



# United States Department of the Interior



OFFICE OF THE SECRETARY  
Washington, D.C. 20240

JAN 24 2002

Honorable Bennett Arkeketa  
Chairman  
Ponca Tribe of Oklahoma  
20 White Eagle Drive  
Ponca City, Oklahoma 74601

Dear Chairman Arkeketa:

On December 11, 2001, we received the Off-Track Wagering Compact between the Ponca Tribe of Oklahoma (Tribe) and the State of Oklahoma (State) dated October 13, 2001. We have completed our review of this Compact and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to delegated authority and Section 11 of IGRA, we approve the Compact. The Compact shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

Assistant Secretary - Indian Affairs

Enclosure

Similar Letter Sent to: Honorable Frank Keating  
Governor of Oklahoma  
State Capitol Room 212  
Oklahoma City, Oklahoma 73105

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TRIBAL STATE COMPACT  
BETWEEN THE PONCA TRIBE OF  
OKLAHOMA AND THE STATE OF  
OKLAHOMA

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# **TRIBAL STATE COMPACT**

**Between the**

**PONCA NATION**

**and the**

**STATE OF OKLAHOMA**

This is a cooperative agreement made and entered into by and between the Ponca Nation hereinafter called "Nation", a federally-recognized Indian nation, and the State of Oklahoma, "State", pursuant to the provisions of the Indian Gaming Regulatory Act, Pub. L. 100-497. 25 U.S.C. 2701 et seq.

## **RECITALS**

WHEREAS, the Nation and the State are separate sovereigns, and each recognizes and respects the laws and authority of the other sovereign, and WHEREAS, the Congress of the United States has enacted into law the Indian Gaming Regulatory Act, Pub L. 100-497, 25 U.S. C. 2701 et seq. Hereinafter called "Act", which provides in part that a Compact may be negotiated between the Nation and the State to govern the conduct of certain Class III gaming activities on the Indian lands of the Nation; and WHEREAS the State has no jurisdiction by its Constitution Article 1, Section 3, over the Nation's Indian Country absent federal grant; and WHEREAS, the Nation exercises external borders of the authority over the Nation's Indian Country, which is located within the State which are "Indian lands" within the meaning of the Act, and within which the gaming activities regulated hereunder shall take place; and WHEREAS, the Nation and the State have negotiated the terms and conditions of the Compact in good faith so as to provide a regulatory framework for the operation of certain Class III gaming which is intended to (a) insure the fair and honest operation of such gaming activities; (b) maintain the integrity of all activities conducted in regard to such gaming activities; and (c) protect the health, welfare and safety of the citizens of the Nation and the State; and WHEREAS, the parties hereto deem

it to be in their respective best interest to enter into this Compact; NOW.

THEREFORE, in consideration of the mutual undertakings and agreements hereinafter set forth, the nation and the State enter into the following Compact.

## **SECTION 1. TITLE**

The title of this document shall be referred to as the Ponca Nation Off-Track Wagering Compact.

## **SECTION 2. DECLARATIONS**

As a basis for this Compact, the Nation and the State have made the following declarations:

(A) A principal goal of federal Indian policy is to promote the Nation's economic development, the Nation's self-determination and a strong Nations's Government.

(B) The State recognized the positive impact that gaming may provide to the Nations's citizens. The Nation will utilize revenues generated by gaming to fund programs that provide important governmental services to the Nation's citizens and to Indian Country residents. These programs include education, health and human resources, housing development, road construction and maintenance, sewer and water projects, police, fire and judicial services, economic development, and any other purpose authorized under the Act.

(C) The State further recognizes that the positive economic effects of such gaming may extend beyond the Nation's lands to the Nation's neighbors and surrounding communities. These economic benefits, which include increased tourism and related economic development activities, will generally benefit all of Oklahoma and help to foster mutual respect and understanding among Indian and non-Indians.

(D) The Nation and the State jointly wish to protect their citizens from any criminal involvement in the gaming activities regulated under this Compact.

(E) This compact is intended to assure that gaming is conducted fairly and honestly by the Nation, its employees and the players.

(F) The Compact shall govern the licensing, regulation, and operation of Class III gaming conducted by the Nation on Nation's lands located within the State.

(G) The Act contemplates and grants authority for the entry of this Compact.

### **SECTION 3. DURATION**

a. Effective Date. After execution by the parties hereto, and approval by the State-Tribal Relations Committee of the Oklahoma Legislature and the Ponca Nation Executive Council, this Compact shall become effective when notice of approval by the Secretary of the United States Department of the Interior is published in the Federal Register as provided by the Act.

b. Term. This compact shall have a three-year automatically-renewable term from the effective date. The term will automatically renew for successive three year periods unless a party gives notice of intent to terminate before 180 days prior to expiration of the preceding term. However, the State may not terminate this Compact except for the reasons set forth herein in Section 3 c. (2), (3), (4) or (5) of this Compact.

c. Duration. Once effective, this Compact will remain in full force and effect until one of the following shall occur:

- (1) The term expires pursuant to a notice of an intent to terminate;
- (2) The Compact is terminated by mutual consent of the parties;

- (3) The Nation duly adopts an ordinance or resolution revoking authority to conduct Class III Gaming within Nation's Indian Country as provided by 25 U.S.C. 2710(d)(2)(D);
- (4) The State abolishes pari-mutual wagering;
- (5) Pursuant to a final, non-appealable judgment by a court of competent jurisdiction determining that:
  - (a) this Compact is invalid; or
  - (b) a party has committed a material breach that has not been timely cured or repeated violations as hereinafter set forth in Section 15(c).

#### **SECTION 4. DEFINITIONS**

For the purpose of this Compact:

- a. Act means the Indian Gaming Regulatory Act, Pub. L. 100-497, Oct. 17, 1988, 102 stat. 2467 codified at 25 U.S.C. 2701 et seq. 18 U.S.C. 1166 to 1168.
- b. Class III Gaming means all forms of gaming defined in 25 U.S.C. 2703 (8).
- c. Commission means the National Indian Gaming Commission established pursuant to 25 U.S.C. 2704.
- d. Compact means this document and any appendices attached hereto.
- e. Federal Government means the United States of America.
- f. Gaming Employees means any natural person employed in the

operation or management of the gaming operation, whether employed by or contracted to the nation or by any person or enterprise providing on-site or off-site services to the Nation within or without the gaming facility.

- g. Gaming Facility means any room or rooms where off-track bets authorized by this Compact are placed.
- h. Gaming Operation means the gaming authorized by Nation within Nation's Indian Country by this Compact.
- i. Off-Track Betting means pari-mutuel betting on races into an interstate common pari-mutuel pool consisting of the para-mutuel wagers placed at track(s), its intrastate betting locations, other jurisdictions, and the pari-mutuel wagers placed at the Ponca Gaming Facilities authorized by this compact.
- j. Ponca Nation Indian Country means any lands as defined by 18 U.S.C. 1151, and/or 25 U.S.C. 2703, (4)(A) and (4)(B) over which the Nation exercises jurisdiction.
- k. OSBI means the Oklahoma State Bureau of Investigation, the organization now tasked by Oklahoma law to monitor and oversee Compacts relating to Indian gaming [74. O.S. Supp. 1995, 1223], or such other entity that the Oklahoma Legislature may hereafter designate by law to perform these or related tasks.
- l. OSF means the Oklahoma Office of State Finance.
- m. State means the State of Oklahoma, its authorized officials agents and representatives.
- n. Nation means the Ponca Nation, its authorized officials, agents and representatives.



- o. Pari-Mutuel System of Wagering means a form of wagering on the outcome of simulcast horse races in which those who wager, purchase tickets of various denominations on a horse or horses and all wagers for each race are pooled together and held by the gaming operation for distribution. The pari-mutuel system of wagering uses an electric totalizer or similar equipment which automatically registers the wagers made on each horse and prints and issues a ticket representing each wager.
- p. Simulcast Horse Racing means receiving and telecasting by telecommunications, horse racing contests for view by patrons at various facilities simultaneous with the happening of said racing event.
- q. Ponca Gaming Commissioner means the person appointed by the Nation to be responsible for regulatory oversight of the Nation's gaming.

#### **SECTION 5. AUTHORIZED CLASS III GAMING.**

The Nation may conduct off-track wagering consistent with this Compact, the Act and the standards of operation and management for pari-mutuel gaming described in Appendix A.

#### **SECTION 6. LOCATION**

This Compact is site specific. All gaming addressed herein shall be conducted only at locations within the Indian Country of Nation described in Appendix B. The location is not situated within sixty miles of an existing Oklahoma race track. The Nation agrees that it may not engage in simulcasting of horse races or accept off-track wagers at locations situated within sixty miles of an existing Oklahoma race track, unless it has the express written consent to do so from such race track. Nothing herein shall prohibit additional compacts for other sites within the Indian Country of Nation.

## **SECTION 7. SERVICE AGREEMENTS.**

The Nation will enter into a Pari-Mutuel and Racewire Service Agreement for the off-track wagering authorized by this Compact.

