United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

NOV - 1 1999

Honorable Andrew J. Grey, Sr.
Chairman
Sisseton-Wahpeton Sioux Tribe
P.O. Box 509
Agency Village, South Dakota 57262

Dear Chairman Grey:

On October 4, 1999, we received the Amended Gaming Compact Between the Sisseton-Wahpeton Sioux Tribe (Tribe) and the State of North Dakota (State) dated September 29, 1999 (Compact). We have completed our review of this Compact and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to delegated authority and Section 11 of IGRA, we approve the Compact. The Compact shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

We interpret Section 3.1(F) and (G) of the Compact to allow the Tribe to engage in sports betting if the Tribe meets one of the exceptions of the Professional and Amateur Sports Protection Act, 28 U.S.C. §§ 3701-3704 (PASPA). PASPA makes it unlawful for a governmental entity, including an Indian tribe, to sponsor, operate or authorize by law or compact, gaming based on the outcome of professional and amateur sports competitions. This prohibition does not extend to parimutuel animal racing or jai-alai games. To be lawful, any prohibited sports gaming pursuant to Section 3.1(F) and (G) of the Compact must come within one of the two exceptions in PASPA which are applicable to Indian tribes.

Under the first exception, the general prohibition does not apply to a State or other governmental entity, including an Indian tribe, to the extent that the sports gaming activity was conducted by that State or other governmental entity between January 1, 1976 and August 31, 1990. The second exception establishes two criteria which must be met to authorize an otherwise prohibited sports betting activity within a State or governmental entity: (1) the activity must actually have been authorized by a statute in effect on October 2, 1991; and (2) the activity must actually have been conducted at some point between September 1, 1989 and October 2, 1991 pursuant to the law of that State or other governmental entity. We are not, however, in a position to verify the factual basis for establishing whether the Tribe comes within one of the two exceptions described above. Therefore, we express no opinion on the matter.

Notwithstanding our approval of the Compact, Section 11(d)(1) of IGRA, 25 U.S.C. § 2710(d)(1), requires that tribal gaming ordinances be approved by the Chairman of the National Indian Gaming Commission (NIGC). Regulations governing approval of Class II and Class III gaming ordinances are found in 25 CFR §§ 501.1-577.15 (1998). Pursuant to IGRA and the regulations, even previously existing gaming ordinances must be submitted to the NIGC for approval when requested by the Chairman. The Tribe may want to contact the NIGC at (202) 632-7003 for further information to determine when and how to submit the ordinance for approval by the NIGC.

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 IGRA, 25 U.S.C. § 2710(d)(9) and the NIGC's regulations governing management contracts. The Tribe may want to contact the NIGC for information on submitting the ordinance and the management contract for approval by the NIGC.

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

Sincerely,

/s/ Kevin Gover

Assistant Secretary - Indian Affairs

Enclosure

Similar Letter Sent to: Honorable Edward T. Schafer
Governor of North Dakota
Bismarck, North Dakota 58505

cc: Great Plains Regional Director/copy of approved Compact
Supt., Sisseton Agency w/copy of approved Compact
National Indian Gaming Commission w/copy of approved Compact
U.S. Field Solicitor w/copy of approved Compact
North Dakota U.S. Attorney w/copy of approved Compact

AMENDED GAMING COMPACT
BETWEEN THE
SISSETON-WAHPETON SIOUX TRIBE
AND THE
STATE OF NORTH DAKOTA

This Amended Gaming Compact ("Amended Compact") is made and entered into this 29th day of September, 1999, by and between the Sisseton-Wahpeton Sioux Tribe, (hereinafter referred to as the "Tribe") and the State of North Dakota (hereinafter referred to as the "State").

I. RECITALS.

The Tribe is a federally recognized Indian Tribe, organized pursuant to the Constitution and By-Laws of the Sisseton-Wahpeton Sioux Tribe, approved by the Secretary of the Interior on January 25, 1993, as amended thereafter, with its headquarters at Agency Village, South Dakota. Pursuant to Article VI of the Tribal Constitution, the Tribal Council is the governing body of the Tribe with constitutional and federal statutory authority to negotiate with state and local governments.

The State, through constitutional provisions and legislative acts, has authorized games of chance and other gaming activities, and the Congress of the United States, through the Indian Gaming Regulatory Act, Public Law 100-407, 102 Stat. 2426, 25 U.S.C. §2701 et seq. (1988) (hereinafter referred to as the "IGRA"), has authorized the Tribe to operate Class III gaming pursuant to a tribal gaming ordinance approved by the National Indian Gaming Commission and a Compact entered into with the State for that purpose. Pursuant to its inherent sovereign authority and the IGRA, the Tribe intends to continue presenting Class III gaming, and the Tribe and State negotiated a Compact under the provisions of the IGRA to authorize and provide for the operation of such gaming. Said Compact was executed on December 8,1992, by the then serving Tribal Chairman on behalf of the Tribe and the then serving Governor on behalf of the State and became effective when thereafter approved by the United States Secretary of Interior and publicized in the Federal Register. Said Compact provides for Amendment upon agreement by both parties. The parties believe that amendment at this time would be appropriate.

NOW THEREFORE, in consideration of the covenants and agreements of the parties herein below, the Tribe and the State agree as follows:

II. POLICY AND PURPOSE.

The Tribe and the State mutually recognize the positive economic benefits that gaming may provide to the Tribe and to the region of the State adjacent to Tribal lands, and the Tribe and the State recognize the need to insure that the health, safety and welfare of the public and the integrity of the gaming industry of the Tribe and throughout North Dakota be protected. In the spirit of cooperation, the Tribe and the State hereby agree to carry out the terms of the IGRA regarding tribal Class III gaming.

The Tribal Gaming Code and regulations of the Tribal Gaming Commission (hereinafter referred to collectively as "Tribal Law"), this Compact, and the IGRA shall govern all Class III gaming activities, as defined in the IGRA. The purpose of this Compact is to provide the Tribe with the opportunity to license and regulate Class III gaming to benefit the Tribe economically.

III. AUTHORIZED CLASS III GAMING.

3.1 **Kinds of Gaming Authorized.** The Tribe shall have the right to operate upon Tribal trust lands within the exterior boundaries of the Lake Traverse Reservation as established in the Treaty of February 19, 1867, and the lands identified in Section XXXIII below, the following Class III games during the term of this Compact, pursuant to Tribal Law and Federal Law, but subject to limitations set forth within this Compact.

A. Electronic games of chance with video facsimile displays. Machines featuring coin drop and payout, and machines featuring printed tabulations shall both be permitted;

B. Electronic games of chance with mechanical rotating reels whereby the software of the device predetermines the stop positions and the presence or lack thereof, of a winning combination and pay out, if any. Machines featuring coin drop and payout, and machines featuring printed tabulations shall both be permitted;

C. Blackjack; and similar banking card games;

D. Poker; including Pai Gai Poker and Caribbean Stud Poker;

E. Pari-mutuel and simulcast betting pursuant to the separate pari-mutuel horse racing addendum to Gaming Compact between the parties executed on (NOT APPLICABLE), and thereafter approved by the United States Secretary of Interior. This amended compact shall control any inconsistencies between the addendum and this compact;

F. Sports and Calcutta pools on professional sporting events as defined by North Dakota law, except as to bet limits and except that play may be conducted utilizing electronic projections or reproductions of a sports pool board;

G. Sports Book except as prohibited by the Professional and Amateur Sports Protection Act, P.L. 102-559; 28 U.S.C. Chap. 178, Pt. VI;

H. Pull-tabs or break-open tickets when not played at the same location where bingo is being played, subject to the limitations set forth at Section 3.4, below;

I. Raffles;

J. Keno;

K. Punchboards and jars;

L. Paddlewheels;

M. Craps and Indian Dice;

N. All games of chance and/or skill, other than those subject to Section 3.3 of this Compact, authorized to be conducted by any group or individual under any circumstances within the State of North Dakota, rules of play to be negotiated in good faith by the parties hereto;

O. Roulette, and similar games, whether played conventionally or electronically; and

P. Slot Tournaments, whether or not a fee is charged, in which players use designated electronic games of chance machines, whether equipped with video facsimile displays or mechanical rotating reels, that are equipped with special tournament EPROM chips, and are set to not receive coins during tournament play and which do not make printed tabulations during tournament play, in which the player competes against other players for a specified prize or prizes based on accumulated points as determined by the machine. The Tribe shall adequately account for slot tournament revenues.

