

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into by and between the Thlopthlocco Tribal Town (“Tribe”), a federally-recognized Indian tribe, the Thlopthlocco Tribal Gaming Commission (“TTGC”) and the Chairwoman of the National Indian Gaming Commission (“NIGC Chair” or “Chairwoman”), relating to the matters contained in the NIGC Chairwoman’s Notice of Violation No. NOV-12-1.

RECITALS

1. Whereas, the Indian Gaming Regulatory Act, 25 U.S.C. § 2701 *et seq.* (“IGRA”), authorizes the NIGC Chairwoman to issue civil fines for violations of the IGRA, National Indian Gaming Commission (“NIGC”) regulations, or tribal regulations, ordinances, or resolutions approved by the NIGC Chairwoman under 25 U.S.C. §§ 2710, 2712. 25 U.S.C. § 2713(a)(1).
2. Whereas, under the regulations of the NIGC, 25 C.F.R. § 573.3(a), the NIGC Chairwoman may issue a Notice of Violation (“NOV”) to any person for violations of any provision of the IGRA, NIGC regulations, or any provision of a tribal gaming ordinance or resolution approved by the Chairwoman.
3. Whereas, under NIGC regulation, 25 C.F.R. § 573.6(a)(7), it is a substantial violation of IGRA for a third party to manage all or part of an Indian gaming operation without a contract approved by the NIGC Chair.
4. Whereas, on August 22, 2012, the NIGC Chairwoman issued NOV-12-1 alleging that the Tribe permitted the Titan Network LLC (“Titan”), Mercury Gaming Group LLC (“Mercury”), and the named principals, officers, employees and agents thereof (collectively, “Titan/Mercury”) to manage the Tribe’s gaming facility, known as the Golden Pony Casino (Gaming Facility”), from on or about September 6, 2005 to and including December 31, 2010, without a management contract approved by the NIGC Chair.
5. Whereas, the Tribe and the NIGC Chairwoman desire to resolve this matter without undertaking the burdens, costs, risks and uncertainties associated with formal administrative and judicial proceedings.
6. Therefore, the NIGC Chairwoman, the Tribe have agreed to execute this Agreement and perform in accordance with the following covenants and conditions:

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TERMS OF SETTLEMENT

7. This Agreement is entered into by the Tribe and the TTGC by duly authorized officers or agents and the NIGC Chairwoman pursuant to 25 C.F.R. § 575.6(b) and shall be effective upon execution by the parties (“Effective Date”).
8. The Tribe admits that Titan, Mercury, and its principals, officers and employees did in fact manage the Gaming Facility without an NIGC-approved management contract in violation of the IGRA and its implementing regulations.
9. The Tribe acknowledges that IGRA and NIGC regulations authorize a third party to manage a gaming operation or a part thereof only under a management contract that has been approved by the NIGC Chair.
10. The Tribe admits that it did not submit the executed management agreement between it and Mercury Gaming to the NIGC as required by NIGC regulations.
11. The Tribe agrees that the NIGC possesses jurisdiction over this action, and that the NIGC Chairwoman has authority to levy and collect civil fines for such violations. 25 U.S.C. § 2713(a).
12. The Tribe agrees to pay a civil fine of three hundred thousand dollars (\$300,000.00).
13. Fifty thousand dollars (\$50,000.00) of the fine shall be due within sixty (60) days after the Effective Date of this Agreement, made payable to the U.S. Treasury and delivered to the NIGC at 1441 L Street N.W., Suite 9100, Washington, D.C. 20005. The remaining two hundred fifty thousand dollars (\$250,000.00) will be suspended pending completion of the corrective actions set forth in Section Fourteen (14), below. If all corrective actions are completed, two hundred fifty thousand dollars (\$250,000.00) of the fine will be forgiven.
14. The NIGC Chairwoman acknowledges that, prior to the execution of this Settlement Agreement, the Tribe and the TTGC took affirmative steps to correct the circumstances giving rise to this matter by severing all business ties involving Indian gaming with Titan and Mercury, including all known principals, officers, employees and agents thereof, and pledge to assume full managerial and operational control over the Golden Pony Casino (“Casino”) through its Thlopthlocco Economic Development Authority (“TEDA”) Board of Directors. While such actions represent a significant step toward compliance, the following additional corrective actions are required by the Tribe and the TTGC:
 - A. The Tribe, TTGC and/or any other tribal entity shall prohibit Titan and Mercury, including all known and future principals, officers, employees and agents thereof, and/or any entity owned in whole or part or otherwise associated with Titan/Mercury or Anthony DeMartino, Jr., Michael

