TONTO APACHE TRIBE

AND

STATE OF ARIZONA

GAMING COMPACT

1993

TONTO APACHE TRIBE-STATE OF ARIZONA GAMING COMPACT

DECLARATION OF POLICY AND PURPOSE 1

SECTION 1. TITLE 2

SECTION 2. DEFINITIONS 2

SECTION 3. NATURE, SIZE AND CONDUCT OF CLASS III GAMING 11
- (a) Authorized Class III Gaming Activities 11
- (b) Appendicies Governing Gaming 12
- (c) Number of Gaming Devices and Gaming Facility Locations 13
- (d) Number of Keno Games 15
- (e) Additional Games 15
- (f) Authorized Gaming Facility Locations. 17
- (g) Forms of Payment 17
- (h) Wagering Limitations 18
- (i) Hours of Operation 18
- (j) Ownership of Gaming Facilities and Gaming Activities 18
- (k) Prohibited Activities 18
- (l) Restriction on Minors 18
- (m) Prohibition on Firearms 19
- (n) Financing 19
- (o) Record-Keeping 19
- (p) Persons Excluded 20
- (q) Operation as Part of a Network 20

SECTION 4. TRIBAL-STATE LICENSING AND CERTIFICATION REQUIREMENTS 21
- (a) Gaming Facility Operator and Gaming Facility 21
- (b) Gaming Employees 21
- (c) Management Contractor 22
- (d) Manufacturers and Suppliers of Gaming Devices and Gaming Services 22

SECTION 5. PROCEDURES FOR TRIBAL LICENSING AND STATE CERTIFICATION 23

(a) Procedures for Tribal License Applications and State Certification 23
(b) Background Investigation of Applicants 23
(c) Notification to Applicant 25
(d) Tribal Employment Standards 25
(e) Notification of Change of Principals 26
(f) Grounds for Revocation, Suspension or Denial of State Certification 26
(g) Right to Hearing for Revocation, Suspension or Denial of State Certification 30
(h) Issuance, Revocation, Suspension or Denial of License Issued by Tribal Gaming Office 31
(i) Duration and Renewal of Tribal Licenses and State Certifications 31
(j) Identification Cards 32
(k) Exchange of Tribal Licensing and State Certification Information 32
(l) Fees for State Certification 32
(m) Fees for Tribal License 34
(n) Temporary Certification 34
(o) Summary Suspension of Tribal License or State Certification 34
(p) State Administrative Process; Non-Tribal Members 35
(q) Administrative Process; Tribal Members 35

SECTION 6. TRIBAL REGULATION OF COMPACT PROVISIONS 36
(a) Tribal Gaming Office 36
(b) Gaming Facility Operator 38
(c) Tribal Gaming Office Staff and Executive Director 39
(d) Right of Inspection 39
(e) Reporting of Violations 40
(f) Investigations 41
(g) Reporting to State Gaming Agency 41
(h) Periodic Meetings 41

SECTION 7. STATE MONITORING OF COMPACT PROVISIONS 42
(a) Monitoring 42

(b) State's Access to the TRIBE's Gaming Records; Confidentiality Requirements 44
(c) Retention of Records 44
(d) Tribe's Access to State Records 45

(e) Notification to Tribal Gaming Office 45
(f) Cooperation with Tribal Gaming Office 46

SECTION 8. CIVIL AND CRIMINAL JURISDICTION 46

SECTION 9. CROSS-DEPUTIZATION AGREEMENT 46

SECTION 10. AUTHORIZATION TO ENACT RULES AND REGULATIONS 47
(a) State Gaming Agency Rules 47
(b) Tribal Gaming Office Regulations 47

SECTION 11. OPERATIONAL REQUIREMENTS 47
(a) Additional Operational Requirements Applicable to Class III Gaming 47
(b) Internal Controls 48
(c) Annual Audit 49

SECTION 12. TRIBAL REIMBURSEMENT OF STATE GAMING AGENCY EXPENSES 50
(a) Compensation to the State Gaming Agency 50
(b) Gaming Device Assessment 50
(c) Statement of Expenses 51
(d) Dispute Resolution 51

SECTION 13. PUBLIC HEALTH SAFETY AND WELFARE 52
(a) Compliance 52
(b) Emergency Service Accessibility 52
(c) Tort Remedies for Patrons 52
(d) Liability for Damage to Persons and Property 53

SECTION 14. PATRON DISPUTES 53
(a) Refusal to Pay Winnings 53
(b) Notice to Patrons 54
(c) Effective Date of Decision 54
(d) Review of Decision 54

SECTION 15. DISPUTE RESOLUTION 55
(a) Procedures and Provisions Subject to Dispute Resolution 55
(b) Notice 55
(c) Voluntary Resolution 55
(d) Arbitration Procedures 56
(e) Arbitration Costs 57
(f) Arbitration Decision 57

(g) Action to Enjoin a Class III Gaming Activity Conducted in Violation of the Agreement 57

SECTION 16. RESERVATION OF RIGHTS UNDER THE ACT 57
(a) Status of Class I and Class II Gaming 58
(b) Prohibition on Taxation by the State 58
(c) Preservation of Tribal Self-Government 58
(d) Use of Net Revenues 58
(e) Tax Documentation 58

SECTION 17. AMENDMENTS 59

SECTION 18. SEVERABILITY 59

SECTION 19. THIRD PARTY BENEFICIARIES 59

SECTION 20. NOTICES 60

SECTION 21. CALCULATION OF TIME 60

SECTION 22. COUNTERPARTS 61

SECTION 23. EFFECTIVE DATE AND DURATION 61
(a) Conditional Effectiveness; Effective Date 61
(b) Duration 62
(c) Termination 64
(d) Enforceability 65

SECTION 24. GOVERNING LAW 65

SECTION 25. ENTIRE AGREEMENT 66

SECTION 26. AUTHORITY TO EXECUTE 66

THE TONTO APACHE TRIBE-STATE OF ARIZONA GAMING COMPACT

This Compact is entered into by and between the Tonto Apache Tribe ("Tribe") and the State of Arizona ("State"), in accordance with the Indian Gaming Regulatory Act of 1988 for the purposes of governing Class III Gaming Activities conducted within the territorial jurisdiction of the Tribe.

DECLARATION OF POLICY AND PURPOSE

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, Public Law 100-497, 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1166-1168 (the "Act") which requires a Tribal-State Compact negotiated between a Tribe and a State in order to conduct Class III Gaming Activities on the Indian Lands of a Tribe; and

WHEREAS, the purpose of the Act is to provide a statutory basis for the operation of gaming by Indian Tribes as a means of promoting tribal economic development, self-sufficiency, and strong tribal governments; and

WHEREAS, the Tribe is a federally recognized Indian Tribe and exercises governmental power over Indian Lands which are located within the exterior boundaries of the State, 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 to provide a regulatory framework for the operation of certain Class III Gaming which is intended to (a) ensure the fair and honest operation of such Gaming Activities; (b) maintain the integrity of all activities conducted in regard to such Gaming Activities; and (c) protect the public health, welfare and safety.

NOW, THEREFORE, in consideration of the mutual undertakings and agreements hereinafter set forth, the Tribe and the State agree as follows:

SECTION 1. TITLE

This document shall be referred to as "The Tonto Apache Tribe - State of Arizona Gaming Compact."

SECTION 2. DEFINITIONS

For purposes of this Compact:

(a) "Act" means the Indian Gaming Regulatory Act, Public Law 100-497, 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1166-1168.

(b) "Applicant" means any person who has applied for a license or

certification under the provisions of this Compact, or employment with a Gaming Facility Operator, or approval of any act or transaction for which approval is required or permitted under the provisions of this Compact.

(c) "Application" means a request for the issuance of a license or certification or for employment by a Gaming Facility Operator, or for approval of any act or transaction for which approval is required or permitted under the provisions of this Compact.

(d) "Class I Gaming" means all forms of gaming defined as Class I in section 4(6) of the Act, 25 U.S.C. § 2703(6).

(e) "Class II Gaming" means all forms of gaming defined as Class II in section 4(7) of the Act, 25 U.S.C. §2703(7).

(f) "Class III Gaming" means all forms of gaming as defined in section 4(8) of the Act, 25 U.S.C. § 2703(8).

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

(h) "Compact" means the Tonto Apache Tribe--State of Arizona Gaming

Compact.

