



JUN 21 2004

Mr. Terry L. Pechota
Pechota Leach
1617 Sheridan Lake Road
Rapid City, SD 57702-3483

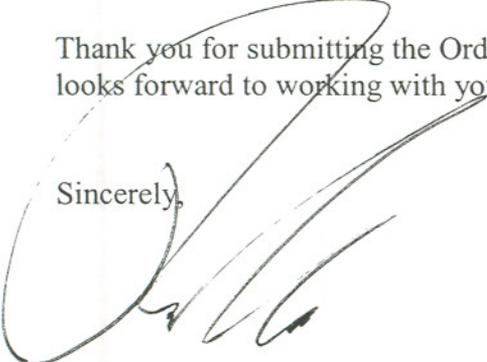
Re: Flandreau Santee Sioux Tribe's Pari-Mutuel Betting Ordinance submitted
March 25, 2004

Dear Mr. Pechota:

This letter is in response to your request for the National Indian Gaming Commission (NIGC) to review and approve the Flandreau Santee Sioux Tribe's Pari-Mutuel Betting Ordinance submitted March 25, 2004. The Ordinance was received in this office on March 26, 2004. The Tribe adopted the Code by Resolution No. 04-24 on March 18, 2004, with a revision, Resolution No. 04-37, adopted on April 29, 2004. This letter constitutes approval of your submission under the Indian Gaming Regulatory Act (IGRA). It is important to note that the Gaming Code is approved for gaming only on Indian lands, as defined in the IGRA, over which the Tribe has jurisdiction.

Thank you for submitting the Ordinance for review and approval. The NIGC staff looks forward to working with you and the Tribe on future gaming issues.

Sincerely,



Philip N. Hogen
Chairman

Flandreau Santee Sioux Tribe

P.O. Box 283 Flandreau, SD 57028

Ph. 605-997-3891

Fax 605-997-3878

RESOLUTION NO. 04-24

WHEREAS, the Flandreau Santee Sioux Tribe is a federally recognized Indian tribe organized pursuant to the Indian Reorganization Act with a Constitution and By-laws approved by the Secretary of the Interior and Commissioner of Indian Affairs on April 24, 1936, and amended February 7, 1941, and further amended November 16, 1967, and further amended November 14, 1984, and further amended May 23, 1990, and further amended May 12, 1997, and

WHEREAS, Article III, Section 1 of said amended Constitution and By-laws provides that the governing body of the Tribe shall be the Executive Committee, and

WHEREAS, pursuant to Article VIII, Section 1 (f) of said amended Constitution and By-laws, the Executive Committee has authority to promulgate ordinances, and

WHEREAS, pursuant to said powers, the Executive Committee has determined that it would be in the best interests of the Flandreau Santee Sioux Tribe and its Royal River Casino to authorize pari-mutual betting at its Royal River Casino, and

WHEREAS, under the terms of the Indian Gaming Regulatory Act, the Tribe's Class III gaming ordinances are subject to approval of the National Indian Gaming Commission.

NOW THEREFORE BE IT RESOLVED, that the Executive Committee hereby adopts the attached Flandreau Santee Sioux Tribe Ordinance on Pari-mutual Betting and the attached Flandreau Santee Sioux Pari-mutual Betting Gaming Regulations, and

BE IT FURTHER RESOLVED, that the Flandreau Santee Sioux Tribe shall have the sole proprietary interest and responsibility for the conduct of any operation, but this shall not be construed to prohibit the Tribe from entering into a Management Agreement, and

RESOLUTION NO. 04-24

PAGE: 2

BE IT FURTHER RESOLVED, the attached Ordinance and Gaming Regulations shall be incorporated into the Flandreau Santee Sioux Tribe Law and Order Code and authority is given to the compiler of the laws to renumber, reclassify, or to cite the Ordinance and Regulations as necessary to incorporate the same into the Law and Order Code, and

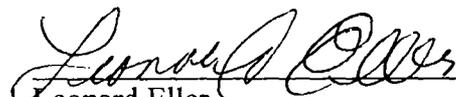
BE IT FURTHER RESOLVED, that Leonard Eller, Tribal President, is hereby designated as agent for service of any official determination, order, or notice of violation as required by 25 CFR 519.1, and

BE IT FURTHER RESOLVED, that the attached Ordinance and Regulations be submitted to the National Indian Gaming Commission for review and approval and shall become effective upon receipt of such approval.

CERTIFICATION

The foregoing Resolution was duly enacted and adopted on this 18 day of March 2004 by the Executive Committee at which a quorum was present by a vote of 3 for, 0 against, and 1 not voting.


Charlene Bell Kokesh
Tribal Secretary


Leonard Eller
Tribal President



Flandreau Santee Sioux Tribe

P.O. Box 283 Flandreau, SD 57028

Ph. 605-997-3891

Fax 605-997-3878

RESOLUTION NO. 04-37

WHEREAS, the Flandreau Santee Sioux Tribe is a federally recognized Indian Tribe organized pursuant to the Indian Reorganization Act with a Constitution and By-laws approved by the Secretary of the Interior and Commissioner of Indian Affairs on April 24, 1936, and amended February 7, 1941, and further amended November 16, 1967 and further amended November 14, 1984, and further amended May 23, 1990, and further amended May 12, 1997, and

WHEREAS, Article III, Section 1 of said amended Constitution and By-laws provided that the governing body of the Tribe shall be the Executive Committee, and

WHEREAS, pursuant to Article VIII, Section 1 (f) of said amended Constitution and By-laws, the Executive Committee has authority to promulgate ordinances, and

WHEREAS, pursuant to said powers, the Executive Committee has determined that it would be in the best interests of the Flandreau Santee Sioux Tribe and its Royal River Casino to authorize pari-mutuel betting at its Royal River Casino, and

WHEREAS, under the terms of the Indian Gaming Regulatory Act, the Tribe's Class III gaming ordinances are subject to approval of the National Indian Gaming Commission; and

WHEREAS, Resolution No. 04-24 was passed on March 18, 2004, approving a pari-mutuel betting ordinance to be approved by the National Indian Gaming Commission; and

WHEREAS, Resolution No. 04-24 and the pari-mutuel ordinance that it approved referred at Page 2, Section 2, Preliminary Statement, to an existing Ordinance 99-24 that had been disapproved by the National Indian Gaming Commission; and

