National Indian Gaming Commission

NOTICE OF VIOLATION

NOV-07-03

To: Squaxin Island Tribe
Attn: James L. Peters, Chairman
S.E. 70 Squaxin Lane
Shelton, WA 98948
FAX: (360) 426-6577

Squaxin Island Gaming Commission
Attn: Glen Parker, Chairman
West 91 Highway 108
Shelton, WA 98584
FAX: (360) 427-7868

Squaxin Island Legal Department (Agent for Service of Process)
Attention: Kevin R. Lyon, Esq.
Director
S.E. 3711 Old Olympic Hwy
Shelton, WA 98584
FAX: (360) 432-3699

1. Notification of Violation

   The Chairman of the National Indian Gaming Commission (NIGC) hereby gives notice that the Squaxin Island Tribe, located in Shelton, Washington, has violated NIGC regulations by failing to submit a timely annual audit.

2. Authority

   Under the Indian Gaming Regulatory Act (IGRA) and NIGC regulations, the Chairman of the NIGC (Chairman) may issue a Notice of Violation (NOV) to any person for violation of any provision of the Indian Gaming Regulatory Act (IGRA), NIGC regulations, or any provision of a tribal gaming ordinance or resolution approved by the Chairman. 25 U.S.C. § 2713; 25 C.F.R. § 573.3

3. Applicable Federal Laws and Tribal Ordinance Provisions

   A. 25. U.S.C. § 2710(b)(2)(C) – IGRA requires an annual audit of each gaming operation and requires that a copy of the results of the annual audit be submitted to the NIGC.

B. 25 C.F.R. §§ 571.12 and 571.13 – NIGC regulations require that a tribe cause to be conducted annual independent audits of the financial statements of each gaming operation on Indian lands and submit a copy of the audit report(s) and any management letter(s) setting forth the results of the annual audit(s) to the NIGC within 120 days after the end of each fiscal year.

C. Section 6.08.040 of the Squaxin Island Tribe Gaming Ordinance – The Tribe's Gaming Ordinance requires that annual outside independent certified audits of Class II and Class III gaming conducted by the Tribe pursuant to the provisions of a tribal-state compact shall be caused to be produced and the results of those audits shall be submitted to the NIGC.

4. Role of Independent Audit Report

Submission of the annual independent audit report by a firm of certified public accountants is critical to the NIGC's mission to protect the integrity of Indian gaming. A firm's ability to conduct an audit in accordance with generally accepted auditing standards and render an opinion on the financial statements prepared in conformity with generally accepted accounting principles provides a certain level of assurance as to the security of tribal gaming revenues. The audit report prepared and submitted on a timely basis is evidence of, among other things, the integrity of the gaming operation and, more specifically, of the adequacy of the books and records, the functioning of the internal financial controls, and the disclosure of information having a bearing on the financial statements.

5. Circumstances of the Violation

A. Respondent is a federally recognized Indian Tribe with tribal headquarters in Shelton, Washington.

B. Respondent operated its gaming facility, the Little Creek Casino Resort, during all or part of the following years: 2005 and 2006. The fiscal year ended September 30, 2006.

C. The NIGC received an untimely audit report for the fiscal year ending September 30, 2006. The audit report was due to the NIGC on January 29, 2007. By statute, the annual audits are due 120 days after the end of the Tribe's fiscal year, but because that day (January 28, 2007) fell on a Sunday, the report was due the following business day.

D. The audit report was received by the NIGC on February 28, 2007. Therefore, the audit report was 30 days late.

E. IGRA requires that tribes submit annual audits of each gaming facility. 25 U.S.C. § 2710(b)(2)(C). NIGC regulations require that a tribe cause to be conducted an annual independent audit of the financial statements of each gaming operation on Indian lands and submit a copy of the audit report(s) and management letter(s) setting forth the results of the annual audit(s) to the NIGC within 120 days after the end of each fiscal year. 25 C.F.R. §§ 571.12, 571.13. The Tribe is therefore in violation of these regulations for failure to submit a timely annual independent audit report.

6. Measures Required to Correct the Violation

The Chairman recognizes that the Tribe provided notice to the NIGC that the audit report would be late and has now submitted the audit report. However, there is no way to correct a late audit report submission. The regulations require that audits be received within 120 days of the end of the fiscal year.

7. Appeal

Within thirty (30) days after service of this Notice of Violation, Respondent may appeal to the full Commission under 25 C.F.R. Part 577 by submitting a notice of appeal, and, if desired, request for hearing to the National Indian Gaming Commission, 1441 L Street, NW, Ninth Floor, Washington, DC 20005. Respondent has a right to assistance of counsel in such an appeal. A notice of appeal must reference this Notice of Violation.

Within ten (10) days after filing a notice of appeal, Respondent must file with the Commission a supplemental statement that states with particularity the relief desired and the grounds therefore and that includes, when available, supporting evidence in the form of affidavits. If Respondent wishes to present oral testimony or witnesses at the hearing, Respondent must include a request to do so with the supplemental statement. The request to present oral testimony or witnesses must specify the names of proposed witnesses and the general nature of their expected testimony, whether a closed hearing is requested and why. Respondent may waive its right to an oral hearing and instead elect to have the matter determined by the Commission solely on the basis of written submissions.

8. Fine-Submission of Information

The violation cited above may result in the assessment of a civil fine against Respondent in an amount not to exceed $25,000 per violation per day. Under 25 C.F.R. § 575.5(a), Respondent may submit written information about the violation to the Chairman within fifteen (15) days after service of this notice of violation (or such longer period as the Chairman may grant for good cause). The Chairman shall consider any information submitted in determining the facts surrounding the violation and the amount of the civil fine, if any.

Dated this 9th of July, 2007.

PHILIP N. HOGEN
Chairman

JENNIFER O. WARD
Staff Attorney

Certificate of Service

I certify that this **Notice of Violation** was sent by facsimile transmission and certified U.S. mail, return receipt requested, on this ___ day of July, 2007 to:

Squaxin Island Tribe
Attn: James L. Peters, Chairman
S.E. 70 Squaxin Lane
Shelton, WA 98948
FAX: (360) 426-6577

Squaxin Island Gaming Commission
Attn: Glen Parker, Chairman
West 91 Highway 108
Shelton, WA 98584
FAX: (360) 427-7868

Squaxin Island Legal Department (Agent for Service of Process)
Attention: Kevin R. Lyon, Esq.
Director
S.E. 3711 Old Olympic Hwy
Shelton, WA 98584
FAX: (360) 432-3699

Shakira Ferguson

Shakira Ferguson