(i) "Distributor" means a person who distributes Class III Gaming Devices and/or component parts thereof.

(j) "Enrolled Tribal Member" means a person who has been enrolled in the Tribe and whose name appears in the tribal membership roll and who meets the written criteria for membership.

(k) "Gaming Activity" means all forms of Class III Gaming owned and operated by the Tribe and conducted within the Indian Lands of the Tribe.

(l) "Gaming Device" or "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, currency, tokens or by the use of a credit, and which awards game credits, cash, tokens, replays or a receipt that can be redeemed by the player for any of the foregoing. Game play may be displayed by:

(1) Video facsimile; or

(2) 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.

(m) "Gaming Employee" means any person employed as a Primary Management Official or Key Employee of a Gaming Operation of the Tribe and any person employed in the operation or management of a Gaming Operation, including, but not limited to, any person whose employment duties require or authorize access to restricted areas of a Gaming Facility not otherwise open to the public.

(n) "Gaming Facility" means the buildings or structures in which Class III Gaming, as authorized by this Compact, is conducted.

(o) "Gaming Facility Operator" means the Tribe, an enterprise owned by the Tribe, or such other entity of the Tribe as the Tribe may from time to time designate by written notice to the State as the wholly-owned tribal entity having full authority and responsibility for the operation and management of Class III Gaming Activities.

(p) "Gaming Operation" means any Gaming Activity conducted within any Gaming Facilities.

(q) "Gaming Ordinance" means any duly enacted ordinance of the Tribe

which governs the conduct of Gaming Activities within the Tribe, all amendments thereto, and all regulations promulgated thereunder.

(r) "Gaming Services" means the providing of any goods or services, except for legal services, to the Tribe in connection with the operation of Class III Gaming in a Gaming Facility, including but not limited to equipment, transportation, food, linens, janitorial supplies, maintenance, or security services for the Gaming Facility, in an amount in excess of $10,000 in any single month.

(s) "Indian Lands" means lands as defined in 25 U.S.C. § 2703(4)(A) and (B), subject to the provisions of 25 U.S.C. § 2719.

(t) "Interactive Terminal" or "Video Lottery Terminal" means an on-line computer or data-processing terminal capable of providing a source of both input and a video display output for the computer system to which it is connected, in which a player is playing against the algorithm of the terminal so that the player is playing directly against the terminal for immediate payment and is immediately rewarded or penalized based on the outcome, and which dispenses a paper receipt which can be redeemed by the player for the player's winnings.

(u) "Keno" means a house banking game in which a player selects from one to twenty numbers on a card that contains the numbers one through eighty; the

house randomly draws twenty numbers; players win if the numbers they select correspond to the numbers drawn by the house, and the house pays all winners, if any, and collects from all losers.

(v) "Key Employee" means a Gaming Employee who performs one or more of the following functions:

(1) Counting room supervisor;

(2) Chief of security;

(3) Custodian of gaming supplies or cash;

(4) Floor management; or

(5) Custodian of Gaming Devices including persons with access to cash and accounting records within such devices; or,

if not otherwise included, any other person whose total cash compensation is in excess of $50,000 per year; or, if not otherwise included, the four most highly compensated persons in the Gaming Operation.

(w) "License" means an approval issued by the Tribal Gaming Office to any natural person or entity to be involved in the Gaming Operation or in the providing of Gaming Services to the Tribe.

(x) "Licensee" means any natural person or entity who has been licensed by the Tribal Gaming Office to be involved in the Gaming Operation or in the providing of Gaming Services to the Tribe.

(y) "Lotto" is the generic name for a type of on-line lottery game operated by the State of Arizona in which a player selects a group of numbers from a larger field of numbers and wins by matching specific numbers subsequently drawn.

(z) "Management Contract" means a contract within the meaning of 25 U.S.C. §§ 2710(d)(9) and 2711.

(aa) "Management Contractor" means a natural person or entity that has entered into a Management Contract with the Tribe or a Gaming Facility Operator which has been approved pursuant to 25 U.S.C. §§ 2710(d)(9) and 2711.

(bb) "Manufacturer" means a natural person or entity that manufactures Gaming Devices and/or component parts thereof as defined by this Compact for use or play in the Gaming Facilities.

(cc) "Person" includes a corporation, company, partnership, firm, association or society, as well as a natural person. When "person" is used to designate the violator or offender of any law, it includes a corporation, partnership or any

association of persons.

(dd) "Player Activated Lottery Terminal" means an on-line computer system that is player-activated, but does not provide the player with interactive gaming, and utilizes the terminal for dispensing purposes only in which (i) the terminal algorithm is used for the random generation of numbers, (ii) the tickets dispensed by the terminal do not allow the player the means to play directly against the terminal, (iii) the player uses the dispensed ticket to participate in an off-site random drawing, and (iv) the player's ability to play against the terminal for immediate payment or reward is eliminated.

(ee) "Principal" means with respect to any Person:

(1) Each of its officers and directors;

(2) Each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer or general management;

(3) Each of its owners or partners, if an unincorporated business;

(4) Each of its shareholders who own more than ten (10) percent of

the shares of the corporation, if a corporation;

(5) Each person other than a banking institution who has provided financing for the entity constituting more than ten (10) percent of the total financing of the entity; and

(6) Each of the beneficiaries, or trustees of a trust.

(ff) "Primary Management Official" means the person having management responsibilities under a Management Contract; or any person who has authority to hire and fire employees or to set up working policy for a Gaming Operation; or the chief financial officer or other person who has financial management responsibility for a Gaming Operation.

(gg) "State" means the State of Arizona, its authorized officials, agents and representatives.

(hh) "State Certification" means the process utilized by the State Gaming Agency to ensure that all persons required to be certified are qualified to hold such certification in accordance with the provisions of this Compact.

(ii) "State Gaming Agency" means the agency of the State which the

Governor may from time to time designate by written notice to the Tribe as the single state agency which shall act on behalf of the State under this Compact.

(jj) "Tribal Gaming Office" means the department, agency or commission designated by action of the Tribal Legislative Council as the tribal entity which shall exercise the civil regulatory authority of the Tribe over Class III Gaming Activities within the Tribe.

(kk) "Tribal Police Department" means the police force of the Tribe established and maintained or contracted for by the Tribe pursuant to the Tribe's powers of self-government to carry out law enforcement within the Tribe.

(ll) "Tribe " means the Tonto Apache Tribe, and its authorized officials, agents and representatives.

SECTION 3. NATURE, SIZE AND CONDUCT OF CLASS III GAMING

(a) Authorized Class III Gaming Activities. Subject to the terms and conditions of this Compact, the Tribe is authorized to operate the following Gaming Activities: (1) Gaming Devices, (2) Keno, (3) lottery, (4) off-track pari-mutuel wagering , (5) pari-mutuel wagering on horse racing, and (6) pari-mutuel wagering

on dog racing.

(b) <u>Appendices Governing Gaming</u>.

(1) The State and the Tribe agree that the Tribe shall only offer for play by the public at the Gaming Facilities Gaming Devices which comply with the technical standards as set forth in Appendix A.

(2) The State and the Tribe agree that the Tribe shall comply with the security and surveillance requirements set forth in Appendix C to this Compact. Provided, however, that the provisions of Appendix C shall only be required with respect to Gaming Devices operated as part of a network pursuant to Section 3 (q) of this Compact.

(3) The State and the Tribe further agree that prior to the Tribe conducting any Gaming Activities authorized in this Compact or any amendments thereto, other than Gaming Devices, the parties shall append to this Compact a mutually agreed-upon appendix setting forth the operational standards, specifications and regulations governing such gaming. In addition, any disputes regarding the contents of such appendices shall be

resolved in the manner set forth in Section 15 of this Compact. A change in or the addition of an appendix shall not be considered an amendment to the Compact.

(4) The Tribal Gaming Office shall require each licensed and certified Manufacturer and Distributor to verify under oath, on forms provided by the Tribal Gaming Office, that the Gaming Devices manufactured or distributed by them for use or play at the Gaming Facilities meet the requirements of this Section.

(5) The Tribal Gaming Office and the State Gaming Agency by mutual agreement may require the testing of any Gaming Device to ensure compliance with the requirements of this Section. Any such testing shall be conducted according to the technical standards contained in Appendix A and shall be at the expense of the licensed Manufacturer.

