United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

TAKE PRIDE IN AMERICA

NOV 30 1995

Honorable Mark Mercier
Chairman, The Confederated Tribes
of the Grand Ronde Community of Oregon
9615 Grand Ronde Road
Grand Ronde, Oregon 97347

Dear Chairman Mercier:

On October 17, 1995, we received Amendment II to the Gaming Compact (Amendment) Between the Confederated Tribes of the Grand Ronde Community of Oregon (Tribe) and the State of Oregon (State), dated October 13, 1995. We have completed our review of the Amendment and conclude that it does not violate the Indian Gaming Regulatory Act (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to Section 11(d)(8)(A) of the IGRA, 25 U.S.C. § 2710(d)(8)(A) and delegated authority in 209 DM 8.1, we approve the Amendment. The Amendment shall take effect when notice of our approval, pursuant to Section 11(d)(3)(B) of the IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

/S/ Ada E. Deer

Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosure

Identical Letter Sent to: Honorable John Kitzhaber
Governor of Oregon
254 State Capitol
Salem, Oregon 97310

cc: Portland Area Director, w/copy of approved Amendment
Supt., Siletz Agency w/copy of approved Amendment
National Indian Gaming Commission w/copy of approved Amendment
Pacific NW Regional Solicitor's Ofc w/copy of approved Amendment
Portland United States Attorney w/copy of approved Amendment

TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE GRAND RONDE COMMUNITY OF OREGON AND THE STATE OF OREGON

AMENDMENT II

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of the Grand Ronde Community of Oregon and the State of Oregon executed on August 21, 1993, and approved by the Secretary of the Interior on June 17, 1994. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendment I thereto.

WHEREAS, the continued growth and success of tribal gaming depends upon public confidence and trust that the tribal gaming operation is honest, fair and secure, and is free from criminal and corruptive influences;

AND WHEREAS, public confidence and trust can be maintained only if there is strict compliance with laws and regulations related to licensed gaming establishments, by all persons involved in the gaming operation;

AND WHEREAS, the relationship between the State and the Tribe rests on mutual trust and the recognition that each has a primary duty to protect the gaming public through separate, appropriate responsibilities during the life of current and future Compacts;

AND WHEREAS, the Tribe wishes to amend the Compact to provide for regulation of house banked blackjack at the gaming facility;

AND WHEREAS, the State agrees that the circumstances justify this Amendment;

NOW THEREFORE, the Tribe and the State hereby approve the following amendments to the Compact:

I. Section 4.D. is amended to read:

D. Number of video terminals. The number of Class III video lottery games of chance authorized by this Compact shall not exceed the number of such games that would occupy 15 percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry

spacing. The parties acknowledge that the Gaming Facility is a mixed use facility. The parties agree that the size of the Gaming Facility to be devoted to Class III video lottery games of chance is determined by the area of those parts of the facility that are appropriately related to the gaming activities conducted therein (the "gaming area"). The parties also agree that, in combination, the gaming area of the facility and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than **860**. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

II. Section 6.A.5.b. is amended to read:

b. **Except as provided in Section 6.B.5.b.,** the Tribe shall deny a gaming license to any High Security Employee or Primary Management Official who does not meet the criteria established in paragraph 6.B.5. below. Denial of a license by the Tribe is final.

III. Section 6.A.7. (Temporary Licensing of Employees.) is amended to read:

a. The Tribe may issue a temporary license to High Security Employees **seven days** after submission of the application to the Oregon State Police. The Temporary license shall expire and become void upon completion of the background check and award or denial of a permanent license.

b. The Tribe may employ Low Security Employees on probation **upon** submission of the application to the state police. Any Low Security Employee shall be subject to immediate termination during probation if the State determines that the employee does not meet the criteria established in paragraph 6.B.5. below.

IV. Section 6.B.5. is amended by adding a new subparagraph e, as follows:

e. Notwithstanding subparagraph a of this paragraph, if a Class III Gaming Contract application is required to be denied under subparagraph a of this paragraph, because a person previously associated with the applicant or an employee of the applicant has been convicted of a crime, the Tribe may enter into a contract with the applicant if the applicant has severed its relationship with that person or employee. Before the Tribe may enter into a contract under this subparagraph, the State and the Tribe must agree that the relationship between the applicant and the person or employee has

been severed. For purposes of this subparagraph, a relationship is severed if the person or the employee has no continuing connection with the direction or control of any aspect of the business of the applicant, and the person or employee is no longer employed by the applicant in any capacity. The burden of showing to the satisfaction of the Tribe and the State that a relationship has been severed is on the applicant.