3.2 **Limits of Wagers.** The Tribe shall have the right to operate and/or conduct authorized Class III gaming with individual bet maximum wagers to be set at the discretion of the Tribe, except that maximum wagers shall not exceed those set forth herein.

A. Wagers on blackjack may not exceed One hundred and no/100 dollars ($100.00) per individual bet. However, the Tribe may designate no more than two (2) tables on which wagers may not exceed Two Hundred Fifty and no/100 ($250.00) dollars per individual bet. Such tables shall be physically segregated, separately identified, and concurrently operative no more than twelve (12) hours per day.

B. Wagers on poker shall not exceed Fifty and no/100 dollars ($50.00) per individual bet per round, with a three raise maximum per round.

C. Bets on paddlewheels, whether individual or multiple, shall not exceed Fifty and no/100 dollars ($50.00) by any individual player per spin of the wheel.

D. Individual bets placed during the play of craps shall not exceed Sixty and no/100 ($60.00) dollars per bet. A player may lay "true odds don't bets" to win no more than monies placed into play by the player during an individual game. Each game shall be attended by at least a two-person team, and normally by a three-person team, and overseen by at least one other non-participant supervisor who may oversee more than one game. Surveillance cameras shall not be considered a member of the three-person team.

E. The aggregate bets placed during the play of Indian dice shall not exceed an amount equal to One hundred and no/100 dollars ($100.00) multiplied by the number of players. Each game shall be attended by at least a two-person team, and normally by a three-person team, and overseen by at least one other non-participant supervisor who may oversee more than one game.

F. Electronic games of chance may not process individual bets in excess of Twenty-five and no/100 ($25.00) dollars per bet. However, play may be conducted upon individual machines which process simultaneously any number of bets, so long as the total of all bets does not exceed Twenty-five and no/100 dollars ($25.00).

G. Bets on Roulette shall not exceed Fifty and no/100 dollars ($50.00) where a player places a single bet per spin of the wheel. Players may, however, place a series of non-duplicate individual bets of no more than Five and no/100 dollars ($5.00) each per spin of the wheel.

3.3 **Availability of Additional Games and Bet Limits Legally Conducted by Other Tribes.** All games and/or increased wager limits which any other Indian Tribe may legally conduct, or utilize, on trust lands located within North Dakota, whether by compact with the State, or through action by the United States Secretary of Interior, or determination of any court maintaining jurisdiction, shall be available for play by Tribe subject to the following: The State may condition play upon the provision by Tribe of consideration similar or equivalent to that provided by another compacting Tribe. Upon identification by Tribe of any such game, and written notice to State, the parties shall within fourteen (14) days commence good faith negotiations as to the inclusion of such additional game or games, consideration by the Tribe, if applicable, rules of play and presentation thereof. Such negotiations shall proceed with deliberate speed and attention.

3.4 **Limits on Conduct of Pull-Tabs.** Pull tabs and/or break-open tickets when conducted as Class III gaming shall be conducted in accordance with standards and limitations then currently established under North Dakota State Law for the conduct of similar games, within the State of North Dakota. This Compact, as to pull-tabs and break-open games only, shall be deemed to be revised simultaneously with any revisions of North Dakota law as to the conduct of pull-tabs or break-open tickets to incorporate within the Compact, as applicable to Tribe, any such revisions.

Further, and in addition to the limitations set forth above, pull-tabs shall be dispensed only by machines that incorporate devices to tabulate machine activity.

The Tribe shall voluntarily comply with the above criteria in its conduct of all pull-tabs and break-open games. Should it not do so, it is agreed by the parties that the Tribe under the terms of this Agreement shall not be authorized to conduct any Class III pull-tabs or break-open ticket sales and shall not do so.

3.5 **No Machine or Table Limit.** There shall be no limit on the number of machines, tables, or other gaming devices which the Tribe may operate pursuant to this Compact, nor shall there be a limit as to number of sites on trust lands upon which gaming may be offered.

3.6 **Technology Advancements.** It is the desire of Tribe and of State to permit games authorized at Section 3.1 above to be conducted at the Tribe's option in a manner incorporating such advancement of technology as may be available. At the request of either party, State and Tribe shall meet to discuss such application.

3.7 **New Games.** At the request of either party, Tribe and State shall meet to discuss introduction of new games and appropriate rules of play along with the appropriateness and/or necessity of the Amendment of this Compact to permit such play.

3.8 **Inflation or Deflation.** At the request of either party, the Tribe and the State shall meet to discuss adjustment of betting limits to address economic inflation or deflation.

IV. TRIBAL LAW.

4.1 **Gaming Code.** The Tribe has adopted a Tribal Code, entitled "Gaming", and shall adopt regulations of the Tribal Gaming Commission pursuant thereto. Such Tribal Law shall be, and shall remain after any amendment thereto, at least as stringent as those specified in the Indian Gaming Regulatory Act and this Compact, and, with the exception of wagering limits and banking card games, those statutes and administrative rules adopted by the State of North Dakota to regulate those games of chance as may be authorized for play within the State of North Dakota, generally. The Tribe shall furnish the State with copies of such Tribal Law, including all amendments thereto.

4.2 **Incorporation.** The Gaming Code of the Tribe, as it may be from time-to-time amended, is incorporated by reference into this Compact.

V. TRIBAL REGULATION OF CLASS III GAMING.

5.1 **Tribal Council to Regulate Gaming.** The Tribal Council of the Tribe ("the Council") shall license, operate and regulate all Class III gaming activities pursuant to Tribal Law, this Compact, and the IGRA, including, but not limited to, the licensing of consultants, primary management officials and key employees of each Class III gaming activity or operation, and the inspection and regulation of all gaming devices. Any discrepancies in any gaming activity or operation and any violation of Tribal Law, this Compact or IGRA shall be corrected immediately by the Tribe pursuant to Tribal Law and this Compact.

5.2 **Tribal Gaming Commission.** The Tribal Gaming Commission, appointed pursuant to the Tribal Law and Order Code (hereinafter referred to as the "Tribal Commission"), shall have primary responsibility for the day-to-day regulation of all tribal gaming activities of operations, pursuant to delegation of authority by the Council, including licensing of all gaming employees.

5.3 **Regulatory Requirements.** The following regulatory requirements shall apply to the conduct of Class III gaming. The Tribe shall maintain as part of its lawfully enacted ordinances, at all times in which it conducts any Class III gaming, requirements at least as stringent as those set forth herein.

A. Odds and Prize Structure. The Tribe shall publish the odds and prize structure of each Class III game, and shall prominently display such throughout every gaming facility maintained by the Tribe.

B. No credit extended. All gaming shall be conducted on a cash basis. Except as herein provided, no person shall be extended credit for gaming by the gaming facility operated within the Reservation, and no operation shall permit any person or organization to offer such credit for a fee. This restriction shall not restrict the right of the Tribe or any other person or entity authorized by the Tribe to offer check cashing or to install or accept bank card, or credit card or automatic teller machine transactions in the same manner as would be normally permitted at any retail business within the State. The Tribe shall adopt check-cashing policies and advise the State of such policies.

