United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

NOV 19 1993

Honorable Joseph Raphael
Chairperson
Grand Traverse Band of Ottawa
and Chippewa Indians
2605 N.W. Bay Shore Drive
Suttons Bay, Michigan 49682

Dear Chairperson Raphael:

We have reviewed the Compact Between the Grand Traverse Band of Ottawa and Chippewa Indians (Tribe) and the State of Michigan (State) Providing for the Conduct of Tribal Class III Gaming by the Grand Traverse Band of Ottawa and Chippewa Indians, dated August 20, 1993, and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibilities. Therefore, pursuant to my delegated authority and Section 11 of the IGRA, we approve the Compact. The Compact shall take effect when the notice of our approval is published in the FEDERAL REGISTER, pursuant to 25 U.S.C. § 2710(d)(3)(B).

We note that Section 2(B) of the Compact defines "Indian lands" and 2(C) references the concurrence requirement in Section 20 of the IGRA, 25 U.S.C. § 2719. While the language of 2(B) and (C) does not exactly track the language of the IGRA, we have been assured by your tribal attorney that the language was intended to follow the requirements of the IGRA. We concur that this language can be interpreted to reflect the requirements of the IGRA without adding or taking away from the responsibilities of the parties.

We also believe that Section 9 is consistent with the IGRA and the Secretary's authorities governing the acquisition of land into trust. Section 9 prohibits tribes from submitting applications for trust land for gaming purposes in the absence of a written agreement among the tribes in the state covering the sharing of gaming revenue. While this provision limits the Tribe's discretion to submit trust applications, we do not believe it places limits on the Secretary's discretion to acquire such land in trust. Furthermore, while it is not clear that one tribe can own such an establishment and distribute revenue to the other tribes, we believe that the IGRA does permit tribal co-ownership of a gaming establishment with a concomitant sharing of the revenue. Thus, this Section does not violate Federal law.

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RECEIVED 12/2/93 NIGC

Notwithstanding our approval of the Compact, be advised that Section 11(d)(1) of the IGRA, 25 U.S.C. § 2710(d)(1), requires that gaming cannot be conducted without a tribal gaming ordinance approved by the Chairman of the National Indian Gaming Commission (NIGC). On July 8, 1992, the NIGC published in the FEDERAL REGISTER proposed regulations to govern the approval of Class II and Class III gaming ordinances. The final regulations were published in the FEDERAL REGISTER on January 22, 1993 (58 Fed. Reg. 5802), and became effective on February 22, 1993. Pursuant to the IGRA and the regulations, even previously existing gaming ordinances must be submitted to the NIGC for approval when requested by the Chairman.

In addition, if the Tribe enters into a management contract for the operation and management of the Tribe's gaming facility, the contract must likewise be submitted to, and approved by the Chairman of the NIGC pursuant to Section 11(d)(9) of the IGRA, 25 U.S.C. § 2710(d)(9) and the NIGC's regulations governing management contracts. The Tribe may want to contact the NIGC at (202) 632-7003 for further information on submitting the ordinance and the management contract for approval by the NIGC.

Furthermore, we note that the Compact includes a reference to the sale of alcoholic beverages. The possession or sale of liquor in Indian Country is a violation of Federal criminal laws (18 U.S.C. § 1154) unless it is done in accordance with an ordinance certified by the Secretary and published in the FEDERAL REGISTER (18 U.S.C. § 1161). The Tribe does not have a certified liquor ordinance. Secretarial certification of such an ordinance must be obtained and published prior to the selling of liquor in Indian Country. The Tribe may want to contact the Minneapolis Area Office for assistance and information on the requirements for certification of the ordinance.

We wish the Tribe and the State success in their economic venture.

Sincerely,

/S/ Ada E. Deer

Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosures

Identical Letter Sent To: Honorable John Engler
Governor of Michigan
State Capitol
P.O. Box 30013
Lansing, Michigan 48909

cc: Minneapolis Area Director w/copy of approved Compact
Supt., Michigan Agency w/copy of approved Compact
National Indian Gaming Commission w/copy of approved Compact
Twin Cities Field Solicitor w/copy of approved Compact
Eastern District - Michigan U.S. Attorney w/copy of approved Compact
Western District - Michigan U.S. Attorney w/copy of approved Compact

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

Indian Gaming, Bureau of Indian Affairs, Interior

ACTION: Notice of approved Tribal-State Compacts.

SUMMARY: Pursuant to 25 U.S.C. § 2710, of the Indian Gaming Regulatory Act of 1988 (Pub. L. 100–497), the Secretary of the Interior shall publish, in the **Federal Register**, notice of approved Tribal-State Compacts for the purpose of engaging in Class III (casino) gaming on Indian reservations. The Assistant Secretary–Indian Affairs, Department of the Interior, through her delegated authority, has approved Tribal-State Compacts between the following tribes and states: The Grand Traverse Band of Ottawa and Chippewa Indians and the State of Michigan, executed on 8/20/93; the Hannahville Indian Community and the State of Michigan, executed on 8/20/93; the Bay Mills Indian Community and the State of Michigan, executed on 8/20/93; the Keweenaw Bay Indian Community and the State of Michigan, executed on 8/20/93; the Saginaw Chippewa Indian Tribe of Michigan and the State of Michigan, executed on 8/20/93; the Sault Ste. Marie Tribe of Chippewa Indians and the State of Michigan, executed on 8/20/93; and the Lac Vieux Desert Band of Lake Superior Chippewa Indians and the State of Michigan, executed on 8/20/93.

DATES: This action is effective November 30, 1993.

FOR FURTHER INFORMATION CONTACT: Hilda Manuel, Director, Indian Gaming Management Staff, Bureau of Indian Affairs, Washington, DC 20240, (202) 219–4066.

Dated: November 19, 1993.

Ada E. Deer,

Assistant Secretary—Indian Affairs.

[FR Doc. 93–29179 Filed 11–29–93; 8:45 am]

BILLING CODE 4310–02–P

The Grand Traverse Band of Ottawa and Chippewa Indians

Route 1, Box 135 Suttons Bay, Michigan 49682 616-271-3538

RESOLUTION
Res. # 93-11.67

TRUE COPY

WHEREAS : the Grand Traverse Band of Ottawa & Chippewa Indians became duly acknowledged as an Indian tribe having a government-to-government relationship with the United States by action of the department of the Interior effective May 27, 1980, see Fed. Reg. 18321-18322 (March 25, 1980); and

WHEREAS : the Tribe has a full governmental Council currently consisting of Joseph C. Raphael, Tribal Chairman; Eva L. Petoskey, Vice-Chairman; Rhonda Sands, Secretary; Jean Warren, Treasurer; Joan Cotter, Councilor; Joyce Duford, Councilor; and George Bennett, Councilor; and

WHEREAS : the Grand Traverse Band of Ottawa & Chippewa Indians are eligible for all the benefits and rights consistent with the status of a federal Indian tribe organized under the Indian Reorganization Act of June 18, 1934, 48 Stat. 984, including but not limited to, those rights stated and recognized in the Indian Gaming Regulatory Act of 1988, P.L. 100-497, 25 U.S.C. Section 2701, et seq.; and

WHEREAS : the Grand Traverse Band of Ottawa & Chippewa Indians are organized under a Tribal Constitution approved by the Secretary of the Interior on March 29, 1988, and

WHEREAS : the Grand Traverse Band of Ottawa & Chippewa Indians Tribal Constitution provides that the Tribal Council shall retain "all of the sovereign governmental executive and legislative powers...not inconsistent with any provisions...of federal law." Art. VI, Section 1; and

WHEREAS : the Grand Traverse Band Tribal Constitution provides that the "Chairperson of the Tribal Council shall...(2) represent the Tribal Council in its relations with others...(8) Perform such duties...as required by the Tribal Council." Art. III, Section 3 (2) and (8); and

WHEREAS : the Grand Traverse Band and the State of Michigan have negotiated a Class III compact pursuant to the authority under the Indian Gaming Regulatory Act, 25 U.S.C. Section 2701. et seq.; 25 U.S.C. Section 2710 (3) (A) (C), authorizing States and Tribes to negotiate Class III compacts; now therefore

BE IT RESOLVED : that the Tribal Council of the Grand Traverse Band of Ottawa & Chippewa Indians directs and authorizes Tribal Chairman Joseph C. Raphael to affix his signature to the negotiated Class III Tribal-State Compact and so bind the Grand Traverse Band of Ottawa & Chippewa Indians to the terms and conditions of the Class III Compact.

