



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240



SEP 25 1991

Honorable Robert Peacock  
Chairman, Fond du Lac Reservation  
Business Committee  
105 University Road  
Cloquet, Minnesota 55720

Dear Chairman Peacock:

We are in receipt of the tribal-state compact concluded between the Fond du Lac Band of Lake Superior Chippewa and the State of Minnesota, accompanied by the requisite tribal resolution authorizing the compact process. Pursuant to my delegated authority and Section 11 of the Gaming Act, we approve the compact.

The compact shall take effect upon publication in the FEDERAL REGISTER of notice of our approval pursuant to Section 11 (d) (3) (B).

Section 11(d), (25 U.S.C. 2710) of the Indian Gaming Regulatory Act of 1988, (P.L. 100-497; 25 U.S.C. 2710 et seq.), requires the Chairman of the National Indian Gaming Commission to approve tribal resolutions authorizing Class III gaming. However, the Commission does not yet have final regulations governing such approvals.

We wish the Tribe and the State success in this economic endeavor.

Sincerely,

/S/ Eddie F. Brown

Assistant Secretary - Indian Affairs

Enclosure

Identical letter to: Honorable Arne H. Carlson  
Governor of Minnesota  
130 State Capitol  
St. Paul, Minnesota 55155

cc: Minneapolis Area Director with copy of approved compact  
Minnesota Agency Superintendent with copy of approved compact  
National Indian Gaming Commission with copy of approved compact  
Penny Coleman, SOL

**TRIBAL-STATE COMPACT  
FOR CONTROL OF CLASS III BLACKJACK ON THE  
FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA  
RESERVATION IN MINNESOTA**

**WHEREAS**, the State of Minnesota (hereinafter "State") and the Fond du Lac Band of Lake Superior Chippewa, (hereinafter "Band") are separate sovereigns, and each respects the laws of the other; and

**WHEREAS**, the Band exercises governmental authority within the Fond du Lac Reservation (hereinafter "Reservation"), which, for purposes of this compact, means those lands within the current boundaries of the Fond du Lac Reservation and any other "Indian lands", as defined by the Indian Gaming Regulatory Act, over which the Band exercises governmental authority; and

**WHEREAS**, the Congress of the United States has enacted the Indian Gaming Regulatory Act (hereinafter "IGRA"), Public Law 100-497, 102 Stat. 2467, 25 U.S.C. Sections 2701 to 2721 (1988) creating a mechanism through which the several States and Indian tribal governments may allocate jurisdiction and control of Class III gaming activity which occurs on their lands; and

**WHEREAS**, the Band is a federally recognized Indian tribal government which is duly qualified to conduct certain types of Class III gaming on its lands;

**WHEREAS**, the State of Minnesota pursuant to Minnesota Statute Section 3.9221 (1990), authorizes the Governor or his representatives to negotiate with regard to compacts with the several Indian tribal governments in the State of Minnesota; and

**NOW THEREFORE**, in consideration of the mutual undertakings and agreements hereinafter set forth, the Band and the State enter into the following compact.

**Section 1. Findings and Declaration of Policy**

**1.01 Findings**

As the basis for this compact, the State and the Band have made the following findings:

- 1.02 This compact shall govern the licensing, regulation and play of the banking card game of "Blackjack" or "Twenty-one (21)" (hereinafter "Blackjack") within the Reservation. Blackjack is a banking card game which involves the use of one or more decks of playing cards, the purpose of which is to reach the number "21" (or as close thereto as possible without exceeding the number "21") through the cumulative addition of cards dealt to the players and the house. The game shall be played as described in Section 4 of this compact.
- 1.03 The purposes of this compact generally are to provide the Band with the opportunity to offer Blackjack in a way that will benefit the Band economically, that will insure fair operation of the game, and that will minimize the possibilities of corruption and infiltration by criminal influences.
- 1.04 The Band has the right to license and regulate gaming activity on its lands in accordance with the IGRA and this compact.

- 1.05 A principal goal of Federal Indian policy is to promote tribal economic development, tribal self-sufficiency, and strong tribal government;
- 1.06 The State and the Band find it to be consistent with the IGRA, and the public health, safety and welfare to regulate Blackjack pursuant to this compact.
- 1.07 The Band has operated various forms of Class II gaming continuously since 1981, has operated Class III video games of chance pursuant to a Tribal-State compact since 1989, and has implemented controls satisfactory to the Band for the responsible operation and regulation of the games.
- 1.08 The Band will operate Blackjack pursuant to this compact and contemporaneously with its Class II and Class III gaming operations.
- 1.09 Nothing herein shall in any way affect or alter the terms of the Tribal-State compact for control of Class III video games of chance on the Fond du Lac Reservation in Minnesota, executed by the Band and the State in 1989 and approved by the Secretary of the Interior.

### **1.1 Declaration of Policy**

- 1.2 The State recognizes the positive impacts that gaming may provide to the Band. The Band may utilize gaming-generated financial resources to fund programs that provide various vital services to Band residents. These programs may include education, health and human resources, housing development, road construction and maintenance, sewer and water projects, and economic development. The State also recognizes that the positive economic effects of such gaming enterprises may extend beyond tribal governments to the tribe's neighbors and surrounding communities, and may help to foster mutual respect and understanding among Indians and non-Indians.
- 1.3 The Band and the State, through this compact and the regulations incorporated herein, shall attempt, in good faith, to address the legitimate common concerns of both parties.

## **Section 2. Duration, Renegotiation and Effect on Right to Request Compacts under the IGRA for Class III Gaming**

### **2.1 Duration**

Subject to the provisions of Section 9, this compact shall become effective upon execution by the Governor of the State, ratification by the Band, approval by the Secretary of the Interior and publication of that approval in the Federal Register pursuant to the IGRA. This compact is entered into pursuant to the IGRA, State law and Band law. Minnesota Statutes Section 3.9221 (1990) is incorporated herein by reference. It is the intent of the State that, if the Minnesota Legislature prohibits the play of Blackjack for all purposes as against public policy and as a matter of criminal law, this compact shall not be construed to provide for the continued play of Blackjack by the Band pursuant to this compact. It is the intent of the Band that, if the Minnesota Legislature prohibits the play of Blackjack for all purposes as against public policy and as a matter of criminal law, this compact shall not be construed to prohibit the continued play of Blackjack by the Band pursuant to this compact. As provided in Minn. Stat. § 3.9221, subd. 4 (1990), in

the event of a request for a renegotiation under section 2.2 of this compact the existing compact will remain in effect until renegotiated or replaced.

## **2.2 Renegotiation**

(1) Except as provided in subsection (2) below, the State or the Band may, by appropriate and lawful means, request negotiations to amend, replace or repeal this compact. In the event of a request for renegotiation, this compact shall remain in effect until renegotiated or replaced. Such requests shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Band at the appropriate governmental office. If such a request is made by the Band, it shall be treated as a request to negotiate pursuant to the IGRA. The parties shall have 180 days to negotiate and all further procedures and remedies available under the IGRA shall thereafter apply. The State and the Band may agree to extend the 180 day period without prejudice to the rights of either party under this section.

(2) Subsection (1) shall not permit the Band to request negotiations to amend, replace or repeal the provisions of section 2.3 (1) and (2) of this compact and, by entering into this compact, the Band waives any right it may have under state or federal law to request such negotiations.

## **2.3 Effect on Right to Request Compacts Under the IGRA for Class III Gaming**

(1) By entering into this compact, the Band waives any right it may have under state or federal law to request the State to negotiate a compact for any form of Class III gaming that is permitted by the State only in conjunction with a private social bet. However, nothing in this section shall affect the right of the Band to request the State to negotiate a compact governing any other form of Class III gaming which the State permits for charitable, commercial or governmental purposes. In the event such negotiations are requested, all provisions of the IGRA shall apply.

(2) From the effective date of this compact, the Band also waives any right it may have under state or federal law to request the State to negotiate a compact governing pari-mutuel wagering (or any other form of wagering) on races conducted at any racetrack, inside or outside the State of Minnesota, and broadcast to a facility on the Band's reservation. However, if the State enacts a statute to permit such wagering at any site, other than a licensed racetrack within the State, the Band may request such a compact, but the State has no obligation under state or federal law to negotiate or enter into such a compact if the State has entered into such compacts in a number equal to the number of such facilities authorized under state law for non-Indians or non-Indian entities.