Gavenchak, Doug Pattison, and Lino Vazquez from any association of any kind with the Gaming Facility, any tribal gaming activity, and any tribal gaming facility.

- B. The Tribe, TTGC and/or any other tribal entity shall not employ or retain Titan/Mercury, including all known principals, officers, employees and agents thereof or any entity owned in whole or part or otherwise associated with Titan/Mercury or Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez to operate, manage, consult, or provide any type of materials, machines or services related directly or indirectly to the operation or management of any of its gaming facilities.
- C. The Tribe, TTGC and/or any other tribal entity shall not permit Titan/Mercury, including all known principals, officers, employees and agents thereof or any entity owned in whole or part by or in any way associated with Titan/Mercury or Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez to develop, finance, or otherwise have a direct or indirect financial interest in any existing or future gaming facility and/or operation or to provide any type of materials, machines, goods or any type of services to the Tribe's existing or future gaming facilities or operations.
- D. The Tribe, TTGC and/or any other tribal entity shall not enter any type of arrangement with Titan/Mercury, including all known principals, officers, employees and agents thereof, any entity owned in whole or part by Titan/Mercury or Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez or any entity in any way associated with Titan/Mercury that provides Titan/Mercury or such entities, either directly or indirectly, with a sum of money and/or future sums of money as consideration for such entities' past gaming-related services to the Tribe or any tribal entity and/or as consideration for the prohibition of such gaming-related services in the future.
- E. The Tribe, TTGC and/or any other tribal entity shall not have any type of relationship involving Indian gaming with Titan/Mercury, including all known principals, officers, employees and agents thereof, any entity owned in whole or part by Titan/Mercury or Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez or any entity in any way associated with Titan/Mercury and/or any entity in which Titan/Mercury or an entity owned by them is the majority shareholder.
- F. All Business Committee members, the TTGC and its staff, all TEDA Board members, the General Manager of the Gaming Facility, the Chief Executive Officer of the TEDA Board, the Comptroller/Finance Director of the Gaming Facility and his/her staff, and any other person(s) authorized to sign checks for the Gaming Facility will attend NIGC training addressing the violations set forth in NOV 12-1, roles and responsibilities and any other matters deemed pertinent by the NIGC to

the enhancement of the TTGC, the TEDA Board, the Finance Department and the employees of the Gaming Facility. This training will be conducted by the NIGC at a facility on the Tribe's lands. The NIGC and the Tribe will schedule mutually agreeable dates for this training; however, the Tribe agrees that it will provide at least four (4) potential weeks between the Effective Date of this Agreement and March 1, 2014 when this training may occur. Expenses incurred associated with the training, such as travel, meals and accommodations, will be covered by the Tribe or the person attending the training and incurring the expense.

- G. For a period of three (3) years beginning on the Effective Date of the Agreement, the Tribe agrees that it will dedicate the amount of \$25,000.00 per year for training of the TTGC, the TEDA Board and employees of its Gaming Facility (including the Finance Department), as well as enhancements to the TTGC, TEDA Board and Finance Department. The Tribe agrees to submit documentation to the NIGC demonstrating the expenditure of \$25,000 annually for the three year period (including the subject matter and the specific officers or employees in attendance) no later than thirty (30) days after each training or enhancement. Funds expended relating to training provided by the NIGC in accordance with this Agreement shall not be included in the dedicated fund. If the NIGC has any concerns regarding the Tribe's training fund or its schedule of training, it will provide the Tribe its concerns in writing, and the Tribe agrees to work in good faith with the NIGC to remedy its concerns.
- H. For a period of three (3) years beginning on the Effective date of the Agreement, the Tribe agrees to submit every contract related to the Gaming Facility and any new gaming operation that it enters into with a third party for which compensation is \$100,000.00 or more per year to the NIGC Office of General Counsel for review and legal opinion regarding whether the contract is a management contract and whether it violates the sole proprietary interest mandate of IGRA.

