



# **Eastern Shawnee**

State Compact

&

Compact Regulations

ENROLLED SENATE BILL NO. 1252  
ENACTED BY THE SECOND REGULAR SESSION OF THE  
49<sup>TH</sup> LEGISLATURE OF THE STATE OF OKLAHOMA  
NUMBERED BY THE SECRETARY OF STATE  
STATE QUESTION NUMBER 712  
LEGISLATIVE REFERENDUM NUMBER 335

RECEIVED: May 19, 2004

# An Act

ENROLLED SENATE  
BILL NO. 1252

By: Hobson of the Senate

and

Adair and Pettigrew of the  
House

An Act relating to amusements and sports; ordering a legislative referendum pursuant to the Oklahoma Constitution; creating the State-Tribal Gaming Act; providing short title; providing conditional authority for the Oklahoma Horse Racing Commission to license certain entities to conduct certain types of electronic gaming; clarifying legality of certain conduct; providing conditions and restrictions for such gaming; authorizing promulgation of certain rules; limiting number of games for which entities may be licensed; providing for revocation of license; prohibiting adoption of certain ordinances; defining term; providing for distribution of certain revenues; requiring application for race dates to include certain agreements; requiring certain licensees to conduct minimum number of races; providing for modification of required number of races; providing for effective date of certain requirements; authorizing approval of transfer of certain monies; authorizing certain simulcast races; providing for representatives for horsemen; providing for agreements between organization licensees and breed representatives; defining terms; providing standards for the conduct of certain games; describing procedures for operation of certain games; requiring certain data be available to the Oklahoma Horse Racing Commission; requiring certain features on certain games; providing standards for component parts of certain games; establishing standards for cashless transaction system; requiring certification of games by independent testing laboratory; providing procedures for certification; providing for a compact with federally recognized Indian tribes; providing for deposit of certain fees; providing procedures and conditions for entering into compact; construing certain provisions of law; establishing terms and conditions of model compact; defining terms; authorizing certain games; providing for rules and regulations; providing procedures for bringing certain tort claims and certain prize claims; providing for enforcement of compact; providing for monitoring of compact; providing for licensing of certain personnel; providing for the payment of certain fees; providing for dispute resolution;

providing for construction of compact; providing for effective date and duration of compact; providing for codification; providing ballot title; repealing Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 of Enrolled Senate Bill No. 553 of the 2nd Session of the 49th Oklahoma Legislature, which relate to the State-Tribal Gaming Act; and directing filing.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. Pursuant to Section 3 of Article V of the Oklahoma Constitution, there is hereby ordered the following legislative referendum, as set forth in Sections 2 through 24 of this act, which shall be filed with the Secretary of State and addressed to the Governor of the state, who shall submit the same to the people for their approval or rejection at the next General Election to be held on November 2, 2004.

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 261 of Title 3A, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "State-Tribal Gaming Act".

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 262 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. If at least four (4) Indian tribes enter into the model tribal-state compact set forth in Section 22 of this act, and such compacts are approved by the Secretary of the Interior and notice of such approval is published in the Federal Register, the Oklahoma Horse Racing Commission ("Commission") shall license organization licensees which are licensed pursuant to Section 205.2 of Title 3A of the Oklahoma Statutes to conduct authorized gaming as that term is defined by this act pursuant to this act utilizing gaming machines or devices authorized by this act subject to the limitations of subsection C of this section. No fair association or organization licensed pursuant to Section 208.2 of Title 3A of the Oklahoma Statutes or a city, town or municipality incorporated or otherwise, or an instrumentality thereof, may conduct authorized gaming as that term is defined by this act.

Notwithstanding the provisions of Sections 941 through 988 of Title 21 of the Oklahoma Statutes, the conducting of and participation in gaming in accordance with the provisions of this act or the model compact set forth in Section 22 of this act is lawful and shall not be subject to any criminal penalties.

B. Authorized gaming may only be conducted by an organization licensee on days when the licensee is either conducting live racing or is accepting wagers on simulcast races at the licensee's racing

facilities. In any week, authorized gaming may be conducted for not more than one hundred six (106) total hours, with not more than eighteen (18) hours in any twenty-four-hour period. Authorized gaming may only be conducted by organization licensees at enclosure locations where live racing is conducted. Under no circumstances shall authorized gaming be conducted by an organization licensee at any facility outside the organization licensee's racing enclosure. No person who would not be eligible to be a patron of a pari-mutuel system of wagering pursuant to the provisions of subsection B of Section 208.4 of Title 3A of the Oklahoma Statutes shall be admitted into any area of a facility when authorized games are played nor be permitted to operate, or obtain a prize from, or in connection with, the operation of any authorized game, directly or indirectly.

C. In order to encourage the growth, sustenance and development of live horse racing in this state and of the state's agriculture and horse industries, the Commission is hereby authorized to issue licenses to conduct authorized gaming to no more than three (3) organization licensees operating racetrack locations at which horse race meetings with pari-mutuel wagering, as authorized by the Commission pursuant to the provisions of Title 3A of the Oklahoma Statutes, occurred in calendar year 2001, as follows:

1. An organization licensee operating a racetrack location at which an organization licensee is licensed to conduct a race meeting pursuant to the provisions of Section 205.2 of Title 3A of the Oklahoma Statutes located in a county with a population exceeding six hundred thousand (600,000) persons, according to the most recent federal decennial census, shall be licensed to operate not more than six hundred fifty (650) player terminals in any year. Provided, beginning with the third year after an organization licensee is licensed pursuant to this paragraph to operate such player terminals such licensee may be licensed to operate an additional fifty (50) player terminals in a nonsmoking area. Provided further, beginning with the fifth year after an organization licensee is licensed pursuant to this paragraph to operate such player terminals, such licensee may be licensed to operate a further additional fifty (50) player terminals in a nonsmoking area; and

2. Two organization licensees operating racetrack locations at which the organization licensees are licensed to conduct race meetings pursuant to the provisions of Section 205.2 of Title 3A of the Oklahoma Statutes located in counties with populations not exceeding four hundred thousand (400,000) persons, according to the most recent federal decennial census, may each be licensed to operate not more than two hundred fifty (250) player terminals in any year.

Subject to the limitations on the number of player terminals permitted to each organization licensee, an organization licensee may utilize electronic amusement games as defined in this act, electronic bonanza-style bingo games as defined in this act and electronic instant bingo games as defined in this act, and any type of gaming machine or device that is specifically allowed by law and that an Indian tribe in this state is authorized to utilize pursuant to a compact entered into between the state and the tribe in accordance with the provisions of the Indian Gaming Regulatory Act

and any other machine or device that an Indian tribe in this state is lawfully permitted to operate pursuant to the Indian Gaming Regulatory Act, referred to collectively as "authorized games". An organization licensee's utilization of such machines or devices shall be subject to the regulatory control and supervision of the Commission; provided, the Commission shall have no role in oversight and regulation of gaming conducted by a tribe subject to a compact. The Commission shall promulgate rules to regulate the operation and use of authorized gaming by organization licensees. In promulgating such rules, the Commission shall consider the provisions of any compact which authorizes electronic gaming which is specifically authorized by law by an Indian tribe. For the purpose of paragraphs 1 and 2 of this subsection, the number of player terminals in an authorized game that permits multiple players shall be determined by the maximum number of players that can participate in that game at any given time; provided, however, that nothing in this act prohibits the linking of player terminals for progressive jackpots, so long as the limitations on the number of permitted player terminals at each organization licensee are not exceeded. Each organization licensee shall keep a record of, and shall report at least quarterly to the Oklahoma Horse Racing Commission, the number of games authorized by this section utilized in the organization licensee's facility, by the name or type of each and its identifying number.

D. No zoning or other local ordinance may be adopted or amended by a political subdivision where an organization licensee conducts live horse racing with the intent to restrict or prohibit an organization licensee's right to conduct authorized gaming at such location.

E. For purposes of this act, "adjusted gross revenues" means the total receipts received by an organization licensee from the play of all authorized gaming minus all monetary payouts.

F. The Oklahoma Horse Racing Commission shall promulgate rules to regulate, implement and enforce the provisions of this act with regard to the conduct of authorized gaming by organization licensees; provided, regulation and oversight of games covered by a compact and operated by an Indian tribe shall be conducted solely pursuant to the requirements of the compact.

G. If an organization licensee operates or attempts to operate more player terminals which offer authorized games than it is authorized to offer to the public by this act or the terms of its license, upon written notice from the Commission, such activity shall cease forthwith. Such activity shall constitute a basis upon which the Commission may suspend or revoke the licensee's license. The Commission shall promulgate any rules and regulations necessary to enforce the provisions of this subsection.

H. This act is game-specific and shall not be construed to allow the operation of any other form of gaming unless specifically allowed by this act. This act shall not permit the operation of slot machines, dice games, roulette wheels, house-banked card games or games where winners are determined by the outcome of a sports contest.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 263 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Each organization licensee described in paragraph 2 of subsection C of Section 3 of this act shall distribute from the first Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues generated by any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Oklahoma Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Twenty-five percent (25%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Sixty-five percent (65%) shall be retained by the organization licensee.

B. The organization licensee described in paragraph 1 of subsection C of Section 3 of this act shall distribute from the first Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues generated by any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Thirty percent (30%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Sixty percent (60%) shall be retained by the organization licensee.

C. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Ten Million Dollars (\$10,000,000.00) per calendar year but not to exceed Thirty Million Dollars (\$30,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Ten percent (10%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher

Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Thirty percent (30%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Sixty percent (60%) shall be retained by the organization licensee.

D. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Thirty Million Dollars (\$30,000,000.00) per calendar year but not to exceed Forty Million Dollars (\$40,000,000.00) per calendar year generated by any gaming conducted pursuant to this act as follows:

1. Fifteen percent (15%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Thirty percent (30%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Fifty-five percent (55%) shall be retained by the organization licensee.

E. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Forty Million Dollars (\$40,000,000.00) per calendar year but not to exceed Fifty Million Dollars (\$50,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Twenty percent (20%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Twenty-five percent (25%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Fifty-five percent (55%) shall be retained by the organization licensee.

F. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Fifty Million Dollars (\$50,000,000.00) per calendar year but not to exceed Seventy Million Dollars (\$70,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Twenty-five percent (25%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Twenty-two and one-half percent (22 1/2%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Fifty-two and one-half percent (52 1/2%) shall be retained by the organization licensee.

G. Each organization licensee shall distribute from retained adjusted gross revenues in excess of Seventy Million Dollars (\$70,000,000.00) per calendar year generated from any gaming conducted pursuant to this act as follows:

1. Thirty percent (30%) shall be remitted to the Tax Commission on the fifteenth day following the end of the month in which it was retained. Twelve percent (12%) of the revenue derived pursuant to this paragraph shall be apportioned monthly to the Oklahoma Higher Learning Access Trust Fund and eighty-eight percent (88%) of such revenue shall be apportioned to the Education Reform Revolving Fund;

2. Twenty percent (20%) shall be retained by the organization licensee to be distributed according to subsection H of this section; and

3. Fifty percent (50%) shall be retained by the organization licensee.

H. Each organization licensee shall remit, on the fifteenth day following the end of the month in which they were retained, an amount equal to nine percent (9%) of the funds generated pursuant to paragraph 2 of subsections A through G of this section to the Oklahoma Horse Racing Commission for deposit in the Oklahoma Breeding Development Fund Special Account pursuant to Section 208.3 of Title 3A of the Oklahoma Statutes, to be distributed to the participating breeds as provided in paragraphs 1 and 2 of this subsection.

Each organization licensee shall remit to the official horsemen's organization representing participating horsemen during the live race meets, on the fifteenth day following the end of the month in which they were retained, an amount equal to one and five-tenths percent (1.5%) of the funds generated pursuant to paragraph 2 of subsections A through G of this section on a pro rata basis based on the distribution of purse funds available to the breeds of horses participating in the live race meetings with one percent (1%) to be used for administrative expenses and five-tenths of one percent (0.5%) to provide funding for a benevolence program at each racetrack to benefit participating horsemen and their employees. Such benevolence program shall provide medical benefits or services

to persons associated with the horse racing industry who are in financial need.

Each organization licensee shall remit to the breed organizations designated by the official horsemen's representative, on the fifteenth day following the end of the month in which they were retained, an amount equal to one percent (1%) of the funds generated pursuant to paragraph 2 of subsections A through G of this section on a pro rata basis based on the distribution of purse funds available to the breeds of horses participating in the live race meetings for funding to support the breed organizations dedicated to the promotion of breeding and racing horses in Oklahoma.

Subject to the provisions of subsection I of this section, the remainder of the funds generated pursuant to paragraph 2 of subsections A through G of this section shall be distributed by the organization licensee as purses for participating horses as follows:

1. For organization licensees that conduct one or more race meetings dedicated to Thoroughbred racing and one or more race meetings dedicated to Quarter Horse, Paint and Appaloosa horse racing, fifty percent (50%) to purses for Thoroughbred races, forty-five percent (45%) to purses for Quarter Horse races, and five percent (5%) to purses for Paint and Appaloosa races; and

2. For all other organization licensees, forty-five percent (45%) to purses for Thoroughbred races, forty-five percent (45%) to purses for Quarter Horse races and ten percent (10%) to purses for Paint and Appaloosa horse races.