## **Section 3. Allocation of Jurisdiction**

### **3.1 Tribal and State Jurisdiction**

This compact shall not be construed to limit any jurisdiction or remedies available to either party pursuant to the terms of the IGRA or other applicable law.

## **Section 4. Regulatory Standards For Blackjack.**

### **4.1 Assessment to Assist State Administration**

In order to assist the State's administration of its responsibilities under this compact, the Band agrees to pay the State Department of Public Safety, Gambling Enforcement Division the sum of thirteen thousand six hundred thirty-six dollars and thirty-six cents (\$13,636.36) within thirty (30) days of the effective date of this compact or on October 1, 1991, whichever is later. The Band agrees that on July 1, 1992 and each July 1 thereafter during the term of this compact, the Band will pay a like sum to the State.

### **4.2 No Credit Extended**

All gaming shall be conducted on a cash basis. Except as herein provided, no person shall be extended credit for gaming by any gaming facility operated within the Band, and no operator shall permit any person or organization to offer such credit for a fee. This section shall not restrict the right of the Band or any other person to offer check cashing or to install or accept bank card or credit card transactions in the same manner as would be normally permitted at any retail business within the State.

### **4.3 Minimum Age for Players**

No person below the age of 18 on the date of gaming shall be permitted to play Blackjack. If any person below the age of 18 plays and otherwise qualifies to win, the prize shall not be paid, and the estimated amount wagered during the course of the game shall be returned to the minor.

### **4.4 Inspection**

Agents of the Department of Public Safety of the State of Minnesota, or their designated representatives, shall upon the presentation of appropriate identification, have the right to gain access, without notice during normal business hours, to all premises used for the play of Blackjack or the storage of equipment related thereto, and may inspect all premises, equipment, records, documents, or items related to the play of Blackjack in order to verify compliance with the provisions of this compact. Inspections made pursuant to this section shall not be conducted in a manner which disrupts normal business operations and shall be conducted by agents who maintain the highest security clearance available within the Department of Public Safety.

### **4.5 Game Regulations**

The game of Blackjack shall be played in accordance with the following regulations.

#### **(1) Definitions:**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

- A. "A Blackjack" shall mean an ace and any card having a point value of 10 dealt as the initial two cards to a player or a dealer, provided that if the

player has a ten value card and an Ace after splitting a pair of Aces or Tens, that is not a blackjack.

- B. "Dealer" shall mean the person responsible for dealing the cards in the game of Blackjack.
- C. "Hard Total" shall mean the total point count of a hand which contains no aces or which contains aces that are each counted as 1 in value.
- D. "Soft Total" shall mean the total point count of a hand containing an ace when the ace is counted as 11 in value.
- E. "Propositional Wager" or "Proposition Bet" shall mean an additional wager that is placed at the sole discretion of the player but would not affect the normal play of a hand, as specified in sections 4.5(9) through 4.5(13).
- F. "Game" shall mean the game of Blackjack as defined in section 1.02 of this compact.

**(2) Cards; Number of Decks; Value of Cards:**

- A. Blackjack shall be played with at least one bordered deck of cards with backs of the same color and design and one colored cutting card. Before being put into play, the cards shall arrive at the gaming location sealed and wrapped.
- B. The value of the cards contained in each deck shall be as follows:
  - 1. Any card from 2 to 10 shall have its face value;
  - 2. Any Jack, Queen or King shall have a value of ten;
  - 3. An ace shall have a value of eleven unless that would give a player or the dealer a score in excess of 21, in which case, it shall have a value of 1.

**(3) Wagers:**

- A. No more than seven players shall be allowed to make wagers at any single gaming table for any given hand.
- B. Prior to the first card being dealt for each round of play, each player at the game of Blackjack shall make a wager against the dealer which shall win if:
  - 1. The score of the player is 21 or less and the score of the dealer is in excess of 21;
  - 2. The score of the player exceeds that of the dealer without either exceeding 21; or
  - 3. The player has achieved a score of 21 with the first two cards (i.e. a Blackjack) and the dealer has achieved a score of 21 with more than two cards.
- C. Except as otherwise provided in section 4.5(3)(B)(3), a wager made in accordance with this subsection shall be a push when the score of the player is the same as the dealer, provided, however, that a player's wager shall be lost when the dealer has a blackjack and the player has a simple 21 which is

not a blackjack, unless the Band chooses to permit the casino to consider a player's 21 (that is not a blackjack) a tie (push) when the dealer has an ace under this 10 up card.

- D. Except as otherwise provided in these regulations, no wager shall be made, increased or withdrawn after the first card of the respective round has been dealt.
- E. All wagers shall be made by placing gaming chips or plaques on the appropriate areas of the table layout. Cash may be accepted provided that the such acceptance of cash is limited to an exchange of cash for chips and is confirmed by the dealer and a casino supervisor.
- F. The Band shall establish minimum wagers and maximum wagers permitted at each blackjack table in the casino. The minimum and maximum wagers shall be conspicuously posted at each table. The Band, at its discretion, may change the minimum and (or) maximum at any table, provided that the players that are already playing at the table shall not be required to abide with the new minimum. Any player may chose to bet the new maximum. If the maximum bet at any given table is greater than or equal to \$200, the Band shall provide the increases surveillance required under section 4.5(7)(B).
- G. Except for a blackjack all winning wagers made in accordance with subsection A of this section shall be paid at odds of 1 to 1. At the discretion of the Band a Blackjack shall be paid at the minimum odds of 3 to 2, and the maximum odds of 2 to 1. The odds for the payment of a blackjack shall be conspicuously posted at the gaming table.
- H. Once the first card of any hand has been dealt by the dealer, no player shall handle, remove or alter any wagers that have been made unless the dealer approves such an alteration or removal of a wager in accordance with these regulations.
- I. Once a wager on the insurance line, a wager to double down, a wager on an over under 13, or a wager to split pairs has been made and confirmed by the dealer, no player shall handle, remove or alter such wagers unless the dealer approves such a removal or alteration in accordance with these regulations.
- J. The Band may preclude a person who has not made a wager on the first round of play from entering the game on a subsequent round of play prior to a reshuffle of the cards occurring. Any person permitted by the Band to enter the game after the first round of cards is dealt may be limited by the Band to a wager of the minimum limit posted at the table until the cards are reshuffled and a new deal is commenced.
- K. Any player who, after placing a wager on any given round of play, declines to place a wager on any subsequent round of play may be precluded by the Band from placing any further wagers until that deck or shoe of cards is completed and a new deck or shoe is commenced.

**(4) Opening of Table for Gaming:**

- A. After receiving the one or more decks of cards at the table, the dealer shall sort and inspect the cards and the floor person assigned to the table shall verify the inspection.
- B. After the cards are inspected, the cards shall be spread out face upwards on the table for visual inspection by the first player or players to arrive at the table. The cards shall be spread out in horizontal fan shaped columns by deck according to suit and in sequence.

**(5) Shuffle and Cut of the Cards:**

- A. Immediately prior to commencement of play and after any round of play as may be determined by the Band, the dealer shall shuffle the cards so that they are randomly intermixed.
- B. After the cards have been shuffled, the dealer shall offer the stack of cards, with backs facing away from him, to the players to be cut.
- C. The player designated by subsection D of this section or the dealer as designated in subsection E of this section shall cut the cards by placing the cutting card in the stack at least 10 cards in from either end.
- D. The player to cut the cards shall be:
  - 1. The first player to the table if the game is just beginning;
  - 2. The player on whose box the cutting card appeared during the last round of play;
  - 3. The player at the farthest point to the right of the dealer if the cutting card appeared on the dealer's hand during the last round of play.
  - 4. The player at the farthest point to the right of the dealer if the reshuffle was initiated at the discretion of the Band.
- E. If the player designated in section 4.5(5)D refuses the cut, the cards shall be offered to each other player moving clockwise around the table until a player accepts the cut. If no player accepts the cut, the dealer shall cut the cards.