C. Age Restrictions.

(i) No person under the age of 21, except for military personnel with military identification, may purchase a ticket, other than a raffle ticket, make a wager, or otherwise participate in any Class III game; provided that this section shall not prohibit a person 21 years old or older from giving a ticket or share to a person under the age of 21 as a gift.

(ii) No person under the age of 21, except employees performing job-related duties, shall be permitted on the premises where any component of Class III gaming is conducted, unless accompanied by a parent, guardian, spouse, grandparent, or great-grandparent over the age of 21, sibling over the age of 21, or other person over the age of 21 with the permission of the minor's parent or guardian; provided that this subsection shall not apply to locations at which sale of tickets is the only component of Class III gaming. This section shall not limit the presence of individuals under the age of 21 within areas of gaming facilities conducting only Class II gaming, or exclusively providing activities other than Class III gaming such as food service, concerts, and gift items.

D. Player Disputes. The Tribe shall provide and publish procedures for impartial resolution of a player dispute concerning the conduct of a game, which shall be made available to customers upon request.

VI. COMPLIANCE.

6.1 **Report of Suspected Violation by Parties.** The parties hereto, shall immediately report any suspected violation of Tribal Law, this Compact, or the IGRA to the Tribal Gaming Commission and to such State official as the State may designate. If the Commission concludes that a violation has occurred, the violation will be addressed by the Commission within five (5) days after receipt of such notice. The Commission shall notify the State promptly as to such resolution.

6.2 **Response to Complaints by Third Parties.** The Tribe shall through its Gaming Commission arrange for reasonable and accessible procedures to address consumer complaints. The Commission shall submit to such State official as the State may designate, a summary of any written Complaint received which addresses a suspected violation of Tribal law, this Compact, or the IGRA, along with specification as to any action or resolution deemed warranted and/or undertaken.

6.3 **Non-Complying Class III Games.** The following are declared to be non-complying Class III Games:

A. All Class III games to which the agents of the State have been denied access for inspection purposes; and

B. All Class III games operated in violation of this Compact.

6.4 **Demand for Remedies for Non-Complying Games of Chance.** Class III games believed to be non-complying shall be so designated, in writing, by the agents of the State. Within five (5) days of receipt of such written designation, the Tribe shall either:

A. Accept the finding of non-compliance, remove the Class III games from play, and take appropriate action to ensure that the manufacturer, distributor, or other responsible party cures the problem; or

B. Contest the finding of non-compliance by so notifying the agents of the State, in writing, and arrange for the inspection of the contested game, by an independent gaming test laboratory as provided within ten (10) days or the receipt of the finding of non-compliance. If the independent laboratory finds that the Class III game or related equipment is non-complying, the non-complying Class III game and related equipment shall be permanently removed from play unless modified to meet the requirements of this Compact.

VII. DESIGNATED USAGE OF FUNDS.

7.1 The Tribal Council of the Tribe has determined that it is in the interest of the Tribe that designated portions of revenue derived from gaming operations be guaranteed for usage within Tribal programs for economic development, other than gaming, and social welfare. In accordance therewith, at least ten (10%) percent of Net Revenues from Class III gaming operations must be directed to, and utilized within, economic development programs of the Tribe. Net Revenues shall be determined pursuant to the definition set forth within Section 4(9) of the Indian Gaming Regulatory Act according to Generally Accepted Accounting Principles (GAAP) as recognized by the American Institute of certified Public Accountants.

7.2 The parties intend that set aside funds as described herein shall be used for the long-term benefit and improvement of the Tribe and its members and be directed towards long-term economic development activities that will produce lasting returns on usage of these funds.

7.3 Economic development funds shall be used consistent with the following criteria:

(i) Purchase of supplies for the Tribes economic development programs.

(ii) Purchase of equipment of fixtures for the economic development programs.

(iii) Purchase, lease, or improvement of real estate for economic development operations or specific economic development projects.

(iv) Capitalization for economic development projects being pursued by the Tribe.

(v) Improvements to, or purchase towards tribal infrastructure (such as roads, buildings, water supply, waste water treatment, and similar efforts.)

(vi) Funds shall not be used for salaries, or day-to-day operations, or for gaming activities, whether of debt service or otherwise.

(vii) Planning and development of tribal businesses and other economic development activities.

(viii) Economic development grants to tribal members.

7.4 Any member of the Tribe may inspect, during normal business hours, how economic development funds under this section have been used by the Tribe and to inspect annual audits. Such information shall be periodically distributed to the representative body of each District.

VIII. LICENSING.

8.1 **Tribal License.** All personnel employed or contractors engaged by the Tribe, and/or by any Management Agent under contract with the Tribe, whose responsibilities include the operation or management of Class III games of chance, shall be licensed by the Tribe.

8.2 **State License.** All personnel employed or contractors engaged by the Tribe and/or by any Management Agent under contract with the Tribe, other and apart from Members of the Tribe, whose responsibilities include the operation or management of Class III games of chance, shall be licensed by the State, should the State maintain applicable licensure requirements.

IX. BACKGROUND INVESTIGATION.

9.1 **Information Gathering.** The Tribe, prior to hiring a prospective employee or engaging a contractor whose responsibilities include the operation or management of Class III gaming activities, shall obtain sufficient information and identification from the applicant to permit the conduct of a background investigation of the applicant.

9.2 **Authorization of Background Investigation.** Any person who applies for a tribal license pursuant to this Compact and Tribal law shall first submit an application to the Tribe which includes a written release by the applicant authorizing the Tribe to conduct a background investigation of the applicant and shall be accompanied by an appropriate fee for such investigation as determined by the Commission pursuant to Tribal law and this Compact.

9.3 **Background Investigation by the Tribe.** Upon receipt of the application and fee, the Commission shall investigate the applicant within thirty (30) days of the receipt of the application or as soon thereafter as is practical. The Commission shall utilize the North Dakota Bureau of Criminal Investigations (BCI) to assist in background investigations, but may utilize any other resource the Tribe determines appropriate.

9.4 **Background Investigations by State Prior to Employment.** The Tribe, prior to placing a prospective employee whose responsibilities include the operation or management of games of chance, shall obtain a release and other information from the applicant to permit the State to conduct a background check on the applicant. This information, along with the standard fee, shall be provided in writing to the state which shall report to the Tribe regarding each applicant within thirty (30) days of receipt of the request or as soon thereafter as is practical. The Tribe may employ any person who represents, in writing, that he or she meets the standards set forth in this section, but must not retain any person who is subsequently revealed to be disqualified. Criminal history data compiled by the State on prospective employees shall, subject to applicable state to federal law, be released to the Tribe as part of the reporting regarding each applicant. The background check of employees and contractors to be conducted pursuant to this paragraph shall be independent of any similar federal requirements.

9.5 **Background Investigations of Employees During Employment.** Each person whose responsibilities include the operation or management of Class III games shall be subject to periodic review by the Gaming Commission comparable to that required for initial employment. This review shall take place at least every two years, commencing with the date of employment. Employees found to have committed disqualifying violations shall be dismissed.

9.6 **State Processing of Tribal Requests.** The State shall process background investigation requests by the Tribe with equal priority as to that afforded requests for background investigations by State Agencies.

9.7 **Investigation Fees.** The applicant shall reimburse the State for any and all reasonable expenses for background investigations required with this Compact.

X. PROHIBITIONS IN HIRING EMPLOYMENT AND CONTRACTING.

10.1 **Prohibitions.** The Tribe may not hire, employ or enter into a contract relating to Class III gaming with any person or entity which includes the provision of services by any person who:

A. Is under the age of 18;

B. Has, within the immediate preceding ten (10) years, been convicted of, entered a plea of guilty or no contest to, or has been released from parole, probation or incarceration, whichever is later in time; any felony, any gambling related offense, any fraud or misrepresentation offense; unless the person has been pardoned or the Tribe has made a determination that the person has been sufficiently rehabilitated.

