National Indian Gaming Commission

NOTICE OF VIOLATION

VIA FAX AND FEDERAL EXPRESS Ref: NOV-02-05

To: Bill Annoatubby, Governor
Chickasaw Nation
P.O. Box 1548
Ada, Oklahoma 74820
Respondent

Ms. Laquita Rich
Central Business Services Office
1500 North Country Club Road
Ada, Oklahoma 74820
Agent for Service of Process

1. The Chairman of the National Indian Gaming Commission (NIGC) hereby gives notice that the Chickasaw Nation (hereinafter referred to as "Respondent"), located in Ada, Oklahoma, is in violation of the Indian Gaming Regulatory Act ("IGRA") and NIGC regulations.

2. The circumstances of the violation are:

   a. Respondent is a federally recognized Indian tribe with tribal headquarters in Ada, Oklahoma.
   b. On January 21, 1994, Respondent adopted its gaming ordinance. The Chairman of the NIGC approved the ordinance on March 14, 1994.
   c. Respondent has not entered into a tribal-state compact with the state of Oklahoma that would allow the operation of electronic or electromechanical facsimiles of any game of chance or any Class III gaming activity other than Off-Track Wagering. [1]
   d. During site visits on February 8, 2002, NIGC Field Investigators observed the MegaNanza series of games in play at the Goldsby Gaming Center and at the Newcastle Gaming Center.
   e. On April 15, 2002, the NIGC issued an Advisory Game Classification Opinion letter to the manufacturer of the MegaNanza series of games stating that the games in question were Class III games under IGRA.

[1] The Chickasaw Nation and the State of Oklahoma entered into a compact on July 26, 2000 that authorizes only Off-Track Wagering. The compact was effective October 2, 2000.

f. A NIGC Field Investigator returned to the Goldsby Gaming Center and the Newcastle Gaming Center on June 14, 2002.

g. During the investigation on June 14, 2002, the Field Investigator observed approximately 60 (sixty) MegaNanza machines in play at the Goldsby Gaming Center, and approximately 100 (one hundred) MegaNanza machines in play at the Newcastle Gaming Center.

h. On June 14, 2002, the Region V, Region Chief of the NIGC issued a memorandum advising all gaming tribes located in Oklahoma that MegaNanza and its variations constituted Class III gaming. The memorandum advised tribes to cease immediately the operation of the MegaNanza games or risk the issuance of a Notice of Violation, Closure Order and Civil Fine Assessment.

i. On June 16, 2002, a NIGC Field Investigator returned to the Goldsby Gaming Center and the Newcastle Gaming Center. Field Investigators again observed approximately 60 MegaNanza machines in play at the Goldsby Gaming Center and approximately 100 MegaNanza machines in play at the Newcastle Gaming Center.

3. The Respondent is in violation of IGRA and NIGC regulations as follows:

a. Under 25 U.S.C. 2703(8) of IGRA and 25 C.F.R. 502.4 of the NIGC's regulations, Class III gaming means all forms of gaming that are not Class I gaming or Class II gaming.

b. Through June 16, 2002 the Respondent has offered the MegaNanza gaming machines for play at Respondent's gaming operation. Play of MegaNanza on these machines falls within the definition of Class III gaming. The Respondent does not have a compact with the State of Oklahoma that authorizes the operation of these machines at the Respondent's gaming facilities.

c. Accordingly, the Respondent is operating Class III games in the absence of a tribal-state compact in violation of 25 U.S.C. 2710(d) and 25 C.F.R. 573.6(a)11.

4. The measures required to correct these violations are:

a. The Respondent shall, within twenty-four (24) hours of receipt of this Notice of Violation, cease and desist play of MegaNanza and its variations.

b. The Respondent shall take action to remove all MegaNanza gaming machines from its operation by June 22, 2002.

5. The violations cited above may result in the assessment of civil fines 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 15 days after service of this Notice of Violation (or such

longer period as the Chairman of the Commission 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. Such information is to be submitted to: Chairman, National Indian Gaming Commission, 1441 L Street, NW, 9th Floor, Washington, D.C. 20005.

6. Respondent may appeal the allegations contained in this Notice of Violation to the NIGC within 30 days after service of this Notice of Violation, by submitting a Notice of Appeal to the NIGC at the address set forth in paragraph 5 above. 25 C.F.R. Part 577. Respondent has the right to be represented by 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 NIGC a supplemental statement that states with particularity the relief desired and the grounds therefore and includes, when available, supporting evidence in the form of affidavits.

7. If Respondent wishes to present oral testimony or witnesses at a hearing, Respondent must include a request to do so with the supplemental statement. The request to present oral testimony must specify the names of the proposed witnesses and the general nature of their expected testimony, and whether a closed hearing is requested and why. Respondent may waive the right to an oral hearing and instead elect to have the matter determined by the NIGC solely on the basis of the written submissions.

8. For additional information or other communication with the Commission regarding this matter, contact Staff Attorney Michele F. Mitchell at (202) 632-7003, or by facsimile at (202) 632-7066.

Dated this 17th day of June, 2002.

Montie R. Deer

Montie R. Deer, Chairman
National Indian Gaming Commission