State Gaming Agency, pursuant to RCW 9.46 and WAC 230-17, may summarily suspend any State Certification if the continued State Certification constitutes an immediate and potential serious threat to public health, safety, or welfare.

(13) 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 State Certification, including all necessary administrative procedures, hearings and appeals pursuant to RCW 9.46, WAC 230-17, and the State Administrative Procedures Act, RCW 34.05. 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.

(14) Tribal Certification. The Tribal Gaming Agency may, in its sole election, rely upon the State Certification of the State Gaming Agency as the Tribe's qualification process for a Tribal gaming license.

DRAFT

C. Gaming Employee Eligibility Determination

(1) Every Gaming Employee shall be licensed by the Tribal Gaming Agency prior to commencement of employment and at a maximum of every three (3) years thereafter. Every Gaming Employee eligible for a license shall be verified by the State Gaming Agency prior to commencement of employment and annually thereafter. Eligibility Determinations are non-transferable.

(2) The Tribal Gaming Agency may immediately issue a license if the Gaming Employee has a current State Gaming license or State Certification.

(3) Any employee that meets the definition of Gaming Employee, regardless of the employee's job title, must be licensed by the Tribal Gaming Agency and must also receive an Eligibility Determination from the State Gaming Agency.

(4) The Tribal Gaming Agency shall submit a list of the licensed and temporarily licensed Gaming Employees to the State Gaming Agency at least annually. The Tribal Gaming Agency shall include the licensee's complete name, aliases, and date of birth in its submission to the State Gaming Agency.

(5) Tribal Application Forms. Application forms shall include, at a minimum, the information required on State Certification applications and any additional information required by the Tribal Gaming Agency. All Applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Agency and must provide information relating to their complete criminal history, as well as all civil or administrative violations of gambling laws or regulations. Completed forms shall be accompanied by the application and investigative fees set forth in the Tribal Gaming Agency's published schedule of fees.

(6) Procedures for Tribal License Applications. The Tribal Gaming Agency shall be primarily responsible for the conduct of background investigations for all Applicants for Gaming Employee licenses. Each Applicant for a Tribal Gaming Employee license shall submit the completed application along with the required information and fees to the Tribal Gaming Agency. Each completed application shall include the Applicant's fingerprint card(s), Proof of Identity, and any other information required by the Tribal Gaming Agency.

(7) Background Investigations of Gaming Employee Applicants.

(a) Prior to hiring or licensing a prospective Gaming Employee, the Tribal Gaming Agency shall obtain sufficient information and identification from the Applicant on forms to be furnished by the Tribal Gaming Agency to

DRAFT

permit a thorough background investigation, together with such fees as may be required by the Tribal Gaming Agency. The information obtained shall include, at a minimum, name (including any aliases), current address, date and place of birth, criminal arrest and conviction record, two sets of fingerprints, sex, height, weight, and Proof of Identity.

(b) When the Tribal Gaming Agency has completed its initial investigation of the Applicant, and has issued a temporary license, it will, within five (5) business days, forward the application; Judicial Information System (JIS) results or its electronic equivalent; a set of fingerprint cards; Proof of Identity; and the fee required to the State Gaming Agency for a final criminal history record and non-conviction data review, as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030.

(c) The State Gaming Agency shall complete the Eligibility Determination. The State Gaming Agency may find an Applicant ineligible 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 an Eligibility Determination:

i. Is determined to be a person who because of prior activities, criminal record, if any, or reputation, habits or 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;

ii. Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations, or duties imposed by any provision of a tribal-state compact;

iii. Has failed to provide any information reasonably required to investigate the application;

iv. Has failed to reveal any fact which the Applicant or holder knows or should reasonably know is material to such application;

v. Has furnished any information which is untrue or misleading in connection with such application; or

vi. Has had a Tribal gaming license, State gaming license, or State Certification revoked or denied during the twelve (12) months prior to

DRAFT

the date the State Gaming Agency received the application; is currently on probation imposed by any jurisdiction; or has demonstrated a willful disregard or failed to comply with the requirements of any Gaming regulatory authority in any jurisdiction, including offenses that could subject the Individual to suspension, revocation or forfeiture of any Gaming license. For the purpose of reviewing any application for Eligibility Determination or for considering the denial, suspension or revocation of any Eligibility Determination, the State Gaming Agency may consider any prior criminal conduct or current probationary status of the Applicant or holder of an Eligibility Determination and the provisions of RCW 9.95.240 and RCW 9.96A shall not apply to such cases.

(d) The State Gaming Agency shall notify the Tribal Gaming Agency that either: (1) the criminal history and non-conviction data review has revealed no information which would make the Applicant ineligible for employment pursuant to Compact Section VI.C.(7)(c); or (2) the criminal history and non-conviction data review has revealed that the Applicant is ineligible for employment pursuant to Compact Section VI.C.(7)(c).

(e) The State Gaming Agency will consult with the Tribal Gaming Agency prior to issuing an ineligibility determination for Tribal Members after a criminal history and non-conviction data review. For Tribal Members who are Applicants for Eligibility Determination, the State and Tribal Gaming Agencies may waive, by mutual agreement, through a conditional Tribal license, certain criteria for such Tribal Members if the waiver does not pose an appreciable risk to the public or the lawful operation of the Gaming Facilities. If the Tribal Gaming Agency can show extenuating circumstances why a Tribal Member who does not meet all criteria should be further considered for a conditional Tribal license, the Tribal and State Gaming Agencies may agree that the State Gaming Agency will issue an Eligibility Determination with the conditional Tribal license, based on specific conditions and a further detailed review of the Applicant. Additional fees may be required to maintain a conditional Tribal license, which the Tribal Gaming Agency agrees to pay.

(f) An Applicant or Gaming Employee who has been determined ineligible for licensing by the State Gaming Agency after criminal history and non-conviction data review will not be licensed by the Tribal Gaming Agency except in conformity with Compact Section VI.C.(7)(e).

DRAFT

(g) All background materials compiled by the State Gaming Agency in connection with the background investigation of any Applicant for Tribal Licensing or State Gaming Agency Eligibility Determination verification shall be available to the Tribal Gaming Agency at the State Gaming Agency office upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

(h) The State Gaming Agency's determination of a Gaming Employee's eligibility for a tribal license is valid at the Tribe's Gaming Facilities only and is non-transferable.

(i) The gaming operation shall not hire or continue to employ a Gaming Employee, and shall terminate any probationary Gaming Employee, if the Tribal Gaming Agency determines that the Applicant or Gaming Employee:

i. Has been convicted of any offense related to gambling, or any felony relating to fraud, misrepresentation, deception or theft, within the past ten (10) years. Nothing herein shall be interpreted to prevent the Tribal Gaming Agency and/or the State Gaming Agency from considering such juvenile convictions in a suitability determination, nor shall be interpreted to excuse the Applicant of its obligation to disclose juvenile convictions or arrests;

ii. Has provided materially false statements or information on their application or misstated or otherwise attempted to mislead the Tribal Gaming Agency or the State Gaming Agency with respect to any material fact contained in the application;

iii. Is a member or associate of organized crime or is of notorious or unsavory reputation; or

iv. Has a reputation, habits or associations that might pose a threat to the public interest or to the effective regulation and control of Gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of Gaming or the carrying on of the Tribal and financial arrangements incidental thereto. It is intended that Applicants and Gaming Employees have the continuing burden to

DRAFT

satisfy all doubts as to their fitness. Where doubt remains, an Applicant or Gaming Employee is not entitled to be hired or to remain employed.

(j) Additionally, the Tribal Gaming Agency shall not grant a license to an Applicant unless it is satisfied that:

i. The Applicant is of good character, honesty, and integrity;

ii. The Applicant's prior activities, criminal record (if any), reputation, habits, or associations do not pose a threat to the public interest of the Tribe or the State or the effective regulation and control of Gaming pursuant to this Compact, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods, and activities in the conduct of Gaming or the carrying on of the Tribal and financial arrangements incidental thereto;

iii. In all other respects, the Applicant is qualified to be licensed or found suitable with the provisions and policies set forth in this Compact; and

iv. The Applicant has adequate Tribal probity, competence, and experience in Gaming.

(8) Background Investigations of Gaming Employees. The Tribe and the State Gaming Agency shall retain the right to conduct such additional background investigations of any Gaming Employee at any time during the term of that person's employment. At any time, any Gaming Employee who does not establish that they satisfy all the criteria set forth above shall be determined ineligible for licensing and processed as outlined in Compact Section VI.C.(7) above.

(9) 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 Gaming Code and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Compact Section VI.C.(7)(c). The Tribe shall notify the State Gaming Agency of any determination under this paragraph.

DRAFT

(10) Duration and Renewal of Tribal Issued Licenses and Eligibility Determinations.

(a) Any Tribal license shall be effective for no longer than three (3) years from the date of issuance unless the holder is otherwise revoked or suspended.

(b) The Eligibility Determination shall be effective for one year from the date of Eligibility Determination letter issuance. Should the Tribal licensee become ineligible during the licensure period, the Tribal Gaming Agency may either revoke the Tribal license or request that the Tribal Gaming Agency and State Gaming Agency agree to mutually waive disqualifying criteria based on the conditional tribal license as outlined in Compact Section VI.C.(7)(e).

(c) A licensed Gaming Employee that has applied for renewal prior to expiration may continue to be employed under the expired Tribal license or Eligibility Determination until the Tribal Gaming Agency or State Gaming Agency takes action on the renewal application or the license is suspended or revoked. Applicants seeking renewal of a license, Eligibility Determination, or State 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. An 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 Gaming Agency 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, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

(11) Exchange of Tribal Licensing 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, any administrative action or legal proceeding against a Tribal license will be communicated to the State Gaming Agency, and the final disposition shall be forwarded the State Gaming Agency and maintained in accordance with the agency's record retention requirements for licensing records.

DRAFT

(12) Fees for State Eligibility Determination. The fees for initial and the renewal of State Eligibility Determination and fees to cover costs to transition between State Certification, Eligibility Determination and Registration are included in Compact Section VII.

(13) Fees for Tribal License. The Tribal Gaming Agency shall establish the fees for Tribal gaming licenses.

(14) Summary Suspension of Tribal License. The Tribal Gaming Agency, pursuant to Gaming Code and regulations, 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.

(15) Annual Onsite Review. The State Gaming Agency will conduct an annual onsite review in a specific quarter of each calendar year determined in the MOU. The State Gaming Agency will randomly review the applications and background information of up to ten percent (10%) of the Eligibility Determinations issued the previous year and verify original Tribal Gaming Agency records with those submitted by Tribal Gaming Agency. During this time, the State Gaming Agency may conduct additional background investigations on Gaming Employees, which may include, but not be limited to, fingerprinting. If, based upon such random review, the State Gaming Agency finds discrepancies in the records, the State Gaming Agency will immediately notify Tribal Gaming Agency.

D. Gaming Employee Registration

(1) Criteria

Gaming Employee Registration requires the Tribal Gaming Agency to demonstrate Tribal Licensing expertise without substantial or repeated, material discrepancies in conducting Gaming Employee background investigations. In order to qualify for Gaming Employee Registration, the following criteria must be met:

(a) The Tribe has operated Class III Gaming and the Tribal Gaming Agency has licensed Gaming Employees for at least 20 years; and

(b) The Tribal Gaming Agency regulations are regularly reviewed and updated; and

(c) The Tribal Gaming Agency director has demonstrated active involvement with licensing denial, suspension, and revocation in accordance with the Tribe's Gaming Code; and

DRAFT

(d) The Tribal Gaming Commission has demonstrated a history of active involvement in the licensing process and license appeal hearings; and

(e) Tribal Gaming Agency licensing staff are fully versed in the Judicial Information System (JIS) including the Superior Court Management Information System (SCOMIS) or equivalent systems; and

(f) Tribal Gaming Agency licensing staff reviews all Gaming Employee information provided in JIS, FBI records, and Lexis Nexis reports or equivalent systems.

The Tribe has demonstrated it meets all the criteria above as required in Compact Section VI.A.(3) and documented it in the transition MOU.

(2) Overview

(a) Every Gaming Employee shall be licensed by the Tribal Gaming Agency prior to commencement of employment and at least every three (3) years thereafter. Every Gaming Employee must be registered with the State Gaming Agency and shall have their Gaming Employee Registration verified by the State Gaming Agency annually. Registration verifications are non-transferable.

(b) The Tribal Gaming Agency may immediately issue a license if the Gaming Employee has a current State Gaming license or State Certification issued by the State Gaming Agency.

(c) Any employee that meets the definition of Gaming Employee, regardless of the employee's job title, must be licensed by the Tribal Gaming Agency and must also receive Registration verification from the State Gaming Agency.

(d) The Tribal Gaming Agency shall provide a list of licensed and temporarily licensed Gaming Employees to the State Gaming Agency during the annual comparison review in the quarter of each calendar year as determined in the MOU. The Tribal Gaming Agency shall include the licensee's complete name, aliases, date of birth, and identification number unique to the Individual's tribal license in its submission to the State Gaming Agency.

(e) The Tribal Gaming Agency, pursuant to the Gaming Code and regulations, may summarily suspend any Tribal license if the continued licensing of a

DRAFT

person or entity constitutes an immediate and potentially serious threat to the public health, safety or welfare.

(f) Tribal Gaming Employees shall be licensed by the Tribal Gaming Agency in accordance with the Gaming Code and regulations.

(g) The Tribal Gaming Agency shall establish the fees for Tribal gaming licenses.

(h) In order to ensure a qualified work force is maintained throughout the State in all areas of Class III Gaming as well as in all other types of gambling authorized in the State, the Tribal Gaming Agency will forward to the State Gaming Agency a copy of the final disposition of any administrative action or legal proceeding taken by the Tribal Gaming Agency against a Tribal Gaming license holder.

(3) Respective Roles for Background Investigations for Tribal Gaming Employee Licenses and State Registration

(a) Tribal Gaming Agency:

i. The Tribal Gaming Agency will be responsible for the issuance of all Tribal Gaming Employee licenses.

ii. The Tribal Gaming Agency shall be primarily responsible for conducting background investigations for all Applicants for Tribal Gaming Employee licenses. Each Applicant for a Tribal Gaming Employee license shall submit the completed application along with the required information and fees to the Tribal Gaming Agency.

iii. Each completed application at a minimum shall include:

1) Personal Information, including at least the following:

a. complete name, aliases,

b. date of birth,

c. current address, and

d. Proof of Identity;

2) Fingerprint card(s);

DRAFT

3) Information relating to the Applicant's complete criminal history, as well as all civil or administrative violations of gambling laws or regulations; and

4) Any other information required by the Tribal Gaming Agency.

iv. The Gaming Operation shall not hire, or continue to employ a Gaming Employee, and shall terminate any Gaming Employee, if the Tribal Gaming Agency determines that the Applicant or Gaming Employee:

1) Has been convicted of any offense related to gambling, or any felony relating to fraud, misrepresentation, deception, theft, or physical harm to a person within the past ten (10) years;

2) Has provided materially false statements or information on the person's application or misstated or otherwise attempted to mislead the Tribal Gaming Agency or the State Gaming Agency with respect to any material fact contained in the application;

3) Is a member or associate of organized crime or is of notorious or unsavory reputation; or

4) Has a reputation, habits or associations that might pose a threat to the public interest or to the effective regulation and control of Gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of Gaming or the carrying on of the Tribal and financial arrangements incidental thereto.

v. It is intended that Applicants and Gaming Employees have the continuing burden to satisfy all doubts as to their fitness. Where doubt remains, an Applicant or Gaming Employee is not entitled to be hired or to remain employed.

vi. Nothing herein shall be interpreted to prevent the Tribal Gaming Agency from considering juvenile convictions in a suitability determination, nor shall be interpreted to excuse the Applicant of its obligation to disclose juvenile convictions or arrests.

vii. Additionally, the Tribal Gaming Agency shall not grant an application for a license unless it is satisfied that the Applicant's prior activities, criminal record (if any), reputation, habits, or associations do not pose a threat to

DRAFT

the public interest of the Tribe or the State or the effective regulation and control of Gaming pursuant to this Compact, or create or enhance the dangers of unsuitable, unfair or illegal practices, methods, and activities in the conduct of Gaming or the carrying on of the Tribal and financial arrangements incidental thereto.

viii. When the Tribal Gaming Agency has completed its investigation of the Gaming Employee Applicant and has issued a temporary license, it will within five (5) business days:

1) Register online with the State Gaming Agency a new or renewing Gaming Employee or notify the State Gaming Agency of a Change of Name and pay the respective fees; or

2) Mail a new or renewal Gaming Employee Registration or Change of Name application with respective fees.

ix. The Registration will include the Tribal Gaming Agency's Investigative Report; the Applicant's personal information; identification number unique to the Individual's tribal license; results of the investigation; Proof of Identity; two sets of fingerprints; JIS results or its electronic equivalent, and the applicable fees to the State Gaming Agency.

x. The Tribal Gaming Agency will use the State Gaming Agency's online process to notify the State Gaming Agency when a Gaming Employee is no longer employed and/or licensed by the Tribal Gaming Agency.

(b) The State Gaming Agency

i. The State Gaming Agency will conduct an annual verification of Gaming Employee Registrations that are received either online or by mail.

ii. The State Gaming Agency will complete the verification and notify the Tribal Gaming Agency if the results indicate the person may be unqualified pursuant to this Section of this Compact. If the State Gaming Agency does not object, the Gaming Employee Registration will expire no later than three (3) years from the date of the Gaming Employee Registration, or upon notification of a tribal license revocation, or the person is no longer licensed by the Tribal Gaming Agency, whichever occurs earlier.

DRAFT

iii. The State Gaming Agency retains the right to conduct an additional verification of Gaming Employee Registration of any Gaming Employee at any time. There will be no additional cost to the Tribe.

iv. The State Gaming Agency's verification of the Gaming Employee's Registration is valid at the Tribe's Gaming Facilities only and is non-transferable.

v. For verification of Gaming Employee Registration, the State Gaming Agency may consider any prior criminal conduct or current probationary status of the Gaming Employee, and the provisions of RCW 9.95.240 and of Chapter 9.96A RCW shall not apply to such cases.

vi. The Gaming Employee Registration will also include information as authorized under RCW 9.46.210(4) and as defined in RCW 10.97.030.

vii. The State Gaming Agency may find a person to be unqualified under the provisions of RCW 9.46.075 and rules promulgated thereunder. The State Gaming Agency may also find a person to be unqualified if such person has engaged in an activity contrary to the public interest, including but not limited to the following:

1) Who, because of prior activities, criminal record, if any, or reputation, habits, or 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 for Gaming Employee Registration;

4) Has failed to reveal any fact which the person knows or should reasonably know is material to Gaming Employee Registration;

5) Has furnished anything untrue or misleading in connection with Gaming Employee Registration information;

DRAFT

6) Has had a Gaming license suspended for a year or longer, revoked or denied during the twelve (12) months prior to the date of Gaming Employee Registration with the State Gaming Agency; 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 to suspension, revocation or forfeiture of any Gaming license; or

7) 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 person to suspension, revocation or forfeiture of any Gaming license.

viii. The State Gaming Agency will work with the Tribal Gaming Agency when determining whether a person may be unqualified for Gaming Employee Registration.

ix. If a person may be unqualified for Gaming Employee Registration, the materials compiled by the State Gaming Agency will 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, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of the Association of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

x. State Gaming Agency licensing personnel and Tribal Gaming Agency representatives will conduct an annual Gaming Employee comparison review in a specific quarter of each calendar year determined in the MOU. This review will ensure that State Gaming Agency and Tribal Gaming Agency Gaming Employee records agree with one another. Any discrepancies found will be resolved by the Tribal Gaming Agency, and notification provided to the State Gaming Agency. Unresolved discrepancies will be resolved in accordance with Compact Section XIII. The Tribal Gaming Agency and the State Gaming Agency will update their respective records as needed.

xi. The State Gaming Agency will conduct an annual comparison review in a specific quarter of each calendar year determined in the MOU, to

DRAFT

include random sampling of Gaming Employee applications to demonstrate all the criteria for licensure and Gaming Employee Registration as set forth in this Compact have been met.

(c) Tribal Gaming Agency and State Gaming Agency

i. A licensed Gaming Employee seeking renewal of their Gaming Employee license or re-registering with the State Gaming Agency shall update information originally submitted, 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 State Gaming Agency. A Gaming Employee who has applied for renewal prior to expiration may continue to work under the expired Tribal license until the Tribal Gaming Agency or State Gaming Agency takes action on the renewal application.

ii. For persons found to be unqualified at any time they are registered by the State Gaming Agency, the Tribal Gaming Agency and State Gaming Agency will work together to determine if the person should work for the Tribe's Gaming Facilities in a position that requires a Gaming Employee License. If the Tribe can show extenuating circumstances why a person who does not meet all criteria should be further considered, the Tribal Gaming Agency may waive, through a conditional Gaming Employee License, if the waiver of certain criteria does not pose an appreciable risk to the public or the lawful operation of the Gaming Facilities or meet the criteria under Compact Section VI.D.(3)(a)iv.

iii. If, after working with the Tribal Gaming Agency, the State Gaming Agency still finds the person unqualified, the State Gaming Agency will provide written notice to the Tribe itemizing the objections. The Tribe, however, will make the final decision whether to issue a license or continue employment of the person. The State Gaming Agency's Gaming Employee Registration of the person will be limited to the Tribe only, and the Tribe will continue to register the person with the State Gaming Agency as long as the person is employed by the Tribe in a Class III Gaming position.

DRAFT

E. State Role for Issuing State Certification of Manufacturers and Suppliers of Gaming Services and Financiers

(1) Process

(a) The State Gaming Agency shall be primarily responsible for conducting background investigations for all who apply for financier, manufacturer, and/or supplier of Gaming Services certification and their representatives. Each completed application for a financier, manufacturer, and/or supplier of Gaming Services Tribal Gaming license submitted to the Tribal Gaming Agency will include the required information and fees, as set by the Tribal Gaming Agency. In addition, each financier, manufacturer, and/or supplier of Gaming Services and their representatives shall apply for State Certification and shall submit the completed application(s) along with the required information and fees to the State Gaming Agency. Each completed application shall include fingerprint card(s), Proof of Identity, and any other information required by the State Gaming Agency. For business entity applications, these provisions shall also apply to Principals of the entity and their spouses, who must be able to meet the same State Certification requirements and who may be required to submit this information.

(b) Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State Certification to the financier, manufacturer, and/or supplier of Gaming Services or deny the application(s) based on criteria set forth in this Compact and/or RCW 9.46 and WAC 230-17.

(c) Each manufacturer and supplier of Gaming Services shall obtain a State Certification and Tribal License before the sale or installation of any Gaming Services, except as provided under Compact Section V.D.

(d) If a financier is licensed by the State Gaming Agency, it will be deemed certified.

(2) Duration and Renewal of Tribal Issued Licenses and State Certifications.

(a) Any Tribal license or State Certification shall be effective for one year from the date of issuance of the license or State Certification, unless the holder is otherwise revoked or suspended.

DRAFT

(b) Applicants seeking renewal of a license or State 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. Any updated information received by the State Gaming Agency shall be available to the Tribal Gaming Agency at the State Gaming Agency's office upon request, subject to any of the constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, POL, and similar organizations.

(3) Grounds for Revocation, Suspension, or Denial of State Certification

(a) The State Gaming Agency may deny, suspend, or revoke 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 a State Certification or Principal of an entity:

i. Is determined to be a person who, because of prior activities, criminal record, if any, or reputation, habits, or 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;

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

iii. Has failed to provide any information reasonably required to investigate the application for State Certification;

iv. Has failed to reveal any fact which the Applicant or holder knows or should reasonably know is material to such application;

DRAFT

v. Has furnished any information which is untrue or misleading in connection with such application; or

vi. Has had a Tribal or State Gaming license or State Certification revoked or denied during the twelve (12) months prior to the date the State Gaming Agency received the application; is currently on probation imposed by any jurisdiction; or has demonstrated a willful disregard or failed to comply with the requirements of any Gaming regulatory authority in any jurisdiction, including offenses that could subject the Individual to suspension, revocation, or forfeiture of any Gaming license. The Tribal Gaming Agency will forward to the State Gaming Agency a copy of the final disposition of any administrative action or legal proceeding taken by the Tribal Gaming Agency against a Tribal license issued to a financier, manufacturer, and/or supplier of Gaming Services.

(b) For the purpose of reviewing any application for 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 State Certification, and the provisions of RCW 9.95.240 and RCW 9.96A shall not apply to such cases.

(c) The State Gaming Agency will consult with the Tribal Gaming Agency prior to denying State Certification when the Tribe is considering using the financier, manufacturer, or supplier of Gaming Services.

(4) 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 RCW 9.46, RCW 34.05, and WAC 230-17, and the records involved shall be governed by the definitions set out in RCW 10.97.030. Nothing herein shall prevent the Tribal Gaming Agency from invoking its own disciplinary procedures and proceedings at any time. The Tribe shall have the right to appear and present argument and/or evidence in any hearings held pursuant to this Section. Nothing herein shall be interpreted to preclude the Tribe from invoking the dispute resolution provisions of this Compact to challenge a State Gaming Agency decision to revoke, suspend or deny State Certification.

DRAFT

(5) 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 the Gaming Code and regulations governing such procedures, and the grounds for such actions shall not be less stringent than those of Compact Section VI.E.(3).

(6) Summary Suspension of Tribal License. The Tribal Gaming Agency, pursuant to the laws and Gaming Code 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 public health, safety, or welfare.

(7) Summary Suspension of State Certification

The State Gaming Agency, pursuant to RCW 9.46 and WAC 230-17, may summarily suspend any State Certification if the continued State Certification constitutes an immediate and potential serious threat to public health, safety, or welfare.

(8) 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 State Certification, including all necessary administrative procedures, hearings, and appeals pursuant to RCW 9.46, WAC 230-17, and the State Administrative Procedure Act, RCW 34.05.

VII. STATE FEES FOR STATE CERTIFICATION, ELIGIBILITY DETERMINATION, AND REGISTRATION

A. State Certification – Gaming Employee

The fees for the initial and the renewal of State Certification shall be determined pursuant to WAC 230-05.

(1) 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 or continuing the investigation for the issuance of State Certification.

(2) 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.

DRAFT

B. State Eligibility Determination – Gaming Employee

The Tribal Gaming Agency and the State Gaming Agency shall enter into an MOU, which may be amended from time to time regarding fees and submittal process for Eligibility Determinations.

(1) The initial fees for State Eligibility Determination will be based on State Certification fees and adjusted based on efficiencies.

(2) The State Gaming Agency may adjust the fees based on additional efficiencies or cost increases by giving the Tribe sixty (60) days' notice of intent to modify fees.

(3) PROVIDED, should actual costs incurred by the State Gaming Agency exceed the stated fees, those costs will be assessed to the Tribal Gaming Agency during the investigation process.

(4) Transition costs. The Tribal Gaming Agency will reimburse the State Gaming Agency for the costs to transition to Eligibility Determination.

(5) Annual Onsite Review. Tribal Gaming Agency will reimburse State Gaming Agency for the reasonable costs of this onsite review within sixty (60) days of receiving a bill.

C. State Registration – Gaming Employee

Fees for State Gaming Employee Registration and renewal will be as follows:

(1) Initial and renewal fees for the Three-Year Gaming Employee will be documented in a Memorandum of Understanding.

(2) Registration and renewal fees may be adjusted by mutual agreement three years from the initial adoption thereof, or at any time thereafter.

(3) Transition costs. The Tribal Gaming Agency will reimburse the State Gaming Agency for the costs to transition to Registration.

(4) Annual Comparison Review. The Tribe will reimburse the State Gaming Agency for the time it takes for the comparison review within 60 days of receiving a bill.

D. Alternative Fee Agreements

Notwithstanding any other provision of this Compact, the Tribal Gaming Agency and the State Gaming Agency may enter into a Memorandum of Understanding regarding fees.

DRAFT

E. State Certification of Suppliers, Manufacturers and Financiers

The fees for initial and renewal of State Certification shall be determined pursuant to WAC 230-05 for service suppliers, manufacturers, and their representatives. HOWEVER, 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 before beginning the investigation for the issuance of State Certification.

VIII. TRIBAL ENFORCEMENT OF COMPACT REQUIREMENTS

A. Tribal Regulation

The ultimate responsibility for ensuring the regulation, control and integrity of the Gaming activities authorized by this Compact will be that of the Tribe and/or its delegated designee. The Tribe will provide for and oversee or delegate the following functions:

(1) Enforcement of all applicable laws and regulations in the Gaming Facilities;

(2) Ensuring the physical safety of patrons in the Gaming Facilities; and

(3) Ensuring the physical safety of personnel employed by the Gaming Operation.

B. Tribal Gaming Agency

The primary responsibility for the on-site regulatory compliance of the Gaming Operation authorized by this Compact, and for the enforcement of such compliance on Tribal Lands will be that of the Tribal Gaming Agency.

As part of its structure, the Tribal Gaming Agency will perform the following functions or ensure that they are being performed by the Tribe or its designee, as related to the regulation and integrity of Gaming:

(1) Ensure the physical safeguarding of Gaming assets;

(2) Protect the patrons' and the Gaming Facilities' property from illegal activity;

(3) Temporarily detain persons who may be involved in illegal acts, for the purpose of notifying law enforcement authorities; and

(4) Record, in a permanent and detailed manner, any unusual occurrences, all incidents requiring further review, alleged violations, and investigations occurring within the Gaming Facilities.

DRAFT

C. Tribal Gaming Agents

(1) No employee or member of the Tribal Gaming Agency may be an employee of the Gaming Operation.

(2) A Tribal Gaming Agent shall be present in the Gaming Facilities during such times as prescribed by the Tribe through its Gaming Code in an amount sufficient to perform the Tribal Gaming Agency's responsibilities and duties under the Compact. The Tribal Gaming Agency shall notify the State Gaming Agency of any proposed changes to the Gaming Code that would revise such on-site hours, and no changes in hours will be implemented until the State Gaming Agency has commented or thirty (30) days has lapsed, whichever occurs first.

D. Investigation

(1) The Tribal Gaming Agency shall investigate any reported, observed or suspected violation of the Compact provisions or Gaming Code and shall require the Gaming Operation to correct the violation upon such terms and conditions as the Tribal Gaming Agency determines are necessary.