C. Is determined to have poor moral character or 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 as to the business and financial arrangements incidental to the conduct of gaming. Determinations specified above will be disqualifying as to employment and/or contracting should such, be made by the Tribal Gaming Commission.

10.2 **Dispensing of Alcoholic Beverages.** Tribal employees will comply with State liquor laws with respect to the dispensing of alcoholic beverages.

XI. EMPLOYEES.

11.1 **Procedural Manual.** The Tribe shall publish and maintain a procedural manual for all personnel, which includes disciplinary standards for breach of the procedures.

11.2 **Limitation of Participation in Games by Employees.** The Tribe may not employ or pay any person to participate in any game, (including, but not limited to, any shill or proposition player); except that an employee may participate, as necessary, to conduct a game as a dealer or bank.

XII. MANAGEMENT AGREEMENTS.

12.1 **Option for Tribe.** The Tribe in its discretion may, but in no manner shall be required to enter into a management contract for the operation and management of a Class III gaming activity permitted under this Compact.

12.2 **Receipt of Information by Tribe.** Before approving such contract, the Tribe shall receive and consider the following information:

A. The name, address, and other additional pertinent background information on each person or entity (including individuals comprising such entity) having a direct financial interest in, or management responsibility for, such contract, and, in the case of a corporation, those individuals who serve on the board of directors of such corporation and each of its stockholders who hold (directly or indirectly) five (5%) percent or more of its issued and outstanding stock;

B. A description of any previous experience that each person listed has had with other gaming contracts with Indian Tribes or with the gaming industry generally, including specifically the name and address of any licensing or regulatory agency which has issued the person a license or permit relating to gaming or with which such person has had a contract relating to gaming; and

C. A complete financial statement of each person listed.

12.3 **Provisions of Management Agreement.** The Tribe shall not enter a management contract unless the contract provides, at least, for the following:

A. Adequate accounting procedures that are maintained, and for verifiable financial reports that are prepared, by or for the Tribe on a monthly basis;

B. Access to the daily operations of the gaming activities to appropriate officials of the Tribe, who shall also have a right to verify the daily gross revenues and income made from any such Tribal gaming activity;

C. A minimum guaranteed payment to the Tribe, that has preference over the retirement of development and construction costs;

D. An agreed ceiling for the repayment of development and construction costs;

E. A contract term not to exceed five (5) years, except that the Tribe may approve a contract term that exceeds five (5) years but does not exceed seven (7) years if, the Tribe is satisfied that the capital investment required, and the income projections, for the particular gaming activity require the additional time;

F. A complete, detailed specification of all compensation to the Contractor under the contract;

G. Provisions for an early Tribal buy out of the rights of the Management Agent; and

H. Grounds and mechanisms for terminating such contract.

I. At least ten (10%) percent of net revenues, from Class III gaming operations shall be directed to, and utilized within, economic development programs of the Tribe other than gaming. Net Revenues shall be determined according to Generally Accepted Accounting Principles (GAAP).

12.4 **Fee.** The Tribe may approve a management contract providing for a fee based upon a percentage of the net revenues of a Tribal gaming activity, which shall not exceed thirty (30%) percent, unless the Tribe, determines that the capital investment required, and income projections, for such gaming activity, require an additional fee, which in no event shall exceed forty (40%) percent of net revenues of such gaming activity. A contract providing for a fee based upon a percentage of net revenues shall include a provision describing in detail how net revenues will be determined.

12.5 **Background Check.**

A. Prior to hiring a Management Agent for Tribal Class III games, the Tribal Gaming Commission shall obtain release and other information sufficient from the proposed Management Agent and/or its principals to permit the State to conduct a background check. All information requested will be provided in writing to the State which shall conduct the background check and provide a written report to the Tribe regarding each Manager applicant and/or its principals within thirty (30) days of receipt of the request or as soon thereafter as is practical. The background check to be conducted pursuant to this paragraph shall be in addition to any similar federal requirements.

B. The Tribe shall not employ a Management Agent for the Class III games if the State Gaming Commission determines that the Management Agent applicant and/or its principals are in violation of the standards set forth in Section X of this Compact.

XIII. ACCOUNTING AND AUDIT PROCEDURES.

13.1 **Accounting Standards.** The Tribe shall adopt accounting standards, which meet or exceed those standards established in the IGRA.

13.2 **Systems.** All accounting records must be maintained according to Generally Accepted Accounting Principals (GAAP).

13.3 **Audits.** The Tribe shall conduct or cause to be conducted independent audits of every Class III gaming activity or operation. Audits will be conducted at least annually with copies all annual audits to be furnished to the State by the Tribe at no charge.

XIV. TRIBAL RECORD KEEPING.

14.1 **Record Maintenance.** The Tribe shall maintain the following records related to its gaming operations for at least three (3) years.

A. Revenues, expenses, assets, liabilities and equity for each location at which any component of Class III gaming is conducted;

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

C. Individual and statistical game records to reflect statistical drop, statistical win, the statistical drop by table for each game, and the individual and statistical game records reflecting similar information for all other games;

D. Records of all tribal enforcement activities;

E. All audits prepared by or on behalf of the Tribe;

F. All returned checks which remain uncollected, hold checks or other similar credit instruments; and

G. Personnel information on all Class III gaming employees or agents, including time sheets, employee profiles and background checks.

14.2 **Accounting Records and Audits Concerning Class III Gaming by Tribe.** The Tribe shall provide a copy to the State of any independent audit report upon written request of the State. Any costs incidental to providing copies to the State will be borne by the Tribe.

XV. ACCESS TO RECORDS.

15.1 The Tribe shall permit reasonable access to review by the State of Tribal accounting and audit records associated with gaming conducted under this Compact. The State may copy such documents as it desires subject to the confidentiality provisions set forth herein below. Any costs incidental to such an inspection shall be covered from the Escrow Account for State Expenses established and maintained pursuant to Section XXV of this Compact.

15.2 The Tribe requires that its gaming records be confidential. Any Tribal records or documents submitted to the State, or of which the State has retained copies in the course of its gaming oversight and enforcement, will not be disclosed to any member of the public except as needed in a judicial proceeding to interpret or enforce the terms of this Compact, or except as may be required for law enforcement or tax assessment purposes. Such disclosure, however, shall be conditional upon the recipient making no further disclosure absent authorization by the Tribe or under Court Order. This Compact is provided for by Federal law and therefore supersedes State records law to the contrary.

15.3 The Tribe shall have the right to inspect and copy all State records concerning the Tribe's Class III gaming unless such disclosure would compromise the integrity of an ongoing investigation.

XVI. TAX REPORTING MATTERS.

Whenever required by federal law to issue Internal Revenue Service Form W2G, the Tribe shall also provide a copy of the same to the State. In addition, the Tribe shall comply with employee income withholding requirements for all non-Indian employees and all Indian employees not living on the Reservation, who are not members of the Tribe.

XVII. JURISDICTION, ENFORCEMENT AND APPLICABLE LAW.

17.1 **Criminal Enforcement.** Nothing in this Compact shall deprive the Courts of the Tribe, the United States, or the State of North Dakota of such criminal jurisdiction as each may enjoy under applicable law. Nothing in this Compact shall be interpreted as extending the criminal jurisdiction of the State of North Dakota or the Tribe.

17.2 **Civil Enforcement.** Nothing in this Compact shall deprive the Courts of the Tribe, the United States, or the State of North Dakota of such civil jurisdiction as each may enjoy under applicable law. Nothing in this Compact shall be interpreted as extending the civil jurisdiction of the State of North Dakota or the Tribe.

XVIII. SOVEREIGN IMMUNITY.

18.1 **Tribe.**

A. Nothing in this Compact shall be deemed to be a waiver of the sovereign immunity of the Tribe.

B. Sovereign immunity must be asserted by the Tribe itself and may not be asserted by insurers or agents. The Tribe waives sovereign immunity for personal injury arising out of its gaming activities, but only to the extent of its liability insurance coverage limits.