APPROVED : Joseph C. Raphael
Joseph C. Raphael
Tribal Chairman

ADOPTED : Rhonda Sands
Rhonda Sands
Secretary

C E R T I F I C A T I O N

As Secretary of the Tribal Council of the Grand Traverse Band of Ottawa & Chippewa Indians, I hereby certify that the above Resolution was approved and adopted at the Regular Session of the Tribal Council held August 17, 1993, in Peshawbestown, Michigan by a vote of 5 FOR, 0 AGAINST, 1 ABSENT.

ATTEST : Rhonda Sands
Rhonda Sands, Secretary

TRUE COPY

The Grand Traverse Band of Ottawa and Chippewa Indians

Route 1, Box 135 Suttons Bay, Michigan 49682 616-271-3538

A COMPACT BETWEEN THE GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS AND THE STATE OF MICHIGAN PROVIDING FOR THE CONDUCT OF TRIBAL CLASS III GAMING BY THE GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS

THIS COMPACT is made and entered into this 20th day of August, 1993, by and between the **GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS** (hereinafter referred to as "Tribe") and the **STATE OF MICHIGAN** (hereinafter referred to as "State").

RECITALS

WHEREAS, the State of Michigan is a sovereign State of the United States of America, having been admitted to the Union pursuant to the Act of January 26, ch. 6, 1837, 5 Stat. 144 and is authorized by its constitution to enter into contracts and agreements, including this agreement with the Tribe; and

WHEREAS, the Tribe is a federally recognized Indian Tribe (reorganized under Section 16 of the Indian Reorganization Act of June 18, 1934, 48 Stat. 984; 25 U.S.C. § 476) and its governing body, the Tribal Council, is authorized by the tribal constitution to enter into contracts and agreements of every description, including this agreement with the State; and

WHEREAS, the Congress of the United States has enacted the Indian Gaming Regulatory Act of 1988 (25 U.S.C. § 2701 et seq.) (hereinafter "IGRA"), which permits Indian tribes to operate Class III gaming activities on Indian reservations pursuant to a tribal-state compact entered into for that purpose; and

WHEREAS, the Tribe presently operates gaming establishments on Indian lands in the State of Michigan, and by Tribal Council Resolution and Tribal Ordinance has adopted rules and regulations governing the games played and related activities at said establishments; and

WHEREAS, the State presently permits and regulates various types of gaming within the State (but outside Indian lands), including casino style charitable gaming such as craps, roulette, and banking card games, as well as a lottery operating instant scratch games, and "pick number" games, most of which would be Class III games if conducted by the Tribe; and

WHEREAS, the Michigan Supreme Court in Automatic Music & Vending Corp. v. Liquor Control Comm., 426 Mich. 452, 396 N.W. 2d 204 (1986), appeal dismissed, 481 U.S. 1009 (1987), and the Michigan Court of Appeals in Primages Int'l of Michigan v. Michigan, No. 136017, slip op., 1993 WL 99733 (Mich. Ap. Apr. 6, 1993), appeal denied, No. 96368 (Mich. May 25, 1993), have held that the statutory exception found at MCL 750.303(2) allows for the play of electronic gaming devices, which includes computerized or electronic games of chance, albeit subject to specified restrictions regarding the mode of play; and

WHEREAS, said casino style table games and electronic gaming devices are, therefore, permitted "for any purpose by any person, organization or entity," within the meaning of IGRA, 25 U.S.C. § 2710(d)(1)(B); and

WHEREAS, a compact between the Tribe and the State for the conduct of Class III gaming satisfies the prerequisite, imposed by the United States Congress by enactment of IGRA, for the operation of lawful Class III gaming by the Tribe on Indian lands in Michigan; and

WHEREAS, the State and the Tribe, in recognition of the sovereign rights of each party and in a spirit of cooperation in the interests of the citizens of the State and the members of the Tribe, have engaged in good faith negotiations recognizing and respecting the interests of each party and have agreed to this Compact.

NOW, THEREFORE, the Tribe and the State agree as follows:

SECTION 1. **Purpose and Objectives**.

The purpose and objectives of the Tribe and State in making this Compact are as follows:

(A) To evidence the good will and cooperative spirit between the State and the Tribe;

(B) To continue the development of effective working relationships between the State and tribal governments;

(C) To compact for Class III gaming on Indian lands of the Tribe in Michigan as authorized by IGRA;

(D) To fulfill the purpose and intent of IGRA by providing for tribal gaming as a means of generating tribal revenues, thereby promoting tribal economic development, tribal self-sufficiency and strong tribal government;

(E) To provide tribal revenues to fund tribal government operations or programs, to provide for the general welfare of the Tribe and its members and for other purposes allowed under IGRA;

(F) To provide for the operation of Class III gaming in which, except as provided in 25 U.S.C. §§ 2710(b)(4) and (d)(2)(A) of IGRA, the Tribe shall have the sole proprietary interest and be the primary beneficiary of the Tribe's gaming enterprise;

(G) To recognize the State's interest in the establishment by the Tribe of rules for the regulation of Class III gaming operated by the Tribe on Indian lands;

(H) To recognize the State's interest in the establishment by the Tribe of rules and procedures for ensuring that Class III gaming is conducted fairly and honestly by the owners, operators, and employees and by the patrons of any Class III gaming enterprise of the Tribe; and

(I) To establish procedures to notify the patrons of the Tribe's Class III gaming establishment(s) that the establishment(s) are not regulated by the State of Michigan and that patrons must look to the tribal government or to the federal government to resolve any issues or disputes with respect to the operations of the establishment(s).

SECTION 2. **Definitions**.

For purposes of this Compact, the following definitions pertain:

(A) "Class III gaming" means all forms of gaming authorized by this Compact, which are neither Class I nor Class II gaming, as such terms are defined in §§ 2703(6) and (7) of IGRA. Only those Class III games authorized by this Compact may be played by the Tribe.

(B) "Indian lands" means:

(1) all lands currently within the limits of the Tribe's Reservation;

(2) any lands contiguous to the boundaries of the reservation of the Indian tribe on October 17, 1988; and

(3) any lands title to which is either held in trust by the United States for the benefit of the Tribe or individual or held by the Tribe or individual subject to restriction by the United States against alienation and over which the Tribe exercises governmental power.

(C) Notwithstanding subsection 2(B) above, any lands which the Tribe proposes to be taken into trust by the United States for purposes of locating a gaming establishment thereon shall be subject to the Governor's concurrence power, pursuant to 25 U.S.C. § 2719 or any successor provision of law.

(D) "Tribal Chairperson" means the duly elected Chairperson of the Board of Directors or Tribal Council of the Tribe.

SECTION 3. **Authorized Class III Games**.

(A) The Tribe may lawfully conduct the following Class III games on Indian lands:

(1) Craps and related dice games;

(2) Wheel games, including "Big Wheel" and related games;

(3) Roulette;

(4) Banking card games that are not otherwise treated as Class II gaming in Michigan pursuant to 25 U.S.C. § 2703(7)(C), and non-banking card games played by any Michigan tribe on or before May 1, 1988;

(5) Electronic games of chance featuring coin drop and payout as well as printed tabulations, whereby the software of the device predetermines the presence or lack of a winning combination and payout. Electronic games of chance are defined as a microprocessor-controlled electronic device which allows a player to play games of chance, which may be affected by an element of skill, activated by the insertion of a coin or currency, or by the use of a credit, and awards game credits, cash, tokens, or replays, or a written statement of the player's accumulated credits, which written statements are redeemable for cash; and

(6) Keno.

This Compact shall apply to card games that are considered to be Class II games pursuant to 25 U.S.C. § 2703(7)(C) only if those games are expanded beyond their "nature and scope" as it existed before May 1, 1988, and only to the extent of such expansion. The term "nature and scope" shall be interpreted consistent with IGRA, the legislative history of IGRA, any applicable decisions of the courts of the United States and any applicable regulations of the National Indian Gaming Commission.

Any limitations on the number of games operated or played, their location within Indian lands as defined under this Compact, hours or period of operation, limits on wagers or pot size, or other such limitations shall be determined by duly enacted tribal law or regulation. Any state law restrictions, limitations or regulation of such gaming shall not apply to Class III games conducted by the Tribe pursuant to this Compact.