V. Appendix A. I. is amended to read:

Section 177-100-070

(1) A manufacturer shall not distribute a video lottery game or terminal for placement at the Gaming Facility unless the manufacturer and the game have been approved and the terminal has been certified by the State of Oregon. Only approved manufacturers may apply for certification of a video lottery terminal. [~~Any manufacturer approved for Oregon State Lottery shall automatically be approved for the Tribe's gaming enterprise.~~]

VI. Section 4 is further amended by adding a new Subsection E and Appendix D, as follows:

E. <u>Additional Authorized Game at Gaming Facility.</u>

1. In addition to the games identified in Subsection B of this Section, and subject to the conditions prescribed in this subsection, the Tribe may engage in house banked blackjack as described in Appendix D, at the gaming facility.

2. Before house banked blackjack is conducted at the gaming facility the Tribal Gaming Commission shall:

   a. Ensure that the Gaming Facility develops rules and procedures for a system of internal controls that meets the minimum standards established in Appendix D.

   b. Require that the Gaming Facility provide appropriate training for all dealers, supervisors and surveillance personnel involved in house banked blackjack, and for the Tribal Gaming Inspector, according to the minimum training standards established in Appendix D.

c. Ensure that the Gaming Facility establishes a security and surveillance plan that meets the minimum standards established in Appendix D.

d. Adopt rules of operation for house banked blackjack that meet the minimum standards established in Appendix D, including rules of play, standards for equipment.

e. Adopt a dispute resolution procedure that provides for investigation and review of any player complaint.

3. The Tribe shall establish an initial wager limit of $50 per hand except that the Tribe may offer a maximum $100 wager limit on two tables. After a period of ninety days of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribe may request that additional tables at the maximum wager of $100 be authorized. After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribe may request a change in the initial wager limit. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe.

4. The Tribe may operate a maximum of twenty tables of house banked blackjack at the gaming facility during the term of this agreement. The Tribe also agrees that during the term of this amendment the Tribe will not increase the number of video lottery terminals beyond the 700 currently authorized for use at the gaming facility. The Tribe may increase the number of video lottery terminals by decreasing the number of blackjack tables on the gaming floor and vice versa. An increase of eight video lottery terminals is permitted for each decrease of one blackjack table.

5. The Tribe agrees to cooperate with State law enforcement on the investigation and prosecution of any gambling crime committed at the gaming facility. The Tribe and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from the gaming facility or from any other tribal gaming facility in this State.

6. Except as specifically provided in this amendment, this amendment does not operate to modify Subsection B of Section 4 of the Compact in any other way.

VII. The Memorandum of Understanding between the Tribe and the State, executed on August 2, 1995, is modified as provided in Exhibit I to this Amendment.

VIII. Paragraph VI of this amendment expires on June 30, 1996. Unless an extension of paragraph VI of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribe agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed. In the event that a compact amendment is under negotiation the Tribe may replace blackjack tables with video lottery terminals at the ratio of eight terminals per blackjack table.

EXECUTED as of the date and year below.

STATE OF OREGON

John Kitzhaber, Governor
Date: 10-13-95

CONFEDERATED TRIBES OF THE GRAND RONDE COMMUNITY OF OREGON

Mark A. Mercier, Chair
Date: 10-12-95

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

By: Ada E. Deer
ADA E. DEER
Date: NOV 30 1995

TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE GRAND RONDE COMMUNITY OF OREGON AND THE STATE OF OREGON

APPENDIX D

HOUSE BANKED BLACKJACK

I. DEFINITIONS

As used in this Amendment and Appendix the following definitions shall apply:

Blackjack. "Blackjack" is a card game in which the object of the game is to accumulate cards with a total count nearer to 21 than that of the dealer.

Industry Standard. "Industry standard" refers to standards accepted or approved by the Nevada Gaming Control Board and the Nevada Gaming Commission. If the Nevada Gaming Control Board and Nevada Gaming Commission have no accepted or approved standard, "industry standard" refers to the commonly used practice in the gaming industry in the State of Nevada.

