



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

AUG 15 1996

Honorable Edward L. Metcalf
Tribal Chairman
Coquille Tribe of Indians
295 S. 10th
P.O. Box 1435
Coos Bay, Oregon 97420

Dear Chairman Metcalf:

On July 2, 1996, we received Amendment II to the Tribal-State Compact (Amendment) for regulation of class III gaming between the Coquille Tribe of Indians (Tribe) and the State of Oregon (State), dated June 21, 1996. We have completed our review of this Amendment and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to Section 11 (d)(8)(A) of the IGRA, 25 U.S.C. § 2710(d)(8)(A) and delegated authority in 209 DM 8.1, we approve the Amendment. The Amendment shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

/s/ Michael J. Anderson

For Ada E. Deer
Assistant Secretary - Indian Affairs

Enclosure

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

cc: Portland Area Director w/copy of approved Amendment
Supt., Siletz Agency w/copy of approved Amendment
[redacted] Indian Gaming Commission w/copy of approved Amendment
Pacific NW Regional Field Solicitor w/copy of approved Amendment
Portland United States Attorney w/copy of approved Amendment

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**TRIBAL-STATE COMPACT FOR REGULATION
OF CLASS III GAMING BETWEEN THE COQUILLE TRIBE OF INDIANS
AND THE STATE OF OREGON**

AMENDMENT II

This amendment is made to the Class III Gaming Compact between the Coquille Tribe of Indians and the State of Oregon executed on December 8, 1994, and approved by the Secretary of the Interior on February 16, 1995. The terms of this amendment are in addition to and, except as specifically provided herein, do not supersede any of the provisions of the original compact, or Amendment I thereto.

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

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

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

I. Section VII of Amendment I to the Compact, is amended as follows:

VII. The provisions of Section V of this amendment expire on ~~June 30, 1996~~ June 30, 1997. However, if the compliance review described in Section 4.H.8. of the Compact (added by this Amendment) is completed before October 1, 1996, Section V of this amendment shall expire on December 31, 1997. Unless an extension of the provisions of Section V of this amendment or a permanent amendment governing the operation of house banked blackjack has been negotiated and executed before the expiration of this amendment, the Tribe agrees to terminate blackjack games at the gaming facility until a new agreement has been negotiated and executed.

II. The following new paragraph 8 is added to Subsection H of Section 4 of the Compact (added by Amendment I):

8. The Tribe and the State agree that the State shall conduct a comprehensive compliance review of the tribal gaming operation, as described in Section 9.C.1. of the Compact, to be completed no later than October 1, 1996.

III. Paragraph 3 of Subsection H of Section 4 of the Compact (added by Amendment I) is amended as follows:

3. The Tribe shall establish an initial wager limit of [~~\$50~~] \$100 per hand except that the Tribe may offer a maximum [~~\$100~~] \$500 wager limit on [~~two~~] four tables. After any period of six months of operation of house banked blackjack in full compliance with the requirements of this subsection, the Tribe may request a change in the initial wager limits. The State may refuse to agree to an increase in the initial wager limit if there have been any significant problems with the conduct of house banked blackjack due to noncompliance with the internal controls, the rules of operation of the game or with the terms of this subsection.

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

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

internal controls adopted by the tribal gaming commission, including at a minimum review in the following areas, if they involve Class III gaming activities in any way: administrative controls (gaming management internal controls), gaming operations controls, drop boxes, station inventories, surveillance department controls, cashier cage controls, count room controls (security and surveillance), accounting department controls (security), general controls (Compact regulatory requirements), blackjack controls, VLT controls, accounts payable, employee identification, gaming chip inventory for gaming floor and cage, physical examination of all class III gaming cards, chips, e-proms, paper stock, printers, keno balls, fill slips, video gaming devices, keno controls, off-track betting and security department controls;

- b. Periodic review of any part of the gaming operation that involves Class III gaming in any way in order to verify compliance with the requirements of this Compact and with the regulations and internal controls;
- c. Investigation of possible violations of this Compact or other gaming regulatory matter that involves Class III gaming in any way, whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise; and
- d. Investigation of possible criminal law violations that involve the conduct of the gaming operation whether discovered during the action, review, or inspection by the State during its monitoring activities, or otherwise.