WHEREAS, Page 2, Section 2 of the pari-mutuel betting ordinance needs to be amended and approved by the National Indian Gaming Commission; and

NOW, THEREFORE, BE IT RESOLVED, that the Executive Committee hereby reiterates and affirms Resolution No. 04-24 but with the exception that Page 2, Section 2, first paragraph of the ordinance on pari-mutuel betting should be amended to read as follows:

- 2. Preliminary Statement. This Ordinance provides for and authorizes pari-mutuel betting on the Flandreau Santee Sioux Indian Reservation. The provisions of the existing gaming Ordinance, 94-02, of the Flandreau Santee Sioux Tribe pertaining to Class III gaming as amended by Resolution 99-67 on June 14, 1999 are incorporated herein and are deemed to apply to pari-mutuel betting including the following:

BE IT FURTHER RESOLVED, that the Flandreau Santee Sioux Tribe shall have the sole proprietary interest and responsibility for the conduct of any operation, but this shall not be construed to prohibit the Tribe from entering into a Management Agreement, and

BE IT FURTHER RESOLVED, the attached Ordinance and Gaming Regulations shall be incorporated into the Flandreau Santee Sioux Tribe Law and Order Code and authority is given to the compiler of the laws to renumber, reclassify, or to cite the Ordinance and Regulations as necessary to incorporate the same into the Law and Order Code, and

BE IT FURTHER RESOLVED, that Leonard Eller, Tribal President, is hereby designated as agent for service of any official determination, order, or notice of violation as required by 25 CFR 519.1, and

BE IT FURTHER RESOLVED, that the attached Ordinance and Regulations be submitted to the National Indian Gaming Commission for review and approval and shall become effective upon receipt of such approval.

CERTIFICATION

The foregoing Resolution was duly enacted and adopted on this 29 day of April 2004 by the Executive Committee at which a quorum was presented by a vote of 3 for, 0 against, and 1 not voting.

Charlene Bell-Kokesh
Charlene Bell-Kokesh
Tribal Secretary

Leonard Eller
Leonard Eller
Tribal President



FLANDREAU SANTEE SIOUX TRIBE

ORDINANCE
ON
PARI-MUTUEL BETTING

FLANDREAU SANTEE SIOUX TRIBE
ORDINANCE
ON
PARI-MUTUEL BETTING

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FLANDREAU SANTEE SIOUX TRIBE

ORDINANCE

ON

PARI-MUTUEL BETTING

1. **Definitions.** Terms used in this chapter mean:
 - (1) "Commingled pool," the combination of wagering data and moneys wagered for specific pools of the host track with wagering data and moneys wagered for specific pools of the Casino for the purposes of calculating the odds and the payout prices and allowing for the Casino to adopt the host track's takeout rate;
 - (2) "Core to core transmission," the accumulation of wagering data in one pari-mutuel facility totalizator system and transmission of this data directly to the totalizator system of another pari-mutuel facility;
 - (3) "Decoder," a device to convert encrypted audiovisual signals or data, or both, into a form recognizable as the original content of the signals;
 - (4) "Encryption" or "encrypted," the scrambling or other manipulation of audiovisual signals to mask the original audio and video content of the signals and so cause such signals to be indecipherable and unrecognizable to any person receiving such signal unless the person has a decoder;
 - (5) "Host track," the racetrack that is conducting live racing;
 - (6) "Simulcast," a telecast of live audio and visual signals from a live track outside the Reservation to the Royal River Casino for the purpose of pari-mutuel betting;
 - (7) "Royal River Casino," (Casino) the Flandreau Santee Sioux Tribe off-track betting site authorized by the Tribal Gaming Commission (Commission), to receive a broadcast of races for the purpose of conducting pari-mutuel betting;
 - (8) "Pari-mutuel performance," a schedule of races received by Casino;
 - (9) "Provider," a licensee authorized by the Commission to provide pari-mutuel betting to the Casino;

- (10) "Pari-mutuel betting," pari-mutuel betting at the Casino located within the Reservation;
- (11) "Takeout," the percentage of the pari-mutuel pool deducted by the track, which includes pari-mutuel taxes, breakage, etc., prior to distribution of the pool;
- (12) "Ticket issuing machine" or "TIM," a machine which prints hard copies of wagers;
- (13) "Totalizator system," a computer system that accepts, records, issues, and accounts for all wagering information and transactions that occur during a race meeting;
- (14) "Tote" or "tote board," the board on which payouts and approximate odds are posted, the totalizator;
- (15) "Handicapping tournament," an organized event, sponsored by one or more licensees after approval by the Commission, that permits a player to either purchase or be awarded the opportunity to engage in competitive play against other players;
- (16) "Buy-in," an advertised entry fee paid by each player to participate in a handicapping tournament.

2. Preliminary Statement. This Ordinance provides for and authorizes pari-mutuel betting on the Flandreau Santee Sioux Indian Reservation. The provisions of the existing gaming Ordinance, 94-02, as amended by 99-24, of the Flandreau Santee Sioux Tribe pertaining to Class III gaming are incorporated herein and are deemed to apply to pari-mutuel betting including the following:

- (1) Background investigations on key employees, primary management officials, or other employees and notification of privacy rights;
- (2) Procedures to issue licenses to primary management officials, key employees, or other employees;
- (3) Procedures for resolving disputes between the gaming public and the Tribe or management contractor;
- (4) Identification of law enforcement agency to take fingerprints and procedures for conducting criminal history;
- (5) Use of net revenues from gaming operations;

- (6) Terminations of licenses, disciplinary actions, and hearing procedures;
- (7) Enforcement;
- (8) Access to premises;
- (9) Exclusions;
- (10) Gaming operations; and
- (11) Accounting and surveillance.

3. State law. All pari-mutuel betting conducted under this Ordinance shall comply with the terms of the Compact entered into between the Flandreau Santee Sioux Tribe and the State of South Dakota. It is the intent of this Ordinance that its provisions regulating pari-mutuel betting shall be at least as restrictive as the laws of the State of South Dakota on the subject. All equipment used shall meet the standards set by the South Dakota Commission on Gaming.

