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CHOCTAW NATION/OKLAHOMA

OFF TRACK WAGERING COMPACT

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CHOCTAW NATION/OKLAHOMA
OFF-TRACK WAGERING COMPACT

THIS TRIBAL STATE COMPACT made and entered into by and between the Choctaw Nation of Oklahoma, a federally recognized Indian Tribe ("Tribe") and the State of Oklahoma ("State"), pursuant to the provisions of the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. § 497, 25 U.S.C. § 2701 et seq.

RECITALS

WHEREAS, the Tribe and the State are separate sovereigns, and each recognizes and respects the laws and authority of the other sovereign; and WHEREAS, the Congress of the United States has enacted into law the Indian Gaming Regulatory Act, Pub. L. 100-497, 25 U.S.C. § 497, 25 U.S.C. § 2701 et seq. (the "Act") 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 the Indian lands of the Tribe within the State; and WHEREAS, the Tribe exercises governmental authority over the Choctaw Nation of Oklahoma Indian Country located within the State which are "Indian lands" within the meaning of the Act, and within which the gaming activities regulated hereunder shall take place; and WHEREAS, the Tribe and the State have negotiated the terms and conditions of this Compact in good faith so as to provide a regulatory framework for the operation of certain Class III gaming which is intended to (a) insure the fair and honest operation of such gaming activities; (b) maintain the integrity of all activities conducted in regard to such gaming activities; and (c) protect the health, welfare and safety of the citizens

of the Tribe and the State; and WHEREAS, the parties hereto deem it to be in their respective best interests to enter into this Compact; NOW, THEREFORE, in consideration of the mutual undertakings and agreements hereinafter set forth, the Tribe and the State enter into the following Compact.

SECTION 1. TITLE

This document shall be referred to as "Choctaw Nation/Oklahoma Off-Track Wagering Compact".

SECTION 2. DECLARATIONS

As the basis for this Compact the Choctaw Nation and the State have made the following declaration:

(a) A principal goal of Federal Indian policy is to promote tribal economic development, tribal self-determination and strong tribal government;

(b) The State recognizes the positive impact that gaming may provide to the Tribe. The Tribe will utilize revenues generated by gaming to fund programs that provide important governmental services to tribal members and Indian Country residents. These programs include education, health and human resources, housing development, road construction and maintenance, sewer and water projects, police, fire and judicial services, economic development, and any other purpose authorized under the Act.

(c) The State further recognizes that the positive economic effects of such gaming may extend beyond tribal lands to the Tribe's neighbors and surrounding communities. These economic benefits, which include increased tourism and related

economic development activities, will generally benefit all of south central Oklahoma and help to foster mutual respect and understanding among Indians and non-Indians.

(d) The Tribe and the State jointly wish to protect their citizens from any criminal involvement in the gaming activities regulated under this compact.

(e) This Compact is intended to assure that gaming is conducted fairly and honestly by the Tribe, its employees and the players.

(f) The Compact authorizes and shall govern the licensing, regulation, and operation of Class III gaming conducted by the Tribe on tribal lands located within the State.

SECTION 3. DEFINITIONS

For purpose of this Compact:

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

(b) "Class III Gaming" means all forms of gaming defined in 25 U.S.C.A. §2703 (8).

(c) "Commission" means the National Indian Gaming Commission established pursuant to 25 U.S.C. § 2704.

(d) "Compact" means this document and any appendices attached hereto.

(e) "Federal Government" means the United States of America.

(f) "Gaming Employee" means any natural person employed in the operation or management of the gaming operation, whether employed by or contracted to the

Tribe or by any person or enterprise providing on or off-site services to the Tribe within or without the gaming facility.

(g) "Gaming Facility" means the room or rooms in which Class III gaming as authorized by this Compact is conducted on the Choctaw Nation tribal lands as more specifically defined in 4(A) of this Compact.

(h) "Gaming Operation" means the enterprise owned by the Tribe on The Choctaw Nation lands as more specifically defined in Section 4(A) of this Compact for the conduct of Class III gaming in any gaming facility

(i) "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, including equipment, maintenance or security services for the gaming facility.

(j) "Indian Country" or "Choctaw Nation Tribal Lands" means Indian lands as defined by 25 U.S.C. § 2703(4)(A) and (B), which are further described in Section 4(A) herein.

(k) "OSBI" means the Oklahoma State Bureau of Investigation. The OSBI shall be the state agency responsible to monitor compliance of Class III gaming as authorized by this Compact. The OSBI, if authorized by the Oklahoma Legislation, may delegate this responsibility to the state auditor and inspector. Should the Oklahoma legislature or the Governor deem it best to create a State gaming agency to monitor Oklahoma Indian gaming or to designate some agency ether than the OSBI as the state monitoring agency, notice shall be given to the Tribe as required by

Section 18 of this Compact. Thereafter, responsibilities delegated to the OSBI in this Compact shall be deemed transferred to the newly designated agency.

(l) "Off-Track Betting" means pari-mutuel betting on races into an interstate common pari-mutuel pool consisting of the pari-mutuel wagers placed at track(s), its intrastate betting locations, other jurisdictions, and the pari-mutuel wagers placed at the Tribe's Gaming Facilities authorized by this Compact.

(m) "Pari-Mutuel System of Wagering" means a form of wagering on the outcome of simulcast horse races in which those who wager purchase tickets of various denominations on a horse or horses and all wagers for each race are pooled together and held by the gaming operation for distribution. The pari-mutuel system of wagering uses an electric totalizer or similar equipment which automatically registers the wagers made on each horse and prints and issues a ticket representing each wager.

(n) "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 three 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 three percent of the total financing of the enterprise.

(o) "State" means the State of Oklahoma, its authorized officials, agents and representatives.

(p) "Tribal Gaming Agency" means the Choctaw Nation Gaming Commission or such other agency of the Tribe as the Tribe may from time to time designate by written notice to the State as the single Tribal agency primarily responsible for licensing and regulatory oversight of Class III gaming as authorized by this compact. No employee of the gaming operation or Principal as defined by Section 3(n) of the Compact may be a member or employee of the Tribal Gaming Agency.

(q) "Tribal Law Enforcement Agency" means the Police force of the Choctaw Nation cf Oklahoma established and maintained by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Choctaw Nation Tribal Lands. Members of the Tribal Law Enforcement Agency shall attend police officer training as prescribed by the Oklahoma Council on Law Enforcement and Training Center, the Federal Indian Policy Academy or receive comparable training. The Tribe shall supply to the State information on the background and training of its police officers, including name, social security number, prior law enforcement experience and training, military service and any arrest record or record of gaming related discipline from any jurisdiction.

(r) "Tribe" means the Choctaw Nation of Oklahoma, its authorized officials, agents and representatives.

(s) "Simulcast Horseracing" means receiving and telecasting by telecommunications horseracing contests for view by patrons at various Tribal

facilities simultaneous with the happening of said racing event.

(t) "OSF" means the Office of the State Finance for the State of Oklahoma which shall assist the OSBI in monitoring the compliance with the Compact and any modifications thereto. Copies of all reports or other communications that are required to be sent to the OSBI under the Compact shall, likewise, be forwarded to the OSF. Should the Governor deem it appropriate after consultation with the Tribe, to designate an agency of the State other than the OSF to assist the OSBI in duties, notice shall be given as required by Section 18 of the Compact. Thereafter, responsibilities delegated to the OSF shall be deemed transferred to the newly designated agency.

SECTION 4. AUTHORIZED CLASS III GAMING.

(A) Authorized Gaming and Locations: This Compact is site specific. The Choctaw Nation of Oklahoma is authorized to establish and operate Simulcast Off-Track Wagering Facilities on Oklahoma Choctaw Nation Indian Country as herein defined at gaming facilities on Choctaw Tribal Indian Country at locations identified in Appendix "B" attached, provided that such facilities are operated in conformity with the Act and this Compact. In addition to those locations identified in Appendix "B", this compact authorizes a facility at Pocola, Oklahoma with the express written consent of Blue Ribbon Downs at Sallisaw, Oklahoma. Consistent with this paragraph, such consent shall not be required if at any time during the term of this Compact, Blue Ribbon Downs, its management, ownership, agents or any other third party acting for or on its behalf, should actively interfere with, obstruct, or in any way

prevent other race tracks or facilities from doing business with or simulcasting their live races to the Tribe at any of the locations identified in Appendix "B" or cause said tracks or facilities to refrain from doing business with the Tribe. Active interference, obstruction, or prevention shall include having express or implied agreements with other tracks or facilities which prevents said tracks or facilities from doing business with the Tribe without the consent of Blue Ribbon Downs. Should the Tribe conclude such interference has, or is occurring, and that the direct effect of such interference is to prevent other race tracks or facilities from doing business with the Tribe, the Tribe shall notify the Governor in writing of the nature of the interference and the basis for the Tribe's conclusion that same has or is occurring. If the interference has not been abated and/or remedied within twenty (20) days of the receipt of written notice to the Governor, the Tribe shall be deemed to be authorized to open an off-track wagering facility at Pocola, Oklahoma, Provided, however, it shall be a material breach of this Compact if the Tribe opens a facility at Pocola where there has, in fact, not been any active interference or obstruction as contemplated by this paragraph, and provided further, the Tribe agrees that, if the State chooses to challenge such action by the Tribe, the State may seek injunctive or other equitable relief (without posting of any bond) to prevent the opening of a Pocola facility based on a purported proscribed interference or obstruction.

(B) Limits of State Jurisdiction: Except as provided in this Compact, no prohibition upon, additional licensing, or regulation of the establishment or operation

of simulcast wagering facility established by the Choctaw Nation on Indian Country of the Choctaw Nation of Oklahoma will be imposed by the State.

SECTION 5. CLAIMS

(A) TORT REMEDIES FOR PATRONS AND RESOLUTION OF PATRON GAMING DISPUTES.

In the event of an alleged personal injury or property damage suffered by a patron of the gaming facility, or in the event of a dispute between a patron and the gaming manager regarding the payment of bet or distribution of winnings, the patron may make a claim against the Tribe as follows.