## **SECTION 8. CLAIMS.**

To protect third parties, the Nation has adopted a gaming ordinance consistent with 25 U.S.C. 2710. A copy of this ordinance is attached hereto as Appendix C. Should the ordinance conflict with the terms of this Compact, the Compact will govern. This ordinance provides dispute resolution procedures that shall apply to tort and wagering claims unless change is required by federal law:

a. Procedure. In the event of an alleged personal injury or property damage suffered by a patron of the Gaming Facility, or in the event of a dispute between a patron and the Gaming Facility regarding the payment of bet or distribution of winnings, the patron may make a claim against the Gaming Facility as follows:

(1) Making Claim. Any patron having a claim against the gaming facility shall present a claim for any appropriate relief including the award of money damages. Claims against the gaming enterprise are to be presented within ninety (90) days of the date the loss occurs. In the event a claim is not presented following ninety (90) days after the loss occurs, but within one (1) year after the loss occurs, any judgment in a lawsuit arising from the act which is the subject of the claim shall be reduced by ten (10) percent. A claim against the gaming enterprise shall be forever barred unless notice thereof is presented within one (1) year after the loss occurs. A claim against the gaming facility shall be in writing and filed with the Ponca Gaming Commissioner at the address of the gaming facility. Notices explaining this procedure

shall be posted in the gaming facility. Such notices shall explain that this procedure is the exclusive method of making a claim or registering a patron dispute about payment of a bet or a distribution of winnings. Such notices shall explain that upon denial of a claim, redress must be sought exclusively in Nation's Courts.

- (2) Notice. The written notice of claims against the gaming facility shall state the date, time, place and circumstances of the claim, the identity of the persons, if known, the amount of compensation or other relief sought, the name, address and telephone number of the claimant, and the name, address and telephone number of any agent authorized to settle the claim including a written copy of the authority of agent.
  - (3) Denial. A claim is deemed denied if the gaming facility fails to approve the claim in its entirety within ninety (90) days of receipt, unless the interested parties have reached a settlement before the expiration of that period. A person may not initiate suit unless the claim has been denied in whole or in part. The claimant and the gaming facility may continue attempts to settle a claim; however, settlement negotiations do not extend the date of denial.
  - (4) Limitations. No action for any cause arising from personal injury, property damage, or patron gaming dispute shall be maintained unless valid notice has been given and the action is commenced in a Nation's CFR court within 180 days after denial of the claim as set forth herein. Neither the claimant nor the gaming facility may extend the time to commence an action by continuing to attempt settlement of the claim.
- b. Tort Claim. During the term of this Compact, the Nation shall

maintain public liability insurance with limits fo not less that \$250,000 for any one person and \$2,000,000 for any one occurrence for personal injury and \$1,000,000 for any one occurrence for property damage. This insurance policy shall include an endorsement providing that the insurer shall not invoke tribal sovereign immunity up to the limits of the policy set forth above and, to this extent, the Nation explicitly waives its immunity from suit. In the event of an alleged personal injury or property damage suffered at a gaming facility arising from alleged negligence by the Ponca Nation, the sole and exclusive remedy for an alleged tort claim is against this liability insurance policy and no asset of the Nation may be levied against or executed upon by a claimant.

- c. Wagering Claim. In the event of a disputed claim by a patron regarding distribution of winnings, the patron should submit a claim to the Ponca Gaming Commissioner consistent with the dispute resolution procedures in Appendix C.
- d. Posting. Notices explaining dispute resolution procedures for tort or wagering claims shall be posted in prominent locations in each gaming facility and the copies will be made available upon request to the Ponca Gaming Commissioner.

## **SECTION 9. REGULATIONS**

In addition to the regulations in Appendix C. the following additional requirements apply:

- a. Logs. The Nation shall maintain the following logs as written or computerized records available for inspection by the OSBI and/or the OSF in accordance with this Compact:
  - (1) pay-out logs from all off-track wagering; and
  - (2) maintenance logs in relation to all gaming equipment pertaining to off-track wagering.

pertaining to off-track wagering.

- b. Barred Lists. The Nation shall establish a list of persons barred from the gaming facility, The Nation shall use its best efforts to exclude persons with criminal histories from entry into its gaming facility and, upon request send a copy of the barred list to OSBI.
- c. Audit The Nation shall have prepared a complete audit of the gaming operation, no less than annually, by a independent certified public accountant. The results of the independent audit shall be available to the OSBI and/or the OSF for their review.
- d. Rule Display. Summaries for the house rules for off track wagering shall be visibly displayed in each Gaming Facility. Complete rules shall be available in pamphlet form in each Gaming Facility.

## **SECTION 10. ENFORCEMENT**

- a. Ponca Gaming Commissioner. The Ponca Gaming Commissioner shall assure or have responsibility for:
  - (1) enforcement of all laws pertaining to the gaming operation, within the facility;
  - (2) the physical safety of gaming employees and of patrons in the gaming facility;
  - (3) safeguard the assets transported to and from the gaming facility;
  - (4) provide for the detention of persons who may be involved in illegal acts and notify the Nation, and/or other law

enforcement authorities;

(5) record any and all unusual occurrences within the gaming facility. Each incident without regard to materiality shall be assigned a sequential number, and at a minimum the following information shall be recorded in indelible ink in a bound sequentially page-numbered notebook from which pages cannot be removed without omission of page number. Each occurrence shall be:

- (a) Assigned number;
- (b) Date;
- (c) Time;
- (d) Nature of incident;
- (e) Person involved in the incident.

- b. Investigation and Sanctions. Pursuant to the Nation's laws and regulations, the Ponca Gaming Commissioner shall investigate any reported violation of the compact provisions and shall require the gaming operation to correct the violation upon such terms and conditions as the Ponca Gaming Commissioner determines are necessary.
- c. Reporting. The Ponca Gaming Commissioner shall forward copies of all investigation reports and final dispositions to the Nation's Chairperson and to the State.
- d. Meeting. In order to develop and foster a positive and effective relationship in the enforcement of the provisions of this Compact the Ponca Gaming Commissioner and the OSBI and/or the OSF shall meet, not less than on an annual basis to review past practices and examine methods to improve the regulatory program created by this Compact. The meetings shall take place at a location selected by the Ponca Gaming Commissioner. The OSBI and/or the OSF prior to or during such meetings, shall

disclose to the Ponca Gaming Commissioner any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of this Compact, by any person, organization or entity, if the disclosure will not compromise the interest sought to be protected

## **SECTION 11. MONITORING**

The OSBI with the assistance of the OSF shall have the authority to monitor the Gaming Operation to ensure compliance with provisions of this Compact with concurrent supervision of the Ponca Gaming Commissioner. In order to properly monitor the gaming operation, agents of the OSBI and/or the OSF shall have reasonable access to all areas of the gaming facility for off track wagering during normal operating hours after giving notice to the gaming facility manager and the Ponca Gaming Commissioner or his designee; provided, however, the monitoring activities of these agents shall no interfere with the normal functioning of the gaming operation, and OSBI and OSF shall provide proper photographic identification to any Nation representatives requesting the same.

- a. Access to Records. Agents of the OSBI and/or OSF shall have authority to review and copy during normal business hours all records maintained by the off track betting operation, provided no original records shall leave the custody of the Nation and provided further that such records are held in confidence and not released to the public under any circumstances.
- b. Notification. At the completion of any inspection or investigation by the OSBI and/or OSF, a full investigative report shall be forwarded to the Ponca Gaming Commissioner and the Nation's Chairperson within five (5) days.

## **SECTION 12. CRIMINAL JURISDICTION**

This Compact shall not alter State, Nation, and federal criminal jurisdiction of State, Nation, or Federal Government. All existing cross-deputization compacts between the Nation and political subdivisions of the State are hereby ratified and/or reaffirmed.

### **SECTION 13. EMPLOYEES.**

- a. Applications. Prior to hiring a prospective gaming employee for the gaming facility, the Nation shall obtain sufficient information and identification from the applicant to permit a thorough background investigation. The information shall include:
- (1) Full name, including any aliases by which applicant has ever been known;
  - (2) Social Security number;
  - (3) Date and place of birth;
  - (4) Residential addresses for the past ten (10) years;
  - (5) Employment history for the past ten (10) years;
  - (6) Drivers' license number;
  - (7) All licenses issued and disciplinary actions taken in regard to any gaming license;
  - (8) All criminal arrests and proceedings, except for minor traffic offenses, to which the applicant has been a party;
  - (9) A set of fingerprints;
  - (10) A current photograph;



- (11) Military service history; and
- (12) Any other information necessary to conduct a thorough background investigation.
- (13) The name and address of any licensing or regulatory agency with which the person has filed an application for license, permit, or security clearance whether or not the same was granted.