**(6) Procedure for Dealing Cards from a Shoe:**

The following procedures shall govern those gaming tables where the election has been made to deal from a shoe:

- A. All cards used to game at blackjack shall be dealt from a multideck dealing shoe specifically designed for such purpose and located on the table to the left of the dealer.
- B. Each dealer shall remove cards from the shoe with his left hand, turn them face upwards, and then place them on the appropriate area of the layout with his right hand, except that the dealer has the option to deal hit cards to the first two positions with his/her left hand.



- C. After each full set of cards is placed in the shoe, the dealer shall remove the first card there from face downwards and place it in the discard rack which shall be located on the table immediately to the right of the dealer. Each new dealer who comes to the table shall follow the same procedure as described in this subsection before the new dealer deals any cards to the players. The first card which has been placed face down in the discharge rack, otherwise known as the "burn card," shall be disclosed if requested by a player.
- D. At the commencement of each round of play, the dealer shall, starting on his left and continuing around the table toward his right, deal the cards in the following order:
1. One card face upwards to each box on the layout in which wager is contained;
  2. One card face down to himself;
  3. A second card face upwards to each box in which a wager is contained;
  4. A second card face down, turning his original card face up.
- E. After two cards have been dealt to each player and the dealer, the dealer shall, beginning from his left, indicate each player's turn to act. Such player shall indicate to the dealer whether he wishes to double down, split pairs, stand or draw as provided in these regulations.
- F. As each player indicates his decision(s), the dealer shall deal face upwards whatever additional cards are necessary to effectuate such decision consistent with these regulations and shall announce the new point total of such player after each additional card is dealt. At no time shall a player be allowed to touch the cards.
- G. At the conclusion of a round of play, all cards still remaining on the layout shall be picked up by the dealer in order and in such a way that they can be readily arranged to indicate each player's hand in case of questions or dispute. The dealer shall pick up the cards beginning with those of the player to his far right and moving counter-clockwise around the table. After all the players' cards have been collected the dealer shall pick up his cards and place them in the discard rack on top of the players' cards.
- H. Whenever the cutting card is reached in the deal of the cards, the dealer shall continue dealing the cards until that round of play is completed after which he shall reshuffle the cards. If at the beginning of a new round, the first card to be dealt is the cutting card, the dealing stops and the dealer shuffles the pack.
- I. No player or spectator shall handle, remove or alter any cards used to game at blackjack except as explicitly permitted by these regulations.
- J. Each player at the table shall be responsible for correctly computing the point count of his hand and no player shall rely on the point counts to be announced by the dealer under this section without himself checking the accuracy of such announcement.

- K. At any time when all players leave a table before play may be resumes the dealer must repeat the procedures contained in subsections 4.5(4)(B) and subsection 4.5(5).

**(7) Procedure for Dealing Cards from the Hand:**

The following procedures shall govern those gaming tables where the election has been made to deal from the hand:

- A. Other than that the cards are dealt from the hand rather than a shoe the procedures described in sections 4.5(4), 4.5(5), and 4.5(6) shall apply.
- B. At any table from which the cards are dealt from the hand there must be a camera capable of providing pan, tilt, and zoom surveillance at that table, and one pit boss or floor supervisor for every two such tables.

**(8) Payment of a Blackjack:**

- A. If the first face up card dealt to the dealer is 2, 3, 4, 5, 6, 7, 8, or 9 and a player has a blackjack, the dealer shall announce and pay the winner at odds in play at that table, either immediately or at hand's conclusion.
- B. If the first face up card dealt to the dealer is an Ace, King, Queen, Jack or Ten and a player has a blackjack, the dealer shall announce the blackjack but shall make no payment nor remove any cards until all other cards are dealt to the players and the dealer receives his second card. If, in such circumstances, the dealer's second card does not give him a blackjack, the player having a blackjack shall be paid at odds in play at that table. If, however, the dealer's second card gives him a blackjack, the wager of the player having a blackjack shall constitute a tie or a push.

**(9) Surrender:**

- A. The Band may, at its discretion, allow a player to elect to surrender. A surrender allows the player to discontinue play on his hand for that round by surrendering one half of his wager after the first two cards are dealt to the play and the player's point total is announced.
- B. The Band shall promulgate rules specifically governing the play of surrender. Such rules shall be made available to any player upon request. The basic rules governing surrender shall be conspicuously posted at the location where blackjack is being played.

**(10) Insurance:**

- A. The Band may, at its discretion, allow a player to elect to place an insurance wager. A player may elect to place an insurance wager anytime the first card dealt to the dealer is an ace.
- B. The Band shall promulgate rules specifically governing the placing of insurance wagers. Such rules shall be made available to any player upon request. The basic rules governing the placing of insurance wagers shall be conspicuously posted at the location where blackjack is being played.

**(11) Doubling Down:**

- A. The Band may, at its discretion, allow a player to double down. Doubling down allows the player the option of making an additional wager not in excess of his original wager after the first two cards have been dealt to him, and to make such an additional wager on any first two cards of any split pair.
- B. The Band shall promulgate rules specifically governing the placing of double down wagers. Such rules shall be made available to any player upon request. The basic rules governing doubling down shall be conspicuously posted at the location where blackjack is being played.

**(12) Splitting Pairs:**

- A. The Band may, at its discretion, allow a player to elect to split pairs. Splitting pairs allows a player who has been dealt two cards identical in value may elect to split the single hand into two separate hands provided that the player makes a wager on the separately formed second hand equal to the value of the original wager.
- B. The Band shall promulgate rules specifically governing the splitting of pairs. Such rules shall be made available to any player upon request. The basic rules governing the splitting of pairs shall be conspicuously posted at the location where blackjack is being played.

**(13) Over and Under 13:**

- A. The Band may, at its discretion, allow a player to place a wager on the point total of the player's first two cards, as follows: before the commencement of each round of play, a player may wager that the point total of the first two cards will be twelve or less; and the player may wager that the point total of the first two cards will be fourteen or more. Aces shall count as "1". The amount thus bet shall not exceed the amount of the original wager.
- B. The Band shall promulgate rules specifically governing the play of over and under 13. Such rules shall be made available to any player upon request. The basic rules governing the play of over and under 13 shall be conspicuously posted at the location where blackjack is being played.

**(14) Drawing of Additional Cards by Players and Dealers:**

- A. A player may elect to draw additional cards whenever his point count total is less than 21 except that:
  - 1. A player having a Blackjack or a hard total of 21 may not draw additional cards;
  - 2. A player electing to double down may draw up to the posted limit; and
  - 3. A player splitting aces shall only have one card dealt to each ace and may not elect to receive additional cards.

- B. Except as provided in C below, a dealer shall draw additional cards to his hand until he has a total, as posted on the layout, at which point no additional cards shall be drawn.
- C. A dealer shall draw no additional cards to his hand, regardless of the point count, if decisions have been made on all players' hands and the point count of the dealer's hand will have no effect on the outcome of the round of play.

**(15) A Player Wagering on More Than One Box:**

- A. The Band may permit a player to wager on more than one box at the blackjack table provided, however, that the Tribal Council and its agents shall have the authority and discretion to prohibit this during hours when there are insufficient seats in a casino to accommodate patrol demand.

**(16) Blackjack Tournament:**

- A. The Band may allow the play of blackjack tournaments where, in addition to the wager, players may win other prizes as provided for in the rules of that particular tournament. Any such blackjack tournament must be played in accordance with these regulations. The rules of such a blackjack tournament must be made readily available to players or potential players on request.

**(17) Distribution of Blackjack Tips:**

- A. All tip bets won by a dealer and all other tips shall be deposited in a locking tip box in the dealer's pit area, and shall be pooled with all tips and tip bets accumulated by all other dealers and shall be divided not more frequently than weekly between dealers and supervisory management personnel as defined by the casino upon a formula established by the Band. Cash tipping shall be prohibited.

