United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

TAKE PRIDE IN AMERICA

JAN 25 1993

Honorable Russell Hawkins
Chairman, Sisseton-Wahpeton Sioux
Tribal Council
Route 2 - Agency Village
Sisseton, South Dakota 57262

Dear Chairman Hawkins:

On December 11, 1992, we received the Tribal-State Compact for Control of Class III Games of Chance for the Sisseton-Wahpeton Sioux Tribe (Tribe) in North Dakota (State).

We have reviewed the Compact and conclude that it does not violate the Indian Gaming Regulatory Act (IGRA), Federal Law, or our trust responsibility. Therefore, pursuant to my delegated authority and Section 11 of the IGRA, we approve the Compact. The Compact shall take effect when notice of our approval, pursuant to Section 11(d)(3)(B) of the IGRA, is published in the FEDERAL REGISTER.

Please be advised that Section 11(d) of the IGRA requires the Chairman of the NIGC to approve tribal ordinances authorizing Class III gaming. On July 8, 1992, the NIGC's proposed regulations to govern approval of Class II and Class III gaming ordinances were published in the FEDERAL REGISTER. Once the regulations become final and are in effect, we expect the NIGC will request submission of existing ordinances for review and approval in accordance with the standards contained in the final regulations. It may be useful for the Tribe to review the proposed regulations to insure that the Tribe's ordinances are consistent with or do not otherwise conflict with NIGC requirements.

We wish the Tribe and the State success in this economic venture.

Sincerely,

/S/ Eddie F. Brown

Assistant Secretary - Indian Affairs

Enclosures

Identical Letter to: Honorable George Sinner
Governor of North Dakota
Capitol Building
600 E. Boulevard Avenue
Bismarck, North Dakota 58505

cc: Aberdeen Area Director w/copy of approved Compact
Supt., Sisseton Agency w/copy of approved Compact
Kevin Meisner, SOL(2)
National Indian Gaming Commission w/copy of approved Compact
Twin Cities Field Solicitor w/copy of approved Compact
North Dakota United States Attorney w/copy of approved Compact

TRIBAL-STATE COMPACT

FOR CONTROL OF CLASS III GAMES OF CHANCE

SISSETON-WAHPETON SIOUX TRIBE

IN NORTH DAKOTA

WHEREAS, the State of North Dakota (hereinafter "State") and the Sisseton-Wahpeton Sioux Tribe of the Lake Traverse Reservation (hereinafter "Sisseton-Wahpeton Sioux Tribe" or the "Tribe") are separate sovereigns, and each honors the laws of the other sovereign; and,

WHEREAS, the Congress of the United States has enacted the Indian Gaming Regulatory Act (hereinafter "Indian Gaming Act"), Public Law 100-497, 102 Stat. 2467, 25 U.S.C. Sections 2701 to 2721 (1988) creating a mechanism through which the various States and Indian Tribal Governments can allocate Class III gaming activity which occurs on Indian real property; and,

WHEREAS, the Sisseton-Wahpeton Sioux Tribal Council exercises governmental authority over all lands, activities and people within the Lake Traverse Reservation, which, for purposes of this Compact, means those lands, activities, and people within the exterior boundaries of the Lake Traverse Reservation as established in the Treaty of February 19, 1867 (hereafter "Lake Traverse Reservation lands"); and,

WHEREAS, the Governor has authorized a representative to negotiate a Compact with the Sisseton-Wahpeton Sioux Tribe; and,

WHEREAS, the Sisseton-Wahpeton Sioux Tribe have authorized a representative to negotiate a Compact with the State; and,

SO BE IT RESOLVED, in consideration of the mutual understandings and promises agreements hereinafter set forth, the State and Sisseton-Wahpeton Sioux Tribe enters into the following Class III Gaming Compact.

SECTION 1. FINDINGS AND DECLARATION OF POLICY.

FINDINGS AND DECLARATIONS

As the basis for this Compact, the State and the Sisseton-Wahpeton Sioux Tribe agree to the following findings and declarations:

1.1 Types of Games.

This Compact shall govern the licensing, regulation and operation of the following Class III games on the Lake Traverse Reservation trust lands:

(a) Video Games of Chance and Electronic Slot Machines utilizing a Central Computer System

(b) Paddle Wheel

(c) Blackjack

(d) Poker including Pai Gai Poker and Carribean Poker

(e) Keno

(f) Sports and Calcutta Pools as defined under North Dakota law, except as to bet limits and except that play may be conducted utilizing electronic projections or reproductions of a sports pool board

(g) Parimutuel and Simulcast Betting pursuant to a separate agreement between the parties as an addendum to this Compact

(h) Raffles

(i) Punchboards and jars

(j) Craps and Indian dice

(k) All games of chance and/or skill authorized to be conducted by any group or individual under any circumstances within the State of North Dakota rules of play to be negotiated in good faith by the parties hereto.

The Sisseton-Wahpeton Sioux Tribe within its Gaming Community shall determine the policy, procedures and rules for Class III games.

The Sisseton-Wahpeton Sioux Tribe hereby agrees to not allow the game of pulltabs, except through video gaming machines or pulltab dispensing machines.