- b. Probation. The Nation may employ on a probationary basis prospective gaming employees who present the above information and meet standards of the nation, until such time as the written report on the applicant's background investigation is complete.
- c. Disqualification. The Nation shall not employ as a gaming employee in the off track betting facility and shall terminate any probationary gaming employee, if the report on the applicant's background investigation finds that the applicant;
  - (1) Has been convicted of any felony, gaming offense or larceny;
  - (2) Has knowingly and willfully provided materially important false statements or information on his employment application; or
  - (3) Has been determined by the Ponca Gaming Commissioner to be 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 gaming, or create or

enhance the dangers of unsuitable, unfair or illegal practices, methods and activities in the conduct of gaming of the carrying on of the business and financial arrangements incidental thereto.

- d. Background Investigations. The Nation shall conduct background investigations on all gaming employees. The same may be conducted before, during, and/or at any time during the term of employment, conduct additional investigations. Any gaming employee who does not meet the minimum employment criteria shall be promptly dismissed.
- e. Identification Cards. The Ponca Gaming Commissioner shall require all gaming employees to wear in plain view identification cards that include photo, first name and an identification number unique to the individual, and a date issued.

#### **SECTION 14. PUBLIC HEALTH AND SAFETY**

- a. Compliance. The construction, maintenance and operation of any gaming facility shall comply with all federal and Nation standards for the same.
- b. Emergency Service Accessibility. The Ponca Gaming Commissioner shall make provisions for adequate emergency accessibility and service to ensure the health and safety of all gaming patrons. Upon finalization of emergency access plans for all gaming facilities, the Nation shall forward copies of said plans to State.
- c. Minors. No person under 18 years of age shall be admitted into a gaming facility for off track betting nor be permitted to place any wager directly or indirectly.
- d. Alcohol. No alcohol beverages of any kind shall be permitted in a

gaming facility.

## SECTION 15 DISPUTE RESOLUTION

In the event either party to this Compact believes the other party has failed to comply with any requirement herein or applicable regulations, or in the event of any disagreement or dispute as to the proper interpretation of the terms and conditions of the Compact, the following procedures may be invoked but shall not be construed to prevent either party from seeking immediate judicial relief.

- a. Voluntary Resolution. The party asserting noncompliance or seeking an interpretation 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 factual basis for the alleged noncompliance or the Compact provision for which interpretation is sought. Within 30 days of receipt of notice, State and Nation shall meet in an effort to resolve the dispute.
- b. Non-binding Arbitration. If a dispute arises among the parties that is not resolved within sixty (60) days of receipt of notice, either party may refer it to non-binding arbitration. If referred to arbitration, each party shall name the arbitrator. The two named arbitrators will name a third arbitrator. If the two named arbitrators cannot agree on a third arbitrator, the third arbitrator will be named by the American Arbitration Association. The expenses of arbitration shall be borne equally by the parties. A party asserting noncompliance or seeking an interpretation under this section shall be deemed to have certified to the best of his knowledge, information and belief formed after reasonable inquiry that the averment is warranted and made in good faith and is not made for any improper purpose, such as to harass or to cause unnecessary delay or needlessly increase the cost of resolving the dispute.

- c. Declaratory Judgment. If either party considers itself aggrieved by a breach of this Compact, it may bring an action for breach of Compact in the United States District Court for Western District of Oklahoma pursuant to 25 U.S.C. 2710 (d)(7)(A). If the dispute involves a material breach of this compact and is not cured, the court could declare the Compact terminated. Either party may claim in an action that repeated violation of this compact constitutes a prospective intent not to abide by its terms and that, therefore, the pattern of repeated violations constitutes a material breach of this Compact. Although this remedy is consistent with 25 U.S.C. 2710, (d)(3)(C)(v), nothing herein shall be construed to authorize any other equitable remedy, nor to authorize a money judgment except for unpaid costs of monitoring by the State. To the extent necessary and permitted by applicable law, each of the parties waive immunity from suit for the limited purpose of this section.

#### **SECTION 16. RESERVATION OF RIGHTS.**

- a. Additional Compacts. By entering this Compact, the Nation shall not be deemed to have waived the right to initiate and pursue the procedures provided by the Act should State refuse to enter into a compact after the Nation has made a written request with respect to other forms of Class III gaming, and neither State nor the Nation shall be deemed to have waived any rights, arguments or defenses applicable to such a procedure.
- b. Status of Class II Gaming. Nothing herein shall be deemed to affect the operation by the Nation of any Class II gaming as defined in the Act, whether conducted within or without the gaming facilities or to confer upon State any jurisdiction over such Class II gaming conducted in Nation's Indian country, nor Class III gaming inconsistent with this Compact.
- c. Taxation. Neither State nor any of its political subdivisions shall

impose any tax, fee, charge or other assessment upon the admission to any gaming facility of the Nation or upon the conducting of or engaging in any gaming activity conducted at a facility authorized by this compact. To the extent the Nation gaming operation is responsible for filling out IRS Form W-2G on persons who receive proceeds of a wagering transaction governed by the Compact, a copy of said form shall also be provided to the Oklahoma Tax Commission.

- d. Preservation of Nation Self-Government. Nothing in this Compact shall be deemed to authorize State to regulate in any manner the government of the Nation, including the Ponca Gaming Commissioner, or to interfere in any manner with the Nation's selection of its governmental officers or employees.

## **SECTION 17. REIMBURSEMENT FOR EXPENSES INCURRED BY OKLAHOMA.**

The Nation realizes that the State has incurred expenses in negotiating this Compact and will incur expenses related to the obligations undertaken under this Compact. Accordingly, the parties agree as follows:

- a. Payments. The Nation agrees to reimburse the State for the actual amount of time and expenses of personnel as reasonably assessed by State in accordance with Section 11, paragraph (3)(c) (III) of the IGRA related to this compact. State agrees to provide Nation with an itemized accounting of all charges assessed within sixty (60) days of occurrence.

- b. Procedure. The State shall bill the Nation reasonable and necessary costs related to obligations undertaken under this compact. Unless unreasonable or unnecessary, the costs for such services shall be those established by State either by agency rule or by statute or, where the cost of services (including more extensive background checks, other investigations, monitoring or similar matters) is not established by rule or by statute, the costs shall include agents' time, including out-of-pocket expenses, benefits and travel expenses at the statutory rate. State shall send invoices to the Nation for these services. Payments shall be made within sixty (60) days to the Office of the State Treasurer. Reimbursement for services provided by State shall be transmitted by the Office of the State Treasurer to the OSBI, OSF, or any other appropriate agency to defray the cost of services as required under this compact.
- c. Disputes. Should the Nation dispute the reasonableness of necessity of any charges, such dispute shall be resolved as herein above set forth in Section 15.

### **SECTION 18. SEVERABILITY.**

Each provision, section and subsection of this Compact shall stand separate and independent of every other provision, section or subsection. In the event that a court of competent jurisdiction shall find any provision, section or subsection of this Compact to be invalid, the remaining provisions, sections and subsections of the Compact shall remain in full force and effect, unless the invalid provision materially alters the relationship between the parties. In the event of such alteration, the parties shall negotiate to comply as nearly as possible with the original intent of this Compact.

### **SECTION 19. AMENDMENTS**

The parties may request negotiations to amend or modify this Compact. The amendment or modification request may include requests for approval of

gaming activities that are legitimately within the scope of the Act. In the event of a request for negotiation to amend or modify, this Compact shall remain in effect until amended or modified, but such a request shall not extend the Compact term. Additional requests to negotiate other forms of gaming made by the Nation shall be treated as requests to negotiate pursuant to the Act. The parties shall have one hundred eighty (180) days to negotiate, and all further procedures and remedies available under the Act shall thereafter apply. The Nation and the State may mutually agree to extend the 180-day period without prejudice to the rights of either party under this section. Any amendment to this Compact shall be in writing and must be approved by the Secretary for the United States Department of the Interior. However changes in the Nation's Gaming Ordinance (Appendix C) shall not be considered amendments and may be effected as otherwise provided by this Compact or by law.

#### **SECTION 20. AUTHORITY TO EXECUTE.**

The undersigned represent that they are duly authorized to execute this agreement on behalf of the party designated.

#### **SECTION 21. NOTICES.**

All notices required or authorized to be served herein shall be sent by certified mail (return receipt requested), commercial overnight courier services, or by personal delivery to the following addresses:

#### **OKLAHOMA**

Governor of Oklahoma  
State Capitol, Room 212  
Oklahoma City, Oklahoma 73105

Chairman, State-Tribal Relations Committee  
State Capitol  
Oklahoma City, Oklahoma 73105

Attorney General of Oklahoma  
State Capitol, Room 112  
Oklahoma City, Oklahoma 73105

Oklahoma State Bureau of Investigation  
ATTN: Commissioner  
6600 N. Harvey, Suite 300  
Oklahoma City, Oklahoma 73116

PONCA NATION

Chairman of the Ponca Tribe  
ATTN: Bennett Arkeketa  
20 White Eagle Drive  
Ponca City, Oklahoma 74601

Ponca Gaming Commissioner  
20 White Eagle Drive  
Ponca City, Oklahoma 74601

**SECTION 22. SUCCESSORS AND ASSIGNS.**

This Compact shall be binding upon successors and assigns of the parties hereto.