I. The percentage of purse money generated by an organization licensee that is designated for deposit to the Oklahoma Breeding Development Fund Special Account pursuant to subsection H of this section may be increased by an additional percentage that shall not exceed thirty-three percent (33%) of the total funds for participating horsemen upon the written application of the official horsemen's representative for each of the breeds of horses participating in a race meeting at the track.

All Oklahoma Breeding Development Fund Special Account monies generated pursuant to this section shall not be subject to a reduction pursuant to paragraph 7 of subsection B of Section 208.3 of Title 3A of the Oklahoma Statutes.

J. An organization licensee's annual application for race dates shall include any existing agreement between the organization licensee and the official horsemen's representative for each breed participating in the live racing meeting at that track which sets forth the thresholds whereby the minimum number of races will increase or decrease during that calendar year.

K. For purposes of this act a "recipient licensee" means an organization licensee operating a racetrack location at which an organization licensee is licensed to conduct a race meeting pursuant to the provisions of Section 208.2 of Title 3A of the Oklahoma Statutes located in a county with a population exceeding five hundred thousand (500,000) persons, according to the most recent

federal decennial census, and a "participating tribe" means a tribe which operates a gaming facility within a radius of twenty (20) miles from the enclosure of a recipient licensee pursuant to a compact set forth in Section 22 of this act. Such compact shall require that a participating tribe contribute a percentage of its "monthly average take" from electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games (hereinafter referred to collectively as "electronic covered games") as defined in that tribe's Gaming Compact as long as the prohibition against fair associations or organizations licensed pursuant to Section 208.2 of Title 3A of the Oklahoma Statutes conducting authorized gaming under this act as set forth in subsection A of Section 3 of this act remains in effect. Participating tribes shall make contributions in accordance with the following requirements:

1. Each participating tribe shall calculate its monthly average take for electronic covered games for each calendar month of operation of electronic covered games. For purposes of this paragraph, the "monthly average take" shall mean all adjusted gross revenue from electronic covered games at the tribal gaming facilities that are located within a radius of twenty (20) miles from the enclosure of a recipient licensee during the applicable calendar month, divided by the number of electronic covered games operated by the tribe at the gaming facility during the applicable calendar month;

2. Each participating tribe shall calculate its pro rata share of the payments required by this subsection, based on the number of electronic covered games in the tribal gaming facilities within the twenty-mile radius described in paragraph 1 of this subsection, during the applicable calendar month ("tribal share"). As an example only, if three (3) tribes participate in this subsection during a calendar month, and have the respective number of games in the amount of 500, 1,000, and 1,000, then the payments called for in paragraph 3 of this subsection would be multiplied by 20%, 40% and 40% to determine each tribe's pro rata share; and

3. Each participating tribe shall make the following payments no later than the fifteenth day following the end of the applicable calendar month, with the first payment to be due no later than the fifteenth day following the end of the first month in which a participating tribe commences gaming operations pursuant to the compact set out in Section 22 of this act:

- a. the tribe shall pay its pro rata share of the product of 450 multiplied by .05 multiplied by the greater of Seven Thousand Four Hundred Eight Dollars (\$7,408.00) or the tribe's monthly average take for the applicable month to the recipient licensee, and
- b. the tribe shall pay its pro rata share of the product of 450 multiplied by .25 multiplied by the tribe's monthly average take for the applicable month to the Oklahoma Horse Racing Commission to be distributed to organization licensees for purses for participating horses pursuant to subsection L of this section.

L. The "purse committees" shall be comprised of the official elected horsemen representatives for each breed as designated in Section 8 of this act. The total contribution of the participating tribes made pursuant to subparagraph b of paragraph 3 of subsection K of this section shall be distributed as directed by the purse committees based on the following formula, to wit: fifty percent (50%) by the purse committee representing Thoroughbred horses; forty percent (40%) by the purse committee representing Quarter Horses; and ten percent (10%) by the purse committee representing Paint and Appaloosa horses.

The purse committees shall meet at least sixty (60) days prior to the beginning of a calendar year to provide directions for placement of the purse funds described in subparagraph b of paragraph 3 subsection K of this section with one or more organization licensees for the succeeding calendar year. In providing such directions the purse committees shall consider and attempt to achieve the following preferences in the order set forth below:

FIRST. Through the use of no more than fifty percent (50%) of the purse funds available for distribution under this section, maintaining the purse structures of any organization licensee operating a racetrack location located in a county with a population exceeding six hundred thousand (600,000) persons, according to the most recent federal decennial census, at a level that is competitive with the purse structures of similarly situated race tracks, including those in surrounding states, and that will encourage the participation by horsemen in that organization licensee's race meet or meets; and

SECOND. Maintaining the purse structures of the organization licensee closest in geographic proximity to the location where the purse funds described in subparagraph b of paragraph 3 of subsection K of this section were generated at a level that is competitive with the purse structures of similarly situated race tracks, including those in surrounding states, and that will encourage the participation by horsemen in that organization licensee's race meet or meets; and

THIRD. Maintaining the purse structures of the remaining organization licensees in the state at a level that will encourage the participation by horsemen in those organization licensees' race meet or meets.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 264 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The organization licensee that is located in a county with a population of greater than six hundred thousand (600,000) according to the most recent federal decennial census shall, for each year it conducts authorized gaming:

1. Conduct annually a race meeting restricted to Thoroughbred horses that provides no fewer than six hundred (600) races for Thoroughbred horses; and

2. Conduct annually a race meeting restricted to Quarter Horse, Paint and Appaloosa horses that provides no fewer than five hundred (500) races for Quarter Horse, Paint and Appaloosa horses within a period of twelve (12) consecutive weeks.

B. Each organization licensee that is located in a county with a population of fewer than four hundred thousand (400,000) according to the most recent federal decennial census shall be required, for each year it conducts authorized gaming, to conduct annually no less than two hundred seventy (270) races for Thoroughbred horses, no fewer than two hundred seventy (270) races for Quarter Horses, and no fewer than sixty (60) races for Paint and Appaloosa horses.

C. An organization licensed pursuant to Section 208.2 of Title 3A of the Oklahoma Statutes shall in order to be eligible to receive money pursuant to the provision of subsection K in Section 4 of this act, conduct annually no less than four hundred (400) total races, which shall include conducting no fewer than an average of four (4) races per day for Thoroughbred horses.

D. Notwithstanding the provisions of subsection H of Section 4 of this act, the Oklahoma Horse Racing Commission shall approve, upon joint application of the organization licensee and the official horsemen's representative organization that represents the horsemen for a given breed of horses participating in a given race meeting, a reduction or increase in the number of races to be conducted as prescribed in this section. Any agreed-upon change to the number of races shall include specifying the number of races to be conducted each race day and the calendar days that the races will be conducted. For purposes of any agreement entered into pursuant to this section, a race day shall be not less than seven (7) races nor more than twelve (12) races unless all of the races on a particular day are time trial races. The organization licensees and the elected horsemen's representative organization shall use their best efforts to establish race meets with the number of races that is reasonable in light of the available purse money, the racing calendar of all organization licensees operating pursuant to this act, and the number of races run at similar facilities in surrounding markets.

E. Notwithstanding anything in this section to the contrary, the requirements set forth in this section shall become effective with the first race meeting that commences at each organization licensee following the initial six (6) months that the organization licensee commences authorized gaming as authorized by this act.

SECTION 6. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 265 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Horse Racing Commission shall approve the transfer of purse money generated for races for Thoroughbred horses, races for Quarter Horses or races for Paint and Appaloosa horses pursuant to this section, by one organization licensee to another organization licensee, upon joint application of the organization licensee generating the purse money, the organization licensee

receiving the transferred purse money, and in the case of a transfer of purse money for Thoroughbred racing, the official horsemen's representative organization that represents participating horsemen at a race meeting in a county with a population exceeding six hundred thousand (600,000) persons by an organization licensee licensed pursuant to Section 205.2 of Title 3A of the Oklahoma Statutes that is restricted to Thoroughbred horses, and in the case of a transfer of purse money for Quarter Horse, Paint and Appaloosa horse racing, the official horsemen's representative organization that represents participating horsemen at a race meeting in a county with a population exceeding six hundred thousand (600,000) persons by an organization licensee licensed pursuant to Section 205.2 of Title 3A of the Oklahoma Statutes that is restricted to Quarter Horse, Paint and Appaloosa horses. Purse money transferred to one organization licensee from purse money for a particular breed of horse generated by another organization licensee shall only be used to supplement purses for that breed of horse. Notwithstanding the foregoing, any agreement for the transfer of purse money may be rescinded by order of the Commission if the Commission is petitioned by not less than two-thirds (2/3) of the licensed owners, owner/trainers and trainers of starters of a particular breed of horses during the most recently concluded meet for that breed of horses at the tracks affected by the transfer.

B. The provisions of this section shall not be applicable to any purse money generated pursuant to the provisions of subsection K of Section 4 of this act.

SECTION 7. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 266 of Title 3A, unless there is created a duplication in numbering, reads as follows:

Notwithstanding the provisions of Section 205.7 of Title 3A of the Oklahoma Statutes, an organization licensee may conduct, for any year in which the organization licensee meets the requirements to conduct authorized gaming, an unlimited number of out-of-state full card simulcast races for an unlimited number of days during that calendar year. An organization which is licensed under Section 208.2 of Title 3A of the Oklahoma Statutes may also conduct an unlimited number of out-of-state full card simulcast races for an unlimited number of days, provided that such licensee conducts, in such year, no less than four hundred (400) total races, which shall include conducting no fewer than an average of four (4) races per day for Thoroughbred horses.

SECTION 8. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 267 of Title 3A, unless there is created a duplication in numbering, reads as follows:

For purposes of this act, the organization elected by horsemen that was, in 2003, providing representation for participating Thoroughbred horsemen at meets restricted to Thoroughbred horses only shall be the official representative of all Thoroughbreds participating in live race meets conducted by an organization licensee. The organization elected by horsemen that was, in 2003, providing representation for the breeds participating in mixed-breed racing shall be the official representative of all non-Thoroughbreds

participating in live race meets conducted by an organization licensee.

Organization licensees shall negotiate and covenant with the official representative for each breed participating at any race meeting as to the conditions for each race meeting, the distribution of commissions and purses not governed by statutory distribution formulae, simulcast transmission and reception, off-track wagering, all matters relating to welfare, benefits and prerogatives of the participants in the meet, and any other matter required as a matter of law or necessity. During race meets at which there is more than one official representative for horsemen, each official representative association shall designate an equal number of horsemen to serve on a single committee that will periodically meet with the organization licensee to discuss and facilitate track management operations. Any participating horsemen may with written notice filed with the track's horsemen's bookkeeper elect to opt out of representation by the above-referenced organizations. In the event more than fifty percent (50%) of the total participating horsemen for a single breed opt to be excluded, the Oklahoma Horse Racing Commission may determine that an election be held among all participating horsemen of that breed to designate an alternate representative organization.

The official horsemen's representative organizations, and any breed organizations receiving funding as a result of this act, shall provide the Commission annually with a complete financial accounting for the use of all funds received pursuant to this act. The official horsemen's representative organization shall administer the benevolence program for participants in each live race meeting and a complete accounting of those funds along with the guidelines for administration and determination of eligibility for the benevolence program are subject to approval by the Commission.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 768 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. No electronic game, and no component thereof, may be offered for play by an organization licensee unless it has been certified by an independent testing laboratory approved by the Oklahoma Horse Racing Commission as conforming to the standards contained in this act.

B. It is the intent and policy of the Legislature that the standards for the games provided in this act shall operate so as to permit a large number of potential vendors to compete to furnish devices to the organization licensees. If the Commission determines that such standards serve to limit competition, the Commission is authorized to adopt rules modifying such standards so as to encourage competition while preserving the basic nature of the games permitted by this act; provided, that any tribe that has entered into an effective compact pursuant to Sections 21 and 22 of this act may, pursuant to such compact, conduct any electronic bonanza-style bingo game, any electronic amusement game or any electronic instant bingo game certified as meeting the standards contained in any such

Commission rules modifying the standards of the games that may be conducted by organizational licensees.

C. A prototype of any electronic game which a licensee intends to offer for play shall be tested and certified by an independent testing laboratory as meeting the standards contained in this act.

D. A licensee shall provide, or require that the manufacturer or vendor provide to the independent testing laboratory a written request as to each electronic game for which certification is sought, any fees required to be deposited by the independent testing laboratory, and, on a confidential basis: two (2) copies of the game illustrations, schematics, block diagrams, circuit analyses, technical and enterprise manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format), and any other information requested by the independent testing laboratory. The licensee shall send copies of the requests for certification to the Commission when made and shall make all materials submitted to the independent testing laboratory available to the Commission upon request. Any materials so submitted which are designated by the manufacturer or vendor as proprietary shall remain confidential and shall not be subject to the disclosure requirements of the Oklahoma Open Records Act.

E. If requested by the independent testing laboratory, the licensee shall require the manufacturer or vendor to transport not more than two (2) working models of the electronic game for which certification is sought to a location designated by the laboratory for testing, examination or analysis. Neither the state nor the independent testing laboratory shall be liable for any costs associated with the transportation, testing, examination, or analysis, including any damage to the components of the electronic game. If requested by the independent testing laboratory, the licensee shall require the manufacturer or vendor to provide specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis. At the conclusion of each test, the independent testing laboratory shall provide to the Commission a report that contains findings, conclusions and a certification that the electronic game conforms or fails to conform to the standards contained in this act. If the independent testing laboratory determines that the device fails to conform to such standards, and if modifications can be made which would bring the electronic game into compliance, the report may contain recommendations for such modifications. The independent testing laboratory shall retest for compliance following such modifications. The independent testing laboratory shall report all findings and conclusions to the licensee, the manufacturer/vendor and the Commission, provided that at any time prior to issuance of a final report by the laboratory the licensee may instruct it to terminate the process, in which case no report shall be made.