18.2 **State.** Nothing in this Compact shall be deemed to be a waiver of the sovereign immunity of the State.

XIX. QUALIFICATIONS OF PROVIDERS OF CLASS III GAMING EQUIPMENT OR SUPPLIES.

19.1 **Purchase of Equipment and 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 are purchased, leased or acquired from a manufacturer or distributor licensed by the Tribe to sell, lease, or distribute Class III gaming equipment or supplies, and further unless the gaming manufacturer is licensed to do business in one or more of the following states; Nevada, New Jersey, South Dakota, Colorado, and Mississippi. Should the Tribe wish to purchase equipment on supplies from a business not shown to be licensed to do business in one or more of the above mentioned States, the Tribe may petition the Office of the Attorney General for the State of North Dakota for review and approval of said manufacturer or supplier.

B. Should the State of North Dakota commence a comprehensive program of licensing the sale, lease, and/or distribution of Class III games of chance, gaming equipment, or supplies, no Class III games of chance, gaming equipment or supplies may be purchased, leased or otherwise acquired by the Tribe, after one year subsequent to the date of such enactment, except from a manufacturer or distributor licensed both by the Tribe and the State of North Dakota to sell, lease or distribute Class III gaming equipment or supplies, unless a manufacturer or distributor was licensed to do business in one of the States specified within Section 19.1.A., prior to the date of commencement of such licensing by the State of North Dakota.

19.2 **Required Information.** Prior to entering into any lease or purchase agreement for Class III gaming equipment or supplies, the Tribe's Gaming Commission 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 Tribal Gaming Commission to conduct a background check on those persons.

19.3 **No Business Dealings with Disqualified Parties.** 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 Tribal Gaming Commission or the State determines that the lessor or seller, or any manager or person holding a direct or indirect financial interest in the lessor/seller or the proposed lease/purchase agreement, has been convicted of a felony or any gambling related crime or whose gaming license has been suspended or revoked because of misconduct through administrative action in any other state or jurisdiction, within the previous five (5) years, or who is determined to have participated in or have involvement with organized crime.

19.4 **Receipt of Gaming Equipment.** All sellers, lessors, manufacturers and/or distributors shall provide, assemble and install all Class III games of chance, gaming equipment and supplies in a manner approved and licensed by the Tribe.

XX. REGULATION AND PLAY OF AN ELECTRONIC GAME.

20.1 **Electronic Game - Definition.** "Electronic Game" means a microprocessor-controlled device that allows a player to play games of chance, which the outcome may or may not be affected by the player's skill. A game is activated by inserting a token, coin, currency, or other object, or use of a credit, and which awards credit, cash, tokens, replays, or a written statement of the player's accumulated credits and that is redeemable for cash.

20.2 **Display.** Game play may be displayed by video facsimile, or mechanical rotating reels that stop in positions that display the presence, or lack of, a winning combination and pay out and which are predetermined by the software of the game.

20.3 Testing.

A. Designation of a Gaming Test Laboratory. A Tribe may not operate an electronic game, including a bill acceptor, unless the game (or prototype) and bill acceptor have been tested and approved or certified by a gaming test laboratory as meeting the requirements and standards of this Compact. A gaming test laboratory is a laboratory agreed to and designated in writing by the State and Tribe as competent and qualified to conduct scientific tests and evaluations of electronic games and related equipment. A laboratory operated by or under contract with any State of the United States to test electronic games may be designated.

B. Providing Documentation and Model of an Electronic Game (or Prototype). As requested by a gaming test laboratory, a manufacturer shall provide the laboratory with a copy of an electronic game's (or prototype's) illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base-16 format), and any other information. As requested by the laboratory, the manufacturer shall transport one or more working models of the electronic game (or prototype) and related equipment to a location designated by the laboratory. The manufacturer shall pay for all costs of transporting, testing, and analyzing the model. As requested by the laboratory, the manufacturer shall provide specialized equipment or the services of an independent technical expert to assist the laboratory.

C. Report of Test Results. At the end of each test, the gaming test laboratory shall provide the State and Tribe a report containing the findings, conclusions, and a determination that the electronic game (or prototype) and related equipment conforms or does not conform to the hardware and software requirements of this Compact. If the electronic game (or prototype) or related equipment can be modified so it can conform, the report may contain recommended modifications. If the laboratory determines that an electronic game (or prototype) conforms, that determination will apply for all Tribes under this Compact.

D. Modification of an Approved Electronic Game. A Tribe may not modify the assembly or operational functions of an electronic game or related equipment, including logic control components, after testing and installation, unless a gaming test laboratory certifies to the State and Tribe that the modification conforms to the requirements and standards of this Compact.

E. Conformity to Technical Standards. A manufacturer or distributor shall certify, in writing, to the State and Tribe that, upon installation, each electronic game (or prototype): 1) conforms to the exact specifications of the electronic game (or prototype) tested and approved by the gaming test laboratory; and 2) operates and plays according to the technical standards prescribed in this section.

F. Identification. A non-removable plate(s) must be affixed to the outside of each electronic game. The plate must contain the machine's serial number, manufacturer, and a unique identification number assigned by the Tribe and date this number was assigned.

20.4 Tribal Reports to the State.

A. Installation of Electronic Game. At least forty-eight (48) hours before installing an electronic game at a gaming site, the Tribe shall report this information to the State for each game:

(i) Type of game;

(ii) Serial number;

(iii) Manufacturer;

(iv) Source from whom the game was acquired, how the game was transported into the State, and name and street address of the common carrier or person that transported the game;

(v) Certification;

(vi) Unique identification number and date assigned by the Tribe;

(vii) Logic control component identification number;

(viii) Gaming site where the game will be placed; and

(ix) Date of installation.

B. Removal of Electronic Game. Upon removal of an electronic game from a gaming site, the Tribe shall provide the State, in writing:

(i) Information for items i, ii, and iii of subsection A;

(ii) Date on which it was removed;

(iii) Destination of the game; and

(iv) Name of the person to whom the game is to be transferred, including the person's street address, business and home telephone numbers, how the game is to be transported, and name and street address of the common carrier or person transporting the game.

20.5 Hardware Requirements.

A. Physical Hazard. Electrical and mechanical parts and design principles may not subject a player to physical hazards.

B. Surge Protector. A surge protector must be installed on the line that feeds electrical current to the electronic game.

C. Battery Backup. A battery backup or an equivalent must be installed on an electronic game for the game's electronic meters. It must be capable of maintaining the accuracy of all information required by this Compact for one hundred eighty (180) days after electrical current is discontinued. The backup device must be kept within the locked microprocessor compartment.

D. On/Off Switch. An on/off switch that controls the electrical current of an electronic game and any associated equipment must be located in a readily accessible place inside the machine.

E. Static Discharge. The operation of an electronic game should be protected from static discharge or other electromagnetic interference.

F. Management Information System.

(i) The electronic game must be interconnected to a central on-line computer management information system, approved by the gaming test laboratory, that records and maintains essential information on machine play. This information must be retained for thirty (30) days. The State may inspect such records.

(ii) An electronic game using a coin drop hopper is allowed, provided it is monitored by an on-line management information system, which has been approved by the gaming test laboratory. However, should the Tribe maintain individual or clusters of machines apart from a major casino location, all coin hoppers must be monitored by a computer. Data from the machines must be downloaded to the central on-line management information system daily. The system must generate, by machine, analytical reports of coins and currency in, coins out, actual hold and actual to theoretical hold percentages, and error conditions. The term "error conditions" includes any exterior or interior cabinet door openings, coin-in tilts, and hopper tilts. A Tribe shall prepare system reports at least on a monthly basis and retain the reports for at least three years. The State may inspect such records.

(iii) The Tribe shall maintain accurate and complete records of the identification number of each logic control component installed in each electronic game. The State may inspect such records.