(2) 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 for its costs.

E. Reporting of Violations

(1) Any violation of the provisions of this Compact or illegal activity by the Gaming Operation, a Gaming Employee, manufacturer or supplier of Gaming Services or any person on the premises, whether or not associated with the Gaming Operation shall be reported immediately to the Tribal Gaming Agency. The Tribal Gaming Agency shall notify the State Gaming Agency within seventy-two (72) hours of the time a significant violation or Gambling crime, Gambling-related crimes or suspected Gambling crime were reported.

(2) The Tribal Gaming Agency shall make available all completed incident and investigation reports and final dispositions to the State Gaming Agency on a continuing basis.

DRAFT

IX. STANDARDS OF OPERATION

A. Adoption of Standards of Operation and Management

The Internal Controls, which govern the operation and management of the Tribe's Gaming Operation, have been approved by the Tribal Gaming Agency and concurred by the State Gaming Agency based on the minimum operating standards set forth in Appendix A. Any new or revised Internal Controls adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Class III Gaming are preserved and protected; maintain the integrity of the Gaming Operation; and reduce the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation.

(1) The Tribal Gaming Agency shall forward to the State Gaming Agency any proposed changes to the Internal Controls for review and concurrence.

(a) Each such proposal shall contain a narrative representation of the Internal Controls system, including copies of the forms to be used.

(b) The Tribal Gaming Agency shall detail how such changes in the provisions adequately preserve and protect the integrity and security of the standard it is replacing.

(c) The State Gaming Agency's concurrence with the Tribal Gaming Agency proposal shall be deemed granted after sixty (60) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency.

(d) The State Gaming Agency shall only disapprove such portions of a proposal it finds would have a material adverse impact on public interest or on the integrity of the Gaming Operation and shall detail the reasons for disapproval.

(e) The Tribal Gaming Agency shall ensure a proposal is not implemented until the State Gaming Agency has concurred or sixty (60) days has lapsed and the Tribe has not received a written disapproval within that time.

(2) The Tribe may choose to automate any processes, reports, or data collection provided in the minimum operating standards with advance notice to the State Gaming Agency. PROVIDED, the Tribal Gaming Agency certifies how the automation maintains the integrity of the Gaming Operation, reduces the dangers of unfair or illegal practices in the conduct of the Class III Gaming Operation, adequately preserves and protects the integrity and security of the control, and

DRAFT

complies with the Compact. This section cannot be used to modify other sections of the Compact.

B. Rules of the Games

Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be displayed or available in the Gaming Facilities and as specified in the Compact. Betting limits applicable to any Gaming Station shall be displayed at such Gaming Station.

C. Minimum Supervisory Requirements

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 Pit operated in its Gaming Facilities, 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.

D. Additional Operation Requirements

(1) At the close of the fiscal year, the Gaming Operation shall, at its own expense, have its annual financial statements audited in accordance with generally accepted auditing standards by an Independent Accountant.

(a) The annual financial statements shall be prepared on a comparative basis for the current and prior calendar or fiscal year and shall present the financial position and results of operations in conformity with generally accepted accounting principles.

(b) The Gaming Operation shall require its Independent Accountant to render the following reports:

i. The audited financial statements, together with the report thereon of the Gaming Operation's Independent Accountant.

ii. A report on material weakness in accounting and Internal Controls. Whenever, in the opinion of the Independent Accountant, there exists no material weaknesses in accounting and Internal Controls, the report shall say so; and

iii. A report expressing the opinion of the Independent Accountant that, based on their examination of the financial statements, the

DRAFT

Gaming Operation has followed, in all material respects, during the period covered by their examination, the system of accounting and Internal Controls on file with the Tribal Gaming Agency. Whenever, in the opinion of the Independent Accountant, the Gaming Operation has deviated from the system of accounting and Internal Controls filed with the Tribal Gaming Agency, or the accounts, records, and control procedures examined are not maintained by the Gaming Operation in accordance with the Compact and these standards, the report shall enumerate such deviations regardless of materiality, the areas of the system no longer considered effective and shall make recommendations in writing regarding improvements in the system of accounting and Internal Controls.

(c) One copy of each of the reports required by subsection (a) and (b) above and copies of any other reports on accounting and Internal Controls, administrative controls, or other matters relating to the Gaming Operation's accounting or operating procedures rendered by the Gaming Operation's Independent Accountant, shall be filed with the Tribal Gaming Agency within one hundred and twenty (120) days following the end of each fiscal year or within thirty (30) days of receipt whichever is earlier. Notification will be sent to the State Gaming Agency not later than one hundred and twenty (120) days following the end of the calendar or fiscal year when these statements are available for review. PROVIDED, extensions may be granted for extenuating circumstances by the Tribal Gaming Agency.

(2) Maintain the following written or computerized records:

(a) security logs, maintained in accordance with the specifications set out in Tribe's Internal Controls; and

(b) surveillance logs, maintained in accordance with the specifications set out in the Tribal Gaming Agency's standard operating procedure,

which shall be available for inspection by the Tribal Gaming Agency and the State Gaming Agency in accordance with Compact Section X.B.

(3) The Gaming Operation shall provide the Tribal Gaming Agency with copies of its floor plan and Closed Surveillance System and any modifications thereof for review by the Tribal Gaming Agency. If the floor plan or Closed Surveillance System does not provide unobstructed camera views in accordance with such

DRAFT

regulations, the Tribal Gaming Agency shall modify such floor plan or Closed Surveillance System in order to remedy such deficiency. The Tribal Gaming Agency shall make available to the State Gaming Agency the floor plan and Closed Surveillance System to review for compliance with Compact.

(4) The Gaming Operation shall install a Closed Surveillance System according to the specifications set out in Appendix A and the Tribe's Internal Controls.

(5) The Tribal Gaming Agency shall establish a list of persons barred from the Gaming Facilities because their criminal history, association with career offenders, or association with career offender organizations poses a threat to the integrity of the Gaming activities of the Tribe. The Gaming Operation shall employ reasonable efforts to exclude persons on such list from entry into its Gaming Facilities. The Tribal Gaming Agency shall make a copy of its list available to the State Gaming Agency on a continuing basis. Copies of reports will be forwarded to the State Gaming Agency as requested.

(6) Standards for management and operation of 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.

E. Records Retention

(1) All information required in Compact Section IX. will be documented in a permanent form.

(2) Unless otherwise specified in these standards or exempted by the Tribal Gaming Agency, all forms, records, documents, and required stored data shall:

(a) Be located on Tribal Lands or such other location as approved by the Tribal Gaming Agency; and

(b) Be retained for at least two (2) years in a manner and location that assures reasonable access by the Tribal and State Gaming Agencies.

X. COOPERATIVE ENFORCEMENT OF COMPACT REQUIREMENTS

The Tribe recognizes the benefit of cooperative monitoring, investigating, and reporting between the Tribe and State to further the goal of fair and honest Gaming. The cooperative enforcement of the Compact requirements will be conducted as described in this section.

DRAFT

A. State Gaming Agents – Monitoring

(1) The State Gaming Agency and Tribal Gaming Agency shall work together cooperatively to monitor the Gaming Operation to ensure that it is conducted in compliance with the provisions of this Compact. The State Gaming Agency will coordinate inspections or investigations with the Tribal Gaming Agency prior to onsite monitoring of the Gaming Operation, unless coordination would compromise the purpose of the inspection or investigation.

(2) State agents shall provide proper identification at the time of inspection to the appropriate Tribal representatives; PROVIDED the State Gaming Agency Director may assign agents to work in an undercover capacity to assist in monitoring the provisions of this Compact. The Tribal Gaming Agency and the State Gaming Agency shall establish protocols that allow the Tribal Gaming Agency to confirm that the State agent is duly authorized by the State to monitor the Gaming Operation.

(3) Agents of the State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall have access to all areas of the Gaming Facility during operating hours with or without giving prior notice to the Gaming Operation.

(4) Following the investigation, and to the extent such disclosure does not jeopardize the investigation or the personal safety of any person, the State shall provide the Tribal Gaming Agency with a report of the investigation, including information about evidence gathered in connection with the investigation.

B. Access to Records

(1) Agents of the State Gaming Agency may review and copy, during operating hours, all applicable Class III Gaming records maintained by the Gaming Operation as necessary to verify compliance with provisions of this Compact and all records related to gambling and related crimes.

(2) Regardless of the storage system used for Class III Gaming records, the records shall be in a format accessible by Agents of the State Gaming Agency

(3) The State Gaming Agency is mindful of the Tribe's desire for privacy and agrees to examine all records at the Gaming Facilities, to the extent practical. The State Gaming Agency further agrees that its agents will only retain copies of records necessary for investigative purposes. Any information shall be deemed strictly confidential and proprietary information of the Tribe and shall not be disclosed except as required under law or the terms of this Compact.

DRAFT

(4) The State Gaming Agency or, as applicable, the Washington Horse Racing Commission, shall notify the Tribe, by certified mail, or by other mutually agreed upon means, of requests for disclosure of the Tribe's information and shall not disclose any such information until the Tribe, the State, or both have had a reasonable opportunity to challenge the request.

C. Investigations

(1) The Tribal Gaming Agency and the State Gaming Agency will have concurrent jurisdiction to investigate violations of the provisions of this Compact and gambling and related crimes, and to bring administrative and criminal charges, in accordance with this Compact, and applicable Tribal and State laws and regulations.

(2) The State Gaming Agency will notify the Tribal Gaming Agency of any alleged violations of the provisions of this Compact and may request the Tribal Gaming Agency take appropriate enforcement and/or corrective action. Failure of the Tribal Gaming Agency to take the action recommended by the State Gaming Agency will constitute a dispute or disagreement between the parties subject to the dispute resolution provisions contained in Compact Section XIII.

D. Tribal Gaming Agency Access to State Gaming Agency Records

At the completion of any inspection or investigation, copies of the investigative report will be forwarded to the Tribal Gaming Agency along with copies of evidence and information pertinent to the inspection. The Tribal Gaming Agency may inspect and copy records maintained by the State Gaming Agency concerning Class III Gaming by the Tribe subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency, requirements under RCW 9.46.210(4) and RCW 10.97, and status as a member of a law enforcement intelligence sharing organization, such as the Law Enforcement Intelligence Unit (LEIU), Fusion Centers, INTERPOL, and similar organizations.

E. Cooperation With Tribal Gaming Agency

(1) To maintain the partnership for enforcement of the provisions of this Compact, representatives of the Tribal Gaming Agency and the State Gaming Agency shall meet at least once every twelve (12) months to review the regulatory program for the Gaming Facilities.

(2) The State Gaming Agency and, as applicable, the Washington Horse Racing Commission, shall promptly notify the Tribal Gaming Agency of any activity

DRAFT

suspected or occurring, whether within a Gaming Facility or not, which adversely affects State, Tribal or public interests relating to the Gaming Facilities and Gaming Operation. PROVIDED, such disclosure shall not compromise the interest sought to be protected.

(3) Closure Notification. The Tribal Gaming Agency will make reasonable efforts to notify the State Gaming Agency in a timely fashion in the event a Gaming Facility closes to the public for more than twenty-four (24) hours.

XI. JURISDICTION

A. Criminal Matters

(1) Investigative Authority

The Tribal Gaming Agency, Tribal Law Enforcement, Local Law Enforcement Agencies, and the State Gaming Agency under RCW 9.46.210, will have the authority to investigate and make arrests if necessary for all Gambling and related crimes against the laws of the Tribe and applicable laws of the State that occur within the Gaming Facilities or within Tribal Lands.

(2) Jurisdictional Forums

Following investigation and arrest, formal charges will be brought in the appropriate venue. Criminal prosecution of non-Indians will be through the proper State or Federal Courts. Criminal prosecution of Indians will be through the proper Tribal Court, State or Federal Courts.

B. Civil Matters

(1) Concurrent Jurisdiction

The Tribal Gaming Agency and State Gaming Agency have concurrent jurisdiction to investigate violations of the provisions of this Compact and to bring administrative charges in the appropriate forum, in accordance with Tribal Laws or the provisions of RCW 9.46 and WAC 230-17, made applicable by this Compact, against any Applicant and/or Individual that is licensed by the Tribal Gaming Agency, and/or holds a State Certification or is subject to Eligibility Determination, or Gaming Employee Registration or is licensed by the State Gaming Agency in accordance with the provisions of this Compact.

DRAFT

(2) Tribal Jurisdiction

Civil disputes arising from the conduct of Gaming under the Gaming Code may be heard in the Northwest Intertribal Court or appropriate administrative forum as established by the Gaming Code.

C. Sanctions and Civil Fines

(1) The Tribal Gaming Agency and the State Gaming Agency shall enter into a Memorandum of Understanding, which may be amended from time to time, to define the schedule of civil fines and sanctions.

(2) Any civil fines collected against the Gaming Operation shall be distributed to a non-tribal, bona fide nonprofit or charitable organization in the State of Washington selected by the Tribe. Any civil fines assessed pursuant to the provisions of this Compact shall be paid within thirty (30) days of assessment.

D. Limited Application of State Criminal Law

For the purposes of 18 U.S.C. § 1166(d) and enforcing the provisions of this Compact, and of protecting the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, RCW 9.46.0245; 9.46.0269; 9.46.0364; 9.46.0368; 9.46.037; 9.46.038; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.195; 9.46.196; 9.46.1961; 9.46.1962; 9.46.198; 9.46.212; 9.46.215; 9.46.217; 9.46.220; 9.46.221; 9.46.222; 9.46.225; 9.46.228 (1), (2), (4) & (5); 9.46.231; 9.46.235; 9.46.240; 67.04; 67.16; 67.24; 67.70; 74.08.580; 9A.52; 9A.56; 9A.60; 9A.68; 9A.82; 9A.83.020; 9.35.010; 9.35.020; as now or hereinafter amended, to the extent such amendments concern the same subject matter as the old statutory provisions, shall be applicable and incorporated herein as part of this Compact and the Tribe consents to this transfer of jurisdiction to the State with respect to Gaming on Tribal Lands.

E. Law Enforcement Coordination

In an attempt to foster a spirit of cooperation between the Tribal Law Enforcement and Local Law Enforcement Agencies authorized to enforce the criminal laws of the State, the Tribe and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those Law Enforcement Agencies shall meet periodically or as requested by any of the Law Enforcement Agencies to discuss

DRAFT

mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

F. Reporting Requirements.

The Tribe shall cooperate with requests from the State Gaming Agency to provide the information required for the State Gaming Agency's reporting requirements under RCW 9.46.090. If the Tribe determines that providing any specific information requested is inconsistent with its sovereignty and its need to protect its proprietary business information, the Tribe will not provide such information and will notify the State Gaming Agency of such determination.

G. Preservation of Tribal Self-Government

Nothing in this Compact will be deemed to authorize the State:

(1) To regulate in any manner the government of the Tribe, or

(2) To interfere with the Tribe's selection of its governmental officers, including members of the Tribal Gaming Agency.

XII. REIMBURSEMENT FOR REGULATORY EXPENSES INCURRED BY THE STATE GAMING AGENCY

A. Set-up Fee

As part of the recoverable cost of regulating Tribal Lottery Systems under Appendix X2, the State Gaming Agency shall be entitled to the reasonable cost of initially setting up such regulation ("Set-up Fee"), of one hundred eighty-four thousand, eight hundred sixty-six dollars ($184,866). The Tribe paid its pro rata share of the Set-up Fee (i.e., dividing the entire amount due by the number of Eligible Tribes at the time such determination is made). In the event the Tribe paid the State Gaming Agency more than its pro-rata share of the Set-up Fee, it shall be reimbursed by way of future Regulatory Fee credits based on the collection by the State Gaming Agency of additional pro-rata payments from other Eligible Tribes, the addition of such tribes and resulting recalculation of the pro-rata amount per tribe, or both, as the case may be. The pro-rata amount per tribe shall be redetermined by the State Gaming Agency at least once a year to take into account the collection of further tribal pro-rata payments or the addition of new Eligible Tribes, and further credits due as a result thereof shall be applied to the next billing period.

DRAFT

B. Annual Regulatory Fees

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

(1) Cost Allocation. Notwithstanding anything in the Compact to the contrary, the Regulatory Fees for all Class III Gaming activities under the Compact, shall be set by determining the cost of regulating the Tribe's Class III Gaming activities using the State Gaming Agency's cost allocation model currently in use.

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

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

(4) Revisions to State's Cost Allocation Model. The State Gaming Agency may revise its cost allocation model, which shall become effective upon ninety (90) days' notice to the Tribe. If the Tribe disputes the revised model, the State Gaming Agency and Tribe shall meet and confer in an attempt to resolve the matter within 30 days. If the parties cannot resolve the dispute, the dispute resolution provisions set forth in Compact Section XIII below shall apply.

DRAFT

C. Regulatory Fee Disputes

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

D. Alternative Fee Agreements

Notwithstanding any other provision of this Compact, the Tribal Gaming Agency and the State Gaming Agency may enter into an MOU regarding fees.

XIII. DISPUTE RESOLUTION AND REMEDIES FOR BREACH OF COMPACT

A. Introduction

In recognition of, and consistent with, 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, 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.

B. Dispute Resolution Alternatives

(1) Meet and Confer

In the event of a dispute or disagreement between the parties regarding the implementation and compliance with any terms, conditions, and provisions of this Compact, or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

a) Either party shall give the other, as soon as possible after the event giving rise to the concern, written notice setting forth the nature of the dispute (including reference to the relevant portions of this Compact), and the issues to be resolved.

b) The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than twenty (20) business days from receipt of the notice.

DRAFT

(2) Mediation

If the dispute is not resolved to the satisfaction of either party within twenty (20) business days of the first meeting, then the parties, by agreement, may seek and cause to have the dispute resolved by formal mediation, in which event the parties shall use their best efforts to select a mediator as soon as possible. The mediator's fees and attendant costs of mediation shall be borne equally by the parties.

The parties understand that informal and formal mediation may not always lead to satisfactory results. In the event either party is dissatisfied with informal and/or formal mediation, they may seek judicial resolution of any disagreement relating to the administration, monitoring of performance and compliance with the terms, provisions and conditions of this Compact. However, the parties are free under this Compact to agree to other alternative dispute resolution mechanisms.

(3) Standard Arbitration

(a) In the event informal and/or formal mediation fails to resolve the dispute between the parties, the parties may choose by mutual agreement to resolve the dispute by arbitration. In no event may the request be made earlier than twenty (20) days after a party has properly notified the other party under the procedures set forth in Compact Section XIII.B.(1).

(b) Sites for such arbitrations shall alternate between Tribal Lands and the State Gaming Agency or Washington Horse Racing Commission offices, as applicable, after each arbitration dispute, as follows: the first arbitration dispute, until completed, shall be held on Tribal Lands; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Washington Horse Racing Commission offices; and so forth.

(c) In the event the parties agree to arbitration, the Tribe and the State Gaming Agency shall, within five (5) days, agree upon an arbitrator to decide the matter at issue, or agree upon a procedure for the selection of an arbitrator. The parties shall also agree on the rules, policies and procedures to be used in the arbitration.

(d) The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) business days from the date an arbitrator is named. The arbitrator may, in their discretion, impose a case management schedule on the parties to provide for reasonable time needed for discovery, fact gathering, expert witnesses, etc. Time periods shall be reasonable and necessary as required by the circumstances, without

DRAFT

providing undue delay. In all circumstances, however, the arbitrator shall issue a final decision no later than one (1) year from the initial written request for arbitration. The parties may, by mutual agreement, continue the mediation process set out in Compact Section XIII.B.(2) until the arbitration begins.

(e) The decision of the arbitrator shall be final for the purpose of concluding the non-judicial phase of the arbitration process, but the final decision of the arbitrator may be subject to judicial review.

(f) The arbitrator shall, consistent with this Compact, have the power to impose fines and award equitable relief in their discretion and as the circumstances warrant.

(g) Each party to the arbitration shall bear its own costs and attorney fees, and the costs of the arbitrator(s) shall be borne equally by the parties.

C. Injunction Against the State

If the Tribe believes the State, whether or not 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 the provisions of this Compact, the Tribe may bring an action to seek injunctive or other relief in the U.S. District Court for the Western District of Washington, pursuant to RCW 9.46.36001. Prior to bringing such action the Tribe will notify the State and State Gaming Agency of the alleged violation(s). For purposes of this remedy, the State consents to this suit and waives any defense it may assert by way of its sovereign immunity.

D. Injunction Against the Tribe, the Gaming Operation, or any Individual

The State may bring an action to enjoin the Tribe, the Gaming Operation, or any Individual if the State determines that any Gaming authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact, or if any Class III Gaming activity is being conducted on Tribal Lands in violation of the provisions of this Compact. Such action will be brought in the U.S. District Court, pursuant to 25 U.S.C. § 2710(d)(7)(A)(ii). Prior to bringing such action, the State will notify the Tribe of the alleged violation(s). For purposes of this remedy, the Tribe consents to this suit and waives any defense it may assert by way of its sovereign immunity.

DRAFT

E. Limited Waiver of Sovereign Immunity

The Tribe and the State agree and understand that waivers of sovereign immunity defenses must be express and unambiguous, and are narrowly construed. Nothing contained in this Compact shall be construed or interpreted to be a consent, grant or waiver of any sovereign right or immunity either the Tribe and/or its citizens or the State enjoy, except as expressly provided hereinafter:

(1) The Tribe hereby agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Compact Section XIII.B., such waiver to be in effect only so long as this Compact is in effect, but in no event shall the limited waiver be construed to allow for monetary relief against assets of the Tribe other than revenue from the Gaming Facility or from the sale of gaming-related assets.

(2) The State and the State Gaming Agency represent and acknowledge that the State has waived its sovereign immunity with respect to suits interpreting or enforcing any contract to which the State and/or its subordinate agencies have entered into with a private party, which includes an Indian tribe. See RCW 4.92.010 and *Architectural Woods, Inc. v. Washington*, 92 Wn.2d 521, 598 P.2d 1372 (1979). In addition, the State and the State Gaming Agency represent and acknowledge that the State has waived its immunity from those suits set forth in RCW 9.46.36001. Notwithstanding such statutory waivers of immunity, the State hereby reiterates and agrees to a limited waiver of sovereign immunity for the sole purpose, and no other purpose, of consenting to the suits specified in Compact Section XIII.B., and any other suits set forth in RCW 9.46.36001, such waivers to be in effect only so long as this Compact is in effect.

F. References

The parties are aware that some sections of this Compact contain an explicit reference to Compact Section XIII. in the event a dispute arises under that section. Notwithstanding such explicit references, and with respect to all other sections of this Compact, it is the parties' intent that any dispute of whatever kind, type or nature arising under this Compact shall be subject to the provisions of Compact Section XIII.

XIV. 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 have waived their immunity from third party suits

DRAFT

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.

XV. EFFECTIVE DATE, DURATION, AND AMENDMENTS

A. Effective Date

This amended Compact will be effective upon publication of notice of approval by the Secretary of the Interior of the United States in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B).

B. Termination

This Compact will be in effect until terminated by written agreement of both parties, under the provisions of IGRA. PROVIDED, the Tribe will provide written notice to the Governor of the State sixty (60) days prior to termination of the Compact. Suspension of or an injunction against Class III Gaming activities will not constitute termination for the purpose of this subsection.

C. Subsequent Negotiations

Nothing in this Compact will be deemed to waive the right of the Tribe to request negotiations for a Tribal-State Compact with respect to a Class III Gaming activity which is to be conducted on Tribal Lands, but is not permitted under the provisions of this Compact, including forms of Class III Gaming which were not permitted by the State for any purpose by any person, organization, or entity at the time when this Compact was negotiated or amended but are subsequently so permitted by the State, in accordance with 25 U.S.C. § 2710(d)(3)(A).

D. Enactment of Compact Provisions

Pursuant to the general rule-making authority of the agencies, the Tribal Gaming Agency or the State Gaming Agency may each enact all or part of the provisions of this Compact as part of their regulations or rules governing Gaming.

E. Revision of State Regulations

Whenever the State adopts or revises any rule or regulation which corresponds to any provision of the Tribe's standards of operations and management as set forth in Compact Section IX.A. relating to the same type of Gaming, the State Gaming Agency may notify the Tribal Gaming Agency that it requests analogous changes in such standards. The Tribal Gaming Agency will promptly confer with the State Gaming Agency in good faith concerning the appropriateness and applicability of such changes.

DRAFT

F. Changes to State Law

If the laws of the State authorizing the activities set forth herein as Class III Gaming activities are repealed, thereby prohibiting such Gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of this Compact providing for such Gaming would not be authorized and the continued operation of such Gaming would constitute a violation of the Compact for which the State could 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 the provisions of the IGRA and this Compact, but does agree that such an action, if commenced in that forum, is the appropriate State recourse and for that purpose consents to the suit and waives any defense it may assert by way of its sovereign immunity.

Notwithstanding any other provisions of this Compact, if the laws of the State authorizing any Class III Gaming activities are so repealed, the State may bring an action as set forth above only after it provides twenty (20) business days written notice to the Tribe of the State's intention to bring such action and affords the Tribe a reasonable opportunity to meet and confer with the State in a good faith attempt to resolve the issue(s) intended to be addressed by such action.

G. Clarification, Amendments, and Renegotiations

(1) Compact Clarification

The parties recognize that circumstances may arise in implementation, operation, and regulation of the Class III Gaming Facilities that require clarification of Compact provisions. For such mutually agreed-upon clarification, the State and Tribe will execute and sign a Memorandum of Understanding that will be attached to and made part of this Compact.

(2) Amendments

Either party may, in writing, request renegotiation of any of the provisions of this Compact consistent with the requirements of the Indian Gaming Regulatory Act and its implementing regulations, and RCW 9.46.360. The mutual agreement of both parties achieved through renegotiations will be documented in an amendment. The Terms and provisions of the Compact will remain in effect unless and until the parties agree on the renegotiated terms.

DRAFT

(3) Amending Nature and Scope

The terms and conditions of this Compact related to the nature and/or scope of Class III Gaming shall be amended 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; or

(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 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

(c) If the State enters into or amends a compact with another tribe that is approved by the Secretary of the Interior, the Tribe may request to amend its Compact as follows:

i. When the Tribe requests terms and conditions from the other tribe's compact be incorporated into the Tribe's compact, the State will agree to the Tribe's proposal in a Memorandum of Incorporation so long as all interrelated terms and conditions from the other tribe's compact are included and identical in substance to the other tribe's.

ii. If an advantage afforded the other tribe cannot be addressed in a Memorandum of Incorporation, the Parties will negotiate in good faith to complete a responsive amendment under Compact Section XV.G.(2), above.

(d) If the Washington State Lottery approves a purchase price per ticket greater than that provided under this Compact, the Gaming Operation may increase its maximum wagers and purchase price for scratch tickets or On-Line Lottery Wagers to match the Washington State Lottery increase, provided that the State and Tribe agree to incorporate into this Compact only the specific provisions and restrictions related to the purchase price, and such agreement will be documented in a memorandum of incorporation.

DRAFT

(4) State Authorization of Additional Class III Gaming Activities

In the event the State hereafter authorizes any additional Class III activity, the Tribe will be authorized to conduct such activity before completion of the subsequent negotiations as provided in this Compact, if such activity is conducted in accordance with all the limitations, regulations, and requirements of the State.

(5) Process and Negotiation Standards

The parties will confer, and the required negotiations will commence within thirty (30) days of a request to amend or renegotiate. All matters involving negotiations or other amendatory processes under this section will 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 in the event of an unsettled dispute or where agreement is not reached by the parties.

XVI. NOTICES

All notices required or authorized to be served will be in writing and will be sent by first-class or priority mail or be delivered by other expedited service to the following addresses, which can be updated with advance notification to all parties:

Tribal Chairman
Squaxin Island Tribe
10 Squaxin Lane
Shelton, Washington 98584

Squaxin Island Legal Department
3711 SE Old Olympic Hwy
Kamilche, WA 98584

Governor
State of Washington
State Capitol
Olympia, Washington 98504

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

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

XVII. SEVERABILITY

In the event that any section or provision of this Compact is held invalid by a court of law, or its application to any particular activity held invalid by a court of law, it is the intent of the parties

DRAFT

that the remaining sections of the Compact, and the remaining applications of such section or provision will continue in full force and effect.

IN WITNESS WHEREOF, the Tribe and the State have executed this Compact.

THE SQUAXIN ISLAND TRIBE

BY:_____
KRISTOPHER PETERS
Chairman

DATED:_____

STATE OF WASHINGTON

BY:_____
BOB FERGUSON
Governor

DATED:_____

DRAFT

SQUAXIN ISLAND TRIBE – STATE OF WASHINGTON
CLASS III GAMING COMPACT

APPENDIX A
Standards Of Operation and Management for Class III Activities
(Amended and Restated)

Table of Contents

SECTION 1. INTRODUCTION 1
SECTION 2. DEFINITIONS 1
SECTION 3. ALTERNATIVE CONTROL PROVISIONS 3
SECTION 4. SYSTEM OF ACCOUNTING AND INTERNAL CONTROLS 3
SECTION 5. ADOPTION OF RULES FOR CLASS III ACTIVITIES 4
SECTION 6. PROGRESSIVE AND PLAYER SUPPORTED JACKPOTS 5
SECTION 7. ACCOUNTING RECORDS 6
SECTION 8. FORMS, RECORDS, DOCUMENTS AND RETENTION 6
SECTION 9. ORGANIZATION OF THE GAMING OPERATION 7
SECTION 10. CAGES 11
SECTION 11. ACCOUNTING CONTROL WITHIN THE CASHIER'S CAGE 12
SECTION 12. DROP BOXES 13
SECTION 13. DROP BOXES TRANSPORTATION AND STORAGE 15
SECTION 14. CHECKS AND CREDIT CARDS 15
SECTION 15. ACCEPTANCE OF GRATUITIES FROM PATRONS 16
SECTION 16. GAMING STATION INVENTORY REQUIREMENTS AND PROCEDURES 16
SECTION 17. PROCEDURES FOR DISTRIBUTING AND REMOVING GAMING CHIPS AND COINS TO AND FROM GAMING STATIONS 17
SECTION 18. COUNT ROOM: CHARACTERISTICS 18
SECTION 19. PROCEDURE FOR COUNTING AND RECORDING DROP BOXES CONTENTS 19
SECTION 20. SIGNATURES 20
SECTION 21. SURVEILLANCE DEPARTMENT 21
SECTION 22. CLOSED SURVEILLANCE SYSTEM 22

DRAFT

1. INTRODUCTION

This Appendix contains minimum standards of operation. ("Standards"). Specific procedures will be handled as documented in these Standards and further detailed in the Gaming Operation's system of accounting and Internal Controls required by Compact.