F. The Commission shall review and approve a proposed electronic game, or component thereof, based solely on the standards contained in this act, subject to modification in accordance with subsection B of this section, and the report and certification received from the independent testing laboratory. The Commission shall approve any proposed electronic game that meets the standards

contained in this act. The Commission's review shall be completed within twenty (20) days of receipt of the certification from the independent testing laboratory as to any new electronic game or component thereof, and within ten (10) days of the receipt of the certification as to any modification to an electronic game which has already been approved by the Commission. The certification shall be deemed approved if the Commission does not disapprove the proposed electronic game as not meeting the standards contained in this act within the twenty- or ten-day period, as may be applicable. If within the twenty- or ten-day periods described in this section for approval by the Commission of an electronic game or modification thereof, the Commission gives notice to the licensee that it has disapproved a proposed electronic game, such electronic game shall not be placed in any facility or, if already there, shall be removed or taken offline for play, to allow time for an appeal to be made in accordance with the applicable appeal process if an appeal is sought. The sole issue in the appeal process shall be whether the electronic game, or a component thereof, which is the subject of the appeal, meets the standards contained in this act. The Commission shall have the authority to discuss the independent testing laboratory's report with representatives of the independent testing laboratory without any cost to the Commission and to physically review any electronic game as part of the applicable appeal process.

G. No modification to any electronic game may be made by an organization licensee after it is tested, certified and approved, without certification of the modification by the independent testing laboratory and approval thereof by the Commission. In situations where immediate modifications are necessary to preserve the integrity of an electronic game which has been operating pursuant to an approval obtained under this section, the independent testing laboratory may issue an emergency certification of the modification and a certification that is based on information provided to it by the licensee or obtained independently, emergency certification must be issued immediately to preserve the integrity of the electronic game, and that certification would likely be issued under ordinary circumstances. Such emergency certifications shall be deemed to be temporarily approved by the Commission and remain in effect until the Commission takes final action under this section on the certification.

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 269 of Title 3A, unless there is created a duplication in numbering, reads as follows:

As used in Sections 2 through 20 of this act:

1. "Authorized games" means the games that organizational licensees are authorized to conduct pursuant to this act, as more specifically described in paragraph 2 of subsection C of Section 3 of this act;
2. "Central computer" means a computer or computers to which player terminals may be linked to allow competition in electronic boranza-style bingo games;

3. "Compact" means a model tribal-state compact between the state and a tribe entered into pursuant to Sections 21 and 22 of this act;

4. "Electronic accounting system" means an electronic system that provides a secure means to receive, store and access data and record critical functions and activities, as set forth in this act;

5. "Electronic amusement game" means a game that is played in an electronic environment in which a player's performance and opportunity for success can be improved by skill that conforms to the standards set forth in this act;

6. "Electronic bonanza-style bingo game" means a game played in an electronic environment in which some or all of the numbers or symbols are drawn or electronically determined before the bingo cards for that game are sold that conforms with the standards set forth in this act;

7. "Electronic instant bingo game" means a game played in an electronic environment in which a player wins if his or her electronic instant bingo card contains a combination of numbers or symbols that was designated in advance of the game as a winning combination. There may be multiple winning combinations in each game and multiple winning cards;

8. "Electronic gaming" means the electronic amusement game, the electronic bonanza-style bingo game and the electronic instant bingo game described in this act, which are included in the authorized gaming available to be offered by organization licensees;

9. "Game play credits" means a method of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, in connection with electronic gaming. Game play credits may be redeemed for cash or a cash equivalent;

10. "Independent testing laboratory" means a laboratory of national reputation that is demonstrably competent and qualified to scientifically test and evaluate devices for compliance with this act and to otherwise perform the functions assigned to it in this act. An independent testing laboratory shall not be owned or controlled by an organizational licensee, an Indian tribe, the state, or any manufacturer, supplier or operator of gaming devices. The use of an independent testing laboratory for any purpose related to the conduct of electronic gaming by an organization licensee under this act shall be made from a list of one or more laboratories approved by the Commission;

11. "Player terminals" means electronic terminals housed in cabinets with input devices and video screens or electromechanical displays on which players play authorized gaming; and

12. "Standards" means the descriptions and specifications of electronic games or components thereof as set forth in this act, including technical specifications for component parts, requirements for cashless transaction systems, software tools for security and audit purposes, and procedures for operation of such games.

SECTION 11. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 270 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Electronic amusement games shall be played through the employment of player terminals which, following the payment of a fee, present games in which the player can win prizes in a format in which a player's performance can be improved by skill.

B. A player may purchase an opportunity to play an electronic amusement game at a player terminal, either through the insertion of coins or currency, cash voucher, or through the use of a cashless transaction system. The available games are displayed on the player terminal's video screen or otherwise prominently displayed on the terminal. The rules of the game are also displayed either prominently on the terminal or on a help screen, and include sufficient information to alert novice players on the concept of the game so that a novice player can understand how to improve his or her performance. Depending on the game selected, the player must physically interact with the screen (through touch screen technology) or by depressing or activating buttons or other input devices, to cause an intended result.

C. Following play on a player terminal, the result shall be displayed and prizes awarded. Prizes may be dispensed in the form of cash, coin, cash voucher, merchandise or through a cashless transaction system.

D. Every play of the game shall be recorded, monitored and regulated to ensure full accountability and integrity of play, in accordance with the provisions of this act.

SECTION 12. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 271 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Electronic amusement games are games in which a player's performance can be improved by skill. Consistent with this intent, each player terminal employed in an electronic amusement game shall only offer games that meet the following minimum standards:

1. Each electronic amusement game must require decisions or actions by players that could affect the result of the game;

2. No auto-hold, "smart-hold", or similar feature shall be employed which permits the player terminal to automatically determine optimum play or make decisions for players;

3. Each player terminal must prominently display either on the terminal or on a help screen:

- a. the rules of the game and instructions and other information regarding the concept of the game so that a novice player can understand how to improve his or her performance, and

- b. possible winning combinations based on the amounts paid to play the game and the other information required in this section. Such information may not be incomplete, confusing or misleading;

4. In electronic amusement games in which players are competing against others, the players shall be informed about whether and how winning prizes will be shared; and

5. No electronic amusement game shall base its outcome on the number or ratio of prior wins to prior losses or any other factor relating to the profit or revenues retained by the operator from prior plays of the game.

B. Following any play on a player terminal, data shall be maintained electronically and shall be viewable either electronically or by printed report. Such data shall provide basic information regarding the amount paid in, the game played, the result, and the prize awarded, if any.

SECTION 13. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 272 of Title 3A, unless there is created a duplication in numbering, reads as follows:

For auditing and security purposes, any electronic amusement game shall include and have available a secure software tool to audit the software of each electronic amusement game. Such tool shall be used only during authorized audits of electronic amusement games, or in cases of player disputes.

SECTION 14. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 273 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Electronic bonanza-style bingo games authorized by this act shall only be conducted using a system which utilizes linked player terminals which allow players to purchase and play electronic bonanza-style bingo cards. Players compete, following the payment of a fee, to be the first player to cover a previously designated bingo pattern using a set of numbers or symbols at least some of which were drawn or electronically determined before the sale of bingo cards began. The first player to cover the game-winning pattern wins the game-winning prize. Interim and consolation prizes also may be awarded.

B. A player may purchase an opportunity to play an electronic bonanza-style bingo game at a player terminal, either through the insertion of coins or currency, cash voucher, or through the use of a cashless transaction system. The available games are displayed on the player terminal's video screen or otherwise prominently displayed on the terminal. The rules of the game are also displayed either prominently on the terminal or a help screen.

C. After the player purchases a bingo card, the player terminal must cover any numbers on the player's bingo card that match numbers previously drawn or electronically determined for that game.

D. Although the results of the bingo game may be shown using entertaining video and/or mechanical displays, the player may have the option to view the electronic bingo card and current ball draw on the video screen of the player terminal.

E. Following play on a player terminal, the result shall be displayed and prizes awarded. Prizes may be dispensed in the form of cash, coin, cash voucher, merchandise or through a cashless transaction system.

SECTION 15. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 274 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Electronic instant bingo games authorized by this act shall only utilize player terminals which allow players to purchase and play electronic instant bingo cards. Players receive, after the payment of a fee, an electronic instant bingo card. A player wins if his or her card contains a combination of numbers which was designated in advance of the game as a winning combination. There may be multiple winning combinations in each game and multiple winning cards.

B. A player may purchase an opportunity to play an electronic instant bingo game at a player terminal, either through the insertion of coins or currency, cash voucher, or through the use of a cashless transaction system. The available games are displayed on the player terminal's video screen or otherwise prominently displayed on the terminal. The rules of the game are also displayed either prominently on the terminal or on a help screen.

C. After the player purchases an electronic instant bingo card, the combination of numbers on that card is revealed to the player.

D. The results of the electronic instant bingo card shall be shown to the player using entertaining video and/or mechanical displays.

E. Following play on a player terminal, the result shall be displayed and prizes awarded. Prizes may be dispensed in the form of cash, coin, cash voucher, merchandise or through a cashless transaction system.

SECTION 16. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 275 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Player terminals used in connection with electronic games shall conform to the following standards:

1. No player terminal shall be capable of being used as a stand-alone unit for the purposes of engaging in any game not permitted by this act;

2. In addition to a video monitor or other electromechanical display, each player terminal may have one or more of the following: a printer, graphics and signage;

3. Each player terminal may have one or more of the following: electronic buttons, touch screen capability, and a mechanical, electromechanical or electronic means of activating the game and providing player input, including a means for making player selections and choices in games;

4. Each player terminal shall have a nonvolatile backup memory or its equivalent, which shall be maintained in a secure compartment on each player terminal for the purpose of storing and preserving a redundant set of critical data which has been error checked in accordance with this act, and which data shall include, at a minimum, the following player terminal information:

- a. electronic meters required by paragraph 7 of this subsection,
- b. recall of all wagers and other information associated with the last ten (10) plays, and
- c. error conditions that may have occurred on the player terminal;

5. An on/off switch that controls the electrical current that supplies power to the player terminal, which must be located in a secure place that is readily accessible within the interior of the player terminal;

6. The operation of each player terminal must not be adversely compromised or affected by static discharge, liquid spills, or electromagnetic interference;

7. A player terminal must have electronic accounting meters which have tally totals to a minimum of seven (7) digits and be capable of rolling over when the maximum value of at least 9,999,999 is reached. The player terminal must provide a means for on-demand display of the electronic meters via a key switch or other secure method on the exterior of the machine. Electronic meters on each player terminal for each of the following data categories are required:

- a. credits, or equivalent monetary units, deposited on a cumulative basis on that terminal,
- b. if a player terminal offers more than one electronic bonanza-style bingo game or electronic amusement game for play, then for each game, the meter shall record the number of credits, or equivalent monetary units, wagered and won for each game,
- c. hand-paid and progressive jackpots paid for that terminal, which must include the cumulative amounts paid by an attendant for any such jackpot not otherwise metered pursuant to subparagraph b of this paragraph,

- d. the number of electronic games played on the terminal, and
- e. the number of times the cabinet door is opened or accessed;

8. Under no circumstances shall the player terminal electronic accounting meters be capable of being automatically reset or cleared, whether due to an error in any aspect of its or a game's operation or otherwise. All meter readings must be recorded and dated both before and after an electronic accounting meter is cleared;

9. At a minimum, each player terminal shall have the following game information available for display on the video screen and/or displayed on the player terminal itself, in a location conspicuous to the player:

- a. the rules of the game being played,
- b. the maximum and minimum cost of a wager, purchase or play activation and the amount of credits, or cash equivalents, which may be won for each game offered through that terminal,
- c. the player's credit balance,
- d. the outcome of the game then being played, and
- e. any prize won on the game then being played;

10. The video screen or other means for displaying game rules, outcomes and other game information shall be kept under a glass or other transparent substance which places a barrier between the player and the actual surface of the display. At no time may stickers or other removable media be placed on the player terminal's face for purposes of displaying rules or payouts;

11. No hardware switches may be installed on a player terminal or any associated equipment which may affect the outcome or payout of any game for which the player terminal is used. Switches may be installed to control the ergonomics of the player terminal; and

12. Where the electronic game system or components are linked with one another in a local network for progressive jackpot, function sharing, aggregate prizes or other purposes, communication protocols must be used which ensure that erroneous data or signals will not adversely affect the operations of any such system or components.

SECTION 17. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 276 of Title 3A, unless there is created a duplication in numbering, reads as follows:

One or more electronic accounting systems shall be required to perform reporting and other functions in support of the electronic game activities described in this act. These systems may

communicate with the other computers, player terminals and other game components described in this act utilizing the standards set forth in this act. The electronic accounting system shall not interfere with the outcome of any electronic game functions.