**SECTION 23. GOVERNING LAW**

This Compact shall be governed by and construed in accordance with the laws of the United States, the State, and the laws of the Nation, whichever are applicable. This Compact shall be controlling. In the event of any ambiguity, this Compact shall be deemed drafted by both parties and shall not be construed against or in favor of any party by virtue of draftsmanship,



or as a matter of law.

PONCA NATION

[SEAL]

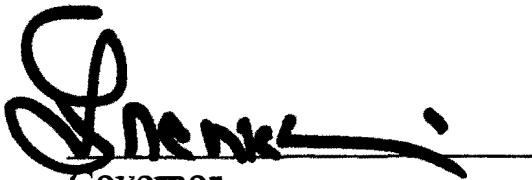


Chairman Bennett Arkeketa

Date:

STATE OF OKLAHOMA

[SEAL]



Governor

Date: 10/18/01

Attest:   
Secretary of State

OKLAHOMA LEGISLATIVE APPROVAL

Approved by a quorum of the Joint Committee on Tribal-State Relations the  
15 day of October, 2001.

  
Chairman

FEDERAL APPROVAL:

Consistent with 25 U.S.C.A. § 2710(d)(8) this compact is approved on this 24<sup>th</sup>  
day of January, 2002, by the Assistant Secretary - Indian Affairs of the  
United States Department of the Interior.

Neal A. McCaleb  
Assistant Secretary - Indian Affairs  
Department of the Interior

By:  \_\_\_\_\_

## APPENDIX A

### PONCA TRIBE

#### STANDARDS OF OPERATION AND MANAGEMENT FOR PARI-MUTUEL GAMING

For purposes of these Standards of Operation and Management for Pari-Mutuel Gaming, and in accordance with the Compact, the following words and terms used in this document shall have the following meaning unless the contents clearly states otherwise:

1. "Act" means the Indian Gaming Regulatory Act, 25 U.S.C. Section 2701 et seq.
2. "Association" means any person, business organization or Indian tribal entity authorized by applicable federal, state or tribal law to conduct a recognized meeting.
3. "Betting Fund" means a special fund for the deposits of all moneys received by the off-track betting facilities from which daily payments will be made.
4. "Close of Betting" means the time designated by the Gaming Manager after which Gaming Manager will not accept any bet in any particular pari-mutuel pool.
5. "Combined Pool" means a single pari-mutuel betting pool consisting of all bets accepted by both the Gaming Manager and the track on each race.
6. "Commission" means the Ponca Tribal Gaming Commission.
7. "Compact" means the Ponca Tribe - State of Oklahoma Gaming Compact enacted pursuant to the Act.
8. "Coupled Entry" means two or more animals which are entered in a race and are owned by the same owner or trained by the same trainer and are coupled for the purpose of pari-mutuel betting as one animal.
9. "Entry" means a horse made eligible to run in a race.
10. "Field" according to the requirement of the test:
  - a. All the animals which compete in a race;
  - b. A number of animals which are grouped together as a coupled entry for three purposes of pari-mutuel betting. When the individual animals competing in a race exceed the numbering capacity of the totalisator, the highest numbered animal within the capacity of the totalisator and all animals of a higher number shall be grouped together as a field.

11. "Gender and Number" means words of the masculine gender include the feminine and neuter, words of the singular number include the plural, and words of the plural number include the singular.
12. "Horse Number" means a numeric or alphabetic designation assigned by the Gaming Manager to each horse on which the Gaming Manager is accepting bets.
13. "Independent Pool" means a single pari-mutuel betting pool consisting of all the bets accepted by the Gaming Manager
14. "Meeting or Recognized Meeting" means the entire consecutive period of days granted by the relevant state or tribal authority to an association for racing.
15. "Minor" means any person under the age of majority as established by law.
16. "Net Pool" means the total amount bet in a specific pool minus the deductions allowed by the Compact.
17. "Off-track Betting Facility" means a facility operated by the Gaming Manager on the Reservation, open to the public for the purpose of accepting off-track pari-mutuel wagers.
18. "Operating Procedures" means those practices implemented by the off-track betting unit which govern the daily conduct and administration of all activities of said units.
19. "Pari-Mutuel" means the system of betting which returns to successful bettors the precise amount of money wagered by unsuccessful bettors, after deduction pursuant to the Compact.
20. "Parlay" means a series of bets whereby the bettor bets on one entry and bets the proceeds on a second entry, and the profits from the second bet on a third entry, and so on.
21. "Placing" means first, second, or third, and in that order is called "win", "place", and "show".
22. "Pool" means the total amount bet on a race or on a specific type of wager, for example, win, place, show daily double, etc.
23. "Scratch" means the act of withdrawing an entry from the race after the closing of overnight entries.
24. "State" means the state of Oklahoma.
25. "Track" means a race course duly licensed for conducting races with respect to which the off-track betting unit is accepting bets.

26. "Tribal Operation" The Gaming Manager is responsible for the conduct of the system which accepts wagers from the public on races held both within and without the Reservation and within and without the State.

27. "Tribe" means the Ponca Tribe.

This System of Accounting and Internal Controls is being submitted to the Commission prior to the commencement of gaming operations consistent with the requirements of Appendix A. The submission contains both narrative and flow chart representation of the system utilized by the Gaming Manager

The Gaming Manager will submit any proposed changes from the previously submitted system to the Commission before the changes are to become effective.

The System of Accounting and Internal Controls submission required by Appendix A is signed by the Chief Financial officer who was responsible for its preparation and is accompanied by a report from an Independent Certified Public Accountant. The report will state that the submitted System of Accounting and Internal Controls conforms in all respects to the Internal Controls set forth in the Standards defined in Appendix A of the Compact.

An Internal Audit Department supervised by the Director of Internal Audit who will perform independently of all other departments, and report directly to the Board of Directors of the Gaming Manager or its Audit committee or equivalent concerning matters of policy, purpose, responsibility and authority and reports indirectly to the Chief Executive Officer for matters concerning daily operations.

1. The Internal Audit Department is responsible for, but not limited to, the following:
  - (a) Review and appraise adequacy of Internal controls.
  - (b) Compliance with Internal Control procedures.
  - (c) Reporting of instances of noncompliance with the System of Accounting and Internal Controls.
  - (d) Reporting any material weaknesses in the System of Accounting and Internal Controls.
  - (e) Recommendation of procedures to eliminate any material weaknesses in the System of accounting and Internal Controls.
2. All reports prepared by the Internal Audit Department and submitted to the managing authority of the Gaming Manager shall be consecutively numbered, dated, and recorded in a log which shows brief particulars of the content of each report.

## COMPUTER SYSTEM ACCESS AND CONTROL

Access to the administrative terminals and its functions is restricted to the Systems Operator. The race book will be connected to the Systems Operator through dedicated telephone lease line. A dual dial-up modem access, which is restricted under lock and key, is available in case the dedicated lease line is out of order. A log will be maintained to document access to the modem. Access to the pari-mutuel clerk terminals is allowed by entering the operator's code and their respective password. Operator's codes and respective passwords for clerks in the book are issued by Systems Operator personnel.

### Wager Ticket Issuance & Control

All patron wagers will be evidenced by the issuance of a printed ticket. The off-track pari-mutuel ticket is a single part ticket made of special paper stock. The ticket has bar codes and will be randomly numbered by the computer system. A second computer controlled restricted copy is maintained within the computer. The paper stock used to produce the race tickets is stored in a secured restricted area with access only by race book management.

The computer will print the following information on the Race Ticket:

1. date;
2. time;
3. horse identification;
4. type of bet;
5. amount of bet; and
6. total take.

The original ticket is given to the customer and the restricted copy is retained in the computer system. A listing of tickets written at each clerk's station for each day will be generated by the system operator upon request by the book. The OSBI shall be allowed to monitor the computer system either remotely and/or through written records upon a request to monitor made to the Manager.

### Ticket Selling/Cashing Procedures

The clerk signs on to the system by inputting his operator's code and his password. The system prints a test ticket. The clerk then makes a draw from the Ticket Issuing Machine (TIM) for an opening bank. Two draw tickets will be produced that will indicate the time, date, station number, clerk identification number, and the amount of the opening draw. The clerk and a supervisor will sign the back of both draw tickets. One will be retained by the clerk; the other will be redeemed at the cage.

Upon returning from the cashier's cage with an opening bank, the clerk can begin selling and cashing pari-mutuel wagers. It is very important that the clerks hit the TOTAL key after each selling/cashing transaction.

Should there be a need to cancel a ticket after issuance due to an input error or at the customer's request, this can be accomplished; however, a race ticket can only be canceled prior to post time, and only in accordance with the track policy.