2. DEFINITIONS

The following definitions apply to these Standards. To the extent they do not conflict, the definitions contained in the Compact and Appendices also apply.

2.1. "Accounting Department" is that established in the Gaming Operation's system of organization in accordance with these Standards.

2.2. "Cage Cashiers" means a Gaming Employee performing any of the functions in the Cage as set forth in these Standards.

2.3. "Chief Executive Officer" means the position responsible for performing the functions of the senior executive of the Gaming Operation exercising the overall management or authority over all the operations of the Gaming Operation and the carrying out by employees of the Gaming Operation of their duties.

2.4. "Chief Financial Officer" means the executive of the Gaming Operation exercising the overall management and authority over all financial matters.

2.5. "Closer" means the Gaming Station inventory slip upon which each Gaming Station inventory is recorded at the end of each shift or gaming day, which shall be dropped into the Drop Box upon completion of the inventory count.

2.6. "Credit Slip" or "Credit" is the three-part document reflecting the removal of Gaming chips and coins from a Gaming Station in accordance with these Standards.

2.7. "Dealer" means a Gaming Employee who operates a Gaming Station, individually or as a part of a crew, as authorized under approved Internal Controls and/or game rules.

2.8. "Drop" means the sum of the total amounts of currency, coin, Gaming chips, and vouchers removed from a Drop Box.

2.9. "Drop Box" means the container attached to a Gaming Station, Player Terminal or Kiosk for deposit of Cash and certain documents received as provided by these Standards.

DRAFT

2.10. "Fill Slip" or "Fill" is the three-part document reflecting the distribution of Gaming chips and coins to a Gaming Station as provided in these Standards.

2.11. “Gaming Facility Manager” means the position responsible for the operation and conduct of all Class III activities conducted in the Gaming Facility.

2.12. “Gaming Facility Shift Manager” means the position responsible for performing the functions of the supervisor assigned to each shift with the responsibility for the supervision of Gaming activities conducted in the Gaming Facility. In the absence of the Gaming Facility Manager, the Gaming Facility Shift Manager shall have the authority of a Gaming Facility Manager.

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

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

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

2.16. “Key” means an instrument for locking or a device that operates a lock designated to secure and protect assets. A Key could include a unique hard Key, a plastic card with an encoded magnetic strip or chip, magnetic lock, or similar device.

2.17. "Master Game Report" means a record of the computation of the Win or Loss for each Gaming Station, each game, and each shift and includes the total amount of currency and coin counted, amount of the Opener and Closer, Fill and Credit serial numbers, individual and total amounts of Fills and Credits, and Win or Loss.

DRAFT

2.18. "Opener" means the Gaming Station inventory slip upon which each Gaming Station inventory is recorded at the end of each shift and serves as the record of each Gaming Station inventory at the beginning of the next succeeding shift.

2.19. “Pit Boss” means the position responsible for the overall supervision of the operation and conduct of Gaming at the Gaming Stations within a single Pit and shall oversee any intermediate supervisors assigned by the Gaming Operation to assist in supervision of Gaming Stations in the Pit.

2.20. "Request for Credit" is the two-part document reflecting the authorization for preparation of a Credit with respect to removal of Gaming chips and coins from a Gaming Station in accordance with these Standards.

2.21. "Request for Fill" is the two-part document reflecting the request for the distribution of Gaming chips and coins to a Gaming Station as provided in these Standards.

2.22. "Security Department Member" means a Gaming Employee who is a member of the Security Department as provided in the organization of the Gaming Operation in accordance with these Standards.

2.23. "Win or Loss" is determined by adding the amount of Cash or coin, the amount recorded on the Closer, removed from a Drop Box, plus Credits, and subtracting the amount recorded on the Opener and the total of the amounts recorded on Fills removed from a Drop Box.

3. ALTERNATIVE CONTROL PROVISIONS

An alternative method to the procedures in this Appendix may be approved by mutual agreement of the Tribal Gaming Agency and State Gaming Agency as set out in Compact Section IX.

4. SYSTEM OF ACCOUNTING AND INTERNAL CONTROLS

The Gaming Operation shall submit to the Tribal Gaming Agency and the State Gaming Agency a description of its system of internal procedures and administrative and accounting controls. Before new or modified controls are implemented they must be approved in accordance with Compact requirements related to approval and concurrence with Internal Controls.

DRAFT

5. ADOPTION OF RULES FOR CLASS III ACTIVITIES

Game rules will be submitted in accordance with requirements of the Compact or related Appendix. Game rules adopted by the Tribal Gaming Agency shall include:

5.1. Procedures of play;

5.2. Minimum and maximum permissible wagers;

5.3. Shuffling, cutting and dealing techniques, as applicable;

5.4. Payout odds or prizes, including any payout limitations, on each form of wager;

5.5. Procedures to be followed on occurrence of irregularities, including definition of irregularities as applicable to each game;

5.6. Prohibition on side betting between and against players and against the house; and

5.7. Specifications provided by the equipment manufacturer or supplier applicable to Gaming equipment:

5.7.1. Physical characteristics of chips; and

5.7.2. Physical characteristics of the following:

(a) Authorized Class III Gaming tables;

(b) Table layouts;

(c) Roulette wheels and money wheels;

(d) Roulette balls and keno balls;

(e) Cards (including procedures for receipt, storage, and destruction);

(f) Dice (including procedures for receipt, storage, and destruction);

(g) Dealing shoes (including procedures for receipt and storage);

DRAFT

(h) Shuffle machines;

(i) Keno systems;

(j) Progressive computers and displays; and

(k) Such other equipment as may be required for use in authorized Class III activities.

6. PROGRESSIVE AND PLAYER SUPPORTED JACKPOTS

Unless governed by Appendix W. (Rules for Governing Wide Area Progressive), any progressive or player supported jackpot prizes available on Class III Gaming activities will be submitted as part of game rules in accordance with the requirements of the Compact and related Appendices.

6.1. Rules submissions submitted under the requirements of the Compact and related Appendices will include how each Gaming Facility accounts for funds collected from each progressive or player supported jackpot separately and how funds are accrued.

6.2. Summaries of the rules posted for patrons required by Compact Section IX.B. will include how funds are accrued and prizes available.

6.3. If the Tribe discontinues a progressive or player supported jackpot, they must distribute the funds to the patrons:

6.3.1. Within sixty (60) days;

6.3.2. The balance, less any seed money or money contributed by the Gaming Operation; and

6.3.3. In a method approved by both the Tribal Gaming Agency and State Gaming Agency, to include:

(a) offering a drawing

(b) transferring the funds to another jackpot;

(c) offering as a prize on an approved tournament; or

DRAFT

(d) other method of distribution that returns the balance to the Gaming public.

7. ACCOUNTING RECORDS

7.1. The Gaming Operation shall maintain complete, accurate, and legible records of all transactions relating to the revenues and costs of the Gaming Operation.

7.2. General accounting records shall be maintained on a double entry system of accounting with transactions recorded on the accruals basis, and detailed, supporting, subsidiary records, sufficient to meet the requirements of subsection 7.4. below.

7.3. The forms of accounts adopted should be of a standard form which would ensure consistency, comparability, and effective disclosure of financial information.

7.4. The detailed, supporting and subsidiary records shall include, but not necessarily be limited to:

7.4.1. Statistical game records to reflect Drop and Win or Loss amounts for each station, for each game, and for each shift;

7.4.2. Investments in property and services, including equipment used in connection with the operation of Class III Gaming;

7.4.3. Records of amounts payable by the Gaming Operation; and

7.4.4. Records which identify the purchase, receipt and destruction of Gaming chips used in wagering.

8. FORMS, RECORDS, DOCUMENTS AND RETENTION

8.1. All information required by these Standards to be placed on a form, record or document shall be recorded in ink or stored in another permanent format.

8.2. Whenever duplicate or triplicate copies are required of a form, record or document:

8.2.1. The original, duplicate, and triplicate copies shall be color-coded, unless digitally or electronically generated;

DRAFT

8.2.2. If under these Standards, forms, records, and documents are required to be inserted in a locked dispenser, the last copy shall remain in a continuous unbroken form in the dispenser;

8.2.3. If under these Standards, forms or serial numbers of forms are required to be accounted for or copies of forms are required to be compared for agreement and exceptions noted, such exceptions shall be reported immediately in writing to the Tribal Gaming Agency for investigation; and

8.2.4. These forms, records or documents may be digitally or electronically generated and stored as data.

8.3. Unless otherwise specified in these Standards, all forms, records, documents, and stored data shall have the title imprinted or pre-printed or saved thereon or therein.

8.4. Unless otherwise specified in these Standards, all forms, records, documents, and stored data required to be prepared, maintained and controlled shall be located on Tribal Lands or such other location as is approved by the Tribal Gaming Agency. The records shall be stored in a manner that assures reasonable accessibility to Agents of the Tribal Gaming Agency and personnel of the State Gaming Agency.

8.5. Unless otherwise specified in these Standards, all records shall be kept for a period not less than two (2) years from their respective dates. If not dated, then for two (2) years from their time of creation.

9. ORGANIZATION OF THE GAMING OPERATION

9.1. The Gaming Operation shall have a system of accounting and Internal Controls that includes the following:

9.1.1. Administrative control, which includes but is not limited to the plan of organization including an organization chart, job descriptions, or comparable information, and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions; and

9.1.2. Accounting control which includes the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and are consequently designed to provide reasonable assurance that:

DRAFT

(a) Transactions are executed in accordance with the management's general and specific authorization which shall include the requirements of these Standards;

(b) Transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and with these Standards, and to maintain accountability for assets;

(c) Access to assets is permitted only in accordance with management's authorization which shall include the requirements of these Standards; and

(d) The recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

9.2. The Gaming Operation's system of accounting and Internal Controls shall provide for:

9.2.1. Competent personnel with an understanding of prescribed procedures; and

9.2.2. The segregation of Incompatible Functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties.

9.3. The Gaming Operation shall, at a minimum, establish the following departments:

9.3.1. A security department supervised by the head of the security department who shall cooperate with, yet perform independently of, all other departments and shall report directly to the Chief Executive Officer of the Gaming Operation regarding matters of policy, purpose, and responsibilities. The head of security shall be responsible for, but not limited to the following:

(a) The physical safety of all patrons and employees, as well as their property, as authorized by the Tribal Gaming Agency;

(b) The physical safety of the facility and assets of the Tribe, to include Keys, as authorized by the Tribal Gaming Agency;

(c) The transfer of assets to and from the cashier cage(s) and the Gaming Stations,

DRAFT

as authorized by the Tribal Gaming Agency; and

(d) The physical control of Gaming equipment inventories. Such inventories shall specifically include cards, dice, shoes, and other Gaming equipment deemed appropriate. The security department shall control the receipt, storage, issuance, collection, disposition, and/or destruction of same, subject to oversight by operations management and as authorized by the Tribal Gaming Agency.

9.3.2. A Gaming Facility department supervised by a Gaming Facility Manager who shall perform independently of all other departments and shall report directly to the Chief Executive Officer. The Gaming Facility Manager shall be responsible for the operation and conduct of all Class III activities conducted in the Gaming Facility.

9.3.3. A Gaming Facility Accounting Department supervisor who shall report directly to the Chief Financial Officer or equivalent. The supervisor responsibilities shall include, but not be limited to, the following:

(a) Accounting controls;

(b) The preparation and control of records and data required by these Standards; and

(c) The control of stored data, the supply of unused forms, the accounting for and comparing of forms used in the Gaming Operation and required by these Standards.

9.3.4. A cashier's cage supervised by a cage manager who shall supervise Cage Cashiers and cooperate with, yet perform independently of, the Gaming Facility and security departments, and shall be under the supervision of, and report directly to the Chief Financial Officer or equivalent. The cage shall be responsible for, but not limited to the following:

(a) The custody of currency, coin, patron checks, Gaming chips, and documents and records normally associated with the operation of a cashier's cage;

(b) The approval, exchange, redemption and consolidation of patron checks

DRAFT

received for the purpose of Gaming in conformity with the Gaming Operation's Standards;

(c) The receipt, distribution, and redemption of Gaming chips in conformity with these Standards; and

(d) Such other functions normally associated with the operation of a cashier's cage.

9.3.5. An information technology department with limited administrative access to electronic equipment and information systems for the purpose of technical support, supervised by a head of information technology manager, who shall cooperate with, yet perform independently of, all other departments and shall report directly to the Chief Operating Officer of the Gaming Operation regarding matters of policy, purpose, and responsibilities. For purposes of this section, limited administrative access means troubleshooting any issues within the system; patching, updating, and keeping the system secure; administrative support for information technology issues; verifying that back-ups of data are proceeding as normal, and monitoring the health of the network/system infrastructure. The head of information technology shall be responsible for, but not limited to, the following:

(a) Understanding the complex role of technology in each Gaming Facility;

(b) Ensuring information technology functions for electronic equipment and information systems throughout each Gaming Facility are separated into distinct job duties to prevent an information technology department employee from harming, manipulating, concealing, or damaging an operational system or the services it provides, whether by an accidental act, omission, or intentional act; and

(c) No present or former information technology department employee shall be employed in any other capacity in the Gaming Operation unless the Tribal Gaming Agency, upon written petition, approves such employment in a particular capacity upon a finding that:

i. Each Gaming Facility’s electronic equipment and information systems will not be compromised; and

DRAFT

ii. Incompatible Functions, errors, irregularities, or illegal acts cannot be concealed or perpetrated.

9.4. The Gaming Operation's personnel shall be trained in all accounting and Internal Controls practices and procedures relevant to each employee's individual function. Special instructional programs shall be developed by the Gaming Operation in addition to any on-the-job instruction sufficient to enable all members of the departments required by this Standard to be thoroughly conversant and knowledgeable with the appropriate and required manner of performance of all transactions relating to their function.

10. CAGES

10.1. As part of the Gaming Operation there shall be on or immediately adjacent to the Gaming floor a physical structure known as the cage to house the cashiers and to serve as the central location for the following:

10.1.1. The custody of the cage inventory comprising currency, coin, patron checks, Gaming chips, forms, documents, and records normally associated with the operation of a cage;

10.1.2. The approval of patron checks for the purpose of Gaming in conformity with these Standards;

10.1.3. The receipt, distribution, and redemption of Gaming chips in conformity with these Standards; and

10.1.4. Such other functions normally associated with the operation of a cage.

10.2. As part of the cage there may be a separate physical structure known as satellite cage(s) located on or immediately adjacent to the Gaming floor which can include, but are not limited to, keno, OTB, or Tribal Lottery System cashiers who:

10.2.1. Buy and sell keno tickets, OTB vouchers, and/or Tribal Lottery System vouchers; and

10.2.2. Such other functions normally associated with the operation of a cage.

10.3. The Gaming Operation shall have a reserve Cash bankroll in addition to the funds normally maintained by the cashier's cage, on hand in the cashier's cage or readily

DRAFT

available to the cashier's cage at the opening of every shift in a minimum amount established by the Gaming Operation.

10.4. Each cage will be designed and constructed to provide maximum security including, at a minimum, the following:

10.4.1. An enclosed structure except for openings through which items such as Gaming chips, checks, cash, records, and documents can be passed to service the public and Gaming Stations;

10.4.2. Manually triggered silent alarm systems connected to the monitoring rooms of the Closed Surveillance System and the security department office;

10.4.3. Access will be through a locked door; and

10.4.4. The system shall have surveillance coverage which will be monitored by the surveillance department.

10.5. The Gaming Operation will place on file with the Tribal Gaming Agency the names of all persons authorized to enter the cage, those who possess the combination or the Keys or who control the mechanism to open the locks securing the entrance to the cage, and those who possess the ability to operate the alarm systems.

10.6. The cashier's cage shall be responsible for establishing procedures and controls necessary to comply with the Bank Secrecy Act, 31 U.S.C. § 5311 et seq., as now or hereafter amended.

11. ACCOUNTING CONTROL WITHIN THE CASHIER'S CAGE

11.1. The assets for which the cashiers are responsible shall be maintained on an Imprest Basis; provided, the cage may operate on a float basis if documented in the system of accounting and Internal Controls and approved by the Tribal Gaming Agency. At the end of each shift, the cashiers assigned to the outgoing shift, shall record on a cashier's count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and will reconcile the total closing inventory with the total opening inventory.

11.2. Cashiers' functions will be, but are not limited to the following:

DRAFT

11.2.1. Receive currency, coin, checks, Gaming chips, vouchers, or Cash Equivalents from patrons for Gaming chip consolidations, total or partial redemptions or substitutions;

11.2.2. Receive documentation with signatures thereon, required to be prepared for the effective segregation of functions in the cage;

11.2.3. Process Fills and Credits by exchanging chips, currency, coin and paperwork as authorized in these Standards;

11.2.4. Receive currency and coin from count rooms and kiosks;

11.2.5. Prepare the overall cage reconciliation and accounting records; and

11.2.6. Perform such other functions as necessary to ensure proper accountability consistent with these Standards.

11.3. Cashier signatures from the incoming and outgoing shifts attesting to the accuracy of the information will be at a minimum on the following sheets: the cashiers count sheet, the Fill bank closeout sheet, and the main bank closeout sheet.

11.4. At the conclusion of Gaming activity each day, at a minimum, copies of the cashier's count sheet, reconciliation, Fill, main, and related documentation, will be forwarded to the Accounting Department for agreement of opening and closing inventories, and agreement of amounts thereon to other forms, records and documentation required by these Standards or for the recording of transactions.

12. DROP BOXES

12.1. In the Gaming Facility, each Gaming Station and each Player Terminal and Kiosk will have attached to it a container known as a 'Drop Box', in which will be deposited all Cash, vouchers, duplicate Fills and Credits, Requests for Fills and Credits, station inventory forms, or other forms. Gaming Stations will have metal Drop Boxes and each Player Terminal or Kiosk will have either plastic or metal Drop Boxes.

12.2. Each Drop Box will have:

12.2.1. One separate lock securing the contents placed into the Drop Box, the Key to which will be different from any other Key;

DRAFT

12.2.2. A separate lock securing the Drop Box to the Gaming Stations, the Key to which will be different from the Key to the lock securing the contents of the Drop Box;

12.2.3. An opening through which currency, coins, forms, records, and documents can be inserted into the Drop Box;

12.2.4. Permanently imprinted or impressed thereon, and clearly visible, a number corresponding to a distinct number on the Gaming Station, Player Terminal, or Kiosk to which it is attached, and a marking to indicate game, table number, and shift, except that emergency Drop Boxes may be maintained without such number or marking, provided the word "emergency" is imprinted or impressed thereon and, when put into use, are temporarily marked with the number of the Gaming Station and identification of the game and shift.

12.2.5. Gaming Operation may use alternative Drop Box labels which can electronically store the identification number of the device or station to which it is attached.

(a) In the event barcodes are used, a distinct barcode will be attached on each Drop Box that, when scanned, assigns to that Drop Box the date, shift and Gaming Station number that corresponds to a permanently marked number on the Gaming Station, Player Terminal, or Kiosk to which it is attached.

(b) In the event "smart cans" are used, the Gaming Station number will be maintained on a chip located in each individual smart can Drop Box. This Gaming Station, Player Terminal, or Kiosk number will be tracked and may be cleared and reset in a manner and a form acceptable to the Tribe and documented in the Gaming Operation's system of accounting and Internal Controls.

12.3. The Key utilized to unlock the Drop Boxes from the Gaming Stations will be maintained and controlled by the security department.

12.4. The Key to the lock securing the contents of the Drop Boxes will be maintained and controlled by the Tribal Gaming Agency.

DRAFT

13. DROP BOXES TRANSPORTATION AND STORAGE

13.1. All Drop Boxes removed from the Gaming Stations, Player Terminals, or Kiosks will be transported, at a minimum, by one Security Department Member and one employee of the Gaming Operation and secured in the count room at the completion of the Drop. A member of the Tribal Gaming Agency will be required to observe, either remotely or in-person, while boxes are removed from Gaming Stations.

13.2. All Drop Boxes, not attached to a Gaming Station, Player Terminal, or Kiosk, will be stored in the count room in an enclosed storage cabinet or trolley and secured in such cabinet or trolley by a separately keyed, double locking system. The Key to one lock will be maintained and controlled by the security department and the Key to the second lock will be maintained and controlled by the Tribal Gaming Agency Agent.

13.3. Drop Boxes, when not in use during a shift may be stored on the Gaming Stations provided that there is adequate security. If adequate security is not provided during this time, the Drop Boxes will be stored in the count room in an enclosed storage cabinet or trolley as required in subsection 13.2 above.

14. CHECKS AND CREDIT CARDS

14.1. Except as otherwise provided in this section or in Appendix E, no employee of the Gaming Operation, and no person acting on behalf of or under any arrangement with the Gaming Operation, will make any loan, or otherwise provide or allow to any person any credit or advance of anything of value or which represents value to enable any person to take part in Gaming activity as a player.

14.2. The acceptance of patron checks, paper or electronic, is allowed in accordance with normal commercial practices.

14.2.1. Withholding checks received from any deposit is considered an extension of credit.

14.2.2. Records will be maintained documenting all dishonored checks until paid in full. The records must include at a minimum, the person's name, check amount, date dishonored, and any amounts paid against balance.

14.2.3. If a check is dishonored, it may be re-deposited if there is sufficient reasons to believe the check will be honored the second time. If the check is dishonored a

DRAFT

second time, the person shall be prohibited from submitting any future check until the amount is paid in full.

14.2.4. Any checks processed and pre-approved through an outside check guarantee company will not be subject to the provisions of (b) and (c) above unless the Gaming Operation chooses not to use their guarantee service to pre-approve a particular check.

14.3. Cash advances on patrons' credit cards or bank cards in accordance with normal commercial practices is allowed.

15. ACCEPTANCE OF GRATUITIES FROM PATRONS

15.1. No Gaming Employee can solicit or accept any tip or gratuity from any player or patron when directly concerned with:

15.1.1. Management,

15.1.2. Accounting,

15.1.3. Security, or

15.1.4. Surveillance.

15.2. Management refers to an person having the authority to approve policies or procedures for the Gaming Facility or to direct persons to perform outside the scope of the Internal Controls.

15.3. The Gaming Operation shall establish a procedure for accepting and accounting for all tips received by other Gaming Employees.

16. GAMING STATION INVENTORY REQUIREMENTS AND PROCEDURES

16.1. Gaming chips or coins cannot be added to or removed from station inventory during the Gaming day except:

16.1.1. In exchange for Cash;

16.1.2. In payment of winning wagers and collection of losing wagers made at such Gaming Station;

DRAFT

16.1.3. In exchange for Gaming chips received from a patron having an equal aggregate face value; and

16.1.4. In conformity with the Fill and Credit procedures described in these Standards.

16.2. Gaming Station inventory slips, Opener, Closer, and triplicate, are serially numbered and document the value of each denomination of Gaming chips and coins on each Gaming Station at a specified period of time, which will be at a minimum when a Gaming Station is opened and closed.

16.2.1. Signatures attesting to the accuracy of the station inventory shall be of the Gaming Facility Supervisor assigned to the Gaming Station and Dealer or another table games employee.

16.2.2. Each copy of the Gaming Station inventory slip, Opener, Closer, and triplicate, will be distributed in accordance with approved accounting and Internal Controls.

16.2.3. Each station inventory shall be stored in a separate locked, clear container secured to the Gaming Station while not in use with the information on a copy of the Gaming Station inventory slip visible from outside the container.

16.3. The Keys to the locked containers containing the station inventories shall be maintained and controlled by the Gaming Facility Supervisor in a secure place and will not be accessible to any cashier's cage or security personnel.

16.4. Any discrepancy between the station inventory and the Gaming Station inventory slip shall be immediately reported to at least the Gaming Facility Shift Manager, the security department, and the Tribal Gaming Agency. A Notification of Error (NOE) or security report shall be completed in conformity with agreed upon system of accounting and Internal Controls.

17. PROCEDURES FOR DISTRIBUTING AND REMOVING GAMING CHIPS AND COINS TO AND FROM GAMING STATIONS

17.1. Gaming chips or coins cannot be added to or removed from station inventory unless:

17.1.1. Request for Fill is completed to transfer Gaming chips or coins from the cage to the Gaming Station with the signatures of at least the Gaming Facility Supervisor requesting the transfer of Gaming chips.

DRAFT

17.1.2. Request for Credit is completed to transfer Gaming chips or coin from the Gaming Station to the cage with the signatures of at least the Gaming Facility Supervisor requesting the transfer and a Security Department Member completing the transfer.

17.2. A Fill or Credit is serially numbered and documents at a minimum the date, time, Gaming Station number, and the value of each denomination of Gaming chips and coins being transferred.

17.2.1. Signatures attesting to the accuracy of the Fill or Credit shall be at least the Gaming Facility Supervisor assigned to the Gaming Station, the Dealer assigned to the Gaming Station, Security Department Member transferring the Gaming chips or coins, and the Cage Cashier preparing the forms.

17.2.2. One copy of the Fill or Credit shall be placed in the Gaming Station Drop Box, one (1) copy shall be kept with the Cage Cashier records, and one (1) copy shall be secured for comparison by the Accounting Department.

17.2.3. If an error is found, mark "VOID" on the original and duplicate, and the preparer shall sign. All voided forms shall be forwarded to the Accounting Department.

17.2.4. Kept in a locked dispenser that will permit an individual slip in the series and its copies to be written upon simultaneously, and that will discharge the original and duplicate while the triplicate remains in a continuous, unbroken form in the dispenser or other secure method approved in the system of accounting and Internal Controls.

17.2.5. Computer applications, alternative documentation, and/or alternative procedures may be used in place of the procedures described in this subsection so long as they provide at least the level of control described by the manual standards in this subsection. The Gaming Operation's approved system of Internal Controls shall include the information and procedures as specified in Compact Section IX.

18. COUNT ROOM: CHARACTERISTICS

18.1. The Gaming Operation will have a count room specifically designated for counting the contents of at a minimum Drop Boxes and banks.

DRAFT

18.2. The count room shall be designed and constructed to provide maximum security to include at a minimum, the following:

18.2.1. A door equipped with two separately Keyed locks securing the interior of the count room. The Keys shall be different from any other Keys. One Key shall be maintained and controlled by the security department and the other Key maintained and controlled by the Gaming Facility department or Tribal Gaming Agency;

18.2.2. The security department shall establish a sign out procedure for all Keys removed from the security department; and

18.2.3. An alarm device connected to the entrance of the count room that signals the surveillance room whenever the door to the count room is opened.

18.3. Located within the count room shall be count table(s) constructed of clear glass or similar material for the emptying, counting, and recording of the contents of the Drop Boxes and banks.

19. PROCEDURE FOR COUNTING AND RECORDING DROP BOXES CONTENTS

19.1. The opening, counting and recording of the contents of Drop Boxes will be done by at least three (3) employees assigned by the Gaming Operation to perform the count, known as the "count team", and who have no Incompatible Functions.

19.2. Surveillance will be notified at the start of the count. Immediately prior to the opening of any Drop Boxes, the doors to the count room shall be securely locked and except as otherwise authorized by this Standard, no person shall be permitted to enter or leave the count room until the entire counting, recording, and verification process is completed; provided a person may leave or enter the count room during a normal work break after the last opened Drop Box has been counted, verified, and recorded, or in an emergency. Each Drop Box will be uniquely identified to and recorded by surveillance.

19.3. As the contents of each Drop Box are counted separately at least twice, which counts may be made by a currency counter, the amounts will be recorded and/or compared to the Master Game Report for Gaming Stations, and Tribal Lottery System reports for Player Terminals and Kiosks.

DRAFT

19.4. After completion of the Drop and verification of the Master Game Report and Tribal Lottery System reports, each count team member shall sign the report attesting to the accuracy of the information recorded thereon.

19.5. All Cash and Gaming chips removed and counted shall be presented in the count room to a cashier who shall verify the Cash and Gaming chips received and shall sign the report evidencing the fact that both the cashier and count team have agreed on the total amount of Cash and Gaming chips counted. Then the cashier shall take a copy of the signed Master Game Report and Tribal Lottery System reports and the Cash and Gaming chips into the cage.

19.6. At no time after the entire count team has signed the master game report shall any change be made to it without prior written approval of the Tribal Gaming Agency.

19.7. The paperwork from the Drop Boxes shall not be available to any cashier's cage personnel and shall be transported directly to the Accounting Department with one (1) copy of the signed Master Game Report and Tribal Lottery System reports.

19.8. The originals and copies of the Master Game Report and Tribal Lottery System reports, Request for Fills, Fills, Request for Credits, Credits, and station inventory slips shall be audited on a daily basis in the Accounting Department.

19.9. The master game report will be maintained for inspection and provided to the Tribal Gaming Agency daily.

20. SIGNATURES

20.1. Signatures of each person required by these Standards to sign or initial forms, records and documents shall:

20.1.1. Be, at a minimum, the signer's first initial and last name;

20.1.2. Include his or her certificate or permit number; and

20.1.3. Signify that the signer has prepared forms, records, and documents, and/or authorized to a sufficient extent to attest to the accuracy of the information recorded thereon, in conformity with these Standards and the Gaming Operation's system of accounting and Internal Controls.

DRAFT

20.2. Signature records shall be prepared for each person required by these Standards to sign or initial forms, records, and documents, and shall include specimens of signatures, initials of signers, and department. Such signature records shall be maintained on a dated signature card filed alphabetically by last name. The signature records shall be adjusted on a timely basis to reflect changes of personnel.

20.3. Signature records shall be securely stored in the Accounting Department or human resource department.

20.4. Electronic signature records may be used in place of the above and shall be maintained in a secure electronic format and shall be immediately available to the Tribal Gaming Agency and State Gaming Agency upon request.

21. SURVEILLANCE DEPARTMENT

A surveillance department shall be supervised by the head of the surveillance department, who shall cooperate with, yet perform independently of all other departments and shall report directly to the head of the Tribal Gaming Agency regarding matters of policy, purpose, and responsibilities.

