

STIPULATED NOTICE OF VIOLATION AND AGREED CIVIL FINE ASSESSMENT

To:

John Berrey
Chairman
Quapaw Tribe of Oklahoma
P.O. Box 765
Quapaw, Oklahoma 74363

J R Mathews
President
Quapaw Gaming Corporation
P.O. Box 765
Quapaw, Oklahoma 74363

NOTICE

1. The Chairman of the National Indian Gaming Commission ("NIGC") hereby gives notice that the Quapaw Tribe of Oklahoma and the Quapaw Gaming Corporation (hereafter referred to as "the Tribe" and the "QGC") located in Quapaw, Oklahoma, have violated the Indian Gaming Regulatory Act ("IGRA"), 25 U.S.C. § 2701 *et seq.*, and NIGC regulations, 25 C.F.R. § 501 *et seq.*
2. The circumstances of the violation are:
 - A. On or about May of 2003, the Enforcement Division of the NIGC initiated an inquiry into the management of the Quapaw Casino, a wholly-owned enterprise of the Quapaw Tribe ("Tribe"), a federally recognized Indian tribe, to determine whether the facility was being managed in the absence of a management contract approved by the Chairman in violation of the IGRA.
 - B. On or about January 20, 2001, Marc E. Dunn ("Dunn"), Oklahoma Management Enterprises, Inc. ("OME"), and/or Native American Enterprises & Resource Management, Inc. ("Native American Enterprises") assumed management of the Quapaw Casino.

- C. On August 29, 2001, the Tribe and OME¹ entered into a Gaming Management Agreement. The agreement formalized the arrangement whereby Dunn, OME, and/or Native American Enterprises managed the Quapaw Casino for the Tribe which was not approved by the Chairman of the NIGC.
- D. Although the Tribe submitted the August 2001 management agreement to the NIGC on April 10, 2002 seeking review and approval by the Chairman, the submission was not approved due to deficiencies in the submission which were brought to the Tribe's attention by letters dated April 26, 2002, August 21, 2002, and January 24, 2003.
- E. On July 15, 2003, the QGC submitted a modified Gaming Management Agreement, dated June 26, 2003, to the NIGC for review and approval.
- F. Similar to August 2001 management agreement, the Tribe, QGC, Dunn, OME, and/or Native American Enterprises acted pursuant to the June 2003 management agreement, allowing Dunn, OME, and/or Native American Enterprises to manage and operate the Quapaw Casino despite the fact that such agreement was not approved by the Chairman of the NIGC.
- G. By letter dated July 31, 2003, the NIGC advised the Tribe of deficiencies in the submission. On August 27, 2003, additional information and documentation was submitted to the NIGC in support of the management contract submission.
- H. On August 8, 2003, the NIGC notified the Tribe by letter that the NIGC had initiated an inquiry into the possible management of the Quapaw Casino without an approved management contract and directed the submission of certain documents and materials.
- I. On September 5, 2003, the Chairman of the Quapaw Tribe and other Quapaw tribal representatives met with the Chairman of the NIGC and other NIGC members to discuss the pending inquiry. During the meeting, the Chairman informed the Quapaw Chairman and tribal representatives that he had instructed the Contracts Division to suspend review of the management contract submission pending the outcome of the inquiry.
- J. Following the meeting, the Tribe timely submitted the documents and materials requested in the letter of August 8, 2003 then later responded timely to a separate request for documents from the Director of Enforcement made October 16, 2003.

¹ Native American Enterprises owns one hundred percent (100 %) of the shares of OME. Marc E. Dunn is the resident and the Director of Native American Enterprises.