To cancel a ticket, the clerk simply feeds the ticket into the reader of the TIM and it will be voided by canceling the face of the ticket and taken out of the system. The clerk will then write the word "void" on the ticket, sign it, and have a supervisor sign it. If the TIM cannot read the ticket to be canceled, the identification number will be entered manually. It is very important that the clerk makes sure that the correct ticket number is entered. When correctly entered, the TIM will eject a ticket stub that will be stamped with the word "canceled", the ticket number, the clerk's I.D. number, the time and date. This ticket stub must then be signed by the clerk and supervisor to verify that the correct ticket I.D. number has been canceled. This stub will then be stapled to the canceled ticket.

Upon presentment of a winning ticket by a customer, the clerk will insert the ticket into the bar code reader verification and for payment. The system will indicate the station number, the payout amount, and the word "cash" will be branded on the original ticket. All winning tickets paid by the clerks are retained in the computer and may be printed upon request. Should the bar code reader fail to read a ticket, the system allows the clerk to manually enter the ticket number into the terminal and a payout ticket stub is generated by the system which indicates the payout amount, station number date and time of payout. The original winning ticket manually input into the system, along with the payout ticket stub, will be approved and signed by a supervisor. All paid original winning tickets are bundled and sent to race & sport book audit. Pick 6's and Pick 9's winning tickets are paid the later of 48 hours after the last race result is determined or the next banking day, in order to provide time to audit and verify the payouts.

The clerks will be responsible for notifying the Race Supervisors when a Currency Transaction Report (CTR) is required. They will also be responsible for filing IRS Form W-2G and withholding 20% of net winnings when payment is 300 times the bet or more, and in excess of \$1,200.

When the clerks are ready to close a station, they must count, clip, and strap their money. After arriving at the total cash figure, the clerk will generate a cash balancing ticket, which prints the total dollar amount of tickets cashed and sold, draws and returns made by the station, the date, time, and net cash turn in. The cash count must be reconciled to the cash balancing ticket supervisor. If there is a discrepancy (over or shortage), it must be noted on the two final return tickets, which indicate the time, date, clerk station number, clerk code number, and the final net cash return. The return tickets are signed by the clerk and a supervisor. A security guard will be called to escort the clerk to the cage where they will be counted out and reconciled.

#### Transfer of Funds to and from the Systems Operator (Systems Operator)

Income Control personnel will review the daily reconciliation report and compare it to the daily recap and to the actual tickets generated at the race book and cage transfer slips to determine the net amount due to or from the system operator. Upon agreement of the amount with the Systems Operator (Systems Operator), a deposit will be made with the designated bank

to fund the account. Systems Operator will initiate the transfer of funds from the Gaming Manager 's bank account to the Systems Operator account or vice versa. The bank will send an advice to the book the following day to provide confirmation of the transfer. Accounting Department personnel, having no incompatible function, will reconcile the bank statement daily.

## Reports

The following reports will be generated:

- (1) Daily Recap - This report summarizes writes, refunds, payouts (previous winner pay segregated), and unpaid. This recap will be maintained for the day and month to date. Commission, breakage, and taxable revenue will also be maintained for the day and month to date.
- (2) Writer/Cashier Report (Machine Sales Report) - This report lists and recaps writer/cashier station activity to include:
  - (a) Operator number;
  - (b) Total write and number of tickets written;
  - (c) Total payout and number of tickets paid;
  - (d) Listing of tickets written and paid by each operator sorted in chronological order to include: time, date of pay of date ticket was written, ticket number, and amount of write or payout. This detail listing will be generated by the systems operator upon request by the book.
- (3) Daily Reconciliation Report - This report recaps total write, total payouts, total commission on tickets written, breakage, and net amount due or from the systems operator.
- (4) Commission and Breakage Report (Prices Report) - This report recaps net commission and positive or negative breakage, and is available daily by track.
- (5) Ticket Sequence Report (Transaction Search Report) - This report, which may be printed upon request, lists all off-track pari-mutuel tickets written for the day sorted by sequence number to include:
  - (a) Ticket number;
  - (b) Date and time ticket was written;
  - (c) Operator code number;
  - (d) Horse selection and condition of bet;
  - (e) Amount of bet; and
  - (f) Total take.
- (6) Unpaid Tickets Report (Today's Outs) - This report lists winning tickets for which payouts have not been made. A log of this information shall be retained. This



report is available daily, if requested by the Tribal Gaming Commission and/or the OSBI, to include:

- (a) Ticket number;
  - (b) Date and time written;
  - (c) Horse selection and condition of bet;
  - (d) Amount of bet;
  - (e) Total take; and
  - (f) Pay amount.
- (7) Previous Winner's Pay Report (Outs Paid Today) - This report lists winning tickets, determined to be winners on previous days, paid today. A log of this information shall be retained. This report is available daily, if requested by the Tribal Gaming Commission and/or the OSBI, to include:
- (a) Ticket number;
  - (b) Date and time written;
  - (c) Horse selection and condition of bet;
  - (d) Amount of bet;
  - (e) Total take; and
  - (f) Pay amount.
- (8) Purged Tickets Report - This report lists winning tickets deleted from the system after 120 days. This report is generated daily.
- (a) Ticket number;
  - (b) Date and time written;
  - (c) Horse selection and condition of bet;
  - (d) Amount of bet;
  - (e) Total take; and
  - (f) Pay amount.
- (9) Exception Report - This report summarizes all system function not involved in writing and cashiering, to include, but not limited to, sign on/sign off, voids, and paid tickets manually entered, etc.
- (10) Results report - This report lists daily race results.

All winning tickets, voided tickets, reports, and other documents required by this system will be retained in accordance with applicable.

## Screen-Activated Machine

- (1) The screen-activated machine (SAM) is a self-service betting machine which allows customers to place wagers using a winning ticket or voucher generated by the system.
- (2) The customer must insert a voucher or winning ticket for the SAM to accept a wager. Wagers will be made keying in the amount of the bet, the type of bet, and the horse or horses selected. After the selection process is complete, the SAM will print a bet ticket. The SAM will also print a voucher for the remaining balance, if any, owed to the customer. The voucher will contain the serial number, date, cash balance, and SAM number. This information will also be bar coded on the voucher. Once the wager is placed, the customer may use the voucher to place additional wagers or redeem the voucher for cash.
- (3) When a patron wishes to redeem a voucher, the writer/cashier will insert it into the bar code reader. The computer will then generate a paid ticket and the writer/cashier will pay the patron. MI other procedures described concerning payouts on winning wagers will be complied with as applicable.
- (4) Outstanding vouchers will be listed on a Voucher Report. Vouchers outstanding more than a specified number of days will be purged by the Systems Operator.e
- (5) All winning tickets and vouchers inserted into the SAM will be deposited automatically into a locked box in the machine. On a daily basis, an accounting representative will check out the key to the lock boxes to remove the tickets and vouchers. The key will be at a department independent of the Pari-Mutuel Gaming Center and will require signing a log to access. After the accounting representative obtains the tickets and vouchers, he/she will immediately deliver them to accounting.
- (6) Voids will not be allowed at a SAM. Additionally, winning tickets that require IRS withholding will not be paid at the SAM.

## Off-Track Pari-Mutuel Wagering Audit Procedures

In addition to the race book audit procedures addressed in the race book section of the system, the following procedure will be followed:

- (1) On a daily basis, race book audit personnel will review and reconcile total write, total payouts, voids, computer total commission and breakage, and the net amount due to or from the system operator.
- (2) On a daily basis, all winning tickets paid manually are reviewed to determine that they were properly authorized and paid.
- (3) Funds transferred to and from the system operator are reviewed and reconciled daily.

All exceptions noted are documented and investigated, and results are documented and reported to management.

Unless specifically exempted by the Commission, the Gaming Manager will, at its own expense, have its annual financial statements audited in accordance with generally accepted auditing standards. These audits will be performed by an Independent Certified Public Accountant.

Annual statements will be prepared on a comparative basis for the current and prior calendar year. Annual statements will present the financial position and operational results of the Gaming Manager in conformity with generally accepted accounting principles.

Two copies of the audited financial statements together with the report thereon from the Gaming Manager 's Independent Certified Public Accountant, will be filed with the Commission and with the OSBI no later than January 28 (120 days) following the end of the Gaming Manager 's fiscal year end of September 30.

The Gaming Manager 's Independent Certified Public Accountant will render the following additional reports:

1. A report identifying any material weaknesses in the System of Accounting and Internal Controls. Whenever, in the opinion of the Independent Certified Public Accountant, there exists no material weakness in the System of Accounting and Internal Controls, the report will so state.
2. A report expressing the opinion of the Independent Certified Public Accountant that based on his examination of the financial statements that the Gaming Manager has followed in all material respects, during the period covered by his examination, its System of Accounting and Internal Controls on file with the Commission. Whenever, in the opinion of the Independent Certified Public Accountant, the Gaming Manager has deviated from its System of Accounting and Internal Controls filed with the Commission or the accounts, records, and control procedures examined are not maintained by the Gaming Manager in accordance with the Compact and its Standard, the report shall enumerate the number of such deviations, regardless of materiality. The report will also include such areas of the system no longer considered effective, and will include recommendations regarding improvements to this System of Accounting and Internal Controls.

