

National Indian Gaming Commission

SETTLEMENT AGREEMENT

SA-06-08

This Settlement Agreement is entered into by and between the Chairman of the National Indian Gaming Commission ("NIGC") and all of the Respondents named in NOV-06-03, NOV-06-08 and CFA-06-08. Those Respondents are: Marc E. Dunn, an individual ("Mr. Dunn"); Oklahoma Management Enterprises, Inc. ("OME"); Native American Enterprises & Resource Management, Inc. ("NAE"); Wolf Tree Development Company, Inc.; Right Source Marketing, LLC.; Hybrid Enterprises, L.L.P.; S.S.E.&L, Inc.; Stratus Properties, L.L.C.; and Dunn Plastering & Stucco, Inc. (collectively, "Respondents").

In resolution of NOV-06-03, NOV-06-08, CFA-06-08, and the administrative appeals thereof, the NIGC and Respondents agree to the following Consent Findings and Terms of Settlement.

CONSENT FINDINGS

1. The Quapaw Tribe, a federally-recognized Indian tribe, owns the Quapaw Casino and RV Resort ("Quapaw Casino") in Miami, Oklahoma.
2. Prior to January 20, 2001, the Quapaw Tribe used a third-party management company called Wolf Tree Development Company, Inc. ("Wolf Tree") to manage the Quapaw Casino.
3. In September 2000, Mr. Dunn and a minority-interest partner incorporated NAE, making Mr. Dunn the President and Chief Executive Officer of NAE. In December 2000, Mr. Dunn caused NAE to incorporate OME as a wholly-owned subsidiary of NAE, making Mr. Dunn the President, Secretary and Chief Executive Officer of OME.
4. On January 20, 2001, Mr. Dunn caused OME to buy one hundred percent (100%) of the shares of Wolf Tree.
5. The affiliated corporations of OME, NAE and Wolf Tree, which Mr. Dunn owned and controlled, managed the Quapaw Casino from January 20, 2001, through April 4, 2005.



6. On August 29, 2001, the Quapaw Tribe and OME entered into a Gaming Management Agreement. On April 10, 2002, the Quapaw Tribe and OME submitted this agreement to the NIGC for review under the Indian Gaming Regulatory Act ("IGRA"), 25 U.S.C. § 2711. NIGC staff identified deficiencies in this submission by letters dated April 26, 2002, August 21, 2002, and January 24, 2003.
7. On June 26, 2003, OME and a tribal entity called the Quapaw Gaming Corporation entered into a revised Gaming Management Agreement. On July 15, 2003, the Quapaw Gaming Corporation and OME submitted this agreement to the NIGC for review. NIGC staff identified deficiencies in this submission by letter dated July 31, 2003.
8. By letter dated August 8, 2003, the NIGC informed Mr. Dunn and OME that the NIGC was making an enforcement inquiry into the possible management of the Quapaw Casino without an approved management contract. At about this time, the NIGC suspended review of the pending Gaming Management Agreement. The NIGC has never approved a gaming management agreement between the Quapaw Tribe and any of the Respondents.
9. On January 19, 2006, the Chairman of the NIGC served a notice of violation, NOV-06-03, against Respondents. On March 27, 2006, the Chairman of the NIGC served NOV-06-08, which amended NOV-06-03, against Respondents.
10. On April 12, 2006, the Chairman of the NIGC issued a proposed civil fine assessment, CFA-06-08, against Respondents. The proposed civil fine in CFA-06-08 was eleven million dollars (\$11 million).
11. Respondents initiated administrative appeals of the notices of violation and proposed civil fine assessment, which were consolidated before the undersigned Presiding Official under 25 C.F.R. part 577.

TERMS OF SETTLEMENT

12. This Settlement Agreement shall become binding and effective on the date that it is signed by the last party to sign the agreement ("Effective Date").
13. Respondents acknowledge that IGRA and the NIGC's regulations authorize third-party management of an Indian gaming operation only under a management contract that has been approved by the Chairman of the NIGC. Respondents admit that Mr. Dunn owned and controlled third-party management companies that managed the Quapaw Casino without an NIGC-approved management contract, in violation of IGRA and the NIGC's regulations.