1.2 Fair Operation.

The Sisseton-Wahpeton Sioux Tribe agrees that the games they offer will be fairly operated, will be operated without corruption or infiltration by criminal influence, and will be operated for the economic development of the Sisseton-Wahpeton Sioux Tribe.

1.3 Right to License and Regulate.

The State and Sisseton-Wahpeton Sioux Tribe agree that the Sisseton-Wahpeton Sioux Tribe has the right to license and regulate gaming activity on the Lake Traverse Reservation trust lands as established in the Treaty of February 19, 1867.

1.4 Promotion of Tribal Interest.

The State and Sisseton-Wahpeton Sioux Tribe agree that a principal goal of present federal Indian policy is to promote tribal economic development, tribal self-sufficiency, and strong tribal government.

1.5 Recognition of Gaming Benefits.

The Sisseton-Wahpeton Sioux Tribe finds gaming to be an enterprise that is in the best interests of the Sisseton-Wahpeton Sioux Tribe and is consistent with the safety and welfare of the Sisseton-Wahpeton Sioux Tribe.

SECTION 2. DURATION AND RENEGOTIATION.

2.1 Effective Date.

This Compact shall become effective upon execution by the Governor of the State, ratification by the Sisseton-Wahpeton Sioux Tribal Council, approval by the Secretary of the Interior and publication of that approval in the Federal Register pursuant to the Indian Gaming Act. This Compact is entered into pursuant to the Indian Gaming Act, State law and Sisseton-Wahpeton Sioux Tribal Gaming Ordinance.

2.2 Renegotiation.

The State or the Sisseton-Wahpeton Sioux Tribe may request negotiation to amend, replace or repeal this Compact. In the event of a request for renegotiation or the negotiation of a new Compact, this Compact shall remain in effect until renegotiated or replaced. Such requests shall be in writing and shall be sent by certified mail to the Governor of the State or the Leader of the Sisseton-Wahpeton Sioux Tribal Council. After such written notice, the term of renegotiation shall be one hundred eighty (180) days consistent with the provisions set out within the Indian Gaming Regulatory Act.

2.3 Duration.

This Compact will have a ten (10) year duration from its effective date, after which time this Compact shall terminate. At any time during the last year of this ten (10) year term, the Sisseton-Wahpeton Sioux Tribe may give notice of its intent to negotiate a new compact pursuant to Section 2710 of the Indian Gaming Regulatory Act. Such notice shall make effective all provisions of the Indian Gaming Regulatory Act for the negotiation of a new compact.

SECTION 3. ALLOCATIONS OF JURISDICTION.

3.1 State and Sisseton-Wahpeton Sioux Jurisdiction over Class III Games on Sisseton-Wahpeton Sioux lands.

For purposes of this Compact, the Sisseton-Wahpeton Sioux Tribe shall exercise exclusive civil jurisdiction over Class III games on the Lake Traverse Reservation trust lands. This Compact shall not be construed to limit federal or Sisseton-Wahpeton Sioux criminal jurisdiction on the Lake Traverse Reservation trust lands.

SECTION 4. REGULATORY STANDARDS FOR CLASS III GAMES ON SISSETON-WAHPETON SIOUX LANDS.

4.1 Common Interest.

In recognition of the public policy interests of the State, which are similarly appreciated as desirable by the Sisseton-Wahpeton Sioux Tribe, the following regulatory standards are established for Class III games operated and played on the Lake Traverse Reservation trust lands.

4.2 No Credit Extended.

All gaming shall be conducted on a cash basis. No person shall be extended credit for gaming. No person or organization shall be permitted to offer credit for gaming for a fee. This restriction shall not apply to credits won by players who activate play on games after inserting coins or currency into the game and shall not restrict the right of the Sisseton-Wahpeton Sioux Tribe or any other person to offer check cashing or to install or accept bank card or credit card transactions in the same manner as would be normally permitted at any retail business.

4.3 Minimum Age for Players.

No person under the age of eighteen (18) may purchase a ticket, make a wager, or otherwise participate in any Class III game; provided that this section shall not prohibit a person eighteen (18) years old or older from giving a ticket or share to a person under the age of eighteen (18) as a gift.

No person under the age of eighteen (18) shall be permitted on the premises where any component of Class III gaming is conducted unless accompanied by a parent, guardian, spouse, grandparent, or great-grandparent over the age of eighteen (18), sibling over the age of eighteen (18), or other person over the age of eighteen (18) with the permission of the minor's parent or guardian; provided that this subsection shall not apply to locations at which sale of tickets is the only component of Class III gaming.

4.4 No Payout Limit.

There shall be no limit on payouts for Class III gaming on the Lake Traverse Reservation trust lands.

4.5 No Machine or Table Limit.

There shall be no limit on the number of machines, tables, or other gaming devices which the Sisseton-Wahpeton Sioux Tribe may operate pursuant to this Compact.

4.6 Bet Limits.

The following bet limits shall apply to the following games:

Blackjack	$50.00 Maximum
Any machine	$ 5.00 Maximum; up to 3 Simultaneous Bets each of $5.00
Paddle Wheel	$25.00 Maximum Single Bet $25.00 Maximum Overall Bet

Wagers on poker shall not exceed Ten Dollars ($10.00) per individual bet per round, with a three (3) raise maximum per round being applicable.