II. ADOPTION OF RULES FOR HOUSE BANKED BLACKJACK

A. The Gaming Facility shall adopt rules to govern the conduct of house banked blackjack at the gaming facility, subject to approval by the Gaming Commission. Current copies of the game rules in effect shall be provided to the State. The rules shall include:

1. Procedures of play
2. Minimum and maximum permissible wagers
3. Payout on each form of wager
4. Procedures to be followed on occurrence of irregularities in play
5. Prohibitions on side betting between and against player and against the house
6. Hours of operation

Summaries of the rules for the method of play and payouts on winning bets shall be visibly displayed in the gaming facility and betting limits applicable to any gaming station shall be displayed at such gaming station.

B. Subject to approval by the Tribal Gaming Commission the Gaming Facility shall also adopt specifications (may be provided by the equipment manufacturer or supplier) applicable to gaming equipment for:

1. Physical characteristics of chips; and

2. Physical characteristics of the following:

   a. Cards (including procedures for receipt and storage)
   b. Blackjack tables
   c. Blackjack layouts
   d. Dealing shoes (including procedures for receipt and storage
   e. Such other equipment as may be required for use in the game.

C. Subject to approval by the Tribal Gaming Commission the Gaming Facility shall establish and provide to the State for review the rules and procedures for use of drop boxes at each gaming station to include: security, transportation to and from gaming stations, storage, counting and recording contents.

D. Subject to approval by the Tribal Gaming Commission the Gaming Facility shall establish and provide to the State the duties, responsibilities and operating procedures for supervisors, pit bosses, floor managers, security and surveillance personnel.

III. INTERNAL CONTROLS

The Tribal Gaming Commission shall develop rules, policies, procedures and regulations for house banked blackjack, consistent with industry standards, that include provisions for the following:

1. Dealer Qualifications and Training Procedures
2. Shuffling,Cutting and Dealing Procedures
3. Specific Game Procedures & Rules
4. House Bank Rules (stake/chair or table rental if any)
5. Bet/Wager Limit By Table or Game
6. Card Inventory, Security, and Storage
7. Replacing Decks
8. Destruction of Used Decks
9. Qualifications and Training for Floor Supervisors and Pit Bosses

10. Chips
    a. Denominations
    b. Storage and Security
    c. Table Inventory
    d. Replacement Procedures (changing chip design)
    e. Payment Procedures for Replaced Chips
11. Accepting Tips by Dealers
12. Federal and State Tax Reporting
13. Distributing gaming chips to gaming stations
14. Procedures for opening and closing gaming stations
15. Procedures for removing chips and coins from gaming stations
16. Table Identification

IV. TRAINING

A. The Tribal Gaming Commission shall require each blackjack supervisor, each pit boss, each blackjack dealer and all surveillance personnel to be trained either by a training school, academy or college recognized under industry standards or through an in-house training program such that the supervisor, pit boss, dealer or surveillance employee has the knowledge and skills required under industry standards for the job function that employee performs.

B. If blackjack dealers are trained through an in-house training program, the Tribe and State must agree that the training program meets the following minimum standards:

1. A minimum of 96 hours of instruction.
2. The instruction shall consist of a combination of lecture and laboratory.
3. The instruction shall be provided by an instructor licensed by the Tribal Gaming Commission.
4. The curriculum must be designed to provide students with the knowledge and skills necessary to satisfy entry level requirements common in the industry.

C. Each blackjack supervisor, pit boss and surveillance officer, shall receive training sufficient to meet industry standards in the areas of game protection, player money management and betting, card counting, and detection of other cheating methods.

D. The Tribal Gaming Commission shall license blackjack trainers. At a minimum those licensees shall demonstrate sufficient skills, and meet minimum requirements that are consistent with industry standards, in the area of house banked blackjack. The Gaming Commission shall impose appropriate requirements for trainer licensing, such as graduation from a training school, academy or college recognized by the industry as having expertise in the areas of casino management and house banked blackjack, or an acceptable substitute of actual experience and references and a demonstrated ability to teach blackjack dealing skills and/or blackjack theory and games protection.

E. Training standards and programs shall be submitted to the State for review and comment. If the State determines that the Tribe's training standards or programs do not meet industry standards, or that the standards are not met in dealer or supervisor training, dispute resolution may be initiated.

V. SURVEILLANCE SYSTEMS

A. SURVEILLANCE SYSTEMS (GENERAL)

1. The purposes of a gaming facility surveillance system is to safeguard assets, to deter, detect and prosecute criminal acts, and to maintain public confidence and trust that Tribal gaming is conducted honestly and free of criminal elements and activity.