(1) Any patron having a claim against the Tribe shall present claim to the Tribe for any appropriate relief including the award of money damages. Claims against the Tribe are to be presented within ninety (90) days of the date the loss occurs. In the event a claim is presented following ninety (90) days after the loss occurs, but within one (1) year after the loss occurs, any judgment in a lawsuit arising from the act which is the subject of the claim shall be reduced by ten (10) percent. A claim against the Tribe shall be forever barred unless notice thereof is presented within one (1) year after the loss occurs. A claim against the Choctaw Nation shall be in writing and filed with the Tribal Chief at the address set out for notices in this Compact. Notices' explaining this procedure shall be posted in the gambling facility. Such notices shall explain that this procedure is the exclusive method of making a tort

claim or registering a patron dispute about payment of a bet or distribution of winnings.

(2) The written notice of claims to the Tribe shall state the date, time, place and circumstances of the claim, the identity of the Tribal or gaming employees, if known, the amount of compensation or other relief demanded, the name, address and telephone number of the claimant, and the name, address and telephone number of any agent authorized to settle the claim.

(3) A claim is deemed denied if the Tribe fails to approve the claim in its entirety within ninety (90) days of receipt, unless the interested parties have reached a settlement before the expiration of that period. A person may not initiate suit against the Tribe unless the claim has been denied in whole or in part. The claimant and the Tribe may continue attempts to settle a claim, however, settlement negotiations do not extend the date of denial.

(4) No action for any cause arising from personal injury, property damage, or patron gaming dispute shall be maintained unless valid notice has been given and the action is commenced in a court of competent jurisdiction within 180 days after denial of the claim as set forth herein. Neither the claimant nor the Tribe may extend the time to commence an action by continuing to attempt settlement of the claim.

(5) Upon the exhaustion of any claim against the Tribe properly filed as provided above, the claimant, may, at his or her option, file an action in either the state district court, or the Tribal Court on the claim.

(B) **LIABILITY FOR DAMAGE TO PERSONS AND PROPERTY.**

During the term of this Compact the Tribe without waiving its immunity from suit for sums in excess thereof, shall maintain Public liability insurance with limits of not less than $250,000 for any one person and $2,000,000 for any one occurrence for personal injury, and $1,000,000 for any occurrence for property damage. The Tribe's insurance policy shall include an endorsement providing that the insurer may not invoke tribal sovereign immunity up to the limits of the policy set forth above. The Tribe shall indemnify, defend and hold harmless the State, its officers, directors, employees and agents from and against any claims, damages, losses or expenses asserted against or suffered or incurred by the State or its officers, directors, employees and agents (except as may be the result of their own negligence) based upon or arising out of any bodily injury or property damage resulting or claimed to result in whole or in part from any act or omission of the Tribe relating to the inspection of any gaming or gaming related facilities, or any rectification thereon, pursuant to this Compact or tribal ordinances regarding public health, safety and welfare. The Tribe shall provide a defense for the State for any and all claims made against the OSBI or its employees for their performance of any duties as set out in Sections 9 and 10 of this Compact. Should the Tribe fail to indemnify, defend and hold harmless the State harmless as required herein, the State may employ the

Dispute Resolution procedures set out in Section 15 of this Compact to their conclusion, including an award of damages caused by the Tribe's failure.

SECTION 6. REGULATIONS FOR THE OPERATION AND MANAGEMENT OF THE TRIBAL GAMING OPERATIONS

(A) Adoption of regulations for Operation and Management.

(1) The Tribal Gaming Agency has adopted the regulations set forth in Appendix A to govern the operation and management of the gaming operation conducted under the authority of this Compact. The regulations ensure that the interests of the Tribe and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the integrity of the gaming operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III gaming operation.

(2) Any additional regulations to govern the operation and management of the Class III gaming conducted under the Compact shall be adopted by the Tribal Gaming Agency and approved by the OSF and/or OSBI. The OSF or OSBI shall not unreasonably withhold approval of said additional regulations. Failure of the OSF or OSBI to object to any additional or modified regulations within thirty (30) days after submission shall be deemed as approval thereof. The parties are mindful that this may be the statutory duty of the OSBI and upon proper notice by the OSBI of its intent to exercise said statutory duties in this regard, the submission shall be transferred thereto on the same terms and conditions that would otherwise apply to the OSF.

(B) Additional Operational Requirements Applicable to Class III Gaming

The following additional requirements shall apply to the gaming operation conducted by the Tribe:

(1) To ensure integrity, the Tribal gaming operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the OSBI or OSF in accordance with Section 7(b) of this Compact: pay-out logs from all gaming activities; maintenance logs in relation to all gaming equipment; and a security log recording all unusual occurrences for which the assignment of a Tribal Gaming Agency employee is made.

(2) The Tribal Gaming Agency shall establish a list of persons barred from the gaming facility because their criminal history or association with career offenders or career offender organizations which pose a threat to the integrity of the gaming activities of the Tribe. The Tribal Gaming Agency shall employ its best efforts to exclude persons on such list from entry into its gaming facility. The Tribal Gaming Agency shall send a copy of its list to the OSBI or OSF for informational purposes upon request by the OSBI or OSF.

(3) The Tribal Gaming Agency shall require a compliance audit of the Tribal gaming operation, not less than annually, by an independent Certified Public Accountant or the Oklahoma State Auditor and Inspector. Such audit shall be at the expense of the Tribe or the Gaming Operation. The results of the independent audit shall be made available to the OSBI, as shall the auditors' work papers upon request.

The Tribe shall not employ the same accountant or auditor for more than any period longer than three (3) consecutive years.

(4) Summaries of the rules of each method of wagering and odds paid to winning bets shall be visibly displayed in the gaming facility. Complete rules shall be available in pamphlet form in the gaming facility.

(5) The Tribal gaming operation shall provide the Tribal Gaming Agency and the OSBI with a description of its minimum requirements for supervisory staffing for each type of wagering allowed in the gaming facility, and in the event that the Tribal Gaming Agency or the OSBI regards such supervisory staffing as inadequate to protect the integrity of the wagering, the Tribal Gaming Agency or the OSBI shall promptly notify the Tribal gaming operation of the minimum requirements which will be acceptable for supervisory staffing for each type of wagering allowed in the gaming facility and the Tribal gaming agency shall take the necessary steps to meet said minimum requirements in a timely manner.

SECTION 7. TRIBAL ENFORCEMENT OF COMPACT PROVISIONS.

(A) Tribal Gaming Agency. The primary responsibility for licensing and the on-site regulation, control and security of the gaming operation authorized by this Compact and for the enforcement of this Compact, shall be that of the Tribal Gaming Agency. As part of its responsibilities, the Tribal Gaming Agency shall perform the following functions:

(1) Require the lawful operation of the gaming activity, subject to other enforcement provision herein set forth;

(2) Provide for the physical safety of personnel employed by the establishment;

(3) Ensure the physical safety of patrons and personnel employed by the Tribe in the establishment;

(4) Monitor the physical safeguarding of assets transported to and from the gaming facility and cashier's cage department;

(5) Provide for the protection of the patrons and the establishment's property from illegal activity;

(6) Provide for the protection of the patrons rights under the Indian Civil Rights Act, 25 U.S.C. §§ 1302-1303;

(7) Provide for the detention of persons who may be involved in illegal acts for the purpose of notifying the tribal, federal, state, county or local law enforcement authorities;

(8) Provide for the recording of any and all unusual occurrences within the gaming facility. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page which is sequentially numbered:

(a) the assigned number;

(b) the date;

(c) the time;

(d) the nature of the incident;

(e) the person involved in the incident; and

(f) the Tribal Gaming Inspector

(B) Inspectors. The Tribal Gaming Agency shall employ qualified inspectors or agents under the authority of the Tribal Gaming Agency. Said inspectors shall be independent of the Tribal gaming operation, and shall be supervised and accountable only to the Tribal Gaming Agency.

(C) Reporting of Violations. A Tribal gaming inspector shall be present in the gaming facility during all hours of gaming operation, and shall have immediate access to any and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Tribal Ordinances, and of gaming rules and regulations. Any violation(s) of the provisions of this Compact, Tribal Gaming Ordinances, or of gaming rules and regulations by Tribal gaming operation, a gaming employee, or any person on the premises whether or not associated with the Tribal gaming operation shall be reported immediately to the Tribal Gaming Agency and to the OSBI and/or the OSF.

(D) Investigation and Sanctions. The Tribal Gaming Agency shall investigate any reported violation of the Compact provisions and shall require the Tribal gaming operation to correct the violation upon such terms and conditions as the Tribal Gaming Agency determines are necessary. The Tribal Gaming Agency shall be empowered by Tribal Ordinance to impose fines and other sanctions within the jurisdiction of the Tribe against a gaming employee, Principal, or any other person

directly or indirectly involved in, or benefiting from, the gaming operation, but not upon patrons.

(E) Reporting to OSBI and/or OSF The Tribal Gaming Agency shall forward copies of all investigation reports and final dispositions to the OSBI and/or OSF whether or not such investigations are finally closed.

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

SECTION 8. STATE MONITORING OF COMPACT PROVISIONS.

(A) Monitoring. The OSBI and OSF shall, pursuant to the provisions of this Compact, have the authority to monitor the Tribal gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Tribal gaming operation, agents of the OSBI and OSF shall have reasonable access to all areas of the gaming facility during normal operating hours without giving prior notice to the Tribal gaming operation; provided, however,

that the monitoring activities of these agents shall not interfere with the normal functioning of the Tribal gaming operation; and provided further that before agents of the OSBI and OSF shall be entitled to enter the non-public areas of the Tribal gaming facility, they shall provide proper photographic identification to the Tribal gaming inspector then on duty or to any authorized representative of the management company. Should the Tribal gaming inspector fail to allow the OSBI or OSF access to the Tribal gaming facility upon presentation of proper identification such failure to comply with this provision of the Compact shall authorize the State to forego the dispute resolution procedures specified in Section 15 and proceed immediately to seek judicial relief. Such relief may include, but shall not be limited to, the termination of this Compact.