Individual bets placed during the play of craps and Indian dice shall not exceed Twenty-five Dollars ($25.00) per bet. Each game shall be attended by at least a three (3) person team and overseen by at least one (1) other non-participant supervisor who may oversee more than one game.

There shall be no bet limits on the other gaming conducted on the Lake Traverse Reservation trust lands, other than set out in this paragraph.

4.7 Availability of Additional Games and Bet Limits Legally Conducted by Other Tribes.

All games and/or increased wager limits which any other Indian Tribe may legally conduct, or utilize, on trust lands located within North Dakota, whether by compact with the State, or through action by the United States Secretary of Interior, or determination of any court maintaining jurisdiction, shall be available for play by Tribe subject to the following: the State

may condition play upon the provision by Tribe of consideration similar or equivalent to that provided by another compacting Tribe. Upon identification by Tribe of any such game, and written notice to State, the parties shall within fourteen (14) days commence good faith negotiations as to the inclusion of such additional game or games, consideration by the Tribe, if applicable, rules of play and presentation thereof. Such negotiations shall proceed with deliberate speed and attention.

4.8 Record Keeping Requirement.

For video games of chance each location shall have an interconnected one-way reporting system. The reporting system shall provide for each machine, periodic analytic reports, that record coins in and coins out, calculate actual hold, and compare actual hold to theoretical hold percentages.

The reporting system reports shall be prepared as a minimum on a monthly basis and held by the Sisseton-Wahpeton Sioux Tribe for a minimum of three (3) years. The reports shall be subject to inspection by agent of the State pursuant to Section 4.9 of the Compact.

4.9 Inspection.

Agents of the State of North Dakota, or their designated representatives, shall upon the presentation of appropriate identification, have the right to gain access, without notice during normal hours of operation, to all premises used for the operation of games of chance, or the storage of games of chance or equipment related thereto, and may inspect all premises, equipment, daily records, documents, or items related to the operation of games of chance in order to verify compliance with the provisions of this Compact. Inspections made pursuant to this section shall be conducted by agents who maintain the highest security clearance available within the State. Agents of the State, or their designated representatives, shall also have the right, upon the presentation of appropriate identification and with reasonable notice, to inspect other records or documents associated with the operation of games of chance and maintained by the Sisseton-Wahpeton Sioux Tribe. The Sisseton-Wahpeton Sioux Tribe shall reimburse the State for the reasonable direct costs of the State in conducting such inspections.

4.10 Non-Complying Class III Games.

The following are declared to be non-complying Class III games:

(a) all Class III games to which the agents of the State have been denied access for inspection purposes;

(b) all Class III games operated in violation of this Compact.

4.11 Demand for Remedies for Non-Complying Games of Chance.

Class III games believed to be non-complying shall be so designated, in writing, by the Agents of the State. Within five (5) days of receipt of such written designation, the Sisseton-Wahpeton Sioux Tribe shall either:

(a) accept the finding of non-compliance, remove the Class III games from play, and take appropriate action to ensure that the manufacturer, distributor, or other responsible party cures the problem; or

(b) contest the finding of non-compliance by so notifying the agents of the State, in writing, and arrange for the inspection of the contested game, by an independent gaming test laboratory as provided in Section 6 within ten (10) days or the receipt of the finding of non-compliance. If the independent laboratory finds that the Class III game or related equipment is non-complying, the non-complying Class III game and related equipment shall be permanently removed from play unless modified to meet the requirements of this Compact.

SECTION 5. BACKGROUND INVESTIGATIONS AND LICENSING OF EMPLOYEE AND MANAGER.

5.1 Background Investigations Prior to Employment.

The Sisseton-Wahpeton Sioux Tribe, prior to placing a prospective employee whose responsibilities include the operation or management of games of chance, shall obtain a release and other information from the applicant to permit the State to conduct a background check on the applicant. This information along with the standard fee, shall be provided in writing to the state which shall then conduct the background check and provide a written report to the Sisseton-Wahpeton Sioux Tribe regarding each applicant within thirty (30) days of receipt of the request. The Sisseton-Wahpeton Sioux Tribe may employ any person who represents in writing that he or she meets the standards set forth in this section, but must not retain any person who the State reports has been (a) convicted of a felony or released from parole or probation or incarceration within five (5) years of the commencement of employment with the Sisseton-Wahpeton Sioux Tribe; or (b) convicted of a felony or misdemeanor involving fraud, misrepresentation, or gambling. Criminal history data compiled by the State on prospective employees shall, subject to applicable state to federal law, be released to the Sisseton-Wahpeton Sioux Tribe as part of the reporting regarding each applicant. The background check of employees to be conducted pursuant to this paragraph shall be in addition to any similar federal requirements; or (c) who the Tribe or the State have determined should not be involved with the conduct of games of chance because they are not a person of good character, honesty, and integrity or they are a person whose prior activi-

ties, criminal record, reputation, habits, and associations pose a threat to the public interest of the Tribe or State 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 to the conduct of gaming; or (d) has been determined to have participated in organized crime or unlawful gambling.