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

- A. The Tribe and the State agree that maintaining the honesty, integrity, fairness and security of the Tribe's gaming operation is essential both to the success of the enterprise, and to satisfy the interests of the State and of the Tribe. The Tribe and the State agree that both of them have a the responsibility to protect the citizens of this State who patronize the Tribe's gaming facility from any breach of security of the gaming operation. Accordingly, all decisions by the Tribe, the Tribal Gaming

Commission and the management of the gaming operation, concerning regulation and operation of [their] the Gaming Facility, including those decisions expressly placed within the Tribe's discretion under the terms of this Compact, shall be consistent with each of the following principles:

1. Any and all [~~of the Tribe's~~] decisions concerning regulation and operation of the Tribal gaming enterprise, whether made by the Tribe, the Tribal Gaming Commission or the management of the gaming operation, shall reflect the particularly sensitive nature of a gaming operation.
2. In order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation, the Tribe, the Tribal Gaming Commission and the management of the gaming operation shall work diligently and take all reasonably necessary affirmative steps to prevent cheating and theft, and to protect the gaming operations from the influence or control by any form of criminal activity or organization.
3. The honesty, integrity, fairness and security of the Tribe's gaming operation shall be of paramount consideration in awarding contracts, licensing and hiring employees, and in making other business decisions concerning the operation of the gaming enterprise. The Tribe, the Tribal Gaming Commission and the management of the gaming operation shall make no decisions that compromise the honesty, integrity, fairness or security of the gaming operation.
4. Regulation and operation of the Tribe's gaming activities shall be, at a minimum, consistent with generally accepted industry standards and practices, in order to maintain the honesty, integrity, fairness and security of the Tribe's gaming operation.

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

- a. If the State, in good faith, believes that there is an immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations, and believes that substantial harm will result during the time that would pass if the procedure established in paragraphs 1 to 3 of this subsection is

followed, the State may give written notice to the [Tribe] Tribal Gaming Commission. The written notice shall describe the factual basis for the State's concern. The written notice shall describe the specific action the State believes is necessary to prevent substantial harm from occurring. The State and the Tribal Gaming Commission shall confer as soon thereafter as possible to discuss alternative ways to address the State's concern. If such consultation does not result in mutually acceptable action, the Tribe agrees that the Tribal Gaming Commission shall act according to the State's recommendation, unless the commission determines that acting according to the State's recommendation would adversely affect the honesty, integrity, fairness and security of the Tribal gaming operation. Nothing in this subparagraph shall preclude the Tribe from invoking the dispute resolution procedures provided in this Compact.

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

- d. An immediate threat to the honesty, integrity, fairness and security of the Tribal gaming operations includes but is not limited to the following examples:
 - (1) A criminal indictment for an offense listed in subparagraph 7.A.5.a. of the Compact is filed against any contractor, or owner or key employee of a contractor, or against any key employee of the Tribal gaming operation;
 - (2) A criminal organization or members of a criminal organization have obtained an ownership interest in a contractor, or a member of a criminal organization has become a key employee of a contractor;
 - (3) A malfunction of gaming equipment hardware or software causes patrons of the Gaming Facility to lose money, and that loss is directly related to the equipment malfunction;

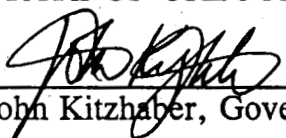
- (4) The security of gaming equipment has been impaired by loss, theft, or tampering;
- (5) The physical safety or security of patrons is seriously at risk;
- (6) A continuing pattern of failure by the Tribe, the Tribal Gaming Commission or management of the gaming operation to enforce compliance with the provisions of this Compact, or the regulations and internal controls governing the gaming operation.

VII. The Tribe and the State agree to amend the Memorandum of Understanding executed April 13, 1995, as previously amended under Amendment I to the Compact, as set forth in Exhibit I to this Amendment.