**(18) Staffing & Surveillance Requirements:**

The following staffing and surveillance requirements shall apply to the game of blackjack:

- A. At all times during the conduct of blackjack games the following staff and surveillance equipment must be present:
  - (i) for casinos which have four or fewer tables:
    - (a) at least one cashier;
    - (b) at least one pit boss or floor supervisor for each pit area open;
    - (c) one dealer per table.
  - (ii) for casinos which have more than four tables:
    - (a) at least one cashier;
    - (b) at least one pit boss or floor supervisor for each four tables or fraction thereof;
    - (c) one dealer per table; and

(d) video surveillance equipment that will enable the casino to provide surveillance at any given table, provided that for any casino where cards are dealt from the hand, or where the limits are greater than or equal to \$200, the requirements of section 4.5(7) shall apply.

- B. Except as otherwise provided, each dealer, pit boss and floor supervisor must be licensed by the Band before beginning work. As a condition of licensure each dealer, pit boss or floor supervisor must complete a training course prescribed by the Band. Such training course shall be similar in content and testing to other jurisdictions allowing blackjack. The course of training shall be of not less than 30 hours in duration, and the content of the curriculum shall be developed in conjunction with the State Department of Public Safety. Officials of the Department of Public Safety may participate in any training programs offered by the Band without cost. Upon licensure each dealer, pit boss and floor supervisor shall be issued a photographic identification card. Such identification card shall display the name of the Band issuing authority, the date of expiration, and the name of the dealer or pit boss.
- C. Each dealer, pit boss and floor supervisor shall be required to wear the photographic identification card described in subsection B of this section during all times when they are working. Such identification card shall be reissued no less frequently than annually.

## **Section 5. Background Investigations and Licensing of Employees and Managers**

### **5.1 Background Investigations of Management Officials**

Prior to entering into a management contract under Section 12 of the IGRA, the Band shall obtain sufficient information and identification from each management official to permit the State to conduct a background check. This information shall be provided in writing to the State Commissioner of Public Safety, along with the standard fee, who shall conduct the background check and provide a written report to the Band regarding each person within 30 days of receipt of the request, if possible. The Band shall not enter into a management contract if any management official has been determined to be a person whose prior activities, criminal record if any, 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 or the carrying on of the business and financial arrangements incidental thereto.

### **5.2 Background Investigations of Employees Prior to Employment**

Prior to placing a prospective employee whose responsibilities include dealing Blackjack, serving a cashier in connection with Blackjack or supervising dealers or cashiers, the Band shall obtain sufficient information and identification from the applicant to permit the State to conduct a background check. This information shall be provided in writing to the State Commissioner of Public Safety, along with the standard fee, who shall conduct the background check and provide a written report to the Band regarding each applicant within 30 days of receipt of the request, if possible. The Band may employ any person who represents in writing that he or she meets the standards set forth in this section, but must not retain any person if (a) the Band determines that the applicant's

prior activities, criminal record, if any, reputation, habits and associations pose a threat to the public interest or to the effective regulation of gaming, or create or enhance the danger of unsuitable, unfair, or illegal practices, methods and activities in the conduct of gaming; (b) the applicant has ever been convicted of a felony involving gambling; or (c) the applicant has been convicted of a felony within five years of starting employment with the Band. The restriction of subsection (c) shall not disqualify the applicant from employment if the Band by governmental resolution waives such a restriction after the applicant has demonstrated to the Band evidence of sufficient rehabilitation and present fitness.

### **5.3 Background Investigations of Employees During Employment**

Each person in the Band whose responsibilities include dealing Blackjack, serving as a cashier in connection with Blackjack, or supervising Blackjack dealers or cashiers shall be subject to periodic review comparable to that required for initial employment as provided in section 5.2 by the State Department of Public Safety, which review shall take place at least annually commencing with the date of employment. The Band shall provide sufficient information to the State Commissioner of Public Safety to permit the State to conduct the background check on the employee. The Department of Public Safety shall conduct the necessary investigation within 30 days of written request therefor, if possible, subject to the standard fee, and shall provide a written report regarding each employee. Employees who do not meet the requirements of Section 5.2 shall be dismissed.

### **5.4 Criminal History Data**

Criminal history data compiled by the Bureau of Criminal Apprehension of the State Department of Public Safety on management officials, prospective employees, and employees shall, subject to applicable state or federal law, be released to the Band as part of the report regarding each person.

### **5.5 Licensing and Discipline of Employees**

All personnel employed by the Band whose responsibilities include dealing blackjack, serving as a cashier in connection with Blackjack, or supervising Blackjack dealers or cashiers shall be licensed by the Band. The Band shall publish and maintain a procedural manual for such personnel, which includes disciplinary standards for breach of the procedures.

## **Section 6. Accounting and Audit Procedures.**

The Band shall engage an independent certified public accountant to conduct an annual audit of the books and records of all Blackjack gaming conducted pursuant to this compact and shall make copies of the audit and all current internal accounting and audit procedures available to the State upon written request. To the extent possible under state law, the State shall not disclose any information obtained pursuant to such a request. Also upon written request, the Band shall make the accountant's work papers available for review at the office of the accountant or the Band. The Band shall permit the State to consult with the auditors before or after any audits or periodic checks on procedures which may be conducted by the auditors, and shall allow the State to submit written or

oral comments or suggestions for improvements regarding the accounting and audit procedures. Within 30 days of receipt of any written or oral comments, the Band shall: (a) accept the comments and modify the procedures accordingly; or (b) respond to the comments with counterproposals or amendments. The State shall pay for any additional work performed by the auditors at the request of the State.

### **Section 7. Amendments to Regulatory and Technical Standards for Blackjack.**

The regulatory and technical standards set forth in section 4 of this compact shall govern the play of Blackjack on the Band's reservation unless those standards are amended pursuant to Section 2 of this compact or pursuant to the procedures set forth in this section. For purposes of this section, amendments to sections 4 may be made only upon the written recommendation for, and detailed explanation of the proposed amendment by either party. The State Commissioner of Public Safety and the Chairman of the Band may thereafter, by mutual written agreement, amend the technical and regulatory standards contained in section 4 of this compact.

### **Section 8. Definitions.**

#### **8.1 Class III gaming.**

For purposes of this compact, Class III gaming has the meaning given it by section 4(8) of the IGRA, 25 U.S.C. § 2703, subsection 4(8) (1988).

#### **8.2 Private social bet.**

A "private social bet" is a bargain in which the parties mutually agree to gain or loss by one to the other of money, property or benefit dependent on chance, although the chance is accompanied by some element of skill, which is made in a private, social context not part of or incidental to organized, commercialized or systematic gambling.

#### **8.3 Gaming for charitable purposes.**

For purposes of this compact, "gaming for charitable purposes" is any gambling conducted pursuant to Minnesota Statutes sections 349.11 to 349.23 or any comparable state law which permits certain forms of gambling to be conducted by nonprofit organizations and requires that the proceeds be contributed to charity or other specifically designated lawful purposes.

#### **8.4 Gaming for governmental purposes.**

For purposes of this compact, "gaming for governmental purposes" is gambling conducted pursuant to Minnesota Statutes sections 349A.01 to 349A.15 or any other state law which permits the State of Minnesota or any of its political subdivisions to operate any form of gambling.

#### **8.5 Gaming for commercial purposes.**

For purposes of this compact, "gaming for commercial purposes" is gambling conducted pursuant to a Minnesota law which permits gambling to be conducted by persons, organizations or entities and which permits those persons,

organizations or entities to profit or obtain direct financial benefit from the gambling. "Gaming for commercial purposes" does not include gaming for charitable or governmental purposes or a private social bet.

### 8.6 Management Officials

For purposes of this compact, a management official is any person who has a direct financial interest in, or management responsibility for any gambling conducted pursuant to this compact, and in the case of a corporation, shall include those individuals who serve on the board of directors of such corporation and each of its stockholders who hold (directly or indirectly) 10 percent or more of its issued or outstanding stock.