G. Cabinet Security. The cabinet or interior area of an electronic game must be locked and not readily accessible.

H. Repairs and Service. An authorized agent or employee of the Tribe may open a cabinet to repair or service the game, but may do it only in the presence of another Tribal agent or employee, or when the access is recorded by a video surveillance system.

I. Microprocessor Compartment. Logic Boards and other logic control components must be located in a separate microprocessor compartment within the electronic game. This compartment must be sealed and locked with a key or combination different than the key or combination used for the main cabinet door and cash compartment. The microprocessor compartment may be opened only in the presence of a tribal official or security officer appointed by the Tribe. The key to the microprocessor compartment must be kept by the Tribe in a secure place. "Logic control components" means all types of program storage media used to maintain the executable program that causes the game to operate. Such devices include hard disk drives, PCMIA cards, EPROMs, EEPROMs, CD-ROMs and similar storage media.

(i) The storage media must be disabled from being able to be written to by a physical or hardware write disable feature when it is in the machine. It must be impossible to write any contents to the storage media at any time, from an internal or external source.

(ii) Sealing tape, or its equivalent, must be placed over areas that are access sensitive. The security tape must be numbered, physically secured, and available to only authorized personnel of the Tribe.

(iii) Logic control components must be able to be inspected in the field. The components must be able to be verified for authenticity by using signatures, hash codes, or other secure algorithm, and must be able to be compared on a bit for bit basis.

(iv) The supplier of an electronic game shall provide the State and Tribe with necessary field test equipment at no charge for carrying out tests required in (iii) above. Also, if requested by the State or Tribe, the supplier shall provide training on how to use the equipment.

J. Cash Compartment. The coin and currency compartment must be locked separately from the main cabinet area, and secured with a key or combination different than the key or combination used for the main cabinet door. However, a separate cash compartment is not required for coins that are necessary to pay prizes through a drop hopper. The keys must be kept in a secure location. Except as provided in this section, the compartment into which coins and bills are inserted must be locked. An employee or official of the Tribe may open the cash compartment to collect the cash and shall record the amount collected.

K. Hardware Switches. No hardware switch may be installed on an electronic game or associated equipment that may alter the game's pay table or payout percentage. Any other hardware switch must be approved by the State and Tribe.

L. Printing of Written Statement of Credits. For an electronic game that awards credits or replays, but not coins or tokens, a player, on completing play may prompt the game to print a written statement of credits. The game's interior printer must retain an exact, legible copy of the statement produced within the game.

M. Network. A Tribe may operate an electronic game as part of a network of games with an aggregate prize; provided:

(i) An electronic game capable of bi-directional communication with external associated equipment must use communication protocol, which ensures that erroneous data will not adversely affect the operation of the game. The local network must be approved a gaming test laboratory; and

(ii) If the network links the Tribe's progressive electronic games to another Tribe's progressive games that are located on the other Tribe's Indian reservation, each participating Tribe must have a Class III gaming compact that authorizes the Tribe's gaming to be operated as part of a multi-location network. All segments of the network must use security standards agreed to between the State and Tribe and which are as restrictive as those used by the Tribe for its on-line games.

20.6 Software Requirements.

A. Randomness Testing. Each electronic game must have a true random number generator that will determine the occurrence of a specific card, symbol, number, or stop position to be displayed on a video screen or by mechanical rotating reels. An occurrence will be considered random if it meets all requirements:

(i) Chi-Square Analysis. Each card, symbol, number, or stop position, which is wholly or partially determinative, satisfies the 99 percent confidence limit using the standard chi-square analysis.

(ii) Runs Test. Each card, symbol, number, or stop position does not, as a significant statistic, produce predictable patterns of game elements or occurrences. Each card, symbol, number, or stop position will be considered random if it meets the 99 percent confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.

(iii) Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without regard to any other card, symbol, number or stop position, drawn within that game play. Each pair of card, symbol, number, or stop position is considered random if they meet the 99 percent confidence level using standard correlation analysis.

(iv) Serial Correlation Analysis. Each card, symbol, number, or stop position is independently chosen without reference to the same card, number, or stop position in the previous game. Each card, number, or stop position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

(v) Live Game Correlation. An electronic game that represents a live game must fairly and accurately depict the play of the live game.

B. Software Requirements for Percentage Payout. Each electronic game must meet the following maximum and minimum theoretical percentage payouts. However, these percentages are not applicable to slot tournaments conducted pursuant to Section 3.1(d):

(i) Electronic games that are not affected by player skill must pay out a minimum of eighty (80%) percent and no more than one hundred percent of the amount wagered. The theoretical payout percentage will be determined using standard methods of probability theory; and

(ii) Electronic games that are affected by player skill, such as draw poker and twenty-one, must pay out a minimum of eighty-three (83%) percent and no more than one hundred (100%) percent of the amount wagered. This standard is met when using a method of play that will provide the greatest return to the player over a period of continuous play. These percentages shall not be applicable to slot tournaments conducted pursuant to Section 3.1(d).

C. Minimum Probability Standard for Maximum Payout. Each electronic game must have a probability of obtaining the maximum payout, which is greater than 1 in 17,000,000 for each play.

D. Software Requirements for Continuation of Game After Malfunction. Each electronic game must be capable of continuing the current game with all the current game's features after a game malfunction is cleared. This provision does not apply if a game is rendered totally inoperable; however, the current wager and all player credits before the malfunction must be returned to the player.

E. Software Requirements for Play Transaction Records. Each electronic game must maintain an electronic, electro-mechanical, or computer system, approved by a gaming test laboratory, to generate external reports. The system must record and maintain essential information associated with machine play. This information must be retained for at least thirty days, regardless of whether the machine has electrical power.

F. No Automatic Clearing of Accounting Meters. No electronic game may have a mechanism by which an error will cause the electronic accounting meters to automatically clear.

G. Display of Information. The information displayed must be kept under glass or other transparent material. No sticker or other removable item may be placed on the machine face or cover game information.

H. Display of Rules. The machine must display: 1) the rules of the game before each game is played; 2) the maximum and minimum wagers, amount of credits which may be won for each winning hand or combination of numbers or symbols; and 3) the credits the player has accumulated. However, for an electronic game with a mechanical display, this information must be permanently affixed on the game in a conspicuous location.

XXI. AMENDMENTS TO REGULATORY AND TECHNICAL STANDARDS FOR ELECTRONIC GAMES OF CHANCE.

The State and the Tribe acknowledge the likelihood that technological advances or other changes will occur during the duration of this Compact that may make it necessary or desirable that the regulatory and technical standards set forth in Sections 20.5 and 20.6 for electronic games of chance be modified to take advantage of such advances or other changes in order to maintain or improve game security and integrity. Therefore any of the regulatory or technical standards set forth in Sections 20.5 and 20.6 may be modified for the purposes of maintaining or improving game security and integrity by mutual agreement of the North Dakota Attorney General and the Tribal Council or its Chairperson, upon the written recommendation and explanation of the need for such change made by either party.

XXII. REGULATION AND PLAY OF TABLE GAMES.

22.1 **Gaming Table Bank.** The Tribe shall maintain at each table a gaming table bank, which shall be used exclusively for the making of change or handling player buy-ins.

22.2 **Drop Box.** The Tribe shall maintain at each table a game drop box, which shall be used exclusively for rake-offs or other compensation received by the Tribe for maintaining the game. A separate game drop box shall be used for each shift.

22.3 **Gaming Room Bank.** The Tribe shall maintain, at each location at which table games are placed, a gaming room bank, which shall be used exclusively for the maintenance of gaming table banks and the purchase and redemption of chips by players.