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

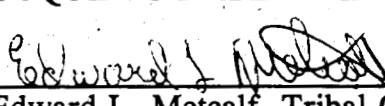
EXECUTED as of the date and year below.

STATE OF OREGON


John Kitzhaber, Governor

Date: 6-21-96

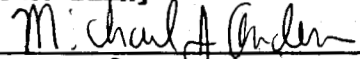
COQUILLE TRIBE OF INDIANS


Edward L. Metcalf, Tribal Chairman

Date: 6/19/96

APPROVED BY THE ASSISTANT SECRETARY - INDIAN AFFAIRS

[ADA E. DEER]

By:  For

Date: 8-15-96

EXHIBIT I
MEMORANDUM OF UNDERSTANDING
PURSUANT TO
THE TRIBAL-STATE COMPACT FOR REGULATION OF

CLASS III GAMING BETWEEN
THE COQUILLE TRIBE OF INDIANS
AND THE STATE OF OREGON

1. Paragraph 3 of Subsection B of Section III of the existing Memorandum of Understanding (MOU) (as amended contemporaneously with Amendment I to the Compact) is amended as follows, effective July 1, 1996:

3. The Tribe agrees to pay for up to ~~[850]~~ 1,200 direct service hours for the period beginning on ~~[October 1, 1995, and ending June 30, 1996,]~~ July 1, 1996, and ending June 30, 1997, for the actual, reasonable and necessary costs of the performance of Compact monitoring functions identified in the Compact, the amendments thereto, and the MOU between the Tribe and the State. The Tribe agrees to pay for up to 400 direct service hours for the same period for the performance of one comprehensive compact compliance review. ~~[The Tribe must agree in writing to pay for any additional hours.]~~ If the State determines that more hours are necessary for Compact monitoring functions, the State shall notify the Tribe and the parties agree to meet and negotiate, in writing, a new limit on direct service hours for monitoring functions. ~~[The limit on direct service hours does not apply to any comprehensive compact compliance review conducted by the Oregon State Police pursuant to sections 4.E.9. or 8.B.1. of the Compact as amended by Amendment III. The cost of any comprehensive compact compliance review shall be assessed separately to the Tribe.]~~ However, if any investigation of criminal law violations, Compact violations or other gaming-related regulatory matters, results from the action, review, or inspection by the Tribal Gaming Unit during its monitoring activities, ~~[and that investigation requires additional hours of direct service beyond the limit stated in this paragraph,]~~ the Tribe agrees to pay the State for the actual, reasonable and necessary expenses incurred in that investigation separately from and without regard to the limit on the number of direct service hours stated in this paragraph. An investigation may be initiated by the Tribal Gaming Unit in its sole discretion. Cost of an investigation of a contractor or management company shall first be billed to the contractor or management company. Before the State

initiates an investigation of a contractor or management company, the State shall notify the Tribe if the contractor or management company does not agree to pay the cost of the investigation.

2. The expiration provision of the MOU executed April 13, 1995, is amended as follows, effective July 1, 1996:

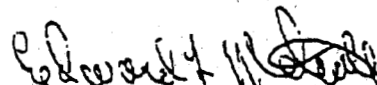
EXPIRATION DATE

This MOU shall expire [~~one year after the date of its execution~~] June 30, 1997. Thirty (30) days prior to the termination of this MOU, the parties shall meet to renegotiate the terms of the MOU and to address any change in circumstances to which this MOU applies. If the State and the Tribe have not re-negotiated a replacement MOU by the expiration date, this MOU will continue in effect until such time as a new MOU is signed.

3. The remainder of the MOU executed on April 13, 1995, and the amendments thereto executed contemporaneously with Amendment I to the Compact shall remain in effect until July 1, 1997, unless amended sooner.

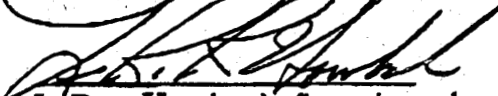
ACKNOWLEDGED BY:

COQUILLE TRIBE OF INDIANS


Edward L. Metcalf, Tribal Chairman

6/19/96
Date

OREGON STATE POLICE


LeRon Howland, Superintendent

6-25-96
Date