(B) Access to Records Agents of the OSBI and OSF shall have authority to review and copy, during normal business hours, all records maintained by the Tribal Gaming operation.

(C) Tribal Gaming Agency Notification. Within five (5) days of the completion of any inspection or investigation by the OSBI and OSF an investigative report shall be forwarded to the Tribal Police, provided that said report will not contain information which cannot be disclosed pursuant to state law. The Tribal Police shall be apprised of all pertinent-nonconfidential information regarding any violation of federal, state of tribal gaming laws.

SECTION 9. CRIMINAL JURISDICTION

This compact shall not alter Tribal State and federal criminal jurisdiction. All existing cross-deputization compacts between the Choctaw Nation and political subdivisions of the state are hereby ratified and reaffirmed.

SECTION 10. BACKGROUND INVESTIGATIONS OF GAMING EMPLOYEES

(A) Background Investigations Prior to Employment.

(1) The Tribe, prior to hiring a prospective gaming employee, shall obtain sufficient information and identification from the applicant to permit a thorough background investigation of the applicant. The information obtained shall include:

(a) Full name, including any aliases by which applicant has ever been known;

(b) Social security number;

(c) Date and place of birth;

(d) Residential addresses for the past ten years;

(e) Employment history for the past ten years;

(f) Driver's license number;

(g) All licenses issued and disciplinary action taken, whether or not discipline was imposed, by any State or Tribal Gaming Agency;

(h) All criminal proceedings, except for minor traffic offenses, to which the applicant has been a party;

(i) A set of fingerprints;

(j) A current photograph;

(k) Military service history;

(l) Any other information necessary to conduct a thorough background investigation.

(m) The name and address of any licensing or regulatory agency with which the person has filed an application for a license, permit, or security clearance whether or not the same was granted.

This information shall be provided in writing to the OSBI and OSF, who may, on request by the Tribal Police, conduct the background investigation and provide a written report to the Tribal Police in a timely manner from the receipt of the request. Otherwise, such investigation shall be made by the Tribal Police and the results thereof provided to the OSBI and OSF on request.

(2) The Tribe may employ on a probationary basis a prospective gaming employee who represents in writing that he or she meets the Standards set forth in this Section until such time as the written report on the applicants' background investigation is completed.

(3) The Tribe shall not employee as a gaming employee and shall terminate any probationary gaming employee, if the report on the applicant's background investigation finds that the applicant:

(a) has been convicted of any felony, gaming offenses or larceny;

(b) has knowingly and willfully provided materially important false statements or information on his employment application; or

(c) has been determined to be a person whose prior activities, criminal record if any, or reputation, habits, and associations 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 business and financial arrangements incidental thereto.

Should the OSBI or OSF object to employment of any individual by the Tribe based upon the criteria set out herein, it may object in writing to the employment of that individual. The Tribe shall have discretion to employ a contested individual over the objection of the OSBI and/or the OSF, but the dispute regarding employment of such an individual shall be subject to the dispute resolution provisions of this Compact.

(B) Background Investigations of Gaming Employees During Employment.

The Tribe, 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. Any gaming employee found to fall within the provisions of Section 9 (3) (A) above shall be dismissed.

(C) Identification Cards. The Tribal Gaming Agency shall require all gaming employees to wear in plain view, identification cards issued by the Tribal Gaming Agency which include photo, first name and a four digit identification number unique to the individual which shall include a Tribal seal or signature, and a date of expiration.

SECTION 11. TRIBAL REIMBURSEMENT FOR EXPENSES INCURRED BY THE STATE

The Tribe realizes that the State will incur expenses related to the Obligations undertaken under this Agreement. Accordingly, the parties agree as follows:

(A) Payments. The Nation agrees to reimburse the State for the actual amount of time and expenses of personnel in monitoring this Compact as reasonably assessed by State. State agrees to provide Nation with an itemized accounting of all charges assessed within (60) days of occurrence.

(B) Procedures. The State shall bill the Tribe the reasonable necessary costs related to the regulatory obligations undertaken under this Agreement and incurred after it becomes effective. The costs for such services shall be that established by the State either by agency rule or by statute or, where the cost of services (including more extensive background checks, other investigations, monitoring or similar matters) is not established by rule or by statute, the costs shall include employees' time, reasonable out-of-pocket expenses, including benefits and travel expenses at the statutory rate. The State shall send invoices to the Tribe for these services. Payments for reimbursement to the State shall be made within sixty (60) days to the Office of the State Treasurer. Reimbursement for services provided by the OFS and/or OSBI shall, pursuant to 74 O.S. Section 150, 19a, be transmitted to the OFS and/or

OSBI to defray the cost of regulatory services as required under this Agreement.

(C) Disputes. Disputes arising with respect to the amount and fairness of regulatory costs billed to the Tribe shall be resolved pursuant to the dispute resolution provisions in Section 15.

SECTION 12. PUBLIC HEALTH AND SAFETY.

(A) Compliance. The construction, maintenance and operation of the Tribal gaming facility shall comply with all federal and Tribal standards and with all other local building codes and standards as would apply if the construction were taking place off of Choctaw Nation Tribal Lands and within the State of Oklahoma.

(B) Emergency Service Accessibility. The Tribal Gaming Agency shall make provisions for adequate emergency accessibility and service to insure the health and safety of all gaming patrons. Upon the finalization of emergency access plans for all tribal gaming facilities, the Tribe shall forward copies of said plans to the State.

(C) Prohibition on attendance of Minors. No person under 18 years of age shall be admitted into a gaming area, nor be permitted to place any wager, directly or indirectly.

(D) Alcoholic Beverages. The Tribe shall comply with all applicable local, state and federal laws relating to the sale and consumption of alcoholic beverages in the Choctaw Nation gaming facilities. The Oklahoma Alcoholic Beverage Laws Enforcement Commission shall have the authority over activities relating to the sale and consumption of alcoholic beverages in the Choctaw Nation gaming facilities. The

Tribe shall comply with all lawful state taxing requirements with regard to the sale of alcoholic beverages including, but not limited to, the filing of all necessary reports with the Oklahoma Tax Commission. The Tribe shall in all respects conduct its operation as would a licensee of the Alcohol Beverage Law Enforcement Commission which is not located on Indian Country and the failure of the Tribe to pay applicable taxes on the sale of alcohol at said facilities by the Tribe may result in termination of this Compact.

SECTION 13. USE OF NET REVENUES.

The net revenues derived from Class III gaming authorized under this Compact shall not be used by the Tribe for purposes other than:

(a) to fund tribal government operations or programs;

(b) to provide for the general welfare of the Tribe and its members;

(c) to promote tribal economic development;

(d) to donate to charitable organizations;

(e) to help fund operations of local government agencies;

(f) any other purposes permitted under the Act; or

(g) making payments to the State of Oklahoma as required by this Compact.

SECTION 14. TRIBAL AUTHORITY IN THE EVENT THAT THE STATE DECLINES TO EXERCISE JURISDICTION

(A) Default Authority of Tribal Gaming Agency. In the event that the OSBI declines to exercise all or any portion of the authority vested in the OSBI pursuant to this Compact, then the Tribal Gaming Agency shall exercise such authority and carry

out the responsibilities set forth therein until and unless the OSBI advises the Tribe in writing that it is prepared to exercise such authority.

SECTION 15. DISPUTE RESOLUTION

In the event that either party to this Compact believes that the other party has failed to comply with any requirement of this Compact or applicable regulations thereunder, or in the event of any disagreement or dispute as to the proper interpretation of the terms and conditions of this Contract, the following procedures may be invoked but shall not be construed as to prevent either party from seeking immediate judicial relief including that provided for in Section 4(A).

(A) Voluntary Resolution. The party asserting noncompliance or seeking an interpretation shall serve written notice on the other party, The notice shall identify the specific Compact provision alleged to have been violated or in dispute and shall specify in detail the factual basis for the alleged noncompliance or the Compact provision for which interpretation is sought. Thereafter, the Governor and Tribal Chief, or their designated representatives, shall meet within thirty (30) days in an effort to resolve the dispute.

(B) Non-Binding Arbitration. If a dispute arises among the parties that is not resolved within 60 days, either party may refer it to non-binding arbitration. If referred to arbitration, each party shall name an arbitrator. If the two named arbitrators cannot agree on a third arbitrator, then the third arbitrator will be named by the American Arbitration Association. The expenses of arbitration shall borne equally by the parties. A party asserting noncompliance or seeking an interpretation under this section shall

be deemed to have certified that to the best of their knowledge, information, and belief formed after reasonable inquiry that the averment is warranted and made in good faith, and is not made for any improper purpose, such as to harass or to cause unnecessary delay or needless increase of the cost of resolving the dispute.

(C) Declaratory Judgement. If the decision of the arbitration panel does not resolve the dispute, a party may bring a declaratory judgement action in the united States District Court for the Eastern District of Oklahoma. If the dispute involves a material breach of this Compact and is not cured, the Court could declare that the Compact is terminated. Although this remedy is consistent with § 2710 (d) (3) (C) (v) and § 2710 (d) (7) (A) of the Act, nothing herein shall be construed to authorize any other equitable remedy nor to authorize a money judgement other than for damages for failure to indemnify and hold the State harmless as required by Section 4(E) of this Compact; or in regard to the failure of the Tribe to pay taxes on the sale of alcohol by the Tribe as required in Section 4(G) of this Compact; or for payment of services rendered by the State pursuant to this Compact.

SECTION 16. RESERVATION OF RIGHTS UNDER THE ACT

(A) Additional Compacts. The State and Tribe agree that by entering into this Compact, the Tribe shall not be deemed to have waived its right to initiate and pursue the procedures provided by the Act if the State should refuse to enter into a Compact after the Tribe has made a written request with respect to other forms of Class III gaming, and neither the State nor the Tribe shall be deemed to have waived any rights, arguments or defenses applicable to such a procedure.