5.2 Background Investigations of Employees During Employment.

Each person whose responsibilities include the operation or management of Class III games shall be subject to periodic review comparable to that required for initial employment as provided in Section 5.1 by the Sisseton-Wahpeton Sioux Gaming Commission. This review shall take place at least annually, commencing with the date of employment. Employee found to have committed the violations described in Section 5.1 shall be dismissed.

5.3 Licensing and Discipline of Employee.

All personnel employed by the Sisseton-Wahpeton Sioux Tribe whose responsibilities include the operation or management of Class III games shall be licensed by the Sisseton-Wahpeton Sioux Gaming Commission. The Sisseton-Wahpeton Sioux Gaming Commission shall publish and maintain a procedural manual for such personnel, which includes disciplinary standards for breach of the procedures.

5.4 Qualifications of Managers of Class III Games.

(a) Prior to hiring a Manager for the Sisseton-Wahpeton Sioux Tribal Class III games, the Sisseton-Wahpeton Sioux Gaming Commission shall obtain release and other information sufficient from the proposed Manager and/or its principals to permit the State to conduct a background check. All information requested shall be provided in writing to the State which shall conduct the background check and provide a written report to the Sisseton-Wahpeton Sioux Tribe regarding each Manager applicant and/or its principals within thirty (30) days of receipt of the request. The background check to be conducted pursuant to this paragraph shall be in addition to any similar federal requirements.

(b) The Sisseton-Wahpeton Sioux Tribe shall not employ a Manager for the Class III games if the State Gaming Commission determines that the Manager applicant and/or its principals have been determined to be in violation of Section 5.1.

5.5 Investigation Fees.

The applicant shall reimburse the state for any and all reasonable expenses for background investigations required within this Compact.

SECTION 6. TECHNICAL STANDARDS FOR CLASS III VIDEO GAMES OF CHANCE.

6.1 Electronic Games of Chance - Definition.

"Electronic Game of Chance" means a microprocessor-controlled electronic device which allows a player to play games of chance, some of which are affected by skill, which device is activated by the insertion of a coin or currency, or by the use of a credit, and which awards game credits, cash, tokens, or replays, or a written statement of the player's accumulated credits, which written statements are redeemable for cash. The term "electronic game of chance" does not include the operation and play of devices which utilize mechanical or optical sensors to evaluate reel positions when they come to rest after being spun for game play.

6.2 Display.

Game play may be displayed by:

(a) Video facsimile; or

(b) Mechanical rotating reels whereby the software of the device predetermines the stop positions and the presence, or lack thereof, of a winning combination and pay out, if any.

6.3 Testing of Video Games of Chance.

(a) Testing and Approval of Video Games of Chance. No electronic games of chance may be operated by the Tribe unless the electronic game of chance, or a prototype thereof, has been tested, approved or certified by a Qualified Gaming Test Laboratory as meeting the requirements and standards of this Compact. For purposes of this Compact, a Qualified Gaming Test Laboratory is a laboratory:

(i) agreed to and designated in writing by the State and the Tribe as competent and qualified to conduct scientific tests and evaluations of electronic games of chance and related equipment; or

(ii) a laboratory operated by or under contract with any State of the United States to conduct scientific tests and evaluations of electronic games of chance and related equipment.

(b) Application for Approval of Prototype Video Games of Chance. The Tribe shall provide or require that the manufacturer provide to the Qualified Gaming Test Laboratory two copies of electronic game of chance illustrations, schematics, block diagram, circuit

analysis, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base-16 format), and any other information requested by the Qualified Gaming Test Laboratory.

(c) Testing of Video Games of Chance. If required by the Qualified Gaming Test Laboratory, the Tribe shall require the manufacturer to transport not more than two working models of the electronic games of chance and related equipment to a location designated by the laboratory for testing, examination, and analysis. The Tribe shall require the manufacturer to pay for any and all costs for the transportation, testing, examination, and analysis. The testing, examination, and analysis may include the entire dismantling of the electronic games of chance and related equipment and some tests may result in damage or destruction to one or more electronic components of the devices. If required by the laboratory, the Tribe must require the manufacturer to provide specialized equipment or the services of an independent technical expert to assist the testing, examination, and analysis.

(d) Report of Test Results. At the conclusion of each test, the Qualified Gaming Test Laboratory shall provide to the State and the Tribe a report that contains findings, conclusions, and a determination that the electronic game of chance and related equipment conforms or fails to conform to the hardware and software requirements of this Compact. If modifications can be made which would bring the electronic game of chance or related equipment into compliance, the report may contain recommendations for such modifications.

(e) Modifications of Approved Video Games of Chance. No modification to the assembly or operational functions of any electronic game of chance or related equipment may be made after testing and installation unless a Qualified Gaming Test Laboratory certifies to the State and the Tribe that the modified electronic game of chance conforms to the standards of this Compact.

(f) Conformity to Technical Standards. The Tribe shall require the manufacturer or distributor to certify, in writing, to the Tribe and the State that, upon installation, each electronic game of chance placed in a Tribal gaming facility:

(i) Conforms precisely to the exact specifications of the electronic game of chance prototype tested and approved by the Qualified Gaming Test Laboratory; and

(ii) Operates and plays in accordance with the technical standards prescribed in this section.