(B) Additional Class III games may be lawfully conducted by mutual agreement of the Tribe and the State as follows:

(1) The Tribe shall request additional games by letter from the tribal Chairperson on behalf of the Tribe to the Governor on behalf of the State. The request shall identify the additional proposed gaming activities with specificity and any proposed amendments to the Tribe's regulatory ordinance.

(2) The State acting through the Governor shall take action on the Tribe's request within ninety (90) days after receipt. The Governor's action shall be based on:

(a) Whether the proposed gaming activities are permitted in the State of Michigan for any purpose by any person, organization or entity; and

(b) Whether the provisions of this Compact are adequate to fulfill the policies and purposes set forth in the IGRA with respect to such additional games.

SECTION 4. **Regulation of Class III Gaming.**

(A) The Tribe has enacted a comprehensive gaming regulatory ordinance governing all aspects of the Tribe's gaming enterprise. This Section 4 is intended to supplement, rather than conflict with the provisions of the Tribe's ordinance. To the extent any regulatory requirement of this Compact is more stringent or restrictive than a parallel provision of the Tribe's ordinance, as now or hereafter amended, this Compact shall control.

(B) The regulatory requirements of this Section 4 shall apply to the conduct of all Class III gaming authorized by the Compact. At all times in which it conducts any Class III gaming under this Compact, the Tribe shall maintain, as part of its lawfully enacted ordinances, requirements at least as restrictive as those set forth herein.

(C) The Tribe shall license, operate, and regulate all Class III gaming activities pursuant to this Compact, tribal law, IGRA, and all other applicable federal law. This shall include but not be limited to the licensing of consultants (except legal counsel with a contract approved under 25 U.S.C. §§ 81 and/or 476), primary management officials, and key officials of each Class III gaming activity or operation. Any violation of this Compact, tribal law, IGRA, or other applicable federal law shall be corrected immediately by the Tribe.

(D) The Tribe may not license, hire, or employ as a key employee or primary management official as those terms are defined at 25 CFR 502.14 and 502.19, in connection with Class III gaming, any person who:

(1) Is under the age of 18; or

(2) Has been convicted of or entered a plea of guilty or no contest to a gambling-related offense, fraud or misrepresentation; or

(3) Has been convicted of or entered a plea of guilty or no contest to any offense not specified in subparagraph (2) within the immediately preceding five years; this provision shall not apply if that person has been pardoned by the Governor of the State where the conviction occurred or, if a tribal member, has been determined by the Tribe to be a person who is not likely again to engage in any offensive or criminal course of conduct and the public good does not require that the applicant be denied a license as a key employee or primary management official; or

(4) Is determined by the Tribe to have participated in organized crime or unlawful gambling or whose prior activities, criminal record, reputation, habits, and/or associations pose a threat to the public interest or to the effective regulation and control of gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods and activities in the conduct of gaming or to the carrying on of the business and financial arrangements incidental to the conduct of gaming.

(E) All management contracts entered into by the Tribe regarding its gaming enterprise operated pursuant to this Compact shall conform to all the requirements of IGRA, including 25 U.S.C. § 2711, and tribal law. If the Tribe enters into a management contract for the operation of any Class III gaming or component thereof, the State shall be given fourteen (14) days prior written notice of such contract.

(F) All accounting records shall be kept on a double entry system of accounting, maintaining detailed, supporting, subsidiary records. The Tribe shall maintain the following records for not less than three (3) years:

(1) Revenues, expenses, assets, liabilities and equity for each location at which Class III gaming is conducted;

(2) Daily cash transactions for each Class III game at each location at which gaming is conducted, including but not limited to transactions relating to each gaming table bank, game drop box and gaming room bank;

(3) All markers, IOUs, returned checks, hold checks or other similar credit instruments;

(4) Individual and statistical game records (except card games) to reflect statistical drop and statistical win; for electronic, computer, or other technologically assisted games, analytic reports which show the total amount of cash wagered and the total amount of prizes won;

(5) Contracts, correspondence and other transaction documents relating to all vendors and contractors;

(6) Records of all tribal gaming enforcement activities;

(7) Audits prepared by or on behalf of the Tribe; and

(8) Personnel information on all Class III gaming employees or agents, including rotation sheets, hours worked, employee profiles and background checks.

(G) No person under the age of 18 may participate in any Class III game.

(H) The Tribe shall not conduct any Class III gaming outside of Indian lands.

(I) The rules of each Class III card game shall be posted in a prominent place in each card room and must designate:

(1) The maximum rake-off percentage, time buy-in or other fee charged;

(2) The number of raises allowed;

(3) The monetary limit of each raise;

(4) The amount of ante; and

(5) Other rules as may be necessary.

(J) Upon written request by the State, the Tribe will provide information on all consultants (except legal counsel with a contract approved under 25 U.S.C. §§ 81 and/or 476), management personnel, suppliers and employees sufficient to allow the State to conduct its own background investigation as it may deem necessary and to make an independent determination as to suitability of these individuals, consistent with the standards set forth in § 4(D) herein.

(K) The regulatory requirements set forth in this section of this Compact shall be administered and enforced as follows:

(1) The Tribe shall have responsibility to administer and enforce the regulatory requirements.

(2) A representative authorized in writing by the Governor of the State shall have the following right to inspect all tribal Class III gaming facilities and all tribal records related to Class III gaming, including those records set forth in § 4(F) herein, subject to the following conditions:

(a) With respect to public areas, at any time without prior notice;

(b) With respect to private areas not accessible to the public, at any time during normal business hours, with 12 hours prior written notice; and

(c) With respect to inspection and copying of all tribal records relating to Class III gaming, with 48 hours prior written notice, not including weekends.

(3) Except as otherwise provided by law or as also allowed by the exceptions defined below, the State agrees to maintain in confidence and never to disclose to any third party any financial information, proprietary ideas, plans, methods, data, development, inventions or other proprietary information regarding the gambling enterprise of the Tribe, games conducted by the Tribe, or the operation thereof which is provided to the State by the Tribe without the prior written approval of a duly authorized representative of the Tribe, provided that the information is marked as confidential information when received by the State. Nothing contained in this § 4(K)(3) shall be construed to prohibit:

(a) The furnishing of any information to a law enforcement or regulatory agency of the United States government;

(b) The State from making known the names of persons, firms or corporations conducting Class III gaming activities pursuant to the terms of this Compact, locations at which such activities are conducted or the dates on which such activities are conducted;

(c) Publishing the terms of this Compact;

(d) Disclosing information as necessary to audit, investigate, prosecute, or arbitrate violations of this Compact or other applicable laws or to defend suits against the State;

(e) Complying with any law, subpoena or court order.

(4) The Tribe shall have the right to inspect State records concerning all Class III gaming conducted by the Tribe consistent with Michigan's Freedom of Information Act.

(5) The Tribe shall reimburse the State for the actual costs the State incurs in carrying out any functions authorized by the terms of this Compact, in an amount not to exceed twenty-five thousand dollars ($25,000.00) per annum. All calculations of amounts due shall be based upon a fiscal year beginning

October 1, and ending September 30, unless the parties select a different fiscal year. Payments due the State shall be made no later than sixty (60) days after the beginning of each fiscal year. Payments due the State during any partial fiscal year this Compact is in effect shall be adjusted to reflect only that portion of the fiscal year. Within sixty (60) days after each fiscal year in which this Compact is in effect, the State shall submit to the Tribe an accounting of actual costs incurred in carrying out any functions authorized by the terms of this Compact. Any amount of said twenty-five thousand dollars ($25,000.00) not expended by the State on said actual costs shall be returned to the Tribe by the State within sixty (60) days after the fiscal year or treated as a pre-payment of the Tribe's obligation during the subsequent fiscal year.

(6) In the event the State believes that the Tribe is not administering and enforcing the regulatory requirements set forth herein, it may invoke the procedures set forth in Section 7 of this Compact.

(L) The Tribe shall comply with all applicable provisions of the Bank Secrecy Act, P.L. 91-508, October 26, 1970, 31 U.S.C. §§ 5311-5314.

SECTION 5. **Employee Benefits.**

The Tribe shall provide to any employee who is employed in conjunction with the operation of any gaming establishment at which Class III gaming activities are operated pursuant to this compact, such benefits to which the employee would be entitled by virtue of Michigan Public Act No. 1 of 1936, as amended (being MCL 421.1 et seq.), and Michigan Public Act No. 317 of 1969, as amended (being MCL 481.101 et seq.) if his or her employment services were provided to an employer engaged in a business enterprise which is subject to, and covered by, the respective Public Acts.

