

National Indian Gaming Commission

SETTLEMENT AGREEMENT

NOV-06-04

INTRODUCTION

This Settlement Agreement ("Agreement") is entered into and effective this 20th day of MARCH, 2006, by and between Floyd Jourdain, Chairman of the Red Lake Band of Chippewa Band of Chippewa Indians, a federally-recognized Indian tribe ("the Band") and Philip N. Hogen, the Chairman of the National Indian Gaming Commission ("the Chairman") relating to the matters contained in Notice of Violation No. NOV-06-04.

RECITALS

Whereas, the Tribe has conducted gaming on Indian lands at facilities at Red Lake, Minnesota, Warroad, Minnesota and Thief River Falls, Minnesota since approximately 1991, 1992, and 1998 respectively.

Whereas, the Chairman and the Tribe desire to resolve issues related to Notice of Violation No. NOV-06-04.

Therefore, the Chairman and the Tribe have agreed to execute this Agreement and perform in accordance with the following covenants and conditions:

TERMS OF SETTLEMENT

1. This Agreement is entered into pursuant to 25 C.F.R. § 575.6 (b) and shall be effective upon the signature of all parties.

MAR - 6 2006

2. On January 31, 2006, the NIGC issued Notice of Violation No. NOV-06-04 to the Tribe relating to the:

a. The Band's untimely submissions of the quarterly statements and fee payments to the NIGC for the following quarters:

i. Seven Clans Casino Red Lake

<u>Quarter:</u>	<u>Due:</u>	<u>Received:</u>
1 st 2000	3/31/00	5/2/00
2 nd 2000	6/30/00	7/6/00
3 rd 2000	9/30/00	10/5/00
1 st 2001	3/31/01	Not filed
2 nd 2001	6/30/01	Not filed
3 rd 2001	9/30/01	Not filed
4 th 2001	12/31/01	Not filed
1 st 2002	3/31/02	Not filed
2 nd 2002	6/30/02	Not filed
3 rd 2002	9/30/02	Not filed
4 th 2002	12/31/02	Not filed
1 st 2003	3/31/03	6/10/03
2 nd 2003	6/30/03	7/8/03
3 rd 2003	9/30/03	10/22/03
4 th 2003	12/31/03	1/5/04
1 st 2004	3/31/04	5/13/04
4 th 2004	12/31/04	1/6/05

ii. Seven Clans Casino Warroad

<u>Quarter:</u>	<u>Due:</u>	<u>Received:</u>
1 st 2000	3/31/00	Not filed
2 nd 2000	6/30/00	Not filed
3 rd 2000	9/30/00	Not filed
4 th 2000	12/31/00	Not filed
1 st 2001	3/31/01	Not filed
2 nd 2001	6/30/01	Not filed
3 rd 2001	9/30/01	Not filed

4 th 2001	12/31/01	Not filed
1 st 2002	3/31/02	1/6/03
2 nd 2002	6/30/02	1/6/03
3 rd 2002	9/30/02	1/6/03
4 th 2002	12/31/02	1/6/03
1 st 2003	3/31/03	6/10/03
2 nd 2003	6/30/03	7/8/03
3 rd 2003	9/30/03	10/22/03
4 th 2003	12/31/03	1/5/04
1 st 2004	3/31/04	5/13/04
4 th 2004	12/31/04	1/6/05

iii. Seven Clans Casino Thief River Falls

<u>Quarter:</u>	<u>Due:</u>	<u>Received:</u>
1 st 2000	3/31/00	Not filed
2 nd 2000	6/30/00	Not filed
3 rd 2000	9/30/00	Not filed
4 th 2000	12/31/00	Not filed
1 st 2001	3/31/01	Not filed
2 nd 2001	6/30/01	Not filed
3 rd 2001	9/30/01	Not filed
4 th 2001	12/31/01	Not filed
1 st 2002	3/31/02	1/6/03
2 nd 2002	6/30/02	1/6/03
3 rd 2002	9/30/02	1/6/03
4 th 2002	12/31/02	1/6/03
1 st 2003	3/31/03	6/10/03
2 nd 2003	6/30/03	7/8/03
3 rd 2003	9/30/03	10/22/03
4 th 2003	12/31/03	1/5/04
1 st 2004	3/31/04	5/13/04
4 th 2004	12/31/04	1/6/05

b. failure to submit a timely annual audit report

- 3. The Band agrees that it was required to timely submit quarterly statements and fee payments for each gaming operation to the NIGC.
- 4. The Band agrees that it did not submit to the NIGC quarterly statements and fee payments as required by the Indian Gaming Regulatory Act ("IGRA") and NIGC regulations for Seven Clans Red Lake, Seven Clans Warroad and Seven Clans Thief River Falls for each of the following quarters:

<u>Quarter:</u>	<u>Due:</u>	<u>Received:</u>
1 st 2003	3/31/03	6/10/03
2 nd 2003	6/30/03	7/8/03
3 rd 2003	9/30/03	10/22/03
4 th 2003	12/31/03	1/5/04
1 st 2004	3/31/04	5/13/04
4 th 2004	12/31/04	1/6/05

- 5. The Band admits that failure to timely submit quarterly statements and fee payments is a violation of IGRA and NIGC regulations.
- 6. The Band further agrees to submit its quarterly statements and fee payments for Seven Clans Red Lake, Seven Clans Warroad and Seven Clans Thief River Falls no later than March 31, June 30, September 30 and December 31, 2006.
- 7. The Band agrees to pay a fine in the amount of Eighteen Thousand Dollars (\$18,000.00). One Thousand Dollars (\$1,000.00) of the fine will be paid on or before April 30, 2006. The remaining Seventeen Thousand Dollars (\$17,000.00) will be suspended pending the timely submission of the 2006 quarterly statements and fee payments. Upon successful submission of the aforementioned quarterly statements and fee payments by their due dates, the Chairman will forgive the suspended Seventeen Thousand Dollar (\$17,000.00) fine. If the Band fails to

submit the aforementioned quarterly statements and fee payments by such dates, they must be submitted as soon as possible and the remaining Seventeen Thousand dollars (\$17,000.00) of the fine will be paid on or before January 1, 2007.

8. The Band agrees that it was required to timely submit an annual audit report of its gaming operations for the 2003 fiscal year to the NIGC.
9. The Band agrees that it did not timely submit to the NIGC annual audit reports for fiscal year 2003, as required by IGRA and NIGC regulations.
10. The Band admits that the failure to submit an annual audit report in a timely fashion is a violation of IGRA and NIGC regulations.
11. The Band further agrees to submit its 2005 annual audit reports no later than April 30, 2006.
12. The Band agrees to pay a fine in the amount of Five Thousand Dollars (\$5,000.00). One Thousand Dollars (\$1,000.00) of the fine will be paid on or before April 30, 2006. The remaining Four Thousand Dollars (\$4,000.00) will be suspended pending the timely submission of the 2005 annual audit reports to the NIGC by April 30, 2006. Upon successful submission of the aforementioned annual audit reports by their due date, the Chairman will forgive the suspended Four Thousand Dollar (\$4,000.00) fine. If the Band fails to submit the aforementioned audit reports by such date, they must be submitted as soon as possible and the remaining Four Thousand dollars (\$4,000.00) of the fine will be paid on or before June 1, 2006.

13. The Chairman agrees upon execution of this Agreement to waive the right to impose any further civil fine for Notice of Violation No. NOV-06-04 against the Band, unless the Band fails to comply with this Agreement. If the Band fails to comply with this Agreement, the Chairman reserves the right to initiate an enforcement action as outlined under 25 C.F.R. § 573.6.
14. The Band agrees upon execution of this Agreement to waive its right, if any, to further review of Notice of Violation No. NOV-06-04, including all rights to appeal to the full Commission as outlined in 25 C.F.R. § 577 *et seq.* and judicial review pursuant to 25 U.S.C. § 2714.
15. Subsequent to the parties' acceptance of this Agreement, the civil fine assessment set forth herein will become a Final Assessment Order of the Commission.

ADDITIONAL COVENANTS


1. This Agreement constitutes the entire agreement between the Chairman and the Band and supersedes all prior verbal or written agreements and understandings between the parties related to the subject matter hereof. No warranties, representations, covenants, or agreements shall be binding upon any party except as set forth herein. Any modification or waiver of any term of this Agreement, including the modification or waiver of term, must be in writing and signed by both parties.
2. The Band stipulates that the Notice of Violation shall be deemed a final order of the Commission and a final agency action pursuant to 25 C.F.R. § 577.9(d).
3. The Chairman and the Band expressly agree and acknowledge that time is of the essence in this Agreement. The recitals herein and above set shall be binding

upon the parties, their agents, heirs, personal representatives, successors and assigns.

- 4. A signature produced by facsimile shall be deemed to be an original signature and shall be effective and binding for purpose of the Agreement.

Red Lake Band of Chippewa Indians

National Indian Gaming Commission

By: 
 Floyd Jourdain
 Chairman

By: 
 Philip N. Hogan
 Chairman

3-3-06
 Date

3/29/06
 Date