Two copies of the reports required in this section and two copies of any other reports on the System of Accounting and Internal Controls, Administrative Controls, or other matters relative to the Gaming Manager 's accounting or operating procedures offered by the Gaming Manager 's Independent Certified Public Accountant be engaged as the outside auditor, the Gaming Manager will file a report with the Commission within ten days following the end of the month in which the event occurs, setting forth the following:

1. The date of the resignation, dismissal, or engagement.
2. Whether in connection with the audits of the two most recent years preceding such resignation, dismissal, or engagement there were any disagreements with the former accountant on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of the former accountant would cause him in his report to refer to the subject matter of such disagreement including a description of each such disagreement. each disagreement is to be reported, including those resolved and those not resolved.
3. Whether the Certified Public Accountant's report on the financial statements for any of the past two years contained an adverse opinion or a disclaimer of opinion, or was qualified. The nature of such adverse opinion or a disclaimer of opinion, or qualification shall be described.
4. The Gaming Manager will request the former accountant to furnish to the Gaming Manager a letter addressed to the Commission, stating whether he agrees with the statements made by the Gaming Manager in response to this section. Such letter will be filed with the Commission as an exhibit to the report required by this Standard.

1. Generally

The Gaming Manager will conduct pari-mutuel betting on any recognized meeting held within or without the State as Commission may approve.

2. Pools

The Gaming Manager will conduct pari-mutuel betting either in a combined pool or in an independent pool as the Commission may approve.

3. Types of Betting

The Gaming Manager may accept wagers on such types of pari-mutuel betting as are set forth in these Standards or as the Commission may otherwise approve.

4. Location of Ticket Sales

Off-track betting pari-mutuel tickets will be sold only at off-track betting facilities on the Reservation.

5. Limits on Betting

The Gaming Manager with the advice and consent of the Commission will establish minimum and maximum limits on betting.

6. Minimum Payments

The Gaming Manager will pay no less than two dollars and ten cents for each two dollar winning bet in the distribution of any pari-mutuel pool.

7. Commencement of Betting

The Gaming Manager will determine the times at which it will commence accepting bets for any particular pari-mutuel pool.

8. Close of Betting

The close of betting shall be set as such times as the Gaming Manager may determine.

9. Locking of Pari-Mutuel Machines, Sales Not Completed

Pari-mutuel machines will be lockable by electric control to render them incapable of accepting or recording wagers and issuing tickets on prior races or a race in progress. The Gaming Manager will not be responsible for any transaction not completed before the machines are locked.

10. Field

Whenever, in accordance with the rules of the track, two or more horses starting in the same race constitute a field for purposes of pari-mutuel betting at the track, they shall be combined for purposes of any off-track betting pari-mutuel pool and a bet on one shall be a bet on all, as follows:

- (a) A horse number shall be provided which shall represent all the horses in the field. A bettor who bets the field shall be deemed to have bet on all the horses in the field irrespective of whether or not the particular horses running in the field are determined when the bet is placed. If the entire field is scratched or removed from betting, there shall be a refund. However, if part of the field is scratched or removed from betting but there is at least one starter, there shall be no refund.
- (b) In the event that a bettor bets on a horse which is later placed in the field, he shall be deemed to have bet on the field, except that if the horse upon which he has bet is removed from the race or removed from betting prior to the close of betting, the bettor shall receive a refund.

11. Coupled Entry

Whenever, in accordance with the rules of the track, two or more horses starting in the same race constitute a coupled entry for purposes of pari-mutuel betting at the track betting pari-mutuel pool and a bet on one shall be a bet on all, as follows:

- (a) A horse number shall be provided which shall represent each coupled entry. A bettor who bets a coupled entry shall be deemed to have bet on all the horses irrespective of whether or not the particular horses running in the coupled entry are determined when the bet is placed. If the entire coupled entry is scratched or removed from betting, there shall be a refund. However, if part of a coupled entry is scratched or removed from betting but there is at least one starter, there shall be no refund.
- (b) In the event that a bettor bets on a horse which is part of a coupled entry, he shall be deemed to have bet on the coupled entry, except that if the horse upon which he has bet is removed from the race or removed from betting prior to the close of betting, the bettor shall receive a refund.

#### 12. Refunds

All bets received on an entry which does not start or on a race which is canceled or postponed shall be refunded on the basis of the refund policy in effect at the track.

#### 13. Refusal to Accept Bets

The Gaming Manager reserves the right to refuse to accept bets on a particular entry or entries or in any or all pari-mutuel pools for what it deems good and sufficient reason. In the event that the Gaming Manager prohibits further betting on an entry or entries in a pari-mutuel pool for which it has previously accepted bets, bets on such entry or entries shall be refunded.

#### 14. Track Refusal to Accept Bets

In the event that the track refuses to accept bets on a particular entry or entries, the Gaming Manager will automatically remove from its pools all bets placed on said entry or entries, and said bets will be refunded.

#### 15. Cancellation of Track Pool

In the event that a pari-mutuel pool is canceled by the track, the corresponding off-track betting pari-mutuel pool shall be refunded.

#### 16. Change of Entries

Until the track posts the official entries of a race, the Gaming Manager may add to the entries and accept public wagering on such horses as it believes will run in the race and may remove from its list of entries such horses as it believes will run in the race and may remove from its list of entries such horses as it believes will not run in the race.

17. Responsibility of the Gaming Manager

The Gaming Manager bears no responsibility with respect to the actual running of any race or races upon which the Gaming Manager accepts bets. In all cases, off-track betting pari-mutuel pool distribution shall be based upon the order of finish posted at the track as "official." Rulings related to entries, the winning of a race, and the order of finish and determination of judges, stewards or other appropriate officials at the track shall be conclusive in determining the payoffs of the Gaming Manager

18. Error in Calculation of Payments

In the event of an error in calculation of payment prices:

- (a) Where such error occurs in an independent pool, all off-track betting facilities shall be notified as soon as the error is determined and all further payments shall be in the correct amount. Any amount thereafter remaining in the pool because of an underpayment shall be transferred to the betting fund.
- (b) Where such error occurs in a pool which is the result of the combination of the track pool and the off-track betting pool, the rules in effect at the track governing the disposition of such error shall prevail.

19. Failure of Combining Pool

On all bets accepted by the Gaming Manager to be included in a combined pool with the track, the Gaming Manager will pay the winner at track odds.

In the event that any bet accepted by the Gaming Manager for inclusion into a combined pool with the track fail to be appropriately included and combined in the single track pool due to circumstances reasonably beyond the control of the Gaming Manager, the Gaming Manager shall announce to the public at all facilities that thenceforth all bets theretofore made at such facilities shall be placed into an independent pool and the payoff shall be made in accordance with applicable rules.

20. Location and Time of Payments

Payments shall be made at all off-track betting facilities at such times as the Gaming Manager may determine. Said determination shall be posted in the off-track betting facility.

21. Bettor Information and Internal Revenue Service

The Gaming Manager will comply with all statutes, rules, regulations, rulings, and directives of the internal revenue service regarding reportable winnings and withholding thereon. The Gaming Manager will refuse payment to a winning bettor who refuses to supply the relevant information required by the IRS.

1. Combined Pool

When a payoff by the Gaming Manager is made on the basis of a combined pool, such payoffs will be made in accordance with the applicable rules in effect for the track at which the race and shall exactly reflect the payoff price at the track.

2. Independent Pool

Whenever a payoff by the off-track betting unit is made independently of any other pool, the pari-mutuel pools will be calculated and distributed as follows:

- (a) Win place, show, daily double, or any type of wagers accepted by the Gaming Manager form separate wagering pools with payoffs calculated independently of each other.
- (b) From each pool, there shall be deducted seventeen percent (17%), or such other percent as may be the gross takeout required under the laws of the State for the State off-track betting systems, the remainder being the net pool for distribution less the breaks.

1. Definition

The amount wagered on an entry to finish first is the win pool, to finish first or second is the place pool, to finish first, second or third is the show pool.

2. Calculation and Distribution of Pools

- (a) Win pool.
  - (i) The net pool divided by the amount wagered on the entry finishing first determines the payoff per dollar including profit and wager.
  - (ii) When two entries finish second in a dead heat, one-half of the profit is allocated to the bettors who have wagers on the entry finishing first, and the remaining half is allocated equally to the wagers on entries finishing in the dead heat for second.
  - (iii) When two animals in the field or as a coupled entry run first and second, the place pool shall be distributed the same as in a win pool.



(b) Place Pool.

- (i) The amounts wagered on entries finishing first and second are deducted from the net pool to determine the profit. This profit, is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added to the wager.
- (ii) When two entries finish second in a dead heat, one-half of the profit is allocated to the bettors who have wagers on the entry finishing first, and the remaining half is allocated equally to the wagers on entries finishing in the dead heat for second.
- (iii) When two animals in the field or as a coupled entry run first and second, the place pool shall be distributed the same as in a win pool.

(c) Show Pool.