- K. Throughout the period of inquiry, which extended from May 2003 through November 19, 2004, the Quapaw Tribe cooperated with the NIGC to provide documents and materials related to the Quapaw Casino.
 - L. Consequently, from approximately January 20, 2001 through November 19, 2004, Dunn, OME, and/or Native American Enterprises managed the Quapaw Casino at Miami, Oklahoma without a management contract approved by the Chairman of the NIGC in violation of IGRA, 25 U.S.C. § 2711, and NIGC regulations, 25 C.F.R. Parts 533 and 573 with the knowledge of the Tribe and the QGC.
3. The Chairman has authority to levy and collect appropriate civil fines, not to exceed \$25,000 per violation, against the tribal operator of an Indian game or a management contractor engaged in gaming for any violation of any provision of IGRA and NIGC regulations. 25 U.S.C. § 2713(a)(1); 25 C.F.R. § 575.4. "If noncompliance continues for more than one day, the Chairman may treat each daily act or omission as a separate violation." 25 C.F.R. § 575.4 (a)(2).
4. The Chairman acknowledges, however, that prior to the execution of this Stipulated Notice of Violation the Quapaw Tribe took affirmative steps to correct the circumstances giving rise to this matter by severing all business ties involving Indian gaming with Dunn, OME, and Native American Enterprises and pledging to assume full managerial and operational control over the Quapaw Casino. While such action represent a significant step toward compliance, the following additional corrective actions are required by the Tribe and QGC:
- A. The Tribe, QGC, and/or any tribal entity shall prohibit Dunn, OME, and Native American Enterprises, and/or any other entity owned in whole or part or otherwise associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, from any association of any kind with the Quapaw Casino, any tribal gaming activity, and any tribal gaming facility.
 - B. The Tribe, QGC, and/or any tribal entity shall not employ or retain Dunn, or any entity owned in whole or part or otherwise associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, to operate, manage, consult, or provide any type of materials, machines, or services related directly or indirectly to the operation or management of any of its gaming facilities.
 - C. The Tribe, QGC, and/or any tribal entity shall not permit Dunn, OME, Native American Enterprises, or any entity owned in whole or part by or in any way associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, to develop, finance, or otherwise have a direct or indirect financial interest in any existing or

future gaming facility and/or operation or to provide any type of materials, machines, goods or any type of services to the Tribe's existing or future gaming facilities or operations.

- D. The Tribe, QGC, and/or any tribal entity shall not enter any type of arrangement with Dunn, OME, Native American Enterprises, any entity owned in whole or part by Dunn, any entity in any way associated with Dunn, including any entity in which Dunn or an entity owned by him is the majority shareholder, that provides Dunn or such entities, either directly or indirectly, with a sum of money and/or future sums of money as consideration for such entities' past gaming-related services to the Tribe or any tribal entity and/or as consideration for the prohibition of such gaming-related services in the future.
- E. The Tribe, QGC, and/or any tribal entity shall not have any type of relationship involving Indian gaming with Dunn, OME, Native American Enterprises, any entity owned in whole or part by Dunn, any entity in any way associated with Dunn, and/or any entity in which Dunn or an entity owned by him is the majority shareholder.

AGREEMENT FOR SETTLEMENT

- 5. This Agreement is entered into by and between the Quapaw Tribe of Oklahoma and the QGC, by duly authorized officers or agents, and the Chairman of the NIGC pursuant to 25 C.F.R. § 575.6 (b) and shall be effective upon execution by the parties and receipt of payment from the Tribe by the NIGC.
- 6. The Tribe and QGC admit the facts set forth in Paragraphs One (1) and Two (2) of this Agreement; agree that the NIGC possesses jurisdiction over this action; and agree to comply with the corrective measures set forth in Paragraph Four (4) of this Agreement.
- 7. The Tribe and QGC are aware of their rights to:
 - A. submit written information about the violation to the Chairman prior to issuance of a civil fine assessment by the Chairman and to have at least fifteen (15) days after the issuance of a notice of violation to do so under 25 C.F.R. § 575.5;
 - B. appeal the notice of violation to the full Commission under 25 C.F.R. § 577;
 - C. obtain a hearing to contest the matter under 25 C.F.R. § 577;
 - D. seek a reduction or waiver of a civil fine under 25 C.F.R. § 575.6; and

- E. appeal any final determination by the full Commission to a federal district court under 25 U.S.C. § 2714.
8. In exchange for the terms, conditions, and understandings set forth herein, the Tribe and QGC hereby waive the rights specified in Paragraph Seven (7) of this Agreement and any other right to seek judicial review or otherwise challenge or contest the Chairman's actions under this Agreement, including the right to have the Chairman provide his written analysis of the factors to be considered in assessing a civil fine set forth under 25 C.F.R. § 575.4 up to the amount of \$50,000.00.
9. Furthermore, the Tribe and QGC attest that:
- A. As of the date of execution of this instrument, it has severed all business ties with Dunn, OME, and Native American Enterprises, any entities owned in whole or part by Dunn, any entity otherwise associated in any way with Dunn, and/or any entity in which Dunn or an entity owned by him is the majority shareholder.
 - B. The Tribe agrees to fully comply with the corrective measures set forth in Paragraph Four (4) of this instrument.
 - C. The Tribe and QGC agree to provide full cooperation to the NIGC in relation to any enforcement action taken by the NIGC against Dunn, OME, and/or Native American Enterprises for managing the Quapaw Casino without an approved management contract, including but not limited to providing documents, witnesses, and/or declarations in regard to the management of the Quapaw Casino by Dunn, OME, and/or Native American Enterprises from January 20, 2001 through the date of this Agreement.
10. The Tribe, QGC, and the Chairman desire to resolve this matter without undertaking the burdens, costs, risks, and uncertainties associated with formal administrative and judicial proceedings.
11. If this agreement is accepted by the Tribe, QGC, and the Chairman, the Chairman will, without further notice, simultaneously issue the Notice of Violation (set forth in Paragraphs One (1) through Four (4) of this Agreement) and a Final Civil Fine Assessment Order which shall become a final order of the Commission and shall contain the following text:

CIVIL FINE ASSESSMENT – Pursuant to the Indian Gaming Regulatory Act (“IGRA”), 25 U.S.C. § 2701 *et seq.*, and by virtue of the authority vested in the Chairman of the National Indian Gaming Commission (“NIGC”), the Chairman has found the Quapaw Tribe of Oklahoma (“Tribe”) and the Quapaw Gaming Corporation (“QGC”), located in Miami, Oklahoma, to be in violation of Section

2711 of Title 25 of the United States Code, and regulations adopted by the NIGC pursuant to its authority under these laws. Accordingly, the Tribe shall pay a civil fine of fifty thousand dollars (\$50,000.00). Furthermore, the Tribe, QGC, and any tribal entity shall prohibit Marc E. Dunn, OME, and Native American Enterprises, any entity owned in whole or part by Dunn, and/or any entity in which Dunn or an entity owned by him is the majority shareholder from any involvement whatsoever, now or in the future, with any Quapaw gaming facilities and/or operations.

12. The Tribe agrees to pay the aforementioned civil fine to the NIGC on or before April 15, 2005. Payment shall be submitted to the NIGC, 1441 L Street N.W., Suite 9100, Washington, D.C. 20005, payable to the United States Treasury.
13. This agreement shall not become public unless and until it is accepted and signed by the Chairman of the NIGC. However, upon its acceptance by the Chairman of the NIGC and his signature, this agreement will become public.
14. The Chairman agrees upon execution of this Agreement that the NIGC shall not institute further proceedings or actions or assess any additional sanctions against the Quapaw Tribe or any entity of the Quapaw Tribe or the officers and/or directors of such tribal entities, including the members of the Business Committee, arising out of, or related to, the subject matter of this Agreement for actions or omissions occurring prior to April 5, 2005, unless the Tribe, QGC, and/or any tribal entity fails to comply with this Agreement. If the Tribe or any of its tribal entities fail to comply with this Agreement, the Chairman reserves the right to initiate an enforcement action as outlined under 25 C.F.R. § 573.6, which may result in additional fines or closure of Quapaw tribal gaming facilities.
15. The Chairman agrees to confer with the Quapaw Tribe prior to any settlement with Dunn, OME, or Native American Enterprises in connection with any action or proceeding involving Dunn, et al's involvement with the Quapaw Casino between January 20, 2001 through November 19, 2004, in order that the Tribe may provide information which may be useful or helpful to the NIGC.
16. In the event that the Commission should issue a final order concluding that Dunn, et al, has violated any provision of the IGRA, the Chairman agrees to assist the Tribe recover any funds or property that Dunn may have unlawfully or improperly obtained from the Quapaw Tribe by providing the Tribe any documents which may lawfully be conveyed to the Tribe or by any other action that is lawful.

ADDITIONAL COVENANTS

17. This Agreement constitutes the entire agreement between the Chairman, the Tribe, and the QGC 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 all the parties.

18. The Tribe and QGC stipulate 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).
19. The Chairman, the Tribe, and QGC 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.
20. A signature produced by facsimile shall be deemed to be an original signature and shall be effective and binding for purpose of the Agreement.

For the Quapaw Tribe of Oklahoma

By:


John Berry
Chairman, Quapaw Tribe of Oklahoma

Date:

4/8/05

For the Quapaw Gaming Corporation

By:


J.R. Mathews
President, Quapaw Gaming Corporation

Date:

4/8/05

For the National Indian Gaming Commission:

By:


Philip N. Hogen
Chairman, National Indian Gaming Commission

Date:

4/11/05

National Indian Gaming Commission

NOTICE OF VIOLATION AND FINAL CIVIL FINE ASSESSMENT

Ref: NOV-05-9

To:

John Berrey
Chairman
Quapaw Tribe of Oklahoma
P.O. Box 765
Quapaw, Oklahoma 74363

J.R. Mathews
President
Quapaw Gaming Corporation
P.O. Box 765
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