SECTION 18. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 277 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. The following standards shall be met in connection with any cashless transaction system:

1. All player account information must be stored on at least two (2) separate nonvolatile media;

2. An audit file must be kept of all financial transactions against the account. This file must be stored in at least two (2) separate nonvolatile media, and be accessible for purposes of audit and disputes resolution to authorized individuals. This file must be available on-line for a minimum of thirty (30) days, after which it must be available off-line for a minimum of one hundred eighty (180) days;

3. Access controls must be in place to guarantee that unauthorized individuals will not have access to account information or history;

4. Passwords or personal identification numbers (PINs), if used, must be protected from unauthorized access;

5. All means for communicating information within the system shall conform to the standards set forth in this act;

6. Player accounts shall follow accounting procedures which are designed to verify and protect the accurate recording of all player transactions;

7. Any card or other tangible instrument issued to a player for the purpose of using the cashless transaction system shall bear on its face a control or inventory number unique to that instrument;

8. Encoded bearer instruments printed or magnetic may include coupons and other items distributed or sold for game play, promotional, advertising or other purposes, but may not include cash. Such instruments must be in electronically readable form in addition to having unique identification information printed on the instrument face. The daily and monthly reporting must include with respect to such instruments:

- a. cash converted to game play credits,
- b. outstanding unredeemed balance,
- c. game play credits converted to cash,
- d. game play credits used, and

e. game play credits won;

9. All customer accounts or instruments must have a redemption period of at least fourteen (14) days; and

10. No ATM card, financial institution debit card or credit card shall be utilized as part of any cashless transaction system.

3. Any "smart card" system which the licensee intends to implement as part of the cashless transaction system shall be tested by an independent testing laboratory approved by the Commission to ensure the integrity of player funds. Any smart card must store on the card or on the system using the card an audit trail of the last ten (10) transactions involving the use of the card. Each transaction record must include, at a minimum, the type of transaction, the amount of the transaction, the date of the transaction, the time of the transaction, and the identification of the player terminal or cashier terminal or other points of cash exchange where the transaction occurred. The minimum daily and monthly reporting for smart card activity must include:

1. Total of cash transferred to smart cards;
2. Total of smart card amounts transferred to cash;
3. Total of smart card amounts transferred to game play credits;
4. Total of game play credits transferred to smart card amounts; and
5. Total unredeemed smart card balance.

C. Systems shall be permissible that allow player tracking, maintenance tracking, and other gaming management or marketing functions. These systems shall not interfere with, or in any way affect, the outcome of any game being played. Systems shall be permissible that allow progressive prize management with the certification of the independent testing laboratory approved by the Oklahoma Horse Racing Commission.

SECTION 19. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 278 of Title 3A, unless there is created a duplication in numbering, reads as follows:

A. Before any component of an electronic game may be placed into operation by an organizational licensee, the licensee shall first have obtained and submitted to the Oklahoma Horse Racing Commission a written certification from the manufacturer that upon installation, each such component:

1. Conforms to the standards of electronic games contained in this act as certified by the independent testing laboratory;
2. Can be used with components manufactured by others in accordance with open architectural and communication standards, platform and protocols to be approved by the Commission that

promotes competition among manufacturers and vendors of equipment and components for such games; and

3. Operates and plays in accordance with the standards contained in this act. Any certification of an electronic game which was obtained from the Commission by another licensee may be relied upon as providing certification compliance under this section.

B. The organization licensee shall be responsible for the payment of all independent testing laboratory fees and costs in connection with the duties described herein. Provided, the organization licensee may rely on any certification of an electronic game previously approved by the Oklahoma Horse Racing Commission for any other licensee. The licensee may also rely on any certification of an electronic game obtained by a tribe and approved pursuant to the provisions of the State-Tribal Gaming Act. In order to assure independence of the independent testing laboratory, any independent testing laboratory payment delinquency may be grounds by the Commission for rejecting such laboratory's reports or certification.

C. The organization licensee shall allow the Commission to inspect any electronic games or components of electronic games for the purposes of confirming that such component is operating in accordance with the requirements of this act and that such component is identical to that game or component tested by an independent testing laboratory.

SECTION 20. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 279 of Title 3A, unless there is created a duplication in numbering, reads as follows:

In the event of a dispute by a player that cannot be resolved by ordinary means by licensee personnel as to the outcome, prize, fee paid or any other aspect of the player's participation in an electronic game being played ("prize claim"), all relevant data shall be immediately collected, including, but not limited to, all meter readings, memory records, surveillance tapes, and any other reports or information regarding the disputed play on the player terminal for the play in dispute. Following the collection of all relevant data, the Oklahoma Horse Racing Commission shall be notified and requested to make an evaluation of whether or not the dispute involves the integrity of the hardware or software being used and to try and resolve the dispute. A report of all prize claims shall be maintained by the licensee.

SECTION 21. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 280 of Title 3A, unless there is created a duplication in numbering, reads as follows:

The State of Oklahoma through the concurrence of the Governor after considering the executive prerogatives of that office and the power to negotiate the terms of a compact between the state and a tribe, and by means of the execution of this act, and with the concurrence of the State Legislature through the enactment of this act, hereby makes the following offer of a model tribal gaming compact regarding gaming to all federally recognized Indian tribes

as identified in the Federal Register within this state that own or are the beneficial owners of Indian lands as defined by the Indian Gaming Regulatory Act, 25 U.S.C., Section 2703(4), and over which the tribe has jurisdiction as recognized by the Secretary of the Interior and is a part of the tribe's "Indian reservation" as defined in 25 C.F.R., Part 151.2 or has been acquired pursuant to 25 C.F.R., Part 151, which, if accepted, shall constitute a gaming compact between this state and the accepting tribe for purposes of the Indian Gaming Regulatory Act. Acceptance of the offer contained in this section shall be through the signature of the chief executive officer of the tribal government whose authority to enter into the compact shall be set forth in an accompanying law or ordinance or resolution by the governing body of the tribe, a copy of which shall be provided by the tribe to the Governor. No further action by the Governor or the state is required before the Compact can take effect. A tribe accepting this Model Tribal Gaming Compact is responsible for submitting a copy of the Compact executed by the tribe to the Secretary of the Interior for approval and publication in the Federal Register. The tribe shall provide a copy of the executed Compact to the Governor. No tribe shall be required to agree to terms different than the terms set forth in the Model Tribal Gaming Compact, which is set forth in Section 22 of this act. As a precondition to execution of the Model Tribal Gaming Compact by any tribe, the tribe must have paid or entered into a written agreement for payment of any fines assessed prior to the effective date of the State-Tribal Gaming Act by the federal government with respect to the tribe's gaming activities pursuant to the Indian Gaming Regulatory Act.

Notwithstanding the provisions of Sections 941 through 988 of Title 21 of the Oklahoma Statutes, the conducting of and the participation in any game authorized by the model compact set forth in Section 22 of this act are lawful when played pursuant to a compact which has become effective.

Twelve percent (12%) of all fees received by the state pursuant to subsection A of Part 11 of the Model Tribal Gaming Compact set forth in Section 22 of this act shall be deposited in the Oklahoma Higher Learning Access Trust Fund, and eighty-eight percent (88%) of such fees shall be deposited in the Education Reform Revolving Fund. Provided, the first Twenty Thousand Eight Hundred Thirty-three Dollars and thirty-three cents (\$20,833.33) of all fees received each month by the state pursuant to subsection A of Part 11 of the Model Tribal Gaming Compact set forth in Section 22 of this act shall be transferred to the Department of Mental Health and Substance Abuse Services for the treatment of compulsive gambling disorder and educational programs related to such disorder.

SECTION 22. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 281 of Title 3A, unless there is created a duplication in numbering, reads as follows:

This section sets forth the provisions of the Model Tribal Gaming Compact.

#### MODEL TRIBAL GAMING COMPACT

Between the [Name of Tribe]

and the STATE OF OKLAHOMA

This Compact is made and entered into by and between the [Name of Tribe], a federally recognized Indian tribe ("tribe"), and the State of Oklahoma ("state"), with respect to the operation of covered games (as defined herein) on the tribe's Indian lands as defined by the Indian Gaming Regulatory Act, 25 U.S.C., Section 2703(4).

Part 1. TITLE

This document shall be referred to as the "[Name of Tribe] and State of Oklahoma Gaming Compact".

Part 2. RECITALS

1. The tribe is a federally recognized tribal government possessing sovereign powers and rights of self-government.
2. The State of Oklahoma is a state of the United States of America possessing the sovereign powers and rights of a state.
3. The state and the tribe maintain a government-to-government relationship, and this Compact will help to foster mutual respect and understanding among Indians and non-Indians.
4. The United States Supreme Court has long recognized the right of an Indian tribe to regulate activity on lands within its jurisdiction.
5. The tribe desires to offer the play of covered games, as defined in paragraphs 5, 10, 11 and 12 of Part 3 of this Compact, as a means of generating revenues for purposes authorized by the Indian Gaming Regulatory Act, 25 U.S.C., Section 2701, et seq., including without limitation the support of tribal governmental programs, such as health care, housing, sewer and water projects, police, corrections, fire, judicial services, highway and bridge construction, general assistance for tribal elders, day care for the children, economic development, educational opportunities and other typical and valuable governmental services and programs for tribal members.
6. The state recognizes that the positive effects of this Compact will extend beyond the tribe's lands to the tribe's neighbors and surrounding communities and will generally benefit all of Oklahoma. These positive effects and benefits may include not only those described in paragraph 5 of this Part, but also may include increased tourism and related economic development activities.
7. The tribe and the state jointly wish to protect their citizens from any criminal involvement in the gaming operations regulated under this Compact.

Part 3. DEFINITIONS

As used in this Compact:

1. "Adjusted gross revenues" means the total receipts received from the play of all covered games minus all prize payouts;
2. "Annual oversight assessment" means the assessment described in subsection B of Part 11 of this Compact;
3. "Central computer" means a computer to which player terminals are linked to allow competition in electronic bonanza-style bingo games;
4. "Compact" means this Tribal Gaming Compact between the state and the tribe, entered into pursuant to Sections 21 and 22 of the State-Tribal Gaming Act;
5. "Covered game" means the following games conducted in accordance with the standards, as applicable, set forth in Sections 11 through 18 of the State-Tribal Gaming Act: an electronic bonanza-style bingo game, an electronic amusement game, an electronic instant bingo game, nonhouse-banked card games; any other game, if the operation of such game by a tribe would require a compact and if such game has been: (i) approved by the Oklahoma Horse Racing Commission for use by an organizational licensee, (ii) approved by state legislation for use by any person or entity, or (iii) approved by amendment of the State-Tribal Gaming Act; ~~and upon election by the tribe by written supplement to this Compact, any Class II game in use by the tribe, provided that no exclusivity payments shall be required for the operation of such Class II game.~~ *cf*
6. "Covered game employee" means any individual employed by the enterprise or a third party providing management services to the enterprise, whose responsibilities include the rendering of services with respect to the operation, maintenance or management of covered games. The term "covered game employee" includes, but is not limited to, the following: managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers, supervisors, and floor personnel; cage personnel; and any other person whose employment duties require or authorize access to areas of the facility related to the conduct of covered games or the maintenance or storage of covered game components. This shall not include upper level tribal employees or tribe's elected officials so long as such individuals are not directly involved in the operation, maintenance, or management of covered game components. The enterprise may, at its discretion, include other persons employed at or in connection with the enterprise within the definition of covered game employee;
7. "Documents" means books, records, electronic, magnetic and computer media documents and other writings and materials, copies thereof, and information contained therein;
8. "Effective date" means the date on which the last of the conditions set forth in subsection A of Part 15 of this Compact have been met;

G: ORIA DURBIN  
 Notary Public, Notary Seal  
 STATE OF OKLAHOMA  
 MY COMMISSION EXPIRES Nov. 13, 2007  
 Com. #10183625

9. "Electronic accounting system" means an electronic system that provides a secure means to receive, store and access data and record critical functions and activities, as set forth in the State-Tribal Gaming Act;

10. "Electronic amusement game" means a game that is played in an electronic environment in which a player's performance and opportunity for success can be improved by skill that conforms to the standards set forth in the State-Tribal Gaming Act;

11. "Electronic bonanza-style bingo game" means a game played in an electronic environment in which some or all of the numbers or symbols are drawn or electronically determined before the electronic bingo cards for that game are sold that conforms to the standards set forth in the State-Tribal Gaming Act;

12. "Electronic instant bingo game" means a game played in an electronic environment in which a player wins if his or her electronic instant bingo card contains a combination of numbers or symbols that was designated in advance of the game as a winning combination. There may be multiple winning combinations in each game and multiple winning cards that conform to the standards set forth in the State-Tribal Gaming Act;

13. "Enterprise" means the tribe or the tribal agency or section of tribal management with direct responsibility for the conduct of covered games, the tribal business enterprise that conducts covered games, or a person, corporation or other entity that has entered into a management contract with the tribe to conduct covered games, in accordance with IGRA. The names, addresses and identifying information of any covered game employees shall be forwarded to the SCA at least annually. In any event, the tribe shall have the ultimate responsibility for ensuring that the tribe or enterprise fulfills the responsibilities under this Compact. For purposes of enforcement, the tribe is deemed to have made all promises for the enterprise;

14. "Facility" means any building of the tribe in which the covered games authorized by this Compact are conducted by the enterprise, located on Indian lands as defined by IGRA. The tribe shall have the ultimate responsibility for ensuring that a facility conforms to the Compact as required herein;

