SETTLEMENT AGREEMENT

SA-06-13

INTRODUCTION

This Settlement Agreement ("Agreement") is entered into by and between the Soboba Band of Luiseño Indians ("Soboba"), a federally-recognized Indian tribe, by its Chairman, Robert J. Salgado, Sr., and Philip N. Hogen, the Chairman of the National Indian Gaming Commission ("Chairman") relating to the matters contained in Notice of Violation No. NOV-06-13.

RECITALS

Whereas, Soboba conducts various gaming activities on its Indian lands within the boundaries of the Soboba Indian Reservation in a facility known as the Soboba Casino, and has conducted Class III gaming activities therein pursuant to a Tribal-State Compact that has been in effect since May 16, 2000;

Whereas, the Chairman has caused Notice of Violation No. NOV-06-13 to be issued to Soboba based upon Soboba's failure timely to submit an independent audit of its gaming operations for the calendar year 2005; and

Whereas, the Chairman and Soboba desire to resolve the issues set forth in NOV-06-13 without the need for further adversary proceedings,

Now, therefore, the Chairman and Soboba 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.

2. On July 19, 2006, the NIGC issued Notice of Violation No. NOV-06-13 to Soboba based upon Soboba's failure timely to submit an annual audit report as required by 25 U.S.C. §2710(b)(2)(C) and 25 C.F.R. §§571.12 and 571.13.

3. Rather than contest the issues of the timeliness of the submission of the annual audit report Soboba agrees to the terms and conditions set forth in this Settlement Agreement.

4. Soboba agrees that it was required to timely submit an annual audit report of its gaming operations for the fiscal year ending December 31, 2005 to the NIGC.

5. Soboba agrees that it did not timely submit to the NIGC an annual audit report for the fiscal year ending December 31, 2005, as required by the Indian Gaming Regulatory Act ("IGRA") and applicable NIGC regulations.

6. Soboba admits that the failure to submit an annual audit report in a timely fashion is a violation of IGRA and NIGC regulations.

7. Soboba agrees to submit its annual audit report for the fiscal year ending December 31, 2005 no later than September 15, 2006.

8. Soboba further agrees to submit its annual audit report for the fiscal year ending December 31, 2006 no later then April 30, 2007.

9. Soboba agrees to pay a fine in the amount of Five Thousand Dollars ($5,000.00) for the audit report violation. Two Thousand Five Hundred Dollars ($2,500.00) of the fine will be paid on or before September 15, 2006. Provided that the audit

report for the fiscal year ending December 31, 2005 is submitted by September 15, 2006, the remaining Two Thousand Five Hundred Dollars ($2,500.00) of said fine will be suspended pending the submission of the annual audit report for the fiscal year ending December 31, 2006. Upon submission of the annual audit report for the Soboba Casino for the fiscal year ending December 31, 2006 by April 30, 2007, the Chairman will forgive the suspended Two Thousand Five Hundred Dollar ($2,500.00) fine. If Soboba fails to submit either of the aforementioned audit reports by the dates set forth herein, Soboba will pay the remaining Two Thousand Five Hundred Dollars ($2,500.00) of the fine on or before May 31, 2007.

10. The Chairman agrees upon execution of this Agreement to waive the right to impose any further civil fine for Notice of Violation No. NOV-06-13 against Soboba, unless Soboba fails to comply with this Agreement. If Soboba fails to comply with this Agreement, the Chairman reserves the right to initiate an enforcement action against the Soboba Casino as outlined under 25 C.F.R. §573.6.

11. Soboba agrees upon execution of this Agreement to waive its right, if any, to further review of Notice of Violation No. NOV-06-13, 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.

12. Subsequent to the parties' acceptance of this Agreement, the civil fine assessment set forth herein will become a Final Assessment Order of the Commission.

13. This Agreement constitutes the entire agreement between the Chairman and Soboba 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.

14. Soboba 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).

15. The Chairman and Soboba 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.

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

17. Acceptance of this Agreement is contingent upon approval by the Soboba Tribal Council on or before September 15, 2006.

Soboba Band of Luiseño Indians

By: _____
Robert J. Salgado, Sr.
Chairman

AUG 16 2006
Date

National Indian Gaming Commission

By: _____
Philip N. Hogen
Chairman

8/18/06
Date