(g) Machine Identification. A non-removable plate shall be affixed to each electronic game of chance. This plate shall have written upon it the machine's serial number, manufacturer, and a unique identification number assigned by the Tribe, and the date the unique identification number was assigned.

6.4 Tribal Reports to State.

(a) Installation and Operation. At least forty-eight (48) hours prior to installation of an electronic game of chance, the Tribe shall report to the State the following information for each electronic game of chance, including, but not limited to:

(i) The type of electronic game of chance;

(ii) The game's serial number;

(iii) The game's manufacturer;

(iv) The person from whom the game was acquired; the means by which the game was transported into the State and the name and street address of any common carrier or other person transporting the game;

(v) The certification required;

(vi) The unique identification number assigned by the Tribe;

(vii) The EPROM chip's identification number;

(viii) The location in which the game will be placed; and

(ix) The date of installation.

(b) Removal from Play. Upon removal of an electronic game of chance from a tribal gaming facility, the Tribe shall provide to the State specification of:

(i) The date on which it was removed;

(ii) The game's destination; and

(iii) The name of the person to whom the equipment is to be transferred, including the person's street address, business and home telephone

numbers; the means by which the game is to be transported and the name and street address of any common carrier or other person transporting the game.

6.5 Hardware Requirements for Electronic Games of Chance.

(a) Physical Hazard. Electrical and mechanical parts and design principals of the electronic games of chance may not subject a player to physical hazards.

(b) Surge Protectors. A surge protector must be installed on the line that feeds power to the electronic game of chance.

(c) Battery Backup. A battery backup or an equivalent shall be installed on the electronic game of chance for the electronic meters and must be capable of maintaining the accuracy of all information required by this Compact for one hundred eighty (180) days after power is discontiued from the machine. The backup device shall be kept within the locked microprocessor compartment.

(d) On/Off Switch. An on/off switch that controls the electrical current used in the operation of an electronic game of chance and any associated equipment must be located in a place which is readily accessible within the interior of the machine.

(e) Static Discharge. The operation of each electronic game of chance must not be adversely affected by static discharge or other electromagnetic interference.

(f) Approve Coin and Bill Acceptors. At least one electronic coin acceptor must be installed in or on each electronic game of chance. The devices may also contain bill acceptors for denominations determined by the Tribe. Prior to operation, all models of coin and bill acceptors installed must have been tested and approved in writing by a Qualified Gaming Test Laboratory.

(g) Cabinet Security.

(i) The cabinet or interior area of the electronic game of chance shall be locked and not readily accessible.

(ii) The electronic game of chance shall have an electronic computer system, approved by the Qualified Gaming Test Laboratory, that shall record and maintain essential information associated with machine play. This information must be retained for a minimum of thirty (30) days.

(iii) Electronic games of chance utilizing coin drop hoppers are permitted, provided they are monitored by an on-line electronic game management/ reporting system which has been approved by the Qualified Gaming Test Laboratory. However, should the Tribe maintain individual machines or clusters of machines apart from a major casino location, all coin hoppers shall be computer monitored with data from such machines being downloaded into the central on-line electronic game management/reporting system at least daily.

(iv) The term "error conditions" as used in this subdivision includes:

(a) Cabinet door open and cash compartment door open.

(b) Coin-in tilt and reverse coin-in tilt.

(c) Hopper empty, hopper jam, or hopper runaway/malfunction.

(h) Repairs and Service. An authorized agent or employee of the Tribe may open the gaming cabinet to effect repairs and service, but shall do so only in the presence of another Tribal agent or employee.

(i) Microprocessor Compartment. The compartment containing the microprocessor-controlled device within the cabinet of the electronic game of chance must be locked and sealed, and unlocked by a different key than the key which unlocks the cabinet or cash compartment. The compartment may only be opened in the presence of a tribal official or a security officer appointed by the Tribe. The key to the microprocessor compartment shall be kept by the Tribe in a secure place.

(j) Secure Electronic Components.

(i) Logic Boards and software Erasable Programmable Read Only Memory (EPROM) chips and other logic control components shall be located in a separate compartment within the electronic game of chance and that compartment shall be sealed and locked with a different key or combination than that used for the main cabinet door, and cash compartment.

(ii) Upon installation, the Tribe shall affix or cause to be affixed to the EPROM chip of each electronic game of chance a strip of security tape, capable of evidencing the removal of the EPROM chip if the EPROM chip is removed from

the circuit board. The security tape shall be secured and available only to the authorized personnel of the Tribe. The Tribe shall maintain accurate and complete records of the identification number of each EPROM chip installed in each electronic game of chance.

(k) Secure Cash Compartment. The coins and currency compartment shall be locked separately from the main cabinet area, and secured with a different key or combination than used for the main cabinet door, except that a separate cash compartment shall not be required for coins necessary to pay prizes in a machine which pays prizes through a drop hopper as permitted in this section. Cash compartment keys must be kept in a secure location. Except as provided in this section, the compartment in which the inserted coins and bills are deposited shall be locked at all times. An employee or official of the Tribe may open the cash compartment in the gaming cabinet for the purpose of collecting the accumulated cash. The person collecting the accumulated cash shall record the amount collected.

(l) Hardware Switches Prohibited. No hardware switches may be installed on an electronic game of chance or on any associated equipment which may alter the pay tables or payout percentages in the operation of the gaming device. Hardware switches may be installed to control the machine's sound.