15. "Game play credits" means a method of representing value obtained from the exchange of cash or cash equivalents, or earned as a prize, in connection with electronic gaming. Game play credits may be redeemed for cash or a cash equivalent;

16. "Player terminals" means electronic or electromechanical terminals housed in cabinets with input devices and video screens or electromechanical displays on which players play electronic bonanza-style bingo games, electronic instant bingo games or electronic amusement games;

17. "Independent testing laboratory" means a laboratory of national reputation that is demonstrably competent and qualified to scientifically test and evaluate devices for compliance with this

Compact and to otherwise perform the functions assigned to it in this Compact. An independent testing laboratory shall not be owned or controlled by the tribe, the enterprise, an organizational licensee as defined in the State-Tribal Gaming Act, the state, or any manufacturer, supplier or operator of gaming devices. The selection of an independent testing laboratory for any purpose under this Compact shall be made from a list of one or more laboratories mutually agreed upon by the parties; provided that the parties hereby agree that any laboratory upon which the National Indian Gaming Commission has relied for such testing may be utilized for testing required by this Compact;

18. "IGRA" means the Indian Gaming Regulatory Act, Pub. L. 100-497, Oct. 17, 1988, 102 Stat. 2467, codified at 25 U.S.C., Section 2701 et seq. and 18 U.S.C., Sections 1166 to 1168;

19. "Nonhouse-banked card games" means any card game in which the tribe has no interest in the outcome of the game, including games played in tournament formats and games in which the tribe collects a fee from the player for participating, and all bets are placed in a common pool or pot from which all player winnings, prizes and direct costs are paid. As provided herein, administrative fees may be charged by the tribe against any common pool in an amount equal to any fee paid the state; provided that the tribe may seed the pool as it determines necessary from time to time;

20. "Patron" means any person who is on the premises of a gaming facility, for the purpose of playing covered games authorized by this Compact;

21. "Principal" means, with respect to any entity, its sole proprietor or any partner, trustee, beneficiary or shareholder holding five percent (5%) or more of its beneficial or controlling ownership, either directly or indirectly, or any officer, director, principal management employee, or key employee thereof;

22. "Rules and regulations" means the rules and regulations promulgated by the Tribal Compliance Agency for implementation of this Compact;

23. "Standards" means the descriptions and specifications of electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games or components thereof as set forth in Sections 11 through 18 of the State-Tribal Gaming Act as enacted in 2004 or as amended pursuant to paragraph 27 of this Part or subsection D of Part 13 of this Compact, including technical specifications for component parts, requirements for cashless transaction systems, software tools for security and audit purposes, and procedures for operation of such games;

24. "State" means the State of Oklahoma;

25. "State Compliance Agency" ("SCA") means the state agency that has the authority to carry out the state's oversight responsibilities under this Compact, which shall be the Office of State Finance or its successor agency. Nothing herein shall

supplant the role or duties of the Oklahoma State Bureau of Investigation under state law. The Oklahoma Horse Racing Commission and the Oklahoma Tax Commission shall have no role in regulating or oversight of any gaming conducted by a tribe;

26. "Tribal Compliance Agency" ("TCA") means the tribal governmental agency that has the authority to carry out the tribe's regulatory and oversight responsibilities under this Compact. Unless and until otherwise designated by the tribe, the TCA shall be the [Name of Tribe] Gaming Commission. No covered game employee may be a member or employee of the TCA. The tribe shall have the ultimate responsibility for ensuring that the TCA fulfills its responsibilities under this Compact. The members of the TCA shall be subject to background investigations and licensed to the extent required by any tribal or federal law, and in accordance with subsection B of Part 7 of this Compact. The tribe shall ensure that all TCA officers and agents are qualified for such position and receive ongoing training to obtain and maintain skills that are sufficient to carry out their responsibilities in accordance with industry standards;

27. "State-Tribal Gaming Act" means the legislation in which this Model Tribal Gaming Compact is set forth and, at the tribe's option, amendments or successor statutes thereto;

28. "Tribal law enforcement agency" means a police or security force established and maintained by the tribe pursuant to the tribe's powers of self-government to carry out law enforcement duties at or in connection with a facility; and

29. "Tribe" means the [Name of Nation].

#### Part 4. AUTHORIZATION OF COVERED GAMES

A. The tribe and state agree that the tribe is authorized to operate covered games only in accordance with this Compact. However, nothing in this Compact shall limit the tribe's right to operate any game that is Class II under IGRA and no Class II games shall be subject to the exclusivity payments set forth in Part 11 of this Compact. In the case of electronic bonanza-style bingo games, there have been disagreements between tribes and federal regulators as to whether or not such games are Class II. Without conceding that such games are Class III, the tribe has agreed to compact with the state to operate the specific type of electronic bonanza-style bingo game described in this Compact to remove any legal uncertainty as to the tribe's right to lawfully operate the game. Should the electronic bonanza-style bingo game or the electronic instant bingo game described in this act be determined to be Class II by the NIGC or a federal court, then the tribe shall have the option to operate such games outside of this Compact; provided, any obligations pursuant to subsection F of Part 11 of this Compact shall not be affected thereby.

B. A tribe shall not operate an electronic bonanza-style bingo game, an electronic instant bingo game or an electronic amusement game pursuant to this Compact until such game has been certified by an independent testing laboratory and the TCA as meeting the

standards set out in the State-Tribal Gaming Act for electronic bonanza-style bingo games, electronic instant bingo games or electronic amusement games, as applicable or any standards contained in the Oklahoma Horse Racing Commission rules issued pursuant to subsection B of Section 9 the State-Tribal Gaming Act that modify the standards for such games that may be conducted by organizational licensees. Provided, the tribe may rely on any certification of an electronic bonanza-style bingo game, an electronic instant bingo, or electronic amusement games by the Oklahoma Horse Racing Commission which was obtained by an organization licensee pursuant to the State-Tribal Gaming Act to establish certification compliance under this Compact. The tribe may also rely on any certification of an electronic bonanza-style bingo game, electronic instant bingo or an electronic amusement game by the TCA obtained by another tribe which has entered into the model compact to establish certification compliance under this Compact.

Part 5. RULES AND REGULATIONS; MINIMUM REQUIREMENTS FOR OPERATIONS

A. Regulations. At all times during the Term of this Compact, the tribe shall be responsible for all duties which are assigned to it, the enterprise, the facility, and the TCA under this Compact. The tribe shall promulgate any rules and regulations necessary to implement this Compact, which at a minimum shall expressly include or incorporate by reference all provisions of Part 5 and the procedural requirements of Part 6 of this Compact. Nothing in this Compact shall be construed to affect the tribe's right to amend its rules and regulations, provided that any such amendment shall be in conformity with this Compact. The SCA may propose additional rules and regulations related to implementation of this Compact to the TCA at any time, and the TCA shall give good faith consideration to such suggestions and shall notify the SCA of its response or action with respect thereto.

B. Compliance; Internal Control Standards. All enterprises and facilities shall comply with, and all covered games approved under the procedures set forth in this Compact shall be operated in accordance with the requirements set forth in this Compact, including, but not limited to, those set forth in subsections C and D of this Part. In addition, all enterprises and facilities shall comply with tribal internal control standards that provide a level of control that equals or exceeds those set forth in the National Indian Gaming Commission's Minimum Internal Control Standards (25 C.F.R., Part 542).

C. Records. In addition to other records required to be maintained herein, the enterprise or tribe shall maintain the following records related to implementation of this Compact in permanent form and as written or entered, whether manually or by computer, and which shall be maintained by the enterprise and made available for inspection by the SCA for no less than three (3) years from the date generated:

1. A log recording all surveillance activities in the monitoring room of the facility, including, but not limited to, surveillance records kept in the normal course of enterprise

operations and in accordance with industry standards; provided, notwithstanding anything to the contrary herein, surveillance records may, at the discretion of the enterprise, be destroyed if no incident has been reported within one (1) year following the date such records were made. Records, as used in this Compact, shall include video tapes and any other storage media;

2. Payout from the conduct of all covered games;

3. Maintenance logs for all covered games gaming equipment used by the enterprise;

4. Security logs as kept in the normal course of conducting and maintaining security at the facility, which at a minimum shall conform to industry practices for such reports. The security logs shall document any unusual or nonstandard activities, occurrences or events at or related to the facility or in connection with the enterprise. Each incident, without regard to materiality, shall be assigned a sequential number for each such report. At a minimum, the security logs shall consist of the following information, which shall be recorded in a reasonable fashion noting:

- a. the assigned number of the incident,
- b. the date of the incident,
- c. the time of the incident,
- d. the location of the incident,
- e. the nature of the incident,
- f. the identity, including identification information, of any persons involved in the incident and any known witnesses to the incident, and
- g. the tribal compliance officer making the report and any other persons contributing to its preparation;

5. Books and records on all covered game activities of the enterprise shall be maintained in accordance with generally accepted accounting principles (GAAP); and

6. All documents generated in accordance with this Compact.

D. Use of Net Revenues. Net revenues that the tribe receives from covered games are to be used for any one or more of those purposes permitted under IGRA:

1. To fund tribal government operations or programs;
2. To provide for the general welfare of the tribe and its members;
3. To promote tribal economic development;
4. To donate to charitable organizations; or

5. To help fund operations of local government agencies.

E. 1. The tribe's rules and regulations shall require the enterprise at a minimum to bar persons based on their prior conduct at the facility or who, because of their criminal history or association with criminal offenders, pose a threat to the integrity of the conduct of covered games.

2. The TCA shall establish a list of the persons barred from the facility.

3. The enterprise shall employ its best efforts to exclude persons on such list from entry into its facility; provided, neither persons who are barred but gain access to the facility, nor any other person, shall have any claim against the state, the tribe or the enterprise or any other person for failing to enforce such bar.

4. Patrons who believe they may be playing covered games on a compulsive basis may request that their names be placed on the list. All covered game employees shall receive training on identifying players who have a problem with compulsive playing and shall be instructed to ask them to leave. Signs and other materials shall be readily available to direct such compulsive players to agencies where they may receive counseling.

F. Audits. 1. Consistent with 25 C.F.R., Section 571.12, Audit Standards, the TCA shall ensure that an annual independent financial audit of the enterprise's conduct of covered games subject to this Compact is secured. The audit shall, at a minimum, examine revenues and expenses in connection with the conduct of covered games in accordance with generally accepted auditing standards and shall include, but not be limited to, those matters necessary to verify the determination of adjusted gross revenues and the basis of the payments made to the state pursuant to Part 11 of this Compact.

2. The auditor selected by the TCA shall be a firm of known and demonstrable experience, expertise and stature in conducting audits of this kind and scope.

3. The audit shall be concluded within five (5) months following the close of each calendar year, provided that extensions may be requested by the tribe and shall not be refused by the state where the circumstances justifying the extension request are beyond the tribe's control.

4. The audit of the conduct of covered games may be conducted as part of or in conjunction with the audit of the enterprise, but if so conducted shall be separately stated for the reporting purposes required herein.

5. The audit shall conform to generally accepted auditing standards. As part of the audit report, the auditor shall certify to the TCA that, in the course of the audit, the auditor discovered no matters within the scope of the audit which were determined or believed to be in violation of any provision of this Compact.

6. The enterprise shall assume all costs in connection with the audit.

7. The audit report for the conduct of covered games shall be submitted to the SCA within thirty (30) days of completion. The auditor's work papers concerning covered games shall be made available to the SCA upon request.

8. Representatives of the SCA may, upon request, meet with the auditors to discuss the work papers, the audit or any matters in connection therewith; provided, such discussions are limited to covered games information and pursue legitimate state covered games interests.

G. Rules for Play of and Prizes for Covered Games. Summaries of the rules for playing covered games and winning prizes shall be visibly displayed in the facility. Complete sets of rules shall be available in pamphlet form in the facility.

H. Supervisory Line of Authority. The enterprise shall provide the TCA and SCA with a chart of the supervisory lines of authority with respect to those directly responsible for the conduct of covered games, and shall promptly notify those agencies of any material changes thereto.

I. Sale of Alcoholic Beverages. The sale and service of alcoholic beverages in a facility shall be in compliance with state, federal and tribal law in regard to the licensing and sale of such beverages.

J. Age Restrictions. No person who would not be eligible to be a patron of a pari-mutuel system of wagering pursuant to the provisions of subsection B of Section 208.4 of Title 3A of the Oklahoma Statutes shall be admitted into any area in a facility where covered games are played, nor be permitted to operate, or obtain a prize from or in connection with the operation of, any covered game, directly or indirectly.

K. Destruction of Documents. Enterprise books, records and other materials documenting the conduct of covered games shall be destroyed only in accordance with rules and regulations adopted by the TCA, which at a minimum shall provide as follows:

1. Material that might be utilized in connection with a potential tort claim pursuant to Part 6 of this Compact, including, but not limited to, incident reports, surveillance records, statements, and the like, shall be maintained at least one (1) year beyond the time which a claim can be made under Part 6 of this Compact or, if a tort claim is made, beyond the final disposition of such claim;

2. Material that might be utilized in connection with a prize claim, including but not limited to incident reports, surveillance records, statements, and the like, shall be maintained at least one hundred eighty (180) days beyond the time which a claim can be made under Part 6 of this Compact or, if a prize claim is made, beyond the final disposition of such claim; and

3. Notwithstanding anything herein to the contrary, all enterprise books and records with respect to the conduct of covered games or the operation of the enterprise, including, but not limited to, all interim and final financial and audit reports and materials related thereto which have been generated in the ordinary course of business, shall be maintained for the minimum period of three (3) years.