(B) Status of Class II Gaming. Nothing in this Compact shall be deemed to affect the operation by the Tribe of any Class II gaming as defined in the Act, whether conducted within or without the gaming facilities, or to confer upon the State any jurisdiction over such Class II gaming conducted by the Tribe on its lands.

(C) Taxation. Neither State nor any of its political subdivision shall impose any tax, fee, charge or other assessment upon the admission to any gaming facility of the Nation or upon the conducting of or engaging in any gaming activity conducted at a facility authorized by this Compact. To the extent the Nation gaming operation is responsible for filling out IRS Form W-2G on persons who receive proceeds of a wagering transaction governed by the Compact, a copy of said form shall also be provided to the Oklahoma Tax Commission.

(D) Preservation of Tribal Self-Government. Nothing in this Compact shall be deemed to authorize the State to regulate in any manner or exercise jurisdiction over the government of the Tribe, including the Tribal Gaming Agency, or to interfere in any manner with the Tribe's selection of its governmental officers including members of the Tribal Gaming Agency.

SECTION 17. SEVERABILITY

Each provision, section, and subsection of this Compact shall stand separate and independent of every other provision, section, or subsection. In the event that a court of competent jurisdiction shall find any provision, section, or subsection of this Compact to be invalid, the remaining provisions, sections, and subsections of the Compact shall remain in full force and effect, unless the invalid provision materially

alters the relationship between the parties. In the event of such an alteration, the parties shall negotiate to comply, as nearly as possible, with the original intent of this Compact.

SECTION 18. NOTICES

All notices required or authorized to be served under this Compact shall be served by certified mail (return receipt requested), commercial overnight courier service or by personal delivery, at the following addresses:

Governor
State Capitol, Room 212
Oklahoma City, Oklahoma 73105

Chairman, State-Tribal Relations Committee
State Capitol
Oklahoma City, Oklahoma 73105

Attorney General
State Capitol, Room 112
Oklahoma City, Oklahoma 73105

Attention: Director
Oklahoma State Bureau of Investigation
6600 North Harvey
Suite 300
Oklahoma City, Oklahoma 73116

Tribal Chief
Choctaw Nation of Oklahoma
P.O. Drawer 1210
Durant, Oklahoma 74702

General Counsel
Choctaw Nation of Oklahoma
P.O. Box. 726
Hugo, Oklahoma 74743

Director
Office of State Finance
State Capitol
Oklahoma City, Oklahoma 73105

SECTION 19. DURATION, RENEGOTIATION AND EFFECT ON RIGHT TO REQUEST COMPACTS UNDER IGRA

(A) Effective Date. After this Compact is signed by the Governor of Oklahoma, or his named designee, approved by Oklahoma's Joint Committee on State-Tribal Relations and adopted by the Tribe, it shall become effective when notice of approval by the Secretary of the Interior has been published in the Federal Register.

(B) Term. This Compact shall have a seven (7) year term commencing on April 15, 2001. At the end of the term, the Compact shall automatically renew on the same terms and conditions as set forth in the Compact. Either party may give notice of its intention to terminate the Compact at the end of its term except during the final one hundred eighty (180) days preceding the end of the term. Provided, the State may not terminate the Compact except for reasons set forth in Section 19(c)(2),(3),(4), and (5).

(C) Duration. This Compact shall remain in full force and effect until one of the following shall occur.

(1) Expiration of the term, provided notice to terminate has been given as set forth in Section 19(b); or

(2) This Compact is terminated by mutual consent of the parties; or

(3) The Tribe duly adopts an ordinance or resolution revoking Tribal authority to conduct Class III gaming in Indian country as provided for under §2710(d)(2)(D) of the Act;

(4) Pursuant to a final, non-appealable judgment by a court of competent jurisdiction determines that:

(a) This Compact is invalid, or

(b) A party has committed a material breach of this Compact and the other party is entitled to terminate it.

(5) The State abolishes pari-mutuel wagering.

SECTION 20. AMENDMENTS

The parties may request negotiations to amend or modify this Compact. The amendment or modification request may include requests for approval of gaming activities that are legitimately within the scope of the Act. In the event of a request for negotiation to amend or modify, this Compact shall remain in effect until amended or modified, but such a request shall not extend the Compact term. Additional requests to negotiate other forms of gaming made by the Nation shall be treated as requests to negotiate pursuant to the Act. The parties shall have one hundred eighty (180) days to negotiate, and all further procedures and remedies available under the Act shall thereafter apply. The Nation and the State may mutually agree to extend the 180-day period without prejudice to the rights of either party under this section. Any amendment to this Compact shall be in writing and must be approved by the

Secretary of the United States Department of the Interior. However, changes in the Tribe's Gaming Ordinance shall not be considered amendments and may be effected as otherwise provided by this Compact or by law.

SECTION 21. SUCCESSORS AND ASSIGNS.

This Compact shall be binding upon the successors and assigns of the parties hereto.

SECTION 22. GOVERNING LAW.

This Compact shall be governed by and construed in accordance with the applicable laws of the United States, the State of Oklahoma, and the laws of the Choctaw Tribe as applicable. This Compact shall be controlling. In the event of any ambiguity, this

Compact shall be deemed drafted by both parties and shall not be construed against or in favor of any party by virtue of such draftsmanship, or as a matter of law.

SECTION 23. JUDICIAL ENFORCEMENT.

(A) Where Brought. Any judicial action brought to enforce the terms of arbitration decision under Section 15 of the Compact shall be brought only in the United States District Court for the Eastern District of Oklahoma; provided however, that if the United States District Court should first determine that it lacks subject matter jurisdiction over such a cause of action, and enforcement action may then be instituted in the courts of the State of Oklahoma or the Choctaw Nation Tribal Court of Indian offenses.

(B) Limited Waivers of Immunity. The Tribe and the State hereby waive their sovereign immunity from suit solely for the limited purpose of permitting judicial enforcement of this Compact.

SECTION 24. ENFORCEMENT OF THIS COMPACT

(A) While neither party waives its sovereign immunity from suit to an extent in excess of that set forth in this Compact, the parties recognize that under the Indian Gaming Regulatory Act, either party to a Compact may commence an action in Federal District Court for breach of a Compact. Nothing in this Compact shall be construed to be a relinquishment of either party's right to seek federal court enforcement of this Compact. If the parties voluntarily enter into binding arbitration in order to settle a dispute arising under this Compact, either party's failure to comply with the arbitration decision shall be deemed a material breach of this Compact.

(B) As between the parties to this Compact and no others, either party may bring an action against the other in a court of competent jurisdiction for a breach of this Compact and each of the parties hereto waives immunity and consents to suit therein for such limited purposes. Either party may claim in such action that the repeated violations of this Compact by such party constitutes a prospective intent not to abide by its terms and that therefore the pattern of repeated violations constitutes a material breach of this Compact. Either party may seek termination of this Compact as a remedy for the other party's material breach hereof. Nothing herein shall be construed to authorize a money judgment other than for damages for failure to indemnify and hold the State harmless as required by Section 4(e) of this Compact

or for unpaid monitoring costs. This limited waiver of immunity by the parties is done to the extent permitted by law.

SECTION 25. WAIVER OF IMMUNITY AS TO EMPLOYEES, CONTRACTORS OR SUPPLIERS.

The Tribe hereby waives their sovereign immunity from suit as to any alleged claim brought against the Tribe by an aggrieved employee of the Tribe, or a contractor or supplier to the Tribe, to the same extent as the State of Oklahoma in a situation involving appropriations of State funds.

SECTION 26. AUTHORITY TO EXECUTE.

Each of the undersigned represents that he or she is dully authorized and has the authority to execute this agreement on behalf of the party for whom he or she is signing.

APPROVED:

STATE OF OKLAHOMA

GOVERNOR — DATE 3/28/01

ATTEST:

SECRETARY OF STATE — DATE 3/29/01

CHOCTAW NATION OF OKLAHOMA

3/26/01

CHIEF OF THE CHOCTAW NATION DATE

Approved by the Joint Committee on State-Tribal Relations

3/28/01

CHAIRMAN DATE

Consistent with 25 U.S.C.A. § 2710 (d) (8), this Compact is approved on the 25th day of May, 2001, by the United States Department of the Interior.

JAMES H. MCDIVITT
DEPUTY ASSISTANT SECRETARY - INDIAN AFFAIRS
(MANAGEMENT)

APPENDIX A
CHOCTAW NATION

STANDARDS OF OPERATION AND MANAGEMENT FOR PARI-MUTUEL GAMING

For purposes of these Standards of Operation and Management for Pari-Mutuel Gaming, and in accordance with the Compact and Appendix B, the following words and terms used in this document shall have the following meaning unless the contents clearly states otherwise:

1. "Act" means the Indian Gaming Regulatory Act, 25 U.S.C. Section 2701 et seq.

2. "Association" means any person, business organization or Indian tribal entity authorized by applicable federal, state or tribal law to conduct a recognized meeting.

3. "Betting Fund" means a special fund for the deposits of all moneys received by the off-track betting facilities from which daily payments will be made.

4. "Close of Betting" means the time designated by the Gaming Manager after which Gaming Manager will not accept any bet in any particular pari-mutuel pool.

5. "Combined Pool" means a single pari-mutuel betting pool consisting of all bets accepted by both the Gaming Manager and the track on each race.

6. "Commission" means the Choctaw Nation Tribal Gaming Commission.

7. "Compact" means the Choctaw Nation-State of Oklahoma Gaming Compact enacted pursuant to the Act.

8. "Coupled Entry" means two or more animals which are entered in a race and are owned by the same owner or trained by the same trainer and are coupled for the purpose of pari-mutuel betting as one animal.

9. "Entry" means a horse made eligible to run in a race.

10. "Field" according to the requirement of the test:
    a. All the animals which compete in a race;

    b. A number of animals which are grouped together as a coupled entry for the purposes of pari-mutuel betting. When the individual animals competing in a race exceed the numbering capacity of the totalisator, the highest numbered animal within the capacity of the totalisator and all animals of a higher number shall be grouped together as a field.