2. The Primary Management Official shall develop a surveillance system plan, and install, maintain and operate the gaming facility surveillance system in accordance with the standards set forth in this Appendix. The surveillance system plan shall be approved by the Tribal Gaming Commission if it satisfies the minimum standards.

3. The Primary Management Official shall submit the surveillance system plan to the State for review within 30 days after the date of execution of this amendment.

4. The plan shall include a description of all equipment utilized in the surveillance system; a blueprint or diagram that shows all of the areas to be monitored and the placement of surveillance equipment in relation to the activities being observed; a description of the procedures utilized in the operation of the gaming facility surveillance system; a description of the qualifications, training, and procedures of surveillance personnel; organizational reporting structure for surveillance

personnel; and any other information required by the standards set forth in this Appendix.

5. The State shall review the proposed surveillance system plan submitted by the Tribe and advise the Tribal Gaming Commission and the Primary Management Official whether the minimum standards are satisfied. The State shall review the installation of the surveillance system when a review and inspection is performed. The State shall advise the Tribal Gaming Commission and the Primary Management Official whether the surveillance system has been installed, maintained, and operated according to the minimum standards. The Tribe agrees that the surveillance system will be altered as necessary to meet the minimum standards. If the Tribe currently has a surveillance system in place, the surveillance plan may use a combination of current equipment and new to meet the standards, if there is no compromise of picture and recording quality.

6. In addition to the access granted under section 8.B.1. of the Compact, the State may review the operation of the surveillance system at least twice each year during an announced compliance audit. The State shall have access at any time to all surveillance records, tapes, reports and monitoring rooms at any time for the purpose of monitoring compliance with minimum standards and to confirm gaming integrity or security.

7. At the completion of any random or scheduled inspection the State will report its findings concerning the surveillance system to the Tribal Gaming Commission and the Primary Management Official. The Tribe and the State agree that the results of the inspection are for the internal use of the Tribe and the State and, to the extent allowed under Oregon law, shall not be disclosed to anyone other than the Tribal Gaming Commission and the Primary Management Official unless such disclosure is necessary for resolution of a dispute pursuant to the procedures in Section 16 of the Compact, or to provide evidence for a criminal prosecution.

8. The Primary Management Official shall separate management of the functions of security and surveillance within the gaming facility.

9. The State shall perform a background investigation on all personnel employed as surveillance personnel, as provided in section 6 of the compact.

B. SURVEILLANCE SYSTEMS MINIMUM STANDARDS

1. SURVEILLANCE SYSTEM EQUIPMENT

   a. The surveillance system equipment must be able to identify each player, the dealer, and be of sufficient resolution and clarity to read individual cards and money denomination.

   b. The surveillance system shall be a combination of fixed cameras and pan-tilt-zoom (PTZ).

   c. The cameras and monitors may be either black and white, color or a combination of both. (The State recommends, but does not require, a combination of black/white and color.)

   d. The primary surveillance room and monitors must have override capabilities.

   e. Gaming Facility management shall establish communications systems on the gaming floor that are capable of immediately alerting surveillance personnel.

   f. Telephones on the gaming floor shall have the capability of a direct line or extension to the surveillance personnel.

   g. Surveillance personnel in the surveillance room shall have radio communication with security personnel if security officers have radio communication with each other.

   h. Surveillance equipment shall include a means of alerting surveillance personnel of money transfers prior to the transfer taking place and a means to advise surveillance personnel of the locations, table number, time, date, and amount of transfers, and to whom the transfers will be made.

   i. All monitors being recorded must display time and date on screen

   j. All fixed cameras will be continuously taped. All PTZ cameras will have the capability for taping of what is being monitored.