4. Sole interest. The Flandreau Santee Sioux Tribe shall have the sole proprietary interest in and responsibility for the conduct of pari-mutuel betting on Tribal lands. This provision shall not be deemed to prohibit any agreement with a provider or management contractor.

5. Conduct of pari-mutuel betting. All pari-mutuel betting, including the construction, maintenance, and operation of that part of the Royal River Casino where pari-mutuel betting will take place, shall be conducted in a manner that adequately protects the environment and the public health and safety.

6. Pari-mutuel licenses. The Commission may issue the following pari-mutuel licenses, which are required to conduct pari-mutuel betting:

- (1) Provider;
- (2) Casino; and
- (3) Pari-mutuel clerk.

7. Pari-mutuel applications. An applicant for any of the required pari-mutuel licenses must apply on a form provided by the Commission. The application may include questions concerning the following:

- (1) Personal background information;
- (2) Financial information;

- (3) Participation in legal or illegal gaming activities on the Flandreau Santee Sioux Reservation or other jurisdictions, including foreign countries; and
- (4) Other information as required.

8. License fees and remedies. The Commission shall charge the following fee for the initial fee and renewal fee on July 1 for each year thereafter:

- (1) Provider license. \$500 for initial fee and \$500 a year thereafter for operator license.
- (2) Casino license. \$250 for initial fee and \$250 a year thereafter for casino license.
- (3) Pari-mutuel license. \$100 for initial fee and \$100 a year thereafter for key employee license.
- (4) Support license. \$25 for initial fee and \$25 a year thereafter.

9. Contracts required. Provider is required to obtain the following contracts and submit a copy to the Commission for approval:

- (1) A contract with the tote company to provide totalizator service;
- (2) A contract with the Casino to conduct pari-mutuel betting via core to core or machine (TIM) to tote transmissions with an out-of-state host track; and
- (3) A contract with the out-of-state host track.

10. Providing of commingled pools. Provider may only offer commingled pools, which are the same as those offered by the host track, but Provider is not required to offer each pool offered by the host track. Provider may elect to exclude certain pools offered by the host track upon contractual agreement between Provider and the host track. The host track shall determine the minimum ticket price that is available for each pool.

11. Notice to commission of hours of operation. Provider must notify the Commission in writing of its normal hours of operation.

12. Licensing of employees at the Casino. Only a person licensed by the Commission may be employed by Provider to accept or cash pari-mutuel wagers at the Casino.

13. Employee wagering on site prohibited. No licensed employee of Casino may place a wager for their own benefit at the Casino.

14. Inspection of Casino. Prior to the Casino accepting pari-mutuel wagers, Commission staff shall perform an inspection of the facilities and equipment.

15. Approval of transmission method. The Commission shall approve the method used to transmit wagering output data based on the determination that provisions to secure the system and transmissions are satisfactory.

16. Separate transmission of data. Sales transaction data must be transmitted separately from pari-mutuel output and the visual display of the races.

17. Casino transactions to be maintained as separate account. All sales transaction data from Casino and the tote company to Provider must be maintained as a separate account for audit purposes.

18. Testing of pari-mutuel equipment. No later than fifteen minutes prior to the commencement of transmission of a race, the Casino shall perform a test to assure proper operation of the broadcast system. The following items must be included in the test: the transmitter, encryption, decoding, and data communication. Any irregularity shall be reported to the Commission within twenty-four hours.

19. Availability of replacement equipment. Replacement equipment or a totalizator mechanic must be available at the Casino to provide for immediate repair in the case of equipment failure.

20. Provider shall be responsible for reporting delays. Provider and the Casino are responsible for reporting any problems or delays to the public.

21. Display post times. The Casino shall display the post time for each host track in the Casino's local time.

22. Availability of official daily programs. Provider shall make available to the Casino's patrons a copy or facsimile of the official daily race program from the host track sending a signal to the Casino.

23. Posting of previous day's results. The results of each race and the payoffs shall be posted at the Casino the next race day following the day of the race.

24. Television or video monitors required. The Casino must provide sufficient television or video monitors for both the pari-mutuel employees and patrons to view each televised race.

25. Information to be provided. A video monitor for each racetrack from which races are being televised must be in operation in public view during hours of operation. The monitor shall display the following information:

- (1) Odds;
- (2) Race results;
- (3) Prices or payoffs; and
- (4) Minutes to post.

26. Video display breakdown of odds. A breakdown in the video display as required in § 25 may cause the closing down of pari-mutuel betting if there are no provisions for audio or visual odds or payoffs.

27. Discovery of violations. Provider must immediately notify the Commission of the discovery of a violation or of a suspected violation of this article.

28. Patron complaints. Provider and the Casino shall address patron complaints and questions.

29. Patron disputes. Provider must notify the disputing patron that the patron has a right to file a complaint with the Commission. If Provider refuses payment of alleged winnings to a patron, Provider and the patron are unable to resolve the dispute to the patron's satisfaction, or the dispute involves at least \$250, Provider must immediately notify the Commission. The Commission shall conduct an investigation. The Commission must notify Provider and the patron in writing of the Commission's decision regarding the dispute within 30 days after the date that the notice of the dispute was received by the Commission. The failure of Provider to notify the Commission, to notify the patron of the patron's rights, or to pay after an adverse decision is grounds for disciplinary action.

30. Pari-mutuel betting procedures. Pari-mutuel betting procedures include:

- (1) Prior to the commencement of wagering of the first race on a pari-mutuel betting program, either the audio or video signals must be present at the Casino in order for pari-mutuel betting to be conducted. If both the audio and visual signals are lost, wagering may continue only until the scheduled post time of the current race at the host track and may not resume until either the audio or visual signal is restored. Any advance bets made, provided there has not been an accompanying data transmission failure, must be treated as valid bets and paid out accordingly. Any wager that encompasses more than one race shall be unaffected by signal problems encountered in any race of the sequence other than the first; and
- (2) If either the Casino or host track's totalizator system fails and there is an impairment of the ability of a totalizator to record, classify, or accumulate wagering data or to do calculations, or if wagering data is lost, the following procedures shall apply:

Any money wagered on the race that was entered into the host track's pools from the Casino's totalizator system prior to the time of failure shall remain in the host track's pools and the Casino shall pay the track prices. If money wagered is not entered into the host track's pool, the Casino has the option to refund each wager, pay track odds, or form separate pools.