L. Location. The tribe may establish and operate enterprises and facilities that operate covered games only on its Indian lands as defined by IGRA. The tribe shall notify the SCA of the operation of any new facility following the effective date of this Compact. Nothing herein shall be construed as expanding or otherwise altering the term "Indian lands", as that term is defined in the IGRA, nor shall anything herein be construed as altering the federal process governing the tribal acquisition of "Indian lands" for gaming purposes.

M. Records of Covered Games. The TCA shall keep a record of, and shall report at least quarterly to the SCA, the number of covered games in each facility, by the name or type of each and its identifying number.

PART 6. TORT CLAIMS; PRIZE CLAIMS; LIMITED CONSENT TO SUIT

A. Tort Claims. The enterprise shall ensure that patrons of a facility are afforded due process in seeking and receiving just and reasonable compensation for a tort claim for personal injury or property damage against the enterprise arising out of incidents occurring at a facility, hereinafter "tort claim", as follows:

1. During the term of this Compact, the enterprise shall maintain public liability insurance for the express purposes of covering and satisfying tort claims. The insurance shall have liability limits of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for any one person and Two Million Dollars (\$2,000,000.00) for any one occurrence for personal injury, and One Million Dollars (\$1,000,000.00) for any one occurrence for property damage, hereinafter the "limit of liability", or the corresponding limits under the Governmental Tort Claims Act, whichever is greater. No tort claim shall be paid, or be the subject of any award, in excess of the limit of liability;

2. The tribe consents to suit on a limited basis with respect to tort claims subject to the limitations set forth in this subsection and subsection C of this Part. No consents to suit with respect to tort claims, or as to any other claims against the tribe shall be deemed to have been made under this Compact, except as provided in subsections B and C of this Part;

3. The enterprise's insurance policy shall include an endorsement providing that the insurer may not invoke tribal sovereign immunity in connection with any claim made within the limit of liability if the claim complies with the limited consent provisions of subsection C of this Part. Copies of all such insurance policies shall be forwarded to the SCA;

4. Any patron having a tort claim shall file a written tort claim notice by delivery to the enterprise or the TCA. The date the tort claim notice is filed with the enterprise or the TCA shall be deemed the official date of filing the tort claim notice. The tort claim notice shall be filed within one (1) year of the date of the event which allegedly caused the claimed loss. Failure to file the tort claim notice during such period of time shall forever bar such tort claim; provided that a tort claim notice filed with the enterprise or the TCA more than ninety (90) days, but within one (1) year, after the event shall be deemed to be timely filed, but any judgment thereon shall be reduced by ten percent (10%).

5. If the tort claim notice is filed with the TCA, the TCA shall forward a copy of the tort claim to the enterprise and the SCA within forty-eight (48) hours of filing, and if the tort claim notice is filed with the enterprise, the enterprise shall forward a copy of the tort claim to the TCA and the SCA within forty-eight (48) hours of filing;

6. The tort claim notice shall state the date, time, place and circumstances of the incident upon which the tort claim is based, the identity of any persons known to have information regarding the incident, including employees or others involved in or who witnessed the incident, the amount of compensation and the basis for said relief; the name, address and telephone number of the claimant, and the name, address and telephone number of any representative authorized to act or settle the claim on behalf of the claimant;

7. All tort claim notices shall be signed by the claimant. The rules and regulations may additionally require that the tort claim notices be signed under oath. The rules and regulations may also require that as a condition of prosecuting tort claims, the claimant shall appear to be interviewed or deposed at least once under reasonable circumstances, which shall include the attendance of the claimant's legal counsel if requested; provided that the enterprise shall afford claimant at least thirty (30) days' written notice of the interview or deposition; and provided further that the claimant's failure to appear without cause for any interview or deposition properly noticed pursuant to this paragraph shall be deemed a voluntary withdrawal of the tort claim;

8. The enterprise shall promptly review, investigate, and make a determination regarding the tort claim. Any portion of a tort claim which is unresolved shall be deemed denied if the enterprise fails to notify the claimant in writing of its approval within ninety (90) days of the filing date, unless the parties by written agreement extend the date by which a denial shall be deemed issued if no other action is taken. Each extension shall be for no more than ninety (90) days, but there shall be no limit on the number of written agreements for extensions, provided that no written agreement for extension shall be valid unless signed by the claimant and an authorized representative of the enterprise. The claimant and the enterprise may continue attempts to settle a claim beyond an extended date; provided, settlement negotiations shall not extend the date of denial in the absence of a written agreement for extension as required by this paragraph;

9. A judicial proceeding for any cause arising from a tort claim may be maintained in accordance with and subject to the limitations of subsection C of this Part only if the following requirements have been met:

- a. the claimant has followed all procedures required by this Part, including, without limitation, the delivery of a valid and timely written tort claim notice to the enterprise,
- b. the enterprise has denied the tort claim, and
- c. the claimant has filed the judicial proceeding no later than the one-hundred-eightieth day after denial of the claim by the enterprise; provided, that neither the claimant nor the enterprise may agree to extend the time to commence a judicial proceeding; and

10. Notices explaining the procedure and time limitations with respect to making a tort claim shall be prominently posted in the facility. Such notices shall explain the method and places for making a tort claim, that this procedure is the exclusive method of making a tort claim, and that claims that do not follow these procedures shall be forever barred. The enterprise shall make pamphlets containing the requirements in this subsection readily available to all patrons of the facility and shall provide such pamphlets to a claimant within five (5) days of the filing of a claim.

B. Prize Claims. The enterprise shall ensure that patrons of a facility are afforded due process in seeking and receiving just and reasonable compensation arising from a patron's dispute, in connection with his or her play of any covered game, the amount of any prize which has been awarded, the failure to be awarded a prize, or the right to receive a refund or other compensation, hereafter "prize claim", as follows:

1. The tribe consents to suit on a limited basis with respect to prize claims against the enterprise only as set forth in subsection C of this Part; no consents to suit with respect to prize claims, or as to any other claims against the tribe shall be deemed to have been made under this Compact, except as provided in subsections A and C of this Part;

2. The maximum amount of any prize claim shall be the amount of the prize which the claimant establishes he or she was entitled to be awarded, hereafter "prize limit";

3. Any patron having a prize claim shall file a written prize claim notice by delivery to the enterprise or the TCA. The date the prize claim is filed with the enterprise or the TCA shall be deemed the official date of filing the prize claim notice. The prize claim notice shall be filed within ten (10) days of the event which is the basis of the claim. Failure to file the prize claim notice during such period of time shall forever bar such prize claim;

4. If the prize claim notice is filed with the TCA, the TCA shall forward a copy of the prize claim to the enterprise and the SCA within forty-eight (48) hours of its filing; and if the prize claim notice is filed with the enterprise, the enterprise shall forward a copy of the tort claim to the TCA and the SCA within forty-eight (48) hours of filing;

5. The written prize claim notice shall state the date, time, place and circumstances of the incident upon which the prize claim is based, the identity of any persons known to have information regarding the incident, including employees or others involved in or who witnessed the incident, the amount demanded and the basis for said amount, the name, address and telephone number of the claimant, and the name, address and telephone number of any representative authorized to act or settle the claim on behalf of the claimant;

6. All notices of prize claims shall be signed by the claimant. The rules and regulations may additionally require that the prize claim notices be signed under oath;

7. The enterprise shall promptly review, investigate and make a determination regarding the prize claim. Claimants shall cooperate in providing information, including personal sworn statements and agreeing to be interviewed, as the enterprise shall reasonably request. The claimant is permitted to have counsel present during any such interview;

8. If the prize claim is not resolved within seventy-two (72) hours from the time of filing the claim in accordance with paragraph 5 of this subsection, the TCA shall immediately notify the SCA in writing that the claim has not been resolved;

9. In the event the claim is resolved, the TCA shall not be obligated to report that fact to the SCA, but shall make TCA reports available for review;

10. Any portion of a prize claim which is unresolved shall be deemed denied if the enterprise fails to notify the claimant in writing of its approval within thirty (30) days of the filing date, unless the parties agree by written agreement to extend the date. Each extension shall be for no more than thirty (30) days, but there shall be no limit on the number of written agreements for extensions; provided, that no written agreements for extension shall be valid unless signed by the claimant and an authorized representative of the TCA. The claimant and the enterprise may continue attempts to settle a claim beyond an extended date; provided, settlement negotiations shall not extend the date of denial in the absence of a written extension required by this paragraph;

11. A judicial proceeding for any cause arising from a prize claim may be maintained in accordance with and subject to the limitations of subsection C of this Part only if the following requirements have been met:

- a. the claimant has followed all procedures required by this Part, including without limitation, the delivery

of a valid and timely written prize claim notice to the enterprise.

- b. the enterprise has denied the prize claim, and
- c. the claimant has filed the judicial proceeding no later than one hundred eighty (180) days after denial of the claim by the enterprise; provided that neither the claimant nor the enterprise may extend the time to commence a judicial proceeding; and

12. Notices explaining the procedure and time limitations with respect to making a prize claim shall be prominently posted in the facility. Such notices shall explain the method and places for making claims, that this procedure is the exclusive method of making a prize claim, and that claims that do not follow this procedure shall be forever barred. The enterprise shall make pamphlets containing the requirements in this subsection readily available to all patrons of the facility and shall provide such pamphlets to a claimant by the TCA within five (5) days of the filing date of a claim.

C. Limited Consent to Suit for Tort Claims and Prize Claims. The tribe consents to suit against the enterprise in a court of competent jurisdiction with respect to a tort claim or prize claim if all requirements of paragraph 9 of subsection A or all requirements of paragraph 11 of subsection B of this Part have been met; provided that such consent shall be subject to the following additional conditions and limitations:

1. For tort claims, consent to suit is granted only to the extent such claim or any award or judgment rendered thereon does not exceed the limit of liability. Under no circumstances shall any consent to suit be effective as to any award which exceeds such applicable amounts. This consent shall only extend to the patron actually claiming to have been injured. A tort claim shall not be assignable. In the event any assignment of the tort claim is made in violation of this Compact, or any person other than the patron claiming the injury becomes a party to any action hereunder, this consent shall be deemed revoked for all purposes. Notwithstanding the foregoing, consent to suit shall not be revoked if an action on a tort claim is filed by (i) a court appointed representative of a claimant's estate, (ii) an indispensable party, or (iii) a health provider or other party subrogated to the claimant's rights by virtue of any insurance policy; provided, that nothing herein is intended to, or shall constitute a consent to suit against the enterprise as to such party except to the extent such party's claim is:

- a. in lieu of and identical to the claim that would have been made by the claimant directly but for the appointment of said representative or indispensable party, and participation of such other party is in lieu of and not in addition to pursuit of the claim by the patron, and

- b. the claim of such other party would have been subject to a consent to suit hereunder if it had been made by the claimant directly; and

2. For prize claims, consent is granted only to the extent such claim does not exceed the prize limit. Under no circumstances shall any award exceed the prize limit. This consent shall only extend to the patron actually claiming to have engaged in the play of a covered game on which the claim is based. Prize claims shall not be assignable. In the event any assignment of the prize claim is made, or any person other than the claimant entitled to make the claim becomes a party to any action hereunder, this consent shall be deemed revoked for all purposes. Notwithstanding the foregoing, consent to suit shall not be revoked if an action on a prize claim is filed by (i) a court-appointed representative of a claimant's estate, or (ii) an indispensable party, provided that nothing herein is intended to, or shall constitute a consent to suit against the enterprise as to such party except to the extent such party's claim is:

- a. in lieu of and identical to the claim that would have been made by the claimant directly but for the appointment of said representative or indispensable party, and participation of such other party is in lieu of and not in addition to pursuit of the claim by the patron, and
- b. the claim of such other party would have been subject to a consent to suit hereunder if it had been made by the claimant directly.

D. Remedies in the Event of No or Inadequate Insurance for Tort Claim. In the event a tort claim is made and there is no, or inadequate, insurance in effect as required under this Compact, the enterprise shall be deemed to be in default hereunder unless, within ten (10) days of a demand by the SCA or a claimant to do so, the enterprise has posted in an irrevocable escrow account at a state or federally chartered bank which is not owned or controlled by the tribe, sufficient cash, a bond or other security sufficient to cover any award that might be made within the limits set forth in paragraph 1 of subsection A of this Part, and informs the claimant and the state of:

1. The posting of the cash or bond;
2. The means by which the deposit can be independently verified as to the amount and the fact that it is irrevocable until the matter is finally resolved;
3. The right of the claimant to have this claim satisfied from the deposit if the claimant is successful on the claim; and
4. The notice and hearing opportunities in accordance with the tribe's tort law, if any, otherwise in accordance with principles of due process, which will be afforded to the claimant so that the intent of this Compact to provide claimants with a meaningful

opportunity to seek a just remedy under fair conditions will be fulfilled.

Part 7. ENFORCEMENT OF COMPACT PROVISIONS

A. The tribe and TCA shall be responsible for regulating activities pursuant to this Compact. As part of its responsibilities, the tribe shall require the enterprise do the following:

1. Operate the conduct of covered games in compliance with this Compact, including, but not limited to, the standards and the tribe's rules and regulations;
2. Take reasonable measures to assure the physical safety of enterprise patrons and personnel, prevent illegal activity at the facility, and protect any rights of patrons under the Indian Civil Rights Act, 25 U.S.C., Sec. 1302-1303;
3. Promptly notify appropriate law enforcement authorities of persons who may be involved in illegal acts in accordance with applicable law;
4. Assure that the construction and maintenance of the facility meets or exceeds federal and tribal standards for comparable buildings; and
5. Prepare adequate emergency access plans to ensure the health and safety of all covered game patrons. Upon the finalization of emergency access plans, the TCA or enterprise shall forward copies of such plans to the SCA.