SECTION 6. **Providers of Class III Gaming Equipment or Supplies.**

(A) No Class III games of chance, gaming equipment or supplies may be purchased, leased or otherwise acquired by the Tribe unless the Class III equipment or supplies meet the technical equipment standards of either the State of Nevada or the State of New Jersey.

(B) Prior to entering into any lease or purchase agreement, the Tribe shall obtain sufficient information and identification from the proposed seller or lessor and all persons holding any direct or indirect financial interest in the lessor or the lease/purchase agreement to permit the Tribe to conduct a background check on those persons. The Tribe shall not enter into any lease or purchase agreement for Class III gaming equipment or supplies with any person or entity if the lessor, seller, or any manager or person holding direct or indirect financial interest in the lessor/seller or the proposed lease/purchase agreement, is determined to have

participated in or have involvement with organized crime or has been convicted of or entered a plea of guilty or no contest to a gambling-related offense, fraud or misrepresentation, or has been convicted of or entered a plea of guilty or no contest to any other felony offense within the immediately preceding five years, unless that person has been pardoned.

(C) The seller, lessor, manufacturer, or distributor shall provide, assemble and install all Class III games of chance, gaming equipment, and supplies in a manner approved and licensed by the Tribe.

SECTION 7. Dispute Resolution.

(A) In the event either party believes that the other party has failed to comply with or has otherwise breached any provision of this Compact, such party may invoke the following procedure:

(1) The party asserting noncompliance shall serve written notice on the other party. The notice shall identify the specific Compact provision alleged to have been violated and shall specify the factual and legal basis for the alleged noncompliance. The notice shall specifically identify the type of game or games, their location, and the date and time of the alleged noncompliance. Representatives of the State and Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

(2) In the event an allegation by the State is not resolved to the satisfaction of the State within ninety (90) days after service of the notice set forth in Section 7(A)(1), the party may serve upon the office of the tribal Chairperson a notice to cease conduct of the particular game(s) or activities alleged by the State to be in noncompliance. Upon receipt of such notice, the Tribe may elect to stop the game(s) or activities specified in the notice or invoke arbitration and continue the game(s) or activities pending the results of arbitration. The Tribe shall act upon one of the foregoing options within thirty (30) days of receipt of notice from the State. Any arbitration under this authority shall be conducted under the Commercial Arbitration rules of the American Arbitration Association except that the arbitrators shall be attorneys who are licensed members of the State Bar of Michigan, or of the bar of another state, in good standing, and will be selected by the State picking one arbitrator, the Tribe a second arbitrator, and the two so chosen shall pick a third arbitrator. If the third arbitrator is not chosen in this manner within ten (10) days after the second arbitrator is picked, the third arbitrator will be chosen in accordance with the rules of the American Arbitration Association. In the event an allegation by the Tribe is not resolved to the satisfaction of the Tribe within ninety (90) days after service of the notice

set forth in Section 7(A)(1), the Tribe may invoke arbitration as specified above.

(3) All parties shall bear their own costs of arbitration and attorney fees.

(B) Nothing in Section 7(A) shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nothing in this Compact shall be deemed a waiver of the Tribe's sovereign immunity. Nothing in this Compact shall be deemed a waiver of the State's sovereign immunity.

SECTION 8. **Notice to Patrons.**

In each facility of the Tribe where Class III gaming is conducted the Tribe shall post in a prominent position a Notice to Patrons at least two (2) feet by three (3) feet in dimension with the following language:

NOTICE

THIS FACILITY IS REGULATED BY ONE OR MORE OF THE FOLLOWING: THE NATIONAL INDIAN GAMING COMMISSION, BUREAU OF INDIAN AFFAIRS OF THE U.S. DEPARTMENT OF THE INTERIOR AND THE GOVERNMENT OF THE GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS.

THIS FACILITY IS NOT REGULATED BY THE STATE OF MICHIGAN.

SECTION 9. **Off-Reservation Gaming.**

An application to take land in trust for gaming purposes pursuant to § 20 of IGRA (25 U.S.C. § 2719) shall not be submitted to the Secretary of the Interior in the absence of a prior written agreement between the Tribe and the State's other federally recognized Indian Tribes that provides for each of the other Tribes to share in the revenue of the off-reservation gaming facility that is the subject of the § 20 application.

SECTION 10. **Regulation of the Sale of Alcoholic Beverages.**

(A) The Tribe hereby adopts and applies to its tribal Class III gaming establishment as tribal law those State laws, as amended, relating to the sale and regulation of alcoholic beverages encompassing the following areas: sale to a minor; sale to a visibly intoxicated individual; sale of adulterated or misbranded liquor; hours of operation; and similar substantive

provisions. Said tribal laws, which are defined by reference to the substantive areas of State laws referred to above, shall apply to the tribal Class III gaming establishment in the same manner and to the same extent as such laws apply elsewhere in the State to off-reservation transactions.

(B) The Tribe, for resale at its Class III gaming establishment, shall purchase spirits from the Michigan Liquor Control Commission, and beer and wine from distributors licensed by the Michigan Liquor Control Commission, at the same price and on the same basis that such beverages are purchased by Class C licensees.

SECTION 11. **Effective Date.**

This Compact shall be effective immediately upon:

(A) Endorsement by the tribal Chairperson after approval by the Tribal Council;

(B) Endorsement by the Governor of the State and concurrence in that endorsement by resolution of the Michigan Legislature;

(C) Approval by the Secretary of the Interior of the United States; and

(D) Publication in the Federal Register.

SECTION 12. **Binding Effect, Duration, and Severability.**

(A) This Compact shall be binding upon the State and the Tribe for a term of twenty (20) years from the date it becomes effective unless modified or terminated by written agreement of both parties.

(B) At least one year prior to the expiration of twenty (20) years after the Compact becomes effective, and thereafter at least one year prior to the expiration of each subsequent five (5) year period, either party may serve written notice on the other of its right to renegotiate this Compact.

(C) In the event that either party gives written notice to the other of its right to renegotiate this Compact pursuant to subsection (B), the Tribe may, pursuant to the procedures of IGRA, request the State to enter into negotiations for a successor compact governing the conduct of Class III gaming activities. If the parties are unable to conclude a successor compact, this Compact shall remain in full force and effect pending exhaustion of the administrative and judicial remedies set forth in IGRA and/or any other applicable federal law.

(D) The Tribe may operate Class III gaming only while this Compact or any renegotiated compact is in effect.

(E) In the event that any section or provision of this Compact is held invalid by any court of competent jurisdiction, it is the intent of the parties that the remaining sections or provisions of this Compact, and any amendments thereto, shall continue in full force and effect.

SECTION 13. Notice to Parties.

Unless otherwise indicated, all notices, payments, requests, reports, information or demand which any party hereto may desire or may be required to give to the other party hereto, shall be in writing and shall be personally delivered or sent by first-class, certified or registered United States Mail, postage prepaid, return receipt requested, and sent to the other party at its address appearing below or such other address as any party shall hereinafter inform the other party hereto by written notice given as aforesaid:

Notice to the Tribe shall be sent to:

Chairperson
Grand Traverse Band of Ottawa
and Chippewa Indians
2605 N.W. Bay Shore Drive
Suttons Bay, MI 49682

Notice to the State shall be sent to:

Governor's Office
State of Michigan
P.O. Box 30013
Lansing, MI 48909

Office of Attorney General
Treasury Building
First Floor
Lansing, MI 48922

Every notice, payment, request, report, information or demand so given shall be deemed effective upon receipt, or if mailed, upon receipt or the expiration of the third day following the day of mailing, whichever occurs first, except that any notice of change of address shall be effective only upon receipt by the party to whom said notice is addressed.

SECTION 14. Entire Agreement.

This Compact is the entire agreement between the parties and supersedes all prior agreements, whether written or oral, with respect to the subject matter hereof. Neither this Compact nor any provision herein may be changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by the Tribe and the State.

SECTION 15. **Filing of Compact with Secretary of State.**

Upon the effective date of this Compact, a certified copy shall be filed by the Governor with the Michigan Secretary of State and a copy shall be transmitted to each house of the Michigan State Legislature and the Michigan Attorney General. Any subsequent amendment or modification of this Compact shall be filed with the Michigan Secretary of State.