### Section 9. Effectiveness Contingent Upon Federal Court Judgment.

This compact and all obligations hereunder shall be contingent upon (1) the Bois Forte, Fond du Lac, Grand Portage, Leech Lake, Mille Lacs, Red Lake, and White Earth Bands of Chippewa Indians, and the Prairie Island, Shakopee Mdewakanton, and Upper Sioux Communities intervening as plaintiffs in the lawsuit entitled Lower Sioux Indian Community v. State of Minnesota (U.S. District Court, District of Minnesota, No. 4-89-936); and (2) the court in the above Lower Sioux lawsuit entering a Consent Judgment incorporating the compact and its terms; and (3) the court in the above Lower Sioux lawsuit determining that consideration of the Report and Recommendation of Magistrate Bernard P. Becker, dated December 20, 1990, is unnecessary.

### Section 10. Effect of Breach.

In the event that any federally recognized Indian tribal government bound by the consent judgement described in Section 9 breaches the consent judgment or a compact incorporated therein, the State shall direct any legal action at the breaching tribal government only, and such action shall not affect the validity of the remaining compacts between the state and any nonbreaching party.

### Section 11. Retention of Legal Arguments.

In the event this compact becomes inoperative or the conditions of section 9 are not satisfied, nothing in this compact shall be construed as a concession by any party of any legal position or argument it might have had concerning any form of Class III gaming in the absence of this compact, and no party shall be deemed to be estopped by the terms of this compact from making any argument it might have had in the absence of this compact.


Dated: May 8 1991

STATE OF MINNESOTA

  
ARNE H. CARLSON  
Governor

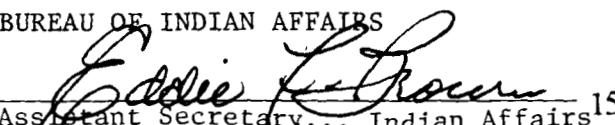
Dated: May 21 1991

FOND DU LAC BAND OF LAKE  
SUPERIOR CHIPPEWA

  
Chairman

  
Secretary/Treasurer

BUREAU OF INDIAN AFFAIRS

  
Assistant Secretary... Indian Affairs 15

SEP 25 1991

Date



TRIBAL-STATE COMPACT  
FOR CONTROL OF CLASS III VIDEO GAMES OF CHANCE ON  
THE FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA RESERVATION  
IN MINNESOTA

WHEREAS, the State of Minnesota (hereinafter "State") and the Fond du Lac Band of Lake Superior Chippewa (hereinafter "Band") are separate sovereigns, and each respects the laws of the other sovereign; and

WHEREAS, the Band exercises governmental authority within the Fond du Lac Reservation (hereinafter "Reservation"), which, for purposes of this Compact, means those lands within the current boundaries of the Fond du Lac Reservation and any other "Indian lands", as defined by the Indian Gaming Regulatory Act, over which the Band exercises governmental authority; and

WHEREAS, the Congress of the United States has enacted the Indian Gaming Regulatory Act (hereinafter "IGRA"), Public Law 100-497, 102 Stat. 2467, 25 U.S.C. Sections 2701 to 2721 (1988) creating a mechanism through which the several States and Indian tribal governments may allocate jurisdiction and control of Class III gaming activity which occurs on their lands; and

WHEREAS, the State of Minnesota pursuant to Minnesota Laws 1989, Chapter 44, April 20, 1989, authorized the Governor or his representatives to negotiate with regard to compacts with the several Indian tribal governments in the State of Minnesota; and

WHEREAS, the Governor has appointed Senator Ron Dicklich, Representative Becky Kelso and Dorothy McClung, Minnesota Department of Revenue Attorney to negotiate Tribal-State Compacts with Indian tribal governments in the State of Minnesota; and

WHEREAS, the Band is a federally recognized Indian tribal government which is duly qualified to conduct certain types of Class III gaming on its lands;

NOW THEREFORE, in consideration of the mutual undertakings and agreements hereinafter set forth, the Band and the State enter into the following compact.

Section 1. Findings and Declaration of Policy

1.01 Findings

As the basis for this Compact, the State and the Band have made the following findings:

- 1.02 This Compact shall govern the licensing, regulation and operation of video games of chance within the Reservation. Video games of chance are defined as electronic or electromechanical video devices that simulate games commonly referred to as poker, blackjack, craps, hi-lo, roulette, line-up symbols and numbers, or other common gambling forms, which are activated by the insertion of a coin, token, or currency, and which award game credits, cash, tokens, or replays, and contain a meter or device to record unplayed credits or replays.
- 1.03 The purposes of this Compact include providing the Band with the opportunity to operate video games of chance in a way that will benefit the Band economically, that will insure fair operation of the games, and that will minimize the possibilities of corruption and infiltration by criminal influences.
- 1.04 The Band has the right to license and regulate gaming activity on its lands in accordance with the IGRA and this compact.
- 1.05 A principal goal of Federal Indian policy is to promote tribal economic development, tribal self-sufficiency, and strong tribal government;
- 1.06 The State and the Band find it to be consistent with the IGRA, and the public health, safety and welfare to regulate video games of chance pursuant to this Compact.
- 1.07 The Band has operated various forms of Class II gaming continuously since 1981 and has implemented controls satisfactory to the Band for the responsible operation and regulation of the games.
- 1.08 The Band has the intention to operate video games of chance pursuant to this compact contemporaneously with its Class II gaming operations.

#### 1.1 Declaration of Policy

- 1.2 In the spirit of cooperation, the State and the Band hereby set forth in joint effort to carry forward and implement the terms of the IGRA regarding video games of chance within the Reservation.
- 1.3 The State recognizes the positive impacts that gaming may provide to the Band. The Band may utilize gaming generated financial resources to fund programs that provide various vital services to Reservation residents. These programs may include education, health and human resources, housing development, road construction and

maintenance, sewer and water projects, and economic development. The State also recognizes that the positive economic effects of such gaming enterprises may extend beyond tribal governments to the tribe's neighbors and surrounding communities, and may help to foster mutual respect and understanding among Indians and non-Indians.

- 1.4 The Band and the State, through this compact, and the regulations incorporated herein, shall attempt, in good faith, to address the legitimate common concerns of both parties.

## Section 2. Duration and Renegotiation

### 2.1 Duration

This compact shall become effective upon execution by the Governor of the State, ratification by the Band, approval by the Secretary of the Interior and publication of that approval in the Federal Register pursuant to the IGRA. This compact is entered into pursuant to the IGRA, State law and Band law. Minnesota Laws 1989, Ch. 44, subd. 4 is incorporated herein by reference. It is the intent of the State that, if the Minnesota Legislature prohibits the operation or use of video games of chance for all purposes as against public policy and as a matter of criminal law, this section shall not be construed to provide for continued operation by the Band of video games of chance pursuant to this compact. It is the intent of the Band that, if the Minnesota Legislature prohibits the use of video games of chance for all purpose as against public policy and as a matter of criminal law, this section shall not be construed to prohibit the continued operation by the Band of video games of chance pursuant to this compact. As provided in Minn. Laws 1989, Ch. 44, subd. 4, in the event of a request for a renegotiation or a new compact, the existing compact will remain in effect until renegotiated or replaced.

### 2.2 Renegotiation

The State or the Band may, by appropriate and lawful means, request negotiations to amend, replace or repeal this compact. In the event of a request for renegotiation or the negotiation of a new compact, this compact shall remain in effect until renegotiated or replaced. Such requests shall be in writing and shall be sent by certified mail to the Governor of the State or the Chairman of the Band at the appropriate governmental office. If such a request is made by the Band, it shall be treated as a request to negotiate pursuant to the IGRA. The parties shall have 180 days to negotiate, and all

further procedures and remedies available under the IGRA shall thereafter apply. The State and the Band may agree to extend the 180 day period without prejudice to the rights of either party under this section.

### Section 3. Allocation of Jurisdiction

#### 3.1 Tribal and State Jurisdiction Over Video Games of Chance

For purposes of this compact, the Band shall exercise exclusive civil jurisdiction over Band members, and the Band and the State shall exercise concurrent civil jurisdiction over non-Band members. The State pursuant to P.L. 280, 18 U.S.C. 1162 may exercise criminal jurisdiction within the reservation. This jurisdiction is concurrent with federal criminal jurisdiction under the IGRA and Band criminal jurisdiction over Band members. Nothing in this compact shall be construed to limit state, federal, and Band criminal jurisdiction.