- (i) The amounts wagered on entries finishing first, second and third are deducted from the net pool to determine the profit. This profit is divided into three equal parts, and each part, in turn, divided by the three amounts mentioned above. This determines the profit per dollar, to which is added the wager.
- (ii) When two entries finish third in a dead heat, one-third of the profit is allocated to the bettors who have wagers on the entry finishing first, one-third to the wagers on the entry finishing second, and the remaining third equally to the wagers on the entries finishing in the dead heat for third.
- (iii) When two animals in the field or as a coupled entry finish first and second, first and third or second and third, two-thirds of the profit is allocated to the bettors who have wagers on the field or coupled entry, and the remaining one-third to the wagers on the other animal.
- (iv) When one animal in the field or as a coupled entry finishes first or second, and the other part of the coupled entry or field finishes third in a dead heat with another animal, one-half of the profit is allocated to the bettors who have wagers on the field or coupled entry, one-third to the animal finishing first or second, and the remaining one-sixth to the wagers on the animal finishing third in the dead heat with the field or coupled entry.
- (v) When three animals in the field or as a coupled entry run first, second and third, the place and show pools shall be distributed the same as a win pool.

3. Determination of Winners

- (a) When only two entries finish, the show pool, if any, shall be distributed the same as in a place pool.
- (b) When only one entry finishes, the place and show pools, if any, shall be distributed the same as in a win pool.
- (c) In any race in which no entry finishes, all money wagered on the race shall be refunded.
- (d) Payment where no wagering on an entry in the win, place or show pools:
  - (i) In the event that there is no money wagered to win on an entry which has finished first, the net win pool shall be distributed to bettors who have wagered to win on the entry finishing second.
  - (ii) In the event that there is no money wagered to place on an entry which has finished first or second, then the entry which finished third shall replace that entry in the distribution of wagers in the place pool.
  - (iii) In the event that there is no money wagered to show an entry which has finished first, second, or third, then the entry which finished fourth shall replace that entry in the distribution of wagers in the show pool.

1.e Daily Double

- (a) Not a parlay. The daily double is not a parlay and shall be held entirely separate from all other pools.
- (b) Definition. In order to win a daily double, it is necessary for the daily double bettor to select the winners of each of the two races specified for the daily double.
- (c) Coupled entries and fields. Coupled entries and fields may, at the discretion of Gaming Manager , be recognized in the daily double pool.
- (d) Calculation, distribution of pools. The daily double pool shall be calculated and distributed as follows: The net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.
- (e) Failure to select a winner and race cancellations.
  - (i) If no daily double bettor wagers on the winner of the first race, or the first race is canceled or declared "no race", the daily double shall be declared off and the gross pool refunded.

(ii) If no daily double bet is made combining the winners of the first and second races, or the second race is canceled or declared "no race", the net pool shall be distributed to bettors who have designated the winner of the first race, as in a win pool and the daily double shall terminate.

(f) Dead Heats

(i) In the event of a dead heat either in the first race or second race of the daily double, two winning combinations result. The amounts wagered on both winning combinations are deducted from the net pool to determine the profit. This profit is divided in half, and the halves, in turn, divided by the two amounts mentioned above. This determines the profit per dollar, to which is added the amount of the wager.

(ii) In the event of a dead heat in both races of the daily double, four winning combinations result. The amounts wagered on these four winning combinations are deducted from the net pool to determine the profit. This profit is divided into four equal parts, and each part, in turn, divided by the four amounts mentioned above. This determines the profit per dollar, to which is added the amount of the wager.

(g) Scratched or Excused Entries.

(i) If an entry in the first or the second race of the daily double, not coupled as a starter, is scratched or excused from racing before the running of the first race, all money wagered on combinations including such entry shall be deducted from the daily double pool and shall be refunded.

(ii) If an entry in the second race of the daily double, not coupled as a starter, is scratched or excused from racing after the running of the first race of the daily double, a consolation pool will result. In such case, all bets combining the scratched or excused entry with the actual winner of the first race shall become consolation winning bets and shall be paid a price per dollar bet determined as follows: the net daily double pool shall be divided by the total purchase price of the first race of the daily double and the result obtained shall constitute the consolation price per dollar bet. The amount set aside for these consolation payoffs will be deducted from such net daily double pool.

2. Quinellae

(a) Not a parlay. The quinella is not a parlay and shall be held entirely separate from all other pools.

- (b) Definition. In order to win a quinella, it is necessary for the quinella bettor to combine two (w) entries in a single quinella race, selecting the first two (2) finishers in either order such as 1-2 or 2-1.
- (c) Coupled Entries and Fields. Coupled entries may at the discretion of the Gaming Manager be recognized in the quinella pool.
- (d) Calculation and distribution of pools. The quinella pool shall be calculated and distributed as follows: The net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.
- (e) No bet on the winning combination. In the event no bet is taken on the combination of the first two entries in the official placing, the next entry of entries, in case of dead heats, in the order of official placing shall be included in the winning combination. In the event of a dead heat for second position and no bet is taken on one of the entries involved in the dead heat combined with the winner, the entire pool shall be paid to bettors who have combined the winner with the other entry in the dead heat.
- (f) Dead heat. In the event of a dead heat for first position, the net pool shall be distributed to bettors who have combined the two entries involved in the dead heat. In the event of a dead heat for second position, two winning combinations result and the pool shall be divided equally between the bettors who have combined the winner with the entries involved in the dead heat for second position. In like manner, in the event of the triple dead heat for second position, three winning combinations would result. In the event of a triple dead heat for first position, three winning combinations would result.
- (g) Scratched or excused entries. If any entry, not coupled as a starter, is scratched or excused from racing, no further quinella bets shall be taken designating such entry and all quinella bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

### 3. Exacta

- (a) Not a parlay. The exacta is not a parlay and shall be held entirely separate from all other pools.
- (b) Definition. In order to win an exacta, it is necessary to combine two (2) entries in a single designated exacta race, selecting the first two finisher in the exact order of finish.
- (c) Coupled entries and fields. Coupled entries and field may, at the discretion of the Gaming Manager, be recognized in exacta pools.

- (d) Calculation and distribution of pools. the exacta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.
- (e) Failure to select a winner and race cancellations.
  - (i) If no daily double bettor wagers on the winner of the first race, or the first race is canceled or declared "no race", the daily double pool shall be declared off and the gross pool refunded.
  - (ii) If no daily double bet is made combining the winners of the first and second races, or the second race is canceled or declared "no race", the net pool shall be distributed to bettors who have designated the winner of the first race, as in a win pool and the daily double shall terminate.
- (f) Dead heat.
  - (i) In the event of a dead heat for first position, the net pool shall be distributed to each combination of winners separately as in a win pool dead heat, e.g., in a dead heat of two entries there are two winning combinations, in a dead heat of three entries there are six winning combinations.
  - (ii) In the event of a dead heat for second, the net pool shall be divided as in a win pool dead heat among bettors who combine the winner with each second place entry.
- (g) Scratched or excused entries. If an entry, not coupled as a starter, is scratched or excused from racing, no further exacta bets shall be taken designating such entry and all exacta bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

#### 4. Trifecta

- (a) Not a parlay. The trifecta is not a parlay and shall be held entirely separate from all other pools.
- (b) Definition. In order to win a trifecta, it is necessary to select in order the first, second and third place entries in the designated trifecta race.
- (c) Coupled entries and fields. Coupled entries and fields may, at the discretion of the Gaming Manager, be recognized in the trifecta pools.
- (d) Calculation and distribution of pools. The trifecta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.

- (e) No bet on a winning combination. In the event no bet is taken on the winning combination of a trifecta pool, payoff shall be made on trifecta bets selecting the first two entries in order; failure to select the first two entries, payoff to trifecta bets selecting the winner to win; failure to select the winner two in shall cause a refund to all trifecta bettors.
- (f) Less than three entries finish. If less than three entries finish, payoff shall be made on tickets selecting the actual finishing entries in order, ignoring the balance of the selection.
- (g) Dead heat. In the event of a dead heat or dead heats, all trifecta bets selecting the correct order of finish, counting an entry in a dead heat as finishing in either position dead-heated, shall be winning bets and the net pool shall be distributed to each combination of winners separately as in a win pool dead heat.
- (h) Scratched or excused entry. If an entry, not coupled as a starter, is scratched or excused from racing, no further trifecta bets shall be taken designating such entry and all trifecta bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

5. Superfecta

- (a) Not a parlay. The superfecta is not a parlay and shall be held entirely separate from all other pools.
- (b) Definition. In order to win a superfecta, it is necessary for the superfecta bettor to select in exact order of finish, the first, second, third and fourth place entries in the designated superfecta race.
- (c) Coupled entries and fields. Coupled entries and fields may, at the discretion of the Gaming Manager, be recognized in the superfecta pools.
- (d) Calculation and distribution of pools. The superfecta pool shall be calculated and distributed as follows: the net pool divided by the amount wagered on the winning combinations determines the payoff per dollar bet.
- (e) No bet on winning combination. In the event no bet is taken on the winning combination, in order, payoff shall be made to superfecta bettors selecting the first three entries, in order; failure to select the first three entries, payoff to superfecta bettors selecting the winner to win; failure to select the winner to win shall cause a refund to all superfecta bettors.