IN WITNESS WHEREOF, the Tribal Chairperson acting for the Grand Traverse Band of Ottawa and Chippewa Indians and the Governor acting for the State of Michigan have hereunto set their hands and seals.

Dated Aug 20-93

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS

By Joseph C. Raphael
Joseph Raphael, Chairperson

Dated August 20, 1993

STATE OF MICHIGAN

By John Engler
Governor

APPROVAL BY THE SECRETARY OF THE INTERIOR

The foregoing Compact between the Grand Traverse Band of Ottawa and Chippewa Indians and the State of Michigan is hereby approved this 19th day of November, 1993, pursuant to authority conferred on me by Section 11 of the Indian Gaming Regulatory Act, 102 Stat. 2472. I direct that it be promptly submitted to the Federal Register for publication.

Ada E. Deer
Ada E. Deer
Assistant Secretary - Indian Affairs

ENTERED

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS
MINIMUM STANDARDS OF OPERATION AND CONTROL
FOR CLASS II AND CLASS III GAMING OPERATIONS

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS
MINIMUM STANDARDS OF OPERATION AND CONTROL
FOR CLASS II AND CLASS III GAMING OPERATIONS

TABLE GAMES

EFFECTIVE DATE: _____

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS
MINIMUM STANDARDS OF OPERATION AND CONTROL
FOR CLASS II AND CLASS III GAMING OPERATIONS

TABLE GAMES

Note 1: For any computer application which has been approved by a gaming control board, commission or regulatory agency for use in the gaming industry, alternate documentation and/or procedures which provide at least the level of control described by these standards will be acceptable.

Fill and Credit Standards

1. Fill/credit slips are in at least triplicate form, in a continuous numerical series, and prenumbered by the printer in a form utilizing only one series at a time during the business year.

2. Unissued and issued fill/credit slips are safeguarded and adequate procedures are employed in the distribution, use and control of same.

3. Personnel from the cashier or pit departments have no access to the locked box copies of the fill/credit slips.

4. When fills are transacted, a two-part order to fill is prepared and authorized by a supervisor or manager.

5. When a fill/credit slip is voided, the cashier clearly marks "void" across the face of the "original" and "1st" copies, the cashier and runner sign both "original" and "1st" copies, and the cashier submits "original" and "1st" copies to the accounting department for retention and accountability.

6. Fill transactions are authorized by a pit supervisor prior to the issuance of fill slips and transfer of chips, tokens or monetary equivalents.

7. At least three parts of each fill slip are utilized as follows:

   a. One part is transported to the pit with the fill and, after the appropriate authorizations are obtained, deposited in table drop box.

   b. One part is retained in the cage for reconciliation of cashier bank.

   c. One part is retained intact by the locked machine and thereafter in a continuous unbroken form.

Note: The part that is placed in the drop box is a different color for fills than for credits, unless the type of transaction is clearly distinguishable in another manner. (The checking of a box on the form is not a"clearly distinguishable" indicator.)

8. The table number, shift, and amount of fill by denomination and in total are noted on all copies of the fill slip. The correct date and time is indicated on at least two copies.

9. All fills are carried from the cashier's cage by an individual who is independent of the transaction.

10. The fill slip is signed by at least the following individuals (as an indication that each has counted the amount of the fill and the amount agrees with the fill slip);

    a. Cashier - Who prepared the fill slip and issued the chips, tokens, or monetary equivalent.

    b. Runner - Who carried the chips, tokens or monetary equivalents from the cage to the pit.

    c. Dealer - Who received the chips, tokens or monetary equivalents at the gaming table.

    d. Pit Supervisor - Who supervised the fill transaction.

11. Fills are either broken down or verified by the dealer in public view before the dealer places the fill in the table tray.

12. Fill slips are inserted in the drop box by the dealer.

13. When table credits are transacted, a two-part order for credit is prepared for transferring chips, tokens or monetary equivalents from the pit to the cashier area or other secure area of accountability.

    Note: If chips, tokens and monetary equivalents are not transported without being accompanied by a credit slip, an order for credit is not required.

14. The duplicate copy of an order for credit is retained in pit to check credit slip for proper entries and to document the total amount of chips, tokens or monetary equivalents removed from the table.

15. At least three parts of each credit slip are utilized as follows:

    a. One part is retained in the cage for reconciliation of the cashier bank.

    b. One part is transported to the pit by the runner who brought the chips, tokens or monetary equivalents from the pit to the cage, and, after the appropriate signatures are obtained, deposited in the table drop box.

    c. One part is retained by the locked machine intact in a continuous unbroken form.

    Note: The part that is placed in the drop box is a different color for fills than for credits, unless the type of transaction is clearly distinguishable in another manner. (The checking of a box on the form is not a "clearly distinguishable" indicator.)

16. The table number, shift, and the amount of credit by denomination and in total are noted on all copies of the credit slip. The correct date and time is indicated on at least two copies.

17. Chips, tokens and/or monetary equivalents are removed from the table tray by the dealer and are either broken down or verified by the dealer in public view prior to placing them in racks for transfer to the cage.

18. All chips, tokens and monetary equivalents removed from the tables and markers removed from the pit are carried to the cashier's cage by an individual independent of the transaction.

19. The credit slip is signed by at least the following individuals (as an indication that each has counted or in the case of markers, reviewed the items transferred):

    a. Cashier - Who received the items transferred from the pit and prepared the credit slip.

    b. Runner - Who carried the items transferred from the pit to the cage and returned to the pit with the credit slip.

    c. Dealer -Who had custody of the items prior to transfer to the cage.

d. Pit Supervisor - Who supervised the credit transaction.

20. The credit slip is inserted in the drop box by the dealer.

21. Chips, tokens or other monetary equivalents are deposited on or removed from gaming tables only when accompanied by the appropriate fill/credit or marker documentation (e.g., inadequately documented cross-fills, even money exchanges, and foreign currency exchanges in the pit are prohibited).

Progressive Jackpot Table Games

22. For progressive jackpot payouts, the payout form/documentation includes the following information:

a. Date and time.

b. Table number.

c. Dollar amount of payout.

d. Game outcome.

e. Signatures of at least two employees verifying and witnessing the payout.

f. Preprinted or concurrently printed sequential number.

23. Progressive jackpot payouts over a predetermined amount require the signature and verification of a supervisory or management employee independent of the pit department.

Drop Standards

24. At the close of each shift:

a. Each table's chip, token, coin and marker inventory is counted and recorded on a table inventory form;. or

b. If the table banks are maintained on an imprest basis, a final fill or credit is made to bring the bank back to par.

25. If final fills are not made, beginning and ending inventories are recorded for shift win calculation purposes.

26. The accuracy of inventory forms prepared at shift end is verified by two people, one being the pit supervisor.

27. If inventory forms are placed in the drop box, such action is performed by someone other than a pit supervisor.

28. At the end of each day, all locked "drop boxes" are removed from the tables by an individual independent of the pit shift being dropped.

29. If drop boxes are not placed on all tables, then the pit department documents which tables were open during the shift.

30. Upon removal from tables, drop boxes are transported directly to the count room or other secure place and locked in a secure manner until the count takes place.

31. The transporting of drop boxes is performed by a minimum of two individuals, at least one of whom is independent of the pit being dropped.

Soft Count Standards

32. The soft count is performed by a minimum of three persons.

33. Count team members are rotated on a routine basis.

34. The count team is independent of transactions being reviewed and counted and the subsequent accountability of soft drop proceeds.

    Note: The use of a dealer is acceptable. A cage cashier may be used if this person is not allowed to perform the recording function. An accounting representative may be used if there is an independent audit of all soft count documentation.

35. The drop boxes are individually emptied and counted on the count room table.

36. As the contents of each box are counted and verified by the counting employees, the count is recorded on the count sheet in ink or other permanent form of recordation prior to commingling the funds with funds from other boxes.

37. Drop boxes, when emptied, are shown to another member of the count team, to another person who is observing the count, or to recorded or live surveillance - provided the count is monitored in its entirety by someone independent of the count.

38. Original and first copies of fill/credit slips are matched or otherwise reconciled by the count team to verify that the total dollar amounts for the shift/day are identical.

39. Orders for fill (if applicable)/credit are matched to the fill/credit slips.

40. Corrections to information originally recorded by the count team on soft count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change.

