



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

AUG 21 1996

Honorable Delores Pigsley
Chairman
Confederated Tribes of Siletz
Indians of Oregon
P.O. Box 549
Siletz, Oregon 97380

Dear Chairman Pigsley:

On July 8, 1996, we received Amendment II to the Tribal-State Gaming Compact (Amendment) for regulation of class III gaming between the Confederated Tribes of Siletz Indians of Oregon (Tribe) and the State of Oregon (State), dated June 21, 1996. We have completed our review of this Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to Section 11(d)(8)(A) of the IGRA, 25 U.S.C. § 2710(d)(8)(A) and delegated authority in 209 DM 8.1, we approve the Amendment. The Amendment shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

/s/ Ada E. Deer

Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosure

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

**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON AND
THE STATE OF OREGON**

AMENDMENT II

This amendment is made to the Class III Gaming Compact between the Confederated Tribes of Siletz Indians of Oregon and the State of Oregon executed on November 14, 1994, and approved by the Secretary of the Interior on March 22, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendment I thereto.

WHEREAS, the Tribe intends to open its permanent gaming facility on or about June 28, 1996, and

WHEREAS, the Tribe wishes to extend the terms of Amendment I to the Compact which provides for regulation of house banked blackjack to the permanent gaming facility, and

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

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

I. Subsection F of Section 4 of the Compact (adopted pursuant to Amendment I), is amended as follows:

F. Additional Authorized Game at [Temporary] Gaming Facility.

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

2. [Within thirty days after the date of execution of this amendment by the Tribe and the State,] Before the commencement of house banked blackjack games in the permanent gaming facility, the Tribal Gaming Commission shall:

- a. Develop written rules and procedures for a system of internal controls that meets the minimum standards established in Appendix D.
- b. Provide appropriate training for all dealers, supervisors and surveillance personnel involved in house banked blackjack, and for the

Tribal Gaming Monitor, according to the minimum training standards established in Appendix D.

- c. Establish a written security and surveillance plan that meets the minimum standards established in Appendix D.
 - d. Adopt rules of operation for house banked blackjack that meet the minimum standards established in Appendix D, including rules of play, standards for equipment.
 - e. Adopt a dispute resolution procedure that provides for investigation and review of any player complaint.
3. a. The Tribe shall establish an initial wager limit of [~~\$50~~] \$100 per hand, except that the Tribe may offer [~~a maximum wager limit of \$75 per hand on one table.~~] maximum wager limits at some tables as follows: Two tables at \$500, two tables at \$300, two tables at \$250 and two tables at \$200, after the tribal gaming commission adopts regulations establishing a minimum level of experience, training and competence for dealers at those tables that is commensurate with the need to maintain the honesty, integrity, fairness and security of the game.

~~After a period of two months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribe may change the initial wager limit from \$75 to \$100 for one table.]~~

- b. After any period of six months of operation of house banked blackjack at the permanent gaming facility in full compliance with the requirements of this subsection and with the regulations and internal controls adopted by the Tribal Gaming Commission, the Tribe may request a change in the initial wager limit. The State [~~may refuse to agree~~] shall not withhold its consent to an increase in the initial wager limit if there [~~have been any significant problems with the conduct of house banked blackjack due to noncompliance.~~] has been full compliance with the internal controls, the rules of operation of the game or with the terms of this subsection. The amount of any increase in the wager limit must be agreed to by both the State and the Tribe before the limits are changed on the gaming floor.

For purposes of this subsection, "full compliance" means:

- 1) All of the rules, procedures and plans required under subsection 2 of this section have been adopted and approved by the Tribal Gaming

Commission, have been approved by OSP as meeting the standards of Appendix D, and have been implemented;

2) The Gaming Operation has complied with limits on wagers and the number of tables;

3) All training required by Amendment I and the regulations of the Tribal Gaming Commission is up to date;

4) The Tribal Gaming Commission has adopted policy and procedures that set forth appropriate sanctions for employees who fail to follow the regulations and internal controls of the commission, gaming operation management has committed in writing to train employees and impose the sanctions for violations, and the Tribal Gaming Commission's procedures provide for investigation of possible violations by the commission;

5) The Tribal Gaming Commission has adopted and implemented procedures for direct reporting of possible violations to the Tribal Gaming Commission by any employee of the gaming operation; and

6) The Tribal Gaming Commission has maintained records of investigations of all reports of possible violations, and has promptly reported confirmed violations to the Oregon State Police including the action taken by the commission or gaming operation management to correct the failure, and the discipline or sanctions imposed.