(c) <u>Number of Gaming Devices and Gaming Facility Locations</u>. Subject to the terms and conditions of this Compact, the Tribe is authorized to operate the following number of Gaming Devices, not to exceed 500 Gaming Devices per Gaming Facility location, based upon its Enrolled Tribal Member population:

(1)

Number of Enrolled Tribal Members	Number of authorized Gaming Devices	Number of authorized Gaming

		Facility Locations
1 - 4,000	475	2
4,001 - 8,000	700	3
8,001 - 16,000	900	3
Above 16,000	1,400	4

(2) For purposes of determining the number of Gaming Devices for the Tribe, enrollment shall be based upon the Tribe's official tribal enrollment figures submitted to the Bureau of Indian Affairs.

(3) If during the term of this Compact any tribe in the State of Arizona is authorized to operate Gaming Devices in excess of the number of Gaming Devices provided for in Section 3 (c) (1) or is authorized to operate more than 500 Gaming Devices per Gaming Facility location, for any reason other than the allowance of additional Gaming Devices pursuant to Section 3(e)(2)(b) then the Tribe, regardless of the number of Enrolled Tribal Members, shall be entitled to operate Gaming Devices without regard to the limitations on the number of Gaming Devices or the number of Gaming Devices per location without the need to amend this Compact.

(d) Number of Keno Games. Subject to the terms and conditions of this

Compact, the Tribe is authorized to operate no more than two Keno games per reservation.

(e) <u>Additional Games</u>.

(1) If during the term of this Compact, State law changes to permit types of Class III Gaming not authorized under this Compact, or if any other tribe is authorized to engage in types of Class III Gaming not authorized under this Compact, then the Tribe, upon the effective date of such law or authorization, shall be authorized to operate such Class III Gaming, without the need to amend this Compact, subject to the provisions of Section 3(b).

(2) If during the term of this Compact, State law changes to permit non-tribal entities or the State to operate (i) Class III Gaming Devices or Electronic Games of Chance, (ii) Keno, or (iii) Video Lottery Terminals that allow the play, or simulate the play, or are electronic facsimiles of any game other than the game of Lotto, then the Tribe, upon the effective date of such law, shall be authorized to either:

(A) Operate a maximum of twelve (12) table games per Gaming Facility location, without the need to amend

this Compact, subject to the provisions of Section 3(b), or

(B) As an alternative to paragraph (A) above, the Community may notify the State of its intent to negotiate for gaming devices in excess of the number of devices set forth in this Section as is appropriate to the change in state law. If the State and the Tribe fail to agree within one hundred eighty (180) days of the receipt of such notice, the dispute shall be resolved pursuant to Section 15(d).

The Tribe shall select either paragraph (A) or paragraph (B) above, but not both.

(3) The provisions of Section 3 (e) (1) and Section 3 (e) (2) shall not apply to the use of Player Activated Terminals, casino nights operated by non-profit or charitable organizations pursuant to and qualified under A.R.S. § 13-3302(B), or to Video Lottery Terminals or Interactive Terminals used by the State of Arizona for playing the game of Lotto.

(4) The table games authorized in Section 3 (e) (2) shall be limited to twelve (12) blackjack or twelve (12) dice games or any combination of the two types of games per Gaming Facility

location.

(f) Authorized Gaming Facility Locations. The Tribe is authorized to operate two (2) Gaming Facility locations based on current tribal enrollment figures. All Gaming Facility locations shall be located not less than one and one-half miles apart and shall be located on the Indian Lands of the Tribe. The Tribe shall notify the State Gaming Agency of the physical location of any Gaming Facility a minimum of thirty (30) days prior to commencing gaming authorized pursuant to this Compact at such location. Gaming on lands acquired after the enactment of the Act on October 17, 1988 shall be authorized only in accordance with 25 U.S.C. § 2719.

(g) Forms of Payment. All payment for wagers made on authorized forms of Class III Gaming conducted by the Tribe on its Indian Lands, including the purchase of tokens for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Personal checks shall not be honored in excess of two hundred and fifty dollars ($250) per person per day. Automatic Teller Machines (ATMs) may be installed at the Gaming Facilities. Personal checks guaranteed by a third party check guarantee contractor shall be considered ATM transactions.

(h) Wagering Limitations. The maximum wager authorized for any single play of a Gaming Device is eight dollars ($8.00).

(i) Hours of Operation. The Tribe may establish by ordinance or regulation the permissible hours and days of operation of Gaming Activities; provided, however, that the Tribe shall comply with all applicable State liquor laws at all Gaming Facilities.

(j) Ownership of Gaming Facilities and Gaming Activities. The Tribe shall have the sole proprietary interest in the Gaming Facilities and Gaming Activities. This provision shall not be construed to prevent the Tribe from granting security interests or other financial accommodations to secured parties, lenders or others, or to prevent the Tribe from entering into true leases or financing lease arrangements.

(k) Prohibited Activities. Any Class III Gaming not specifically authorized in this Section is prohibited. Except as provided herein, nothing in this Compact is intended to prohibit otherwise lawful and authorized Class II gaming upon the Tribe's Indian Lands or within the Gaming Facilities.

(l) Restriction on Minors. No person under 18 years of age shall be permitted to place any wager, directly or indirectly, in any Gaming Activity. No person under 18 years of age shall be employed by a Gaming Facility Operator or by the Tribal Gaming Office. No person under 21 years of age shall be employed in the service of alcoholic beverages at any Gaming Facility, unless otherwise permitted

under State law.

(m) **Prohibition on Firearms**. The possession of firearms by any person within a Gaming Facility shall be strictly prohibited. This prohibition shall not apply to certified law enforcement officers authorized to be on the premises as well as any private security service retained to provide security at a Gaming Facility, or armored car services.

(n) **Financing**. Any third-party financing extended or guaranteed for the Gaming Operation and Gaming Facilities shall be disclosed to the State Gaming Agency and persons or entities extending such financing shall be required to be licensed by the Tribe and annually certified by the State Gaming Agency, unless said person or entity is an agency of the United States or a lending institution licensed and regulated by the State or the United States.

(o) **Record-Keeping**. The Gaming Facility Operator shall maintain the following logs as written or computerized records which shall be available for inspection by the State Gaming Agency in accordance with Section 7(b) of this Compact: a surveillance log recording all material surveillance activities in the monitoring room of the Gaming Facilities; and a security log recording all unusual occurrences investigated by the Tribal Gaming Office. Videotape recordings, made in accordance with Appendix C, shall be retained by the Gaming Facility Operator for

at least seven (7) days from the date of original recording.

(p) Persons Excluded. The Tribal Gaming Office shall establish a list of persons barred from the Gaming Facilities because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the Gaming Activities of the Tribe. The Tribal Gaming Office shall employ its best efforts to exclude persons on such list from entry into its Gaming Facilities. The Tribal Gaming Office shall send a copy of its list on a monthly basis to the State Gaming Agency.

(q) Operation as Part of a Network. Gaming Devices authorized pursuant to this Compact may be operated to offer an aggregate prize or prizes as part of a network with the Gaming Devices of other Indian Communities located within the State of Arizona which have entered into Class III Gaming Compacts with the State of Arizona. Gaming Devices operated as part of a network shall conform to the Technical Standards set forth in Appendix A of this Compact, and shall comply with the security and surveillance requirements set forth in Appendix C of this Compact.

SECTION 4. TRIBAL-STATE LICENSING AND CERTIFICATION REQUIREMENTS

(a) Gaming Facility Operator and Gaming Facility. The Gaming Facility

Operator, and all Gaming Facilities authorized by this Compact, shall be licensed by the Tribal Gaming Office in conformance with the requirements of this Compact prior to commencement of operation, and annually thereafter. The licensing of the Gaming Facility Operator shall include the licensing of each Principal, Primary Management Official and Key Employee. Prior to the initial commencement of the operation, the State Gaming Agency and Tribal Gaming Office shall verify compliance with this requirement through a joint pre-operation inspection and letter of compliance. The State Gaming Agency shall send a compliance letter within seven (7) working days after the completion of the inspection if the inspection reveals that the Gaming Facility Operator and Gaming Facilities comport with the terms of this Compact. If the State Gaming Agency determines that the Gaming Facility Operator and Gaming Facility do not comport with the terms of this Compact a non-compliance letter shall be sent within seven (7) working days of the inspection that shall set forth the matters of non-compliance upon which the State Gaming Agency bases its decision. If a dispute arises during the inspection, it shall be resolved pursuant to Section 15 of this Compact.