A set policy shall be determined by the Casino and shall be posted.

31. Tournaments – Prior approval of Commission needed. A handicapping tournament must have prior approval of the Commission.

32. Tournaments -- Statement to Commission. Before a handicapping tournament begins, the Casino must submit to the Commission a written statement containing the rules, places which shall be declared winners, disbursements of the prize money, and the dates of the tournament.

33. Casino may determine purse in tournaments. The Casino may determine the amount of the tournament purse and the method of distribution by utilizing any method approved by the Commission. The number of winning places shall be determined by the Casino and submitted to the Commission prior to the commencement of a tournament.

34. Amount retained by Casino in tournaments. No more than ten percent of the total buy-ins or entry fees paid in a tournament may be retained by the Casino as adjusted gross proceeds.

35. Report to Commission in tournaments. Within 48 hours after the conclusion of a tournament, the Casino shall prepare a written report containing a list of each participant, winner, place taken, amount of prizes awarded, and the amount of funds retained by the licensee. The Casino shall maintain this list in the Casino's records for five years.

36. Pari-mutuel ticket. Each pari-mutuel ticket issued must have printed on it:

- (1) The name of the racetrack or association;
- (2) The number of the race;
- (3) The unique computer-generated ticket number;
- (4) The date the ticket was issued;
- (5) The date of the race for which the ticket was issued;
- (6) The number of the ticket-issuing machine;
- (7) The type of pool;
- (8) The number of each entry on which the wager was placed; and
- (9) The dollar amount of the wager.

37. Sale of pari-mutuel tickets. No pari-mutuel tickets may be sold except through regular ticket windows or pari-mutuel terminals approved by the Commission. Each ticket sale must be a cash sale. A valid winning ticket or a credit voucher issued by a pari-mutuel machine from the same facility may be considered cash for purposes of this section.

38. Wrong ticket claims. Any claim by a person that a wrong ticket has been delivered to the person must be made before leaving the ticket window. No claim may be considered thereafter and no claim need be considered for tickets thrown away, lost, changed, destroyed, or mutilated beyond identification. Payments of wagers shall be made only on presentation of appropriate tickets.

39. Surrender of pari-mutuel tickets required. Payment of any winning pari-mutuel ticket shall be made only upon presentation and surrender of the ticket. No claim may be allowed for any lost or destroyed winning tickets.

40. Time for claiming payments from pari-mutuel pool. Any claim for any part of a redistribution from a pari-mutuel pool shall be made within 60 days from the end of the meet of the host track or be forever barred. Any sum so barred shall become the property of Provider

41. Displaying of ticket cashing procedures. The Casino shall publicly display information regarding the amount of time patrons have to cash pari-mutuel tickets at the casino. The tickets may only be cashed at the Casino.

42. Handle reports required. Provider shall report the daily handle to the Commission on a weekly basis. The report must allow the Commission to examine the handle, track Commission, breakage, and winners share for each casino and in total.

43. Payment of fees and deductions to the Commission – Time frames. Any fee and deduction from any pari-mutuel pool must be paid to the Commission within 15 days of the last racing day of the week for which the payment is made. The weekly race report pari-mutuel performances and the daily handle reports shall be submitted along with each fee and deduction.

44. Transfer of moneys between host tracks and Provider. In order to facilitate the transfer of money between host tracks, Provider and Casino, the Casino and Provider shall perform a daily reconciliation of racing accounts and any amount payable or receivable to the host track. The frequency of the transfer of moneys between host tracks and Provider shall be as specified by contract.

45. Accounting records. Provider must keep accurate, complete, legible, and permanent records of each transaction relating to revenue that is taxable or subject to fees under this article in a manner approved or required by the Commission.

Provider must keep general accounting records on a double entry system of accounting, maintaining detailed, supporting, subsidiary records, including the following:

- (1) Detailed records identifying revenues, expenses, assets, liabilities, and equity for each establishment;
- (2) Detailed records of each returned check;
- (3) Information received from the tote company in regards to pari-mutuel betting; and
- (4) Journal entries prepared by Provider and its independent accountant.

Provider must create and maintain a record sufficient to reflect accurately gross income and expenses relating to its pari-mutuel operations.

46. Audits. The Flandreau Santee Sioux Tribe shall cause to be conducted independent audits of any pari-mutuel betting operation and provide the results to the National Indian Gaming Commission. Included within the scope of this audit shall be all gaming related contracts that result in purchases of supplies, services, or concessions for more than \$25,000, except contracts for professional or legal services. All or a portion of the costs of this audit may be collected from the manager or Provider of the pari-mutuel betting operation.

47. Record retention -- Noncompliance. Provider must provide, upon request, to the Commission the records that are required to be maintained. Unless the Commission approves or requires otherwise in writing, Provider must retain all records within the Reservation for at least five years. Failure to keep and provide the records is grounds for disciplinary action.

48. Redesignation and renumbering. Authority is given to the compiler of the laws of the Flandreau Santee Sioux Tribe to renumber, redesignate, or to cite the provisions of this Ordinance as necessary to assure uniformity and accessibility.

**FLANDREAU SANTEE SIOUX TRIBE
GAMING COMMISSION**

**PARI-MUTUEL BETTING
GAMING REGULATIONS**

**FLANDREAU SANTEE SIOUX TRIBE
GAMING COMMISSION
PARI-MUTUEL WAGERING**

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GENERAL

26.010 Policy. It is the policy of the Commission that pari-mutuel betting on sporting events is materially different from other types of gaming and that the public health, safety, morals, good order and general welfare of the inhabitants of the Tribe require stringent regulation of pari-mutuel betting conducted in conjunction with sporting events; accordingly, licensees operating pari-mutuel betting facilities on sporting events and races, are required to comply with the following regulation in addition to any existing regulations applicable to Class III gaming licenses in general.

26.020 Scope. These regulations shall govern all pari-mutuel betting for which a license has been granted by the Flandreau Santee Sioux Tribe Gaming Commission, heretofore and hereafter referred to as the Commission, pursuant to the Gaming Compact between the Flandreau Santee Sioux Tribe and the State of South Dakota. Existing rules and regulations, to the extent not inconsistent with these regulations, are applicable to those making application or receiving a pari-mutuel gaming license hereunder.