21.1. The head of surveillance shall be responsible for, but not limited to, the following:

21.1.1. The clandestine surveillance of the operation and conduct of the Gaming activities;
21.1.2. The clandestine surveillance of the operation of the cashier's cage(s);
21.1.3. The video and audio recording of activities in the count rooms;
21.1.4. The detection of cheating, theft, embezzlement, and other illegal activities in the Gaming Facility, count rooms, and cashier's cage(s);
21.1.5. The video recording of illegal and unusual activities monitored; and
21.1.6. The notification of appropriate Gaming Facility Supervisors, and the Tribal Gaming Agency upon the detection and recording of cheating, theft, embezzlement, or other illegal activities.

21.2. No present or former surveillance department employee shall be employed in any other capacity in the Gaming Operation unless the Tribal Gaming Agency, upon written petition, approves such employment in a particular capacity upon a finding that:

21.2.1. Surveillance and security systems will not be jeopardized or compromised by the proposed employment of the former surveillance department employee in the capacity proposed; and

DRAFT

21.2.2. Errors, irregularities, or illegal acts cannot be concealed or perpetrated by the former surveillance department employee's knowledge of the Closed Surveillance System in the capacity in which the former surveillance department employee will be employed.

22. CLOSED SURVEILLANCE SYSTEM

22.1. The Tribal Gaming Agency shall install a Closed Surveillance System according to the following specifications.

22.2. The Closed Surveillance System shall include at least the following:

22.2.1. Light sensitive cameras some with zoom, scan, and tilt capabilities to effectively and clandestinely monitor in detail and from various vantage points, the following:

(a) All Gaming activities conducted in the Gaming Facility;

(b) The operations conducted at and in the cashier's cage and satellite cages;

(c) The entire count process and any other activities conducted in the count room and the storage cabinets or trolleys used to store Drop Boxes;

(d) The movement of Cash, Gaming chips, and Drop Boxes in the establishment;

(e) The entrances and exits to the Gaming Facility and the count rooms; and

(f) Such other areas as the Tribal Gaming Agency designates.

22.2.2. Video recording units with time and date insertion capabilities for recording what is being viewed by any camera of the system;

22.2.3. Audio capability of the entire count process and any other activities in the count room; and

22.2.4. One or more monitoring rooms in each Gaming Facility which shall be in use at all times by the employees of the Tribal Gaming Agency and may be used as necessary by agents of the State Gaming Agency.

DRAFT

22.3. Adequate lighting shall be present in all areas, including Gaming activities and Pits, where closed surveillance coverage is required.

22.4. The surveillance department shall be required to maintain a surveillance log of all surveillance activities in the monitor room. The log shall be maintained by monitor room personnel and shall include, at a minimum, the following:

22.4.1. Date and time of surveillance;

22.4.2. Person initiating surveillance;

22.4.3. Reason for surveillance;

22.4.4. Time of termination of surveillance;

22.4.5. Summary of the results of the surveillance; and

22.4.6. A record of any equipment or camera malfunctions.

22.5. The surveillance log shall be available for inspection at any time by agents of the of the State Gaming Agency.

22.6. Video or audio recordings shall be retained for at least seven (7) days and at least thirty (30) days in the case of recordings of evidentiary value, or for such longer period as the Tribal Gaming Agency or the State Gaming Agency may require.

22.7. Entrances to the closed surveillance monitoring rooms shall not be visible from the Gaming Facility area.

22.8. Digital Surveillance

22.8.1. Digital images record and playback of images with sufficient magnification and clarity that shows fluid motion and allows the viewer to clearly distinguish the value of currency, coins, Gaming chips, playing cards, and outcome of the game and effectively monitor in detail all areas in the Gaming Facility where Class III Gaming is conducted, including but not limited to table games, TLS, poker, keno

DRAFT

stations, cages, count rooms, information technology department, and all Gaming activity conducted by Gaming Employees, patrons or players.

22.8.2. The recording systems must be equipped with an alarm that notifies the operator in the event of an equipment malfunction.

22.8.3. The system is to provide an authentication process such as encryption and/or watermark to prevent and/or detect tampering.

22.8.4. Digital cameras can be on motion detection setting, recording only when motion is detected which occurs anytime there is a pixel change viewed by the camera. The pictures are still observable to the operator but it does not provide a continuous recording when no motion is detected.

22.8.5. The recording system is password protected with only system administrator user rights having the password to disable the erase and reformat functions. This is to prevent access to system files by unauthorized personnel.

22.8.6. Recordings from the digital Closed Surveillance System can only be viewed/read by Individuals with access to the proprietary reader software. Only employees who are licensed by the Tribal Gaming Agency and certified, registered, determined eligible, or licensed by the State Gaming Agency as a Class III Gaming Employee, Tribal Gaming Agents, State Gaming Agents, members of Local Law Enforcement, and Individuals authorized by the Tribal Gaming Agency may have access to live or recorded camera coverage.

22.8.7. Digital surveillance suppliers may have periodic remote access to perform routine upgrades and maintenance under the following conditions:

(a) The Tribal Gaming Agency must approve the remote access prior to it occurring.

(b) A log must be kept of the remote access to include who was accessing, how long they were remotely connected and the address of the remote connection.

(c) All supplier representatives remotely accessing the Closed Surveillance System must be licensed by the Tribe and certified by the State Gaming Agency.

DRAFT

(d) At no time will the supplier representatives have access to manipulate or change live or recorded camera coverage.

(e) The physical connections must only be made for service work and must be disconnected immediately after work is completed.

DRAFT

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
GAMING COMPACT

APPENDIX B
Satellite (Off-Track) Wagering on Horse Races
(Amended and Restated)

Table of Contents

1. DEFINITIONS 1
2. APPLICABILITY OF LAWS. 1
3. REGULATION OF SATELLITE (OFF-TRACK) WAGERING. 2

DRAFT

1. DEFINITIONS

The following definitions apply to these standards. All capitalized terms, to the extent they do not conflict, shall have the definition as in the Compact. Except as otherwise provided herein, meanings ascribed to terms used in the Horse Racing Law, RCW 67.16, and the Commission Regulations, WAC 260, are hereby adopted by reference wherever such terms are applicable in this Appendix.

1.1 "Conventional parimutuel pool" means the total wager under the parimutuel system on any horse or horses in a particular race to win, place, or show.

1.2 "Exotic parimutuel pool" means the total wagers under the parimutuel system on the finishing position of two or more horses in a particular race, such as Quinella or Exacta wagers, or on horses to win two or more races, such as Daily Double wagers, Pick Six wagers, or on other wagers other than Conventional Parimutuel Pool wagers.

1.3 "Parimutuel wagering" means a form of wagering on the outcome of horse races in which those who wager purchase tickets of various denominations on a horse or horses in one or more races. When the outcome of the race or races has been declared official, there is a distribution of the total wagers comprising each pool, less any amounts permitted to be retained by law or under this Compact, to holders of winning tickets on the winning horse or horses.

1.4 "Satellite Wagering" means Parimutuel Wagering on Simulcast results.

1.5 "Satellite wagering facility" means any facility in which Satellite Wagering is conducted.

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

1.7 "Wagering employee" means any person who is employed by the Tribe or at any Satellite Wagering Facility hereunder to handle any monies, materials, records or equipment related to the Satellite Wagering permitted herein, or who supervises any person who does so or supervises any such supervisor.

2. APPLICABILITY OF LAWS.

Wagering at the Tribe's Satellite Wagering Facility will be conducted in accordance with this Compact, the Indian Gaming Regulatory Act, the Interstate Horseracing Act, any ordinances or regulations adopted by the Tribe, and Washington Horse Racing Laws as made applicable

DRAFT

herein. Nothing herein shall otherwise be deemed a prohibition upon or limitation upon tribal operation of a Satellite Wagering Facility by the Tribe or on behalf of the Tribe.

3. REGULATION OF SATELLITE (OFF-TRACK) WAGERING.

3.1 Wagering Permitted. The Tribe is entitled to operate a single Satellite Wagering Facility pursuant to this Compact subject to the following terms and conditions:

a. Unless permitted in accordance with subparagraph 3.1.c, below, Tribe may conduct Satellite Wagering only on events Simulcast from any Washington State track (whether of a live race, or an authorized Simulcast of an out-of-state signal) on the same terms and conditions permitted any other Satellite Wagering Facility in the State without limitation on the distance such tribal facility is from a live race meet, provided, the Tribe is entitled to receive Simulcast signals from each Washington State track on terms at least as advantageous as those made available by such track to any other satellite facility operated at a track holding a Class A or Class B Washington Horse Racing Commission ("Commission") license or at any other facility operated or leased by an entity holding such a license. Negotiations conducted between the Tribe and the track shall cover areas including, but not limited to, the following: percent of handle received; equipment required and who provides such equipment; who provides Wagering Employees; and how and on what schedule funds will be transferred. All wagers accepted at the tribal facility on such events shall be made into the parimutuel pool of the Washington State track which provides the Simulcast signal and shall be deemed to have been made at the location of such pool for the purposes of assessment of fees, charges, taxes or other assessments. Nothing herein shall prohibit assessment by the Tribe of taxes, fees or other charges for wagering conducted at the tribal facility, nor shall the State or any of its political subdivisions be authorized to impose any taxes, fees, charges or assessments upon the Tribe or any person or entity authorized to conduct such activities on behalf of the Tribe for the Satellite Wagering activities regulated hereunder, other than those generally applicable to the parimutuel pool.

b. In the event the Tribe believes it is not offered Simulcast signals from a Washington State track on terms at least as advantageous as those made available by such track to the other Satellite Wagering operators as set forth in subparagraph 3.1.a, above, the Tribe may request a formal determination from the Commission. The sole issues in such determination will be whether the Washington State track provides terms to those other Satellite Wagering operators which are more advantageous than those offered to the Tribe and, if so, what terms are less advantageous to the Tribe. Provided, the Commission shall conduct a hearing and render a decision within ninety (90) days after receipt of the request

DRAFT

for a determination from the Tribe, and further provided, that if the Commission decision is not rendered within that time, the Tribe is entitled to conduct Satellite Wagering in accordance with the provisions of subparagraph 3.1.c, below. If the Commission determines that the terms offered the Tribe are less advantageous, the Washington State track shall have thirty (30) days to offer terms that are at least as advantageous to the Tribe, or the Tribe will be entitled to conduct Satellite Wagering in accordance with subparagraph 3.1.c, below. If the Tribe disputes the determination of the Commission regarding whether the terms offered to the Tribe are less advantageous, the Tribe or State may request arbitration under Compact Section XIII.B.

c. If, following an adverse determination from the Commission, the Washington State track does not offer the terms identified by the Commission in accordance with subparagraph 3.1.b, above, the Tribe shall be entitled to negotiate for and receive Simulcast signals from out-of-state races for an equivalent number of races, to be offered within the subsequent twelve (12) month period, on such terms and conditions as it may obtain. Acceptance of signals from out-of-state tracks shall be made in compliance with the Interstate Horseracing Act, 15 USC §3001, et seq. Nothing in this section shall be deemed to limit acceptance of satellite wagers to the extent permitted under the Interstate Horseracing Act. Consent of the Commission, as required under the Interstate Horseracing Act shall not be unreasonably withheld. For disputes concerning whether the Commission has unreasonably withheld its consent, the Tribe or the State may request arbitration under Compact Section XIII.B.

3.2 Hours of Operation. The wagering authorized in the Tribe's Satellite Wagering Facilities shall be conducted within the hours authorized for Class III gaming under this Compact.

3.3 Approval of Facility. Subject to approval of the physical adequacy of the facility, the Tribe's Reservation is hereby approved as location for the conduct of Satellite Wagering as permitted under this Compact. The right of the Tribe to conduct Satellite Wagering from a facility at such location shall not be affected by its distance from any live race meet being broadcast to such facility, and statutes and regulations imposing distance limitations on the location of Satellite Wagering Facilities relative to live race meets, including but not limited to RCW 67.16.200(c), shall not be applicable to the Tribe.

DRAFT

3.4 Wagering Rules. All of the rules set forth in WAC 260-48 ("Mutuels") are hereby incorporated by reference as being applicable to any Satellite Wagering Facility authorized hereunder, subject to the following qualifications:

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

b. References therein to "enclosure of any race track" shall mean the Satellite Wagering Facilities authorized hereunder.

c. Parimutuel machines shall be locked at the time and by the same means as are applicable to parimutuel machines at other Satellite Wagering Facilities within the State or as otherwise required by the parimutuel pool operator at the host race track or other authorized source, if different therefrom, but in all cases prior to the start of any race for which bets are being accepted.

d. References to "the manager of the parimutuel department" shall refer to any person appointed to manage the Satellite Wagering Facility authorized under this Compact.

e. The Tribe may accept exotic bets, including but not limited to daily doubles, quinellas, exactas, wagering on "short fields", daily triples, "Pick n", trifectas, and other exotic bets to the extent made available through parimutuel pools by the parimutuel pool operator.

3.5 Other Facilities Within Area. In the event the Commission considers allocation of exclusive or limited areas in which Satellite Wagering Facilities may be located, the Commission will give good faith consideration to designating the Tribe's Satellite Wagering Facility as one of those exclusive or limited area Satellite Wagering sites. Notwithstanding the foregoing, the conduct of Satellite Wagering at any other facility, including a live racing facility, in the State shall not affect the right of the Tribe to operate its Satellite Wagering Facility at any time.

3.6 Amounts Received by Tribe. The Tribe may receive from parimutuel wagers made at its Satellite Wagering Facility such amounts as may be negotiated between it and the operator of the parimutuel pool (track).

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

DRAFT

interests of the Tribe or the State in operating an honest, legitimate facility or in meeting the goals and objectives of this Compact or the Act.

3.8 Accounting Practices and Audits. Any Satellite Wagering Facility authorized hereunder shall maintain its books and records in accordance with generally accepted accounting principles and State and Federal rules and regulations applying to Satellite Wagering Facilities.

DRAFT

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

APPENDIX E
Limitations on Wagers, Credit, Facilities, and Problem Gambling Resources

Table of Contents

SECTION 1. CONDITIONS AND LIMITATIONS 1
SECTION 2. HIGHER WAGER LIMITS AT GAMING STATIONS 1
SECTION 3. EXTENSION OF CREDIT 3
SECTION 4. WAGERING LIMITS—PLAYER TERMINALS 4
SECTION 5. FACILITY LIMITS—GAMING STATIONS 4
SECTION 6. FACILITY LIMITS—PLAYER TERMINALS 5
SECTION 7. COMMUNITY CONTRIBUTIONS 8
SECTION 8. RESPONSIBLE GAMING 9

DRAFT

SECTION 1. CONDITIONS AND LIMITATIONS

This Appendix contains the concessions, limitations, and agreement of the Tribe and State with respect to the subject matter addressed herein. However, Compact provisions that are not addressed in this Appendix remain in full force and effect, unless and until they are subsequently amended pursuant to the processes set forth in the Compact. This Appendix contains interdependent conditions and consequences that must be accepted as a whole.

The Tribe and State agree that, although the Compact and its appendices become effective upon publication of notice of approval by the Secretary of the Interior of the United States in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B) the Tribe shall provide notice to the State when implementation of Appendix E commences.

All capitalized terms not defined herein, to the extent they do not conflict, shall have the same definitions as in the Tribe's Compact, as amended.

SECTION 2. HIGHER WAGER LIMITS AT GAMING STATIONS

While the Tribe is unsure it will offer Gaming Stations with higher limits frequently, the Tribe would make such limits available to its patrons in the following ways.

2.1. High Limit Room

2.1.1 "High Limit Room" means a clearly identified area of the Gaming Facility separated by a permanent, physical barrier or a separate room in the Gaming Facility. "Permanent, physical barrier" includes a partial wall, fence or similar separation. Stanchions or similar movable barriers are not considered a permanent, physical barrier.

2.1.2 The Gaming Operation may offer Gaming Station wager limits in the High Limit Room not to exceed five thousand dollars ($5,000) subject to the limitations of subsection 2.4 below and subsection 5.2.

2.1.3 "Restricted Access Tables" are Gaming Stations where wagers above $1,000 and not to exceed $5,000 are allowed, subject to the limitations of subsection 2.4 below and subsection 5.2.

2.2. Flex High Limit Room

Due to the expected infrequency of higher limit play, constructing a High Limit Room may not be financially feasible for the Tribe. Constructing a High Limit Room could also unnecessarily stress operational and regulatory resources needed to protect these and

DRAFT

other Gaming activities within the Gaming Facility without substantial benefit to the Gaming Operation. For these reasons, the parties agree to the following provisions related to a Flex High Limit Room:

2.2.1 "Flex High Limit Room" means a multi-purpose room in the Gaming Facility that is used on a limited basis. The Flex High Limit Room must have the same operational requirements as a High Limit Room.

2.2.2 In the Flex High Limit Room, the Gaming Operation may offer up to four (4) Restricted Access Tables, subject to subsection 5.2.

2.2.3 The Gaming Operation may operate the Flex High Limit Room up to one hundred twenty (120) Gaming days per year.

2.2.4 The process for approving the schedule for use of Restricted Access Tables in the Flex High Limit Room will be outlined in the Internal Controls.

2.3. High Limit Tables

2.3.1 "High Limit Table" means a designated Gaming Station in the Gaming Facility separated by a movable or non-movable barrier, such as stanchions or partial wall, prominently labeled with signage designating it as a High Limit Table, and with wager limits higher than those provided in Compact Section III.J, subject to the requirements and limitations of this Appendix.

2.3.2 The Gaming Operation may offer Gaming Station wager limits not to exceed one thousand dollars ($1,000) at the Gaming Facility's High Limit Table(s) subject to the limitations of subsection 2.4 below and subsection 5.2.

2.4. Limitations

2.4.1 Gaming at the Gaming Stations at the Restricted Access Tables shall be limited to customers pre-screened by the Gaming Operation. The pre-screening qualifications and screening process will be set forth in an MOU agreed upon by the State Gaming Agency and the Tribe, as may be amended from time to time.

2.4.2 No customers may participate in Gaming in the High Limit Room, in the Flex High Limit Room, or at a High Limit Table if they are known to the Gaming Operation to have a history of problem gambling, are barred for self-exclusion, or are identified by the Tribal Gaming Agency as demonstrating significant characteristics associated with problem gambling.

DRAFT

2.4.3 The Gaming Operation must follow the requirements of Title 31 (money laundering).

SECTION 3. EXTENSION OF CREDIT

3.1. Notwithstanding Compact Section III.G., the Gaming Operation may extend credit to qualified patrons who seek an extension of credit and who meet the criteria set forth in credit procedures developed by the Gaming Operation. At a minimum, the credit procedures must specify:

3.1.1 All patrons requesting credit are required to submit a complete tribal credit application and be provided problem gambling information;

3.1.2 The minimum and maximum amount any patron can request;

3.1.3 The process for review and verification of the credit application. The review process shall include, at a minimum, proof of identity, obtaining a credit report, gaming report unless this is the first casino credit for the patron (from Central Credit Inc. or similar provider that provides information on the patron's prior casino credit), and bank verification of accounts;

3.1.4 When a patron's credit application will be reviewed after initial application and preapproval;

3.1.5 Patrons will not be extended credit if known to the Gaming Operation to have a history of problem gambling, if actively barred for self-exclusion, or if the Gaming Operation's review of a credit report indicates the patron is proposing to make wagers beyond their means;

3.1.6 How each patron's credit application information is kept confidential and secure from unauthorized access, including who is authorized to access the credit application information;

3.1.7 Information about patrons requesting credit is not shared or used for marketing or promotional purposes with entities outside the Gaming Operation;

3.1.8 How the preapproval amount is determined to be consistent with their credit report, the preapproval amount is documented, and the patron is notified;

3.1.9 The preapproval is granted by a member of the management of the Gaming Operation that is independent of the patron; and

DRAFT

3.1.10 The repayment and debt collection requirements and notification includes:

(a) Repayment timeframes not to exceed ninety (90) days from the day of extension of credit.

(b) Any late payment fees, penalties, interest charges, or similar fees or charges, settlement process and reports, and prohibition of further credit extension with an unpaid balance.

(c) Following applicable federal debt collection laws.

(d) Agreeing to the Squaxin Island Tribal Court for venue and personal jurisdiction.

3.2. The Tribal Gaming Agency shall forward to the State Gaming Agency a copy of approved credit procedures, and any changes to those procedures for review and concurrence prior to implementation per Compact Section IX.

SECTION 4. WAGERING LIMITS—PLAYER TERMINALS

4.1. The purchase price for a single Scratch Ticket may not exceed $30.00, provided that the minimum and maximum wagers must be visibly displayed on such machines.

4.2. Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed $30.00.

SECTION 5. FACILITY LIMITS—GAMING STATIONS

The maximum number of Class III Gaming Stations within the Gaming Facilities combined shall not exceed a total of one hundred twenty-five (125) Gaming Stations. The Tribe, in its sole discretion, shall determine the allocation of the 125 Gaming Stations between the Gaming Facilities.

5.1. The Tribe is required to obtain transfers of a Class III Gaming Station authorization from another tribe which has entered into a compact with the State for the use of Class III Gaming Stations, as defined in this Compact for any Class III Gaming Stations, except for nonprofit stations, beyond sixty (60) in total for all Gaming Facilities. The transfer of a Gaming Station authorization from another tribe shall be effectuated through the use of an agreement, the form of which will be determined by the Tribe; provided, however, the transfer agreement is not effective until State Gaming Agency has received notice of the transfer, and such notice must include: the identity of the parties to the transfer

DRAFT

agreement, the number of Gaming Stations transferred under the agreement, and the start and end date of the transfer agreement.

5.2. No more than thirty (30) of the maximum number of one-hundred twenty-five (125) Gaming Stations authorized above, or 25% of the total Gaming Stations in operation within a Gaming Facility, whichever is fewer, may be operated with wager limits greater than $500.

SECTION 6. FACILITY LIMITS—PLAYER TERMINALS

6.1. Allocation. The Tribe shall be entitled to an allocation of, and may operate or transfer the ability to operate, up to one thousand one hundred twenty-five (1125) Player Terminals ("Allocation").

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

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

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

(c) There have been no material adverse impacts on the public safety or welfare of the surrounding communities in the nature of criminal activities directly related to the operations of the Class III Gaming Facility;

(d) Any changes in the operating requirements that are necessary to accommodate any increase in the number of Player Terminals in use have been implemented; and

(e) All fees due from Tribe under Compact Section XII. have been paid, or in the alternative either a memorandum of understanding with the State Gaming Agency ("MOU") has been entered into or an arbitration has been demanded, has not been resolved, and the Tribe has complied with the provisions of Compact Section XII.

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

DRAFT

6.2. Further Conditions. The Tribe may acquire the ability to operate additional Player Terminals that have been allocated by compact to any other Washington tribe and may also transfer any of its own Allocation of Player Terminals, or the ability to operate such allocated Terminals to another Washington tribe that has entered into a compact authorizing operation of a Tribal Lottery System consistent with Appendix X2 ("Eligible Tribe"), subject to the following conditions:

6.2.1 Subject to Section 6.3 below, the Tribe may operate no more than 3,000 Player Terminals in total ("Total Operating Ceiling"). It is also agreed that the Total Operating Ceiling for the Muckleshoot Tribe, Tulalip Tribes, and Puyallup Tribe shall be 4,000 for each of those same three tribes. It is further agreed that the Tribe shall not be entitled as a matter of right to an increase in its Total Operating Ceiling based on the fact that the Muckleshoot Tribe, the Tulalip Tribes, and the Puyallup Tribe are entitled under Appendix X2 to operate up to the separate, higher Total Operating Ceiling(s) established specifically for them in Appendix X2.

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

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

6.2.4 The Tribe may not utilize the ability to operate a Player Terminal that was allocated to, and subsequently acquired from, another tribe, until it completes

DRAFT

delivery to the State of documentation confirming the number of transfers of the ability to operate such Terminals it has acquired.

6.3. Other Circumstances. Except as specifically provided in Section 6.2.1. of this Appendix, in the event the State agrees (or is required by law or a court ruling to agree) to permit an allocation of Player Terminals to a tribe which is greater, or is on terms which are more favorable, than as set forth herein, the Tribe shall be entitled to such greater Allocation or more favorable terms.

6.4. Increases to Tribe's Allocation of Player Terminals

6.4.1 The Tribe's Allocation of Player Terminals as set forth in subsection 6.1 above may increase by fifty (50) Player Terminals upon meeting the procedures and conditions set forth in this subsection 6.4.

6.4.2 The Tribe shall provide the State Gaming Agency with written notice, along with Certification from an Independent Accounting Firm, that there are five hundred (500) or fewer Player Terminals Available for Lease among all tribes participating in the Tribal Lottery System under Appendix X2. The Tribe shall derive its notice and Certification from information provided by participants in the plan described in subsection 6.2.2 above.

6.4.3 Upon receipt of the Tribe's notice, the State Gaming Agency shall review the Certification and verify the Player Terminals Available for Lease in the state. To facilitate the State Gaming Agency's review and verification process, the Tribe shall authorize the Independent Accounting Firm to make available for review by the State Gaming Agency all supporting records used to develop the Certification.

6.4.4 The State Gaming Agency has thirty (30) days to review, verify, and provide written notification to the Tribe of the additional Allocation of Player Terminals set forth in subsection 6.4.1 above. Any such increase to the Tribe's Allocation shall become effective thirty (30) days after notification by the State Gaming Agency.

6.4.5 Such notice by the State Gaming Agency shall for all purposes increase the Allocation of Player Terminals for the Tribe until such time as, if ever, another notice and Certification is delivered to the State Gaming Agency for an increase to the Allocation.

DRAFT

6.4.6 Except as set forth in subsection 6.4.7 below, additional increases to the Tribe's Allocation of Player Terminals under this Section are limited to one (1) increase per twelve (12) month period.

6.4.7 Notwithstanding the limitation set forth in Sections 6.4.5 and 6.4.6 above, if the Tribe, or another Eligible Tribe, licenses a new Gaming Facility on tribal lands that will operate more than one thousand seventy-five (1,075) Player Terminals at its initial opening, the Tribe may provide written notification to the State Gaming Agency of such licensure. After receipt of such notification, the State Gaming Agency has thirty (30) days to review, concur, and provide written notification to the Tribe that the Tribe's Allocation of Player Terminals shall increase by an additional fifty (50) Player Terminals.

6.4.8 In the event any other Eligible Tribe becomes entitled to an increased Allocation of Player Terminals under that tribe's version of Section 6.4.4 or 6.4.7 above, the Tribe shall be automatically entitled to the same Allocation increase authorized to that other Washington tribe by its version of Section 6.4.4 or 6.4.7 above, and the State shall provide prompt notification of the increase to the Tribe.

6.5. Dispute Resolution

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

6.5.2 If either party believes, after the meet and confer has commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of the Compact.

SECTION 7. COMMUNITY CONTRIBUTIONS

In order to provide for impacts to local community services that may arise as a result of the Gaming authorized under Compact, the Tribe agrees to the following:

7.1. Charitable Contributions. The Tribe and the State acknowledge the funding impacts to local charitable and non-profit community services of the Gaming authorized in the Compact and Appendices. The State recognizes the Tribe's substantial and significant charitable support and investment in the health and welfare of the community that benefit

DRAFT

Tribal and Non-Tribal members/citizens. The State encourages the Tribe to continue its support of local charitable and non-profit community services at its discretion.

7.2. Community Impact. The Tribe recognizes there may be an increased burden on local jurisdictions' public safety, emergency response, and other services associated with the operation of Class III Gaming Facilities and shall make provisions for adequate emergency accessibility and service to ensure the safety of its patrons and employees. The State encourages the Tribes' continued support of local community investments that support public safety at its discretion.

SECTION 8. RESPONSIBLE GAMING

Compact Section III.F. provisions are incorporated herein.

DRAFT

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
CLASS III GAMING COMPACT

APPENDIX G
Electronic Table Games

Table of Contents

SECTION 1. CONDITIONS AND LIMITATIONS 1

SECTION 2. EFFECTIVE DATE 1

SECTION 3. DEFINITIONS 1

SECTION 4. AUTHORIZATION 2

SECTION 5. NUMBER OF GAMING STATIONS 3

SECTION 6. OPERATION AND REPORTING REQUIREMENTS 3

SECTION 7. APPROVAL OF ELECTRONIC TABLE GAME SYSTEMS 5

SECTION 8. PROBLEM AND RESPONSIBLE GAMBLING 7

SECTION 9. ANTI-MONEY LAUNDERING 7

DRAFT

SECTION 1. CONDITIONS AND LIMITATIONS

This Appendix contains the interrelated concessions, limitations, and agreement of the Tribe and State with respect to the subject matter addressed herein. Provisions of the Compact, as amended, that are not addressed in this Appendix remain in full force and effect, unless and until they are subsequently amended pursuant to the processes set forth in the Compact. This Appendix contains interdependent conditions and consequences that must be accepted as a whole in order to adopt this Appendix.

Any provisions of the Compact that do not conflict with these standards shall apply to Electronic Table Games. To the extent they do not conflict, existing Internal Controls, game rules, and similar documents in effect as of the date of the publication of the Seventh Amendment remain in full force and effect unless and until they are subsequently modified pursuant to the process set forth in the Compact.

SECTION 2. EFFECTIVE DATE

The Tribe and State agree that the Compact and its appendices become effective upon publication of notice of approval by the Secretary of Interior of the United States in the Federal Register in accordance with 25 U.S.C. § 2710(d)(3)(B).

SECTION 3. DEFINITIONS

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

3.1. "Component" means Electronic Table Game Terminals, any dealer interface, the Electronic Wagering System, and hardware, software, and servers that function collectively to simulate table game operations and are necessary to operate the Electronic Table Game System.

3.2. "Communal Shoe" means a randomly shuffled and dealt deck or decks of cards, whether physical or electronic, that removes each card played until the round of play is completed according to the approved game rules.

3.3. "Electronic Table Game" or "ETG" means an electronic version of a Class III table game.

3.4. "Electronic Table Game System" or "ETG System" means a system that utilizes electronics in connection with the generation, collection, storage, and communication of game outcome, accounting, and significant event data, including all Components thereof, to operate Electronic Table Games.