B. All licenses for members and employees of the TCA shall be issued according to the same standards and terms applicable to facility employees. The TCA shall employ qualified compliance officers under the authority of the TCA. The compliance officers shall be independent of the enterprise, and shall be supervised and accountable only to the TCA. A TCA compliance officer shall be available to the facility during all hours of operation upon reasonable notice, and shall have immediate access to any and all areas of the facility for the purpose of ensuring compliance with the provisions of this Compact. The TCA shall investigate any such suspected or reported violation of this Compact and shall require the enterprise to correct such violations. The TCA shall officially enter into its files timely written reports of investigations and any action taken thereon, and shall forward copies of such reports to the SCA within fifteen (15) days of such filing. Any such violations shall be reported immediately to the TCA, and the TCA shall immediately forward the same to the SCA. In addition, the TCA shall promptly report to the SCA any such violations which it independently discovers.

C. In order to develop and foster a positive and effective relationship in the enforcement of the provisions of this Compact, representatives of the TCA and the SCA shall meet, not less than on an annual basis, to review past practices and examine methods to improve the regulatory scheme created by this Compact. The meetings

shall take place at a location mutually agreed to by the TCA and the SCA. The SCA, prior to or during such meetings, shall disclose to the TCA any concerns, suspected activities, or pending matters reasonably believed to possibly constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected.

Part 8. STATE MONITORING OF COMPACT

A. The SCA shall, pursuant to the provisions of this Compact, have the authority to monitor the conduct of covered games to ensure that the covered games are conducted in compliance with the provisions of this Compact. In order to properly monitor the conduct of covered games, agents of the SCA shall have reasonable access to all areas of the facility related to the conduct of covered games as provided herein:

1. Access to the facility by the SCA shall be during the facility's normal operating hours only; provided that to the extent such inspections are limited to areas of the facility where the public is normally permitted, SCA agents may inspect the facility without giving prior notice to the enterprise;

2. Any suspected or claimed violations of this Compact or of law shall be directed in writing to the TCA; SCA agents shall not interfere with the functioning of the enterprise; and

3. Before SCA agents enter any nonpublic area of the facility, they shall provide proper photographic identification to the TCA. SCA agents shall be accompanied in nonpublic areas of the facility by a TCA agent. A one-hour notice by SCA to the TCA may be required to assure that a TCA officer is available to accompany SCA agents at all times.

B. Subject to the provisions herein, agents of the SCA shall have the right to review and copy documents of the enterprise related to its conduct of covered games. The review and copying of such documents shall be during normal business hours or hours otherwise at tribe's discretion. However, the SCA shall not be permitted to copy those portions of any documents of the enterprise related to its conduct of covered games that contain business or marketing strategies or other proprietary and confidential information of the enterprise, including, but not limited to, customer lists, business plans, advertising programs, marketing studies, and customer demographics or profiles. No documents of the enterprise related to its conduct of covered games or copies thereof shall be released to the public by the state under any circumstances. All such documents shall be deemed confidential documents owned by the tribe and shall not be subject to public release by the state.

C. At the completion of any SCA inspection or investigation, the SCA shall forward a written report thereof to the TCA. The TCA shall be apprised on a timely basis of all pertinent, nonconfidential information regarding any violation of federal, state, or tribal laws, the rules or regulations, or this Compact. Nothing herein prevents the SCA from contacting tribal or federal

law enforcement authorities for suspected criminal wrongdoing involving the TCA. TCA may interview SCA inspectors upon reasonable notice and examine work papers and SCA in the same fashion that SCA inspectors may examine auditors' notes and make auditor inquiry unless providing such information to the TCA will compromise the interests sought to be protected. If the SCA determines that providing the information to the TCA will compromise the interests sought to be protected, then the SCA shall provide such information to the tribe in accordance with Part 13 of this Compact.

D. Nothing in this Compact shall be deemed to authorize the state to regulate the tribe's government, including the TCA, or to interfere in any way with the tribe's selection of its governmental officers, including members of the TCA; provided, however, the SCA and the tribe, upon request of the tribe, shall jointly employ, at the tribe's expense, an independent firm to perform on behalf of the SCA the duties set forth in subsections A and B of this Part.

#### Part 9. JURISDICTION

This Compact shall not alter tribal, federal or state civil adjudicatory or criminal jurisdiction.

#### Part 10. LICENSING

A. 1. Except as provided in paragraph 4 of Part 3, no covered game employee shall be employed at a facility or by an enterprise unless such person is licensed in accordance with this Compact. In addition to the provisions of this Part which are applicable to the licensing of all covered game employees, the requirements of 25 C.F.R., Part 556, Background Investigations for Primary Management Officials and Key Employees, and 25 C.F.R., Part 558, Gaming Licenses for Key Employees and Primary Management Officials, apply to Key Employees and Primary Management Officials of the facility and enterprise.

2. All prospective covered game employees shall apply to the TCA for a license. Licenses shall be issued for periods of no more than two (2) years, after which they may be renewed only following review and update of the information upon which the license was based; provided, the TCA may extend the period in which the license is valid for a reasonable time pending the outcome of any investigation being conducted in connection with the renewal of such license. In the event the SCA contends that any such extension is unreasonable, it may seek resolution of that issue pursuant to Part 11 of this Compact.

3. The application process shall require the TCA to obtain sufficient information and identification from the applicant to permit a background investigation to determine if a license should be issued in accordance with this Part and the rules and regulations. The TCA shall obtain information about a prospective covered game employee that includes:

- a. full name, including any aliases by which applicant has ever been known.

- b. social security number,
- c. date and place of birth,
- d. residential addresses for the past five (5) years,
- e. employment history for the past five (5) years,
- f. driver license number,
- g. all licenses issued and disciplinary charges filed, whether or not discipline was imposed, by any state or tribal regulatory authority,
- h. all criminal arrests and proceedings, except for minor traffic offenses, to which the applicant has been a party,
- i. a set of fingerprints,
- j. a current photograph,
- k. military service history, and
- l. any other information the TCA determines is necessary to conduct a thorough background investigation.

4. Upon obtaining the required initial information from a prospective covered game employee, the TCA shall forward a copy of such information to the SCA, along with any determinations made with respect to the issuance or denial of a temporary or permanent license. The SCA may conduct its own background investigation of the applicant at SCA expense, shall notify the TCA of such investigation within a reasonable time from initiation of the investigation, and shall provide a written report to the TCA of the outcome of such investigation within a reasonable time from the receipt of a request from the TCA for such information. SCA inspector field notes and the SCA inspector shall be available upon reasonable notice for TCA review and inquiry.

5. The TCA may issue a temporary license for a period not to exceed ninety (90) days, and the enterprise may employ on a probationary basis, any prospective covered game employee who represents in writing that he or she meets the standards set forth in this Part, provided the TCA or enterprise is not in possession of information to the contrary. The temporary license shall expire at the end of the ninety-day period or upon issuance or denial of a permanent license, whichever event occurs first. Provided that the temporary license period may be extended at the discretion of the TCA so long as good faith efforts are being made by the applicant to provide required information, or the TCA is continuing to conduct its investigation or is waiting on information from others, and provided further that in the course of such temporary or extended temporary licensing period, no information has come to the attention of the TCA which, in the absence of countervailing information then in the record, would otherwise require denial of license. A permanent license shall be issued or denied within a reasonable time

following the completion of the applicant's background investigation.

6. In covered gaming the tribe shall not employ and shall terminate, and the TCA shall not license and shall revoke a license previously issued to, any covered game employee who:

- a. has been convicted of any felony or an offense related to any covered games or other gaming activity,
- b. has knowingly and willfully provided false material, statements or information on his or her employment application, or
- c. is a person whose prior activities, criminal record, or reputation, habits, and associations pose a threat to the public interest or to the effective regulation and control of the conduct of covered games, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of covered games or the carrying on of the business and financial arrangements incidental thereto.

7. The SCA may object to the employment of any individual by the enterprise based upon the criteria set forth in paragraph 6 of subsection A of this Part. Such objection shall be in writing setting forth the basis of the objection. The SCA inspector's work papers, notes and exhibits which formed the SCA conclusion shall be available upon reasonable notice for TCA review. The enterprise shall have discretion to employ an individual over the objection of the SCA.

8. The TCA shall have the discretion to initiate or continue a background investigation of any licensee or license applicant and to take appropriate action with respect to the issuance or continued validity of any license at any time, including suspending or revoking such license.

9. The TCA shall require all covered game employees to wear, in plain view, identification cards issued by the TCA which include a photograph of the employee, his or her first name, a four-digit identification number unique to the license issued to the employee, a tribal seal or signature verifying official issuance of the card, and a date of expiration, which shall not extend beyond such employee's license expiration date.

B. 1. Any person or entity who, directly or indirectly, provides or is likely to provide at least Twenty-five Thousand Dollars (\$25,000.00) in goods or services to the enterprise in any twelve-month period, or who has received at least Twenty-five Thousand Dollars (\$25,000.00) for goods or services provided to the enterprise in any consecutive twelve-month period within the immediately preceding twenty-four-month period, or any person or entity who provides through sale, lease, rental or otherwise covered games, or parts, maintenance or service in connection therewith to the tribe or the enterprise at any time and in any amount, shall be

licensed by the TCA prior to the provision thereof. Provided, that attorneys or certified public accountants and their firms shall be exempt from the licensing requirement herein to the extent that they are providing services covered by their professional licenses.

2. Background investigations and licensing shall follow the same process and apply the same criteria as for covered game employees set forth in paragraph 6 of subsection A of this Part.

3. In the case of a license application of any entity, all principals thereof shall be subjected to the same background investigation required for the licensing of a covered game employee, but no license as such need be issued; provided, no license shall be issued to the entity if the TCA determines that one or more of its principals will be persons who would not be qualified to receive a license if they applied as covered game employees.

4. Nothing herein shall prohibit the TCA from processing and issuing a license to a principal in his or her own name.

5. Licenses issued under this subsection shall be reviewed at least every two (2) years for continuing compliance, and shall be promptly revoked if the licensee is determined to be in violation of the standards set forth in paragraph 6 of subsection A of this Part. In connection with such a review, the TCA shall require the person or entity to update all information provided in the previous application.

6. The enterprise shall not enter into, or continue to make payments pursuant to, any contract or agreement for the provision of goods or services with any person or entity who does not meet the requirements of this Part including, but not limited to, any person or entity whose application to the TCA for a license has been denied, or whose license has expired or been suspended or revoked.

7. Pursuant to 25 C.F.R., Part 533, all management contracts must be approved by the Chair of the National Indian Gaming Commission. The SCA shall be notified promptly after any such approval.

8. In addition to any licensing criteria set forth above, if any person or entity seeking licensing under this subsection is to receive any fee or other payment based on the revenues or profits of the enterprise, the TCA may take into account whether or not such fee or other payment is fair in light of market conditions and practices.

C. 1. Subject to the exceptions set forth in paragraph 4 of this subsection, any person or entity extending financing, directly or indirectly, to the facility or enterprise in excess of Fifty Thousand Dollars (\$50,000.00) in any twelve-month period shall be licensed prior to providing such financing. Principals thereof shall be subjected to background investigations and determinations in accordance with the procedures and standards set forth in subsection A of this Part. Licenses issued under this section shall be reviewed at least every two (2) years for continuing compliance, and shall be promptly revoked if the licensee is determined to be in

violation of the standards set forth in paragraph 6 of subsection A of this Part. In connection with such a review, the TCA shall require the person or entity to update all information provided in the previous application.

2. The SCA shall be notified of all financing and loan transactions with respect to covered games or supplies in which the amount exceeds Fifty Thousand Dollars (\$50,000.00) in any twelve-month period, and shall be entitled to review copies of all agreements and documents in connection therewith.

3. A supplier of goods or services who provides financing exclusively in connection with the sale or lease of covered games equipment or supplies shall be licensed solely in accordance with licensing procedures applicable, if at all, to such suppliers herein.

4. Financing provided by a federally regulated or state-regulated bank, savings and loan, or trust, or other federally or state-regulated lending institution; any agency of the federal, state, tribal or local government; or any person or entity, including, but not limited to, an institutional investor who, alone or in conjunction with others, lends money through publicly or commercially traded bonds or other commercially traded instruments, including but not limited to the holders of such bonds or instruments or their assignees or transferees, or which bonds or commercially traded instruments are underwritten by any entity whose shares are publicly traded or which underwriter, at the time of the underwriting, has assets in excess of One Hundred Million Dollars (\$100,000,000.00), shall be exempt from the licensing and background investigation requirements in subsection B of this Part or this subsection.

D. In the event the SCA objects to a lender, vendor or any other person or entity within subsection B or C of this Part seeking to do business with the enterprise, or to the continued holding of a license by such person or entity, it may notify the TCA of its objection. The notice shall set forth the basis of the objection with sufficient particularity to enable the TCA to investigate the basis of the objection. The SCA inspector and SCA inspector field notes shall be available for TCA review and inquiry. Within a reasonable time after such notification, the TCA shall report to the SCA on the outcome of its investigation and of any action taken or decision not to take action.