4. The Tribe may operate a maximum of [~~eight~~] twenty-four tables of house banked blackjack at the [~~temporary~~] permanent gaming facility during the term of this agreement. The Tribe also agrees that during the term of this amendment, and so long as the Tribe is operating twenty-four blackjack tables, the Tribe will not increase the number of video lottery terminals beyond 861. The Tribe may increase the number of video lottery terminals by decreasing the number of blackjack tables on the gaming floor and vice versa, up to the maximum number of tables specified in this paragraph. An increase of eight video lottery terminals is permitted for each decrease of one blackjack table.
5. The Tribe agrees to cooperate with State law enforcement on the investigation and prosecution of any [~~gambling~~] crime committed at the [~~temporary~~] permanent gaming facility. The Tribe and the State agree to cooperate in establishing a state-wide system to identify and monitor persons excluded from the [~~temporary~~] permanent gaming facility or from any other tribal gaming facility in this State.

6. The Tribe agrees that [if] the requirements of paragraph 2 of this subsection [are not] must be satisfied [within 30 days of execution of this amendment,] before opening of the permanent gaming facility. The State and the Tribe both must concur that the requirements of paragraph 2 of this section have been satisfied. The Tribe agrees that the Tribe will [discontinue operation of] not begin to operate blackjack at the permanent gaming facility until those requirements are satisfied.
7. [Paragraph V of this amendment applies only to the temporary gaming facility, and expires upon the earlier of the expiration of subsection E of Section 4 of the Compact or June 30, 1996.] Except as specifically provided in this amendment, this amendment does not operate to modify Subsection B of Section 4 of the Compact in any other way. [House banked blackjack cannot be offered at the permanent gaming facility under this amendment.]
8. The tribe and the state agree that the state shall conduct a comprehensive compliance review, as described in subsection 9.B.1. of the Compact, of the tribal gaming operation to be completed no later than October 1, 1996.

II. Paragraph VII of Amendment I to the Compact is amended as follows:

- VII. The provisions of [paragraph V of this Amendment] subsection F of Section 4 of this Compact as amended by this Amendment II, expire on [June 30, 1996] June 30, 1997. However, if the compliance review described in Section 4.F.8. of the Compact (added by this Amendment) is completed before October 1, 1996, subsection F of section 4 of this Compact shall expire on December 31, 1997. Unless an extension of the operation of [paragraph V of this amendment] subsection F of section 4 of this Compact or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of [this amendment] subsection F of Section 4 of this Compact, or the Tribe's other rights under the terms of the Compact or the Indian Gaming Regulatory Act provide otherwise, the Tribe agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

III. Subsection D of Section 4 of the Compact is amended to read:

D. Number of video terminals.

The number of Class III video lottery games of chance authorized by this Compact shall not exceed the number of such games that would occupy 15 percent (15%) of the total square footage of the gaming area and related portions of the Gaming Facility under customary industry spacing. The parties acknowledge that the Gaming Facility is a mixed use facility. The parties

agree that the size of the Gaming Facility to be devoted to Class III video lottery games of chance is determined by the area of those parts of the facility that are appropriately related to the gaming activities conducted therein (the "gaming area"). The parties also agree that, in combination, the gaming area of the facility and the spacing of video lottery terminals customary in the industry limit the number of video lottery terminals on the gaming floor to no more than [817] 1053. Subject to other terms of this agreement, the Tribe may determine in its discretion the location and spacing of video lottery terminals within the Gaming Facility.

IV. Paragraph 1 of Subsection B of Section 9 of the Compact is amended to read:

1. Monitoring. The State is authorized hereby to monitor the Tribal gaming operation as the State considers necessary to ensure that the operation is conducted in compliance with the provisions of this Compact. The Tribe may request removal of a State law enforcement officer or monitor on the basis of malfeasance, abuse of authority, or conduct disrespectful of Tribal institutions or culture. Effective performance of the officer's or monitor's duties shall not be a basis for disapproval. The State shall have free and unrestricted access to all areas of the Gaming Facility during normal operating hours without giving prior notice to the Tribal gaming operation. The Tribe agrees that the State monitoring function includes at a minimum the activities identified in the Compact, the amendments and the memorandum of understanding entered into pursuant to this Compact, and that the actual, reasonable and necessary cost of monitoring activities shall be assessed to the Tribe as provided in the memorandum of understanding entered into pursuant to this Compact. In addition to the State's regular monitoring functions, the Tribe agrees that the State may conduct the following activities, which shall also be assessed to the Tribe:

- 1) A comprehensive annual review, which shall be planned and conducted jointly with the tribal gaming commission, of the gaming operation to verify compliance with the requirements of this Compact and with the regulations and internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls, (Compact regulatory requirements) blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-

proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;

Periodic review of any part of the gaming operation in order to verify compliance with the requirements of this Compact and with the regulations and internal controls:

- 3) Investigation of possible violations of this Compact or other gaming regulatory matters, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise;

Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise.

V. Section 6.A. of the Compact is amended as follows:

A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribe, the Tribal Gaming Commission and the management of the gaming operation, concerning regulation and operation of [their] the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all [~~of the Tribe's~~] decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation, the Tribe, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.

3. The honesty, integrity, fairness and security of the Tribe's gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribe's gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation.

VI. Subparagraph 6.B.5.a. of the Compact is amended as follows:

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is followed, the State may give written notice to the ~~[Tribe]~~ Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to protect the honesty, integrity, fairness and security of the gaming operation. The Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness and security of the Tribal gaming operation. The Tribal Gaming Commission may propose an alternative course of action that will protect the honesty, integrity, fairness and security of the gaming operation under the circumstances. If the Tribal Gaming Commission and the State disagree on the specific action to be taken to protect the honesty, integrity, fairness and security of the gaming operation while dispute resolution proceeds, the Tribe and the State agree to the following procedure:
 - (1) The Tribe and the State will jointly consult the New Jersey Casino Control Board or the Nevada Gaming Control Board, or a mutually agreeable objective outside party, for a determination whether the commission's or the State's proposed action will adequately protect the

honesty, integrity, fairness and security of the Tribal gaming operation.

- (2) The Tribal Gaming Commission will implement the action recommended by the State until the outside party has made its determination.
- (3) If the outside party determines that the action proposed by the Tribal Gaming Commission is adequate to protect the honesty, integrity, fairness and security of the Tribal gaming operation, the commission may implement its proposed action until the dispute resolution process, if invoked, is completed.

Nothing in this subparagraph shall preclude either party from invoking the dispute resolution procedures provided in this Compact.

VII. Subparagraph 6.B.5.d. of the Compact is amended as follows:

- d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:
 - (1) A criminal indictment is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;
 - (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
 - (5) The physical safety or security of patrons is seriously at risk;

(6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

VIII. Subsection F of Section 8 of the Compact, as amended by Amendment I to the Compact, is further amended as follows:

F. Prohibition of firearms. With the exception of federal, state, county, city or Tribal law enforcement agents or officers who are on official business, no person shall possess firearms within the Gaming Facility.

IX. A new Subsection H is added to Section 13 of the Compact, as follows:


H. Change in Federal Law. The Tribe reserves the right to take advantage of any change in federal law that permits additional gaming to be conducted by the Tribe without the need for a Compact. This Compact shall not be construed as a surrender by the Tribe of those rights.

X. The Tribe and the State agree to amend the Memorandum of Understanding (MOU) executed on April 29, 1995, (as amended under Amendment I to the Compact), as set forth in Exhibit I to this Amendment.

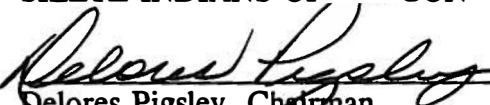
XI. This amendment is effective as an extension under Paragraph VII of Amendment I to the Compact upon execution by the State and the Tribe, and submission to the Secretary of the Interior. It is the intent of both the State and the Tribe that this Amendment be fully enforceable as between the parties to it from and after the date it is executed and submitted to the Secretary of the Interior, both as to the Tribe's ability to offer house banked blackjack and the State's and the Tribe's responsibility to implement the regulatory amendments contained herein.

EXECUTED as of the date and year below.

STATE OF OREGON


John Kitzhaber, Governor
Date: 6-21-96

CONFEDERATED TRIBES OF
SILETZ INDIANS OF OREGON


Delores Pigsley, Chairman
Date: 6/19/96

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

By: Ada E. Dees
Date: AUG 21 1996