DRAFT

3.5. "Electronic Table Game Terminal" or "ETG Terminal" means a computer housed in a cabinet with input device(s) and video screen(s) where a player may play Electronic Table Games.

3.6. "Electronic Wagering System" means a Component of the ETG System that includes a computer or server and any related hardware, software or other device that facilitates patron play at an Electronic Table Game.

SECTION 4. AUTHORIZATION

4.1. The ETG System must be honest, fair, secure, reliable, auditable, and compliant with the Compact and the standards contained in this Appendix and any related MOU.

4.2. System Conditions. An ETG System is authorized when the ETG System does not allow a patron to play a device prohibited by RCW 9.46.0233(1)(b) and RCW 67.70.040(1)(a) ("Play Against the Machine"). An ETG System does not allow Play Against the Machine when:

4.3.1. there is a human dealer involved in the play of the ETG ("Dealer Controlled"); or

4.3.2. the play of the ETG does not involve a human dealer, and the ETG System is configured for play between two or more patrons against the same roll of dice or spin of the wheel, or a Communal Shoe of electronic cards ("Non-Dealer Controlled"); however, only one patron is needed to initiate game play; or

4.3.3. it is a hybrid of Dealer Controlled and Non-Dealer Controlled, provided that any ETG played as Dealer Controlled follows applicable Dealer-Controlled standards set forth in this Appendix and any ETG offered as Non-Dealer Controlled follows applicable Non-Dealer Controlled standards set forth in this Appendix.

4.3. Specific Games

4.3.1. The Tribe may offer for play an ETG version of any Class III table game approved in Compact Section IV.A. Pay table or odds offered on an ETG shall be consistent with approved game rules. ETG game rules must be displayed on each ETG Terminal.

4.3.2. An ETG Terminal may allow for play any other Class III activity as authorized under the Compact, other than the Tribal Lottery System or any Gaming activity with a limited allocation.

DRAFT

4.3.3. Concurrent play. Patrons may play more than one ETG concurrently using a single ETG Terminal under the following requirements:

(a) An ETG Terminal must display clear information about each ETG available for play and such information must be available to a patron without the patron first placing a wager.

(b) An ETG Terminal must display each ETG selected for play by the patron.

(c) An ETG Terminal must display the decisions and outcomes of play for each ETG selected by the patron.

(d) An ETG may not be added to or removed from an ETG Terminal in use by a patron.

4.4. Wager Limits. Wager limits for ETGs shall not exceed $500.

4.5. Electronic Wagering System. An ETG shall be activated with an Electronic Wagering System that meets the standards described in Section 6.1.2. An ETG Terminal shall not issue coin or U.S. currency at the conclusion of a patron's play.

SECTION 5. NUMBER OF GAMING STATIONS

Every nine (9) ETG Terminals shall constitute one Gaming Station. If the number of ETG Terminals put into play is not perfectly divisible by nine (9), then any remainder less than nine (9) will constitute a Gaming Station. For example, if ten (10) ETG Terminals are in operation, it will constitute two (2) Gaming Stations.

SECTION 6. OPERATION AND REPORTING REQUIREMENTS

6.1. Standards for Operation.

6.1.1 Any ETG must comply with the standards established by this Appendix and any applicable provision of the Compact and must meet or exceed all applicable standards of Gaming Laboratories International's Standards GLI-24 (Electronic Table Game Systems) ("GLI-24") and GLI-25 (Dealer Controlled Electronic Table Games), as amended or modified. Any standards that contemplate features or functionalities of an ETG System that conflict with Section 3 of this Appendix is not applicable, and such features or functionalities are prohibited.

6.1.2 Any Electronic Wagering System must meet or exceed Gaming Laboratories International's Standard GLI-16 (Cashless Systems in Casinos), the standards

DRAFT

established by this Appendix, any applicable provision of the Compact, including Cashless Transaction System as defined in Appendix X2, and any related MOU. Provided, any "Cashless Systems in Casinos" that would add money to or take money from a patron's account without a cashier or kiosk would require negotiations in Section XV.G.

6.1.3 The Tribal Gaming Agency and the State Gaming Agency may mutually agree in writing to alternative standards for any ETG System authorized in Section 4 in lieu of the GLI standards described in Sections 6.1.1 and 6.1.2 above that maintain the integrity and security of the ETG System.

6.2. Internal controls. Prior to offering ETGs for play, the Tribe must implement Internal Controls as minimum operating standards to govern the operation and management of the ETG System.

6.2.1 Initial Internal Controls. The Tribal Gaming Agency shall forward to the State Gaming Agency its initial Internal Controls for ETG Systems for review and concurrence as outlined in Compact Section IX.A. The Tribal Gaming Agency shall detail how the Internal Controls meet or exceed the requirements described in this Appendix or any related MOU.

6.2.2 Minimum Requirements. The Internal Controls will address the following, at a minimum:

(a) Description of Gaming Employees who perform essential functions, supervisory authority, handling payouts on winning vouchers.

(b) User access controls for ETG personnel;

(c) Segregation of duties;

(d) Procedures for receiving, investigation and responding to patron complaints;

(e) Accounting and audit procedures;

(f) Procedures to ensure the physical security of the ETG Systems, including key controls and Closed Surveillance System coverage;

(g) Procedures to ensure the integrity and security of all sensitive data and software;

DRAFT

(h) Procedures to ensure that access to sensitive data and software is limited to appropriate personnel;

(i) Procedures to ensure accurate accounting of wagers and payouts;

(j) Procedures to ensure the logging of the events and the availability of records to permit an effective audit of the conduct of the ETG System and the reporting of revenue;

(k) All existing Internal Controls are updated, as necessary, to ensure there are no conflicts with any Internal Controls governing ETG Systems; and

(l) Any other internal controls deemed necessary by the State Gaming Agency and Tribal Gaming Agency.

6.3. Required Reports. Reports necessary to record information as deemed necessary by the Tribal Gaming Agency or as required by Internal Controls must be generated. These reports may include, but are not limited to, all applicable reports as outlined in Section 2.21 of GLI-24.

6.4. Training. A manufacturer's prototype (e.g., test cart) of the version of the ETG System that will be installed at the Gaming Facility will be delivered to the State Gaming Agency for training purposes prior to field testing. The State Gaming Agency will collaborate with the Tribal Gaming Agency to provide additional training opportunities related to ETG Systems. The Tribal Gaming Agency and the State Gaming Agency may mutually agree to an alternative to a prototype.

SECTION 7. APPROVAL OF ELECTRONIC TABLE GAME SYSTEMS

7.1. Purpose. The general purpose of testing an ETG System pursuant to this Section 7 is to determine the compliance of the ETG System with this Appendix and any applicable MOU(s).

7.2. Independent Test Laboratory (ITL) Testing for ETG System, Upgrades, and New Equipment; Modifications.

7.2.1 ITL Requirement. Each new or upgraded ETG System may be offered for play only if it has been tested and certified as meeting the applicable standards of this Appendix and any related MOU by an ITL selected by the Tribe from State Gaming Agency's approved ITL list.

DRAFT

7.2.2 ITL Reports and Certification. At the conclusion of testing, the ITL shall provide to the Tribal Gaming Agency and the State Gaming Agency its certification and supporting documentation. If the ITL provides sufficient documentation that the ETG System or relevant Component has been tested and certified by that ITL in any other jurisdiction and it meets the requirements of this Appendix, without any subsequent modifications, that shall be sufficient to satisfy this requirement.

7.2.3 Modifications. No substantive modification to any ETG System may be made after testing, certification, and approval without certification of the modification by an ITL. The following modifications are not considered substantive and do not require ITL certification or notification to the State Gaming Agency: (a) changes to content not related to any regulated feature; (b) adding or removing users; (c) any system configuration changes that have no impact on the accuracy of report information including gaming revenue; and (d) minor modifications to hardware.

7.3. Field Testing for ETG Systems.

7.3.1 A new ETG System may only be offered for play subject to field testing at the Tribe's Gaming Facility as described below.

7.3.2 The terms, conditions, criteria, and objectives for each ETG System to be field tested must be jointly agreed to by Tribal Gaming Agency and State Gaming Agency in writing prior to field testing and must include at least:

(a) The requirements and standards that must be met to determine successful field testing.

(b) The number of ETG Terminals to be included in the field test.

(c) The demarcation of the testing area of the gaming floor and necessary signage.

(d) The appropriate length of the testing period.

(e) Identification of who will receive updates, how the updates will be sent, and when they will be sent.

7.3.3 Approval.

(a) After a minimum of thirty (30) days of active operation of field testing free of substantial errors, the Tribal Gaming Agency and State Gaming Agency may

DRAFT

end field testing and approve the ETG System if the final joint field testing report provides, at a minimum, the details of testing, any issues identified, the resolution of those issues, and overall performance and compliance of the ETG System with applicable standards.

(b) The ETG System shall be deemed approved after ninety (90) days of active operation unless disapproved in writing by the Tribal Gaming Agency or State Gaming Agency detailing the reasons for disapproval.

(c) Field testing may be suspended by the Tribal Gaming Agency, State Gaming Agency, or the manufacturer at any time for non-compliance. Once the Tribal Gaming Agency and State Gaming Agency agree the non-compliance issue is resolved, field testing may resume.

7.4. Implementation of Approved ETG by another tribe. The Tribe may conduct their own field-testing period as outlined above or, once field testing is completed for another tribe, the Tribe may rely on that testing for approval when its ETG System is the same and configured in the same way.

SECTION 8. PROBLEM AND RESPONSIBLE GAMBLING

Commitment to Responsible Gambling. In addition to the requirements in the Compact Section VIII.F, the provisions of which are incorporated herein, the Tribe agrees to display on each ETG Terminal a commitment to responsible gambling and a link to the Tribe's responsible gambling policy created pursuant to the Compact Section IV. The display will be in a manner determined by the Tribe.

SECTION 9. ANTI-MONEY LAUNDERING

The Tribe's Internal Controls will describe how the Tribe will comply with applicable federal requirements including requirements imposed by the Federal Trade Commission (FTC), Office of the Comptroller of the Currency (OCC), Financial Crimes Enforcement Network (FinCEN), Consumer Financial Protection Bureau (CFPB), Office of Foreign Assets Control (OFAC) and the US Department of Treasury.

DRAFT

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
GAMING COMPACT

APPENDIX S
Sports Wagering
(Amended and Restated)

Table of Contents

SECTION 1. INTRODUCTION 1
SECTION 2. DEFINITIONS 1
SECTION 3. SPORTS WAGERING ACTIVITIES AND LOCATION 4
3.1 Sportsbook 4
3.2 Server 4
3.3 Mobile Sports Wagering 4
SECTION 4. KIOSKS 5
4.1 Location 5
4.2 On Gaming Floor 5
4.3 Off Gaming Floor 5
4.4 Pre-operation Inspection 5
SECTION 5. STANDARDS OF CONDUCT AND OPERATION 5
5.1 Approved Sports Wagers 5
5.2 Prohibited Activities and Participants 7
5.3 Sports Wagering System 9
5.4 Wagering Limits 11
5.5 Reserve Requirement 11
5.6 Player Accounts 11
5.7 Surveillance 12
5.8 Accounting Records 12
5.9 Internal Controls 12
5.10 House Rules 16
SECTION 6. SPORTS WAGERING LICENSING AND CERTIFICATION 16
6.1 Applicability of Compact Provisions 16
6.2 Sports Wagering Vendors 16
6.3 Tribal Licensing of Sports Wagering Vendors 18

DRAFT

6.4 State Certification of Sports Wagering Vendors 18
6.5 Fees for State Certification 18
SECTION 7. CRIMINAL ENFORCEMENT 19
7.1 Anti-Money Laundering 19
7.2 Sports Integrity 19
7.3 Information Sharing 20
SECTION 8. PROBLEM AND RESPONSIBLE GAMBLING 20
8.1 Display Commitment to Responsible Gambling 21
8.2 Offer Self-Imposed Limits 21

DRAFT

SECTION 1. INTRODUCTION

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

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

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

SECTION 2. DEFINITIONS

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

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

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

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

DRAFT

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

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

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

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

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

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

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

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

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

2.13. "Professional Sport Event or Athletic Event" means an event that is not a Collegiate Sport Event or Collegiate Athletic Event at which two or more persons participate in a sports or athletic event and receive compensation in excess of actual expenses for their participation

DRAFT

in the event. “Professional Sport or Athletic Event” does not include any Minor League sport.

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

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

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

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

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

2.19. “Sports Wagering System” means all equipment, hardware, data networks, communications technology, and software used in the operation of Sports Wagering that directly affect the wagering and results of Sports Wagering offered under this Appendix, including the following: (a) Sports Wagering interactive components, including all associated equipment and software that comprise the Sports Wagering platform used in a Sportsbook or used for online or Mobile Sports Wagering; (b) Sports Wagering Kiosks; and (c) ticket or voucher redemption devices. “Sports Wagering System” does not include a Mobile Device owned and used by a patron to place a Sports Wager.

2.20. “Sports Wagering Vendor” means an organization that provides any gaming goods or services in connection with the operation of Sports Wagering.

DRAFT

2.21. "Sportsbook" means the Sports Wagering area where transactions are conducted from a counter located in a Sports Wagering lounge or other window locations as approved by the Tribal Gaming Agency, and any window in the cashier's cage designated only for the redemption of winning Sports Wagering tickets.

2.22. "Suspicious Wagering Activity" means Unusual Wagering Activity that cannot be explained and is indicative of match fixing, the manipulation of an event, misuse of inside information, or other prohibited activity.

2.23. "Unusual Wagering Activity" means abnormal wagering exhibited by a patron or patrons and deemed by the Gaming Operation as a potential indicator of suspicious activity. Abnormal betting activity may include, but is not limited to, the size of a patron's wager, or increased wagering volume on a particular event or wager type.

SECTION 3. SPORTS WAGERING ACTIVITIES AND LOCATION

3.1 Sportsbook. The Sportsbook must be located within a Gaming Facility. A Sportsbook authorized by this Appendix will be inspected by the Tribal Gaming Agency and the State Gaming Agency prior to commencement of operation to verify its conformity with the requirements of this Appendix. If a Sportsbook fails to meet any requirements of this Appendix, the Tribal Gaming Agency and/or State Gaming Agency will send a non-compliance letter to the Tribe and Gaming Facility manager or responsible person within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a Sportsbook meets the requirements, the Gaming Agencies will meet within seven (7) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the Gaming Agencies within thirty (30) days, the parties may seek dispute resolution pursuant to the Compact.

3.2 Server. The server or other equipment used to accept and redeem Sports Wagers must be located within a Gaming Facility. Cloud Storage may be used for duplicate or backup Sports Wagering data, provided that such Cloud Storage facilities are located in Washington State.

3.3 Mobile Sports Wagering. The Gaming Operation must use a Geofence to ensure that all Mobile Sports Wagering must occur within the Premises. No less than thirty (30) days prior to offering Mobile Sports Wagering, the Gaming Operation must submit a proposal to the Tribal Gaming Agency and State Gaming Agency for review and concurrence, which at a minimum must include, as applicable: (a) a description of the Geofence technology that it will use to prevent patrons from placing a Sports Wager using a Mobile Device outside of the Premises; and (b) a map of the Premises. If the Tribal and State Gaming Agencies take no action within thirty (30) days of receipt, the Tribe may implement the proposal. Any substantial change in the Geofence technology will require that the Gaming Operation

DRAFT

submit a revised proposal to the Tribal Gaming Agency and State Gaming Agency for review and concurrence in accordance with this Section. The Tribal and State Gaming Agencies may only disapprove such portions of a proposal they find do not meet the requirements of this Appendix and must detail the reasons for disapproval. If a dispute regarding a proposal cannot be resolved by the Tribal and State Gaming Agencies within thirty (30) days, the parties may seek dispute resolution pursuant to the Compact.

SECTION 4. KIOSKS

4.1 Location. Sports Wagering Kiosks may be located anywhere within the Premises and are subject to the surveillance requirements imposed by subsection 5.7 below.

4.2 On Gaming Floor. Sports Wagering Kiosks located on the gaming floor are subject to the limits on anonymous Sports Wagers described in subsection 7.1.1 below.

4.3 Off Gaming Floor. Sports Wagering Kiosks located off the gaming floor may not allow anonymous Sports Wagers or cash redemption.

4.4 Pre-operation Inspection. Sports Wagering Kiosks authorized by this Appendix will be inspected by the Tribal Gaming Agency and the State Gaming Agency prior to commencement of operation to verify its conformity with the requirements of this Appendix. If a Sports Wagering Kiosk fails to meet any requirements of this Appendix, the Tribal Gaming Agency and/or State Gaming Agency will send a non-compliance letter to the Tribe and Gaming Facility manager or responsible person within seven (7) working days after completion of the inspection. If the Tribal and State Gaming Agencies do not agree on whether a Sports Wagering Kiosk meets the requirements, the Gaming Agencies will meet within seven (7) working days from receipt of the non-compliance letter and work together to resolve concerns. If a dispute regarding this inspection cannot be resolved by the Gaming Agencies within thirty (30) days, the parties may seek dispute resolution pursuant to the Compact.

SECTION 5. STANDARDS OF CONDUCT AND OPERATION

5.1 Approved Sports Wagers. The Gaming Operation may accept a Sports Wager on any event conducted by a league or organization, provided that the league, organization, and wager type are listed on the Authorized Sports Wagering Menu.

5.1.1 Posting.

(a) A list of Sports Wagers available at the Gaming Operation will be made available to its patrons.

DRAFT

(b) The State Gaming Agency will post the Authorized Sports Wagering Menu on its website or otherwise make it available to the public.

5.1.2 Initial Authorized Sports Wagering Menu. The initial Authorized Sports Wagering Menu will include every league, organization, and wager type authorized by any U.S. jurisdiction or jurisdictions as mutually agreed upon by the parties as of the effective date of this Appendix, except for Prohibited Activities as listed in subsection 5.2 below.

5.1.3 Additions to Authorized Sports Wagering Menu.

(b) The Gaming Operation may apply to the Tribal Gaming Agency, in the form required by Tribal Gaming Agency, to add additional leagues, organizations, or wager types to the Authorized Sports Wagering Menu. The Tribal Gaming Agency will provide notice to the State Gaming Agency of any approval no fewer than five (5) business days before the Gaming Operation intends to offer a Sports Wager on the new league, organization, or wager type.

(c) If the State Gaming Agency believes that the new league, organization, or wager type violates RCW 9.46.037, RCW 9.46.038, or this Appendix or otherwise lacks integrity, the State Gaming Agency will immediately notify the Tribal Gaming Agency, and no Sports Wagers will be offered by the Gaming Operation on the new league, organization, or wager type. The Tribal Gaming Agency and the State Gaming Agency will meet within five (5) business days of the Tribal Gaming Agency's initial notice to the State Gaming Agency of its approval to discuss the State Gaming Agency's concerns. The timeframe for meeting may be extended by mutual agreement. If after meeting, the Tribal Gaming Agency and State Gaming Agency cannot come to agreement on the Tribal Gaming Agency's determination, the Gaming Operation may offer the Sports Wager(s) at issue and the State Gaming Agency may initiate dispute resolution pursuant to the Compact.

5.1.4 Removals from the Authorized Sports Wagering Menu.

(a) The Tribal Gaming Agency and State Gaming Agency will immediately notify the other Agency if they believe a league, organization, or wager type on the Authorized Sports Wagering Menu violates RCW 9.46.037, RCW 9.46.038, or this Appendix, lacks integrity, or has otherwise become compromised and believe it should be removed from the Authorized Sports Wagering Menu.

DRAFT

(b) If the Tribal and State Gaming Agencies agree on the removal, the State Gaming Agency will provide statewide notice to each tribal gaming agency of a tribe that operates sports wagering, and inquire whether each tribal gaming agency agrees with the removal. The State Gaming Agency may remove a league, organization, or wager type when all such tribal gaming agencies affirmatively consent to removal.

(c) If the Tribal Gaming Agency and State Gaming Agency disagree on whether an item should be removed, the Tribal Gaming Agency and the State Gaming Agency will meet within five (5) business days of the notice to discuss each Agency's concerns. The timeframe for meeting may be extended by mutual agreement. If after meeting, the Tribal Gaming Agency and State Gaming Agency cannot come to agreement on whether to remove the league, organization, or wager type from the Authorized Sports Wagering Menu, the Gaming Operation may continue to offer the Sports Wager(s) at issue and the State Gaming Agency may initiate dispute resolution pursuant to the Compact.

5.1.5 Removals from the Gaming Operation's List of Available Sports Wagers. If the Tribe intends to remove a league, organization, or wager type from its list of available Sports Wagers as described in subsection 5.1.1(a), it will notify the State Gaming Agency within five (5) business days after removal.

5.1.6 Layoff Wagers. The Gaming Operation may, in its discretion and subject to limitations imposed by state and federal laws, make or accept Layoff Wagers. The Gaming Operation must disclose its identity to the entity that is accepting the wager. Such wagers must be reported to the Tribal Gaming Agency.

5.2 Prohibited Activities and Participants.

5.2.1 Prohibited Activities.

(a) The Gaming Operation may not accept any Sports Wager on a Collegiate Sport Event or Collegiate Athletic Event offered or sponsored by a Washington collegiate institution. "Offered or sponsored by" does not include hosting a Collegiate Sport or Athletic Event; therefore, hosting is not foreclosed by the section, so long as wagers are not accepted on specific events where a Washington collegiate institution is competing.

(b) The Gaming Operation may not accept any Sports Wager on a Minor League sport.

DRAFT

(c) Sports Wagers are not transferrable between patrons.

(d) No Gaming Employee may advise or encourage patrons to place a Sports Wager of any specific type, kind, subject, or amount. This restriction does not prohibit general advertising, promotional activities, or answering general questions about Sports Wagers.

(e) The Gaming Operation will not knowingly accept a Sports Wager on an event where the outcome has already been determined (past posting).

5.2.2 Prohibited Participants. The Gaming Operation will make all reasonable efforts to confirm that any patron seeking to engage in Sports Wagering is not a Prohibited Sports Wagering Participant. Prohibited Sports Wagering Participant means:

(a) Any individual under 18 years of age;

(b) Any individual placing a wager as an agent or proxy;

(c) Any athlete whose performance may be used to determine, in whole or in part, the outcome of such wagering;

(d) Any person who is an athlete, player, coach, manager, referee or other game official, physician, trainer, team employee or governing body employee, in any sports event overseen by such person's Sports Governing Body;

(e) Any person with access to material, exclusive, non-public confidential information about a sports event that is the subject of such wagering;

(f) Any person identified to the Tribal Gaming Agency and State Gaming Agency by a Sports Governing Body that the Tribal Gaming Agency and State Gaming Agency agree is a person who should be a Prohibited Sports Wagering Participant;

(g) Any person who holds a position of authority or influence sufficient to exert influence over the participants in a sports event that is the subject of a wager;

(h) Any person which the Gaming Operation knows or reasonably should know, is placing a wager by, or on behalf of a Prohibited Sports Wagering Participant; and

(i) Any person whose participation may undermine the integrity of wagering on a sports event or the conduct of such sports event itself, or any person who is prohibited for other good cause.

DRAFT

5.3 Sports Wagering System. No Sports Wagering System may be offered for play unless it has been tested and certified by an Independent Test Laboratory as meeting the requirements set forth in subsection 5.3.2, and approved in accordance with subsection 5.3.6.

5.3.1 Independent Test Laboratory. Any Independent Test Laboratory shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of the Sports Wagering System and must be licensed by the Tribal Gaming Agency and certified by the State Gaming Agency. The State Gaming Agency will maintain a list of licensed Independent Test Laboratories.

5.3.2 Minimum Standards. The Sports Wagering System must meet or exceed Gaming Laboratories International's GLI-33: Standards for Event Wagering Systems, and its appendices, as amended or modified ("GLI-33"), and the standards established by this Appendix and any applicable provision of the Compact and Appendices. Alternative standards may be agreed to by the Tribal and State Gaming Agencies if the standards meet the requirements established in this Appendix.

5.3.3 Independent Test Laboratory Reports and Certification. At the conclusion of testing, the Independent Test Laboratory shall provide to the Tribal Gaming Agency and the State Gaming Agency a report that contains findings, conclusions, and a certification that the Sports Wagering System conforms to the requirements contained in this Appendix. If the Independent Test Laboratory determines that the Sports Wagering System fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Sports Wagering System into compliance, the report may contain recommendations for such modifications. If the Independent Test Laboratory provides sufficient documentation that the Sports Wagering System or a component thereof has been tested and certified by that Independent Test Laboratory, without any subsequent modifications, within the past one hundred and eighty (180) days, the Independent Test Laboratory may provide to the Tribal Gaming Agency and the State Gaming Agency a report that contains findings, conclusions and the certification from the previous testing and that shall be sufficient to satisfy this requirement.

5.3.4 Modifications. No substantive modification to any Sports Wagering System may be made after testing, certification, and approval of a Sports Wagering System without certification of the modification by an Independent Test Laboratory. The following modifications are not considered substantive and do not require notification to the State Gaming Agency: (a) Changes to content not related to any regulated feature; (b) Installation or changes to backup software; (c) Adding or removing users; and (d) any system configuration changes that have no impact on the accuracy of report information including gaming revenue.

DRAFT

5.3.5 Emergency Certifications. Nothing in this subsection prevents the immediate resolution of a critically urgent problem as long as documentation is submitted to the Tribal and State Gaming Agencies that details the specifics of the emergency situation and the steps taken to remedy the emergency. Once the emergency situation has passed, any substantive modification must go through the process described in subsection 5.3.3 above.

5.3.6 Approval of Certification; Revocation. The Tribal Gaming Agency shall approve or disapprove of the Sports Wagering System or a component thereof after reviewing the certification, technical standards tested, and results of testing from the Independent Test Laboratory, and will notify the State Gaming Agency of its findings and decision. The State Gaming Agency will notify the Tribal Gaming Agency if the State Gaming Agency determines a certification from the Independent Test Laboratory was issued in error. The Gaming Agencies will meet and confer to discuss the State Gaming Agency's concerns. Tribal Gaming Agency may revoke its approval of the Sports Wagering System or a component thereof if it finds that the certification was erroneous.

5.3.7 Training. The State Gaming Agency will collaborate with the Tribal Gaming Agency to provide training opportunities at agreed upon location(s).

5.3.8 Security Assessment. Prior to offering Sports Wagering and annually thereafter, the Gaming Operation must perform a system integrity and security assessment of the Sports Wagering System, which shall be conducted by an independent technical expert selected by the Gaming Operation and licensed by the Tribal Gaming Agency and certified by the State Gaming Agency. The independent technical expert's report will be submitted to the Tribal Gaming Agency and the State Gaming Agency and will include: (a) the scope of review, (b) name and company affiliation of the individuals who conducted the assessment, (c) date of assessment, (d) findings, (e) recommended corrective action, if applicable, and (f) the Gaming Operation's response to the findings and recommended corrective action, if applicable.

5.3.9 Required Reports. The Sports Wagering System must be capable of generating those reports necessary to record the adjusted gross receipts, wagering liability, ticket redemption, and such other information relating to Sports Wagering as deemed necessary by the Tribal Gaming Agency or as required by Internal Controls. These reports may include, but are not limited to: (a) Gaming Operation Revenue reports; (b) Gaming Operation Liability reports; (c) Future Events reports; (d) Significant Events and Alterations reports; (e) Wager Record Information reports; (f) Market Information reports; (g) Contest/Tournament Information reports; (h) Player Account Information reports; (i) Sports Wagering System Information reports; (j) Significant

DRAFT

Event Information reports; (k) User Access Information reports; and (l) any other reports required by the Tribal Gaming Agency.

5.3.10 Future Technology Permitted. Upon approval by both parties, any technology not specifically authorized by this Appendix may be utilized if the proposed technology will protect, maintain, or enhance current integrity and security standards in the Compact or this Appendix.

5.4 Wagering Limits. Appropriate Sports Wagering limits will be set by the Gaming Operation, consistent with limitations on anonymous Sports Wagering in accordance with subsection 7.1.1 and the Reserve Requirement in subsection 5.5 below.

5.5 Reserve Requirement. The Gaming Operation must have the ability to cover all outstanding Sports Wagering liabilities.

5.6 Player Accounts.

5.6.1 Account Required. A Player Account is required to engage in Mobile Sports Wagering. The Gaming Operation will limit each patron to one active account and username. The Gaming Operation will implement rules and procedures to terminate all accounts of any patron who knowingly and intentionally establishes or seeks to establish multiple active accounts, whether directly or by use of another person as a proxy.

5.6.2 In-Person Registration. To establish a Player Account, a patron must register in-person at the Gaming Facility and provide, at a minimum, the following information: (a) legal name; (b) date of birth; (c) social security number, or the last four digits thereof, or an equivalent identification number for a noncitizen patron, such as a passport or taxpayer identification number; (d) residential address; (e) email address, if any; and (f) telephone number, if any. The Gaming Operation must verify the patron's identity against a form of valid, federal, state, or tribal government-issued photo identification. The Gaming Operation may utilize a third-party know your customer services or governmental database to authenticate a patron's identity or information. Prior to issuing a patron a Player Account, the patron must accept the Gaming Operation's terms and conditions for Sports Wagering, which must, at a minimum, notify the patron that the Player Account is non-transferrable and that that the patron is prohibited from allowing any other person to access or use the Player Account.

5.6.3 Account Funding. A Player Account may be funded with U.S. currency through the use of: (a) Cash; (b) Cash Equivalent; (c) a patron's deposit of cash or vouchers at the Sportsbook or other cashiering location, (d) promotional credit; (e) winnings; (f)

DRAFT

adjustments made by the Gaming Operation with documented notification to the patron; or (g) any other means approved by the Tribal Gaming Agency and State Gaming Agency.

5.6.4 Player Account Controls. The Gaming Operation must implement Player Account controls that meet or exceed those in Gaming Laboratories International's GLI-33 (Standards for Event Wagering Systems), as amended or modified, or equivalent standards as approved by the Tribal Gaming Agency with concurrence from the State Gaming Agency, and the standards established by this Appendix.