(b) Gaming Employees. Every Gaming Employee shall be licensed by the Tribal Gaming Office and every employee of the Tribal Gaming Office shall be licensed by the Tribe. Any Gaming Employee or Tribal Gaming Office employee that is a non-member of the Tribe shall also be certified by the State Gaming Agency prior to commencement of employment, and annually thereafter, subject to the

temporary certification provided in Section 5(n). Enrolled members of the Tribe are not required to be certified by the State as a condition of employment.

(c) Management Contractor. Any management contractor, including its Principals, engaged by the Tribe to assist in the management or operation of the Gaming Facilities or Gaming Activities shall be subject to the licensing requirements of the Tribal Gaming Office, and shall be required to obtain State certification prior to providing management services for Class III Gaming authorized by this Compact. The certification shall be renewed annually thereafter.

(d) Manufacturers and Suppliers of Gaming Devices and Gaming Services. Each Manufacturer and supplier of Gaming Devices, and each person providing Gaming Services, within or without the Gaming Facility, shall be licensed by the Tribal Gaming Office and shall be certified by the State Gaming Agency prior to the sale or lease of any Gaming Devices or gaming services. The Tribe shall provide to the State Gaming Agency a list of the names and addresses of all vendors providing gaming services on a periodic basis at the time of the meetings required pursuant to Section 6(h) of this Compact.

SECTION 5. PROCEDURES FOR TRIBAL LICENSING AND STATE CERTIFICATION

(a) **Procedures for Tribal License Applications and State Certification.** Every Applicant for a Tribal gaming license and every Applicant for State Certification shall submit the completed Application, along with any required information, to both the Tribal Gaming Office and to the State Gaming Agency. Each Application for State Certification and for a tribal license shall be accompanied, as required, by the applicant's fingerprint card(s), current photograph, and the fee required by the State Gaming Agency or the Tribal Gaming Office.

(b) **Background Investigation of Applicants.**

(1) Upon receipt of a completed Application and required fee for tribal licensing, the Tribal Gaming Office shall conduct the necessary background investigation to ensure the Applicant is qualified for tribal licensing. Upon completion of the necessary background investigation, the Tribal Gaming Office shall either issue a tribal license, or deny the Application. If the Application for licensing is denied, a statement setting forth the grounds for denial shall be forwarded to the State Gaming Agency together with all other documents relied upon by the Tribal Gaming Office to the extent allowed by law.

(2) Upon receipt of a completed Application and required fee for State Certification, the State Gaming Agency shall conduct the

necessary background investigation to ensure the Applicant is qualified for State Certification. The State Gaming Agency shall expedite State Certification Applications. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State Certification, or deny the Application. If the Application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the Tribal Gaming Office together with all other documentation relied upon by the State Gaming Agency to the extent allowed by State law. The State shall also conduct background investigations of all Applicants for tribal licenses and, consistent with Section 5(q), shall provide the Tribal Gaming Office with a written recommendation as to whether the Applicant should be licensed by the Tribal Gaming Office.

(3) The Tribal Gaming Office and the State Gaming Agency shall retain the right to conduct additional background investigations of any person required to be licensed or certified at any time, while the license or certification remains valid.

(c) Notification to Applicant. The Applicant for State Certification shall be notified by the Tribal Gaming Office of the status of the Application within ten (10)

days after the Tribal Gaming Office receives the State Gaming Agency's recommendation for certification or denial.

(d) **Tribal Employment Standards**. Neither the issuance of a license by the Tribal Gaming Office nor the issuance of certification by the State Gaming Agency creates or implies a right of employment or continued employment. The Gaming Facility Operator shall not employ, and if already employed, shall terminate, a Gaming Employee if it is determined by the Tribal Gaming Office, that the Applicant:

(1) has been convicted of any felony or gaming offense;

(2) has knowingly and willfully provided materially important false statements or information or omitted materially important information on his or her employment Application for employment at the Gaming Facility or background questionnaire; or

(3) is 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, and methods, and

activities in the conduct of gaming or the carrying on of the business and financial arrangements incidental thereto.

(e) Notification of Change of Principals. After an entity is licensed by the Tribal Gaming Office, or certified by the State Gaming Agency it shall file a report of each change of its Principals with the Tribal Gaming Office and the State Gaming Agency. Each new Principal shall file a complete Application within (30) days after appointment or election. The Tribal Gaming Office shall forward a copy of the Application to the State Gaming Agency. The entity's license shall remain valid unless the Tribal Gaming Office disapproves the change or denies the Application. The entity's certification shall remain valid unless the State Gaming Agency disapproves the change or denies the Application.

(f) Grounds for Revocation, Suspension or Denial of State Certification. The State Gaming Agency may revoke, suspend or deny a State Certification when an Applicant or holder of certification:

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of this Compact or any provision of any State Gaming Agency rule, or when any such violation has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control;

(2) Knowingly causes, aids, abets, or conspires with another to cause any person or entity to violate any of the laws of this State or the rules of the State or Tribal Gaming Office, or the provisions of this Compact;

(3) Has obtained a State Certification or tribal license by fraud, misrepresentation, concealment or through inadvertence or mistake;

(4) Has been convicted of, or forfeited bond upon a charge of, or pleaded guilty to, forgery, larceny, extortion, conspiracy to defraud, willful failure to make required payment or reports to any tribal, state or United States governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses, or of bribing or otherwise unlawfully influencing a public official or employee of a Tribe, any state of the United States, or of any crime, whether a felony or misdemeanor, involving any gaming activity or physical harm to individuals or moral turpitude;

(5) Makes a misrepresentation of, or fails to disclose a material fact

to the State Gaming Agency or the Tribal Gaming Office;

(6) Fails to prove, by clear and convincing evidence, that he, she or it is qualified in accordance with the provisions of this Section;

(7) Is subject to current prosecution or pending charges, or a conviction which is under appeal, for any of the offenses included under subsection (4) of this Section; provided, that at the request of an Applicant for an original certification, the State Gaming Agency may defer decision upon the Application during the pendency of such prosecution or appeal;

(8) Has had a gaming license issued by any state or tribe in the United States revoked or denied;

(9) Has demonstrated a willful disregard for compliance with gaming regulatory authority in any jurisdiction, including suspension, revocation, denial of Application or forfeiture of license;

(10) Has pursued or is pursuing economic gain in an occupational manner or context which is in violation of the criminal laws of

any state if such pursuit creates probable cause to believe that the participation of such person in gaming or related activities would be detrimental to the proper operation of an authorized gaming or related activity in this State. For the purposes of this paragraph, occupational manner or context shall be defined as the systematic planning, administration, management or execution of an activity for financial gain;

(11) Is a career offender or a member of a career offender organization or an associate of a career offender or career offender organization in such a manner which creates probable cause to believe that the association is of such a nature as to be detrimental to the proper operation of the authorized gaming or related activities in this State. For the purposes of this paragraph, career offender shall be defined as any person whose behavior is pursued in an occupational manner or context for the purposes of economic gain utilizing such methods as are deemed criminal violations of tribal law, federal law or the laws and the public policy of this State. A career offender organization shall be defined as any group of persons who operate together as career offenders;

(12) Is a person whose prior activities, criminal record, if any, reputation, habits and associations pose a threat to the public interest of the Tribe or the State or to the effective regulation and control of Class III Gaming, or creates or enhances the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of Class III Gaming, or the carrying on of the business and financial arrangements incidental thereto; or

(13) Fails to provide any information requested by the State Gaming Agency within 14 days of the request for the information.

(g) Right to Hearing for Revocation, Suspension or Denial of State Certification. Any Applicant for State Certification, or holder of a State Certification shall be entitled to a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State Certification. The hearing shall be conducted in accordance with the procedures contained in the applicable provisions of the Arizona Administrative Procedures Act, Title 41, Chapter 6, Arizona Revised Statutes or the State Gaming Agency administrative rules; provided, the State, after consultation with the Tribal Gaming Office, may defer such actions to the Tribal Gaming Office. Nothing herein shall prevent the Tribal Gaming Office from invoking its disciplinary procedures.