11. "Gender and Number" means words of the masculine gender include the feminine and neuter, words of the singular number

include the plural, and words or the plural number include the singular.

12. "Horse Number" means a numeric or alphabetic designation assigned by the Gaming Manager to each horse on which the Gaming Manager is accepting bets.

13. "Independent Pool" means a single pari-mutuel betting pool consisting of all the bets accepted by the Gaming Manager.

14. "Meeting or Recognized Meeting" means the entire consecutive period of days granted by the relevant state or tribal authority to an association for racing.

15. "Minor" means any person under the age of majority as established by law.

16. "Net Pool" means the total amount bet in a specific pool minus the deductions allowed by the Compact.

17. "Off-track Betting Facility" means a facility operated by the Gaming Manager on the Reservation, open to the public for the purpose of accepting off-track pari-mutuel wagers.

18. "Operating Procedures" means those practices implemented by the off-track betting unit which govern the daily conduct and administration of all activities of said units.

19. "Pari-Mutuel" means the system of betting which returns to successful bettors the precise amount of money wagered by unsuccessful bettors , after deduction pursuant to the Compact.

20. "Parlay" means a series of bets whereby the better bets on one entry and bets the proceeds on a second entry, and the profits from the second bet on a third entry, and so on.

21. "Placing" means first, second, or third, and in that order is called "win", "place", and "show".

22. "Pool" means the total amount bet on a race or on a specific type of wager, for example, win, place, show daily double, etc.

23. "Scratch" means the act of withdrawing an entry from the race after the closing of overnight entries.

24. "State" means the state of Oklahoma.

25. "Track" means a race course duly licensed for conducting races with respect to which the off-track betting unity is accepting bets.

26. "Tribal Operation" The Gaming Manager is responsible for the conduct of the system which accepts wagers from the public on races held both with and without the Reservation and within and without the State.

27. "Tribe" means the Choctaw Nation.

This System of Accounting and Internal Controls is being submitted to the Commission prior to the commencement of gaming operations consistent with the requirements of Appendix A. The submission contains both narrative and flow chart representation of the system utilized by the Gaming Manager.

The Gaming Manager will submit any proposed changes from the previously submitted system to the Commission before the changes are to become effective.

The System of Accounting and Internal Controls submission required by Appendix A is signed by the Chief financial Officer who was responsible for its preparation and is accompanied by a report from an Independent Certified Public Accountant. The report will state that the submitted system of Accounting and Internal Controls conforms in all respects to the Internal Controls set forth in the Standards defined in Appendix A of the Compact.

An Internal Audit Department supervised by the Director of Internal Audit who will perform independently of all other departments, and report directly to the Board of Directors of the Gaming Manager or its Audit Committee or equivalent concerning matters of policy, purpose, responsibility and authority and reports indirectly to the Chief Executive Officer for matters concerning daily operations.

1. The Internal Audit Department is responsible for, but not limited to, the following:

   (a) Review and appraise adequacy of Internal Controls.

   (b) Compliance with Internal Control procedures.

   (c) Reporting of instances of non-compliance with the System of Accounting and Internal Controls.

   (d) Reporting any material weaknesses in the System of Accounting and Internal Conrols.

   (e) Recommendation of procedures to eliminate any material weaknesses in the System of Accounting and internal Controls.

2. All reports prepared by the Internal Audit Department and submitted to the managing authority of the Gaming Manager shall be consecutively numbered, dated, and recorded in a log which shows brief particulars of the content of each report.

COMPUTER SYSTEM ACCESS AND CONTROL

Access to the administration terminal and its functions is restricted to the Choctaw Racing Services, L.L.C. (CRS) (Systems Operator). The race book will be connected to the CRS through a

dedicated telephone lease line. A dual dial-up modem access, which is restricted under lock and key, is available in case the dedicated lease line is out of order. A log will be maintained to document access to the modem. Access to the pari-mutuel clerk terminals is allowed by entering the operator's code and their respective password. Operator's codes and respective passwords for clerks in the book are issued by CRS personnel.

WAGER TICKET ISSUANCE & CONTROL

All patron wagers will be evidenced by the issuance of a printed ticket. The off-track pari-mutuel ticket is a single part ticket made of special paper stock. The ticket has bar codes and will be randomly numbered by the computer system. A second computer controlled restricted copy is maintained within the computer. The paper stock used to produce the race tickets is stored in a secured restricted area with access only by race book management.

The computer will print the following information on the Race Ticket:

1. date;
2. time;
3. horse identification;
4. type of bet;
5. amount of bet; and
6. total take.

The original ticket is given to the customer and the restricted copy is retained in the computer system. A listing of tickets written at each clerk's station for each day will be generated by the system operator upon request by the book. The OSBI shall be allowed to monitor the computer system either remotely and/or through written records upon a request to monitor made to the Manager.

TICKET SELLING/CASHING PROCEDURES

The clerk signs on to the system by inputing his operator's code and his password. The system prints a test ticket. The clerk then makes a draw from the Ticket Issuing Machine (TIM) for an opening bank. Two draw tickets will be produced that will indicate the time, date, station number, clerk identification number, and the amount of the opening draw. The clerk and a supervisor will sign the back of both draw tickets. One will be retained by the clerk; the other will be redeemed at the cage.

Upon returning from the cashier's cage with an opening bank, the clerk can begin selling and cashing pari-mutuel wagers. It is very important that the clerks hit the TOTAL key after each selling/cashing transaction.

Should there be a need to cancel a ticket after issuance due to an input error or at the customer's request, this can be accomplished; however, a race ticket can only be canceled prior to post time, and only in accordance with the track policy.

To cancel a ticket, the clerk simply feeds the ticket into the reader of the TIM and it will be voided by canceling the face of the ticket and taken out of the system. The clerk will then write the word "void" on the ticket, sign it, and have a supervisor sign it. If the TIM cannot read the ticket to be canceled, the identification number will be entered manually. It is very important that the clerk makes sure that the correct ticket number is entered. When correctly entered, the TIM will eject a ticket stub that will be stamped with the word "canceled", the ticket number the clerk's I.D. number, the time and date. This ticket stub must then be signed by the clerk and the supervisor to verify that the correct ticket I.D. number has been canceled. This stub will then be stapled to the canceled ticket.

Upon presentment of a winning ticket by a customer, the clerk will insert the ticket into the bar code reader for verification and payment. The system will indicate the station number, the payout amount, and the word "cash" will be branded on the original ticket. All winning tickets paid by the clerks are retained in the computer and may be printed upon request. Should the bar code reader fail to read a ticket, the system allows the clerk to manually enter the ticket number in to the terminal and a payout ticket stub is generated by the system which indicates the payout amount, station number date and time of payout. The original winning ticket manually input into the system, along with the payout ticket stub, will be approved and signed by a supervisor. All paid original winning tickets are bundled and sent to race & sport book audit. Pick 6's and Pick 9's winning tickets are paid the later of 48 hours after the last race results is determined or the next banking day, in order to provide time to audit and verify the payouts.

The clerks will be responsible for notifying the Race Supervisors when a Currency Transaction Report (CTR) is required. They will also be responsible for filing IRS form W-2G and withholding 20% of net winnings when payment is 300 times the bet or more, and in excess of $1,200.

When the clerks are ready to close a station, they must count, clip, and strap their money. After arriving at the total cash figure, the clerk will generate a cash balancing ticket, which prints the total dollar amount of tickets cashed and sold, draws and returns made by the station, the date, time, and net cash turn in. The cash count must be reconciled to the cash balancing ticket supervisor. If there is a discrepancy (over or shortage), it must be noted on the two final return tickets, which indicates the time, date, clerk station number, clerk code number, and the final net cash return. The return tickets are signed by the clerk and a supervisor. A security guard will be called to escort the clerk to the cage where they will be counted out and reconciled.

TRANSFER OF FUNDS TO AND FROM THE CRS (SYSTEMS OPERATOR)

Income Control personnel will review the daily reconciliation report and compare it to the daily recap and to the actual tickets generated at the race book and cage transfer slips to determine the net amount due to or from the system operator. Upon agreement of

the amount with the CRS (Systems Operator), a deposit will be made with the designated bank to fund the account. CRS will initiate the transfer of funds from the Gaming Manager's bank account to the LVDC account or vice versa. The bank will send an advisor to the book the following day to provide confirmation of the transfer. Accounting Department personnel, having no incompatible function, will reconcile the bank statement daily.

REPORTS

The following reports will be generated:

(1) Daily Recap - This report summarizes writes, refunds, payouts (previous winner pay segregated), and unpaid. This recap will be maintained for the day and month to date. Commission, breakage, and taxable revenue will also be maintained for the day and month to date.

(2) Writer/Cashier Report (Machine Sales Report) - This report lists and recaps writer/cashier station activity to include:

(a) Operator number;
(b) Total write and number of tickers written;
(c) Total payout and number of tickets paid;
(d) Listing of tickets written and paid by each operator sorted in chronological order to include: time, date of pay of date ticket was written, ticket number, and amount of write or payout. This detail listing will be generated by the systems operator upon request by the book.

(3) Daily Reconciliation Report - This report recaps total write, total payouts, total commission on tickets written, breakage, and net amount due or from the systems operator.

(4) Commission and Breakage Report (Prices Report) - This report recaps net commission and positive or negative breakage, and is available daily by track.

(5) Ticket Sequence Report (Transaction Search Report) - This report, which may be printed upon request, lists all off-track pari-mutuel tickets written for the day sorted by sequence number to include:

(a) Ticket number;
(b) Date and time ticket was written;
(c) Operator code number;
(d) Horse selection and condition of bet;
(e) Amount of bet; and
(f) Total take.