26.030 Federal minimum internal control standards. The minimum internal control standards for pari-mutuel betting set out at 24 CFR 542.10 or any future federal law or regulation are incorporated herein by reference. Any minimum federal internal control standard shall be given preference and priority over any inconsistent regulation set out herein.

26.040 Definitions. The following definitions shall apply throughout this regulation, and where not inconsistent elsewhere, shall apply to all other regulations of the Commission.

1. **Breakage:** Odd cents over a multiple of 10 cents arising from the computation of odds and payouts.

2. **Percentage:** An amount retained and not distributed by the licensee from the total sums wagered on an event. The term does not include breakage.

3. **Daily double:** A wager requiring the selection of the winners of two separate program events designated by the licensee as a daily double.

4. **Entry:** Two (2) or more entrants competing in a given event and coupled because of common ties.

5. **Exacta:** The selection, in order of finishing, of the entrants finishing first and second in a given event.

6. **Field:** All the entrants in an event whose assigned numerical designation exceeds one less than the numbering capacity of the post positions on the tote board.

7. Gross pool: The total amount of money wagered on the outcome of a particular event without any deduction therefrom.

8. Handle: Gross amount of money risked in pari-mutuel betting.

9. Licensee: As used herein, a person to whom a pari-mutuel betting license has been issued by the Commission.

10. Net pool: Gross pool less percentage deducted.

11. Pari-mutuel: A system of betting on a race or sporting event whereby the winners divide the total amount bet, after deducting percentage, fees, and taxes, in proportion to the amount individually wagered.

12. Profits: Net pool less the gross amount wagered upon a given entrant in a particular instance.

13. Quinella: The selection of the entrants finishing first and second in any order in any given event.

14. Entrant: A participant in a race, sporting event or contest upon which a wager may be placed as to the participants' finishing position in the event.

15. Event: An individual race, game or contest wherein pari-mutuel betting is conducted upon the competing entrants.

16. Win, place, show: Refers to the entrants respectively placing first, second and third in the outcome of an event; also refers to the respective wagers or pools.

17. Pari-mutuel betting: Pari-mutuel betting at the Casino located within the Reservation.

18. Simulcast: A telecast of live audio and visual signals from a live track outside the reservation to the Royal River Casino for the purpose of pari-mutuel betting.

26.050 Licensing. A pari-mutuel betting license and any other applicable tribal license or permit shall first be required to conduct pari-mutuel betting. The pari-mutuel betting license shall be applied for and issued in the same manner as a non-restricted gaming license.

26.060 Facilities and location. Unless otherwise permitted, no other form of gaming shall be conducted in an area containing pari-mutuel betting; such

area shall be within a well-defined enclosure to which no direct ingress or egress may be made to or from a contiguous area containing other forms of gaming; however, pari-mutuel betting may be held in the same building where other gaming is permitted.

26.070 Accounting.

1. Each licensee shall prepare and maintain in a manner suitable to the Commission, complete and accurate accounting records, kept in accordance with Generally Accepted Accounting Principles (GAAP), information and data which shall be generated by an approved computer system and which reflects the following on a daily basis for each event upon which pari-mutuel betting was held:

- (a) Gross amount wagered on each event;
- (b) Gross and net amounts of each pool;
- (c) Percentages deducted;
- (d) Tax and breakage on each pool;
- (e) Number and value of tickets sold on each pool;
- (f) Final odds;
- (g) Payoff prices; and
- (h) The amount paid on all winning pari-mutuel betting tickets.

2. A daily reconciliation of all cash received and paid on each pool of each event shall be recorded along with the cash count of the money room.

MANAGEMENT OF PARI-MUTUEL BETTING

26.080 Operation of pari-mutuel betting facilities.

1. The pari-mutuel betting operation shall be conducted by the licensee under the control and supervision of a Manager who, along with all ticket sellers, cashiers, and money counters, shall be an employee of the licensee.

2. Should any portion of the pari-mutuel betting operation be subcontracted to any person or entity other than the licensee, such arrangement shall first be approved by the Commission which may require such person or entity or their employees to be licensed.

3. All bettor or spectator complaints shall be registered at an information window; a written report as to the substance and disposition of the complaint shall be made, and copy thereof delivered to the Commission as soon as reasonably practicable.

26.090 Manager.

1. The general operation of the pari-mutuel betting shall be directed by a Manager who shall have extensive experience in the operation of pari-mutuel betting.

2. Total responsibility shall rest with the Manager for:

(a) The entire operation of pari-mutuel betting in accordance with this regulation;

(b) The correct computation of pools, odds, breakage, payouts and percentages;

(c) The conduct of all persons directly or indirectly employed in the pari-mutuel betting department.

3. Any emergency arising from the operation of the pari-mutuel betting, not covered by this regulation and requiring immediate action, shall be handled by the Manager who shall make the necessary decisions and render a report to the Commission within 24 hours.

COMPUTATION EQUIPMENT AND OPERATION

26.100 Electronic totalizator.

1. An electronic totalizator shall be used for each event upon which pari-mutuel betting is conducted, unless written consent is given by the Commission to use different equipment or methods. The equipment shall automatically register: the total amount wagered in each pari-mutuel betting pool; the total amount wagered on each participant in a game or race for win, place and show; the total amount wagered on each combination in a daily double, quinella or exacta, and shall print and issue a ticket representing each wager comprising each required total.

2. A license may not be issued until such tests as required and performed by the Commission have been made and the equipment conforms to the requirements of these regulations and the Commission; provided, however, a license may be conditionally issued based upon further testing of the equipment.

3. The licensee may be required to conduct such test as the Commission may prescribe from time to time upon totalizators and ancillary equipment.

4. Failure of the totalizator to meet the requirements as established by these regulations and the Commission shall be grounds for ordering the suspension of pari-mutuel betting until such time as the deficiencies have been corrected.

5. The Commission shall issue a policy statement setting forth the standards required for the totalizator system, in addition to any standards set forth in these regulations.

6. The totalizator shall calculate the total amounts in each pool and the amounts wagered on each entrant or combination from time to time as wagering progresses. Operated in connection with the totalizator shall be one or more boards prominently displaying to the public the winning odds on each entrant or combination during the progress of wagering at intervals of not more than 90 seconds between each complete change.

