



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, DC 20240

SEP 28 20240

Honorable A. Brian Wallace  
Tribal Chairman, Washoe Tribe of Nevada  
and California  
919 Highway 395 South  
Gardnerville, Nevada 89410

Dear Chairman Wallace:

We have completed our review of the Slots Only Compact (Compact) between the Washoe Tribe of Nevada and California and the State of Nevada (State), executed on February 27, 2004, and received by the Department of the Interior (Department) on March 23, 2004. The file was subsequently inadvertently forwarded to the Department of Veterans Affairs and the Office of Indian Gaming Management was notified of the mix up on May 18, 2004.

Under the Indian Gaming Regulatory Act (IGRA), 25 U.S.C. § 2710(d)(8)(C), the Secretary may approve or disapprove the Compact within forty-five days of its submission. If the Secretary does not approve or disapprove the Compact within forty-five days, IGRA states that the Compact is considered to have been approved by the Secretary, "but only to the extent the compact is consistent with the provisions of [IGRA]." Under IGRA the Department must determine whether the Compact violates IGRA, any other provision of Federal law that does not relate to jurisdiction over gaming on Indian lands, or the trust obligations of the United States to Indians.

The Compact was considered to be approved on May 6, 2004, because we were unable to either approve or disapprove it within the 45-day statutory deadline. As a result, the Compact is considered approved, "but only to the extent the compact is consistent with the provisions of [IGRA]," although our subsequent review of the compact does not indicate that it violates any provisions of IGRA, applicable Federal law, or our trust obligations to Indians. The Compact took effect when notice was published in the Federal Register on July 16, 2004, pursuant to Section 11(d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3).

We apologize for any inconvenience this delay may have caused. We wish the Tribe and the State success in their economic venture.

Sincerely,

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Acting Deputy Assistant Secretary-  
Policy and Economic Development

**SLOTS ONLY COMPACT BETWEEN  
THE WASHOE TRIBE OF NEVADA AND  
CALIFORNIA AND THE STATE OF NEVADA**

**SLOTS ONLY COMPACT BETWEEN  
THE WASHOE TRIBE OF NEVADA AND CALIFORNIA  
AND THE STATE OF NEVADA**

**A. AUTHORITY**

This Agreement is made by and between the WASHOE TRIBE OF NEVADA AND CALIFORNIA (Tribe) and the STATE OF NEVADA (State), pursuant to Public Law 100-497, the Indian Gaming Regulatory Act (IGRA), codified at 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1166-1168. The Tribe has authority under Article VI, Section 1(a) of its Constitution and By-laws to enter into this Compact (Compact or Agreement) and by authority of the duly enacted Tribal resolution that is attached to this Agreement (Appendix A). The State is authorized to enter into this Agreement by Section 11(d)(3)(B) of the IGRA and the provision of the Nevada Revised Statutes (NRS) §§ 277.080 to 277.170.

**B. PURPOSE**

It is the purpose of this Agreement and accompanying ordinance to promote the sound regulation of all Class III Gaming activities on lands within the jurisdiction of the Tribe in order to protect the public interest and the integrity of such gaming activities, to prevent improper or unlawful conduct in the course of such gaming activities, and to promote tribal economic development, self-sufficiency, and strong tribal government by dedicating all the net revenues from such gaming activities to the public purposes of the Tribe.

**C. RECITALS**

WHEREAS, the Tribe 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 IGRA, which requires a Tribal-State Compact negotiated between the Tribe and State before a Tribe may lawfully conduct Class III Gaming on its reservation lands; and

WHEREAS, it is the intent of the parties to this Agreement that the Class III Gaming activities will be limited to slot machines only, as defined in this Agreement, until such time as the Tribe and State complete negotiations for an amendment to this Agreement or a separate gaming compact covering other Class III Gaming; and

WHEREAS, if the Tribe desires to expand its gaming activities, the parties agree that they shall negotiate with respect to an amendment to this Agreement or a separate gaming compact authorizing the Tribe to conduct any and all

gaming activities permitted by the laws of the State of Nevada, that nothing in this Agreement shall operate to the detriment of either party in such negotiations, and that the parties agree to negotiate in good faith in reaching agreement on the terms of such amendments or separate gaming compact; and

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties agree as follows:

## **I. DEFINITIONS**

1. The terms "Act" and "IGRA" mean the Indian Gaming Regulatory Act, Public Law 100-497, 25 U.S.C. §§ 2701-2721 and 18 U.S.C. §§ 1167-1168.