5.7 Surveillance. All physical components of the Sports Wagering System, except wiring, cables, and conduit in which they are located, shall have the ability to be effectively and clandestinely monitored and recorded by means of a Surveillance System in accordance with Compact, Appendix A, or as otherwise provided in the Tribe's Internal Controls. Mobile Devices owned by the Gaming Operation that are utilized by a patron as part of the Sports Wagering System may have lesser surveillance requirements outlined in the Tribe's Internal Controls.

5.8 Accounting Records. As part of the accounting records required to be kept in accordance with the Compact and Appendix A, the Gaming Operation must keep detailed, supporting, and subsidiary Sports Wagering records to support those accounting records in accordance with its Internal Controls. The Internal Controls must also establish minimum audit standards.

5.9 Internal Controls. Prior to beginning Sports Wagering operations, the Tribe must implement Internal Controls as minimum operating standards to govern the operation and management of Sports Wagering.

5.9.1 Initial Internal Controls. The Tribal Gaming Agency shall forward to the State Gaming Agency its initial Internal Controls for review and concurrence. The proposal will contain a narrative representation of the internal control system. The Tribal Gaming Agency shall detail how the Internal Controls meet or exceed the requirements described in this subsection 5.9. The State Gaming Agency concurrence with the Tribal Gaming Agency proposal shall be deemed granted after twenty (20) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency. The State Gaming Agency shall only disapprove such portions of a proposal it finds would have a material adverse impact on public interest or on the integrity of Sports Wagering and shall detail the reasons for disapproval. If a dispute regarding this process cannot be resolved by the Gaming Agencies within thirty (30) days, the parties may seek dispute resolution pursuant to the Compact.

DRAFT

5.9.2 Minimum Requirements. The Internal Controls will address the following, at a minimum:

(a) Description of Gaming Employees who perform essential functions, including management of Sports Wagering, supervisory authority over daily operation of Sports Wagering, overseeing technology issues related to the Sports Wagering System, acceptance of Sports Wagers in the Sportsbook, handling payouts on winning tickets/vouchers, and coordination of compliance efforts related to Sports Wagering;

(b) In the event of a failure or malfunction of the Sports Wagering System's ability to pay winning Sports Wagers, the Gaming Operation shall have internal controls detailing the method of paying winning Sports Wagers. The Gaming Operation shall also file an incident report for each system failure and document the date, time, and reason for the failure along with the date and time the system is restored with the Tribal Gaming Agency;

(c) User access controls for Sports Wagering personnel;

(d) Segregation of duties;

(e) Automated and manual risk management procedures;

(f) Procedures for identifying and reporting fraud and suspicious conduct, including identifying Unusual Wagering Activity and Suspicious Wagering Activity and reporting such activity to an Integrity Monitoring Provider;

(g) Procedures for identifying and preventing Sports Wagering by Prohibited Sports Wagering Participants;

(h) Description of anti-money laundering compliance standards, which must include limitations placed on anonymous wagering and prohibit anonymous single Sports Wagers of two thousand dollars ($2,000) or more, and include the retention of the wager record information with patron identification;

(i) Process for submitting or receiving approval of all types of wagers available to be offered by the Sports Wagering System;

(j) Description of process for accepting Sports Wagers and issuing pay outs, plus any additional controls for accepting Sports Wagers and issuing pay outs in excess of ten thousand dollars ($10,000);

DRAFT

(k) Description of a process for accepting multiple Sports Wagers from one patron in a 24-hour cycle, including a process to identify patron structuring of Sports Wagers to circumvent recording and reporting requirements;

(l) Opening and closing Sportsbook windows;

(m) Procedures for reconciliation of assets and documents contained in a Sports Wagering area cashier's drawer, Sports Wagering Kiosk, and Mobile Sports Wagering, which must include the drop and count procedures for Sports Wagering Kiosks;

(n) Procedures for cashing winning tickets at the cage after the Sportsbook has closed, if applicable;

(o) Procedures for accepting value game chips for Sports Wagering, if applicable;

(p) Procedures for issuance and acceptance of promotion funds and free wagers for Sports Wagering, if applicable;

(q) Description of all integrated third-party systems;

(r) If Cloud Storage is utilized, a description of how the Cloud Storage complies with applicable federal laws and a description of how the Cloud Storage meets or exceeds the security standards from Center for Internet Security (CIS), as amended or modified, or equivalent standards as approved by the Tribal Gaming Agency with concurrence from State Gaming Agency;

(s) Procedures for closing out dormant Player Accounts;

(t) Procedures for making adjustments to a Player Account, including the process for a patron to close out a Player Account, and a process whereby a patron will be refunded after the closure of a Player Account;

(u) If the Sports Wagering System includes Mobile Sports Wagering, a method for verifying patrons' wagers placed within the Premises;

(v) Procedures to maintain the security of identity and financial information of patrons;

(w) Procedures for securely issuing, modifying, and resetting a Player Account password, personal identification number, biometric login, or other approved security feature, when applicable;

DRAFT

(x) Procedures for patron notification including any password or security modification via electronic or regular mail, text message, or other manner approved by the Tribal Gaming Agency, provided that such methods will include, at a minimum: (A) if in person, verify the patron's identity against a form of valid, federal, state, or tribal government-issued, photo identification, (B) the correct response to two or more challenge questions, (C) strong authentication, or (D) two-factor authentication;

(y) Controls to prevent ACH fraud regarding failed ACH deposits into a Player Account and policies regarding Player Account closure, dormant Player Account, unclaimed funds in a dormant Player Account, and suspension and subsequent restoration of a Player Account;

(z) Change control procedure;

(aa) Procedures for receiving, investigating and responding to patron complaints;

(bb) Procedures to ensure security of the servers;

(cc) Procedures for line setting and line moving;

(dd) Procedures regarding redemption of winning tickets, including but not limited to a method for redeeming lost tickets, if allowed, and a method for redeeming tickets by U.S. Mail, if allowed;

(ee) Description of the circumstances, limitations, and method by which the Gaming Operation will cancel wagers, which must at a minimum require cancellation in the event of an obvious error and require that only a supervisory employee of the Gaming Operation can void or cancel a wager;

(ff) Procedures for voiding wagers;

(gg) Accounting and audit procedures; and

(hh) Any other internal controls deemed necessary by the State Gaming Agency and Tribal Gaming Agency by memorandum of agreement.

5.9.3 Revisions. Any new or revised Internal Controls adopted by the Tribe shall ensure that the interests of the Tribe and the State relating to Sports Wagering are preserved and protected; maintain the integrity of Sports Wagering; and reduce the dangers of unfair or illegal practices in the conduct of Sports Wagering. The Tribal Gaming Agency shall forward to the State Gaming Agency any proposed changes to the Internal Controls for review and concurrence. The Tribal Gaming Agency shall

DRAFT

detail how such changes in the provisions adequately preserve and protect the integrity and security of the standard it is replacing. The State Gaming Agency concurrence with the Tribal Gaming Agency proposal shall be deemed granted after twenty (20) days of receipt of the Tribal Gaming Agency proposal if no disapproval in writing is received from the State Gaming Agency. The State Gaming Agency shall only disapprove such portions of a proposal it finds would have a material adverse impact on public interest or on the integrity of the Gaming. Operation and shall detail the reasons for disapproval.

5.10 House Rules. The Gaming Operation will adopt comprehensive house rules, which must be approved by the Tribal Gaming Agency, and made available to patrons at the Gaming Facility and through the Sports Wagering System. House Rules shall include: (1) Method for calculation and payment of winning wagers; (2) Description of the process for handling incorrectly posted events, odds, wagers, or results; (3) Effect of schedule changes; (4) Method of notifying patrons of odds or proposition changes; (5) Acceptance of wagers at other than posted terms; (6) Expiration of any winning ticket; (7) Lost ticket policy; (8) Method of contacting the operator for questions and complaints; (9) A policy by which Gaming Operation can cancel or void wagers; and (10) Description of Prohibited Sports Wagering Participants.

SECTION 6. SPORTS WAGERING LICENSING AND CERTIFICATION

The Tribe and State will share information about significant licensing and certification matters that reflect on the conduct of Sports Wagering.

6.1 Applicability of Compact Provisions. Sports Wagering Vendors will be licensed and certified in accordance with this Appendix; however, to extent they are not addressed herein, the following sections of the Compact will also apply to this Appendix: Section V, Licensing, State Certification, Eligibility, and Registration Requirements, and Section VI, Licensing, State Certification, Eligibility, and Registration Procedures, including but not limited to licensure of Gaming Employees and exemptions from licensure. All manufacturers, suppliers of Gaming Services, and Financiers not expressly identified in this Appendix will be licensed and certified in accordance with Section V of the Compact, unless exempted therein. Consistent with Section V of the Compact, in the event a Sports Wagering Vendor provides or intends to provide less than twenty-five thousand dollars ($25,000) in Sports Wagering goods or services annually, the licensing requirements may be waived upon the mutual agreement of the Tribal and State Gaming Agencies. This waiver does not apply to Sports Wagering Vendors whose compensation is contractually determined by the Tribe's Sports Wagering revenue.

6.2 Sports Wagering Vendors. Each Sports Wagering Vendor must be licensed by the Tribal Gaming Agency and certified by the State Gaming Agency prior to the sale or delivery of

DRAFT

any component of the Sports Wagering System or Sports Wagering services to the Tribe. If a Sports Wagering Vendor is certified by the State Gaming Agency to supply any component of the Sports Wagering System or Sports Wagering services to any other tribe in Washington State, it shall be deemed certified to supply similar goods or services to the Tribe for the purposes of this Appendix, provided that such goods and services are within the same Sports Wagering Vendor category, each of which are described in subsections 6.2.1 – 6.2.3 below.

6.2.1 Major Sports Wagering Vendor. Any person or entity that provides goods or services integral to Sports Wagering must be licensed as a Major Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. The following vendors are integral to Sports Wagering:

(a) Manager of the Tribe's Sports Wagering activities pursuant to an agreement approved by the National Indian Gaming Commission;

(b) When the Tribe manages its own Sports Wagering activities, the Tribe's primary consultant who provides substantial Sports Wagering related services;

(c) Any manufacturer or distributor of the Sports Wagering System or a component thereof;

(d) Provider of book-making services; or

(e) Provider of Sports Wagering risk management services.

6.2.2 Mid-Level Sports Wagering Vendor. Any entity that provides security or integrity services directly related to Sports Wagering must be licensed as a Mid-Level Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. For the purpose of this subsection, security or integrity services include the following:

(a) Integrity monitoring services;

(b) Services related to compilation, furnishing, or storage of official data for use in Sports Wagering;

(c) System security testing or certification services directly related to initial or annual testing or assessment of the Sports Wagering System security;

(d) Services directly related to the creation and maintenance of a Geofence to ensure that wagers are placed within the Premises;

DRAFT

(e) Player account management services, including Software-as-a-Service (SaaS); and

(f) Any other provider of security or integrity services that the Tribal and State Gaming Agencies agree must be licensed and certified as a Mid-Level Sports Wagering Vendor because the provider's services are directly related to Sports Wagering.

6.2.3 Ancillary Sports Wagering Vendors. Any entity that provides necessary support services to Sports Wagering must be licensed as an Ancillary Sports Wagering Vendor by the Tribal Gaming Agency and certified by the State Gaming Agency. For the purpose of this subsection, support services include at least the following:

(a) Services related to the offering of mobile payment processing for use in Mobile Sports Wagering;

(b) Know your customer services for use in Mobile Sports Wagering; and

(c) Marketing services in which compensation for such services is, by contract, determined by the Tribe's Sports Wagering revenue.

6.3 Tribal Licensing of Sports Wagering Vendors. All applicants required to be licensed by the Tribe shall complete forms furnished by the Tribal Gaming Agency. The Tribal Gaming Agency shall establish the Tribal licensing fees for Sports Wagering Vendors.

6.4 State Certification of Sports Wagering Vendors. Each Sports Wagering Vendor and its representatives shall apply for certification by the State Gaming Agency and shall submit the completed applications along with the required information and fees to the State Gaming Agency. The State Gaming Agency shall expedite Sports Wagering Vendor certification requests. For applicants who are business entities, the State's application and investigation will extend to each Principal of the entity but will not apply to spouses of any Principals. The State Gaming Agency will conduct interviews virtually and review documents electronically when possible. The State Gaming Agency will perform a site visit if an applicant requests a site visit or if the State Gaming Agency determines that the information sought is critical to its investigation and such information cannot be obtained by other reasonable measures.

6.5 Fees for State Certification. The fees for initial and renewal State Certification shall be determined pursuant to WAC 230-05, now or as amended, for Sports Wagering Vendors and their representatives.

DRAFT

SECTION 7. CRIMINAL ENFORCEMENT

7.1 Anti-Money Laundering.

7.1.1 Limits on Anonymous Wagering.

(a) No patron shall engage in Mobile Sports Wagering, as provided in subsection 5.6.1 above, without a Player Account.

(b) No patron may anonymously place a single Sports Wager of two thousand dollars ($2,000) or more. The Internal Controls will detail acceptable forms and methods of identifying a patron who places a wager of two thousand dollars ($2,000) or more.

7.1.2 Federal Requirements. The Tribe is responsible for the regulatory oversight of Sports Wagering player accounts and patron funds held on deposit. The Tribe's Internal Controls will describe how the Tribe will comply with applicable federal requirements including requirements imposed by the Federal Trade Commission (FTC), Office of the Comptroller of the Currency (OCC), Financial Crimes Enforcement Network (FinCEN), Consumer Financial Protection Bureau (CFPB), Office of Foreign Assets Control (OFAC) and the US Department of Treasury.

7.2 Sports Integrity.

7.2.1 Collaboration. The State Gaming Agency and Tribal Gaming Agency shall collaborate in an effort to prevent and detect competition manipulation through education and enforcement of the provisions of RCW 9.46 , RCW 67.04 , or RCW 67.24, or any other State laws related to the integrity of sporting events, athletic events, or competitions within the State.

7.2.2 Integrity Monitoring Provider.

(a) To ensure the Tribal Gaming Agency and State Gaming Agency can monitor the integrity of Sports Wagering, the Gaming Operation will require the collection of aggregate Sports Wagering information, in a format that can be efficiently utilized, provided to, and analyzed by an approved Integrity Monitoring Provider.

In order to identify Unusual Wagering Activity and Suspicious Wagering Activity, the Integrity Monitoring Provider will monitor Sports Wagering information as outlined in the Internal Controls that includes industry best practices.

DRAFT

Upon receiving any report of Unusual Wagering Activity or Suspicious Wagering Activity from an Integrity Monitoring Provider, the Gaming Operation will review such reports and notify the Integrity Monitoring Provider of whether or not it has experienced similar activity.

(b) As a condition of licensure by the Tribal Gaming Agency, the Integrity Monitoring Provider will be required to:

i. Share information about any Unusual Wagering Activity with other Integrity Monitoring Providers and required to disseminate all reports of Unusual Wagering Activity to all tribes offering Sports Wagering in Washington; and

ii. Immediately notify all other Integrity Monitoring Providers, the Tribal Gaming Agency, and the State Gaming Agency if the Integrity Monitoring Provider finds any Suspicious Wagering Activity, including a previously reported Unusual Wagering Activity that rises to the level of Suspicious Wagering Activity.

7.2.3 Annual Report. The Tribe shall submit a yearly report to the State Gaming Agency, which details services provided by the Integrity Monitoring Provider and summarizes any Unusual Wagering Activity or Suspicious Wagering Activity notifications issued during that time period.

7.3 Information Sharing. In addition to the information sharing provisions contained in the Compact, the Tribe will establish an information disclosure policy that meets the information sharing requirements in RCW 9.46.0364, at a minimum, sets forth the Tribe's process for sharing information with Local Law Enforcement Agencies and State Gaming Agency, when such officials are investigating Sports Wagering related crimes, including money laundering and sports integrity, believed to have occurred within the Gaming Facility or within Squaxin Island Tribal Lands. The Tribe will share the Sports Wagering information disclosure policy, and any changes to the policy, with the State Gaming Agency and provide the State Gaming Agency a thirty (30) day comment period before implementation. The Tribe will provide personal identifiable information of patrons with Local Law Enforcement Agencies and State Gaming Agency in accordance with its information sharing policy.

SECTION 8. PROBLEM AND RESPONSIBLE GAMBLING

Commitment to Responsible Gambling. In addition to the requirements in the Compact Section III.F, the provisions of which are incorporated herein, the Tribe agrees to the following:

DRAFT

8.1 Display Commitment to Responsible Gambling. Each Mobile Sports Wagering application and each Sports Wagering Kiosk shall display a commitment to responsible gambling and a link to the Tribe's responsible gambling policy created pursuant to Compact Section III.F(1). The display will be in a manner determined by the Tribe.

8.2 Offer Self-Imposed Limits. Either through the Mobile Sports Wagering application or through the Player Accounts, the Tribe shall include the option to self-impose limitations on wagering parameters including, at a minimum, (a) limits on the dollar amount of deposits a player can make into his or her Player Account within a specified time period, (b) limits on dollar amount to spend/wager within a specified time period, and (c) limits on the total amount of time available for play or wagering during a specified time period. Changes to these limitations made by patrons shall be effective twenty-four (24) hours after making the change.

DRAFT

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON
GAMING COMPACT

APPENDIX W
Rules Governing Wide Area Progressives
(Amended and Restated)

DRAFT

Table of Contents

STATEMENT OF CONDITIONS AND LIMITATIONS 1
1. INTRODUCTION 1
1.1 Definitions 1
1.2 Intent 2
2. REQUIREMENTS 2
2.1 General Requirements 2
2.2 Submission Process 3
3. TESTING AND APPROVAL 5
3.1 Independent Gaming Test Laboratory 5
3.2 General Testing Requirements 5
3.3 Materials Provided to Gaming Test Laboratory 6
3.4 Approval by the State Gaming Agency 6
3.5 Installation 6
3.6 WAP Operator Certification 7
3.7 Payment of Fees 7
4. INSPECTIONS 7
5. PARTICIPATION IN ANOTHER APPROVED WAP 8
5.1 Requirements for participation in another approved WAP: 8

STATEMENT OF CONDITIONS AND LIMITATIONS

The Squaxin Island Tribe (Tribe) and the State of Washington (State) believe that conducting Class III gaming under the terms, limitations, and conditions set forth below will benefit the Tribe and the State, will be fair and protect the members of the Tribe and the other citizens of the State, and is consistent with the objectives of the federal Indian Gaming Regulatory Act. The parties have agreed upon conditions of the terms, provisions, and limitations contained in this Appendix W.

This Appendix contains interdependent conditions and consequences that must be accepted as a whole in order to operate or participate in a Wide Area Progressive (WAP). As a result, authorization to operate or participate in a WAP requires the Tribe to operate and participate in accordance with all of the requirements of both this Appendix and the subsequent memorandum of understanding agreed to under subsection 2.2.3.

SECTION 1. INTRODUCTION

1.1 Definitions

The following definitions apply to these Standards. All capitalized terms, to the extent they do not conflict, shall have the same definition as in the Compact.

1.1.1. "Component" means hardware, software, and any integral parts or combination thereof necessary to operate the WAP.

1.1.2. "Fair" means the odds of winning prizes being equal to other devices connected to the same WAP within accepted statistical industry standards as verified by an approved Gaming Test Laboratory.

1.1.3. "Participant Tribe" means a tribal government within the State that has been accepted to join in a specific approved WAP.

1.1.4. "Progressive Prize" means a prize that increases by a predetermined amount based on play on a Class III Tribal Lottery System (TLS).

1.1.5. "Wide Area Progressive" or "WAP" means a jackpot sharing system between multiple participating jurisdictions and/or governments within and outside the State.

1.1.6. "WAP Controller" means a component at each participating jurisdiction's and/or government's gaming facility that accumulates Progressive Prizes and provides Progressive Prize information to display for players.

DRAFT

1.1.7. "WAP Operator" means the licensed manufacturer or gaming service supplier that maintains the WAP central system which communicates with individual WAP Controllers.

1.2 Intent

The intent of the parties is to allow the Tribe to use a WAP where players are entered into a pool for a Progressive Prize without the insertion of additional consideration.

1.2.1 The WAP must be Fair, secure, and auditable.

1.2.2 The WAP does not constitute a mechanical gambling or lottery device activated by the insertion of a coin or by the insertion of any object purchased by any person taking a chance by gambling in respect to the device.

1.2.3 The WAP does not constitute an electronic or mechanical device or video terminal which allows for individual play against such device or terminal.

SECTION 2. REQUIREMENTS

2.1 General Requirements

The basic requirements for a WAP authorized under Compact Section IV-Class III Gaming Activities of the Compact are as follows:

2.1.1 Any WAP Controller utilized by the Tribe may operate only in conjunction with the TLS and may not offer a game where the player may play against the device.

2.1.2 The restrictions on the use and operation of the TLS as governed by Appendix X2, including prohibiting individual play against such devices or terminals, are not changed by this Appendix.

2.1.3 The WAP will be Fair for players in the State.

2.1.4 The rules of play will be posted for the customer.

2.1.5 The WAP will conform with 25 U.S.C. § 2710 (d)(1)(A), (B), and (C).

2.1.6 The WAP will allow the State Gaming Agency to remotely view the Tribe's reports and activity in real time as specifically provided for in a full submission.

2.1.7 The Tribe will make available for review agreements and contracts regarding WAP participation in accordance with Compact Section X.B Access to Records.

DRAFT

2.1.8 Employees and/or representatives of a WAP Operator must meet the applicable licensing and certification requirements in accordance with Compact Section V Licensing, State Certification, Eligibility, and Registration Requirements and VI Licensing, State Certification, Eligibility, and Registration Procedures.

2.1.9 Each specific type of WAP approved will conform to the standards documented in a Memorandum of Understanding after a full submission has been approved, and the Tribe shall not begin operation of said WAP until the testing and certification requirements referred to in Section 3 of this Appendix are met.

2.1.10 The Tribe will notify the State Gaming Agency of its participation in a specific type of WAP and will follow the requirements in an approved Memorandum of Understanding for the specific type of WAP in order to participate in that WAP.

2.2 Submission Process

2.2.1 Each full submission made must meet the requirements contained in the Compact, Appendix X2, and this Appendix, and shall set the technical standards and Internal Controls for the operation of that type of WAP. Except for the TLS as governed by Appendix X2, the Tribe and the State Gaming Agency shall enter into a separate Memorandum of Understanding for each specific type of WAP the Tribe wishes to operate.

2.2.2 A "full submission," as that term is used in this Appendix, shall include a detailed description of technical standards and other information that includes at least the following:

(a) How the system operates with the TLS, including connections to the system and other jurisdictions, probability, and summary of game rules which must be posted for the customer in any format;

(b) WAP illustrations, schematics, block diagrams, circuit analyses, program object and source codes, and hexadecimal dumps which means the compiled computer program represented in base 16 format;

(c) Technical and operation manuals including operation, interface, Progressive Prize verification, and random number generator standards;

(d) System hardware specifications including all key Components including the WAP Controller;

DRAFT

(e) Base software which means the software platform upon which games are loaded;

(f) Game software for one or more games, including game set size and point of overlap;

(g) System security including encryption, firewalls, key controls, and surveillance;

(h) Odds for winning the Progressive Prize, the base Progressive Prize amount, the reset Progressive Prize amount, the incremental increases of the Progressive Prize, and any secondary pool increment(s);

(i) Accounting system requirements and reports which must include at least a progressive balancing report and report of unusual events such as critical memory clears, changes to Progressive Prizes, offline equipment, multiple site prizes, and related reports;

(j) Reports which must include at least a progressive summary, aggregate, and payoff and any adjustments made by the WAP Operator on Progressive Prize pools;

(k) Procedures for handling simultaneous Progressive Prize winners in multiple locations or jurisdictions;

(l) Procedures to make changes or adjustments to or be removed from the WAP, including notice requirements to the Participant Tribes and players;

(m) Procedures for accepting additional Participant Tribes or participating jurisdictions and/or governments into the WAP;

(n) Procedures to handle system malfunctions and reporting those malfunctions to participating jurisdictions and/or governments;

(o) Player dispute procedures;

(p) Procedures, including a timeframe, for Gaming Operations staff or WAP Operator to provide notice to the Tribal Gaming Agency and State Gaming Agency of WAP non-compliance;

(q) Capability and process to allow the State Gaming Agency to remotely view the Tribe's WAP to review reports and activity real time; and

DRAFT

(r) Any agreement, written specifications, or limitations required of a WAP Operator by any other state or tribal government and affecting a WAP.

2.2.3 The Tribe may present to the State Gaming Agency, at any time, a WAP full submission it believes satisfies the requirements of the Compact and this Appendix. Within ninety (90) days of the Tribe's providing of a complete, full submission for its proposed WAP to the State Gaming Agency, the Tribe and the State Gaming Agency will execute a Memorandum of Understanding as required by subsection 2.1.9.

SECTION 3. TESTING AND APPROVAL

3.1 Independent Gaming Test Laboratory

3.1.1 Designation. The Tribe shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. The selection of a Gaming Test Laboratory will be done according to Appendix X2, Section 10.1.

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

3.2 General Testing Requirements

The general purpose of testing the WAP and related Components is to determine the compliance of the WAP with the Memorandum of Understanding agreed to by the Tribe and the State Gaming Agency. Prior to operation of the WAP, the WAP and related Components shall be tested by a licensed Gaming Test Laboratory, to verify:

3.2.1 Compliance with the applicable requirements of the Compact, Appendix X2, and this Appendix; and

3.2.2 The WAP is Fair for both the players and the participating gaming facilities; and

3.2.3 Compliance with the Memorandum of Understanding and currently accepted gaming test industry standards with respect to multi-jurisdictional WAPs.

DRAFT

3.3 Materials Provided to Gaming Test Laboratory

3.3.1 The Tribe shall provide or require that the WAP Operator provide to the Gaming Test Laboratory a copy of the executed Memorandum of Understanding, and any other information requested by the Gaming Test Laboratory. The Tribe shall make all such materials available to the State Gaming Agency upon request;

3.3.2 If requested by the Gaming Test Laboratory, the Tribe shall require the WAP Operator to transport not more than two (2) working models of the WAP associated player terminals, and any required system elements to a location designated by the Gaming Test 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 WAP. If requested by the Gaming Test Laboratory, the Tribe shall require the WAP Operator to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis. The Gaming Test Laboratory will notify the State Gaming Agency of the request and need for the request;

3.4 Approval by the State Gaming Agency

Upon receiving the certification, technical standards tested, and results of testing from the Gaming Test Laboratory, the State Gaming Agency shall either approve or disapprove the WAP or Component thereof, based on the criteria contained in this Appendix and the Memorandum of Understanding. The Tribe or WAP Operator may request a temporary suspension of the State Gaming Agency's review of the WAP or Component for a mutually agreed upon time period through a written request to the State Gaming Agency Director.

During the State Gaming Agency approval process, the Gaming Test Laboratory will meet with the State Gaming Agency and respective Tribal Gaming Agency to inform regulatory staff of the certification process and technical standards tested and provide training so that these personnel have an understanding of the WAP, can create a regulatory program, and can better respond to questions and complaints.

3.5 Installation

3.5.1 No WAP may be offered for play unless:

DRAFT

3.5.1.1 Such WAP is approved as provided in this Appendix; and

3.5.1.2 The WAP prototype thereof has been tested and certified by the Gaming Test Laboratory as meeting the requirements and Memorandum of Understanding specified by this Appendix.

3.5.2 The State Gaming Agency and Tribal Gaming Agency will meet to confer on WAP initial implementation and Internal Controls changes to prepare for WAP operation. Initial Internal Controls and any subsequent changes are to be completed in conformance with Compact Section IX. Standards of Operation.

3.6 WAP Operator Certification

Before any Component of a WAP may be placed into operation, the Tribe shall first have obtained a written certification from the WAP Operator that, upon installation, each such Component:

3.6.1 Conforms to the specifications of the WAP as certified by the Gaming Test Laboratory; and

3.6.2 Operates and plays in accordance with the applicable requirements of the Compact, Appendix X2, this Appendix, and the Memorandum of Understanding.

3.7 Payment of Fees

3.7.1 The Gaming Test Laboratory shall not accept a WAP submission from a WAP Operator without first receiving an executed Memorandum of Understanding from the Tribe. All Gaming Test Laboratory fees related to a WAP submission shall be the responsibility of the WAP Operator.

3.7.2 All State Gaming Agency testing fees related to a WAP submission shall be the responsibility of the WAP Operator.

SECTION 4. INSPECTIONS

4.1 The Tribe shall allow the State Gaming Agency to inspect any Components of a WAP for the purposes of confirming that such Component is operating in accordance with the requirements of the Compact, Appendix X2, this Appendix, and the Memorandum of Understanding and that such Component is identical to that tested by a Gaming Test Laboratory. Inspections shall be pursuant to the Compact.

DRAFT

4.2 The WAP Operator shall allow the Tribal Gaming Agency and State Gaming Agency to inspect any Components of a WAP for the purposes of confirming that such Component is operating in accordance with the requirements of the Compact, Appendix X2, this Appendix, and the Memorandum of Understanding and that such Component is identical to that tested by a Gaming Test Laboratory.

4.3 When the Tribal Gaming Agency or State Gaming Agency determine there is a failure to comply with the Memorandum of Understanding, either will immediately suspend a WAP's operation.

4.4 Reinstatement of a WAP's operation shall occur once the Tribal Gaming Agency and State Gaming Agency agree that a suspended WAP complies with the Memorandum of Understanding as determined by follow-up testing by the Gaming Test Laboratory.

4.5 If after an investigation the Tribal Gaming Agency or State Gaming Agency believe the WAP is not operating in a Fair manner, either may request a mathematical review by an independent third party. The WAP Operator will pay the cost of this review.

SECTION 5. PARTICIPATION IN ANOTHER APPROVED WAP

The Tribe may participate in more than one approved WAP. When the Tribe elects to participate in a WAP that has already been approved by the State Gaming Agency, Sections 1-4 of this Appendix do not apply except as required by subsection 5.1.3 below.

5.1 Requirements for participation in another approved WAP:

5.1.1. When participating in a WAP that has already been approved by the State Gaming Agency, the Tribe must follow the requirements in the Memorandum of Understanding related to that WAP.

5.1.2. The Tribe will notify the State Gaming Agency of its participation in or withdrawal from another WAP and will make any and all copies of its participation agreements available for review.