7. The totalizator shall be designed so that all ticket machines shall automatically lock and close upon the activation of the off bell which shall be activated no later than the start of the event. In no case shall the machines be opened until after a declaration that the results of the event are official.

26.110 Totalizator failure.

1. A report of any faulty operation of the totalizator or tote board shall be filed with the Commission within 24 hours following the malfunction.

2. Whenever the totalizator mechanism fails and is obviously unreliable as to the amounts wagered, all figures on the tote board so affected shall be removed immediately, and the payoff shall be compiled on the sum wagered in each pool as shown by the recapitulation of the sales registered by each individual ticket issuing machine. If an individual ticket issuing machine fails and a computer system is being employed, then the figures as stored in the computer shall be used to calculate the payoff. If the type of wagering equipment used renders this recapitulation impossible, all moneys wagered on the sporting event shall be refunded.

26.120 Manual computations.

1. If payoff prices are computed manually, before posting the payoff prices of any pool for any event, each of the calculating sheets of such event shall be proved by the calculators and the winners verified. Such proof shall show payouts, breakage, and percentage and, when totaled together, shall equal the

gross pool. All paylips shall be checked with the calculating sheets as to winners and prices before being issued to cashiers, and all board prices shall be rechecked with a calculator before being released to the public. The above shall not apply if a computer system is used for the purposes of calculating payoffs.

2. If manual calculation of approximate odds is used, a complete and detailed handwritten record of each event shall be kept containing:

- (a) Each change in odds;
- (b) The percentage figures on the final reading; and
- (c) The actual possible payoff on each entrant.

3. Such records shall be retained for a period of 3 years.

WAGERS

26.130 Wagers. All pari-mutuel wagers shall be made only in cash, chips or tokens of the Royal River Casino and shall be consummated on the pari-mutuel betting premises.

26.140 Prohibited wagers.

1. No pari-mutuel betting ticket shall be sold to, or cashed for, a person under 21 years of age.

2. No employee of a pari-mutuel betting department, officials, participants of a sporting event, or other employees on duty in the playing or spectator areas shall purchase or cash a pari-mutuel betting ticket; provided, however, the selling and cashing of pari-mutuel betting tickets for patrons by messengers employed by the licensee for that purpose may be allowed, if permitted by the Compact with the State of South Dakota.

3. No mailed or telephone wagers from outside the pari-mutuel betting enclosure shall be permitted. This shall not be construed to prevent use of runners, if permitted by the Compact with the State of South Dakota.

4. Resale of pari-mutuel betting tickets between individuals is prohibited and constitutes grounds for ejection from the premises wherein pari-mutuel betting or the sporting event is conducted.

26.150 Pari-mutuel betting tickets.

1. Pari-mutuel betting tickets shall evidence or contain:

- (a) A designation for each race, game or event;
- (b) Entrant or player number;
- (c) Race or game number;
- (d) Date; and
- (e) Amount wagered.

2. Pari-mutuel betting tickets shall be sold only through designated ticket windows prominently displaying the denomination and type of tickets sold.

26.160 Wagers by messenger.

1. If permitted by the Compact with the State of South Dakota, wagers may be placed by messengers or runners who shall be employees of the licensee; the taking, placing and paying of wagers shall be done only within the enclosure wherein pari-mutuel betting is conducted.

2. The following constitutes the minimum requirements for wagering permitted by this section:

(a) The wager of an individual bettor shall be first recorded upon a sequentially pre-numbered duplicate betting slip indicating the type, number and cost of each bet, and the total bets and amounts wagered.

(b) The runner shall retain the original bet slip with the duplicate being held by the customer who shall tender the total money wagered; thereafter, the wager shall be placed and tickets issued at the pari-mutuel betting window, and the tickets returned to the customer in exchange for the duplicate slip.

(c) No wager is deemed to have been made until the runner has purchased the tickets indicated on the betting slips.

(d) The customer may tender a winning ticket to a runner for payment which shall be made at a pari-mutuel betting window.

3. A runner shall not accept any wager which cannot reasonably be expected to be placed before the pari-mutuel betting machines are locked. Any moneys so received and not bet before the pari-mutuel betting machines are locked shall be returned to the customer.

26.170 Refunds on coupled entries. When two or more entrants in an event are coupled on the same pari-mutuel betting ticket, there shall be no refund

unless all of the entrants so coupled are cancelled before the event begins.

26.180 Restriction on wagering, scratch of entrant.

1. When no more than five entrants start an event, show wagering on the event may be deleted or cancelled.

2. When no more than four entrants start an event, both place and show wagering on the event may be deleted or cancelled.

3. Wagering on an event may be prohibited when less than three entrants start an event and both entrants are coupled in an entry.

4. A refund shall be made of wagers placed on an entrant scratched before the betting has closed.

26.190 Effect of certain wagers.

1. A wager on any one entrant in an entry shall be a wager on all such entrants.

2. A wager on any one entrant in a field shall constitute a wager on all entrants comprising the field.

26.200 Daily doubles.

1. Except in the circumstances enumerated in section 26.250, no payoff shall be made on a ticket on which both entrants chosen have not in fact won their respective events.

2. No daily double wagering shall be allowed on events with entry or field entrants.

3. All daily double tickets shall be sold only from automatic double machines, and the daily double windows shall be closed and the machines locked at the start of the first event of the daily double.

26.210 Separate pools. Quinella, exacta and daily double wagering shall individually constitute separate pools and not comprise or be a part of any other win, place, or show pool.

COMPUTATIONS AND PAYOFFS

26.220 Payoff calculations.

1. The gross percentage shall be first deducted from the gross amount wagered on each individual pool, viz., win, place, show, thereby providing

a respective net pool.

2. Win pool (first place). The payoff amount per dollar wagered which shall include the gross dollar wagered on the winner, for each gross dollar wagered on the winner shall be determined by dividing the net pool by the gross sum wagered on the winner. In the event of a tie for win, the payoff shall be figured in the same manner as a place pool.

3. Place pool (second place).

(a) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the winning entrant to place, shall be determined by dividing the gross amount wagered upon the winner to place into the sum of: the gross amount wagered upon the winner to place, plus one-half of the difference between the net pool for place and the combined sum wagered on the winning and placing entrants to place.