2. The term "Class I Gaming" means all forms of gaming defined as Class I in Section 4(6) of the Act, 25 U.S.C. § 2703(6).

3. The term "Class II Gaming" means all forms of gaming defined as Class II in Section 4(7) of the Act, 25 U.S.C. § 2703(7).

4. The term "Class III Gaming" means all forms of gaming defined as Class III in Section 4(8) of the Act, 25 U.S.C. § 2703(8).

5. The term "contractor" means any person, as defined in NRS 0.039, who is hired or employed by a gaming operation owned, operated, or licensed by the Tribe to assist with a specific portion of the gaming operations on the Reservation. Excluded from the term "contractor" are those persons who are members of the Tribe or any business organization that is composed exclusively of tribal members.

6. The term "key employee" means:

(a) Any employee or agent of a gaming operation owned, operated, or licensed by the Tribe having management responsibility for the gaming operation;

(b) Any person who has authority:

(1) To hire and fire employees of a gaming operation owned, operated, or licensed by the Tribe; or

(2) To set up working policy or procedures for the gaming operation;

(c) The chief financial officer of the gaming operation or other person who has financial management responsibility with respect to the gaming operation; or

(d) Any person holding the position of an officer or director (or having like responsibilities regardless of their title), or any other person or individual that would be subject to mandatory or discretionary licensing, registration, finding of suitability or approval under the Nevada Gaming Control Act or Regulations of the Nevada Gaming Commission as they currently exist or may be amended.

Excluded from the term “key employee” are those persons who are members of the Tribe and State licensed slot route operators.

7. The term “gaming” means such gaming activities which are permitted under state law. The term “gaming” does not include Class I or Class II Gaming, including bingo. Class I and Class II Gaming on the Reservation are under the sole jurisdiction of the Tribe, and are not subject to this Agreement.

8. The term “gaming employee” means any employee, as defined in NRS 463.0157, of a non-restricted gaming operation, other than a tribal member.

#### 9. Gaming licenses

(a) Restricted license. One which permits the operation of slot machines only in an establishment wherein the operation of machines is incidental to the primary business of the licensee. Fifteen (15) machines is the maximum number of machines which may be operated under this type of license.

b) Nonrestricted license. A license for, or the operation of sixteen (16) or more slot machines.

10. The terms “Group I” and “Group II” mean a gaming operation, owned, operated or licensed by the Tribe that is comparable in gross revenue to the amounts set forth in Nevada Gaming Commission Regulations 6.010(5) and (6), respectively.

11. The term "Indian" means any person who would be subject to the jurisdiction of the United States under 18 U.S.C. § 1153 if that person were to commit any offense listed in that section in Indian country to which that section applies.

12. The term "management company" means any person, as defined in NRS 0.039, who is retained by a gaming operation owned, operated, or licensed by the Tribe to manage a gaming operation which is located on the Reservation. Excluded from the term "management company" are those persons who are members of the Tribe or any business organization that is composed exclusively of tribal members.

13. The term "premise" means a structure or facility that is clearly defined by permanently installed walls that extend from floor to ceiling and that has a public external entrance, leading to a street or other area, which entrance is not shared with another premise.

14. The terms "regulate" or "regulatory authority" mean the power to control through statute, ordinance, administrative rule, guideline, or administrative procedures and/or to license and impose taxes, fees, assessments and penalties insofar as is consistent with IGRA.

15. The term "Reservation", for the purposes of this compact only, means all lands within the exterior boundaries of the Washoe Tribe Reservation lands as illustrated in the map of the Reservation attached as Appendix B, and any additional lands made part of the Reservation in the future, so long as such lands are contiguous to the current Reservation lands. In addition to Reservation lands identified in Appendix B, the term "Reservation" also includes any noncontiguous lands, located within the State of Nevada, acquired by the Secretary of the Interior, in trust for the benefit of the Tribe, but only if the Governor of the State of Nevada concurs that gaming activities may be conducted on such newly acquired lands.