(h) Issuance, Revocation, Suspension or Denial of License Issued by Tribal Gaming Office. The issuance, revocation, suspension or denial of any tribal gaming license by the Tribe or the Tribal Gaming Office, including the terms and conditions thereof, shall be in accordance with the Tribe's ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of this Section. The Tribal Gaming Office shall not be required to grant an Application for a license even if the State Gaming Agency issues a State Certification.

(i) Duration and Renewal of Tribal Licenses and State Certifications. Any tribal license or State Certification shall be effective for one (1) year from the date of issuance; provided, that a licensed or certified employee or person that has applied for renewal may continue to be employed or engaged under the expired license or State Certification until action is taken on the renewal Application by the Tribal Gaming Office or the State Gaming Agency. Applicants for renewal of a license or certification shall provide updated material as requested, on the appropriate renewal forms, but shall not be required to resubmit historical data already available to the Tribal Gaming Office or the State Gaming Agency. Additional background investigations shall not be required of Applicants for renewal unless new information concerning the Applicant's continuing eligibility for a license or a State Certification is discovered by either the Tribal Gaming Office or the State Gaming

Agency.

(j) Identification Cards. The Gaming Facility Operator shall require all Gaming Employees to wear in plain view identification cards issued by the Tribal Gaming Office which include photograph, first and last name and an identification number unique to the individual tribal license and which shall include a tribal seal or signature, and a date of expiration.

(k) Exchange of Tribal Licensing and State Certification Information. In an effort to ensure a qualified work force in the Class III Gaming authorized by this Compact, upon completion of any administrative action against a holder of a tribal license or State Certification, the final disposition shall be forwarded to either the Tribal Gaming Office or the State Gaming Agency, as appropriate, and maintained as part of both agencies' permanent records and which may be shared with other federal, state, and tribal agencies.

(l) Fees for State Certification. The fees for State Certification shall be the following:

(1) Gaming Employee and provider of Gaming Services

Initial Certification	$ 150
Renewal	$ 75

(2) Management Contractors and/or Financiers

Initial Certification	$1500
Renewal	$ 500

(3) Manufacturers and Suppliers of Gaming Devices

Initial Certification	$1500
Renewal	$ 500

A State Certification shall be valid for any Gaming Operation in Arizona and no additional fee shall be required. In the event actual costs incurred by the State Gaming Agency to investigate the background of an Applicant exceed the above fees, those costs shall be assessed to the Applicant during the investigation process. Payment in full to the State Gaming Agency shall be required prior to the issuance of State Certification. The State may require Manufacturers, suppliers, management companies and financiers applying for State Certification to post a bond sufficient to cover the actual costs that the State Gaming Agency anticipates will be incurred in conducting a background investigation of the Manufacturer, supplier, management contractor or financier. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees by giving the Tribe sixty (60) days notice of intent to modify fees. Should a dispute arise under this section, it shall be resolved pursuant to Section 15 of this Compact.

(m) Fees for Tribal License. The fees for tribal licenses shall be set by the

Tribe.

(n) Temporary Certification. Within twenty (20) days of the receipt of a completed Application for State Certification, and upon request of the Tribal Gaming Office the State Gaming Agency shall issue a temporary certification to the Applicant unless the background investigation undertaken by the State Gaming Agency discloses that the Applicant has a criminal history, or unless other grounds sufficient to disqualify the Applicant pursuant to subsection (f) of this Section are apparent on the face of the Application. The temporary certification shall become void and be of no effect upon either the issuance of a State Certification or upon the issuance of notice of denial, in accordance with the provisions of this Compact.

(o) Summary Suspension of Tribal License or State Certification. The Tribal Gaming Office, pursuant to the laws and regulations of the Tribe, and the State Gaming Agency, pursuant to the laws and regulations of the State, may summarily suspend any respective tribal license or State Certification if the continued licensing or certification of a person or entity constitutes an immediate threat to the public health, safety or welfare.

(p) State Administrative Process; Non-Tribal Members. Any non-tribal member Applicant for State Certification agrees by making such Application to be subject to State jurisdiction to the extent necessary to determine the Applicant's

qualification to hold such certification, including all necessary administrative procedures, hearings and appeals pursuant to the Administrative Procedures Act, Title 41, Chapter 6, Arizona Revised Statutes and the administrative rules of the State Gaming Agency.

(q) Administrative Process: Tribal Members.

(1) Any member of the Tribe applying for licensure by the Tribal Gaming Office acknowledges that by making such Application, the State Gaming Agency, as set forth herein, may be heard concerning the Applicant's qualifications to hold such license. If the State recommends revocation, suspension, or denial of a license, and the Tribal Gaming Office revokes, suspends, or denies the license based on the State Gaming Agency's recommendation, the Tribal member may appeal that action to the Tribe, to the extent any such right exists.

(2) If the Tribal Gaming Office takes any action with respect to a license of a Tribe member despite a State recommendation to the contrary, the Tribal Gaming Office shall afford the State an opportunity for a hearing before an appropriate Tribe forum to contest the Tribal Gaming Office licensing decision. The decision of the Tribe forum shall be final.

(3) The Tribal Gaming Office shall afford the State Gaming Agency the opportunity to be heard in an appropriate Tribe forum on its recommendation to suspend or revoke the license of any Tribe member in the same manner as if the State Gaming Agency had recommended denial of the license in the first instance.

SECTION 6. TRIBAL REGULATION OF COMPACT PROVISIONS

(a) Tribal Gaming Office. The Tribal Gaming Office has the responsibility for the regulation of all Gaming Activities pursuant to the Tribe's Gaming Ordinance and for the enforcement of this Compact on behalf of the Tribe. The State Gaming Agency has the regulatory responsibility over Gaming Activities which is specifically set out in this Compact.

(1) The Tribe's Gaming Ordinance is attached as Appendix B of this Compact.

(2) The Tribe shall notify the State Gaming Agency of its intent to amend or repeal the Ordinance set forth in Appendix B, or to adopt regulations and shall provide a copy of any change or modification in Appendix B to the State Gaming Agency.

(3) The Tribe's Gaming Ordinance shall provide for the detention of persons who may be involved in illegal acts for the purpose of notifying appropriate law enforcement authorities.

(4) The Tribal Gaming Office shall require the Gaming Facility Operator to establish, consistent with the provisions of Appendix C to this Compact, a closed-circuit television surveillance system capable of recording and preserving on videotape all areas of the Gaming Facilities required by this Compact to be under surveillance;

(5) The Tribal Gaming Office shall have the responsibility and authority to investigate alleged violations of this Compact, the Tribe's Gaming Ordinance, and other applicable laws and to take appropriate disciplinary action against the Gaming Facility Operator or the holder of a license for a violation or to institute appropriate legal action for enforcement or both; and to confiscate or shut down any Gaming Device or other equipment or gaming supplies failing to conform to any required standards.

(b) Gaming Facility Operator. The Tribe shall require the Gaming Facility Operator to have the responsibility for the on-site operation, management, and security of the Gaming Facility. The Tribe shall require the Gaming Facility Operator to adopt reasonable procedures designed to provide for the following:

(1) The physical safety of its employees;

(2) The physical safety of patrons in the Gaming Facility;

(3) The physical safeguarding of assets transported to and from the Gaming Facility and cashier's cage department; and

(4) The protection of the patrons' and the Gaming Operation's property from illegal activity.

(c) Tribal Gaming Office Staff and Executive Director. The Tribe has sole authority to determine the composition of the Tribal Gaming Office, however, no employee of a Gaming Facility Operator shall be employed by or be a member of the Tribal Gaming Office. The Tribe shall designate an Executive Director of the Tribal Gaming Office. The Executive Director shall have overall responsibility for the administrative functions of the Tribal Gaming Office. The Executive Director shall serve as the formal liaison to the person holding the similarly titled position with

the State Gaming Agency.

(d) Right of Inspection.

(1) The Tribal Gaming Office shall have the right to inspect any Gaming Facility at any time and shall have immediate access to any and all areas of a Gaming Facility for the purpose of ensuring compliance with the provisions of this Compact and the Tribe's Gaming Ordinance.