22.4 **Rules to be Posted.** The rules of each game shall be posted and be clearly legible from each table and must designate:

A. The maximum rake-off percentage, time buy-in or other fee charged.

B. The number of raises allowed.

C. The monetary limit of each raise.

D. The amount of the ante.

E. Other rules as may be necessary.

XXIII. MINIMUM INTERNAL CONTROL STANDARDS

Tribe shall abide with such Minimum Internal Control Standards as are adopted, published, and finalized by the National Indian Gaming Commission and as may be in current effect.

XXIV. INSPECTION.

24.1 **Periodic Inspection and Testing.** Tribal officials, agents or employees shall be authorized to periodically inspect and test any tribally licensed electronic games of chance. Any such inspection and testing shall be carried out in a manner and at a time, which will cause minimal disruption of gaming activities. The Tribal Gaming Commission shall be notified immediately of all such inspection and testing and the results thereof.

24.2 **Receipt of Reports of Non-compliance.** The Tribe shall provide for the receipt of information by the State as to machines believed to not be in compliance with this Compact or not to be in proper repair. Upon its receipt of such information the Tribe shall reasonably inspect or arrange for the inspection of any identified machine and shall thereafter undertake and complete, or commission the undertaking and completion of such corrective action as may be appropriate.

24.3 **State Inspection of Operations.** Agents of the State of North Dakota, or their designated representatives, shall upon the presentation of appropriate identification, have the right to gain access, without notice during normal hours of operation, to all premises used for the operation of games of chance, or the storage of games of chance or equipment related thereto, and may inspect all premises, equipment, daily records, documents, or items related to the operation of games of chance in order to verify compliance with the provisions of this Compact. Agents of the State making inspection shall be granted access to non-public areas for observations upon request. The Tribe reserves the right to accompany State inspectors within non-public areas. The Tribe shall cooperate as to such inspections. Inspections will be conducted, to the extent practicable, to avoid interrupting normal operations. Any costs associated with such inspection will be covered from the Escrow Account for State Expenses established and maintained pursuant to Section XXV of this Compact.

24.4 **Inspection of Electronic Games of Chance.** The State may cause any electronic game of chance in play by the Tribe to be inspected by a Qualified Gaming Test Laboratory or examiner. Inspections shall be conducted, to the extent practicable, to avoid interrupting normal operations. Any costs associated with inspection shall be covered from the Escrow Account for State Expenses established and maintained pursuant to Section XXV of this Compact. The Tribe shall cooperate in such inspection. Upon completion of such testing, test results must be provided to both the State and the Tribe.

24.5 **Removal and Correction.** Any machine confirmed to be in non-compliance with this Compact shall be removed from play by the Tribe and brought into compliance before reintroduction.

XXV. ESCROW ACCOUNT FOR STATE EXPENSES.

25.1 **Escrow Fund.** The Tribe shall establish an escrow fund at a bank of their choosing with an initial contribution of Fifteen Thousand and no/100 ($15,000.00) dollars to reimburse the State for the expenses specifically names for reimbursement in this Compact and for participation in legal costs and fees incurred in defending, with the concurrence of the Tribe, third party challenges to this Compact. The Tribe shall replenish the said escrow account as necessary and agree that the balance in the said escrow account will not drop below the sum of seven thousand five hundred and no/100 ($7,500.00) dollars.

25.2 **Procedure.** The payments referenced above shall be made to an escrow account from which the State may draw as hereinafter provided. The State shall bill the Tribe the reasonable, necessary, and actual costs related to obligations undertaken under this Compact. Unless unreasonable or unnecessary, the costs for such services shall be that established by state law. The State shall send invoices to the Tribe for these services and shall thereafter be permitted to withdraw the billed amounts from the escrow account under the circumstances provided in this section. The Tribe shall be advised in writing by the State of all withdrawals from the Escrow Account and as to the purpose of such withdrawal.

25.3 **Tribal Challenge.** Should the Tribe believe that any expenses for which the State has billed the Tribe under this section, or actions which the State proposes to undertake and charge the Tribe for, are unnecessary, unreasonable or beyond the scope authorized by this Compact, the Tribe may invoke any of the Dispute Resolution procedures specified in Section XXVII below. In such event, the provisions set forth above shall remain in full force and effect pending resolution of the complaint of the Tribe. Should, however, it be determined that any expense charged against the Tribe is not necessary, not reasonable and/or is not within the scope of this Compact, the State shall reimburse the Tribe any monies withdrawn from escrow to meet such expense.

25.4 **Termination of Escrow.** Any monies that remain on deposit at the time this Compact, including all extensions thereof, concludes, shall be reimbursed to the Tribe.

XXVI. IGRA REMEDIES PRESERVED.

Nothing in this Compact shall be construed to limit the rights or remedies available to the parties hereto under the IGRA.

XXVII. WORKER'S COMPENSATION AND UNEMPLOYMENT INSURANCE

27.1 **Unemployment Insurance.** In order to provide protection to the employees of the Tribe from unemployment, the Tribe and the State agree that all employees engaged in gaming activities as provided herein, whose coverage would be mandated under North Dakota law in the case of a non-Tribal employer, shall be covered by the North Dakota Unemployment Insurance Fund, and to that extent, the Tribe agrees as an employer to participate in those funds as provided herein. The Tribe will pay premiums for such employees to the Fund as any other employer in the State of North Dakota. The Tribe and its employees that are employed in gaming activities shall have all rights and remedies as any employer or employee covered by the Fund. To that end, the Tribe and the State agree that any dispute with respect to the aforementioned funds, the coverage and benefits provided thereby, and premiums assessed and collected, shall be in the Courts of the State of North Dakota, and for that limited purpose, the Tribe and the State, each respectively, make a limited waiver of sovereign immunity.

27.2 **Worker's Compensation.** In order to provide protection to the employees of the Tribe from injury, the Tribe and the State agree that all employees engaged in gaming activities, as provided herein, whose coverage would be mandated under North Dakota law in the case of a non-Tribal employer, shall be covered by worker's compensation insurance comparable to that provided under North Dakota state law to employees covered thereby. Tribe may elect to obtain coverage from the North Dakota Worker's Compensation Bureau or from one or more private insurers certified to provide insurance coverage for any purpose within the State of North Dakota.

Should Tribe elect to obtain coverage from the North Dakota Worker's Compensation Bureau, the Tribe will pay premiums for such employees to the Bureau as any other employer in the State of North Dakota, with the Tribe and its employees that are employed in gaming activities having all rights and remedies as any employer covered under North Dakota state law. To that end, the Tribe and the State agree that any dispute with respect to the coverage and benefits provided under North Dakota state law and premiums assessed and collected by the North Dakota Worker's Compensation Bureau shall be in the courts of the State of North Dakota, and for that limited purpose, the Tribe and the State, each respectively, make a limited waiver of sovereign immunity.

XXVIII. DISPUTE RESOLUTION.

28.1 If either party believes that the other party has failed to comply with any requirement of this Compact, it shall invoke the following procedure:

A. The party asserting the non-compliance shall serve written notice on the other party. The notice shall identify the specific statutory, regulatory or Compact provision alleged to have been violated and shall specify the factual basis for the alleged non-compliance. The State and Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

B. If the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of the notice set forth, either party may pursue any remedy which is otherwise available to that party to enforce or resolve disputes concerning the provisions of this Compact, including:

(i) Arbitration pursuant to the specifications set forth in this section.

(ii) Commencement of an action in the United States District Court for the District of North Dakota.

(iii) Any remedy which is otherwise available to that party to enforce or resolve disputes concerning the provisions of this Compact.

28.2 In the event an allegation by the State asserting that a particular gaming activity by the Tribe is not in compliance with this Compact, where such allegation is not resolved to the satisfaction of the State within ninety (90) days after service of notice, the State may serve upon the Tribe a notice to cease conduct of such gaming. Upon receipt of such notice, the Tribe may elect to stop the gaming activity specified in the notice or invoke one or more of the additional dispute resolution procedures set forth above and continue gaming pending final determination.

28.3 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 above, the Tribe may invoke arbitration as specified above.