16. The term "slot machine" means any mechanical, electrical, electromechanical, electronic, or other device, contrivance or machine which, upon insertion of a coin, currency, token, or similar object, or upon payment of any consideration, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator in playing a gambling game which is presented for play by the machine or application of the element of chance, or both, may deliver or entitle the person playing or operating the machine to receive cash, premiums, merchandise, tokens or anything of value, whether the payoff is made automatically from the machines or in any other manner. "Slot machine" specifically includes video facsimiles of any game of chance authorized under NRS 463.0152. In addition, if at any time the State broadens its definition

of "slot machine" to include additional devices, then such devices shall also be "slot machines" within the meaning of this Agreement.

17. The term "Tribal Gaming Agency" means the Washoe Tribal Gaming Agency as organized under Title 21 of the Law and Order Code of the Washoe Tribe.

18. The term "Tribe" means the Washoe Tribe of Nevada and California, including any agency, organization, subdivision, or corporate entity of the Tribe.

## **II. TERM**

This Agreement shall become effective when notice of the approval of this Agreement by the Secretary of the Interior (or his designee) is published in the Federal Register and shall remain in effect for a period of twenty (20) years from the commencement of gaming operations.

## **III. AUTHORIZED CLASS III GAMING**

1. The Tribe has enacted and the Secretary of the Interior has approved, pursuant to § 11(d)(2) of IGRA, an ordinance or resolution that authorizes Class III Gaming within the lands of the Reservation (Appendix C).

2. For the purposes of this Agreement, the parties agree that at each premise owned, operated or licensed by the Tribe, the Tribe shall adhere to the following:

(a) The Tribe agrees to license or operate no more than 100 slot machines in any one premise, except that the Tribe may permit up to 500 slot machines at each of up to two premises designated by the Tribe. The Tribe shall not expand slot machine operations beyond the above limits unless either:

(1) Such expansion is agreed upon in writing by the Chairman of the Washoe Tribal Council and the Chairman of the State Gaming Control Board, or

(2) Such expansion is conducted pursuant to an amendment to this Agreement or a separate gaming compact. Any expansion of slot machine operations made pursuant to subsection (1) above, shall not be deemed an

amendment to this Agreement, and shall not require Federal approval. In evaluating such an expansion, the State shall consider the Tribe's internal controls, surveillance, and the performance of the Tribe's gaming operation.

(b) The Tribe shall assure that the slot machines exposed for play meet all standards established by the State for non-tribal gaming, including but not limited to the hold percentages.

(c) The Tribe shall ensure that any and all slot machines authorized by this Agreement are acquired from a distributor of such devices licensed for such activity by the State. The Tribe further agrees that any sale, transfer or other disposition of such machines will only be permitted through a licensed distributor.

(d) The Tribe shall adopt, implement and thereafter maintain, regulatory monitoring procedures which are substantially consistent with or superior to the regulatory monitoring procedures adopted and implemented by the State Gaming Control Board. In accordance with Article X, Paragraph 5 of this Compact, the Tribe shall provide reports demonstrating implementation of this monitoring program to the State Gaming Control Board on an annual basis.

3. The State Gaming Control Board, through its employees and agents, agrees to perform the following inspections and services. The State shall be reimbursed by the Tribe for such services based on the attached fee schedule (Appendix D). Such fees shall be subject to change from time to time to reflect changes in costs, but the Tribe shall not be charged fees higher than similarly situated non-tribal gaming operations.

(a) The Tribe shall only expose for play or permit slot machines to be exposed for play which are approved by the State for gaming within the State of Nevada pursuant to state law, as it may be amended from time to time. Notwithstanding the above, if slot machines were lawful under this section when first exposed for play by the Tribe, but do not meet



standards established by a change in state law, such slot machines may remain exposed for play as “grandfathered” machines to the same extent as such “grandfathering” would be available to similarly situated non-tribal gaming operations.

(b) The agents or employees of the State are hereby given the authority to enter gaming premises owned, operated, or licensed by the Tribe for random inspection of the slot machines. The Tribe agrees not to restrict access by such employees and that prior notice of intent to inspect is not required. However, once such agents arrive at the tribal gaming premises, they shall immediately notify the managerial employee of the tribal gaming operation. Furthermore, such agents or employees of the State shall enter such premises only to the extent necessary to fulfill their legitimate functions to ensure that the slot machines are in compliance under Sections III, Paragraph 2 and 3 of this Agreement. Such agents or employees of the State shall not discriminate against the Tribe by intruding either more frequently or more intensively upon the tribal gaming operations than they would upon similarly situated non-tribal gaming operations. Furthermore, such agents and employees of the State shall not, through use of the inspection authority under this paragraph, enter upon any tribal premise for purposes, nor shall they conduct any activity, other than those specifically indicated in this paragraph.