#### Part 11. EXCLUSIVITY AND FEES

A. The parties acknowledge and recognize that this Compact provides tribes with substantial exclusivity and, consistent with the goals of IGRA, special opportunities for tribal economic opportunity through gaming within the external boundaries of Oklahoma in respect to the covered games. In consideration thereof, so long as the state does not change its laws after the effective date of this Compact to permit the operation of any additional form of gaming by any such organization licensee, or change its laws to permit any additional electronic or machine gaming within Oklahoma, the tribe agrees to pay the following fees:

1. The tribe covenants and agrees to pay to the state a fee derived from covered game revenues calculated as set forth in paragraph 2 of this subsection. Such fee shall be paid no later than the twentieth day of the month for revenues received by the tribe in the preceding month; and

2. The fee shall be:

- a. four percent (4%) of the first Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues received by a tribe in a calendar year from the play of electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games,
- b. five percent (5%) of the next Ten Million Dollars (\$10,000,000.00) of adjusted gross revenues received by a tribe in a calendar year from the play of electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games,
- c. six percent (6%) of all subsequent adjusted gross revenues received by a tribe in a calendar year from the play of electronic amusement games, electronic bonanza-style bingo games and electronic instant bingo games, and
- d. ten percent (10%) of the monthly net win of the common pool(s) or pot(s) from which prizes are paid for nonhouse-banked card games. The tribe is entitled to keep an amount equal to state payments from the common pool(s) or pot(s) as part of its cost of operating the games.

Payments of such fees shall be made to the Treasurer of the State of Oklahoma. Nothing herein shall require the allocation of such fees to particular state purposes, including, but not limited to, the actual costs of performing the state's regulatory responsibilities hereunder.

B. Annual oversight assessment. In addition to the fee provided for in subsection A of this Part, the state shall be entitled to payment for its costs incurred in connection with the oversight of covered games to the extent provided herein, "annual oversight assessment". The annual oversight assessment, which shall be Thirty-five Thousand Dollars (\$35,000.00), shall be determined and paid in advance on a fiscal year basis for each twelve (12) months ending on June 30 of each year.

C. Upon the effective date of this Compact, the tribe shall deposit with the SCA the sum of Fifty Thousand Dollars (\$50,000.00) ("start-up assessment"). The purpose of the start-up assessment shall be to assist the state in initiating its administrative and oversight responsibilities hereunder and shall be a one-time payment to the state for such purposes.

D. Nothing in this Compact shall be deemed to authorize the state to impose any tax, fee, charge or assessment upon the tribe or enterprise except as expressly authorized pursuant to this Compact; provided that, to the extent that the tribe is required under federal law to report prizes awarded, the tribe agrees to copy such reports to the SCA.

E. In consideration for the covenants and agreements contained herein, the state agrees that it will not, during the term of this Compact, permit the nontribal operation of any machines or devices to play covered games or electronic or mechanical gaming devices otherwise presently prohibited by law within the state in excess of the number and outside of the designated locations authorized by the State-Tribal Gaming Act. The state recognizes the importance of this provision to the tribe and agrees, in the event of a breach of this provision by the state, to require any nontribal entity which operates any such devices or machines in excess of such number or outside of the designated location to remit to the state at least quarterly no less than fifty percent (50%) of any increase in the entities' adjusted gross revenues following the addition of such excess machines. The state further agrees to remit at least quarterly to eligible tribes, as liquidated damages, a sum equal to fifty percent (50%) of any increase in the entities' adjusted gross revenues following the addition of such excess machines. For purposes of this Part, "eligible tribes" means those tribes which have entered into this Compact and are operating gaming pursuant to this Compact within forty-five (45) miles of an entity which is operating covered game machines in excess of the number authorized by, or outside of the location designated by, the State-Tribal Gaming Act. Such liquidated damages shall be allocated pro rata to eligible tribes based on the number of covered game machines operated by each Eligible Tribe in the time period when such adjusted gross revenues were generated.

F. In consideration for the covenants and agreements contained herein, the tribe agrees that in the event it has currently or locates in the future a facility within a radius of twenty (20) miles from a recipient licensee as that term is defined in subsection K of Section 4 of the State-Tribal Gaming Act that it shall comply with the requirements of subsection K of Section 4 of the State-Tribal Gaming Act.

#### Part 12. DISPUTE RESOLUTION

In the event that either party to this Compact believes that the other party has failed to comply with any requirement of this Compact, or in the event of any dispute hereunder, including, but not limited to, a dispute over the proper interpretation of the terms and conditions of this Compact, the following procedures may be invoked:

1. The goal of the parties shall be to resolve all disputes amicably and voluntarily whenever possible. A party asserting noncompliance or seeking an interpretation of this Compact first shall serve written notice on the other party. The notice shall identify the specific Compact provision alleged to have been violated or in dispute and shall specify in detail the asserting

party's contention and any factual basis for the claim. Representatives of the tribe and state shall meet within thirty (30) days of receipt of notice in an effort to resolve the dispute;

2. Subject to the limitation set forth in paragraph 3 of this Part, either party may refer a dispute arising under this Compact to arbitration under the rules of the American Arbitration Association (AAA), subject to enforcement or pursuant to review as provided by paragraph 3 of this Part by a federal district court. The remedies available through arbitration are limited to enforcement of the provisions of this Compact. The parties consent to the jurisdiction of such arbitration forum and court for such limited purposes and no other, and each waives immunity with respect thereto. One arbitrator shall be chosen by the parties from a list of qualified arbitrators to be provided by the AAA. If the parties cannot agree on an arbitrator, then the arbitrator shall be named by the AAA. The expenses of arbitration shall be borne equally by the parties.

A party asserting noncompliance or seeking an interpretation of this Compact under this section shall be deemed to have certified that to the best of the party's knowledge, information, and belief formed after reasonable inquiry, the claim of noncompliance or the request for interpretation of this Compact is warranted and made in good faith and not for any improper purpose, such as to harass or to cause unnecessary delay or the needless incurring of the cost of resolving the dispute. If the dispute is found to have been initiated in violation of this Part, the Arbitrator, upon request or upon his or her own initiative, shall impose upon the violating party an appropriate sanction, which may include an award to the other party of its reasonable expenses incurred in having to participate in the arbitration; and

3. Notwithstanding any provision of law, either party to the Compact may bring an action against the other in a federal district court for the de novo review of any arbitration award under paragraph 2 of this Part. The decision of the court shall be subject to appeal. Each of the parties hereto waives immunity and consents to suit therein for such limited purposes, and agrees not to raise the Eleventh Amendment to the United States Constitution or comparable defense to the validity of such waiver.

Nothing herein shall be construed to authorize a money judgment other than for damages for failure to comply with an arbitration decision requiring the payment of monies.

#### Part 13. CONSTRUCTION OF COMPACT; FEDERAL APPROVAL

A. 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 federal district court shall find any provision, section, or subsection of this Compact to be invalid, the remaining provisions, sections, and subsections of this Compact shall remain in full force and effect, unless the invalidated provision, section or subsection is material.

B. Each party hereto agrees to defend the validity of this Compact and the legislation in which it is embodied. This Compact

shall constitute a binding agreement between the parties and shall survive any repeal or amendment of the State-Tribal Gaming Act.

C. The parties shall cooperate in seeking approval of this Compact from an appropriate federal agency as a tribal-state compact under the Indian Gaming Regulatory Act.

D. The standards for electronic bonanza-style bingo games, electronic instant bingo games and electronic amusement games established in the State-Tribal Gaming Act as enacted in 2004, and, at the election of the tribe, any standards contained in the Oklahoma Horseracing Commission rules issued pursuant to subsection B of Section 9 of the State-Tribal Gaming Act are hereby incorporated in this Compact and shall survive any repeal of the State-Tribal Gaming Act, or any games authorized thereunder. In the event that any of said standards are changed by amendment of the State-Tribal Gaming Act, the tribe shall have the option to incorporate said changes into this Compact by delivery of written notice of said changes to the Governor and the SCA.

#### Part 14. NOTICES

All notices required under this Compact shall be given by certified mail, return receipt requested, commercial overnight courier service, or personal delivery, to the following persons:

Governor

Chair, State-Tribal Relations Committee

Attorney General

[Principal Chief, Governor or Chair]

[Name of Tribe] \_\_\_\_\_

[Address]

With copies to:

\_\_\_\_\_

\_\_\_\_\_

#### Part 15. DURATION AND NEGOTIATION

A. This Compact shall become effective upon the last date of the satisfaction of the following requirements:

1. Due execution on behalf of the tribe, including obtaining all tribal resolutions and completing other tribal procedures as may be necessary to render the tribe's execution effective;

2. Approval of this Compact by the Secretary of the Interior as a tribal-state compact within the meaning of IGRA and publication in the Federal Register or satisfaction of any other requirement of federal law; and

3. Payment of the start-up assessment provided for in subsection C of Part 11 of this Compact.

B. This Compact shall have a term which will expire on January 1, 2020, and at that time, if organization licensees or others are authorized to conduct electronic gaming in any form other than pari-mutuel wagering on live horse racing pursuant to any governmental action of the state or court order following the effective date of this Compact, the Compact shall automatically renew for successive additional fifteen-year terms; provided that, within one hundred eighty (180) days of the expiration of this Compact or any renewal thereof, either the tribe or the state, acting through its Governor, may request to renegotiate the terms of subsections A and E of Part 11 of this Compact.

C. This Compact shall remain in full force and effect until the sooner of expiration of the term or until the Compact is terminated by mutual consent of the parties.

D. This Compact may be terminated by state upon thirty (30) days' prior written notice to the tribe in the event of either (1) a material breach by the tribe of the terms of a tobacco Compact with the state as evidenced by a final determination of material breach from the dispute resolution forum agreed upon therein, including exhaustion of all available appellate remedies therefrom, or (2) the tribe's failure to comply with the provisions of Section 346 et seq. of Title 68 of the Oklahoma Statutes, provided that the tribe may cure either default within the thirty-day notice period, or within such additional period as may be reasonably required to cure the default, in order to preserve continuation of this Compact.

The state hereby agrees that this subsection is severable from this Compact and shall automatically be severed from this Compact in the event that the United States Department of the Interior determines that these provisions exceed the state's authority under IGRA.

#### Part 16. AUTHORITY TO EXECUTE

This Compact, as an enactment of the people of Oklahoma, is deemed approved by the State of Oklahoma. No further action by the state or any state official is necessary for this Compact to take effect upon approval by the Secretary of the Interior and publication in the Federal Register. The undersigned tribal official(s) represents that he or she is duly authorized and has the authority to execute this Compact on behalf of the tribe for whom he or she is signing.

APPROVED:

(Name of Tribe)

*Charles Conyart*

[CHIEF EXECUTIVE OFFICER]

Date

*11-8-04*

SECTION 23. This act shall become effective upon approval by the people.

SECTION 24. The Ballot Title for the proposed act shall be in the following form:

BALLOT TITLE

Legislative Referendum No. \_\_\_\_\_ State Question No. \_\_\_\_\_

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure creates the State-Tribal Gaming Act. It would allow some types of gaming machines at some horse race tracks in this state. The Oklahoma Horse Racing Commission would oversee the new types of gaming machines. It would require that a portion of the money wagered on such gaming be paid to the state. Some of the money would go to purses for horse races. Some of the money would go to the horse race tracks. The measure also provides a model compact which Indian tribes may enter into and then operate such gaming machines on Indian lands. The model compact provides regulatory controls for the gaming authorized by the compact. The Office of State Finance would have the authority to oversee this gaming by the tribes. The money wagered on such gaming would go to horse race tracks, purses for horse races, and the tribes. The state's portion of the money from the gaming authorized by this act would go for treatment of compulsive gambling disorders, to the Education Reform Revolving Fund and for college scholarships.

SHALL THIS ACT BE APPROVED BY THE PEOPLE?

- YES, FOR THE ACT  
 NO, AGAINST THE ACT

SECTION 25. The President Pro Tempore of the Senate shall, immediately after the passage of this order for legislative referendum, prepare and file in accordance with Section 3 of Article V of the Oklahoma Constitution, one copy of this order for legislative referendum, set forth in Sections 2 through 24 of this act, including the Ballot Title set forth in SECTION 24, with the Secretary of State and one copy with the Attorney General.

SECTION 26. REPEALER Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20 and 21 of Enrolled Senate Bill No. 553 of the 2nd Session of the 49th Oklahoma Legislature, are hereby repealed.

Passed the Senate the 11th day of May, 2004.

Phil Bell  
Presiding Officer of the Senate

Passed the House of Representatives the 12th day of May, 2004.

[Signature]  
Presiding Officer of the House  
of Representatives

Deemed Approved  
DEC 30 2004

OFFICE OF THE GOVERNOR

Received by the Governor this 13<sup>th</sup>  
day of May, 20 04  
at 11:00 o'clock a M

By: Angela Wyatt

Approved by the Governor of the State of Oklahoma the 19 day of  
May, 20 04, at 12:04 o'clock P M

[Signature]  
Governor of the State of Oklahoma

OFFICE OF THE SECRETARY OF STATE

Received by the Secretary of State this  
19<sup>th</sup> day of May, 20 04  
at 6:30 o'clock P M

By: M. Susan Lewis