41. After the count sheet has been reconciled to the currency, all members of the count team attest by signature to the accuracy of the games drop count. Three verifying signatures on the count sheet are adequate if all additional count team personnel sign a supplemental document evidencing their involvement in the count process.

42. All monies and monetary equivalents that were counted are turned over to the cage cashier (who is independent of the count team) or to an individual independent of the revenue generation and the count process for verification.

43. The above mentioned individual certifies by signature as to the accuracy of the monies delivered and received.

44. Access to stored drop boxes, full or empty, is restricted to authorized personnel.

45. Access to the count room during the count is restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems and authorized maintenance personnel in necessary situations.

46. The count sheet is retained by the count team until delivery to the accounting department.

47. The count sheet, with all supporting documents, is promptly delivered to the accounting department by someone other than the cashier's department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

Key Control Standards

48. Drop Box Release Keys

    a. Drop box release keys are maintained by a department independent of the pit department.

    b. Only the person authorized to remove drop boxes from the tables is allowed access to the release keys.

    Note: The count team members may have access to the release keys during the soft count in order to reset the drop boxes.

    c. Persons authorized to drop the table games drop boxes are precluded from having access to drop box contents keys.

49. The physical custody of the keys needed for accessing stored full drop box contents requires involvement of persons from three separate departments.

50. Drop Box Storage Rack Keys

    a. Someone independent of the pit department is required to accompany such keys and observe each time drop boxes are removed from or placed in storage racks.

    b. Persons authorized to obtain drop box storage rack keys are precluded from having access to drop box contents keys (with the exception of the count team).

51. Drop Box Contents Keys

    Only count team members are allowed access to drop box contents keys.

Note: This standard is not applicable to emergency situations which require drop box access at other than scheduled count times. At least three persons from separate departments, including management, must participate in these situations. The reason for access must be documented with the signatures of all participants and observers.

52. Count Room Keys

At least three count team members are required to be present at the time count room and other soft count keys are issued for the soft count.

53. Duplicate Keys

All duplicate keys are maintained in a manner which provides the same degree of control over drop boxes as is required for the original keys.

Miscellaneous

54. Playing cards and dice, not yet issued to the pit, are maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering.

55. Pit supervisory personnel (with authority equal to or greater than those being supervised) provide supervision of all table games.

Statistics

56. Records reflecting statistical drop, statistical win and statistical win to statistical drop hold percentage by table and type of game are maintained by shift, by day, cumulative month-to-date, and cumulative year-to-date.

57. Statistical information is presented to and reviewed by management independent of the pit department on at least a monthly basis.

58. The above referenced management investigates any unusual statistical fluctuations with pit supervisory personnel.

Note: At a minimum, investigations are performed for all statistical percentage fluctuations from a predetermined base level.

60. The results of such investigations are documented in writing and maintained.

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS
MINIMUM STANDARDS OF OPERATION AND CONTROL
FOR CLASS II AND CLASS III GAMING OPERATIONS

SLOTS

EFFECTIVE DATE: _____

GRAND TRAVERSE BAND OF OTTAWA AND CHIPPEWA INDIANS
MINIMUM STANDARDS OF OPERATION AND CONTROL
FOR CLASS II AND CLASS III GAMING OPERATIONS

SLOTS

Note 1: For any computer application which has been approved by a gaming control board, commission or regulatory agency for use in the gaming industry, alternate documentation and/or procedures which provide at least the level of control described by these standards will be acceptable.

Note 2: The controls in effect for leased slot machines will provide at least the level of control described by these standards.

Coin Drop Standards

1. A minimum of three employees are involved in the removal of the slot drop, at least one of whom is independent of the slot department.

2. Security is provided over the buckets removed from the slot drop cabinets prior to being transported to the count room.

3. If more than one trip is required to remove the slot drop from all of the machines, the filled carts or coins are either locked in the count room or secured in another equivalent manner.

Equipment Standards

4. A weigh scale calibration module is secured so as to prevent unauthorized access (e.g., prenumbered seal, lock and key, etc.).

5. Someone independent of the cage, vault, slot and count team functions is required to be present whenever the calibration module is accessed.

6. Such access is documented and maintained.

7. If a weigh scale interface is used, it is adequately restricted so as to prevent unauthorized access (passwords, keys, etc.).

8. If the weigh scale has a "zero adjustment mechanism" , it is either physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members.

9. The weigh scale and weigh scale interface (if applicable) are tested by the internal auditors or someone who is independent of the cage, vault and slot departments and count team at least on a quarterly basis with the test results being documented. (At least semi-annually the above test is performed by internal audit in accordance with the internal audit standards.)

10. Prior to the slot count the accuracy of the weigh scale is verified with weights or with varying amounts of previously counted coin for each denomination to ensure the scale is properly calibrated. (Varying weights/coin from drop to drop is acceptable.)

11. The preceding weigh scale and weigh scale interface test results are documented and maintained.

12. If a mechanical coin counter is used (instead of a weigh scale), procedures are equivalent to those described in Standards 9, 10, and 11 above.

Slot Count and Wrap Standards

13. Access to the count room during the drop and count (any time uncounted coin is present) is restricted to provide that no one will be allowed in until at least two members of the slot count team are present.

14. The initial weigh/count is performed by a minimum of two employees.

15. The slot count team is independent of the generation of slot revenue and the subsequent accountability of slot count proceeds.

Note: If slot department employees are involved in the slot count and/or subsequent transfer of the wrap, they are nonsupervisory slot employees and perform the laborer function only. (A "nonsupervisory slot employee" is defined as a person below the level of slot shift supervisor.)

16. The following functions are performed in the counting of the slot drop:

    a. Recorder function which involves the control of the initial slot count.

    b. Count team supervisor function which involves the control of the slot weigh and wrap process. The supervisor is precluded from performing the initial recording of the weigh/count unless a weigh scale with a printer is used.

17. The amount of the slot drop from each machine is recorded in ink on a slot count document by the recorder or mechanically printed by the weigh scale. If a weigh scale interface is used, the slot drop figures are transferred via direct line or computer storage media.

18. The recorder and at least one other count team member sign the slot count document or weigh tape attesting to the accuracy of the initial weigh/count.

19. At least three employees who participate in the weigh/count and/or wrap process sign the slot count document or a summary report to attest to their presence. If all other count team members do not sign the slot count document or a summary report, they sign a supplemental document evidencing their participation in the weigh/count and/or wrap.

20. The coins are wrapped and reconciled in a manner which precludes the commingling of slot drop coin with coin (for each denomination) from the next slot drop.

21. At least two employees are present throughout the wrapping of the slot drop.

Note: If the slot count is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees at the start and end of each denomination count, then this requirement is not applicable.

22. If the coins are not wrapped immediately after being weighed/counted, they are secured and not commingled with other coin.

Note: The term "wrapped slot drop" includes wrapped, bagged (with continuous metered verification), and racked coin/tokens.

23. If the coins are transported off the property, a second (alternative) count procedure must be performed before the coins leave the property, and any variances are documented.

24. Transfers out of the count room during the slot count and wrap process are either strictly prohibited, or if transfers are permitted during the count and wrap, prenumbered form (used solely for slot count transfers) which is subsequently reconciled by the accounting department to ensure the accuracy of the reconciled wrapped slot drop.

25. Transfers, as noted above, are counted and signed for by at least two members of the count team and by someone independent of the count team who is responsible for authorizing the transfer.

Joint Count Room and Coin Inventory Storage Room

Note: If the count room serves as a coin room and coin room inventory is not secured so as to preclude access by the count team, then the next two requirements must be satisfied.

26. At the commencement of the slot count the following standards are met:

a. The coin room inventory is counted by at least two employees, one of whom is a member of the count team and the other is independent of the weigh/count and wrap procedures.

b. The above count is recorded on an appropriate inventory form.

27. Upon completion of the wrap of the slot drop, the following standards are met:

a. At least two members of the count team (wrap team), independently from each other, count the ending coin room inventory.

b. The above counts are recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room.

c. The same count team members as discussed above compare the calculated wrap to the initial weigh/count, recording the comparison and noting any variances on the summary report.

d. A member of the cage/vault department counts the ending coin room inventory by denomination. This count is reconciled to the beginning inventory, wrap, transfers and initial weight/count on a timely basis by the cage/vault or other department independent of the slot department and the weigh/wrap procedures.

e. At the conclusion of the reconciliation, at least two count.wrap team members and the verifying employee sign the summary report(s) attesting to its accuracy.