(c) The Tribe may request that the State inspect a particular slot machine to address a concern of management or a public complaint regarding a particular machine.

(d) If the State’s inspectors determine that a particular slot machine is mechanically defective or otherwise should not be exposed for play under Section III, Paragraph 2 or 3, then the Tribe shall ensure that the slot machine is sealed until the machine is repaired or the problem is otherwise resolved to the satisfaction of the State and the Tribe.

(e) Should the Tribe seek to deploy or permit a new game or device to be deployed, the Tribe agrees that the testing and approval by the State will be a condition precedent to the exposure of the new device or game for play. The State shall undertake such testing and approval in the same manner in which it would do so with respect to new devices or games which a non-tribal operation might seek to deploy.

4. The Tribe may manufacture or otherwise obtain their own gaming tokens subject to the following:

(a) The tokens shall meet the standards and specifications set forth by the State by regulation and be approved by the State prior to any use of such tokens.

(b) The Tribe expressly agrees to ensure that any Tribal gaming tokens that are presented for redemption by any lawful holder of Tribal gaming tokens are redeemed for face value.

#### **IV. JURISDICTION**

**Tribal Jurisdiction.** The Tribe shall have exclusive jurisdiction, subject to any jurisdiction the United States may concurrently exercise, to regulate Class III Gaming on the Reservation, which is owned, operated, or licensed by the Tribe. Prosecution for violations of the Tribe's gaming code or violations of Federal laws pertaining to gambling on Indian Reservations or Indian lands or other gaming crimes or other criminal conduct shall be pursued in Tribal or Federal court, whichever is the appropriate forum. In the case of non-Indian violators, the Tribe shall either take civil action to stop the violation or request the United States Attorney to take criminal action against the violation in Federal court. In the event the United States declines prosecution, the Tribe may request and the State, at the State's discretion, may prosecute any non-Indians for violations of State gaming law, which shall include, without limitation, violations under chapter 462 through 465 and section 205.060 of the NRS.

**State Jurisdiction.** The State agrees that its jurisdiction over the gaming activities and individuals or entities involved therewith is limited to the authorities provided for in this Agreement. The Tribe agrees not to enter into an agreement with a management company or engage or employ any person, other than a state licensed slot route operator, whose compensation will be based on a percentage of gaming revenues, unless and until the Tribe negotiates an

amendment to this Agreement or a subsequent compact with the State which addresses such issues. In acknowledgement of the limited jurisdiction or involvement of the State over the Tribe's gaming operation, the parties agree as follows:

1. The Tribe shall not represent or imply in any format, oral, written or otherwise, that the Tribal facilities are regulated by the State of Nevada, the State Gaming Control Board, or the Nevada Gaming Commission.
2. That signs containing the following language shall be prominently displayed at all public entrances to the Tribe's gaming facilities.

#### **NOTICE**

THIS FACILITY IS REGULATED BY THE WASHOE TRIBE OF NEVADA AND CALIFORNIA AND IS OPERATED IN ACCORDANCE WITH A COMPACT NEGOTIATED BETWEEN THE TRIBE AND THE STATE OF NEVADA, WHICH HAS BEEN APPROVED BY THE SECRETARY OF THE INTERIOR. UNDER THE COMPACT, THE STATE DOES NOT LICENSE THIS FACILITY. HOWEVER, ALL GAMING MACHINES ARE APPROVED BY THE STATE AND MEET ESTABLISHED STATE STANDARDS.

#### **V. TAXATION**

All of the net proceeds of Class III Gaming on the Reservation shall be used for the public purposes of the Tribe. In the event the Tribe retains a management company pursuant to an amendment to this Agreement or a subsequent compact with the State, or if at any time any person or entity other than the Tribe acquires any interest with respect to net revenues, the Tribe shall adopt a scheme of taxation with respect to such person or entity at least as stringent as the State's system of taxation, as it now exists or is hereafter amended. The Tribe reserves the right to impose a scheme of taxation related to reservation gaming activities that is more stringent than Nevada law. The State shall have no tax jurisdiction over any aspect of the tribal gaming operation.

