United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

TAKE PRIDE IN AMERICA

AUG 2 3 1996

Honorable Donald G. Sampson
Chairman, Confederated Tribes of the
Umatilla Indian Reservation
P. O. Box 638
Pendleton, Oregon 97801

Dear Chairman Sampson:

On July 10, 1996, we received Amendment III to the Compact (Amendment) between the Confederated Tribes of the Umatilla Indian Reservation (Tribe) and the State of Oregon (State), dated June 21, 1996. We have completed our review of the Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to Section 11(d)(8)(A) of the IGRA, 25 U.S.C. § 2710(d)(8)(A), and delegated authority in 209 DM 8.1, we approve the Amendment. The Amendment shall take effect when the notice of our approval, pursuant to Section 11(d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

/S/ Ada E. Deer

Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosure

Identical letter sent to: Honorable John Kitzhaber
Governor of Oregon
254 State Capitol
Salem, Oregon 97310

cc: Portland Area Director w/copy of approved Amendment
Supt., Umatilla Agency w/copy of approved Amendment
National Indian Gaming Commission w/copy of approved Amendment
Field Solicitor-Pacific NW Regional Ofc w/copy of approved Amendment
Oregon U.S. Attorney w/copy of approved Amendment

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Bureau of Indian Affairs

Indian Gaming; Bureau of Indian Affairs, Interior

ACTION: Notice of approved amendment to Tribal-State compact.

SUMMARY: Pursuant to 25 U.S.C. § 2710, of the Indian Gaming Regulatory Act of 1988 (Pub. L. 100–497), the Secretary of the Interior shall publish, in the **Federal Register**, notice of approved amendments to Tribal-State Compacts for the purpose of engaging in Class III (casino) gaming on Indian reservations. The Assistant Secretary—Indian Affairs, Department of the Interior, through her delegated authority, has approved Amendment III to the Gaming Compact Between the Confederated Tribes of the Umatilla Indian Reservation and the State of Oregon, which was executed on June 21, 1996.

DATES: September 9, 1996.

FOR FURTHER INFORMATION CONTACT: George T. Skibine, Director, Indian Gaming Management Staff, Bureau of Indian Affairs, Washington, D.C. 20240, (202) 219–4068.

Dated: August 23, 1996.

Ada E. Deer,

Assistant Secretary—Indian Affairs.

[FR Doc. 96–22950 Filed 9–6–96; 8:45 am]

BILLING CODE 4310-02-P

TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE UMATILLA INDIAN RESERVATION OF OREGON AND THE STATE OF OREGON

AMENDMENT III

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Umatilla Indian Reservation of Oregon and the State of Oregon executed on November 29, 1993, and approved by the Secretary of the Interior on February 2, 1994. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendments I or II thereto.

WHEREAS, the Tribes wishes to extend the terms of Amendment II to the Compact which provides for regulation of house banked blackjack at the gaming facility, and

WHEREAS, the State recognizes that the Tribal Gaming Commission is the primary regulator of Class III gaming at the Gaming Facility, and

WHEREAS, the State agrees that the circumstances justify this Amendment,

NOW THEREFORE, the Tribes and the State hereby approve the following amendments to the Compact:

I. Paragraph 8 of Subsection G of Section 4 of the Compact (contained in Amendment II), is amended as follows:

> 8. [~~This amendment expires on June 30, 1996.~~] The provisions of subsection G of Section 4 of this Compact as amended by this Amendment III, expire on June 30, 1997. However, if the compliance review described in Section 4.G.9. of the Compact (added by this Amendment) is completed before October 31, 1996, subsection G of section 4 of this Compact shall expire on December 31, 1997. Unless an extension of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribes agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. Paragraph 3 of Subsection G of Section 4 of the Compact (added by Amendment II) is amended to read:

3. The Tribes shall establish an initial wager limit of [~~$50~~] $100 per hand except that the Tribes may offer a maximum [~~$100~~] $500 wager limit on two tables. [~~After a period of two months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may change the initial wager limit from $75 to $100 for one table.~~] After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribes may request a change in the initial wager limits. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of any increase in the wager limit must be agreed to by both the State and the Tribes.

III. The following new paragraph 9 is added to Subsection G of Section 4 of the Compact (added by Amendment II):

9. The Tribes and the State agree that the State shall conduct a comprehensive compliance review, as described in Section 9.B.1. of the Compact, of the tribal gaming operation to be completed no later than October 31, 1996.

IV. Paragraph 1 of Subsection B of Section 9 of the Compact is amended to read:

1. a. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribes may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribes agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribes as provided in the memorandum of understanding entered into pursuant to this Compact. In addition to the State's regular monitoring

functions, the Tribes agrees that the State may conduct the following activities, which shall also be assessed to the Tribes:

1) A comprehensive annual review, which shall be pre-planned and conducted jointly with the tribal gaming commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;

2) Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls:

3) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;

b. As provided in Section 5 of this Compact, the Tribes' law enforcement agency is responsible for investigation of criminal law violations by Indians on the Reservation. The Tribes and the State agree that the Tribes' criminal law jurisdiction does not prevent the State from investigating possible violations of this Compact or other gaming regulatory matters. The Tribes and the State agree that their respective law enforcement agencies shall cooperate in any investigation that involves or potentially involves both criminal and gaming regulatory violations.