(m) Printing of Written Statement of Credits. Each electronic game of chance which awards credits or replays but not coins or tokens shall allow the player to request a written statement upon completing play. Upon printing a written statement, the printer must retain an exact, legible copy of the written statement within the machine.

(n) Operation of Part of a Network. The hardware requirements of this subsection shall be construed to permit the operation of the electronic game of chance as part of a local network and/or a wide area network via telecommunication connections with an aggregate prize or prizes; provided:

(i) An electronic game of chance capable of bidirectional communication with external associated equipment must utilize communication protocol which insures that erroneous data or signals will not adversely affect the operation of the game. The operation of the local network and/or wide area network via telecommunication connections must be approved by the Qualified Gaming Test Laboratory; and

(ii) Where the network links the Tribe's electronic games of chance of tribal games of chance on other Indian reservations, each Tribe participating in the network shall have in force a Class III gaming compact authorizing such gaming as part of a network.

6.6 Software Requirements for Video Games of Chance.

(a) Randomness Testing. Each electronic game of chance must have a true random number generator that will determine the occurrence of a specific card, symbol, number, or stop opposition to be displayed on the electronic screen or by the mechanical rotating reels. A selection process will be considered random if it meets all of the following requirements:

(i) Chi-Square Analysis. Each card, symbol, number, or stop position, which is wholly or partially determinative satisfies the ninety-nine percent (99%) confidence limit using the standard chi-square analysis.

(ii) Runs Test. Each card, symbol, number, or stop position does not as a significant statistic produce detectable pattern of game elements or occurrences. Each card, symbol, number, or stop position will be considered random if it meets the ninety-nine percent (99%) confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

(iii) Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn within that game play. Each pair of card, symbol, number, or stop position is considered random if they meet the ninety-nine percent (99%) confidence level using standard correlation analysis.

(iv) Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it meets the ninety-nine percent (99%) confidence level using standard serial correlation analysis.

(v) Live Game Correlation. Video games of chance that are representative of live gambling games must fairly and accurately depict the play of the live game.

(b) Software Requirements for Percentage Payout. Each electronic game of chance must meet the following maximum and minimum theoretical percentage payout during the expected lifetime of the game:

(i) Video games that are not affected by player skill shall payout a minimum of eighty percent (80%) and no more than one hundred percent (100%) of the amount wagered. The theoretical payout percentage will be determined using standard methods of probability theory;

(ii) Video games that are affected by player skill, such as electronic draw poker and blackjack, shall pay out a minimum of eighty-three percent (83%) and no more than one hundred percent (100%) of the amount wagered. This standard is met when using a method of play that will provide the greatest return to the player over a period of continuous play.

(c) Minimum Probability Standard for Maximum Payout. Each electronic game of chance must have a probability of obtaining the maximum payout which is greater than one in seventeen million (1 in 17,000,000) for each play.

(d) Software Requirements for Continuation of Game After Malfunction. Each game must be capable of continuing the current game with all current game features after a game malfunction is cleared. This provision does not apply if a game is rendered totally inoperable; however, the current wager and all player credits prior to the malfunction must be returned to the player.

(e) Software Requirements for Play Transaction Records. Each game must maintain a electronic, electromechanical, or computer system, approved by the Qualified Gaming Test Laboratory, that shall record and maintain essential information associated with machine play. This information must be for a minimum of thirty (30) days, regardless of whether the machine is being supplied with power.

(f) No Automatic Clearing of Accounting Meters. No game may have a mechanism by which an error will cause the electronic accounting meters to automatically clear. All meter readings must be recorded and dated in the presence of a tribal official both before and after the electronic accounting meter is cleared.

(g) Display of Information. The display information required shall be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the machine face.

(h) Rules Display. The machine shall display:

(i) The rules of the game prior to each game being played;

(ii) The maximum and minimum wagers, the amount of credits which may be won for each winning hand or combination of numbers or symbols; and

(iii) The credits the player has accumulated.

Provided, however, in the case of an electronic game of chance with a mechanical display, the information required shall be permanently affixed on the game in a location which is conspicuous to the player during play.

6.7 Removal and Correction.

Any machine confirmed to be in non-compliance with this Compact shall be removed from play by the Tribe and brought into compliance before reintroduction.

6.8 Amendments to Regulatory and Technical Standards for Electronic Games of Chance.

The State and the Tribe acknowledge the likelihood that technological advances or other changes will occur during the duration of this Compact that may make it necessary or desirable that the regulatory and technical standards set forth in Section 6 for electronic games of chance be modified to take advantage of such advances or other changes in order to maintain or improve game security and integrity. Therefore any of the regulatory or technical standards set forth in Section 6 may be modified for the purposes of maintaining or improving game security and integrity by mutual agreement of the North Dakota Attorney General and the Sisseton-Wahpeton Sioux Tribe, upon the written recommendation and explanation of the need for such change made by either party.