15. The Tribe and the TTGC are aware of their rights to:

- A. Submit written information about the violation to the Chairwoman prior to issuance of a civil fine assessment by the Chairwoman and to have at least fifteen (15) days after the issuance of a notice of violation to do so under 25 C.F.R. § 575.5;
- B. Appeal the notice of violation to the full Commission under 25 C.F.R. Part 584 or 585;
- C. Obtain a hearing to contest the matter under 25 C.F.R. Part 584;
- D. Request a reduction or waiver of a civil fine under C.F.R. § 575.6; and
- E. Seek judicial review of any final determination by the full Commission pursuant to 25 U.S.C. § 2714.

16. In exchange for the terms, conditions, and understandings set forth herein, the Tribe hereby waives the rights specified in Section Fifteen (15) of this Agreement and any other right to seek judicial review or otherwise challenge or contest the Chairwoman's actions under this Agreement, including the right to have the Chairwoman provide her written analysis of the factors to be considered in assessing a civil fine set forth under 25 C.F.R. § 575.4. The Tribe further agrees that this Agreement fully resolves their appeal of NOV 12-1. To that end, the Tribe waives all rights to pursue an appeal of the Presiding Official's order relative to this Agreement; waives all rights to any further proceedings before the NIGC regarding this matter; and waives all rights to judicial review of such proceedings.
17. Furthermore, the Tribe and the TTGC attest that:
- A. As of the date of execution of this Agreement, the Tribe has severed all business ties with Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, Lino Vazquez and all known principals, officers, employees and agents thereof; any entities owned in whole or part by Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez; any entity otherwise associated in any way with Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez; and/or any entity in which Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, Lino Vazquez or an entity owned by them is the majority shareholder.
 - B. The Tribe and the TTGC agree to fully comply with the corrective measures set forth in Section Fourteen (14) of this Agreement.
 - C. The Tribe agrees to provide full cooperation to the NIGC in relation to the pending administrative appeal involving Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez, which arose out of NOV 12-1 and any other related administrative or federal litigation against Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez for managing the Gaming Facility without an approved management contract from September 6, 2005, to and including December 31, 2010. Such cooperation includes but not limited to: (1) providing NIGC all documents or other evidence in the Tribe's possession related to the above administrative appeal; and (2) making any and all officials and employees of the Tribe, the TTGC and the Golden Pony Casino available for interviews, declarations and testimony for purposes of the matters described in this provision.
18. After the Effective Date, the NIGC shall inform the Presiding Official that the parties have entered a settlement agreement and shall request a stay of all proceedings in the appeal pending notification that the NIGC has received the civil fine payment of \$50,000 referenced in Section Thirteen (13) of this Agreement. The Tribe and the TTGC shall consent to the notice and motion for stay referenced herein, and the NIGC may represent that the Tribe and the TTGC have given such consent. After the NIGC has received the

fine payment, it shall transmit a copy of the Settlement Agreement to the Presiding Official and shall request that the Presiding Official certify the Settlement Agreement and dismiss the administrative appeal. The Tribe and the TTGC consent to the motion to certify the Settlement Agreement and the NIGC may represent that such consent is given.