2. SURVEILLANCE SYSTEM EQUIPMENT LOCATIONS. At a minimum, surveillance cameras must provide:

   a. Main cashier
      (1) Overview of cage working area
      (2) Ability to identify patrons and employees
      (3) PTZ or fixed camera allowing identification of cash transactions at each cash drawer
      (4) Camera over file window

   b. Soft count room
      (1) Clear view of entire count room
      (2) Camera directly over count table to identify dollar amounts
      (3) Clear view of vault
      (4) Clear view of drop box
      (5) Ability to read counting scale/meter

   c. Hard count room (if used)
      (1) Clear view of entire count room
      (2) Clear view of wrapping and/or counting machine

   d. Pit
      (1) Ability to determine chip value and card value
      (2) Clear view of playing surface
      (3) Ability to identify patron, employee and table number

   e. Card Game Tables
      (1) Fixed camera at each table
      (2) Same view and identification requirements as pit cameras

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TRIBAL-STATE COMPACT FOR REGULATION OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF THE GRAND RONDE COMMUNITY OF OREGON AND THE STATE OF OREGON

EXHIBIT I

Paragraphs 1 through 4 of Section B, Tribal Commitments, of the existing Memorandum of Understanding between the Tribe and the State shall be replaced by the following:

The Tribe agrees to the following as its obligations under Section 10 of the Compact in exchange for the background investigations and other services provided by the State described above.

1. The Tribe will advance $25,000 to the Oregon State Police for the purpose of payment of expenses to be incurred by the State in performance of its responsibility under the Compact. Any funds remaining will be reimbursed to the Tribe at the completion of the State's responsibility, or termination of this MOU.

2. The Tribe agrees to reimburse the State for the following expenses incurred by the State:

   a. Direct Service Hours. Direct service hours will be billed by the State and paid by the Tribe at the rate of $80 per hour. Direct service hours are actual time spent by Tribal Gaming Unit personnel in performing employee background checks, performing contract applicant background checks (unless paid by the contract applicant), performing Compact monitoring functions and traveling to and from the Gaming Facility or the site of a contract applicant background investigation, for the Grand Ronde Tribe. Direct service hours spent performing background checks for Class III gaming contract applicants will first be billed to the applicant, and the Tribe will be responsible for payment only if the applicant fails to pay the costs charged.

   b. Recoverable Fees. Recoverable fees paid by the Tribal Gaming Unit will be billed by the State and paid by the Tribe at actual cost. Recoverable fees are: fees for processing fingerprint cards, fees for processing credit history checks, and actual per diem expenses (transportation, lodging,

food) expenses incurred by Tribal Gaming Unit personnel in connection with direct service hours to the Grand Ronde Tribe.

c. The Tribe agrees to pay for up to 1225 direct service hours for the period beginning on October 1, 1995, and ending June 30, 1996, for the performance of Compact monitoring functions identified in the Compact, the amendments thereto, and this MOU. The Tribe must agree in writing to pay for any additional hours. However, if any investigation of criminal law violations, Compact violations or other regulatory matters, results from the action, review, or inspection by the Tribal Gaming Unit during its monitoring activities, and that investigation requires additional hours of direct service beyond the limit stated in this paragraph, the Tribe agrees to pay the State for the expenses incurred in that investigation. An investigation may be initiated by the Tribal Gaming Unit in its sole discretion. Cost of an investigation of a contractor or management company shall first be billed to the contractor or management company.

3. Costs included in the base direct service hour rate of $80 are salary, benefits, services and supplies, capital outlay, administrative supervision and support, vehicle and equipment lease or rental expenses, training costs, legal services charges, bookkeeping expenses, and all other fixed expenses of the Tribal Gaming Unit.

4. In addition to the time and charges described in paragraphs 2 and 3 above, the Tribe agrees to pay the direct service hour rate for any time that personnel of the Tribal Gaming Unit perform law enforcement, security consultation, gaming regulatory consultation or other gaming related services not identified in the Compact or the MOU, if requested by the Tribal Gaming Commission or the Tribe.

5. If a dispute arises as to the correctness of an assessment under this MOU, the Tribe and the State agree that the Tribe will pay any undisputed amount and that the parties will follow the dispute resolution process set forth in section 15 of the Compact. If the Tribe fails to make any payment within 30 days of the date it is due (except for a partial payment of an assessment under dispute under this paragraph) the State may suspend any background checks that are in process or withhold permission for the shipment of equipment. Failure to pay an assessment in a timely manner shall be considered a violation of the Compact.

All other provisions of the MOU executed August 2, 1995, between the Tribe and the State shall remain in full force and effect until the later of June 30, 1996, or the date such MOU is renegotiated. If no permanent amendment is negotiated before the expiration of section VI of Amendment II to the Grand Ronde/State Class III Gaming Compact, the original provisions of the MOU executed August 2, 1995, shall be in effect until that MOU is renegotiated.