(2) The Tribal Gaming Office shall employ inspectors or agents who shall act under the authority of the Tribal Gaming Office. Said inspectors shall be independent of the Gaming Facility Operator and any management contractor, and shall be supervised and accountable only to the Tribal Gaming Office. Said inspectors shall have the right to inspect any Gaming Facility at any time and shall have immediate access to any and all areas of the Gaming Facility. An inspector shall be present in the Gaming Facilities during all hours of gaming operation.

(e) Reporting of Violations. The Gaming Facility Operator, or the Tribal Gaming Office inspector, as applicable, shall report unusual occurrences and all

violations or suspected violations of this Compact, or of the Tribe's Gaming Ordinance by an employee or agent of the Gaming Facility Operator, or any person on the premises whether or not associated with Gaming Activities, to the Tribal Gaming Office. Regardless of the identity of the reporter or to whom the report is made, the Tribal Gaming Office shall make a written record of any unusual occurrences, violations or suspected violations, without regard to materiality. Each entry shall be assigned a sequential number and shall include, at a minimum, the following information which shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page is sequentially numbered:

(1) The assigned number;

(2) The date;

(3) The time;

(4) The nature of the incident;

(5) The person(s) involved in the incident; and

(6) The name of the security department or Tribal Gaming Office employee assigned to investigate.

(f) Investigations. The Tribal Gaming Office shall investigate any reported violation of the Compact provisions or the Gaming Ordinance and shall require the Gaming Facility Operator to correct the violation upon such terms and conditions as the Tribal Gaming Office determines are necessary and proper under the provisions

of the Tribe's Gaming Ordinance.

(g) Reporting to State Gaming Agency. Within forty-eight (48) hours of the time a violation or suspected violation was reported, the Tribal Gaming Office shall notify the State Gaming Agency. Upon completion of any investigation of a violation or suspected violation, the Tribal Gaming Office shall provide copies of its investigative report to the State Gaming Agency, if such disclosure will not compromise on-going law enforcement investigations or activities.

(h) Periodic 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 Office and the State Gaming Agency shall meet, not less than on a quarterly 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 Office. The State Gaming Agency, prior to or during such meetings, shall disclose to the Tribal Gaming Office any concerns, suspected activities or pending matters reasonably believed to constitute potential violations of this Compact by any person, organization or entity, if such disclosure will not compromise on-going law enforcement investigations or activities. Following the first year of this Compact, the Tribal Gaming Office and the State Gaming Agency shall jointly determine the number of meetings necessary, but in no event shall less than two (2) meetings occur for any twelve (12) month period.

SECTION 7. STATE MONITORING OF COMPACT PROVISIONS

(a) Monitoring. The State Gaming Agency shall, pursuant to the provisions of this Compact, have the authority to monitor the Tribe's Gaming Operation to ensure that the operation is conducted in compliance with the provisions of this Compact. Such monitoring shall include the authority to investigate suspected violations of the Compact. The monitoring shall be conducted in accordance with the following requirements:

(1) Agents of the State Gaming Agency shall have free and unrestricted access to all public areas of a Gaming Facility during operating hours without giving prior notice to the Gaming Facility Operator;

(2) The monitoring activities of these agents shall be conducted in a manner which does not unduly interfere with the normal functioning of the Tribe's Gaming Operation;

(3) Agents of the State Gaming Agency shall be entitled to enter the non-public areas of any Gaming Facility licensed by the Tribe after such state agents have:

(A) Provided proper identification to the senior supervisory employee of the Gaming Facility Operator on duty and to the Tribal Gaming Office inspector, who at his discretion, may witness the monitoring or investigation of non-public areas of the Gaming Facilities by the State Gaming Agency, and

(B) Given advance notice to the Tribal Gaming Office. Such advance notification shall not be required if such notification will compromise an ongoing law enforcement investigation or activity.

(b) <u>State's Access to the Tribe's Gaming Records; Confidentiality Requirements</u>. Agents of the State Gaming Agency shall, upon twenty-four (24) hours advance notification to the Tribal Gaming Office, have the right to inspect and copy during normal business hours, all records maintained by the Gaming Facility Operator. Such advance notification shall not be required if such notification will compromise an ongoing law enforcement investigation or activity. However, all records, and copies thereof, shall remain the property of the Tribe irrespective of their location. All such records, and the information derived from such records, are confidential and proprietary information of the Tribe. Access to all

records, or documents of the Gaming Facility Operator, or copies thereof in the possession of the State shall be limited solely to employees of the State Gaming Agency and the Tribal Gaming Office and the State shall not disclose such records and documents to other persons within the state government or to third parties, provided however that disclosure shall be authorized when made pursuant to an order of a court of competent jurisdiction, or when disclosed to a federal, state or tribal regulatory or criminal justice agency pursuant to a regulatory or criminal justice investigation under this Section, or when disclosed pursuant to Section 5 (k). The State Gaming Agency shall immediately notify the Tribal Gaming Office of the receipt of any request for access to any such records from any person outside the State Gaming Agency unless ordered otherwise by a court of competent jurisdiction.

(c) Retention of Records. Throughout the term of this Compact and during the pendency of any litigation arising from this Compact, and for one (1) year following the termination of this Compact, the Tribe shall require that all books and records relating to authorized Gaming Activities, including the records of any management contractor, the Gaming Facility Operator and the Tribal Gaming Office are separately maintained in order to facilitate auditing of these books and records to ensure compliance with this Compact. All such records shall be maintained pursuant to generally accepted accounting principles and shall be suitable for audit pursuant to the standards of the American Institute of Certified Public Accounts.

(d) Tribe's Access to State Records. The Tribe shall have the right to inspect and copy all records received by the State Gaming Agency concerning the Tribe's authorized Class III Gaming if such disclosure will not compromise ongoing law enforcement investigations or activities, and would not violate applicable state and federal law.

(e) Notification to Tribal Gaming Office. At the completion of any inspection or investigation conducted by the State Gaming Agency, copies of an investigative report shall be immediately forwarded by the State Gaming Agency to the Tribal Gaming Office. Within forty-eight (48) hours of the receipt of any report of a violation of this Compact, the Tribe's Gaming Ordinance, or the Act, the State Gaming Agency shall forward notification of such report of a violation to the Tribal Gaming Office.

(f) Cooperation with Tribal Gaming Office. The State Gaming Agency shall meet periodically, consistent with Section 6(h), with the Tribal Gaming Office and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and immediately notify the Tribal Gaming Office of any activity suspected or occurring whether within the Gaming Facilities or not, which adversely affects State, Commuinity or public health, safety, or welfare interests relating to the Gaming Facility and Gaming Facility Operator, if such disclosure will not compromise an ongoing law enforcement investigation or activity.

SECTION 8. CIVIL AND CRIMINAL JURISDICTION

Nothing in this Compact is intended to change, revise or modify the civil and criminal jurisdiction of the Tribe or of the State. Nothing contained herein shall be deemed to modify or limit existing federal jurisdiction over Indians and the Gaming Operations authorized under this Compact.

SECTION 9. CROSS-DEPUTIZATION AGREEMENT

The State and the Tribe, to the extent permitted by law, may agree to enter into such cross-deputization agreements as necessary to facilitate cooperation between State and Tribal law enforcement personnel.

SECTION 10. AUTHORIZATION TO ENACT RULES AND REGULATIONS

(a) State Gaming Agency Rules. Pursuant to its general rule-making authority, the State Gaming Agency may enact, as part of its rules governing gaming, all or part of the provisions of this Compact. The rules adopted by the State Gaming Agency shall be consistent with the provisions and appendices of this Compact.

(b) Tribal Gaming Office Regulations. The Tribal Gaming Office may enact, as part of its rules or regulations governing gaming, all or part of the provisions of this Compact.

SECTION 11. OPERATIONAL REQUIREMENTS

(a) Additional Operational Requirements Applicable to Class III Gaming. The Tribal Gaming Operation shall be operated pursuant to an internal control system approved by the Tribal Gaming Office. The internal control system shall be designed to reasonably assure that:

(1) Assets are safeguarded;

(2) Financial records are accurate and reliable;

(3) Transactions are performed in accordance with the Tribe's general or specific authorization;

(4) Access to assets is permitted only in accordance with the Tribe's specific authorization;

(5) Recorded accountability for assets is compared with actual assets at frequent intervals and appropriate action is taken with

respect to any discrepancies; and

(6) Functions, duties and responsibilities are appropriately segregated and performed in accordance with sound practices by competent, qualified personnel.