19. The parties agree that the Presiding Official's certification of the Settlement Agreement shall constitute dismissal of the appeal and final agency action pursuant to 25 C.F.R. § 584.10(d).
20. The Chairwoman agrees that, upon execution of this Agreement, the NIGC shall not institute further proceedings or actions or assess any additional sanctions against the Tribe, the TTGC or any other entity of the Tribe, or the officers and/or directors of such tribal entities, including the members of the Business Committee, the members of the Gaming Commission, Town King George Scott and TTGC Chairman Alan Scott, for actions or omissions arising out of, or related to, the subject matter of NOV 12-1 and occurring prior to the Effective Date; provided that, if the Tribe, the TTGC and/or any other tribal entity fails to comply with any term or condition of this Agreement, including if any employees or officials of the Tribe, the TTGC, or the Golden Pony Casino testify or otherwise provide information or evidence in the administrative appeal of NOV-12 involving Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, or Lino Vazquez or any other related federal litigation against Titan/Mercury, Anthony DeMartino, Jr., Michael Gavenchak, Doug Pattison, and Lino Vazquez that conflicts with the representations and admissions made in declarations or in testimony provided by the Tribe or set forth in this Agreement, then, in addition to the possibility that the NIGC may pursue perjury charges, (*See* 18 U.S.C. §1001) the Tribe and the TTGC agree that the suspended portion of the civil fine imposed in Section Thirteen (13) of this Agreement shall become fully due and payable on the date of the breach of this Agreement. In such circumstance, the NIGC shall issue a written notice to the Tribe. The Tribe agrees that it waives any rights to an oral hearing under 25 C.F.R. § 513.6. The NIGC shall provide the Tribe with a reasonable opportunity to submit written material supporting a request to reconsider the determination that the Tribe is in breach of the Agreement.
21. In the event that the Commission should issue a final order concluding that Titan/Mercury have violated any provision of the IGRA relative to management of the Gaming Facility during September 6, 2005 through December 31, 2010, the Chairwoman agrees to assist the Tribe's recovery of any funds or property that Titan/Mercury may have unlawfully or improperly obtained from the Tribe by providing the Tribe any documents which lawfully may be conveyed to the Tribe or by any other action that is lawful.


ADDITIONAL COVENANTS

22. This Agreement constitutes the entire agreement between the NIGC Chairwoman, the Tribe and the TTGC relating to the enforcement action set forth above, and supersedes all prior verbal or written agreements and understandings between the parties related to the subject matter hereof. No warranties, representations, covenants, or agreements shall be

binding upon any party except as set forth herein. Any modification or waiver of any term of this Agreement must be in writing and signed by all the parties.

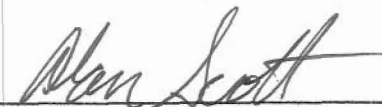
23. The Tribe and the TTGC agree that this Agreement shall be deemed to be the subject of a final order of the NIGC under 25 C.F.R. § 575.4(c)(1) and a final agency action pursuant to 25 C.F.R. § 584.10(d).
24. The NIGC Chairwoman, the Tribe and the TTGC expressly agree and acknowledge that time is of the essence in this Agreement. The recitals herein and above set shall be binding upon the parties, their agents, heirs, personal representatives, successors and assigns.
25. The parties agree that, after the Effective Date, this Agreement shall be a public document and may be published or disclosed by either party.
26. This Agreement may be executed on one or more counterparts and each shall constitute an original. A signature produced by facsimile shall be deemed to be an original signature and shall be effective and binding for purpose of the Agreement.

For the Thlopthlocco Tribal Town

By: 
George Scott
Town King, Thlopthlocco Tribal Town

Date: 3-7-13

For the Thlopthlocco Gaming Commission

By: 
Alan Scott
Tribal Gaming Commission Chairman,
Thlopthlocco Tribal Town

Date: 3-7-13

For the National Indian Gaming Commission:

By: _____
Tracie L. Stevens, Chairwoman
National Indian Gaming Commission

Date: _____

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For the Thlopthlocco Tribal Town

By: _____ Date: _____
George Scott
Town King, Thlopthlocco Tribal Town

For the Thlopthlocco Gaming Commission

By: _____ Date: _____
Alan Scott
Tribal Gaming Commission Chairman,
Thlopthlocco Tribal Town

For the National Indian Gaming Commission:

By:  Date: 3/20/13
Tracie L. Stevens, Chairwoman
National Indian Gaming Commission