(6) Unpaid Tickets Report (Today's Outs) - This report lists winning tickets for which payouts have not been made. A log of this information shall be retained. This report is

available daily, if requested by the Tribal Gaming Commission and/or OSBI, to include:

(a) Ticket number;
(b) Date and time written;
(c) Horse selection and condition of bet;
(d) Amount of bet;
(e) Total take; and
(f) Pay amount.

(7) Previous Winner's Pay Report (Outs Paid Today) - This report list winning tickets, determined to be winner's on previous days, paid today. A log of this information shall be retained. This report is available daily, if requested by Tribal Gaming Commission and/or the OSBI, to include:

(a) Ticket number;
(b) Date and time written;
(c) Horse selection and condition of bet;
(d) Amount of bet;
(e) Total take; and
(f) Pay amount.

(8) Purged Tickets Report - This report lists winning tickets deleted from the system after 120 days. This report is generated daily.

(a) Ticket number;
(b) Date and time written;
(c) Horse selection and condition of bet;
(d) Amount of bet;
(e) Total take; and
(f) Pay amount.

(9) Exception Report - This report summarizes all system function not involved in writing and cashiering, to include, but not limited to, sign on/off, voids, and paid tickets manually entered, etc.

(10) Results Report - This report lists daily race results.

All winning tickets, voided tickets, reports, and other documents required by this system will be retained in accordance when applicable.

OFF-TRACK PARI-MUTUEL WAGERING AUDIT PROCEDURES

In addition to the race book audit procedures addressed in the race book section of the system, the following procedure will be followed:

(1) On a daily basis, race book audit personnel will review and reconcile total write, total payouts, voids, computer total commission and breakage, and the net amount due to or from the system operator.

(2) On a daily basis, all winning tickets paid manually are reviewed to determine that they were properly authorized and paid.

(3) Funds transferred to and from the system operator are reviewed and reconciled daily.

All exceptions noted are documented and investigated, and results are documented and reported to management.

Unless specifically exempted by the Commission, the Gaming Manager will, at its own expense, have its annual financial statements audited in accordance with generally accepted auditing standards. These audits will be performed by an Independent Certified Public Accountant.

Annual statements will be prepared on a comparative basis for the current and prior calendar year. Annual statements will present the financial position and operational results of the Gaming Manager in conformity with generally accepted accounting principles.

Two copies of the audited financial statements together with the report thereon from the Gaming Manager's Independent Certified Public Accountant, will be filed with the Commission and with the OSBI no later than January 28 (120 days) following the end of the Gaming Manager's fiscal year end of September 30.

The Gaming Manager's Independent Certified Public Account will render the following additional reports:

1. A report identifying any material weaknesses in the System of Accounting and Internal Controls. Whenever, in the opinion of the Independent Certified Public Accountant, there exists no material weakness in the System of Accounting and Internal Controls, the report will so state.

2. A report expressing the opinion of the Independent Certified Public Accountant that based on his examination of the financial statements that the Gaming Manager has followed in all material respects, during the period covered by his examination, its System of Accounting and Internal Controls on file with the Commission. Whenever, in the opinion of the Independent Certified Public Accountant, the Gaming Manager has deviated from its System of Accounting and Internal Controls filed with the Commission or the accounts, records, and control procedures examined are not maintained by the Gaming Manager in accordance with the Compact and its Standard, the report shall enumerated the number of such deviations, regardless if materiality. The report will also include such areas of the system no longer

considered effective, and will include recommend-actions regarding improvements to this System of Accounting and Internal Controls.

Two copies of the reports required in this section and two copies of any other reports on the System of Accounting and Internal Controls, Administrative Controls, or other matters relative to the Gaming Manager's accounting or operating procedures offered by the Gaming Manager's Independent Certified Public Accountant be engaged as the outside auditor, the Gaming Manager will file a report with the Commission within ten days following the end of the month in which the event occurs, setting forth the following:

1. The date of the resignation, dismissal, or engagement.

2. Whether in connection with the audits of the two most recent years preceding such resignation, dismissal, or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements ~~if~~ not resolved to the satisfaction of the former accountant would cause him in his report to refer to the subject matter of such disagreement including a description of each such disagreement. Each disagreement is to be reported, including those resolved and those not resolved.

3. Whether the Certified Public Accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion or was qualified. The nature of such adverse opinion or disclaimer of opinion or qualification shall be described.

4. The Gaming Manager will request the former accountant to furnish to the Gaming Manager a letter addressed to the Commission, stating whether he agrees with the statements made by the Gaming Manager in response to this section. Such letter will be filed with the Commission as an exhibit to the report required by this Standard.

1. Generally

The Gaming Manager will conduct pari-mutuel betting on any recognized meeting held within or without the State as Commission may approve.

2. Pools

The Gaming Manager will conduct pari-mutuel betting either in a combined pool or in an independent pool as the Commission may approve.

3. Types of Betting

The Gaming Manager may accept wagers on such types of pari-mutuel betting as are set forth in these Standards or as the Commission may otherwise approve.

4. Location of Ticket Sales

Off-track betting pari-mutuel tickets will be sold only at off-track betting facilities on the Reservation.

5. Limits on Betting

The Gaming Manger with the advice and consent of the Commission will establish minimum and maximum limits on betting.

6. Minimum Payments

The Gaming Manager will pay no less than two dollars and ten cents for each two dollar winning bet in the distribution of any pari-mutuel pool.

7. Commencement of Betting

The Gaming Manager will determine the times at which it will commence accepting bets for any particular pari-mutuel pool.

8. Close of Betting

The close of betting shall be set as such times as the Gaming Manager may determine.

9. Locking of Pari-Mutuel Machines, Sales Not Completed

Pari-mutuel machines will be lockable by electric control to render them incapable of accepting or recording wagers and issuing tickets on prior races or a race in progress. The Gaming Manager will not be responsible for any transaction not completed before the machines are locked.

10. Field

Whenever, in accordance with the rules of the track, two or more horses starting in the same race constitute a field for purposes of pari-mutuel betting at the track, they shall be combined for purposes of any off-track betting pari-mutuel pool and a bet on one shall be a bet on all, as follows:

(a) A horse number shall be provided which shall represent all the horses in the field. A bettor who bets the field shall be deemed to have bet on all the horses in the field irrespective of whether or not the particular horses running in the field are determined when the bet is placed. If the entire field is scratched or removed from betting, there shall be a refund. However, if

part of the field is scratched or removed from betting but there is at least one starter, there shall be no refund.

(b) In the event that a bettor bets on a horse which is later placed in the field, he shall be deemed to have bet on the field, except that if the horse upon which he has bet is removed from the race or removed from betting prior to the close of betting, the bettor shall receive a refund.

11. Coupled Entry

Whenever, in accordance with the rules of the track, two or more horses starting in the same race constitutes a coupled entry for purposes of pari-mutuel betting at the track betting pari-mutuel pool and a bet on one shall be a bet on all, as follows:

(a) A horse number shall be provided which shall represent each coupled entry. A bettor who bets a coupled entry shall be deemed to have bet on all the horses irrespective of whether or not the particular horses running in the coupled entry are determined when the bet is placed. If the entire coupled entry is scratched or removed from betting, there shall be a refund. However, if part of a coupled entry is scratched or removed from betting but there is at least one starter, there shall be no refund.

(b) In the event that a bettor bets on a horse which is part of a coupled entry, he shall be deemed to have bet on the coupled entry, except that if the horse upon which he has bet is removed from the race or removed from betting prior to the close of betting, the bettor shall receive a refund.

12. Refunds

All bets received on an entry which does not start or on a race which is canceled or postponed shall be refunded on the basis of the refund policy in effect at the track.

13. Refusal to Accept Bets

The Gaming Manager reserves the right to refuse to accept bets on a particular entry or entries or in any or all pari-mutuel pools for what it deems good and sufficient reason. In the event that the Gaming Manager prohibits further betting on an entry or entries in a pari-mutuel pool for which has previously accepted bets, bets on such entry or entries shall be refunded.

14. Track Refusal to Accept Bets

In the event that the track refuses to accept bets on a particular entry or entries, the Gaming Manager will automatically remove from its pools all bets placed on said entry or entries, and said bets will be refunded.

15. Cancellation of Track Pool

In the event that a pari-mutuel pool is canceled by the track, the corresponding off-track betting pari-mutuel pool shall be refunded.

16. Change of Entries

Until the track posts the official entries of a race, the Gaming Manager may add to the entries and accept public wagering on such horses as it believes will run in the race and may remove from its list of entries such horses as it believes will run in the race and may remove form its list of entries such horses as it believes will not run in the race.

17. Responsibility of the Gaming Manager

The Gaming Manager bears no responsibility with respect to the actual running of any race or races upon which the Gaming Manager accepts bets. In all cases, off-track betting pari-mutuel pool distribution shall be based upon the order of finish posted at the track as "official." Rulings related to entries, the winning of a race, and the order of finish and determination of judges, stewards or other appropriate officials at the track shall be conclusive in determining the payoffs of the Gaming Manager.

18. Error in Calculation of Payments

In the event of an error in calculation of payment prices:

(a) Where such error occurs in an independent pool, all off-track betting facilities shall be notified as soon as the error is determined and all further payments shall be in the correct amount. Any amount thereafter remaining in the pool because of an underpayment shall be transferred to the betting fund.

(b) Where such error occurs in a pool which is the result of the combination of the track pool and the off-track betting pool, the rules in effect at the track governing the disposition of such error shall prevail.

19. Failure of Combining Pool

On all bets accepted by the Gaming Manager to be included in a combined pool with the track, the Gaming Manager will pay

the winner at track odds. In the event that any bet accepted by the Gaming Manager for inclusion into a combined pool with the track fail to be appropriately included and combined in the single track pool due to circumstances reasonably beyond the control of the Gaming Manager, the Gaming Manager shall announce to the public at all facilities that thenceforth all bets theretofore made at such facilities shall be place into an independent pool, and the payoff shall be made in accordance with applicable rules.

20. Location and Time of Payments

Payments shall be made at all off-track betting facilities at such times as the Gaming Manager may determine. Said determination shall be posted in the off-track betting facility.