28.4 Any arbitration under this authority shall be conducted under the rules of the American Arbitration Association, except that the arbitrators 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.

28.5 Either party may initiate action in United States District Court to enforce an arbitration determination, or to pursue such relief as may be unavailable through arbitration.

XXIX. COOPERATION BY PARTIES

29.1 **Gambling Addiction Programs.** The parties hereto wish to proclaim their joint support of effective programs to address gambling addiction. Past donations in support of such efforts by Tribe are acknowledged. Tribe intends to continue such voluntary donations. State shall extend efforts to facilitate similar support from other gaming interests within North Dakota. The parties shall continue their joint efforts to most effectively support gambling addiction treatment, education and prevention programs, including completion of a study of gaming addiction in the State of North Dakota, to be completed by the start of the 2001 Legislative session.

29.2 **Government-to-Government Issues.** The parties acknowledge that there exist many Government-to-Government issues of concern between them and pledge to cooperate with each other in addressing such issues.

29.3 **Local Jurisdictions.** Tribe and Local Jurisdictions shall in good faith negotiate relative to the provision by the local jurisdiction of such services to the Tribe as may be requested by the Tribe, and as to a reasonable contribution from the Tribe for such services. Tribe and Local Jurisdictions shall in good faith negotiate as to a reasonable contribution from the Tribe for services by local jurisdictions necessitated by the presence of a Tribal casino.

XXX. CONSULTATION.

Tribe and State shall in good faith periodically inform each other of issues associated with the implementation of this Compact and at the request of either party shall meet and discuss matters of concern. A status review meeting shall be had at least bi-annually in even numbered years between Tribe, other compacting Tribes within the state of North Dakota and state officials, including, but not limited to representatives of the Governor, Attorney General and legislative leaders. The State and the Tribe are concerned about the long term impact to the people of North Dakota (tribal and non-tribal alike) and are committed to implementing this Compact, making every effort during the term thereof, to provide economic opportunities and deal appropriately with any consequences resulting from gambling.

XXXI. EFFECTIVE DATE.

This Amended Compact shall become effective, and shall supersede the terms of the parties initial Gaming Compact, upon execution by the Chairperson of the Tribe and the Governor of the State, approval by the Secretary of the Interior, and publication of such approval in the Federal Register pursuant to the IGRA.

XXXII. DURATION.

32.1 **Term.** This Compact shall be in effect, following its effective date, for a term consisting of the remaining period of the initial Class III Gaming Compact between Tribe and State (without any extensions) and thereafter for a period of ten (10) years.

32.2 **Initial Renewal.** This Compact shall, without action by either party, be extended for an additional five (5) year period beyond the term specified at Section 32.1 above, unless during the remaining period of the initial Class III Gaming Compact between Tribe and State or during a subsequent period of seven (7) years thereafter, either party, believes that the other has not been in substantial good faith compliance with the terms of this Compact and gives notice of non-compliance within the term herein specified. Such notice must be given in writing at least thirty (30) days prior to the conclusion of the above identified period ("Notice Date"). The Notice must be accompanied with specifications designating the manners the party is believed to have not been in good faith compliance. Failure by a party to give notice by the Notice Date as to activity by the other it views disfavor does not eliminate the ability of such party to arbitrate its concerns under Article XXVIII.

If an arbitration panel, upon consideration of conduct occurring between the Notice Date and the end of the term specified at Section 32.1, determines that the Tribe has been in substantial non-compliance, the Governor within thirty (30) days of the determination may vacate the five (5) year extension provided therein. The parties may thereafter negotiate for a Successor Compact.

32.3 **Automatic Extension.** The duration of this Compact shall thereafter be automatically extended for terms of five (5) years upon written notice of renewal by either party on the other party during the final year of the original term of this Compact, inclusive of the initial renewal as specified applying both Section 32.1 and Section 32.2 or any extension thereof, unless the Tribe or the Governor serves written notice of non-renewal within thirty (30) days thereafter, or unless the North Dakota Legislature directs notice of non-renewal, by Bill or Resolution, passed with two-third (2/3) majority in each house during the legislative session immediately prior to the expiration of the Compact.

32.4 **Operation.** The Tribe may operate Class III gaming only while this Compact, including any amendment or restatement thereof is in effect.

32.5 **Successor Compact.** In the event that written notice of non-renewal of this Compact is given by one of the parties above, the Tribe may, pursuant to the procedures of the Indian Gaming Regulatory Act, request the State to enter into negotiations for a successor compact governing the conduct of Class III gaming activities to become effective following the expiration of this Compact. Thereafter the State shall negotiate with the Tribe in good faith concerning the terms of a successor compact (see § 11(d)(3)(A) of the Act).

32.6 **Interim Operation.** If a Successor Compact is not concluded by the expiration date of this Compact, or any extension thereof, and should either party request negotiation of a successor compact, then this Compact shall remain in effect until the procedures set forth in Section 11(d)(7) of the Act are exhausted, including resolution of any appeal.

32.7 **Cessation of Class III Gaming.** In the event written notice of non-renewal is given by either party as set forth in this section, the Tribe shall cease all Class III gaming under this Compact upon the expiration date of this Compact, or upon the date the procedures specified above associated with a successor compact are concluded and a successor compact, if any, is in effect.

32.8 **Pari-Mutuel Horse Racing Addendum.** The duration specified above shall also be applicable to the pari-mutuel horse racing addendum to the Gaming Compact between Tribe and State pursuant to Section XVI of said Pari-mutuel Horse Racing Addendum that provides that the term of said Addendum shall be simultaneous with that of the Compact.

XXXIII. GEOGRAPHIC SCOPE OF COMPACT.

This compact shall only govern the conduct of Class III games by the Tribe on Tribal trust lands within the Lake Traverse Reservation as established in the Treaty of February 19, 1867, all in compliance with Section 2719 of the Indian Gaming Regulatory Act. The execution of this Compact shall not in any manner be deemed to have waived the rights of the State pursuant to that section.

XXXIV. AMENDMENT.

The State or the Tribe may at any time and upon proper notification request amendment or negotiations for the amendment of this Compact. Both parties shall negotiate any requested amendment in good faith and reach a determination thereupon within ninety (90) days. Amendments to this Compact shall not become applicable until agreed to by both parties and, if necessary, approved by the United States Secretary of Interior.

XXXV. NOTICES.

Unless a party advises otherwise in writing, 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:

Chairman, Tribal Council
Sisseton-Wahpeton Sioux Tribe
PO Box 509
Agency Village, SD 57262

Notice to the State shall be sent to:

Governor, State of North Dakota
Office of the Governor
600 East Boulevard Avenue
Bismarck, ND 58505

Attorney General, State of North Dakota
Office of the Attorney General
600 East Boulevard Avenue
Bismarck, ND 58505

Each 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.

XXXVI. 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.

XXXVII. NO ASSIGNMENT.

Neither the State nor the Tribe may assign any of its respective right, title, or interest in this Compact, nor may either delegate any of its respective obligations and duties except as expressly provided herein. Any attempted assignment or delegation in contravention of the foregoing shall be void.

XXXVIII. SEVERABILITY.

Each provision, section, and subsection of this Compact shall stand separate and independent of every other provision, section, or subsection. In the event that a court of competent jurisdiction shall find any provision, section, or subsection of this Compact to be invalid, the remaining provisions, sections and subsections of the Compact shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Compact to be executed as of the day and year first above written.

STATE OF NORTH DAKOTA

By: Edward T. Schafer
Governor

Dated this 29th day of September, 1999

SISSETON-WAHPETON SIOUX TRIBE

By: Andrew J. Grey, Sr.
Chairman

Dated this 29th day of September, 1999

DEPARTMENT OF THE INTERIOR

BY: _____
Kevin Gover
Assistant Secretary - Indian Affairs

DATED: NOV 1 1999, 1999