#### **VI. TRIBE MAY CONTRACT WITH STATE**

To the extent permitted by applicable state and tribal law, the Tribe may contract with the State of Nevada to provide additional services related to the regulation of gaming by the Tribe. Areas of potential contractual assistance include the following:

1. Assistance in the resolution of patron disputes.

2. Providing information as part of the background checks for management, employees, and contractors.

3. Providing consulting services on technical issues. The Tribe agrees to reimburse the State for such services in accordance with the agreed upon fee schedule (Appendix D). Such fees shall be subject to change from time to time to reflect changes in costs, but the Tribe shall not be charged fees higher than similarly situated non-tribal gaming operations.

## **VII. EMPLOYEE APPROVAL STANDARDS**

It is expressly agreed by the parties that the requirements and standards provided in IGRA and the regulations of the National Indian Gaming Commission for licensing and background checks for management contractors, tribally employed managers, and key employees shall be adhered to.

1. Any person or entity responsible for the operation or management of any gaming activity permitted under this section or any other part of this Agreement shall be required to submit to a background check and meet any and all requirements as set forth in the Tribe's Gaming Regulation (Title 21 of the Law and Order Code).

2. The Tribe agrees that all gaming operations owned, operated, or licensed by the Tribe shall not hire or retain, either as a key employee, or as a gaming employee, any person who is not a member of the Tribe, if such person is determined by the Nevada Gaming Commission, or State Gaming Control Board, to be a person who would be unsuitable to hold or retain a Nevada key employee license, or Nevada work permit, respectively, for employment in a similarly situated non-tribal gaming operation. All such gaming operations shall, within thirty (30) days of occupying the position, submit the names of key employees to the Tribal Gaming Agency, who shall, within five (5) business days, provide them to the State Gaming Control Board, who shall, at their discretion, determine whether a key employ license is required. If required, the key employee shall be required to present the application for licensing as a key employee within thirty (30) days after receipt of the Board's determination and a determination of suitability shall be made by the State Gaming Control Board or Nevada Gaming Commission.

The Tribe shall also require that all gaming employees apply to the Tribal Gaming Agency for work permits, and that the Tribal Gaming Agency shall, within five (5) business days, provide copies of those applications to the State Gaming Control Board. If within one hundred and twenty (120) days of receipt by the State of the application, the State has not notified the Tribe of its objection to the applicant, the Tribe, in its discretion may issue, renew, or deny the work permit

application. The Tribe may issue a temporary work permit prior to the State's determination, but if the State objects to the issuance of a work permit, the State and Tribe agree to follow the procedures for hearing and review as provided for in NRS 463.335.

The Tribe shall have the right to participate in work permit and suitability determination processes, including the right to present evidence, witnesses, and arguments, either in support of or in opposition to the State Gaming Control Board's position. In determining whether a determination of suitability is necessary or whether a person would be unsuitable for a key employee license or work permit, the respective State agency shall not discriminate against the Tribal gaming operation, tribal employees, or applicants for tribal employment, but shall conduct the investigation within the same time frames and shall employ the same suitability standards as would be applicable to similarly situated applicants for or holders of licenses or permits to work in a similarly situated non-tribal gaming operation.

Notwithstanding any law or anything in this Compact to the contrary, an applicant whose approval is denied either by the State process, set forth above, or by the Tribal Gaming Agency, has no right of judicial review of that determination. The sovereign immunity of these State and Tribal governments, and their employees and agents, is expressly retained on such approval decisions.

## **VIII. PATRON DISPUTES**

The Tribe may seek technical assistance from the State in resolving patron disputes to the extent a dispute involves the workings of a particular slot machine. The Tribe shall have jurisdiction, however, over all patron disputes.

## **IX. REPORTING REQUIREMENTS AND INFORMATION EXCHANGE**

In the spirit of mutual cooperation and in recognition of the desire of both the Tribe and State to protect the integrity and reputation of gaming within the State, the State shall furnish to the Tribe, upon its request, the following financial reports:

1. **Monthly Gaming Revenue Report.** This is a summary of gaming revenue information for nonrestricted gaming. Each monthly report shall contain the most recent monthly, three-month, and twelve-month data. Whenever possible, slot machine data will be furnished to the Tribe by denomination, number of locations reporting, number of units, and win amount for each denomination.