6.9 Accounting and Audit Procedures.

The Sisseton-Wahpeton Sioux Tribe shall engage an independent certified public accountant to audit the books and records of all Class III gaming conducted pursuant to this Compact and shall make copies of the audit and all current internal accounting and audit procedures available to the State upon written request. The Sisseton-Wahpeton Sioux Tribe shall permit the State to consult with the auditors before or after any audits or periodic checks or procedures which may be conducted by the auditors, and shall allow the State to submit written or oral comments or suggestions for improvements regarding the accounting and audit procedures. Within thirty (30) days of receipt of any written or oral comments, the Sisseton-Wahpeton Sioux Tribe shall: (a) accept the comments and modify the procedures accord-

ingly; or (b) respond to the comments with counterproposals or amendments. If a request is made by the State to conduct its own audit of the books and records of the Sisseton-Wahpeton Sioux Tribal Class III gaming activities, the State shall be allowed to conduct such an audit and the Sisseton-Wahpeton Sioux Tribe shall reimburse the State for the reasonable direct costs of the State to conduct such an audit.

6.10 Record Maintenance.

The Sisseton-Wahpeton Sioux Tribe shall maintain the following records related to its gaming operations for at least three (3) years:

(a) Revenues, expenses, assets, liabilities and equity for each location at which any component of Class III gaming is conducted.

(b) Daily cash transactions for each game at each location at which Class III gaming is conducted including but not limited to transactions relating to each gaming table bank, game drop box and gaming room bank.

(c) Individual and statistical game records to reflect statistical drop, statistical win, the statistical drop by table for each game, and the individual and statistical game records reflecting similar information for all other games.

(d) Records of all tribal enforcement activities.

(e) All audits prepared by or on behalf of the Sisseton-Wahpeton Sioux Tribe.

(f) All returned checks which remain uncollected, hold checks or other similar credit instruments.

(g) Personnel information on all Class III gaming employees or agents, including rotation sheets, hours worked, employee profiles and background checks.

6.11 Accounting Records and Audits Concerning Class III Gaming by Sisseton-Wahpeton Sioux Tribe.

(a) The Sisseton-Wahpeton Sioux Tribe shall provide a copy to the State of any independent audit report upon written request of the State. Any costs incidental to providing that copy to the State will be borne by the Tribe.

(b) The Sisseton-Wahpeton Sioux Tribe shall permit access to and review by the State of its accounting and audit records. Copying of documents may be allowed at the option of the Sisseton-Wahpeton Sioux Tribe. Any costs incidental to such an inspection shall be borne by the Tribe.

(c) The Sisseton-Wahpeton Sioux Tribe requires that its gaming records be confidential. Any Tribal records or documents submitted to the State, or of which the State has retained copies in the course of its gaming oversight and enforcement, will not be disclosed to any member of the public, except to bona fide law enforcement agencies. This Compact is provided for by Federal law and therefore supersedes State records law to the contrary.

(d) The Sisseton-Wahpeton Sioux Tribe shall have the right to inspect and copy all State records concerning the Sisseton-Wahpeton Sioux Tribe's Class III gaming, unless it would compromise an ongoing investigation.

6.12 Sisseton-Wahpeton Sioux Gaming Commission Licensing of Equipment.

The Sisseton-Wahpeton Sioux Gaming Commission shall only issue licenses to manufacturers, operators, and distributors of gaming equipment with valid licenses from the states of New Jersey, Nevada, or South Dakota, until North Dakota develops its own licensing standards at which time only North Dakota manufacturers, operators, and distributors may be licensed by the Sisseton-Wahpeton Sioux Tribe. In the event that the State of North Dakota, or the States of New Jersey, Nevada, or South Dakota, suspend, revoke, or refuse to renew a license of a manufacturer or distributor similarly licensed by the Sisseton-Wahpeton Sioux Gaming Commission, the Sisseton-Wahpeton Sioux Gaming Commission shall accept the determination of that State and shall require the suspension, revocation, or non-renewal of the license issued by the Sisseton-Wahpeton Sioux Gaming Commission.

SECTION 7. RESERVATION OF RIGHTS UNDER THE INDIAN GAMING ACT.

The State and Sisseton-Wahpeton Sioux Tribe promise and agree that by entering into this Compact, the State and Sisseton-Wahpeton Sioux Tribe shall not be deemed to have waived any right under the Indian Gaming Regulatory Act, and neither the State nor the Sisseton-Wahpeton Sioux Tribe shall be deemed to have waived any rights, arguments or defenses applicable to any related procedure.

SECTION 8. COMPENSATION.

The Sisseton-Wahpeton Sioux Tribe realizes that the State will incur expenses related to the obligations undertaken under this Compact. Accordingly, the parties hereto agree as follows:

(a) Escrow Fund. The Sisseton-Wahpeton Sioux Tribe shall establish an escrow fund at a bank of their choosing with an initial contribution of Fifteen Thousand

Dollars ($15,000.00) to reimburse the State for the expenses specifically named for reimbursement in this Compact and for participation in legal costs and fees incurred in defending this Compact. The Sisseton-Wahpeton Sioux Tribe shall replenish the said escrow account as necessary and agree that the balance in the said escrow account shall never drop below the sum of Seven Thousand Five Hundred Dollars ($7,500.00).