<u>Segregated Count Room and Coin Inventory Storage Room</u>

Note: If the count room is segregated from the coin room, or if the coin room is used as a count room and the coin room inventory is secured to preclude access by the count team, the following requirements must be satisfied:

28. Upon completion of the wrap of the slot drop:

a. At least two members of the count/wrap team count the final wrapped slot drop independently from each other.

b. The above counts are recorded on a summary report.

c. The same count team members as discussed above (or the accounting department) compare the final wrap to the weigh/count recording the comparison and noting any variances on the summary report.

d. A member of the cage/vault department counts the wrapped slot drop by denomination and reconciles it to the weigh/count.

e. At the conclusion of the reconciliation, at least two count team members and the cage/vault employee sign the summary report attesting to its accuracy.

f. The wrapped coins (exclusive of proper transfers) are transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap.

29. Large (as defined as a set dollar limit or percentage of drop) or unusual (zero for weigh count or patterned for all counts) variances between the weigh/count and wrap are investigated by management personnel independent of the slot department, count team and the cage/vault functions on a timely basis.

30. The results of such investigations are documented and retained for five years.

31. All slot count and wrap documentation, including any applicable computer storage media, is immediately delivered to the accounting department. Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.

32. Corrections on slot count documentation are made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team employees. If a weigh scale interface is used, corrections to slot count data are made using either of the following:

a. Crossing out the error on the slot document, entering the correct figure, and then obtaining the initials of at least two count team employees. If this procedure is used, an employee independent of the slot department and count team enters the correct figure into the computer system prior to the generation of related slot reports.

b. During the count process, correct the error in the computer system and enter the passwords of at least two count team employees. If this procedure is used, and exception report is generated by the computer system identifying the slot machine computer system identifying the slot machine number, the error, the correction and the count team employees testifying to the correction.

Currency Acceptor Drop and Count Standards

33. Devices accepting U.S. currency for credit on, or change from, slot machines must provide a locked drop box whose contents are separately keyed from the drop bucket cabinet.

34. Contents of the currency acceptor drop box must be removed by an employee independent of the slot department.

35. Upon removal, the contents of currency acceptor boxes are transported directly to the soft count room, or other similarly restricted location and locked in a secure manner until the count takes place.

36. The currency acceptor count is performed in the soft count room or equivalently secure area with comparable controls.

37. The currency acceptor count team is independent of transactions being reviewed and counted, and the subsequent accountability of currency drop proceeds.

38. All monies that were counted are turned over to the cage cashier (who is independent of the count team) or to an employee independent of the revenue generation and the count process for verification.

Jackpot Payouts, Slot Fills and Short Pays

39. For jackpot payouts and slot fills, the payout form/documentation includes the following information:

a. Date and time.

b. Machine number.

c. Dollar amount of payout or slot fill (both alpha and numeric).

Note: Alpha is optional if another unalterable method is used for evidencing the amount of the jackpot or fill.

d. Game outcome (including reel symbols, card values and suits, number of coins played, etc.) for jackpot payouts only.

e. Signatures of at least two employees verifying and witnessing the payout or slot fill.

f. Preprinted or concurrently printed sequential number.

40. Jackpot payouts over a predetermined amount require the signature and verification of a supervisory or management employee independent of the slot department. This predetermined amount is authorized by management and documented in writing.

41. For short pays and accumulated credit pays, the payout form includes:

a. Date and time.

b. Machine number.

c. Dollar amount of payout (both alpha and numeric).

d. Signatures of at least two employees verifying and witnessing the payout.

42. Computerized jackpot/fill systems are restricted so as to prevent unauthorized access and fraudulent payouts by one individual.

43. Payout forms are controlled and routed in a manner that precludes any one individual from producing a fraudulent payout by forging signatures, or by altering the amount paid out subsequent to the payout, and misappropriating the funds.

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Slot Department Funds Standards

44. The slot booths and change banks which are active during the shift are counted and reconciled each shift utilizing appropriate accountability documentation.

45. The wrapping of loose slot booth and cashier cage coin is performed at a time or location that does not interfere with the hard count/wrap process or the accountability of that process.

46. A record is maintained evidencing the transfers of unwrapped coin.

EPROM Duplication

Note 1: The EPROMs of some manufacturers may be protected by federal copyright laws. The licensee should insure that all applicable laws are complied with when duplicating EPROMs.

Note 2: Equivalent controls must be in place should gaming device program storage media, other then EPROMs, be duplicated.

47. Procedures are developed and implemented for the following:

a. Removal of EPROMs from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program EPROM.

b. Copying one gaming program to another approved program.

c. Verification of duplicated EPROMs prior to being offered for play.

d. Destruction, as needed, of EPROMs with electrical failures.

e. Securing the EPROM duplicator and master game EPROMs from unrestricted access.

48. The master game program number, par percentage and the pay table are verified when initially received from the manufacturer to the par sheet.

49. Slot machines with potential jackpots in excess of a specified amount must have the circuit boards locked or physically sealed. The lock or seal should necessitate the presence of an individual independent of the slot department to access the device game program EPROM. If a seal is used to secure the board to the frame of the gaming device, it should be pre-numbered.

50. Records must be maintained documenting the above procedures. The documentation must include the following information:

    a. Date
    b. Machine number (source and destination)
    c. Manufacturer
    d. Program number
    e. Personnel involved
    f. Reason
    g. Disposition of any permanently removed EPROM
    h. Seal numbers, if applicable

51. EPROMs returned to gaming devices must be labeled and include the date, program number, information identical to that shown on the manufacturer's label, and initials of the individual replacing the EPROM.

Theoretical/Actual Hold

52. Accurate and current theoretical hold worksheets are maintained for each slot machine.

53. Records are maintained for each machine which indicate the dates and type of changes made and the recalculation of theoretical hold as a result of the changes.

54. Records are maintained for each machine which indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations.

55. All of the slot machines contain functioning "coin-in" meters.

56. All currency acceptors contain functioning "bill-in" meters which record the dollar amounts or number of bills accepted by denomination.

57. Slot machine in-meter readings are recorded at least weekly immediately prior to or subsequent to a slot drop. (Exception: The time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days.)

58. The employee who records the in-meter readings either is independent of the hard count team or is assigned on a rotating basis unless the in-meter readings are randomly verified quarterly for all slot machines by someone other than the regular in-meter reader.

59. Upon receipt of the meter reading summary, the accounting department reviews all meter readings for reasonableness using pre-established parameters.

60. Prior to final preparation of statistical reports, meter readings which do not appear reasonable are reviewed with slot department employees, and exceptions are documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected.

61. A report is produced at least monthly showing month-to-date and year-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed.

    Note 1: If practical, the report should include the actual hold percentage for the entire time the machine has been in operation.

    Note 2: Each change to a slot machine's theoretical hold percentage results in that machine being assigned a new number and treated as a new machine in the statistical reports.

    Note 3: Actual hold + dollar amount of win divided by dollar amount of coin in.

62. The statistical reports are reviewed by both slot department management and management employees independent of the slot department on at least a monthly basis.

63. Large variances between theoretical hold and actual hold are investigated, resolved and findings are documented in a timely manner and retained for five years.

64. Maintenance of the computerized slot monitoring system data files is performed by a department independent of the slot department. Alternatively, maintenance may be performed by slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a monthly basis.

65. Updates to computerized slot monitoring system to reflect additions, deletions, or movements of slot machines are made at least weekly prior to in-meter readings and the weigh process.

Miscellaneous

66. When machines are temporarily removed from the floor, slot loads are protected to preclude the misappropriate of stored funds.

67. When machines are permanently removed from the floor, the slot loads are counted and recorded by at least two employees with appropriate documentation being routed to the accounting department for proper recording.

68. Slot machine coin drop cabinet keys, including duplicates, are maintained by a department independent of the slot department.

69. Two employees (separate from key custodian) are required to accompany such keys while checked out and observe each time slot machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out.

Slot Machine Drop Keys

70. Slot machine coin drop cabinet keys, including duplicates, are maintained by a department independent of the slot department.

71. Two employees (separate from key custodian) are required to accompany such keys while checks out and observe each time slot machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out.