21. Bettor Information and Internal Revenue Service

The Gaming Manager will comply with all statutes, rules, regulations, rulings, and directives of the Internal Revenue Service regarding reportable winnings and withholding thereon. The Gaming Manager will refuse payment to a winning bettor who refuses to supply the relevant information required by the IRS.

1. Combined Pool

When a payoff by the Gaming Manager is made on the basis of a combined pool, such payoffs will be made in accordance with the applicable rules in effect for the track at which the race and shall exactly reflect the payoff price at the track.

2. Independent Pool

Whenever a payoff by the off-track betting unit is made independently of any other pool, the pari-mutual pools will be calculated and distributed as follows:

(a) Win, place, show, daily double, or any type of wagers accepted by the Gamin Manager form separate wagering pools with payoffs calculated independently of each other.

(b) From each pool, there shall be deducted seventeen percent (17%), or such other percent as may be the gross takeout required under the laws of the State for the State off-track betting systems, the remainder being the net pool for distribution less the breaks.

1. Definition

The amount wagered on an entry to finish first is the win pool, to finish first or second is the place pool, to finish first, second or third is the show pool.

2. Calculation and Distribution of Pools

(a) Win Pool.

(i) The net pool divided by the amount wagered on the entry finishing first determines the payoff per dollar including profit and wager.

(ii) When two entries finish second in a dead heat, one-half of the profit is allocated to the bettors who have wagers on the entry finishing first, and the remaining half is allocated equally to the wagers on entries finishing in the dead heat for second.

(iii) When two animals in the field or as a coupled entry run first and second, the place pool shall be distributed the same as in a win pool.

(b) Place Pool.

(i) The amounts wagered on entries finishing first and second are deducted from the net pool to determine the profit. This profit, is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added to the wager.

(ii) When two entries finish second in a dead heat, one-half of the profit is allocated to the bettors who have wagers on the entry finishing first, and the remaining half is allocated equally to the wagers on entries finishing in the dead heat for second.

(iii) When two animals in the field or as a coupled entry run first and second, the place pool shall be distributed the same as in a win pool.

(c) Show Pool.

(i) The amounts wagered on entries finishing first, second the third are deducted from the net pool to determine the profit. This profit is divided into three equal parts, and each part, in turn, divided by the three

amounts mentioned above. This determines the profit per dollar, to which is added the wager.

(ii) When two entries finish third in a dead heat, one-third of the profit is allocated to the bettors who have wagers on the entry finishing first, one-third to the wagers on the entry finishing second, and the remaining third equally to the wagers on the entries finishing in the dead heat for third.

(iii) When two animals in the field or as a coupled entry finish first and second, first and third or second and third, two-thirds of the profit is allocated to the bettors who have wagers on the field or coupled entry, and the remaining one-third to the wagers on the other animal.

(iv) When one animal in the field or as a coupled entry finishes first or second, and the other part of the coupled entry or field finishes third in a dead heat with another animal, one-half of the profit is allocated to the bettors who have wagers on the field or coupled entry, one-third to the animal finishing first or second, and the remaining one-sixth to the wagers on the animal finishing third in the dead heat with the field or coupled entry.

(v) When three animals in the field or as a coupled entry run first, second and third, the place and show pools shall be distributed the same as a win pool.

3. Determination of Winners

(a) When only two entries finish, the show pool, if any, shall be distributed the same as in a place pool.

(b) When only one entry finishes, the place and show pools, if any, shall be distributed the same as in a win pool.

(c) In any race in which no entry finishes, all money wagered on the race shall be refunded.

(d) Payment where no wagering on an entry in the win, place or show pools:

(i) In the even that there is no money wagered to win on an entry which has finished first, the net win pool shall be distributed to bettors who have wagered to win on the entry finishing second.

(ii) In the event that there is no money wagered to place on an entry which has finished first or second, then the entry which finished third shall replace that entry in the distribution of wagers in the place pool.

(iii) In the event that there is no money wagered to show an entry which has finished first, second, or third, then the entry which finished fourth shall replace that entry in the distribution of wagers in the show pool.

1. Daily Double

(a) Not a parlay. The daily double is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win a daily double, it is necessary for the daily double bettor to select the winners of each of the two races specified for the daily double.

(c) Coupled entries and fields. Coupled entries and fields may, at the discretion of Gaming Manager, be recognized in the daily double pool.

(d) Calculation, distribution of pools. The daily double pool shall be calculated and distributed as follows: The net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

(e) Failure to select a winner and race cancellations.

(i) If no daily double bettor wagers on the winner of the first race, or the first race is canceled or declared "no race", the daily double shall be declared off and the gross pool refunded.

(ii) If no daily double bet is made combining the winners of the first and second races, or the second race is canceled or declared "no race", the net pool shall be distributed to bettors who have designated the winner of the first race, as in a win pool and the daily double shall terminate.

(f) Dead Heats

(i) In the event of a dead heat either in the first race or second race of the daily double, two winning combinations result. The amounts wagered on both winning combinations are deducted from the net pool to determine

the profit. This profit is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added the amount of the wager.

(ii) In the event of a dead heat in both races of the daily double, four winning combinations result. The amounts wagered on these four winning combinations are deducted from the net pool to determine the profit. This profit is divided into four equal parts, and each part, in turn, divided by the four amounts mentioned above. This determines the profit per dollar, to which is added the amount of wager.

(g) Scratched or Excused Entries.

(i) If an entry in the first or the second race of the daily double, not coupled as a starter, is scratched or excused from racing before the running of the first race, all money wagered on combinations including such entry shall be deducted from the daily double pool and shall be refunded.

(ii) If an entry in the second race of the daily double, not coupled as a starter, is scratched or excused from racing after the running of the first race of the daily double, a consolation pool will result. In such case, all bets combining the scratched or excused entry with the actual winner of the first race shall become consolation winning bets and shall be paid a price per dollar bet determined as follows: the net daily double pool shall be divided by the total purchase price of the first race of the daily double and the result obtained shall constitute the consolation price per dollar bet. The amountset aside for these consolation payoffs will be deducted from such net daily double pool.

2. Quinella

(a) Not a parlay. The quinella is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win a quinella, it is necessary for the quinella bettor to combine two (w) entries in a single quinella race, selecting the first two (2) finishers in either order such as 1-2 or 2-1.

(c) Coupled Entries and Fields. Coupled entries may at the discretion of the Gaming Manager be recognized in the quinella pool.

(d) Calculation and distribution of pools. The quinella pool shall be calculated and distributed as follows: The net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

(e) No bet on the winning combination. In the event no bet is taken on the combination of the first two entries in the official placing, the next entry of entries, in case of dead heats, in the order of official placing shall be included in the winning combination. In the event of a dead heat for second position and no bet is taken on one of the entries involved in the dead heat combined with the winner, the entire pool shall be paid to bettors who have combined the winner with the other entry in the dead heat.

(f) Dead heat. In the event of a dead heat for first position, the net pool shall be distributed to bettors who have combined the two entries involved in the dead heat. In the event of a dead heat for second position, two winning combinations result and the pool shall be divided equally between the bettors who have combined the winner with the entries involved in the dead heat for second position. In like manner, in the event of the triple dead heat for second position, three winning combinations would result. In the event of a triple dead heat for first position, three winning combinations would result.

(g) Scratched or excuse entries. If any entry, not coupled as a starter, is scratched or excused from racing, no further quinella bets shall be taken designating such entry and all quinella bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

3. Exacta

(a) Not a parlay. The exacta is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win an exacta, it is necessary to combine two (2) entries in a single designated exacta race, selecting the first two finishers in the exacta order of finish.

(c) Coupled entries and fields. Coupled entries and fields may, at the discretion of the Gaming Manager, be recognized in exacta pools.

(d) Calculation and distribution of pools. The exacta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

(e) Failure to select a winner and race cancellations.

(i) If no daily double bettor wages on the winner of the first race, or the first race is canceled or declared "no race," the daily double pool shall be declared off and the gross pool refunded.

(ii) If no daily double bet is made combining the winners of the first and second races, or the second race is canceled or declared "no race," the net pool shall be distributed to the bettors who have designated the winner of the first race, as in a win pool and the daily double shall terminate.

(f) Dead Heat.

(i) In the event of a dead heat for first position, the net pool shall be distributed to each combination of winners separately as in a win pool dead heat, e.g., in a dead heat of two entries there are two winning combinations, in a dead heat of three entries there are six winning combinations.

(ii) In the event of a dead heat for second, the net pool shall be divided as in a win pool dead heat among bettors who combine the winner with each second place entry.

(g) Scratched or excuse entries. If any entry, not coupled as a starter, is scratched or excused from racing, no further exacta bets shall be taken designating such entry and all exacta bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

4. Trifecta

(a) Not a parlay. The trifecta is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win a trifecta, it is necessary to select in order the first, second and third place entries in the designated trifecta race.

(c) Coupled entries and fields. Coupled entries and fields may, at the discretion of the Gaming Manager, be recognized in the trifecta pools.

(d) Calculation and distribution of pools. The trifecta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

(e) No bet on a winning combination. In the event on bet is taken on the winning combination of a trifecta pool, payoff shall be made on trifecta bets selection the first two entries in order; failure to select the first two entries, payoff to trifecta bets selecting the winner to win; failure to select the winner two in shall cause a refund to all trifecta bettors.

(f) Less than three entries finish. If less than three entries finish, payoff shall be made on tickets selecting the actual finishing entries in order, ignoring the balance of the selection.

(g) Dead heat. In the event of a dead heat or dead heats, all trifecta bets selecting the correct order of finish, counting an entry in a dead heat as finishing in either position dead-heated, shall be winning bets and the net pool shall be distributed to each combination of winners separately as in a win pool dead heat.

(h) Scratched or excused entry. If an entry, not coupled as a starter, is scratched or excused from racing, no further trifecta bets shall be taken designating such entry and all trifecta bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

5. Superfecta

(a) Not a parlay. The superfecta is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win a superfecta, it is necessary for the superfecta bettor to select, in exact order of finish, the first, second, third and fourth place entries in the designated superfecta race.