2. Quarterly Statistical Report. This is a general summary of the State's gaming revenue.

3. Nevada Gaming Abstract. This is an annual financial analysis of gaming operations which produce more than \$1 million in gaming revenue per year.

4. Any general information, statistical or financial information deemed necessary by the State and Tribe to protect the integrity of any gaming operation within the boundaries of the State of Nevada.

The Tribe shall furnish to the State the following financial and statistical data on a monthly basis in a format agreed upon by the State and the Tribe.

1. Monthly reports with year-to-date accumulative summaries on all slot machines operated or licensed by the Tribe. These reports shall reveal the number of units operated, the denomination of units, and for non-restricted licenses the win amount for each denomination, the percent of win to total for each denomination, drop amount by denomination, and the dollar value of the coin metered into the slot machines by denomination.

2. Any monthly, quarterly, or annual financial reports developed, by any non-restricted gaming operations owned, operated, or licensed by the Tribe, from or relating to the gaming operations conducted on the Reservation.

3. Any statistical or financial information deemed necessary by the Tribe and State to protect the integrity of the Tribal gaming operation.

## **X. MISCELLANEOUS PROVISIONS**

1. Minors. The Tribe agrees to prohibit any person under the age of 21 years from engaging either directly or indirectly in any wager or gaming activity, or loitering in or about the gaming premises.

2. List of Excluded Persons. The Tribe agrees to incorporate the State's List of Excluded Persons (i.e. Blackbook) into the Tribe's List of Barred Persons.

3. Internal Controls. The Tribe shall adopt, and thereafter maintain, minimum internal control standards or procedures which are substantially consistent with or superior to the Minimum Internal Control Standards or Procedures adopted by the State Gaming Control Board for restricted and non-restricted (Group I and II) gaming licenses set forth in Nevada Gaming Commission Regulations 6.090 and 6.100. The minimum standards adopted pursuant to this section shall be submitted to the State Gaming Control Board

within thirty (30) days of their adoption by the Tribe. It shall be a material breach of this Agreement if the minimum internal control standards adopted by the Tribe are not consistent with or superior to the Minimum Internal Control Standards adopted by the State Gaming Control Board.

4. **Cash Transaction Reporting.** The Tribe hereby agrees to incorporate the currency transaction reporting requirements of Nevada Gaming Commission Regulation 6A as Tribal law. Should Federal law or regulation require that the Tribe comply with the reporting requirements of the Bank Secrecy Act, the State agrees that the Tribe need not comply with Nevada Gaming Commission Regulation 6A.

5. **Minimum Bankroll.** Gaming operations owned, operated, or licensed by the Tribe shall maintain cash or cash equivalents in an amount sufficient to reasonably protect the Tribe's patrons against defaults in gaming debts owed by the Tribe or a Tribally licensed gaming operation. The amount of the minimum bankroll shall be calculated and reviewed in the same manner as calculated and reviewed by the State Gaming Control Board for a non-tribal operation.

6 **Audited Financial Statements.** The Tribe shall ensure that each non-restricted gaming licensee engages an independent accountant, licensed by the Nevada State Board of Accountancy, who shall audit, if the gaming operation owned, operated, or licensed by the Tribe is a Group I licensee, or review, if the gaming operation owned, operated, or licensed by the Tribe is a Group II licensee, the financial statements of the gaming operation owned, operated, or licensed by the Tribe, and the compliance by such operation with the Minimum Internal Control Standards. The independent accountant shall report to both the Tribe and the State Gaming Control Board each instance or occurrence discovered by or brought to the accountant's attention that the accountant believes does not satisfy the Minimum Internal Control Standards for gaming activities. Not later than one hundred fifty (150) days after the end of the Tribe's business year, the Tribe shall submit copies of the accountant's reports or any other correspondence directly relating to the Tribal gaming licensee's compliance with the Tribe's system of internal control standards for gaming activities to the State Gaming Control Board. The State shall maintain all audit and financial records obtained under this section, or any other section of this Agreement, strictly confidential, and shall not disseminate them to any member of the public for any purpose, except as required by Court order or applicable Federal law.