(b) Internal Controls. The internal control system shall include:

(1) An organizational chart depicting appropriate segregation of functions and responsibilities;

(2) A description of the duties and responsibilities of each position shown on the organizational chart;

(3) A detailed, narrative description of the administrative and accounting procedures designed to satisfy the requirements of subsection (a) of this Section; and

(4) A description of procedures governing the maintenance and preservation of security and surveillance information.

(c) Annual Audit. The Gaming Operation shall be audited, not less than annually, by an independent certified public accountant licensed by the State. The

Gaming Facility Operator shall notify the State Gaming Agency of its fiscal year end. Such audit shall be at the expense of the Gaming Facility Operator. The financial statement and audit shall be prepared in accordance with the auditing standards published by the American Institute of Certified Public Accountants and shall be submitted to the Tribal Gaming Office and the State Gaming Agency within one hundred twenty (120) days of the close of the fiscal year of the Gaming Operation. All auditors shall preferably have experience in Class III Gaming matters conducted pursuant to the Act. In addition, the State Gaming Agency shall be authorized to confer with the independent certified public accountant retained by the Tribe during the preparation of the audit and the preparation of the financial statement. The Tribal Gaming Office shall be notified of and provided the opportunity to participate in and attend any such conference.

SECTION 12. TRIBAL REIMBURSEMENT OF STATE GAMING AGENCY EXPENSES

(a) Compensation to the State Gaming Agency. The Tribe agrees to pay the State Gaming Agency the necessary costs incurred by the State as a result of the State's performance of its rights or duties under the terms of this Compact.

(b) Gaming Device Assessment. The State and the Tribe have determined that during the initial two (2) years of this Compact, an annual fee of

five hundred dollars ($500) per Gaming Device shall be paid annually to the State Gaming Agency for necessary costs incurred for State regulation and enforcement duties. After the initial two (2) years, the regulatory assessment per Gaming Device shall be renegotiated by the Tribe and the State based upon actual and projected costs and expenses incurred for State regulation and enforcement duties pursuant to this Compact. The assessment shall be payable in equal quarterly installments, the first of which shall be payable within fifteen (15) days of receipt by the Tribal Gaming Office of the notification of compliance pursuant to Section 4(a) of this Compact. The second and all ensuing installments shall be paid, respectively, on the first day of January, April, July, and October, as appropriate. For the purposes of assessment, Gaming Device counts will be made quarterly. If a Gaming Device is added to play any time during the quarter, it will be deemed to have been in play for the entire quarter and be assessed in such manner. Thereafter, should any deficit in necessary funds exist, the Tribe shall be billed within thirty (30) days, its share of sums necessary to eliminate any such deficit. Monies in excess of the Tribe's share of costs and expenses actually incurred by the State Gaming Agency shall be returned to the Tribe annually thirty (30) days following the close of the State's fiscal year, or the overpayment shall be credited to the Tribe for the succeeding year at the Tribe's discretion. If credits are provided or if any excess remains at the conclusion of the Compact term, the State shall return such monies to the Tribe within thirty (30) days from the expiration date of this Compact.

(c) Statement of Expenses. The State Gaming Agency shall submit to the Tribe verified statements of expenses with supporting documentation on a quarterly basis consistent with the provisions of subsection (b) of this Section commencing ninety (90) days after the Tribe receives a letter of compliance pursuant to Section 4(a) of this Compact.

(d) Dispute Resolution. In the event a dispute arises, it will be resolved pursuant to Section 15 of this Compact.

SECTION 13. PUBLIC HEALTH, SAFETY AND WELFARE

(a) Compliance. The Tribe shall comply with standards governing health and safety which shall apply to the Gaming Facilities and which shall be no less stringent than the standards generally imposed by the Uniform Laws Annotated Codes covering the following:

(1) The Uniform Building Code (1988 edition);

(2) The Uniform Mechanical Code (1988 edition);

(3) The Uniform Plumbing Code (1988 edition);

(4) The Uniform Fire Code (1988 edition),

In addition, public health standards for food and beverage handling shall be in accordance with United States Public Health Service requirements.

(b) Emergency Service Accessibility. The Tribe shall require the Gaming Facility Operator to make provisions for adequate emergency accessibility and service.

(c) Tort Remedies for Patrons. The Tribe shall establish procedures for the disposition of tort claims arising from alleged injuries to patrons of its Gaming Facilities, which procedures may be analogous to the remedial system available for similar claims arising against the State. The Tribe shall not be deemed to have waived its sovereign immunity from suit with respect to such claims by establishing such procedures or by any provision of this Compact.

(d) Liability for Damage to Persons and Property. During the term of this Compact, the Tribe shall maintain public liability insurance which provides no less than one million dollars ($1,000,000) for personal injury and 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.

SECTION 14. PATRON DISPUTES

(a) Refusal to Pay Winnings. Whenever the Gaming Facility Operator refuses payment of alleged winnings to a patron, and the Gaming Facility Operator and the patron are unable to resolve the dispute to the satisfaction of the patron and

the dispute involves:

(1) At least five hundred dollars ($500), the Gaming Facility Operator shall immediately notify the Tribal Gaming Office. The Tribal Gaming Office shall conduct whatever investigation it deems necessary and shall determine whether payment should be made; or

(2) Less than five hundred dollars ($500), the Gaming Facility Operator shall inform the patron of his or her right to request that the Tribal Gaming Office conduct an investigation. Upon request of the patron, the Tribal Gaming Office shall conduct whatever investigation it deems necessary and shall determine whether payment should be made.

(b) Notice to Patrons. The Tribal Gaming Office shall mail written notice by certified mail, return receipt requested, to the Gaming Facility Operator and the patron of the decision resolving the dispute within thirty (30) days after the date that the Tribal Gaming Office first receives notification from the Gaming Facility Operator or a request to conduct an investigation from the patron.

(c) Effective Date of Decision. The decision of the Tribal Gaming Office is

effective on the date it is received by the aggrieved party as reflected on the return receipt.

(d) Review of Decision. Within thirty (30) days after the date of receipt of the written decision, the aggrieved party may file a petition with the Tribal Gaming Office requesting a review of the decision. The Tribal Gaming Office may set a hearing on the matter or may make a decision based solely upon the prior decision and other documentation provided to it by the patron and the Gaming Facility Operator. The Tribal Gaming Office shall then issue a written decision and mail it to the parties pursuant to the procedures set forth in Section 14(b). The decision of the Tribal Gaming Office shall be final and binding upon the patron and the Gaming Facility Operator and shall not be subject to judicial review, dispute resolution or other legal action.

SECTION 15. DISPUTE RESOLUTION

(a) Procedures and Provisions Subject to Dispute Resolution. The parties may discuss and reconsider Sections 4, 5, 7, 11, 12, 14 and all appendices to this Compact upon written notice and request by either party. Thereafter, if the Tribe or the State believes that the other party has failed to comply with the requirements of the foregoing Sections and appendices, or if any dispute arises as to the proper interpretation thereof, the procedures set forth in this Section shall apply.

(b) Notice. 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 proffered interpretation of the Compact provision for which interpretation is sought.

(c) Voluntary Resolution. Representatives of the Tribe and the State shall meet within ten (10) days following receipt of the notice in an effort to resolve the dispute.

(d) Arbitration Procedures. If the dispute is not resolved to the satisfaction of the parties within thirty (30) days after service of the notice set forth above, the dispute shall be adjudicated through arbitration in Arizona or such other place as the parties may agree as follows:

(1) The parties shall attempt to agree upon one arbitrator with expertise in the subject matter of the dispute.

(2) If the parties are unable to agree on an arbitrator, each party shall select an arbitrator within ten (10) days of the commencement of the arbitration and the two (2) arbitrators

shall mutually appoint a third arbitrator within twenty (20) days of their appointment. If the two (2) arbitrators are unable to agree on the appointment of a third arbitrator within twenty (20) days, the third arbitrator shall be appointed by the American Arbitration Association.

(3) The arbitrator(s) shall confer with the parties immediately after appointment to determine an arbitration schedule including whether and to what extent discovery is required. The arbitrator(s) may set the matter for an evidentiary hearing or oral argument, or may dispose of the dispute based upon written submissions only.