V. Section 6.A. of the Compact is amended as follows:

A. The Tribes and the State agree that maintaining the honesty, integrity, fairness and security of the Tribes' gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribes. The Tribes and the State agree that both of them have a the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribes, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of [~~their~~] the Gaming Facility, including those decisions expressly placed within the Tribes' discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all [~~of the Tribes'~~] decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribes, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.

2. In order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation, the Tribes, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.

3. The honesty, integrity, fairness and security of the Tribes' gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribes, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.

4. Regulation and operation of the Tribes' gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribes' gaming operation.

VI. Subparagraph 6.B.5.a. of the Compact is amended as follows:

a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the

Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the [~~Tribes~~] Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall recommend specific action or actions the State believes will prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall meet and confer, in person or by conference call, within 24 hours after the commission, or any member thereof, receives the notice. The Tribal Gaming Commission shall consider the State's recommendation and immediately thereafter shall take such action that addresses the State's concern as is necessary to protect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact after the commission has acted.

VII. Subparagraph 6.B.5.d. of the Compact is amended as follows:

d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:

(1) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;

(2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;

(3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;

(4) The security of gaming equipment has been impaired by loss, theft, or tampering;

(5) The physical safety or security of patrons is seriously at risk;

(6) A continuing pattern of failure by the Tribes, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

VIII. The Tribes and the State agree to amend the Memorandum of Understanding adopted under Amendment II to the Compact, as set forth in Exhibit I to this Amendment.

IX. This amendment is effective as an extension under paragraph 8 of Subsection G of Section 4 of the Compact, upon execution by the State and the Tribes, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribe's ability to offer house banked blackjack and the State's and the Tribe's responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON

John Kitzhaber, Governor

Date: 6-21-96

CONFEDERATED TRIBES OF THE UMATILLA INDIAN RESERVATION OF OREGON

Rosemary Shippentower for Donald G. Sampson, Chair

Date: 6/20/96

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

By: Ada E. Deer

Date: AUG 23 1996

EXHIBIT I
MEMORANDUM OF UNDERSTANDING
PURSUANT TO
THE TRIBAL-STATE COMPACT FOR REGULATION OF
CLASS III GAMING BETWEEN

THE Confederated Tribes of the Umatilla Indian Reservation of Oregon and the State of Oregon.

1. Paragraph 3 of Subsection B of Section III of the Memorandum of Understanding (MOU) executed contemporaneously with Amendment II to the Compact is amended as follows, effective July 1, 1996:

> 3. The Tribes agrees to pay for up to [~~850~~] 1,128 direct service hours for the period beginning on [~~October 1, 1995, and ending June 30, 1996,~~] July 1, 1996, and ending June 30, 1997, for the actual, reasonable and necessary costs of the performance of Compact monitoring functions identified in the Compact, the amendments thereto, and the MOU between the Tribes and the State. [~~The Tribes must agree in writing to pay for any additional hours.~~] If the State determines that more hours are necessary for Compact monitoring functions, the State shall notify the Tribes and the parties agree to meet and negotiate a new limit, in writing, on direct service hours for monitoring functions. The limit on direct service hours does not apply to any comprehensive compact compliance review conducted by the Oregon State Police pursuant to section 9.B.1. of the Compact as amended by Amendment III. The cost of any comprehensive compact compliance review shall be assessed separately to the Tribes. However, if any investigation of criminal law violations, Compact violations or other gaming regulatory matters, results from the action, review, or inspection by the Tribal Gaming Unit during its monitoring activities, [~~and that investigation requires additional hours of direct service beyond the limit stated in this paragraph,~~] the Tribes agrees to pay the State for the actual, reasonable and necessary expenses incurred in that investigation separately from and without regard to the limit on the number of direct service hours stated in this paragraph. An investigation may be initiated by the Tribal Gaming Unit in its sole discretion. Cost of an investigation of a contractor or management company shall first be billed to the contractor or management company.

2. Subsection A of Section VI of the MOU executed contemporaneously with Amendment II to the Compact is amended as follows, effective July 1, 1996:

A. In order to provide an established and orderly procedure for assessment of costs incurred by the State under the Compact and this MOU, the parties agree that the State will furnish to the Tribes an itemized statement of the hours worked on tribal business by State employees, including identification of the employee, date and hours worked, and a description of the nature of the work performed, as well as an accounting of all recoverable fees incurred by the State during performance of its duties under the Compact and this MOU. It is understood and agreed that expenses incurred by the State prior to the execution of this MOU will be assessed to and paid by the Tribes.

3. Section VII of the MOU executed contemporaneously with Amendment II to the Compact is amended as follows, effective July 1, 1996:

VII. **EXPIRATION**

This MOU shall expire [~~June 30, 1996~~] June 30, 1997. Thirty days before the expiration date of this MOU the parties shall meet to renegotiate the terms of the MOU and to address any change in circumstances to which this MOU applies. If the State and the Tribes have not re-negotiated a replacement MOU by the expiration date of this MOU, this MOU shall continue in effect until such time as a new MOU is executed.

3. The remainder of the MOU executed contemporaneously with Amendment II to the Compact shall remain in effect until July 1, 1997, unless amended sooner.

ACKNOWLEDGED BY:

CONFEDERATED TRIBES OF THE UMATILLA INDIAN RESERVATION OF OREGON

Rosanda Shippentower 6/30/96

for Donald G. Sampson, Chair Date

OREGON STATE POLICE

LeRon Howland 6-25-96

LeRon Howland, Superintendent Date