7. The Tribal Gaming Agency shall engage and require an independent accountant, licensed by the Nevada State Board of Accountancy, to perform the reviews and audits of nonrestricted gaming facilities licensed, owned, or operated by the Washoe Tribe, for compliance with all terms of the Compact, other than inspections of gaming machines, pursuant to procedures substantially consistent

with the State review and audit procedures of non-tribal licensees, and to submit to the Tribal Gaming Agency two (2) copies of a written report of the compliance of the provisions of the Compact. The independent accountant shall report each event and procedure discovered by or brought to the accountant's attention that the accountant believes does not satisfy the Compact. Not later than one hundred fifty (150) days after the end of the Tribe's business year, the Tribal Gaming Agency shall submit to the State a copy of the accountant's report and any other correspondence directly relating to the Tribal Gaming Agency's statement addressing each item of noncompliance noted by the accountant and describing the corrective measures being taken.

The Tribal Gaming Agency shall conduct inspections of restricted gaming facilities licensed, operated, or owned by the Tribe, for compliance with the terms of the Compact, in a manner substantially similar to the State inspection procedures for restricted licensees, and prepare reports including, but not limited to, the inspector's findings regarding bankroll requirements, and prohibitions against minors playing gaming machines or loitering near them. The Tribal Gaming Agency shall submit a copy of these reports to the State, and the Tribal Gaming Agency's statement addressing each item of noncompliance noted in these reports, no later than 150 days after the end of the Tribe's business year.

## **XI. DEFAULT AND TERMINATION**

1. Default. In the event of substantial and continuing failure by one of the parties in the performance of its obligation under this Agreement, the party alleging the default shall notify in writing the other party of such alleged default and demand a correction of such default within ninety (90) days after receipt of such written notice. If the party in default shall fail to remedy such default within ninety (90) days, the parties shall meet within thirty (30) days thereafter in an effort to resolve any dispute regarding the default. If the dispute is not resolved to the satisfaction of the parties within thirty (30) days after meeting, either party may pursue any lawful remedy available pursuant to 25 U.S.C. § 2710(d)(7)(A)(ii). Nothing in this subsection shall preclude, limit or restrict the ability of the parties to pursue, by mutual written agreement, alternative methods of dispute resolution including, but not limited to, mediation or arbitration.

2. The failure to maintain or enforce a minimum bankroll pursuant to Section X Paragraph 5 of this Agreement, the failure to adopt and enforce the Tribe's Minimum Internal Control Standards for gaming, pursuant to Section X, Paragraph 3 of this Agreement, or a substantial violation of the Tribal Gaming Ordinance shall be a material breach of this Agreement.

3. The parties may jointly terminate this Agreement by written instrument signed by both parties.



## **XII. AMENDMENTS**

This Agreement may be amended only with the consent of both parties and only by written instrument signed by both parties. If applicable law is amended in any way affecting the terms of this Agreement, the parties agree to negotiate in good faith to amend this Agreement so as to achieve the objectives provided for and to ensure compliance with all applicable laws. In the case of a change in law which would prohibit gaming authorized under this Agreement, the Tribe and the State shall engage in good faith negotiations to establish a reasonable period of time during which such gaming may continue in order to enable the Tribe and its investors (if any) to receive a reasonable return on investments made under this Agreement.

## **XIII. RESERVATION OF RIGHTS**

It is expressly understood between the parties that this Agreement was entered into in contemplation that it is to allow the Tribe to engage in or license limited Class III Gaming activities as described herein. If the Tribe desires to expand its gaming activities, the Tribe and the State shall negotiate regarding an amendment to this Agreement or a separate gaming compact that may include the full participation of the Tribe in all gambling activities permitted by the laws of the State of Nevada including "casino" gambling. It is the parties' express intent that this Agreement not be used or construed by either party against the other party at any time in an attempt to prejudice any such other negotiations nor shall it be used against the other party in any way in future litigation, arbitration, or mediation with respect to such other negotiations, or any compact arising therefrom.