72. The physical custody of the keys needed for accessing stored full currency acceptor drop box contents requires involvement of persons from three separate departments.

73. Currency Acceptor Drop Box Release Keys

    a. Currency acceptor drop box release keys are maintained by a department independent of the slot department.

    b. Only the employee authorized to remove drop boxes from the currency acceptor is allowed access to the release keys. (The count team members may have access to the release keys during the count in order to reset the drop boxes if necessary.)

    c. Employees authorized to drop the currency acceptor drop boxes are precluded from having access to drop box contents keys.

74. Currency Acceptor Drop Box Storage Rack Keys

    a. Someone independent of the slot department is required to accompany such keys and observe each time drop boxes are removed from or placed in storage racks.

    b. Employees authorized to obtain drop box storage rack keys are precluded from having access to drop box contents keys (with the exception of the count team).

75. Currency Acceptor Drop Box Contents Keys

    Only count team members are allowed access to drop box contents keys.

    Note: This standard does not effect emergency situations which require currency acceptor drop box access at other than scheduled count times. At least three employees from separate departments, including management, must participate in these situations. The reason for access must be documented with the signatures of all participants and observers.

76. Currency Acceptor Count Room Keys

At least three count team members are required to be present at the time count room and other count keys are issued for the count.

76. Currency Acceptor Duplicate Keys

Duplicate keys are maintained in such a manner as to provide the same degree of control over drop boxes as is required for the original keys.

Slot Audit Procedures

77. For computerized jackpot/fill systems, accounting/auditing employees shall perform the following procedures at least one day per month:

a. Foot jackpot and fill slips for all booth cashiers and trace totals to those produces by the system.

b. Review all slips written (from the restricted copy) for continuous sequencing.

78. For computerized slot monitoring systems, procedures are performed at least monthly to verity the continuing accuracy of the coin-in meter readings as recorded in the slot statistical report.

79. For weigh scale interface systems, for at least one drop period per month, accounting/auditing employees shall compare the weigh tape to the system-generated weigh, as recorded in the slot statistical report, in total. Discrepancies should be resolved prior to generation or distribution of slot reports.

80. For currency acceptors, for each drop period. accounting/auditing personnel shall compare the "bill-in" meter reading to the currency acceptor drop amount. Discrepancies should be resolved prior to generation/distribution of slot statistical reports.

81. Accounting/auditing employees review exception reports for all computerized slot systems on a daily basis for propriety of transactions and unusual occurrences.

82. All slot auditing procedures and any follow-up performed is to be documented and retained for at least five years.

General

83. For all computerized slot systems a personnel access listing will be maintained which includes at a minimum:

    a. Employee name

    b. Employee identification number (or equivalent)

    c. Listing of functions employee can perform or equivalent means of identifying same.

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KENO (Computerized)

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KENO (Computerized)

Game Play Standards

1. The computerized customer ticket includes the date, game number, conditioning, ticket sequence number and the station number.

   Note: The ticket will indicate that it is multi-race (if applicable).

2. Concurrently with the generation of the ticket the information on the ticket is recorded on a restricted transaction log.

   Note: The restricted copy my be retained on computer storage media, but in any case, access by keno personnel is precluded.

3. When it is necessary to void a ticket, the void information is input in the computer and the computer documents the appropriate information pertaining to the voided wager (e.g., void slip is issued or equivalent documentation is generated).

4. Controls exist to prevent the writing and voiding of tickets after the number selection process has begun.

5. The controls in effect for tickets prepared in outstations (if applicable) are identical to those in effect for the primary keno game.

Number Selection

Rabbit Ear System

6. A camera is utilized to film the following both prior to and subsequent to the calling of a game: Empty rabbit ears, date and time, game number, and full rabbit ears.

7. The picture of the rabbit ears on the camera provides a legible identification of the numbers on the balls drawn.

8. Keno personnel immediately input the selected numbers in the computer and the computer documents the date, game number, the time the game was closed, and the numbers drawn.

9. Procedures are in effect which prevent unauthorized access to keno balls in play.

10. Back-up keno ball inventories are secured in a manner to prevent unauthorized access.

11. Effective procedures are established for inspecting new keno balls put into play as well as for those in use.

Random Number Generator

12. The random number generator is linked to the computer system and directly relays the numbers selected into the computer for preparation of a draw ticket without manual input.

    Note: The random number generator must have received approval of the appropriate gaming authority as a gaming device.

Winning Ticket Verification and Payment

13. The sequence number of tickets presented for payment is input into the computer, and the payment amount generated by the computer is given to the patron.

14. Procedures are established to preclude payment on tickets previously presented for payment, unclaimed winning tickets (sleepers) after a specified period of time, voided tickets, and tickets which have not been issued yet.

15. All payouts are supported by the customer (computer-generated) copy of the winning ticket (payout amount is indicated on the customer ticket or a payment slip is issued).

16. A manual report is produced and maintained documenting any payments made on tickets which are not authorized by the computer.

17. Winning tickets over a specified dollar amount require the following:

    a. Approval of management personnel independent of the keno department evidenced by their signature.

    b. Comparison of the winning customer copy to the computer reports.

    c. Regrading of the customer copy using the payout schedule and draw information.

18. When the keno game is operated by one person, all winning tickets in excess of an amount determined by management must be reviewed and authorized by someone independent of the keno department.

Check Out Standards

19. A cash summary report (count sheet) is prepared for each shift which includes:

    a. Computation of cash proceeds for the shift by bank.

    b. The signature of at least two employees who have verified the cash proceeds recorded in the above computation.

Statistics

20. Records are maintained which include win and write by either individual writer for each shift or for each game for the shift.

21. Records are maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:

    a. Each shift.

    b. Each day.

    c. Month-to-date.

    d. Year-to-date.

22. Non-keno management reviews keno statistical data at least on a monthly basis and investigates any large or unusual statistical variances.

23. Such investigations are documented and retained for at least five years.

System Security Standards

24. Access to the computer system is adequately restricted (e.g., passwords are changed at least quarterly, access to computer hardware is physically restricted, etc.)

25. Keys to sensitive computer hardware in the keno area are maintained by a department independent of the keno function.

26. Someone independent of the keno department is required to accompany such keys to the keno area and observe changes or repairs each time the sensitive areas are accessed.

27. Duplicate keys to the above areas are maintained by someone who is independent of the keno department.

Documentation

28. Adequate documentation of all pertinent keno information is generated by the computer system.

29. This documentation is restricted to authorized personnel.

30. The documentation is to include, at a minimum:

    a. Ticket information.

    b. Payout information.

    c. Number, ball draw, time information.

    d. System exception information, including voids, late pays, and system parameter information (e. g., changes in pay tables, ball draws).

    e. Personnel access listing which includes at a minimum employee name, employee identification number, and listing of functions employee can perform or equivalent means of identifying same.

Keno Audit

31. The keno audit function is independent of the keno department.

32. Documentation is maintained evidencing the performance of all keno audit procedures.

33. Non-keno management reviews keno audit exceptions, and performs and documents investigations into unresolved exceptions.

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Miscellaneous

34. Copies of all keno tickets and computer storage media are retained for an appropriate period of time.

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CAGE AND CREDIT

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CAGE AND CREDIT

Note 1: For any computer application which has been approved by a gaming control board, commission or regulatory agency for use in the gaming industry, alternate documentation and/or procedures which provide at least the level of control described by these standards will be acceptable.

Cage/Vault Accountability

1. All transactions that flow through the cage are summarized on a cage accountability form on a per shift basis.

2. Increases and decreases to the cage inventory are supported by documentation.

3. The cage and vault inventories, including coin rooms/vaults, are counted by at least two persons and recorded at the end of each shift during which activity took place, at least once daily.

Authorization and Check Cashing

4. If personal checks, cashier's checks or payroll checks are cashed, the cage cashier:

   a. Examines and records at least one item of patron identification (e.g., driver's license).

   b. Records a bank number or credit card number (not required for third party checks, e.g., payroll checks and cashier's checks),

   c. Makes a reasonable effort to verify business authenticity (for payroll checks).

5. When traveler's checks are presented:

   a. The cashier must comply with examination and documentation procedures as required by the issuer.

   b. Checks in excess of an amount established by management (e.g. $100 denominations) are not cashed unless the requirements of Standard 4(a) have been met.

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CURRENCY TRANSACTION REPORTING (TITLE 31)

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