(e) Arbitration Costs. The cost of arbitration shall be borne equally by the parties, with one-half of the expenses charged to the Tribe and one-half charged to the State. The parties shall bear their own costs and attorneys' fees associated with their participation in the arbitration unless the decision of the arbitrator shall specify otherwise.

(f) Arbitration Decision. The decision of the majority of the arbitrator(s) shall be final, binding and unappealable. Failure to comply with judgment upon the award entered in such arbitration proceeding shall be deemed a breach of the

Compact.

(g) Action to Enjoin a Class III Gaming Activity Conducted in Violation of the Agreement. The parties recognize that the Act provides at 25 U.S.C. § 2710(d)(7)(A)(ii) that the United States District Courts shall have jurisdiction over an action initiated by the State or the Tribe to enjoin a Class III Gaming activity located on Indian Lands and conducted in violation of this Compact.

SECTION 16. RESERVATION OF RIGHTS UNDER THE ACT

(a) Status of Class I and Class II Gaming. This Compact shall not apply to any Class I or Class II Gaming whether conducted within or without the Gaming Facilities, and shall not confer upon the State any jurisdiction or other authority over such Class I or Class II gaming conducted by the Tribe on Indian Lands.

(b) Prohibition on Taxation by the State. Nothing in this Compact shall be deemed to authorize or permit the State or any political subdivision thereof to impose any tax, fee, charge or assessment upon the Tribe or any Gaming Operation of the Tribe, except for the payment of expenses as provided in Section 12 of this Compact.

(c) Preservation of Tribal Self-Government. Nothing in this Compact

shall divest or diminish the sovereign governmental authority of either the Tribe or the State.

(d) Use of Net Revenues. The net revenues derived from Class III Gaming authorized under this Compact shall be used by the Tribe for the purposes permitted under the Act.

(e) Tax Documentation. For purposes of cooperation, the Tribal Gaming Office shall obtain from the Gaming Facility Operator and provide to the State Gaming Agency a copy of the documentation the Gaming Facility Operator submits to the Internal Revenue Service indicating gaming winnings of patrons of the Gaming Operation.

SECTION 17. AMENDMENTS

Any amendment to this Compact shall be in writing and signed by both parties. The terms and conditions of this Compact shall remain in effect until amended, modified, or terminated.

SECTION 18. SEVERABILITY

Each provision of this Compact shall stand separate and independent of every other

provision. If a court of competent jurisdiction finds any provision of this Compact to be invalid or unenforceable, it is the intent of the parties that the remaining provisions shall remain in full force and effect to the extent possible.

SECTION 19. THIRD PARTY BENEFICIARIES

This Compact is not intended to create any third-party beneficiaries and is entered into solely for the benefit of the Tribe and the State.

SECTION 20. 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 or such other address as either party shall hereafter inform the other by written notice:

State: The State of Arizona
State Gaming Agency
800 West Washington, 5th Floor
Phoenix, Arizona 85007

Tribe : Attn: Chairman
Tonto Apache Reservation #30
Payson, Arizona 85541

SECTION 21. CALCULATION OF TIME

In computing any period of time prescribed or allowed by this Compact, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday under the Tribe's laws, State law, or federal law, or when the act to be done is the filing of or providing access to any report or document, and the last day of the period falls on a day in which the weather or other conditions have made the offices in which the report or document is to be filed inaccessible, in which event the designated period shall extend until the end of the next day on which the office is accessible which is not a Saturday, Sunday or legal holiday, and is not one of the previously mentioned days. When the period of time prescribed or allowed is less than eleven (11) days, intermediate Saturdays, Sundays and legal holidays under the Tribe's laws, State law or federal law shall be excluded from the computation period.

SECTION 22. COUNTERPARTS

This Compact is executed in three original documents; one shall be maintained by the Chairman of the Tribe, one shall be maintained by the Governor of the State and the third shall be sent to the Secretary of the Interior for approval.

SECTION 23. EFFECTIVE DATE AND DURATION

(a) Conditional Effectiveness:Effective Date.

(1) This Compact shall not be effective, and no rights, duties or obligations of the State or the Tribe shall arise thereunder unless and until the execution of substantially similar Compacts by the State and all of the following: the Tohono O'odham Nation, the White Mountain Apache Tribe, the Pascua Yaqui Tribe of Arizona, the Yavapai-Prescott Indian Tribe, the Cocopah Indian Tribe, the Fort McDowell Mohave-Apache Indian Tribe and the Ak-Chin Indian Tribe shall have occurred within four (4) days of the date upon which the first of the foregoing and the State execute a Compact. The State and the Tribe agree to execute an acknowledgement that this condition has been satisfied after all such Compacts have been executed.

(2) Subject to the provisions of Section 23(a)(1) above, the Tribal-State Compact entered into by the Tribe and the State on February 5, 1993 shall remain in effect unless and until this Compact is executed by both the Governor of the State and the Chair of the Tribe, is approved by the Secretary of the

Interior, and notification of such is published in the Federal Register. At the time of such publication, this Compact shall become effective and the Tribal-State Compact entered into on February 5, 1993 shall be superseded by this Compact.

(b) Duration.

(1) This Compact shall be in effect for a term of ten (10) years after the effective date.

(2) The duration of this Compact shall thereafter be automatically extended for terms of five (5) years, unless either party serves written notice of nonrenewal on the other party not less than one hundred eighty (180) days prior to the expiration of the original term of this Compact or any extension thereof.

(3) In the event written notice of nonrenewal is given by either party as set forth in this Section, the Tribe shall cease all Class III Gaming under this Compact upon its expiration date, unless extended by mutual agreement, or upon the date the

procedures in subsection (5) of this Section are concluded and a successor Compact, if any, is not in effect.

(4) The Tribe may operate Class III Gaming only while this Compact, or any extension thereof under this Section, is in effect.

(5) In the event that written notice of nonrenewal of this Compact is given by one of the parties under subsection (2) of this Section above, the Tribe may, pursuant to the procedures of the Act, request the State to enter into negotiations for a successor Compact governing the conduct of Class III Gaming Activities to become effective following the expiration of this Compact. Thereafter the State shall negotiate with the Tribe in good faith concerning the terms of a successor Compact pursuant to 25 U.S.C. § 2710(d)(3)(A). If a successor compact is not concluded by the expiration date of this Compact, or any extension thereof under subsection (2) or (3), the Tribe shall do one of the following:

(A) Immediately cease all Class III Gaming upon the expiration of this Compact, or any extension thereof

under subsection (2) of this Section; or

(B) Commence an action in the United States District Court pursuant to 25 U.S.C. § 2710 (d)(7) in which event this Compact shall remain in effect until the procedures set forth in 25 U.S.C. § 2710(d)(7) are exhausted.

(c) Termination. This Compact may be voluntarily terminated by mutual agreement of the parties, or by a duly adopted ordinance or resolution of the Tribe revoking the authority to conduct Class III Gaming upon its lands, as provided for in 25 U.S.C. § 2710(d)(2)(D).

(d) Enforceability.

(1) The State and the Tribe voluntarily enter into this Compact pursuant to 25 U.S.C. § 2710 (d)(3)(B. Further ore, the State abandons any argument it may have had under the Tenth Amendment to the United States Constitution that its execution of this Compact was coerced.

(2) In the event that federal law changes to prohibit the gaming authorized by this Compact, the State may seek, in a court of

competent jurisdiction, a declaration that this Compact is invalid.

(3) This Compact shall remain valid and enforceable against the State and the Tribe unless or until it is held to be invalid in a final non-appealable judgment or order of a court of competent jurisdiction.

SECTION 24. GOVERNING LAW.

This Compact shall be governed by and construed in accordance with the applicable laws of the United States, and the Tribe and the State.

SECTION 25. ENTIRE AGREEMENT

This Compact contains the entire agreement of the parties with respect to the matters covered by this Compact and no other statement, agreement, or promise made by any party, officer, or agent of any party shall be valid or binding.

SECTION 26. AUTHORITY TO EXECUTE

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

Compact is a contractual agreement which is valid, enforceable and binding upon the parties.

STATE OF ARIZONA

Fife Symington, Governor

DATE: July 6, 1993

TONTO APACHE TRIBE

Jeri Johnson, Chairman

DATE: July 1, 1993

APPROVED:

By Ada E. Deer

ASSISTANT SECRETARY - INDIAN AFFAIRS

DATE: 8-11-93