(b) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the placing entrant to place, shall be determined by dividing the gross amount wagered upon the placing entrant to place into the sum of: the gross amount wagered upon the placing entrant to place, plus one-half of the difference between the net pool for place and the combined sum wagered on the winning and placing entrants to place.

(c) In the event of a tie for place, one-half of the profits of the place pool shall be paid upon the winner, and the remaining one-half prorated equally among the entrants constituting the tie.

4. Show pool (third place).

(a) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the winning entrant to show, shall be determined by dividing the gross amount wagered upon such winning entrant to show into the sum of: the gross amount wagered on the winning entrant to show, plus one-third of the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second, and third to show.

(b) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the second place entrant to show, shall be determined by dividing the gross amount wagered upon such entrant to show into the sum of: the gross amount wagered on the second place entrant to show, plus one-third of the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second and third to show.

(c) The payoff amount per dollar wagered, which shall include the gross dollar wagered upon the third place entrant to show, shall be

determined by dividing the gross amount wagered upon such entrant to show into the sum of: the gross amount wagered on the third place entrant to show, plus one-third of the difference between the net pool for show and the combined sums wagered on the entrants which placed first, second and third to show.

(d) In the event of a tie for show, one-third each of the profits of the show pool shall be paid upon the entrants placing first and second, and the remaining one-third prorated equally among the entrants constituting the tie.

26.230 Payoff—daily double.

1. Except as provided below, or section 26.170 in case of refunds, the payoff on a winning daily double combination shall be made pursuant to section 26.220, subsections 1 and 2.

2. When no ticket exists combining the winner of both events, the net pool shall be calculated and distributed as follows under the circumstances enumerated below:

(a) When the winners of both events have been selected individually, but not selected as a combination, the net pool shall be distributed as a place pool upon the winners of either event.

(b) When only one winner of the two events has been chosen, the net pool shall be paid as a win pool on the chosen winner.

(c) When no winner has been selected for either event, the net pool shall be distributed as a win pool to holders of tickets combining the entrants placing second.

3. When no ticket exists requiring distribution under subsections 1 or 2, or when the first event of the daily double is cancelled, the gross pool shall be distributed pro rata to those persons wagering on the daily double.

4. When the second event of a daily double is cancelled, the payoff shall be computed and distributed as a win pool upon the tickets covering the winner of the first event, and if no such ticket exists, the net pool shall be distributed as a win pool upon tickets covering the entrant which finished second in the first event. If no tickets exist covering the entrants placing first or second, the gross pool shall be distributed pro rata to those persons wagering on the daily double.

26.240 Payoff—quinella.

1. Except in cases specified below, the winning combination in a quinella pool shall be computed and distributed in accordance with section 26.220, subsections 1 and 2.

2. In case of a tie for first place between two entrants, the payoff shall be made upon tickets combining both entrants. In case of a tie for second place, the net pool shall be treated as a place pool with the payoff made on the tickets combining the winning entrant and either of the two entrants finishing second.

3. When a tie for second place occurs and no ticket has been issued covering one of the two winning combination, the net pool shall be calculated and distributed as a win pool and the payoff made on the tickets covering the winning combination.

4. Should no ticket exist covering the winning combination of a quinella, the net pool shall be treated as a place pool and distributed equally among the tickets combining the entrants which place first or second with a non-placing entrant.

5. When tickets have been sold on only one of the first two finishers, the net pool shall be distributed as a win pool to holders of such tickets.

6. When no ticket exists requiring distribution under any of the foregoing subsections, the gross pool shall be distributed pro rata among the persons wagering on the quinella.

26.250 Payoff—exacta.

1. Except for cases specified below, the winning combination in an exacta pool shall be computed and distributed in accordance with section 26.220, subsections 2 and 3.

2. In case of a tie for first place by two entrants, the payoff shall be made only upon tickets combining both entrants. In the case of a tie for second place, the net pool shall be treated as a place pool and the payoff made on tickets combining the winning entrant with either of the two entrants finishing second.

3. When a tie for second place occurs and tickets are issued combining only one of the two possible winning combinations, the net pool shall be calculated and distributed as a win pool.

4. When no ticket is issued combining the winning combination of an exacta, the net pool shall be calculated and distributed as a place pool and distributed equally among the tickets combining the entrants which placed first or second with a non-placing entrant.

5. When tickets have been sold on only one of the first two finishers, the net pool shall be distributed as a win pool to holders of such tickets.

6. When no ticket exists requiring distribution under any of the foregoing subsections, the gross pool shall be distributed pro rata among the persons wagering on the exacta.

26.260 Payment on wagers.

1. Payment of wagers will be made only on presentation of appropriate pari-mutuel betting tickets. Any claim by a bettor that a wrong ticket has been delivered to him at the pari-mutuel betting ticket window shall be made before leaving the window, and thereafter no such claim may be considered.

2. A licensee shall cash all valid un mutilated winning tickets when such tickets are presented for payment during the course of the day when sold and for the period of 30 days thereafter. Subsequent thereto, the licensee shall have no liability relating to such tickets, providing the premises are conspicuously posted with signs stating that winning tickets shall be presented for payment within 30 days from date of issuance, and that each ticket issue shall also bear a similar notation.

3. The licensee shall have no obligation or liability for tickets thrown away, lost, changed, destroyed, or mutilated beyond identification. In the case of mutilated tickets when the portions of the tickets presented are sufficient to definitely identify the ticket as a winning ticket, the licensee may accept the mutilated ticket and make payment without the necessity of the ticket holder submitting a claim to the Commission.

4. In the event of a dispute over the validity of a ticket, the licensee may accept from the holder of such ticket a written and verified claim to be filed by the licensee with the Commission, and the Commission will render a decision as to payment.

5. Every licensee shall carry on its books an account which shows the total payoff amount of outstanding unredeemed pari-mutuel betting tickets representing winning tickets not presented for payment.

6. A payoff shall not be less than \$1.10 for each \$1.00 wagered; however, the tote boards shall indicate the amount due on each \$2.00 winning ticket.

7. The entire loss resulting from a minus pool shall be borne by the licensee.

26.270 Errors in posting. Any error made in posting on the tote board of the payoff prices shall be promptly corrected, and the public immediately advised of the correction by announcement over a public address system.