14. Mr. Dunn agrees that after the Effective Date, he and any company in which he has an ownership interest greater than one quarter of one percent (0.25%) will never have any further involvement of any kind, direct or indirect, in the Indian gaming industry. Likewise, all other Respondents agree that they shall never have any further involvement in the Indian gaming industry. For purposes of this Settlement Agreement, "involvement" shall be interpreted broadly, with the intent that Mr. Dunn will never again conduct any business whatsoever with any Indian gaming operation, either in his individual capacity or through a corporate entity. Prohibited "involvement" includes, but is not limited to: managing an Indian gaming operation; being employed to work in or for an Indian gaming operation; providing goods or services to an Indian gaming operation, including development or consultation services; providing financing to or for an Indian gaming operation; or leasing anything to an Indian gaming operation.
15. OME, NAE and Wolf Tree shall pay a civil fine of **ten million dollars (\$10,000,000)** to the U.S. Department of Treasury, delivered to the NIGC. This civil fine shall be due within thirty (30) days after the Effective Date, and the total amount to be paid is \$10,000,000. No other person or entity shall be liable for payment of the \$10 million civil fine under this paragraph, except that if any Respondent breaches any other paragraph of this Settlement Agreement, then any and all Respondents shall be liable for the \$11 million civil fine under Paragraph 22 of this Settlement Agreement.
16. Mr. Dunn shall pay or cause to be paid a personal civil fine of **fifty thousand dollars (\$50,000)** to the U.S. Department of Treasury, delivered to the NIGC.
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- Mr. Dunn may pay this fine in two installments. Mr. Dunn's first payment of \$10,000 shall be due within thirty (30) days after the Effective Date. Mr. Dunn's final payment of \$40,000 shall be due within ninety (90) days after the Effective Date.
17. The parties agree that the civil fines herein each constitute a fine under 25 U.S.C. § 2713 levied by the NIGC, an agency of the federal government, which is not compensation for actual pecuniary loss.
18. The NIGC agrees that this Settlement Agreement resolves any and all claims under the NIGC's jurisdiction against Respondents related to any activities at the Quapaw Casino occurring before the Effective Date.
19. Respondents agree that the Settlement Agreement resolves all their appeals of NOV-06-03, NOV-06-08 and CFA-06-08, and Respondents waive all rights to pursue an appeal of the Presiding Official's order pursuant to this Settlement Agreement dismissing Respondents' administrative appeals, and further waive any further procedural steps before the NIGC regarding these matters.

20. After the Effective Date, the NIGC shall inform the Presiding Official that the parties have entered a settlement agreement and shall request a stay of all proceedings in the appeal pending notification that the NIGC has received the civil fine referenced in Paragraph 16. Respondents hereby consent to the notice and motion for stay referenced in the preceding sentence, and the NIGC may represent that Respondents have given their consent. After the NIGC has received the civil fine referenced in Paragraph 16, the NIGC shall transmit a copy of the Settlement Agreement to the Presiding Official and shall request that the Presiding Official certify the Settlement Agreement and dismiss the administrative appeal. Respondents hereby consent to the motion for settlement agreement certification and to dismiss the administrative appeal referenced in the preceding sentence, and the NIGC may represent that Respondents have given their consent.
21. The parties agree that the Presiding Official's certification of the findings and agreement shall constitute dismissal of the appeal and final agency action under 25 CFR 577.9(d).
22. If any Respondent breaches Paragraph 14 of this Settlement Agreement by maintaining or initiating involvement in the Indian gaming industry after the Effective Date, Respondents agree and consent that a civil fine of \$11 million will become fully due and payable on the date of breach, offset by any civil fine that Respondents may have paid pursuant to this Settlement Agreement. In such circumstance, the NIGC shall issue a written notice (also known as a demand letter) to Respondents pursuant to NIGC debt collection regulations, 25 C.F.R. Part 513. Respondents agree that the NIGC and/or U.S. Department of Treasury may proceed with debt collection of the \$11 million civil fine (less amounts already paid) against all or any of the Respondents, and may assess interest, penalties and administrative costs from the date of breach of this Settlement Agreement, as provided in 25 C.F.R. § 513.5. In such circumstance, Respondents waive any rights to an oral hearing under 25 C.F.R. § 513.6, but the NIGC shall provide Respondents with a reasonable opportunity to submit written material supporting a request to reconsider the determination that Respondents are in breach of the Settlement Agreement or to challenge the method by which the NIGC calculated the debt.
23. This Settlement Agreement is the entire agreement, 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 amendments to this Settlement Agreement must be in writing and signed by both parties.
24. The parties expressly agree and acknowledge that time is of the essence in this Settlement Agreement. This Settlement Agreement shall be binding on the parties, their agents, ~~heirs~~, representatives, successors and assigns.



25. This Settlement Agreement may be executed in one or more counterparts and each shall constitute an original. A signature produced by facsimile shall be deemed to be an original signature and shall be effective and binding for the purposes of this Settlement Agreement.

SIGNATURES

Philip N. Hogen, Chairman
National Indian Gaming Commission

Dated: _____.



Marc E. Dunn
On behalf of Respondents

Dated: JUNE 26, 2007.

With the authority vested in me by 25 C.F.R. § 577.9, I hereby accept and certify this Settlement Agreement.

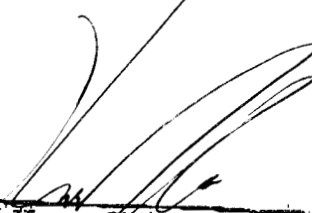
Thomas K. Pfister, Presiding Official

Dated: _____.



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SIGNATURES


Philip N. Hogen, Chairman
National Indian Gaming Commission

Dated: 6/27/2007


Marc E. Dugan
On behalf of Respondents

Dated: JUNE 26, 2007

With the authority vested in me by 25 C.F.R. §577.9, I hereby accept and certify this Settlement Agreement.


Thomas K. Pfister, Presiding Official

Dated: 8-17-2007

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LOCATION:

RX TIME 06/26 '07 14:55