(b) Procedure. The payments referenced above shall be made to an escrow account from which the State may draw as hereinafter provided. The State shall bill the Sisseton-Wahpeton Sioux Tribe the reasonable and actual costs related to obligations undertaken under this Compact. Unless unreasonable or unnecessary, the costs for such services shall be that established by state law. The State shall send invoices to the Sisseton-Wahpeton Sioux Tribe for these services and shall thereafter be permitted to withdraw the billed amounts from the escrow account under the circumstances provided in this section.

SECTION 9. TAX REPORTING MATTERS.

Whenever required by federal law to issue Internal Revenue Service Form W2G, the Sisseton-Wahpeton Sioux Tribe shall also provide a copy of the same to the State. In addition, the Sisseton-Wahpeton Sioux Tribe shall comply with employee income withholding requirements for all non-Indian employees and all Indian employees not living on the Lake Traverse Reservation.

SECTION 10. 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 such provision, section, or subsection is deemed to be integral to the Compact.

SECTION 11. AMENDMENTS.

In the event that the State authorizes the use of other types or amounts of gaming than that authorized by this Compact or provides for other substantive differences between this Compact and any other compact into which the State enters with another tribe for gaming within North Dakota, the State shall automatically consent to immediately reopen negotiations with the Sisseton-Wahpeton Sioux Tribe in regard to such differences being included in the present Compact.

SECTION 12. SOVEREIGNTY.

This Compact shall not be construed to waive or diminish the sovereignty of the Sisseton-Wahpeton Sioux Tribe or the State of North Dakota, except as specifically provided by the terms of the Compact set forth above.

SECTION 13. RESERVATION TRUST LAND.

This Compact shall only govern the conduct of Class III games by the Sisseton-Wahpeton Sioux Tribe on the Lake Traverse Reservation trust lands which are in compliance with Section 2719 of the Indian Gaming Regulatory Act. The execution of this Compact shall not in any manner be deemed to have waived the rights of the State pursuant to that Section. In addition, the parties hereto acknowledge that this Compact shall only govern gaming within the exterior boundaries of the Lake Traverse Reservation as established in the Treaty of February 19, 1867.

SECTION 14. SPECIFIED USAGE OF FUNDS.

The Tribal Council of the Tribe has determined that it is in the interest of the Tribe that designated portions of revenue derived from gaming operations be guaranteed for usage within Tribal programs for economic development, other than gaming, and social welfare. In accordance therewith, an amount equal to at least twenty-five percent (25%) of Adjusted Gross Revenues from Class III gaming operations, not including monies paid out as prizes or winnings, shall be taken from the Tribe's share of the revenues and directed to, and utilized within, economic development and social welfare programs of the Tribe. Adjusted Gross Revenues shall be considered all revenue from Class III gaming operations, except those specifically excluded above, and shall be inclusive of monies directed to any Management Agent engaged by the Tribe. The State shall have the right to audit to assure that the twenty-five percent (25%) is utilized as provided herein.

SECTION 15. DISPUTE RESOLUTION.

In the event either party believes that the other party has failed to comply with any requirement of this Compact, it may invoke the following procedure:

(a) The party asserting noncompliance shall serve written notice on the other party. The notice shall identify the specific statutory, regulatory or compact provision alleged to have been violated and shall specify the factual basis for the alleged noncompliance. Representatives of the State and Sisseton-Wahpeton Sioux Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

(b) In the event an allegation by the State is not resolved to the satisfaction of the State within ninety (90) days after service of the notice set forth above, the State may serve upon the office of the Tribal Chairman a notice to cease conduct of such gaming. Upon receipt of such notice, the Tribe may elect to stop the gaming activity specified in the notice or invoke arbitration and continue gaming pending the results of arbitration. Any arbitration under this authority shall be conducted under the rules of the American Arbitration Association, except that the arbitrators will be selected by the state picking one arbitrator, the Tribe a second arbitrator and the two so chosen shall pick a third arbitrator. If the third arbitrator is not chosen in this manner within ten (10) days after the second arbitrator is picked, the third arbitrator will be chosen in accordance with the rules of the American Arbitration Association. In the event an allegation by the Tribe is not resolved to the satisfaction of the Tribe within ninety (90) days after service of the notice set forth above, the Tribe may invoke arbitration as specified above.

(c) If the dispute is not resolved to the satisfaction of the parties as set out above, either party may pursue any remedy which is otherwise available to that party to enforce or resolve disputes concerning the provisions of this Compact, including commencement of an action in the United States District Court for the District of North Dakota.

SECTION 16. EFFECT OF COMPACT EXECUTION.

The execution of this Compact by the State of North Dakota and the Sisseton-Wahpeton Sioux Tribe shall not form the basis for any legal precedent between the State of North Dakota and the Sisseton-Wahpeton Sioux Tribe in any area other than Class III gaming activities on the Lake Traverse Reservation.

IN WITNESS WHEREOF, the parties hereto have caused this Compact to be executed as of the day and year first written below.

SISSETON-WAHPETON SIOUX TRIBE

12-9-92
(DATE)

BY: Russell Hawkins
Russell Hawkins, Chairman

STATE OF NORTH DAKOTA

12-8-92
(DATE)

BY: George A. Sinner
George A. Sinner, Governor

1-25-93
(DATE)

BY: Eddie L. Brown
Assistant Secretary -
Indian Affairs