### Section 4. Regulatory Standards for Video Games of Chance

#### 4.1 Common Interest

In recognition of the valid public policy interests of the State, which are similarly appreciated as desirable by the Band, the following regulatory standards are established for video games of chance operated and played within the federally recognized boundaries of the Reservation.

#### 4.2 No Credit Extended

All gaming shall be conducted on a cash basis. Except as herein provided, no person shall be extended credit for gaming by any video gaming facility operated within the Reservation, and no operator shall permit any person or organization to offer such credit for a fee. This restriction shall not apply to credits won by players who activate play on video games of chance after inserting coins or currency into the game, and shall not restrict the right of the Band or any other person to offer check cashing or to install or accept bank card or credit card transactions in the same manner as would be normally permitted at any retail business within the State.

#### 4.3 Minimum Age for Players

No person below the age of 18 on the date of gaming shall be permitted to play any video game of chance. If any person below the age of 18 plays and otherwise qualifies to win any video game which requires notice and payout by

the operator of the facility, the prize shall not be paid, and the estimated amount wagered during the course of the game shall be returned to the minor.

#### 4.4 Inspection

Agents of the Department of Public Safety of the State of Minnesota, or their designated representatives, shall upon the presentation of appropriate identification, have the right to gain access, without notice during normal business hours, to all premises used for the operation of video games of chance, or the storage of video games of chance or equipment related thereto, and may inspect all premises, equipment, daily records, documents, or items related to the operation of video games of chance in order to verify compliance with the provisions of this compact. Inspections made pursuant to this section shall not be conducted in a manner which disrupts normal business operations and shall be conducted by agents who maintain the highest security clearance available within the Department of Public Safety. Agents of the State Department of Public Safety, or their designated representatives, shall also have the right, upon the presentation of appropriate identification and with reasonable notice, to inspect other records or documents associated with the operation of video games of chance and maintained by the Band.

#### 4.5 Non-Complying Video Games of Chance

The following are declared to be non-complying video games of chance:

- (1) all video games of chance to which the agents of the Department of Public Safety of the State of Minnesota or their designated representatives have been denied access for inspection purposes;
- (2) all video games of chance operated in violation of this compact.

#### 4.6 Demand for Remedies for Non-Complying Video Games of Chance

Video games of chance believed to be non-complying shall be so designated, in writing, by the Commissioner of the Department of Public Safety. Within 5 days of receipt of such written designation, the Band shall either:

- (1) accept the finding of non-compliance, remove the video games of chance from play, and take appropriate action to ensure that the Band, manufacturer, distributor or other responsible party cures the problem; or

- (2) contest the finding of non-compliance by so notifying the Commissioner of Public Safety in writing, and arrange for the inspection of the contested equipment or single example thereof, by an independent gaming test laboratory as provided in section 6 within three days of the receipt of the finding of non-compliance. If the independent laboratory finds that the video game of chance or related equipment is non-complying, the non-complying video game of chance and related equipment shall be permanently removed from play unless modified to meet the requirements of this Compact. Video games and related equipment removed from play and modified pursuant to this section may be returned to play only after inspection by the Department of Public Safety, under the guidance of the independent gaming test laboratory; or
- (3) contest the finding of non-compliance by: (1) filing an appropriate action in federal district court; or (2) if the court declines jurisdiction, contest the finding of non-compliance before the National Indian Gaming Regulatory Commission; or (3) if the Commission declines jurisdiction, contest the finding of non-compliance in a court of competent jurisdiction. If a court or the commission finds that the video game or related equipment is non-complying, it shall be removed from play. Video games or related equipment removed from play pursuant to this section may be returned to play only after inspection by the Department of Public Safety or an independent laboratory performing such services for the State.

Nothing in this section shall limit the rights or remedies available to the parties under the IGRA.

## Section 5. Background Investigations and Licensing of Employees and Managers

### 5.1 Background Investigations Prior to Employment

The Band, prior to placing a prospective employee whose responsibilities include the operation or management of video games of chance, shall obtain a release and other information from the applicant to permit the State to conduct a background check on the applicant. This information shall be provided in writing to the State Commissioner of Public Safety, along with the standard fee, who shall conduct the background check and provide a written report to the Band regarding each applicant within 30 days of receipt of the request. The Band may employ any person who represents in writing that he or she meets

the standards set forth in this section, but must not retain any person who the Department of Public Safety reports has been: (a) convicted of a felony within five years of the commencement of employment with the Band; or (b) convicted of a felony or gross misdemeanor involving fraud, misrepresentation, or gambling. Criminal history data compiled by the Bureau of Criminal Apprehension of the State Division of Gambling Enforcement on prospective employees shall, subject to applicable state or federal law, be released to the Band as part of the report regarding each applicant.

## 5.2 Background Investigations of Employees During Employment

Each person whose responsibilities include the operation or management of video games of chance shall be subject to periodic review comparable to that required for initial employment as provided in section 5.1 by the State Department of Public Safety, which review shall take place at least annually commencing with the date of employment. The Band shall provide sufficient information to the State Commissioner of Public Safety to permit the State to conduct the background check on the employee. The Department of Public Safety shall conduct the necessary investigation within 30 days of written request therefor, subject to the standard fee, and shall provide a written report regarding each employee. Employees found to have been convicted of violations described in Section 5.1 shall be dismissed.

## 5.3 Licensing and Discipline of Employees

All personnel employed by the Band whose responsibilities include the operation or management of video games of chance shall be licensed by the Band. The Band shall publish and maintain a procedural manual for such personnel, which includes disciplinary standards for breach of the procedures.

## 5.4 Qualifications of Lessors of Video Games of Chance

- (1) Prior to entering into any lease agreement, the Band shall obtain any necessary releases and other information sufficient from the proposed lessor and all persons holding any direct or indirect financial interest in the lessor or the lease agreement to permit the State to conduct a background check on those persons. The information shall be provided in writing, along with the standard fee, to the State Commissioner of Public Safety, who shall conduct the background check and provide a written report to the

Band regarding each applicant within 30 days of receipt of the request.

- (2) The Band shall not enter into any lease agreement for video games of chance or related equipment with any person or entity if the State Department of Public Safety determines that the lessor, or any manager or person holding a direct or indirect financial interest in the lessor or the proposed lease agreement, has been convicted of an offense listed in Section 5.1. Notwithstanding the foregoing, existing lease agreements shall be subject to section 5.4 within six months of the effective date of this compact.

## Section 6. Technical Standards For Video Games of Chance

### 6.1 Testing and Approval of Video Games of Chance

No video game of chance may be purchased, leased or otherwise acquired by the Band unless: (1) the video game of chance is purchased, leased or acquired from a manufacturer or distributor licensed to sell, lease or distribute video games of chance by the Band pursuant to Section 6.13; and (2) the video game of chance, or a prototype thereof, has been tested, approved or certified by a gaming test laboratory as meeting the requirements and standards of this compact. For purposes of this compact, a gaming test laboratory is a laboratory agreed to and designated in writing by the State Commissioner of Public Safety and the Band as competent and qualified to conduct scientific tests and evaluations of video games of chance and related equipment. A laboratory operated by or under contract with the states of Minnesota or Nevada, or New Jersey, or South Dakota constitutes a designated gaming test laboratory.

### 6.2 Application for Approval of Prototype Video Game of Chance

The Band shall provide or require that the manufacturer provide to the gaming test laboratory two copies of video game of chance illustrations, schematics, block diagrams, circuit analyses, technical and operation manuals, program object and source codes, hexadecimal dumps (the compiled computer program represented in base 16 format) and any other information requested by the gaming test laboratory.

### 6.3 Testing of Video Game of Chance

If required by the gaming test laboratory, the Band shall require the manufacturer to transport, not more than two working models of the video game of chance and related equipment to a location designated by the laboratory for



testing, examination and analysis. The Band shall require the manufacturer to pay for any and all costs for the transportation, testing, examination, and analysis. The testing, examination, and analysis may include the entire dismantling of the video games of chance and related equipment and some tests may result in damage or destruction to one or more electronic components of the devices. If required by the laboratory, the Band must require the manufacturer to provide, specialized equipment or the services of an independent technical expert to assist with the testing, examination and analysis.