(c) Coupled entries and fields. Coupled entries and fields may, at the discretion of the Gaming Manager, be recognized in the superfecta pools.

(d) Calculation and distribution of pools. The superfecta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

(e) No bet on winning combination. In the event no bet is taken on the winning combination, in order, payoff

shall be made to superfecta bettors selecting the first three entries, in order; failure to select the first three entries, payoff to superfecta bettors selecting the winner to win; failure to select the winner to win shall cause a refund to all superfecta bettors.

(f) Less than four entries finish. If less than four entries finish, payoff shall be made on tickets selecting the actual finishing entries in order, ignoring the balance of the selection.

(g) Dead heat. In the event of a dead heat or dead heats, all superfecta bets selecting the correct order of finish, counting an entry in a dead heat as finishing in either position dead-heated, shall be winning bets, and contrary to the usual practice, the aggregate number of winning bets shall divide the net pool and be paid the same payoff price.

(h) Scratched or excused entries. If any entry, not coupled as a starter, is scratched or excused from racing, no further superfecta bets may be taken designating such entry and all superfecta bets previously taken designating such entry shall be refunded and the money deducted for the gross pool.

6. Pick Four

(a) Not a parlay. The pick four is not a parlay and shall be held entirely separate from all other pools.

(b) Definition. In order to win the pick four, it is necessary for the pick four bettor to select the winners of each of the four races specified for the pick four.

(c) Coupled entries and fields for betting purposes shall not be allowed in the pick four even if so coupled at the track.

(d) Failure to select a winning combination.

(i) If no pick four ticket is sold combining the winners of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating three winners shall be considered winning tickets and the net pool distributed equally to holders of said tickets.

(ii) If no pick four ticket is sold combining the winners of either four or three races of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating two winners shall be considered winning

tickets and the net pool distributed equally to holders of said tickets.

(iii) If no pick four ticket is sold combining the winners of either four, three or two races of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating one winner shall be considered winning tickets and the net pool distributed equally to holders of said tickets.

(iv) If no pick four ticket is sold designating any winner to win in the designated pick four races, the pick four shall be declared off the gross pool refunded.

(v) If any of the designated races are cancelled or declared "no race", all pick four tickets (other than those tickets refundable by reason of an early scratch) designating the winners of the remaining race or races shall be considered winning tickets and the net pool distributed equally to holder of said tickets.

(e) Dead heats. In the event of a dead heat for win in any or all pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating either animal to win in said race or races shall be eligible for participation in the remaining pick four races and the net pool shall be equally distributed accordingly.

(f) Scratches.

(i) If an animal is scratched or declared a non-starter in any of the four races designated as the pick four races before the running of the first of those races (early scratch), no further pick four tickets may be issued designating such animal and all pick four tickets previously issued designating such animal shall be refunded and the money deducted from the gross pool.

(ii) Should any animal be scratched or declared a non-starter in any race of the designated pick four races after the running of the first pick four races, the race in which the late scratch has occurred will be declared "no race" for the purposes of the pick four pool only, and the net pool shall be distributed equally to the holders of

tickets who have designated the winners of the remaining pick four races.

(g) Pick four tickets shall be sold in not less than two dollar denominations and only from machines capable of issuing four letters on one ticket. Resale of such tickets from one individual to another is prohibited.

1. Notice of Hours

A notice will be displayed in a conspicuous location in the off-track betting facility setting forth the hours during which the facility will be open for business.

2. Sale or Exhibition of Betting Information

The off-track betting facility will exhibit or offer for sale such track, racing and betting information as the Gaming Manager will permit. The track, racing, and betting information is solely for the convenience of the betting public, and the Gaming Manager assumes no responsibility for the accuracy of such information.

3. Declaring the Facility Closed

Notwithstanding any other rule, the manager of the off-track betting facility may upon prior approval of the Gaming Manger declare the facility closed for receiving bets on any pari-mutuel pool, race, group or races, or closed for all betting.

4. Forms of Payment

All bets at the Gaming Manger off-track betting facility shall be made by cash, check, or credit card, as the Gaming Manager may limit the acceptable forms of payment and may in its discretion refuse to accept one or more forms of currency.

5. Use of Printed Slips

The Gaming Manager off-track betting facility may require that the bettor indicate on a printed betting slip in clearly legible handwriting, the race-track, amount of bet, the type of bet, the race number, and the animal and such other information as may be specified by the Commission.

6. Issuance of Pari-Mutuel Ticket

At the Gaming Manager off-track betting facility, upon receipt of the money to be wagered and the information set forth in subsection (e) of this section, the facility shall issue a ticket or receipt to the bettor which shall show the information submitted by the bettor. The issuance of such ticket or receipt shall constitute the acceptance of the bet, subject; however, to subsection (7) of this section and

to said bet containing the information specified by the Gaming Manager.

7. Acceptance of Pari-Mutuel Ticket

Except as otherwise provided in these Standards, any person making a bet at the Gaming Manager off-track betting facility shall be deemed to accept the ticket or receipt issued to him. Cancellations of pari-mutuel tickets will only be permitted through ticket issuing machines possessing cancellation capability and only under procedures as determined by the Gaming Manager. Where ticket issuing machines do not have cancellation capability, any claim by a person that a ticket or receipt issued to him is in errors or bears an omission must be made before leaving the mutuel ticket window.

8. Alteration or Mutilation of Pari-Mutuel Ticket

Any ticket or receipt presented for winnings may be rejected for payment if it has been altered, defaced or mutilated.

9. Faulty Pari-Mutuel Ticket

Where a ticket presented for payment is incomplete, the characters undecipherable, or contains inconsistent data with respect to any particular be thereon, and the Gaming Manager cannot determine the pari-mutuel pool in which the bet was placed, no refund or payoff shall be made. It is the burden of the bettor to verify all information on the ticket issued to him at the time of issuance. Once the bettor accepts an issued ticket, it is deemed to be valid.

10. Presentation for Payment

Payment of winning pari-mutuel shall be made at any off-track betting facility upon presentation and surrender of such tickets at such times as the Gaming Manager shall designate. Claims which have not been presented for payment within a period of sixty (60) days from the date of issuance must be presented for payment at the accounting office of the Gaming Manager or at such other location as the Gaming Manager shall designate.

11. Claims to be Made Within one Year

All winning pari-mutuel tickets must be presented for payment within one year of the day of issuance, or all rights to those winnings will be waived. All moneys not redeemed by the failure to present winning pari-mutuel tickets within this deadline shall revert to the betting fund.

12. Delay of Payment

The Gaming Manger reserves the right to delay any payment until an official inquiry is made into the race or ticket in question and the race is declared "official".

13. Payment on Winning Tickets

Payments on winning tickets shall be made by the managing employee of the off-track betting facility or his duly authorized agent in United States currency upon proper presentation of a valid winning ticket.

14. Payment to be Verified

Gaming Manager off-track betting facility personnel shall not make a payment in any amount other than that indicated by the official off-track betting race result sheet conspicuously posted at the facility or by the computer terminal equipment installed at the off-track betting facility for ticket cashing purposes. In the event of a discrepancy between the ticket and the bet information indicated by the computer terminal equipment, or the off-track betting facility records, no payment shall be made and the customer shall be referred to the Gaming Manger.

15. Communications Equipment Prohibited

No person shall be permitted to bring into any off-track betting facility or to keep or operate there, any communications equipment designed for or capable of sending or receiving broadcasts or messages of any kind.

16. Persons Prohibited

No person under the influence of alcohol or drugs, touts, person making book on or about the premises, loiterers, or disorderly persons shall be permitted to place a bet directly or indirectly in any such facility.

17. Persons Prohibited from Betting

No employee of the Gaming Manager or any agency or concern retained by the Gaming Manager to render services to the off- track betting operation shall place a bet directly or indirectly at any off-track betting facility of the Gaming Manager. Nor shall such persons as aforesaid receive any gratuity, directly or indirectly, from any person who places a bet at any such off-track betting facility.

18. Testing of Equipment

The OSBI may test the totalisator equipment employed in the conduct of Gaming Manager pari-mutuel wagering and any computer hardware or software required for the operation of such wagering and will grant its approval so long as the

wager are conducted in a manner which is honest, fair to the patrons and amendable to regulatory oversight.

19. Security Procedures for Audio-Video Signals

The Gaming Manager will consult with the OSBI regarding the adoption of security procedures for audio and video signal utilized in the operation of any off-track betting system and will adopt security procedures substantially corresponding to those utilized by the State or such other procedures as may be adopted by the Tribal Gaming Commission and approved by the OSBI.

20. Computer Recording of Wagering Information

The Autotote Race Book equipment selected for use of the Gaming Manager's pari-mutuel wagering operation is capable of generating a computer log of wagering activities in a form to enable the OSBI to provide verification of the accuracy and integrity of wagering activities.

21. All wagers at pari-mutuel windows of the Gaming Manager shall be in the United States currency; provided, however that nothing herein shall restrict the right of the Gaming Manager to provide check cashing or cash advance facilities for use in conjunction with credit cards for the convenience of patrons.

APPENDIX "B"

The following are the locations at which the tribe may accept off-track wagers on simulcast horse races pursuant to the Compact:

(1) Idabel, Oklahoma - Choctaw Bingo at Choctaw Shopping Center on Washington Street

(2) Grant, Oklahoma - Four miles south of Hugo on U.S. Highway 271 at the Choctaw Travel Plaza - Choctaw Downs

(3) Calera, Oklahoma - Four miles south of Durant, Oklahoma on U.S. Highway 69/75 at the Choctaw Nation Bingo Hall

(4) McAlester, Oklahoma - At Airport Road and U.S. Highway 69 South By-pass at Choctaw Nation Gaming Center

(5) Stringtown, Oklahoma - On U.S. Highway 69/75

(6) Choctaw Nation Travel Plaza on Highway 70, Broken Bow, Oklahoma.