5.1.3. When the Tribe participates in an already approved WAP, the Tribe will follow the requirements listed in Sections 1, 2.1, 3.5, 3.6, 4, and 5 of this Appendix.

DRAFT

SQUAXIN ISLAND TRIBE - STATE OF WASHINGTON

CLASS III GAMING COMPACT

APPENDIX X2
Rules Governing Tribal Lottery Systems
(Amended and Restated)

TABLE OF CONTENTS

SECTION 1. OVERVIEW 1
SECTION 2. DEFINITIONS 1
All capitalized terms not defined herein, to the extent they do not conflict, shall have the same definitions as in the Tribe's Compact, as amended. 1
2.1 Cashless Transaction System. 1
2.2 Central Computer 2
2.3 Electronic Accounting System 2
2.4 Electronic Scratch Ticket 2
2.5 Electronic Scratch Ticket Game 2
2.6 Electronic Scratch Ticket Game Set 3
2.7 Electronic Scratch Ticket Game Subset 3
2.8 Game Play Credits 3
2.9 Kiosks 3
2.10 Manufacturing Computer 3
2.11. On-line Lottery Game 3
2.12 On-line Lottery Game Ticket 4
2.13 Player Terminals 4
2.14 Template 4
2.15 Tribal Lottery System 4
SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM 5
3.1 Description of System Operation 5
3.2 Game Set and Subset Requirements 6
3.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game. 8
3.4 Data Required to be Available Following the Completion of a Scratch Ticket Game. 8
3.5 Software Auditing Tool to be Made Available. 9
3.6 No Auditing of Game Sets While in Play; Dispute Process 9
3.7 Manufacturing Computer 10
3.8 Central Computer Used in Connection With Electronic Scratch Ticket Game. 11
3.9 Player Terminals Used in Electronic Scratch Ticket Games 11
3.10 Data Available for Inspection 12
SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM 12
4.1 Description of System Operation 12
4.2 Central Computer Used for On-line Lottery Game 14
4.3 Player Terminals Used for On-line Games 14

DRAFT

4.4 Verification and Viewing Requirements for On-line Game Results 15
4.6 Redemption Period 15
4.7 Other Game Rules 15
4.8 Prizes; Jackpots 15
SECTION 5. PLAYER TERMINALS 16
5.1 Use as a Stand-Alone Gambling Device Prohibited 16
5.2 Features 16
5.3 Non-Volatile Backup Memory Required 16
5.4 On/Off Switch 17
5.5 Static Discharge/Interference 17
5.6 Accounting Meters 17
5.7 No Automatic Clearing of Accounting Meters; Reading and Resetting Meters 17
5.8 Display of Information 18
5.9 Protection of Displayed Information 18
5.10 Hardware Switches Prohibited 18
5.11 Networking Requirements 18
5.12 Prohibited Software Functions 19
5.13 Quick-Pick Function 19
5.14 Wagers; Displaying Electronic Scratch Ticket Outcomes 19
5.15 Cash Standards 19
5.16 Door Access Logging 20
SECTION 6. STANDARDS FOR RANDOM NUMBER GENERATORS USED WITHIN THE TRIBAL LOTTERY SYSTEM 20
6.1 Chi-Square Analysis 20
6.2 Runs Test 21
6.3 Correlation Analysis 21
6.4 Serial Correlation Analysis 21
SECTION 7. ELECTRONIC ACCOUNTING SYSTEM 21
7.1 Revenue Reporting Requirements 21
SECTION 8. CASHLESS TRANSACTION SYSTEM SECURITY, REPORTING AND STORAGE REQUIREMENTS 24
8.1 Player Information 24
8.2 Smart Cards 26
8.3 Other Functions 26
8.4 Kiosks 26
SECTION 9. GENERAL SECURITY REQUIREMENTS 27
9.1 Separation 27
9.2 Security 27
9.3 Secure Connections; DES or Equivalent Data Encryption 28
9.4 Surge Protection; Uninterrupted Power System (“UPS”) 28
9.5 Identification Plates 28
9.6 Locked Areas 28
9.7 Access Control Standards 28
9.8 MEAL Cards 29
9.9 Access Control 29

DRAFT

9.10 Cameras 30
9.11 Verification Data and Functions 30
SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY . 30
10.1 Designation of Independent Gaming Test Laboratory 30
10.2 Testing and Certification of Tribal Lottery Systems 30
10.3 Approval by the State Gaming Agency 32
10.4 Modifications of Approved Lottery Systems; Emergency Certifications 32
10.5 Manufacturer's Conformity to Technical Standards 32
10.6 Payment of Gaming Test Laboratory Fees 33
10.7 Gaming Test Laboratory Duty of Loyalty 33
10.8 Random Inspections 33
10.9 State Gaming Agency to be Supplied Model of Player Terminal and System 33
SECTION 11. ALTERNATIVE STANDARDS PERMITTED 33
SECTION 12. TRIBAL LOTTERY SYSTEM PLAYER TERMINAL ACQUISITION AND OPERATION 33
Appendix E Section 6 governs Player Terminal Allocations and operation, and such provisions are incorporated herein. 33
SECTION 13. STATE REGULATORY FEES 34
SECTION 14. COMMUNITY INVESTMENTS AND PUBLIC HEALTH 34
13.1 Community Impact 34
13.2 Charitable Contributions. 34
13.3 Problem and Responsible Gambling 34
13.4 Smoking Cessation and Prevention 34
SECTION 15. HOURS OF OPERATION 34

DRAFT

SECTION 1. OVERVIEW

This Appendix describes, authorizes and sets forth provisions applicable to the operation of a tribal lottery system conducted pursuant to the Indian Gaming Regulatory Act for playing electronic scratch ticket and on-line lottery games. The system utilizes player terminals with video displays which allow players to purchase chances and obtain game result information, a manufacturing computer which securely creates the finite set of chances used in the scratch ticket portion of the system, a central computer which stores and transmits game information and makes draws for the on-line lottery game, and an electronic central security and accounting system. In the scratch ticket game, preexisting scratch tickets are dispensed in an electronic format to players through the player terminals on an on-demand basis. In the on-line lottery game, drawings are conducted on a central computer independently of any activity at player terminals. The drawing results are then matched to player selections previously made on the player terminals. The system and games described and authorized herein are subject to the technical provisions set forth herein. Notwithstanding anything to the contrary herein, tribal lottery systems and player terminals approved pursuant to Appendix X prior to the effective date of this Appendix X2 may continue to be operated consistent with the requirements of Appendix X as they existed on the date this Appendix X2 became effective. Further, nothing herein shall restrict the Tribe from exercising any provision in its Compact not covered by this Appendix X2.

This Appendix X2, as originally added to the Compact by the Third Amendment in 2007, contained interdependent conditions and consequences that were accepted as a whole in order to operate or participate in the Tribal Lottery System. In 2025, the Tribe amended and restated its Compact, and as part of that effort, portions of this Appendix X2 were updated to better align with the Compact. This Appendix X2 was bargained for and in exchange for all the terms contained herein, as well as Compact Sections III.D.(2), D.(4), F., and K., Section XII, and Appendix E Section 4, 6, and 7 in the amended Compact.

SECTION 2. DEFINITIONS

All capitalized terms not defined herein, to the extent they do not conflict, shall have the same definitions as in the Tribe's Compact, as amended.

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

0.1.1 The Electronic Accounting System;

DRAFT

0.1.2 One or more of the following: plastic, cardboard, magnetic, or "smart" cards; paper; personal identification ("PIN") numbers; Game Play Credits obtained from the exchange of cash or cash equivalents; Game Play Credits displayed on the Player Terminal which were earned as prizes from prior play and not redeemed; and other means for effectuating play and awarding prizes without inserting or dispensing cash into or from the Terminal, provided that all Game Play Credits (other than credits earned from prior play and remaining displayed on a Player Terminal) must have been paid for by cash or cash equivalent;

0.1.3 A means of accounting for player deposits of cash or cash equivalents and exchanges for and redemption of Game Play Credits which is independent of the Player Terminal, through a player's account, a voucher system, or a "smart" card or similar device for recording individual player data; and

0.1.4 A means by which players can redeem unused Game Play Credits for cash or cash equivalents. All redemptions for cash must be through a cashier or redemption system separate from the Player Terminal.

2.1.5 The Cashless Transaction System may include a means of obtaining Game Play Credits through the exchange of non-gambling promotions as allowed in Section 8.1.8 delivered from a Promotion Tracking System. Players may use credits obtained in this manner to purchase additional electronic scratch tickets or redeem them for cash or cash equivalents. Non-cashable Game Play Credits obtained from promotions may be returned to a player’s account in the Promotion Tracking System

0.2 Central Computer. A computer which conducts drawings for On-line Lottery Games and, for Electronic Scratch Ticket games, stores and dispenses Electronic Scratch Tickets from Scratch Ticket Subsets which have been loaded into it from a Manufacturing Computer and are maintained in a secure manner.

0.3 Electronic Accounting System. A computer system that provides a secure means to receive, store and access data and record critical functions and activities, as set forth in Section 7.

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

0.5 Electronic Scratch Ticket Game. A scratch ticket lottery game that is played in an electronic environment. A game has a specific set of rules including: The theme and

DRAFT

types of symbols used; the total number of tickets in the game; the ratio or mix of winning and losing tickets; the prize structure, including number and dollar value of each prize; and price of a single ticket. The game is played by use of computer hardware and software to manufacture, store, distribute, sell, and display scratch tickets to players. Electronic Scratch Ticket Game may also be known as Game.

0.6 Electronic Scratch Ticket Game Set. A finite set of Electronic Scratch Tickets that is based on a Template that has been designed in accordance with a specific set of rules, including the basic requirements of Section 3.2, governing the structure of an Electronic Scratch Ticket Game. Based on that Template, an Electronic Scratch Ticket Game Set is created in a Manufacturing Computer in a secure and verifiable electronic form prior to the play of an Electronic Scratch Ticket Game. Each Electronic Scratch Ticket Game Set is uniquely identifiable, by serial number or otherwise, so that it can be distinguished from other Game Sets manufactured from the same Template. Electronic Scratch Ticket Game Set may also be known as Game Set.

0.7 Electronic Scratch Ticket Game Subset. A defined group of Electronic Scratch Tickets that has been randomly selected from an Electronic Scratch Ticket Game Set and transmitted to a Central Computer in a fixed order for play. Each Electronic Scratch Ticket Game Subset is uniquely identifiable from all other Subsets selected from the same Game Set. Electronic Scratch Ticket Game Subset may also be known as Electronic Scratch Ticket Subset, Game Subset, or Subset.

0.8 Game Play Credits. A means of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, which is used as a means to effectuate play. Game Play Credits may be redeemed for cash or a cash equivalent. Game Play Credits obtained from promotions may be returned to a player's account in the Promotion Tracking System.

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

2.10 Manufacturing Computer. A computer which creates Electronic Scratch Ticket Game Sets, randomly allocates tickets into Scratch Ticket Subsets, and delivers them to a Central Computer.

0.11. On-line Lottery Game. A lottery game by which players, through the use of Player Terminals, select numbers, symbols or other possible outcomes to be matched to outcomes that are subsequently and randomly selected in drawings which are electronically conducted on a Central Computer.

DRAFT

0.12 On-line Lottery Game Ticket. A paper, cardboard or electronically encoded medium onto which information is legibly printed, or is recorded electronically, in a manner which can cause a Player Terminal to display, the outcome(s) and prize(s) won, if any, and other information associated with, an On-line Lottery Game drawing in which the player is enrolled.

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

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

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

2.16 Virtual Environment. A Virtual Environment is comprised of a host computer or server and virtualization software. Virtualization refers to the abstraction of computer resources from the underlying hardware. A layer of virtualization software called the hypervisor is added between the hardware and operating system on a physical server. This virtualization layer allows multiple operating system instances to run concurrently within Virtual Machines on a single computer. It dynamically partitions and shares the available physical resources such as CPU, storage, memory, and I/O devices among multiple Virtual Machines.

The hypervisor enables the operating system within the Virtual Machine, called the guest operating system, to run unmodified and to behave as if it is running on physical hardware. Virtual devices are implemented in software and function in exactly the same way as their physical counterparts. The guest operating system interacts with the hypervisor's abstraction layer of virtual hardware and not the physical hardware.

2.17 Virtual Machine. A Virtual Machine is a software implementation of a computing environment that is operated using a Virtual Environment. Virtual Machines shall operate separately and be securely isolated from other Virtual Machines within the Virtual Environment, thereby emulating single physical computers.

2.18 Promotion Tracking System. A computer system or program designed to promote play of the Tribal Lottery System and to provide an account for each player’s promotions. Portions of the Promotion Tracking System may reside within the Tribal Lottery System,

DRAFT

which distributes and displays bonuses and promotions to patrons. The Promotion Tracking System will not serve any gambling functions. Those portions and functions of the Promotion Tracking System that reside within or directly interact with or impact the Tribal Lottery System are subject to the requirements of this Appendix.

SECTION 3. TRIBAL ELECTRONIC SCRATCH TICKET LOTTERY GAME SYSTEM

0.1 Description of System Operation

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

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

0.1.3 A player initiates participation in an Electronic Scratch Ticket game at a Player Terminal, using Game Play Credits purchased on the Player Terminal through the insertion of cash, through the Cashless Transaction System, or by accessing and downloading any promotion. The monitor displays one or more of the Electronic Scratch Ticket Games that are offered by the system, as well as other information such as graphics, game play and outcome information, and entertainment effects, subject to the limitations in Sections 5.2.2 and 5.2.3. The player may choose a

DRAFT

particular game and reveal the outcome, by touching the screen, pressing a button once or performing some other form of interaction with the Player Terminal.

0.1.4 Following or as part of the player's selection of a game or games, the player uses Game Play Credits displayed on the Player Terminal to purchase one or more Electronic Scratch Tickets. The pricing of tickets is governed by the provisions of Section 3.2.1. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

0.1.5 Prize structure, ticket purchase and selection, and wager information is displayed or available on the Player Terminal with respect to any game which is being played through that Terminal.

0.1.6 After the player purchases an Electronic Scratch Ticket the outcome associated with that ticket is shown on the Player Terminal. Any prizes won are displayed on the Player Terminal and may be in the form of Game Play Credits, the right to receive merchandise, or other valuable property.

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

0.2 Game Set and Subset Requirements

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

(a) Each Game Set shall be made up of a finite number of Electronic Scratch Tickets;

(b) All Scratch Tickets in a particular Game Set Template shall be of the same purchase price. Appendix E Section 4.1 governs wagering limits, and such provisions are incorporated herein. A single Ticket may offer an opportunity to enter another Game Set;

DRAFT

(c) The payout percentage for the entire Game Set shall be no less than seventy-five percent (75%) of the total purchase price of all tickets in the set combined;

(d) Each Game Set shall be assigned a unique serial number; and

(e) Each ticket shall have a specific outcome and prize level associated with it.

0.2.2 Game Set Verification Process. Prior to commencement of play, the initial Game Set shall be verified as to the total number of tickets in the set and the number of winners at each prize level, including the amounts of such prizes, and the number of non-winners. The verification standards which the Game Set must meet are those set forth in Section 3.3.

0.2.3 Transmission of Subsets to Central Computer. Following verification of the Game Set, the Manufacturing Computer shall create ordered Scratch Ticket Subsets on demand from the Central Computer and transmit the ordered Subsets to it.

0.2.4 Subset Requirements. Each Electronic Scratch Ticket Game Subset shall meet the following minimum requirements:

(a) Within a given Game Set, each Subset shall be the same size and comprised of no less than 5,000, and no more than 10,000 Electronic Scratch Tickets, provided that in order to complete the distribution of all tickets in a Game Set, the final Subset derived from the Set may have less than the number of tickets in any other Subset and be less than 5,000;

(b) Each Subset shall be individually and uniquely identified by the Game Set serial number and a unique serial number for each Subset assigned in the order in which the Subsets are created;

(c) Once an Electronic Scratch Ticket has been dispensed to a Player Terminal from a Subset, it cannot be dispensed again.

0.2.5 Completion of Game. A Scratch Ticket Game is deemed to be completed only when all of the Electronic Scratch Tickets in a Game Set have been dispensed, or the Game Set has been taken out of play. If any Game Set is withdrawn from play before completion of the Game, the Tribe shall ensure that at least seventy-five percent (75%) of the revenues received from sales of Electronic Scratch Tickets in that Game have been, or in future Electronic Scratch Ticket Games will be, awarded to players.

DRAFT

0.3 Data Required to be Available Prior to Commencement of an Electronic Scratch Ticket Game.

The following data shall be available to the Tribal Gaming Agency and State Gaming Agency prior to the commencement of an Electronic Scratch Ticket Game and shall be maintained and be viewable both electronically and if requested, by printed report, upon demand:

0.3.1 A unique identifying Game Set serial number;

0.3.2 A description of the Game Set theme sufficient to categorize the Game Set relative to other Game Sets;

0.3.3 The number of total Scratch Tickets in the Game Set;

0.3.4 The number of Scratch Ticket Subsets to be created from the Game Set, and the number of tickets in each Set;

0.3.5 The payout percentage of the entire Game Set;

0.3.6 The payout table for the Game Set and the number of Scratch Tickets at each level of the payout table;

0.3.7 The purchase price per ticket assigned to the Game Set;

0.3.8 Such further information as the State Gaming Agency may reasonably require to assure the integrity and accuracy of the foregoing information.

0.4 Data Required to be Available Following the Completion of a Scratch Ticket Game.

Following the completion of an Electronic Scratch Ticket Game (i.e., upon the sale of all tickets in a Game Set or the withdrawal of the Set from play), the following data shall be available to the Tribal Gaming Agency and State Gaming Agency and shall be maintained and viewable both electronically and if requested, by printed report, upon demand:

0.4.1 The Game Set and Game Subsets serial numbers;

0.4.2 The total number of Electronic Scratch Tickets unsold, if the Game is removed from play;

0.4.3 The total number of Electronic Scratch Tickets purchased;

0.4.4 The time and date that each Subset was transmitted to the Central Computer;

0.4.5 The time and date that the game was completed or removed from play;

DRAFT

0.4.6 The final payout percentage of the game; and

0.4.7 Price per Ticket.

0.5 Software Auditing Tool to be Made Available.
For auditing Game Sets and Subsets that have been archived, any Tribal Lottery System shall include and have available for the State Gaming Agency and the Tribal Gaming Agency a secure software tool which provides the same data as set forth in Section 3.3 and 3.4, provided that such tool shall be used only during authorized audits of Tribal Lottery System games and operations, or in cases of player disputes, and shall not be used for any other purpose without the consent of the Tribal Gaming Agency and the State Gaming Agency.

0.6 No Auditing of Game Sets While in Play; Dispute Process

0.6.1 No Audit of Set While in Play. In order to provide maximum game integrity, no audit or other determination of the status of any Game Set or any Subset, including but not limited to a determination of the prizes won or prizes remaining to be won, shall be conducted by anyone, including Tribal Gaming Agency and State Gaming Agency personnel, while a Subset is in play without causing termination of the entire Game Set from which the Subset was derived as provided in Section 3.6.3.

0.6.2 Dispute Resolution: Impact on Game Set Play. In the event of a dispute by a player that cannot be resolved by ordinary means by Gaming Facility personnel as to the outcome, prize, wager made, or any other aspect of the player's participation in a Game Set being played, all relevant data shall be immediately collected, including but not limited to all meter readings, memory records, surveillance recordings, and any other reports or information regarding play at the Terminal for the play in dispute. Following the collection of all relevant data, the Tribal Gaming Agency shall be notified and requested to make an evaluation of whether or not the dispute involves the integrity of the hardware or software being used and to try and resolve the dispute. A report of all disputes shall be maintained by the Tribal Gaming Agency. If the dispute is not resolved within seventy-two (72) hours from the time of the complaint, the Tribal Gaming Agency shall immediately forward a report to the State Gaming Agency detailing the nature of the dispute. In the event the dispute is resolved, the Tribal Gaming Agency is not obligated to report to the State Gaming Agency, but shall make Tribal Gaming Agency reports available for review.

DRAFT

0.6.3 Termination of Game Set. Protection of game integrity, even if it requires the early withdrawal of a Game Set from play, shall be the primary goal of this Appendix. If resolution of a patron dispute requires access to data or records stored on any part of a system other than the Player Terminal involved in the dispute, and such access can only be accomplished through a means by which data would be revealed that could materially assist anyone in determining the likelihood of a particular ticket being drawn, other than information available to all patrons, the Game Set shall be terminated prior to accessing such data or records.

0.6.4 Tribal Gaming Agency /State Gaming Agency Disputes. In the event there is a dispute between the Tribal Gaming Agency and State Gaming Agency at any point in the above process, it shall be resolved in accordance with the dispute resolution process for such issues set forth in the Compact.

0.7 Manufacturing Computer

0.7.1 Security from Alteration, Tampering, or Unauthorized Access. The Manufacturing Computer shall provide a physical and electronic means, by use of a password or other method approved by the Tribal Gaming Agency and State Gaming Agency, for securing the Game Set against alteration, tampering, or unauthorized access. The Manufacturing Computer shall provide a means for terminating the Game Set if unopened ticket information from an operating Game Set or Subset has been accessed except as permitted in this Appendix. The Gaming Test Laboratory shall certify that such security system, and a means for monitoring its use in accordance with this Appendix, is included in the system before it may be authorized for use. Security systems and monitoring may be required for any component that has electronic access to this system that may violate the integrity and security of the manufacturing computer.

0.7.2 Primary Purpose; Separation. The Manufacturing Computer shall be dedicated primarily to those Tribal Electronic Scratch Ticket gaming system functions related to the creation of Scratch Ticket Game Sets and the creation, randomization, and transmittal to the Central Computer of Scratch Ticket Subsets. Notwithstanding the foregoing, the Manufacturing Computer may also be used for other computer functions in the Tribal Lottery System or Electronic Accounting System if such use will not affect the integrity or outcome of any game.

0.7.3 Storage Medium; Backup. The Manufacturing Computer shall have a medium for securely storing Electronic Scratch Ticket Game Sets and Subsets on the Manufacturing Computer which shall be mirrored on line by a backup medium

DRAFT

within the same cabinet or enclosure. In addition, duplicates of the Sets and Subsets, as created and stored on the Manufacturing Computer, shall be stored in a secure enclosure in the Gaming Facility separate from the Manufacturing Computer. All storage shall be through an error checking, nonvolatile physical medium, so that should the primary storage medium fail, there will be no critical data loss.

0.7.4 Randomization. The Manufacturing Computer shall utilize randomizing procedures in the creation of the Subsets. The randomizing procedures shall be in accordance with Section 6 of this Appendix.

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

0.8.1 Dispensing of Tickets. The Central Computer shall dispense, upon request from a Player Terminal, Electronic Scratch Tickets.

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

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

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

0.9 Player Terminals Used in Electronic Scratch Ticket Games.
Player Terminals used in connection with Electronic Scratch Ticket Games shall conform to the requirements of Section 5.

DRAFT

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

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

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

SECTION 4. TRIBAL ON-LINE LOTTERY GAME SYSTEM

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

0.1.1 A player initiates participation in On-line Lottery Games at a Player Terminal, using Game Play Credits through the insertion of cash or from the Cashless Transaction System which are displayed on the Terminal video monitor. Play may also be initiated through a Player Terminal dedicated to On-line Lottery Games, or a clerk-operated Player Terminal. References herein to player activity and interaction with a Player Terminal in connection with an On-line Lottery Game shall also mean activity and interaction by a clerk on behalf of a player.

0.1.2 The Player Terminal video monitor displays one or more of the On-line Lottery games that are offered by the system, as well as other information such as graphics, game play, and outcome information, and entertainment effects, subject to the limitation in Sections 5.2.2 and 5.2.3. The player chooses a particular game by touching the screen, pressing a button, or performing some other form of interaction with the Player Terminal.

0.1.3 Following or as part of the player's choice of a game or games, the player selects numbers, symbols or other data to be matched in the game by pressing buttons or touching the video screen. The player may also make such selections through the "quick pick" method. The player then uses Game Play Credits displayed on the Terminal monitor to purchase one or more On-line Lottery Game Tickets representing such selections, for drawings to be held in the future.

0.1.4 Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager. Appendix E Section 4.2 governs wagering limits, and such provisions are incorporated herein. Wagers are deducted from the Game Play Credits displayed on the Player Terminal.

DRAFT

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

0.1.6 The player is then entered into one or more future On-line Lottery Games, which are conducted through drawings held on the Central Computer.

0.1.7 All drawings for any game are conducted within a period of 5 minutes or less, and all drawings for all games offered are held within that period. Drawings are held on a regularly scheduled basis and regardless of whether any player is enrolled in a particular On-line Lottery Game. Games take place no more frequently than thirty minutes apart, determined by when the first drawing in a game occurs. No more than five different On-line Lottery Games are offered at a time, unless the State increases the number of On-line Lottery Games it is now playing, thereby entitling the Tribe to increase the number of games it offers in accordance with the rules for doing so.

0.1.8 A Player Terminal may display a player's entry into an On-line Lottery Game and the commencement of that game. The form of displaying information may be entertaining and at the discretion of the Tribe, except as limited in Sections 5.2.2 and 5.2.3. For example, the Terminal may alert the player through means of a count-down that the drawing in which the player is entered is about to occur. Information regarding prizes that may be awarded for each game are made available to the player prior to commencement of the game.

0.1.9 Following each drawing, the results are displayed and made available in accordance with the rules set forth in Section 4.4. Players win if their selections match a required number of drawn numbers or symbols, in accordance with the predetermined and published rules for that particular game. Results and prizes are verified in accordance with the rules set forth in Section 4.4, and are paid in Game Play Credits except where, due to the size of the prize, the rules specify some other method of payment. Prizes may also be awarded in the form of merchandise or other valuable property.

0.1.10 Game Play Credits earned as prizes remain displayed and available for use in further play from that Terminal. Game Play Credits also may be electronically transferred through the Cashless Transaction System, such as to a) a player's account in the Cashless Transaction System, b) a ticket or receipt printed by the Player Terminal, or c) a "smart" card or similar instrument. Once transferred,

DRAFT

Game Play Credits may be a) used for further play on another Terminal or b) redeemed for cash or cash equivalents through a cashier or other separate redemption system. Merchandise or other property won is collected in accordance with the rules of the game.

0.2 Central Computer Used for On-line Lottery Game. The following requirements apply to any Central Computer used in connection with an On-line Lottery Game.

0.2.1 Introduction. A Central Computer may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be utilized in the On-line Lottery Game. The rules in this Section 4.2 govern that activity.

0.2.2 Randomization Capability. The Central Computer shall have randomization capability associated with its use in an On-line Lottery Game only. All drawings shall be on a random basis, using the randomization requirements set forth in Section 6.

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

0.2.4 Limit on Number of On-line Lottery Games. The Tribe may have no more than five (5) On-line Lottery Games in play at one time. Such games may be offered on more than one system within the facility. The number of games offered may be increased if, and by the same number, the State Lottery increases the number of On-line Lottery Games it offers.

0.3 Player Terminals Used for On-line Games. Player Terminals used in connection with On-line Lottery Games shall conform to the requirements of Section 5. The following provisions shall also be applicable:

0.3.1 A Player Terminal may, in addition to being available for use in connection with Electronic Scratch Ticket Games, be used to play On-line Lottery Games. The On-line Lottery Game may also be played from a Player Terminal dedicated to selling On-line lottery tickets or by a clerk operating a Player Terminal for such purposes. References to Player Terminals herein shall include such dedicated and clerk-operated Terminals.

DRAFT

0.3.2 The Player Terminal shall enable a player to select numbers, symbols or other data, through touching the screen or pressing one or more buttons on the Terminal. The player may also ask for a "quick pick" selection via the use of a random number generator located in the Player Terminal and used solely for the On-line Lottery Games, provided that such random number generator shall meet the criteria set forth in Section 6.

0.3.3 The player's wager and selected numbers, symbols or other data, along with information identifying the drawing(s) to which they apply, shall be provided to the player through the Player Terminal in some tangible means using electronic encoding or printing on paper, card or other medium. Such information may also be displayed on the screen for review by the player.

0.4 Verification and Viewing Requirements for On-line Game Results. The results of each On-line drawing on a Central Computer shall be available for display on a Player Terminal on demand by players enrolled in such games, and may be made available on one or more scoreboards, video screens or other electronic display devices sufficiently visible to enable players and other observers, including those not at Player Terminals, to view the outcome of the game. Printed result reports shall be made available in accordance with Section 4.5.

0.5 On-line Lottery Game Records. The following records with respect to each On-line Lottery Game shall be maintained and be viewable both electronically and, if requested, by printed report, upon demand: The outcome of each drawing including all numbers drawn, the sequence of drawing, prizes available, prizes won (whether or not redeemed), and related information. Such reports shall be made available in the casino for player reference for up to 30 days following the close of any drawing period.

0.6 Redemption Period. Prizes may be redeemed by players for a period of no less than 48 hours following the drawing in any On-line Lottery Game.

0.7 Other Game Rules. The specific rules and prize structures for each On-line Lottery Game may vary, and shall be made available to players prior to making any wagers on that game. The rules shall indicate when, in relation to the commencement of the first drawing in a game, no further wagers on that game may be made. Each On-line Lottery Game may offer more than one method of winning a prize, and each method may be represented by a separate wager, but each wager may not exceed the amounts set forth in Section 4.1.4.

0.8 Prizes; Jackpots. Every On-line Lottery Game must have at least one "jackpot" level prize paid, when won, from a lottery prize pool into which a percentage of each player's

DRAFT

wagers, as set forth in the rules for that game, is placed and in which the Tribe shall have no interest. The prize pool may be seeded from time to time by promotional payments or interest-free loans from the Tribe. Jackpot prizes not won in a particular game shall be rolled forward into a future game in accordance with rules for disposing of such prizes. Rollover funds may replace the need for seeding a pool if the amount of such rollover funds exceeds the minimum prize available under the rules of that game. The player pool fund may not be used for any purpose other than payment of the jackpot prize.

SECTION 5. PLAYER TERMINALS

All Player Terminals shall conform at a minimum to the requirements of this Section 5.