#### 6.4 Report of Test Results

At the conclusion of each test, the laboratory shall provide to the State Commissioner of Public Safety and the Band a report that contains findings, conclusions and a determination that the video game of chance and related equipment conforms or fails to conform to the technical requirements and standards set forth in this compact. If modifications can be made which would bring the video game or related equipment into compliance, the report may contain recommendations for such modifications.

#### 6.5 Modifications of Approved video games of chance

The manufacturer or distributor shall assemble and install all video games of chance and related equipment in a manner approved and licensed by the Band. No modification to the assembly or operational functions of any video game of chance or related equipment may be made after testing and installation unless a gaming test laboratory certifies to the State Department of Public Safety and the Band that the modified video games of chance conforms to the standards of this Compact. All proposed modifications shall be described in a written request made to the State Commissioner of Public Safety, the gaming test laboratory and the Band, which contains information describing the modification, the reason therefor and all documentation required by the laboratory. In emergency situations where modifications are necessary to prevent cheating or malfunction, the laboratory may grant temporary certification of the modifications for up to 15 days pending compliance with this section.

#### 6.6 Conformity to Technical Standards

The Band shall require the manufacturer or distributor to certify, in writing, to the Band and to the State Commissioner of Public Safety that, upon installation, each video game of chance placed in a gaming facility within the reservation: (1) conforms precisely to the

exact specifications of the video game of chance prototype tested and approved by the gaming test laboratory; and (2) operates and plays in accordance with the technical standards set forth in sections 6.9 and 6.10 of this compact.

#### 6.7 Existing Video Games Of Chance

Video games of chance, or prototypes thereof, operated within the reservation on or before the effective date of this compact must be tested and approved by a gaming test laboratory as required in section 6 on or before October 30, 1990. Notwithstanding the foregoing, if the existing video games of chance cannot comply with the technical standards of this compact by October 30, 1990 due to circumstances beyond the control of the Band, the existing video games of chance shall be brought into compliance or replaced with complying equipment at the earliest date possible, but in no instance later than June 1, 1991.

#### 6.8 Information to be Provided

Prior to the installation of any video game of chance acquired by the Community after the effective date of this compact, and as soon as possible but in no event later than October 30, 1990, for any video game of chance operated within the Reservation on or before the effective date of this compact, the Band shall provide, or require that the manufacturer or distributor provide to the State Commissioner of Public Safety:

- (1) a list of all states in which the distributor or manufacturer from whom the video games of chance were acquired or leased is licensed, the license numbers (if license numbers are issued) and operative dates of the license(s); and
- (2) identification numbers or codes for each video game of chance placed in the Reservation.

#### 6.9 Hardware Requirements for Video Games of Chance

Video games of chance operated within the reservation must be licensed by the Band and meet the following specifications:

- (1) No Physical Hazard. Electrical and mechanical parts and design principals may not subject a player to any physical hazards.

(2) Surge Protectors. A surge protector must be installed for all power which is fed to the device.

(3) Battery Back-up. A battery back-up, or an equivalent, for the electronic meters must be capable of maintaining accurate readings for 180 days after power is discontinued from the device for all information regarding:

- (a) current and total tallies of amounts wagered and paid out;
- (b) records of access to the logic board compartment;
- (c) records of access to the cash and coin compartment;
- (d) such other data as may be required by written regulation of the Band.

The back-up device shall be located within the locked logic board compartment and shall not be accessible to the manufacturer or distributor after the initial installation of the equipment.

(4) Power Switch. A power switch must be located in an accessible place within the interior of the game which controls the electrical current used in the operation of the game.

(5) Resistance to Electromagnetic Interference. The operation of the video game of chance, including the coin drop and other such component parts, must not be adversely affected by static discharge, radio frequency interference or other electromagnetic interference.

(6) Approved Coin and Bill Acceptors. At least one electronic or mechanical coin acceptor must be installed in or on each video game of chance. The devices may also contain bill acceptors for denominations determined by the Band. Prior to operation within the reservation, all models of coin and bill acceptors installed must have been tested and approved in writing by a gaming test laboratory as provided in Section 6.

(7) Secure Cabinets. The internal space of the video game of chance shall not be readily accessible when the door is closed and sealed.

(8) Secure Electronic Components. Logic Boards and software Electronically programmable read only memory chips (hereinafter EPROMS) and other logic control components shall be located in a separate compartment within the video game of chance and that compartment shall be locked with a different key or combination than that used for the main cabinet door.

(9) Secure Cash Compartment. The coin and currency compartment shall be secured with a different key or combination than that used for the main cabinet door.

(10) No hardware Modification of Pay Tables or Payouts. No hardware switches (DIP Switches) may be installed which alter the pay tables or payout percentages for the game.

(11) Printed Record of Credits and Payouts Required. A single printing mechanism must be capable of printing an original ticket and retaining an exact, legible copy within the game, which records the following information when credits accrued on the game are redeemed for cash: (a) the number of credits; (b) value of the credits in dollars and cents; and (c) any other data required by the Band.

(12) Identification Plates Required. Each video game of chance shall have an unremovable identification plate on the exterior of the cabinet which contains the following information:

- (a) Manufacturer;
- (b) Serial Number;
- (c) Model Number;
- (d) License stamp and number issued by the Band certifying compliance with the technical standards set forth in this compact.

(13) Rules of Play and Possible Winnings Displayed. The rules of play for each game must be prominently displayed on the game screen or the cabinet face. The Band shall not permit the display of any rules of play which are incomplete, confusing, or misleading. Each game must display the coins or credits wagered and the credits awarded for the occurrence of each possible winning combination based on the amount wagered. All information required by this section must be kept under glass or other transparent substance and at no time shall stickers or other such materials be placed on the machine face which obscure the rules of play or the operational features of the game.

(14) Operation as Part of Telecommunications Network. The hardware requirements above shall not be construed to prevent the operation of the video game of chance as part of a local or telecommunications area network with an aggregate prize or prizes. A video game of chance capable of bidirectional communication with external associated equipment must utilize communication protocol which insures that erroneous data or signals will not adversely affect the operation of the device.

(15) Security Tape for EPROMS. Upon installation, the Band shall affix or cause to be affixed to the EPROM of each video game of chance a strip of security tape, capable of evidencing the removal of the EPROM if the EPROM is removed from the circuit board. The security tape shall be secured and available only to the authorized personnel of the Band. The Band shall maintain accurate and complete records of the identification number of each EPROM installed in each video game of chance.

(16) No Credit Card Meters Permitted. No video game of chance may be equipped with a device which permits the player to use a credit card rather than currency or coin to activate the game.

#### 6.10 Software Requirements for Video Games of Chance

Video games of chance operated within the reservation must meet the following specifications:

(1) Software Requirements for Randomness Testing. Each video game of chance must have a true random number generator which will determine the occurrence of a specific symbol or a specific number to be displayed on the video screen where such symbol, card, or number is wholly or partially determinative of the outcome of a game. A selected process will be considered random if:

- (a) Chi-Square analysis. Each symbol, card, stop position, or number position which is wholly or partially determinative of the outcome of a game, satisfies the 99 percent confidence limit using the standard chi-square analysis.
- (b) Runs Test. Each symbol, card, stop position or number does not as a significant statistic produce detectable patterns of game elements or occurrences. Each symbol, card, stop position or number will be regarded as random if it meets the 99 percent confidence level with regard to the "runs test" or any generally accepted pattern testing statistic.
- (c) Correlation Analysis. Each symbol, card, stop position or number is independently chosen without regard for any other symbol, card or number drawn within that game play. Each pair of symbol, card or number positions is considered random if it meets the

99 percent confidence level using standard correlation analysis.

(d) Serial Correlation Analysis.  
Each symbol, card, stop position or number is independently chosen without reference to the same symbol, card, stop position or number in the previous game. Each symbol, card, stop position or number position is considered random if it meets the 99 percent confidence level using standard serial correlation analysis.

(e) Live game correlation.  
Video games of chance that are representative of live gambling games must fairly and accurately depict the play of the live game.