The parties agree that neither party has waived or forfeited any of their rights, privileges, positions, or defenses, including rights under the Eleventh Amendment of the United States Constitution, with respect to negotiations on such amendment or other compact. The Tribe expressly reserves the right under Section 11(d)(7) of IGRA to bring an action in the Federal District Court against the State if the Tribe concludes that the State has not negotiated in good faith on such other compact. The Tribe expressly reserves the right to participate in any lawsuit filed by any other Tribe or to pursue any remedies afforded by IGRA, including any action filed to determine the types of Class III Games permitted under applicable law, or limitations on such games. The State hereby recognizes the Tribe's right to bring such action, and agrees that nothing in this Agreement shall be interpreted or construed as expressly or implicitly waiving the Tribe's right to such action.

Limited Waiver of Sovereign Immunity. In the event that a dispute arises under this Compact, it is agreed by the Tribe and the State that it is to be resolved in a Federal court of competent jurisdiction and the Tribe and State expressly consent to be sued therein and waive any immunity therefore that they may have provided that:

(a) The dispute is limited solely to issues arising under this Compact;

(b) Neither the Tribe nor the State makes any claim for monetary damages; and

(c) No person or entity other than the Tribe and the State is a party to the action.

#### **XIV. SEVERABILITY**

Each provision, section, and subsection of this Agreement 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 Agreement to be invalid, the remaining provisions, sections, and subsections of the Agreement shall remain in full force and effect.

#### **XV. EXPANSION OF CLASS III GAMING**

If, after the date of this Agreement, the State authorizes a new form of gaming pursuant to State law, which would be classified as Class III Gaming under IGRA, the parties hereto agree to negotiate in good faith to allow the Tribe to expose such games for play.

#### **XVI. NOTICES**

All notices, payments, requests, reports, information or demands shall be personally delivered, or sent by first-class certified or registered United States mail, postage prepaid, return receipt requested, and sent to the other party at its address appearing below or such other address as a party shall hereafter inform the other party hereto by written notice.

To the Tribe:

Tribal Chairman  
Washoe Tribe of Nevada and California  
919 Highway 395, South  
Gardnerville, Nevada 89410

With a copies to:

Tribal Gaming Agency Chairman  
Washoe Tribe of Nevada and California  
919 Highway 395, South  
Gardnerville, Nevada 89410

General Counsel  
Washoe Tribe of Nevada and California  
919 Highway 395, South  
Gardnerville, Nevada 89410

To the State:

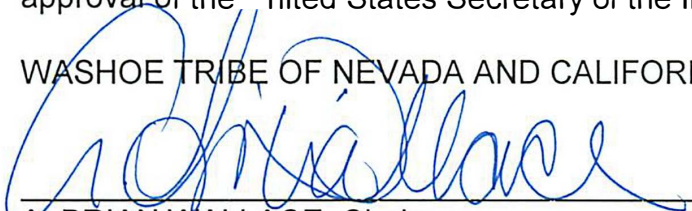
Chairman  
State Gaming Control Board  
Post Office Box 8003  
Carson City, Nevada 89702-8003

With a copy to:

Assistant Chief Deputy Attorney General  
3476 Executive Pointe Way, Suite 13  
Carson City, Nevada 89706

IN WITNESS WHEREOF, the parties hereto have caused this Tribal-State Gaming Compact to be duly executed. The execution of this Agreement shall be the last date of signature by either party and shall become effective upon approval of the United States Secretary of the Interior or his designee.

WASHOE TRIBE OF NEVADA AND CALIFORNIA

  
A. BRIAN WALLACE, Chairman

Date 10/23/03

  
TIMOTHY C. SEWARD, General Counsel

Date 10/24/03

STATE OF NEVADA

  
KENNY C. GUINN, Governor

Date 2/27/04

STATE OF NEVADA

Brian Sandoval  
BRIAN SANDOVAL, Attorney General

Date 11/17/03

Dennis Neilander  
DENNIS NEILANDER, Chairman  
State Gaming Control Board

Date 11/13/03

Michael E. Wilson  
MICHAEL E. WILSON  
Assistant Chief Deputy Attorney General

Date 3/9/04

State Board of Examiners  
State Board of Examiners

Date 3-3-04

DEPARTMENT OF THE INTERIOR

Assistant Secretary  
Indian Affairs

Date \_\_\_\_\_

State of Nevada  
County of Carson

This instrument was acknowledged before me on March 9, 2004  
by Michael E. Wilson, as Assistant Chief Deputy Attorney General of the Gaming  
Division.

Melissa Mendoza  
Notary