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

0.2 Features. Player Terminals shall include the following features:

0.2.1 Operation either through the Cashless Transaction System, or through means for accepting cash (coins, tokens or paper currency) for conversion into Game Play Credits, which can then activate participation in the game, provided the insertion of cash will not alone activate the game and such use of cash is in accordance with section 5.15;

0.2.2 One or more of the following: A video monitor, electro-mechanical display, printer, graphics and signage, provided that slot machine-type spinning reel mechanisms are prohibited in mechanical form; and

0.2.3 One or more of the following: electronic buttons, touch screen capability, and a mechanical, electro-mechanical or electronic means of activating the game and providing player input, including a means for making player selections and choices in games, provided that slot machine-type handles are prohibited.

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

0.3.1 Electronic Meters required by this Appendix;

DRAFT

0.3.2 Recall of all wagers and other information associated with the last ten (10) Electronic Scratch Ticket plays and the last ten (10) On-line Lottery Games played;

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

5.3.4 Recall of the last twenty (20) cash or cash equivalent deposits, with metering in the game of all funds deposits.

0.4 On/Off Switch. An on/off switch that controls the electrical current that supplies power to the Player Terminal must be located in a secure place that is readily accessible within the interior of the Player Terminal.

0.5 Static Discharge/Interference. The operation of each Player Terminal must not be adversely compromised or affected by static discharge, liquid spills, or electromagnetic interference.

0.6 Accounting Meters. A Player Terminal must have electronic accounting meters which have tally totals to a minimum of eight (8) digits and be capable of rolling over when the maximum value of at least 99,999,999 is reached. The Player Terminal must provide a means for on-demand display of the electronic meters via a key switch or other secure method on the exterior of the machine. Electronic meters on each Player Terminal for each of the following data categories for Electronic Scratch Ticket games and On-line Lottery Games are required in compliance with Section 7.1.9:

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

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

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

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

5.6.5 Promotions downloaded to the Player Terminal will be shown separately on meter reports, including any promotions balance returned to a player's account in the Promotion Tracking System.

5.7 No Automatic Clearing of Accounting Meters; Reading and Resetting Meters. Under no circumstances shall the Player Terminal electronic accounting meters be capable of being automatically reset or cleared, whether due to an error in any aspect of its or a game's

DRAFT

operation or otherwise. All meter readings must be recorded and dated in the presence of a Tribal Gaming Agency inspector both before and after an electronic accounting meter is cleared.

0.8 Display of Information. At a minimum, each Player Terminal shall have the following game information available for display on the video screen and/or displayed on the Player Terminal itself, in a location conspicuous to the player:

0.8.1 The rules of the game being played;

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

0.8.3 The player's credit balance;

0.8.4 The outcome of the Electronic Scratch Ticket(s) then being played; and

0.8.5 Any prize won on the Electronic Scratch Ticket(s) then being played.

0.9 Protection of Displayed Information. The video screen or other means for displaying game rules, outcomes and other game information shall be kept under a glass or other transparent substance which places a barrier between the player and the actual surface of the display. At no time may stickers or other removable media be placed on the Player Terminal's face for purposes of displaying rules or payouts.

0.10 Hardware Switches Prohibited. No hardware switches may be installed on a Player Terminal or any associated equipment which may affect the outcome or pay out of any game for which the Player Terminal is used. Switches may be installed to control the ergonomics of the Player Terminal.

0.11 Networking Requirements. The use of firewalls and other system protections as approved by Tribal Gaming Agency and State Gaming Agency are required to protect the integrity of the Tribal Lottery System and player accounts and:

5.11.1 Where the Tribe’s Tribal Lottery System or components are linked with one another in a local network for progressive jackpot, function sharing, aggregate prizes or other purposes, communication protocols must be used which ensure that erroneous data or signals will not adversely affect the operations of any such system or components. No class III game or gaming system in which any part or component is located outside the Tribe’s gaming facilities shall be deemed

DRAFT

approved as part of the approval of this Appendix. Any proposal for such game or gaming system, including the proposed rules, manner of regulation, and manner of play, monitoring and/or maintenance of the system, shall require submission to, and approval by, the Tribal Gaming Agency and State Gaming Agency.

5.11.2 Dedicated and protected network connections prohibiting unauthorized access, approved by State Gaming Agency and Tribal Gaming Agency, may allow two or more of the Tribe's Tribal Lottery Systems to share player information. Game tickets and other information prohibited from being viewed, as outlined in other sections of this Appendix, shall not be available or transmitted between the Tribe's connected Tribal Lottery Systems or facilities. Communications between the Tribe's facilities will require the use of approved firewalls that are configured and operated to protect the Tribal Lottery System and player information. Computer systems linked between the Tribe's facilities may not be used to link progressive jackpots, except in Joined Facilities.

0.12 Prohibited Software Functions. Player Terminals shall not have software or hardware that determines the outcome of any Electronic Scratch Ticket Game. Nothing herein is intended to prohibit the Player Terminal from creating the appropriate Scratch Ticket and On-line Game graphics and animation to correspond to, display or represent, in an entertaining manner, the outcome. In addition, Player Terminals shall not have any software that:

0.12.1 Determines which Scratch Ticket outcome from within the Scratch Ticket Subset is transmitted to the Player Terminal; or

0.12.2 Alters the amount of the payout of the Electronic Scratch Ticket as received from the Central Computer.

0.13 Quick-Pick Function. Nothing herein shall prohibit the use of a quick pick function on the Player Terminal in conjunction with the playing of the On-line Lottery Game.

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

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

5.15.1 For each drop period, accounting/auditing employees shall compare the report information required in Section 7.1.10 (a) to the total cash acceptor drop amount

DRAFT

for the period. Discrepancies shall be resolved before the generation/distribution of any statistical reports.

5.15.2 Tribal Gaming Agency will be notified and follow-up shall be performed for any one machine having an unresolved variance between actual cash drop and the report information required in Section 7.1.10 (a) in excess of an amount that is both more than twenty-five dollars ($25) and at least three percent (3%) of the actual cash drop. The follow-up performed and results of the investigation shall be documented and maintained for inspection.

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

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

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

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

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

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

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

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

DRAFT

0.2 Runs Test. Each card, symbol, number, or stop position does not as a significant statistic produce predictable patterns of game elements or occurrences. Each card symbol, number, or stop position will be considered random if it meets the ninety-nine percent (99%) confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

0.3 Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn within that game play. Each card, symbol, number, or stop position is considered random if it meets the 99 percent confidence level using standard correlation analysis.

0.4 Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it meets the ninety-nine percent (99%) confidence level using standard serial correlation analysis.

SECTION 7. ELECTRONIC ACCOUNTING SYSTEM

One or more Electronic Accounting Systems shall be required to perform reporting and other functions in support of the Tribal Lottery Game activities described in this Appendix. These systems may communicate with the other computers described in this document utilizing the protocol standards set forth in Section 9.3. The Electronic Accounting System shall not interfere with the outcome of any gaming functions.

0.1 Revenue Reporting Requirements. The following reporting capabilities must be provided by the Electronic Accounting System:

0.1.1 Player Terminal Revenue Report. A revenue report for each Player Terminal must be made and maintained on a confidential and secure basis which, at a minimum on a daily and monthly basis, provides:

(a) The total aggregate amount won per Player Terminal;

(b) The aggregate amount wagered per Player Terminal; and

(c) The amount of cash deposited into each Player Terminal.

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

DRAFT

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

0.1.4 On-line Lottery Game Reports. An On-line Lottery Game report must be made and maintained on a confidential and secure basis which, at a minimum of a daily and monthly basis, provides as to each On-line Lottery Game, the following information:

(a) Total sales;

(b) Total won per prize level;

(c) Total won per Player Terminal; and

(d) Activity per jackpot prize, for the accounting period and to-date, per Section 7.1.5.

0.1.5 Progressive Jackpot Report. A progressive jackpot report must be made for the accounting period and to-date which provides:

(a) Amount seeded;

(b) Amount in reserve fund;

(c) Current jackpot;

(d) Contribution total;

(e) Total paid in prizes;

(f) Itemized jackpot awards; and

(g) Amount, time of award, and the Player Terminal on which the progressive jackpot prize was won.

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

(a) The date and time won; and

DRAFT

(b) Amount of all prizes.

0.1.7 Liability Reports. Liability reports will be required on a daily and monthly basis at a minimum. They should provide a summary of the outstanding funds which carry from business day to business day. At a minimum, they must include:

(a) Amount of prizes which were awarded, but have not yet been claimed;

(b) Detail of prizes for which redemption period expired during this reporting period;

(c) Unredeemed Game Play Credits;

(d) Expired Game Play Credits; and

(e) Daily and cumulative contributions to progressive prize pools which have not yet been awarded.

0.1.8 Master Reconciliation Report. A master reconciliation report must be available on a daily and monthly basis, at a minimum. This report may be provided as one single report, or as two or more individual reports. It provides a summary of all daily sources of funds and disposition of funds, including the following:

(a) Funds collected from cashiers, Player Terminals, and Kiosks;

(b) Funds carried forward from prior business day, including liability from prizes awarded, but not paid out, prize pool balances, and reserve funds, etc.;

(c) Payments to players;

(d) Funds available to operator; and

(e) Tickets and prizes dispensed and played to reconcile with amount won.

0.1.9. Data Retention Requirements. Data necessary to audit compliance with the standards set forth in this Appendix shall be maintained for a minimum of two (2) years, and in connection with determining randomness where applicable, for a minimum of six (6) months. To the extent not inconsistent with the foregoing, data shall be retained and backed up by the Electronic Accounting System according to the following minimum requirements:

(a) Accounting records;

DRAFT

(b) Per Player Terminal, Cashier Terminal, or other points of cash exchange-daily records and meters: on-line for six (6) months;

(c) Daily records and meters: off-line for twelve (12) months;

(d) Game Set Records, as to each Player Terminal and by Game Set;

(e) The amount wagered and the amount won, daily by prize level, on line: six (6) months;

(f) The amount wagered and the amount won, daily by prize level, off line: six (6) months;

(g) On-line prize redemptions: thirty (30) days;

(h) Dated cash vouchers: thirty (30) days;

(i) Cash vouchers cancelled by Player Terminal, in physical form or as retained by the Electronic Accounting System and backed up as required by this Appendix: seven (7) days;

(j) Cash vouchers redeemed by cashiers or redeemed at Kiosks, in physical form or as retained by the Electronic Accounting System and backed up as required by this Appendix: thirty (30) days;

(k) Log files that track password access to sensitive components: online for ninety (90) days, offline for twelve (12) months; and

(l) Log files that track system events or errors: ninety (90) days.

7.1.10 Reports. Revenue reports for the Tribal Lottery System must be made and maintained on a confidential and secure basis which, at a minimum on a daily and monthly basis, provides the amount of cash removed or dropped from Player Terminals.

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

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

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

DRAFT

0.1.2 An audit file must be kept of all player financial transactions. This file must be stored in at least two separate non-volatile media, and be accessible for purposes of audit and dispute resolution to authorized individuals; this file must be available on-line for a minimum of thirty (30) days, after which it must be available off-line for a minimum of one hundred eighty (180) days;

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

0.1.4 Passwords or personal identification numbers ("PINs"), if used, must be protected from unauthorized access;

0.1.5 All means for communicating information within the system shall conform to the protocol standards set forth in Section 9.3;

0.1.6 All player information shall be accurately recorded and such recording protected by the system;

0.1.7 Any card or other tangible instrument issued to a player for the purpose of using the Cashless Transaction System shall bear on its face a control or inventory number unique to that instrument;

0.1.8 Encoded bearer instruments printed or magnetic may include coupons and other items distributed or sold for game play, promotional, advertising or other purposes, but may not include cash. Such coupons may be transferred electronically. Printed or magnetic instruments must be in electronically readable form in addition to having unique identification information printed on the instrument face. The daily and monthly reporting must include with respect to such instruments:

(a) Cash converted to value in the cashless system;

(b) Outstanding unredeemed balance;

(c) Value in the cashless system converted to cash;

(d) Amount wagered; and

(e) Amount won.

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

DRAFT

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

a. Time/Date printed;

b. Unique identification from which it was printed; and

c. Value of voucher.

0.2 Smart Cards. Any "smart card" (i.e., a card generally made of plastic with a computer chip imbedded in it) system which the Tribe intends to implement as part of the Cashless Transaction System shall be tested by the Gaming Test Laboratory to ensure the integrity of player funds, following the standards applicable to player information set forth in Section 8.1. Any smart card must store on the card or on the system using the card an audit trail of the last ten (10) transactions involving the use of the card. Each transaction record must include, at a minimum, the type of transaction, the amount of the transaction, the date of the transaction, the time of the transaction, and the identification of the Player Terminal or cashier terminal or other points of cash exchange where the transaction occurred. The minimum daily and monthly reporting for smart card activity must include:

0.2.1 Total of cash transferred to smart cards;

0.2.2 Total of smart card amounts transferred to cash;

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

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

0.2.5 Total unredeemed smart card balance.

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

8.4 Kiosks. Kiosks shall have reports that properly document all transactions, as well as dedicated video surveillance, to protect the integrity of the cashless system used. Cash boxes shall be designed so their contents are protected from unauthorized access, in accordance with the sections below:

DRAFT

8.4.1 Currency Exchange Terminal (CET). Cash boxes shall be designed so their contents are protected from unauthorized access, in accordance with Appendix A drop box and transportation standards and shall be uniquely labeled for the purpose of audit and security.

8.4.2 Ticket Redemption Kiosk (TRK) and Manned Kiosk. Cash boxes and cash drawers shall be designed so their contents are protected from unauthorized access, in accordance with Appendix A cashier cage accounting controls, and shall be uniquely labeled for the purpose of audit and security.

SECTION 9. GENERAL SECURITY REQUIREMENTS

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

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

An operationally independent Manufacturing Computer Virtual Machine and an operationally independent Central Computer Virtual Machine are considered separate. Operationally independent Virtual Machines may be located on the same physical hardware without physical separation of the Virtual Machines. These Manufacturing Computer and Central Computer Virtual Machines shall not reside inside a player terminal. Virtual Machines for this Alternative Standard only apply to the Manufacturing Computer and Central Computer. All Virtual Machines and physical combinations shall be clearly diagrammed and approved by the State as defined in Section 10.

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

DRAFT

0.3 Secure Connections; DES or Equivalent Data Encryption. Connections between all components of the Tribal Lottery System shall only be through the use of secure communication protocols which are designed to prevent unauthorized access or tampering, employing Data Encryption Standards ("DES") or equivalent encryption with changeable seeds or algorithms. Communications relating to promotions that do not serve any direct gambling function do not require encryption if they do not interfere with or in any way affect functions of the Tribal Lottery System.

0.4 Surge Protection; Uninterrupted Power System ("UPS"). Each component of the Tribal Lottery System shall at all times be connected to a device which provides surge protection on any line that feeds it and, with the exception of Player Terminals, shall be connected to a temporary power source, such as a UPS, to provide means for an orderly shutdown of the computer in the event of a main power system failure.

0.5 Identification Plates. A non-removable plate shall be affixed to the exterior of each Player Terminal which shall have written upon it the Terminal's serial number and model number of the component and name of the manufacturer. Other audit numbers may be required to be affixed to provide a means of identifying individual Terminals for correlation to required reports.

0.6 Locked Areas. The Manufacturing and Central Computers shall at a minimum be enclosed in a locked and monitored cabinet. Access shall be through the use of access controls provided in Section 9.7. The Player Terminal shall have at a minimum the following separately locked areas, which shall be the only means of accessing any non-public part of the Terminal: (a) a locked and monitored cabinet door; (b) a locked compartment for removable media; (c) a locked outer cash box door; and (d) a locked drop cash box door. A player terminal shall have an enclosed microprocessor compartment, but would not require a separate lock.

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

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

DRAFT

0.8 MEAL Cards. For all entries into the locked areas of the Manufacturing Computer, Central Computer, unattended Kiosks, or any Player Terminal, a written record must be made on a machine entry authorization log ("MEAL") indicating at least the following: the time, date, and purpose of entering said locked area(s), and the name and employee number (or other personal identification specific to such person) of the person doing so.

9.8.1. Third Party System electronic MEAL Card reports may be substituted for TLS System MEAL cards under the following conditions:

(a) TLS System MEAL Card information can only be transferred to a third-party system through a firewall approved by the State Gaming Agency.

(b) System generated reports used to substitute for MEAL cards must clearly indicate the time, date, purpose of entering locked area(s), and the name and employee number (or other personal identification specific to such person) of the person doing so for each instance of access.

(c) Computer applications that provide the system generated reports substituting for MEAL cards must prevent alteration of the data required by (a) above.

(d) Data used for system generated reports allowed in this section must be retained for a period of time consistent with Compact Appendix A provisions on document retention and agreed to in the Tribe's approved system of internal controls.

(e) System generated reports allowed in this section must be backed up to allow recovery of the information should the system generated report or data become corrupted or unavailable due to a system malfunction or crash.

(f) System generated report backups must be retained for six (6) months.

(g) Written MEAL cards must be substituted for system generated reports when there is a system crash or malfunction that prevents or delays the use of system generated reports allowed in this section 9.8.1.

0.9 Access Control. In addition to maintenance of MEAL cards, the Manufacturing Computer, Central Computer, and Virtual Environment as described in Section 2.16 and Section 2.17 shall record and generate a report on any access including date, time of access, and person (by employee number) accessing the computer.

DRAFT

0.10 Cameras. For purposes of this section, all components of the Tribal Lottery System, except wiring, cables, and conduit in which they are located, shall have the ability to be effectively and clandestinely monitored and recorded by means of a closed circuit television system or digital surveillance system in accordance with Appendix A and as authorized by Tribal Gaming Agency and State Gaming Agency, in compliance with the requirements of the Compact.

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

SECTION 10. TESTING OF TRIBAL LOTTERY SYSTEMS TO ENSURE INTEGRITY

0.1 Designation of Independent Gaming Test Laboratory. The Tribe shall select one or more gaming test laboratories (hereinafter "Gaming Test Laboratory") to perform the testing required in this Appendix. Any Gaming Test Laboratory selected shall have demonstrated it is competent and qualified to conduct scientific tests and evaluations of electronic gaming systems and to otherwise perform the functions set forth in this Compact, and shall be licensed by the State Gaming Agency. The State Gaming Agency shall maintain a list of approved Gaming Test Laboratories. A Tribe may request additional laboratories be placed on the State Gaming Agency 's list of Gaming Test Laboratories which request shall not be reasonably withheld. Any laboratory that is currently licensed and approved by any state, province or country to test or evaluate electronic gaming devices or systems shall be placed on the list if after review by the 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 Tribe shall choose a laboratory from those Gaming Test Laboratories on said State Gaming Agency list. If, at any time, any of the Gaming Test Laboratory's licenses from any jurisdiction are suspended, terminated or subject to disciplinary actions, the Gaming Test Laboratories may be removed from the State Gaming Agency's list. If removed from the State Gaming Agency list, the Tribe shall choose a new Gaming Test Laboratory as provided herein.

0.2 Testing and Certification of Tribal Lottery Systems. No Tribal Lottery System or component thereof may be offered for play unless:

DRAFT

0.2.1 Such Tribal Lottery System is approved by the State Gaming Agency as provided in Section 10.3;

0.2.2 The Tribal Lottery System or component prototype thereof, has been tested and certified by the Gaming Test Laboratory as meeting the requirements specified by this Appendix;

0.2.3 If not already provided to the Gaming Test Laboratory, the Tribe shall provide, or require that the manufacturer provide to the Gaming Test Laboratory and the State Gaming Agency two (2) copies of Tribal Lottery System illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the Gaming Test Laboratory or State Gaming Agency;

0.2.4 If requested by the Gaming Test Laboratory or State Gaming Agency, the Tribe shall require the Manufacturer to transport working models of the Tribal Lottery System to a location designated by the Gaming Test Laboratory or State Gaming Agency for testing, examination or analysis. Neither the State nor the Gaming Test Laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the Tribal Lottery System. If requested by the Gaming Test Laboratory or State Gaming Agency, the Tribe shall require the Manufacturer to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis. For purpose of continued monitoring, the State Gaming Agency may retain working models of any Tribal Lottery System or component after approval for as long as the equipment is in play in the state;

0.2.5 At the conclusion of each test, the Gaming Test Laboratory shall provide to the State Gaming Agency and the Tribal Gaming Agency a report that contains findings, conclusions and a certification that the Tribal Lottery System conforms or fails to conform to the requirements contained in this Compact. If the Gaming Test Laboratory determines that the device fails to conform to such requirements or technical standards, and if modifications can be made which would bring the Tribal Lottery System into compliance, the report may contain recommendations for such modifications. The State is not bound by the findings, conclusions or certifications of the Gaming Test Laboratory for purposes of its enforcement of the provisions of this Compact and may perform further testing on the system or components to verify compliance;

DRAFT

0.3 Approval by the State Gaming Agency. Upon receiving the certification from the test laboratory, the State Gaming Agency shall either approve or disapprove the Tribal Lottery System or component thereof based on the technical criteria contained in this Appendix, within sixty (60) days of receipt of the certification as to any new Tribal Lottery System or any component thereof, and within fifteen (15) days of the receipt of the certification as to any modification of a system which has already been approved by the State Gaming Agency. The certification shall be deemed approved if no action is taken thereon by the State Gaming Agency within said sixty (60) day period or fifteen (15) day period, as may be applicable. The fifteen (15) day period shall be extended for the first nine (9) months after the effective date of this Appendix and, during that first nine (9) month period, such certification shall only be deemed approved if no action is taken within thirty (30) days. Any disputes arising out of the approval process in this Section 10.3 shall be resolved in accordance with the binding arbitration provisions of the Compact.

0.4 Modifications of Approved Lottery Systems; Emergency Certifications. No modification to any Tribal Lottery System may be made after testing, certification and approval of a Tribal Lottery System without certification of the modification by the Gaming Test Laboratory under Section 10.2 and approval thereof by the State Gaming Agency under Section 10.3. In situations where immediate modifications are necessary to preserve the integrity of a Tribal Lottery System which has been operating pursuant to an approval obtained under section 10.3, the Gaming Test Laboratory may issue an emergency certification of the modification and that it must be made immediately to preserve the integrity of the Tribal Lottery System. Such emergency certifications shall be deemed to be temporarily approved by the State Gaming Agency and remain in effect until the State Gaming Agency takes action on the certification, which shall be governed by Section 10.3, provided that no emergency certification shall be valid or effective until actually approved by the State Gaming Agency if it was not received by the State Gaming Agency within 5 days after being issued.

0.5 Manufacturer's Conformity to Technical Standards. Before any component of a Tribal Lottery System may be placed into operation, the Tribe shall first have obtained a written Certification from the manufacturer that upon installation, each such component: a) conforms to the specifications of the Tribal Lottery System as certified by the Gaming Test Laboratory; and (b) operates and plays in accordance with the requirements of this Compact. Authorization to operate a Tribal Lottery System requires that it operate and play in accordance with the requirements specified by this Appendix; provided that while the failure of such Tribal Lottery System to comply with such requirements will suffice as a grounds to enjoin or otherwise terminate said Tribal Lottery System's operation, such non-compliance will not be deemed a violation of this Compact as long as the Tribe has

DRAFT

relied in good faith on the certification of the manufacturer and has retained a written certification in the manner described in this section.

0.6 Payment of Gaming Test Laboratory Fees. The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in this Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe to the 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 Tribe 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.

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

0.8 Random Inspections. The Tribe shall allow the State Gaming Agency to inspect any components of the Tribal Lottery System for the purposes of confirming that such component is operating in accordance with the requirements of this Compact and that such component is identical to that tested by an Independent Test Laboratory. Inspections shall be pursuant to the Facility access rules set forth in the Compact.

0.9 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 a Player Terminal Central Computer and Manufacturing Computer to be held at the State Gaming Agency 's offices for purposes of determining compliance with these technical requirements.

SECTION 11. ALTERNATIVE STANDARDS PERMITTED

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

SECTION 12. TRIBAL LOTTERY SYSTEM PLAYER TERMINAL ACQUISITION AND OPERATION

Appendix E Section 6 governs Player Terminal Allocations and operation, and such provisions are incorporated herein.

DRAFT

SECTION 13. STATE REGULATORY FEES

Compact Section XII. provisions on Set-up Fee and Annual Regulatory Fees are incorporated herein.

SECTION 14. COMMUNITY INVESTMENTS AND PUBLIC HEALTH

03.1 Community Impact. Compact Section III.D.(2) and Appendix E Section 7.2 provisions are incorporated herein.

03.2 Charitable Contributions. Appendix E Section 7.1 provisions are incorporated herein.

03.3 Problem Gambling and Responsible Gaming. Compact Section F provisions are incorporated herein.

13.4 Smoking Cessation and Prevention. Compact Sections III.D.(4) provisions are incorporated herein.

SECTION 15. HOURS OF OPERATION

Compact Section III.K. provisions are incorporated herein.

DRAFT

SQUAXIN ISLAND TRIBE – STATE OF WASHINGTON

GAMING COMPACT

APPENDIX Y
Requirements for Electronic Gambling Devices
(Amended and Restated)

DRAFT

Table of Contents

1 INTRODUCTION 1
- 1.1 Definitions 1
- 1.2 General 1
- 1.3 Intent 1
- 1.4 Testing 1
- 1.5 Judicially Articulated Restrictions 2
- 1.6 Approval Process 3

2 TESTING AND MACHINE APPROVAL 3
- 2.1 Designation of Independent Gaming Test Laboratory 3
- 2.2 Testing and Certification of EGDs 4
- 2.3 Approval by the State Gaming Agency 5
- 2.4 Modifications of Approved Systems; Emergency Certifications 5
- 2.5 Manufacturer's Conformity to Technical Standards 6
- 2.6 Payment of Gaming Test Laboratory Fees 6
- 2.7 Gaming Test Laboratory Duty of Loyalty 6
- 2.8 Random Inspections 7
- 2.9 State Gaming Agency to be Supplied Model of Player Terminal and System 7

SECTION 1. INTRODUCTION

1.1 Definitions

All capitalized terms not defined herein, to the extent they do not conflict, shall have the same definitions as in the Compact, as amended.

1.2 General

This Appendix is created to provide the basic "core" requirements for Electronic Gambling Devices ("EGDs") authorized under Compact Section IV.D. and to establish the approval and testing process for gaming machines and associated equipment that are to be operated by the Squaxin Island Tribe ("Tribe") in the State of Washington, pursuant to the Compact heretofore approved by the Secretary of the Interior. This Appendix does not apply to EGD's authorized under Appendix X2 to the Compact, which are governed by the respective Appendix.

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

1.2.1 individual play against such devices or terminals; and

1.2.2 activation of gaming devices by the insertion of a coin or currency.

1.3 Intent

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

1.3.1 Fair;

1.3.2 Secure;

1.3.3 Auditable; and

1.3.4 Compliant with judicially articulated restrictions.

1.4 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:

DRAFT

1.4.1 verify that they comply with the requirements of the Compact and this Appendix;

1.4.2 ensure that they are fair to both the players and the operators;

1.4.3 verify that they comply with currently accepted gaming test industry standards such as GLI 11 and 12; and

1.4.4 ensure that the equipment does not constitute:

(a) electronic, mechanical or electro-mechanical devices or terminals which allow for individual play against such devices or terminals, or

(b) gambling that is activated/initiated by the insertion of a coin or currency.

1.5 Judicially Articulated Restrictions

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

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

1.5.2 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:

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

(b) 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.

1.5.3 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

1.5.4 The Tribe and the State Gaming Agency 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.

DRAFT

1.6 Approval Process

1.6.1. Except for those EGDs governed by Appendix X2, the Tribe and the State Gaming Agency shall enter into an agreement for each specific type of EGD which the Tribe 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.

1.6.2. The Tribe 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 Tribe of its acceptance or rejection of said concept. If the State Gaming Agency accepts the Tribe's concept, the Tribe and the State Gaming Agency shall have ninety (90) additional days to execute the agreement required by subsection 1.5(a); provided, however, said ninety (90) day period shall not commence until the Tribe has made a full submission of its machine proposal to the State Gaming Agency; provided, further, that the Tribe shall not commence operation of said EGD until the laboratory testing and certification requirements referred to in subsection 1.3 of this Appendix are met.

1.6.3. A "full submission," as that term is used in subsection 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 Tribe and the State Gaming Agency to agree upon a machine concept or failure to execute an agreement required by subsection 1.5 (a) shall constitute a dispute or disagreement between the Tribe and the State Gaming Agency, subject to the dispute resolution provisions contained in Compact Section XIII.

SECTION 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

DRAFT

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 Tribe 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 Tribe 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 Tribe shall choose a new Gaming Test Laboratory as provided herein.

2.2 Testing and Certification of EGDs

2.2.1. No EGD may be offered for play unless:

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

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

2.2.2. If not already provided to the Gaming Test Laboratory, the Tribe shall provide or require that the manufacturer provide to the Gaming Test Laboratory two (2) copies of 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 Tribe shall make all such materials available to the State Gaming Agency upon request;

2.2.3. If requested by the Gaming Test Laboratory, the Tribe 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 Tribe shall required the manufacturer to provide specialized equipment or the

DRAFT

services of an independent technical expert to assist with the testing, examination and analysis;

2.2.4. 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 subsection 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 subsection 2.3 shall be resolved in accordance with Compact Section XIII.

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 subsection 2.3 and approval thereof by the State Gaming Agency under this subsection 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 subsection 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 subsection 2.3, provided that no emergency certification shall be valid or effective until actually approved by the State Gaming

DRAFT

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 Tribe shall first have obtained and submitted to the State Gaming Agency a written certification from the manufacturer that upon installation each such component:

2.5.1. conforms to the specifications of the EGD as certified by the Gaming Test Laboratory; and

2.5.2. 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 Tribe has relied in good faith on the certification of the manufacturer.

2.6 Payment of Gaming Test Laboratory Fees

The Tribe shall be responsible for the payment of all Gaming Test Laboratory fees and costs in connection with the duties described in the Compact. The Tribe shall provide copies of all Gaming Test Laboratory invoices and payments by the Tribe 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 Tribe 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 Tribe shall inform the Gaming Test Laboratory, in writing, that, irrespective of the source of payment of its fees, the Gaming Test Laboratory's duty of loyalty and reporting requirements run equally to the State and the Tribe.

DRAFT

2.8 Random Inspections

The Tribe 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 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.

DRAFT