(2) Software Requirements for Percentage Payout.  
Each video game of chance must meet the following maximum and minimum theoretical percentage pay out during the expected lifetime of the game.

(a) Games Not Affected by Player Skill.  
Video games of chance with game outcomes not affected by player skill shall payout a minimum of 80 percent and not more than 95 percent of the amount wagered, including replays. For the video game of keno and other similar games, the theoretical payout percentage requirements apply to each number of spots marked, but in no instance less than 75 percent for each wager.

(b) Video Games That Are Affected by Player Skill.  
Video games that are affected by player skill, such as draw poker and blackjack, shall payout a minimum of 83 percent and no more than 98 percent of the amount wagered, including replays. This standard is met when using a method of play which will provide the greatest return to the player.

(3) Minimum Probability Standard for Maximum Payout.  
Each video game of chance must have a probability of obtaining the maximum payout which is greater than 1 in 17,000,000 (ONE IN SEVENTEEN MILLION) for each play.

(4) Software Requirements for Continuation of Game After Malfunction.  
Each video game of chance must be capable of continuing the current game with all current game features after a game malfunction is cleared automatically or by an attendant.

(5) Software Requirements for Play Transaction Records.  
Each game shall maintain electronic accounting meters. Such meters shall be maintained at all times, whether or not the game is being supplied with external power. The following information must be recorded and stored on meters capable of maintaining totals no less than eight digits in length:

- (a) Total number of coins inserted (the meter must count the total number of coins, or the equivalent value if a bill acceptor is used, which are inserted by players);
- (b) Number of Credits Wagered;
- (c) Number of Credits Won;
- (d) Credits paid out by Printed Ticket Voucher or cash paid by the device.

The following information must be recorded and stored on meters capable of maintaining totals no less than six digits in length:

- (e) Number of Times the Logic Area was accessed;
- (f) Number of Coins or Credits Wagered in the Current Game;
- (g) Number of Coins or Credits Wagered in the last complete, valid game; and
- (h) Number of cumulative credits representing credits won and money inserted by a player but not collected, commonly referred to as the credit meter.

(6) No Automatic Clearing of Accounting Meters.  
No video game of chance shall have a mechanism or program which will cause the electronic accounting meters to automatically clear. The electronic accounting meters may be cleared only after written records of the readings before and after the clearing process are taken by the Band, which shall also record the reason the meter was cleared.

#### 6.11 Accounting and Audit Procedures.

The Band shall engage an independent certified public accountant to audit the books and records of all video gaming conducted pursuant to this compact and shall make copies of the audit and all current internal accounting and audit procedures available to the State upon written request. The Band shall permit the State to consult with the auditors before or after any audits or periodic checks on procedures which may be conducted by the auditors, and shall allow the State to submit written or oral comments or suggestions for improvements regarding the accounting

and audit procedures. Within 30 days of receipt of any written or oral comments, the Band shall: (a) accept the comments and modify the procedures accordingly; or (b) respond to the comments with counterproposals or amendments. The State shall pay for any additional work performed by the auditors at the request of the State.

#### 6.12 Amendments to Hardware and Software Requirements for Video Games of Chance.

The technical standards set forth in section 6.9 and 6.10 shall govern the operation of video games of chance unless amended pursuant to Section 2 of this compact or pursuant to the procedures set forth in this section. For purposes of this section, amendments to sections 6.9 and 6.10 may be made only upon the written recommendation for, and detailed explanation of, the proposed amendment by the gaming test laboratory designated pursuant to section 6.1. The State Commissioner of Public Safety and the Chairman of the Band may thereafter, by mutual written agreement, amend the technical standards contained in sections 6.9 and 6.10 of this compact.

#### 6.13 Band Licensing.

The Band shall only issue licenses to manufacturers of video gaming equipment with valid licenses from the states of Minnesota, New Jersey, Nevada, or South Dakota. The Band shall only issue licenses to distributors of video gaming equipment with valid licenses from the states of Minnesota, New Jersey, Nevada, or South Dakota. In the event that the State of Minnesota, or the States of New Jersey, Nevada, or South Dakota, suspend, revoke, or refuse to renew a license of a manufacturer or distributor similarly licensed by the Band, the Band shall accept the state's determination and shall require the suspension, revocation, or non-renewal of the license issued by the Band.

#### 6.14 Definitions

- (1) "Chi-squared analysis" is the sum of the squares of the difference between the expected result and the observed result.
- (2) "Runs test" is a mathematical statistic which determines the existence of recurring patterns within a set of data.
- (3) "Symbol position" means first symbol drawn, second symbol drawn, in sequential order, up to the 20th number drawn.



- (4) "Video games of chance" means electronic or electromechanical video devices that simulate games commonly referred to as poker, blackjack, craps, hi-lo, roulette, line-up symbols and numbers, or other common gambling forms, which are activated by the insertion of a coin, token, or currency, and which award game credits, cash, tokens, or replays, and contain a meter or device to record unplayed credits or replays.

Section 7. Reservation of Rights Under the IGRA

The State and Band agree that by entering into this compact, the Band shall not be deemed to have waived its right to initiate and pursue the procedure provided by section 11(d)(7) of the IGRA with respect to the State's refusal to enter into a compact on other forms of Class III gaming, and neither the State nor the Band shall be deemed to have waived any rights, arguments or defenses applicable to such a procedure.

Section 8. Severability

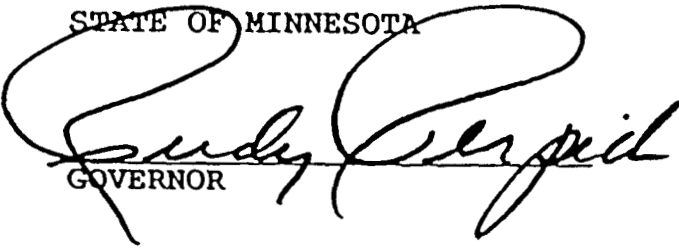
Each provision, section, and subsection of this compact shall stand separate and independent of every other provision, section, or subsection. In the event that a court of competent jurisdiction shall find any provision, section, or subsection of this compact to be invalid, the remaining provisions, sections, and subsections of the compact shall remain in full force and effect.

Dated: October 20, 1989

Dated: November 1, 1989

STATE OF MINNESOTA

FOND DU LAC BAND OF LAKE  
SUPERIOR CHIPPEWA

  
GOVERNOR

  
CHAIRMAN

FIRST AMENDMENT TO  
TECHNICAL STANDARDS IN  
TRIBAL-STATE COMPACT FOR CONTROL  
OF CLASS III VIDEO GAMES OF CHANCE  
ON THE FOND DU LAC BAND OF CHIPPEWA  
RESERVATION IN MINNESOTA

Pursuant to Section 6.12 of the Tribal-State Compact for control of Class III video games of chance on the Fond du Lac Band of Chippewa Reservation in Minnesota, (hereinafter "Band") the State of Minnesota, by and through its Commissioner of Public Safety, and the Band agree as follows:

1. Section 6.9(9) is amended to read:

Secure Cash Compartment. The coins and currency compartment shall be secured with a different key or combination than that used for the main cabinet door, except that a separate cash compartment shall not be required for coins necessary to pay prizes in a machine which pays prizes through a drop hopper.

2. Section 6.9(11) is amended to read:

Printed Record of Credits and Payouts Required. A single printing mechanism which must be capable of printing an original ticket and retaining an exact legible copy, either within the game or in a slot management/reporting system approved by the gaming test laboratory, that provides permanent sequential tracking, and which permits monitoring of error conditions on a printed medium for future use, and which records the following information: (a) the number of credits; (b) the value of the credits in dollars and cents; (c) the cash paid by the device; and (d) any other data required by the Tribe. Video games of chance utilizing coin drop hoppers are permitted, provided they are monitored by a slot management/reporting system of the type described in this paragraph which has been approved by an independent gaming test laboratory.

Dated: 11/30/90

Dated: 15 Dec-90

STATE OF MINNESOTA

Paul J. Tschida

PAUL J. TSCHIDA  
Commissioner of Public Safety

Robert B. Benson

CHAIRMAN  
FOND DU LAC BAND OF CHIPPEWA