26.280 Payment for errors. If an error occurs in payment upon tickets cashed or entitled to be cashed, and as a result the pool involved is not correctly distributed among the winning ticket holders, the following shall apply:

1. The licensee shall bear the cost of any overpayment.
2. In the event of under-payment:

(a) The licensee shall accept timely claims, pay each claim, or a part thereof, which it determines to be valid; notice shall be given to any claimant whose claim is rejected.

(b) Any person whose claim is rejected by the licensee may, within 10 days from the date notice of rejection is received, request the Commission to determine the validity of the claim. The failure to file such request with the Commission within 10 days shall constitute a waiver of the claim, provided the claimant has received notice of a right of appeal to the Commission.

(c) A hearing before the Commission shall be held on each claim timely filed, and the Commission may determine a claim to be valid, in whole or in part, and thereafter order the licensee to make payment accordingly. Any such determination shall be final and binding on all parties.

(d) Claims not filed with the licensee within 30 days inclusive of the date on which the under-payment was discovered shall be deemed waived, and the licensee shall have no further liability therefor.

3. The Commission shall be notified of any claims over \$250.00.

MISCELLANEOUS

26.290 Gaming employees. All ticket sellers and cashiers, money counters, runners and totalizator operators and programmers are deemed to be employees of the operator and subject to the provisions the Commission.

26.300 Access to premises and records. The Commission and their agents, inspectors and employees have the authority:

1. To inspect and examine all premises where pari-mutuel betting is conducted and all premises where sporting events, races or games are held on which pari-mutuel betting is conducted.

2. To inspect and examine all equipment and supplies in, upon, or about such premises.

3. To summarily seize and remove from such premises and impound any such equipment or supplies for the purpose of examination and inspection.

4. To demand access to and inspect, make copies of, examine and audit all papers, books and records of applicants and licensees respecting the gross income produced by any pari-mutuel betting business, require verification of income, and all other matters affecting the enforcement of the policy of any of the provisions of these regulations.

26.310 Records and reports. The licensee shall also provide such financial and other information and reports upon forms furnished by the Commission as the Commission may require from time to time.

26.320 Disciplinary actions. Any pari-mutuel betting license is subject to suspension or modification and/or a fine imposed by the Commission in any case where any condition of the license has not been complied with or when any violation, law or regulation has occurred.

26.330 Internal Control

1. If personal checks are cashed in the pari-mutuel betting cage, the gaming operation shall establish appropriate controls for purposes of security and integrity.

2. The gaming operation shall establish and comply with procedures for the acceptance of personal checks and collecting and recording checks returned to the gaming operation after deposit and redeposit.

3. The gaming operation shall establish and comply with procedures for the write-off authorizations of returned checks.

4. All transactions that flow through the pari-mutuel betting cage shall be summarized on a cage accountability form on a per shift basis.

5. The pari-mutuel betting cage inventories shall be counted by the incoming and outgoing cashiers and recorded at the end of each shift during which activity took place.

6. Both the incoming and outgoing cashiers shall make individual counts for comparison of accuracy and maintenance of individual accountability that is recorded at the end of each shift in which activity took place.

7. All discrepancies in the above should be noted and investigated.

8. The gaming operation shall establish and comply with a minimum bankroll formula to ensure the gaming operation maintains cash or cash equivalents in an amount sufficient to satisfy obligations to the gaming operation's customers as they are incurred.

9. The gaming operation shall maintain a sufficient bankroll to satisfy obligations to the gaming operation's customers as they are incurred.

10. Pari-mutuel betting cage accountability shall be reconciled to the general ledger at least monthly.

11. If the pari-mutuel betting cage accepts chips and tokens, the gaming operation shall comply with procedures for the receipt, inventory, storage and destruction of gaming chips and tokens.

12. The gaming operation shall establish and comply with procedures to address the transporting of extraneous items, such as coats, purses, and/or boxes, into and out of the pari-mutuel betting cage.

13. The gaming operation shall develop internal control standards that contain Title 31 currency transaction reporting requirements and a formalized audit plan shall be developed to test and verify compliance with Title 31 internal control standards. The results of these compliance tests shall be communicated to gaming operations management and management shall respond to the findings.

14. The gaming operation shall have a formalized Title 31 training program and personnel shall be trained on a periodic basis.

26.340 Summary of Required Documentation

1. Any emergency arising from the operation of the pari-mutuel betting, not covered by regulation 26.090 and requiring immediate action, shall be handled by the Manager who shall make the necessary decisions and render a report to the Commission within 24 hours.

2. A report of any faulty operation of the totalizator or tote board shall be filed with the Commission within 24 hours following the malfunction.

3. In the event of a dispute over the validity of a ticket, the licensee may accept from the holder of such ticket a written and verified claim to be filed by the licensee with the Commission, and the Commission will render a decision as to payment.

4. Any person whose claim is rejected by the licensee may, within 10 days from the date notice of rejection is received, request the Commission

to determine the validity of the claim. The failure to file such request with the Commission within 10 days shall constitute a waiver of the claim, provided the claimant has received notice of a right of appeal to the Commission.

5. The Commission shall be notified of any claims of errors over \$250.00.

6. Each licensee shall prepare and maintain in a manner suitable to the Commission, complete and accurate accounting records, information and data which shall be generated by an approved computer system and which reflects the following on a daily basis for each event upon which pari-mutuel betting was held:

- (a) Gross amount wagered on each event;
- (b) Gross and net amounts of each pool;
- (c) Percentages deducted;
- (d) Tax and breakage on each pool;
- (e) Number and value of tickets sold on each pool;
- (f) Final odds;
- (g) Payoff prices; and
- (h) The amount paid on all winning pari-mutuel betting

tickets.

These records shall be made available to the Commission upon request.

7. A daily reconciliation of all cash received and paid on each pool of each event shall be recorded along with the cash count of the money room and be made available to the Commission upon request.

8. Pari-mutuel betting cage accountability shall be reconciled to the general ledger at least monthly and be made available to the Commission upon request.

9. The gaming operation shall prepare Currency Transaction Reports, Multiple Transaction Logs, and check cashing logs to adequately address the Internal Revenue Service's Title 31 requirements.

26.350 Codification. These Regulations can be renumbered as appropriate to facilitate incorporation into existing Rules and Regulations.