- (f) Less than four entries finish. If less than four entries finish, payoff shall be made on tickets selecting the actual finishing entries in order, ignoring the balance of the selection.
- (g) Dead heat. In the event of a dead heat or dead heats, all superfecta bets selecting the correct order of finish, counting an entry in a dead heat as finishing in either position dead-heated, shall be winning bets, and contrary to the usual practice, the aggregate number of winning bets shall divide the net pool and be paid the same payoff price.
- (h) Scratched or excused entries. If any entry, not coupled as a starter, is scratched or excused from racing, no further superfecta bets may be taken designating such entry and all superfecta bets previously taken designating such entry shall be refunded and the money deducted from the gross pool.

## 6. Pick Four

- (a) Not a parlay. The pick four is not a parlay and shall be held entirely separate from all other pools.
- (b) Definition. In order to win the pick four, it is necessary for the pick four bettor to select the winners of each of the four races specified for the pick four.
- (c) Coupled entries and fields for betting purposes shall not be allowed in the pick four even if so coupled at the track.
- (d) Failure to select a winning combination.
  - (i) If no pick four ticket is sold combining the winners of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating three winners shall be considered winning tickets and the net pool distributed equally to holders of said tickets.
  - (ii) If no pick four ticket is sold combining the winners of either four or three races of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating two winners shall be considered winning tickets and the net pool distributed equally to holders of said tickets.
  - (iii) If no pick four ticket is sold combining the winners of either four, three or two races of the four pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating one winner shall be considered winning tickets and the net pool distributed equally to holders of said tickets.

- (iv) If no pick four ticket is sold designating any winner to win in the designated pick four races, the pick four shall be declared off the gross pool refunded.
- (v) If any of the designated races are canceled or declared "no race", all pick four tickets (other than those tickets refundable by reason of an early scratch) designating the winners of the remaining race or races shall be considered winning tickets and the net pool distributed equally to holder of said tickets.
- (e) Dead heats. In the event of a dead heat for win in any or all pick four races, all pick four tickets (other than those tickets refundable by reason of an early scratch) designating either animal to win in said race or races shall be eligible for participation in the remaining pick four races and the net pool shall be equally distributed accordingly.
- (f) Scratches.
  - (i) If an animal is scratched or declared a nonstarter in any of the four races designated as the pick four races before the running of the first of those races (early scratch), no further pick four tickets may be issued designating such animal and all pick four tickets previously issued designating such animal shall be refunded and the money deducted from the gross pool.
  - (ii) Should any animal be scratched or declared a nonstarter in any race of the designated pick four races after the running of the first pick four races after the running of the first pick four, the race in which the late scratch has occurred will be declared "no race" for purposes of the pick four pool only, and the net pool shall be distributed equally to the holders of tickets who have designated the winners of the remaining pick four races.
- (g) Pick four tickets shall be sold in not less than two dollar denominations and only from machines capable of issuing four letters on one ticket. Resale of such tickets from one individual to another is prohibited.

1. Notice of Hours

A notice will be displayed in a conspicuous location in the off-track betting facility setting forth the hours during which the facility will be open for business.

2. Sale or Exhibition of Betting Information

The off-track betting facility will exhibit or offer for sale such track, racing and betting information as the Gaming Manager will permit. The track, racing, and betting information is solely for the convenience of the betting public, and the Gaming Manager assumes no responsibility or liability for the accuracy of such information.



3. Declaring the Facility Closed

Notwithstanding any other rule, the manager of the off-track betting facility may upon prior approval of the Gaming Manager declare the facility closed for receiving bets on any pari-mutuel pool, race, group or races, or closed for all betting.

4. Forms of Payment

All bets at the Gaming Manager off-track betting facility shall be made by cash, check or credit card, as the Gaming Manager may limit the acceptable forms of payment and may in its discretion refuse to accept one or more forms of currency.

5. Use of Printed Slips

The Gaming Manager off-track betting facility may require that the bettor indicate on a printed betting slip in clearly legible handwriting, the racetrack, amount of bet, the type of bet, the race number, and the animal and such other information as may be specified by the Commission.

6. Issuance of Pari-Mutuel Ticket

At the Gaming Manager off-track betting facility, upon receipt of the money to be wagered and the information set forth in subsection (e) of this section, the facility shall issue a ticket or receipt to the bettor which shall show the information submitted by the bettor. The issuance of such ticket or receipt shall constitute the acceptance of the bet, subject; however, to subsection (7) of this section and to said bet containing the information specified by the Gaming Manager

7. Acceptance of Pari-Mutuel Ticket

Except as otherwise provided in these Standards, any person making a bet at the Gaming Manager off-track betting facility shall be deemed to accept the ticket or receipt issued to him. Cancellations of pari-mutuel tickets will only be permitted through ticket issuing machines possessing cancellation capability and only under procedures as determined by the Gaming Manager Where ticket issuing machines do not have cancellation capability, any claim by a person that a ticket or receipt issued to him is in errors or bears an omission must be made before leaving the mutuel ticket window.e

8. Alteration or Mutilation of Pari-Mutuel Ticket

Any ticket or receipt presented for winnings may be rejected for payment if it is has been altered, defaced or mutilated.

9. Faulty Pari-Mutuel Ticket

Where a ticket presented for payment is incomplete, the characters indecipherable, or contains inconsistent data with respect to any particular be thereon, and the Gaming Manager cannot determine the pari-mutuel pool in which the bet was placed, no refund or payoff shall be made. It is the burden of the bettor to verify all information on the ticket issued to him at the time of issuance. Once the bettor accepts an issued ticket, it is deemed to be valid.

10. Presentation for Payment

Payment of winning pari-mutuel tickets shall be made at any off-track betting facility upon presentation and surrender of such tickets at such times as the Gaming Manager shall designate. Claims which have not been presented for payment within a period of sixty (60) days from the date of issuance must be presented for payment at the accounting office of the Gaming Manager or at such other location as the Gaming Manager shall designate.

11. Claims to be Made Within one Year

All winning pari-mutuel tickets must be presented for payment within one year of the day of issuance, or all rights to those winnings will be waived. All moneys not redeemed by the failure to present winning pari-mutuel tickets within this deadline shall revert to the betting fund.

12. Delay of Payment

The Gaming Manager reserves the right to delay any payment until an official inquiry is made into the race or ticket in question and the race is declared "official"

13. Payment on Winning Tickets

Payments on winning ticket shall be made by the managing employee of the off-track betting facility or his duly authorized agent in United States currency upon proper presentation of a valid winning ticket.

14. Payments to be Verified

Gaming Manager off-track betting facility personnel shall not make a payment in any amount other than that indicated by the official off-track betting race result sheet conspicuously posted at the facility or by the computer terminal equipment installed at the off-track betting facility for ticket cashing purposes. In the event of a discrepancy between the ticket and the bet information indicated by the computer terminal equipment, or the off-track betting facility records, no payment shall be made and the customer shall be referred to the Gaming Managere

15. Communications Equipment Prohibited

No person shall be permitted to bring into any off-track betting facility or to keep or operate there, any communications equipment designed for or capable of sending or receiving broadcasts or messages of any kind.

16. Persons Prohibited

No persons under the influence of alcohol or drugs, touts, persons making book on or about the premises, loiterers, or disorderly persons shall be permitted to place a bet directly or indirectly in any such facility.

17. Persons Prohibited from Betting

No employee of the Gaming Manager or any agency or concern retained by the Gaming Manager to render services to the off-track betting operation shall place a bet directly or indirectly at any off-track betting facility of the Gaming Manager. Nor shall such persons as aforesaid receive any gratuity, directly or indirectly, from any person who places a bet at any such off-track betting facility.

18. Testing of Equipment

The OSBI may test the totalisator equipment employed in the conduct of Gaming Manager pari-mutuel wagering and any computer hardware or software required for the operation of such wagering and will grant its approval so long as the wagers are conducted in a manner which is honest, fair to the patrons and amenable to regulatory oversight.

19. Security Procedures for Audio-Video Signals

The Gaming Manager will consult with the OSBI regarding the adoption of security procedures for audio and video signals utilized in the operation of any off-track betting system and will adopt security procedures substantially corresponding to those utilized by the State or such other procedures as may be adopted by the Tribal Gaming Commission and approved by the OSBI.

20. Computer Recording of Wagering Information

The Race Book equipment selected for use of the Gaming Manager's pari-mutuel wagering operation is capable of generating a computer log of wagering activities in a form to enable the OSBI to provide computer verification of the accuracy and integrity of wagering activities.

21. All wagers at pari-mutuel windows of the Gaming Manager shall be in the United States currency; provided, however that nothing herein shall restrict the right of the Gaming Manager to provide check cashing or cash advance facilities for use in conjunction with credit cards for the convenience of patrons.