

National Indian Gaming Commission

SETTLEMENT AGREEMENT

NOV-00-09; CFA 00-09

This agreement is entered into by and between the Confederated Tribe of Siletz Indians of Oregon (Tribe) and the Chairman of the National Indian Gaming Commission (NIGC) to resolve the Chairman's concerns regarding the Tribe's use of gaming revenues and the Tribe's concerns regarding the legal authority of NIGC and the actions of the Chairman regarding the Tribe.

RECITALS

1. Under the Indian Gaming Regulatory Act (IGRA), 25 U.S.C §§ 2701 - 2721, the NIGC is responsible for regulating Class II and certain aspects of Class III gaming on Indian lands. The Tribe disputes whether the NIGC has legal authority to regulate the aspects of Class III gaming on Indian lands that are the subject of these proceedings.
2. On August 20, 1994, the Tribe adopted the Siletz Tribal Gaming Ordinance Number 6.20, by Resolution 94-188. The Chairman of the NIGC approved the Ordinance on December 15, 1994. Section 6.21 of the Ordinance authorizes Class II and Class III gaming, as defined in the IGRA and the NIGC's implementing regulations.
3. Under the IGRA, Respondent may conduct Class III gaming only in conformance with a Tribal-State compact. 25 U.S.C. § 2710 (d)(1)(C). The Tribe and the State of Oregon entered into such a tribal state compact on November 10, 1994, with subsequent amendments.
4. Since approximately May 25, 1995, the Tribe has operated a Class II and III gaming operation called Chinook Winds at Lincoln City, Oregon.
5. Members of the Tribal Council serve as the Board of Directors for the gaming operation. As Board members, Tribal Council members have authority to award Complimentary Items (also known as "comps").
6. On June 14, 2000, the NIGC Chairman issued Notice of Violation 00-09, (NOV) alleging that the Tribe's practice of awarding comps to individual Tribal Council members and to the Tribal Council itself and alleging that this practice constituted a violation the IGRA.

7. On August 9, 2000, Chairman Deer served a Notice of Proposed Civil Fine Assessment (CFA) on the Tribe.
8. On August 22, 2000, the Tribe appealed the NOV and the Proposed CFA, and denied that the Tribe's comping activities violated the IGRA, the Tribe's Compact, or tribal law.
9. On September 28, 2000, the Office of Hearings and Appeals gave notice that the matter had been assigned to Presiding Official Bruce A. Johnson.
10. Desiring to preserve the benefits of their longstanding relationship, representatives of the parties to this Agreement explored amicable methods of resolving the above referenced concerns.

AGREEMENT

ACCORDINGLY, the parties agree as follow:

11. The Tribe agrees that it will respond to accounting issues identified in the NOV and CFA and further formalize the segregation of functions between the Tribal Gaming Commission, the Board of Directors, and the Tribal Council. The Tribe agrees that policies and procedures will be formalized to ensure that future compliance by the Tribe will be monitored and enforced. The Tribe will amend its policy that clarifies and refines the division of responsibility and authority between the various tribal entities. The policy will formalize the Tribal Gaming Commission's explicit authority to conduct audits of Board activities. Such policy is attached hereto as Exhibit #1.
12. The Tribe will clarify the comp policy and procedures for Board members to ensure that comps and expenses are properly categorized and treated internally by the Board and the Casino. The policy will formalize the Tribal Gaming Commission's explicit authority to audit Board comps and expenses. Such policy is attached hereto as Exhibit #2.
13. The Tribe will formalize the functions and responsibilities of the Board of Directors, including a policy by which Board expenses will be processed and billed. Such policy is attached hereto as Exhibit #3.
14. The Tribal Gaming Commission will clarify the procedure by which it will monitor and audit Board expenses and comps, including instituting reporting requirements and enforcing sanctions for failure to follow such policies. Such policy is attached hereto as Exhibit #4. Notwithstanding this section, however, the Tribal Gaming

Commission may revise these procedures within 45 days of the date this Settlement Agreement is signed and may submit them to the Chairman for his approval.

15. The Gaming Operation will amend its internal comp policy that governs how the Casino will document comps. Such policy is attached hereto as Exhibit #5.
16. The Gaming Operation will formalize a billing policy requiring the Casino to account for all expenses incurred by the Board and the tribal government. Such policy is attached hereto as Exhibit #6.
17. The Tribal Gaming Commission shall monitor compliance with this agreement and cooperate fully with the NIGC's efforts to monitor gaming pursuant to the IGRA and its implementing regulations. The Board of Directors, Gaming Operation and the tribal government shall fully comply with the monitoring efforts pursuant to the IGRA and its implementing regulations.
18. In light of the Tribal policies set forth in Exhibits 1-6, the Tribal Gaming Commission will assume the responsibility for examining the prior use of comps by Tribal Council members and for determining whether any additional action is necessary to ensure the integrity of the tribal gaming operation.
19. The terms of this Settlement Agreement will be posted on the NIGC's website, at a location that will be linked to the original NOV and CFA.
20. The parties agree that this settlement will resolve all outstanding issues as to NOV-0-09 and CFA-00-09, that each will waive its right to take any further procedural or other action by the full Commission in this action. Execution of this Settlement Agreement therefore constitutes full and final settlement of this action.
21. The parties hereby waive any right to challenge or contest the validity of the terms entered into in accordance with the Settlement Agreement.

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22. The parties agree to work in good faith and in accordance with NIGC consultation practices to resolve any future disputes concerning the Tribe's gaming activities.

Dated this 11th day of May, 2001,

On behalf of the National Indian Gaming Commission:

Montie R. Deer
Montie R. Deer, Chairman

Dated this 30th day of April, 2001,

On behalf of the Confederated Tribes of Siletz Indians of Oregon:

Delores Pigsley
Delores Pigsley, Chairman
Tribal Council

Dated this 30th day of May, 2001,

With the authority vested in me by 25 C.F.R. § 577.9, I hereby accept this Settlement Agreement as a full settlement of this action and hereby dismiss the action subject to the terms of the settlement.

Bruce A. Johnson
Presiding Official Bruce A. Johnson

EXHIBIT 1

Amendment to
Siletz Tribal Gaming Enterprise Charter, § 6.65

§ 6.65 Role of the Tribal Council: Board of Directors.

(a) Policy. The Tribal Council exercises ultimate authority for the conduct of gaming activities and gaming operations by the Siletz Tribe. The Tribal Council has determined that the most efficient way to exercise its authority over tribal gaming is to separate the governmental and regulatory functions of the Tribe's gaming operations from management of the Tribe's Gaming operation(s) itself. The Tribal Council, as the governmental representative of the Tribe, which the Indian Gaming Regulatory Act mandates "have the sole proprietary interest and responsibility of the conduct of any gaming activity," will retain authority over governmental and regulatory aspects of the Siletz Tribe's gaming activities. 25 U.S.C. §§ 2710(b)(2)(A), 2710(d)(1)(A)(ii). A Board of Directors is hereby established pursuant to this Charter to exercise the authority set forth herein over the Tribe's gaming operations.

(b) Board of Directors.

- (1) Authority. The Tribal Council has by resolution delegated day-to-day management and working policy authority of Gaming operations to the General Manager of each tribal Gaming operation. The Board is delegated authority to establish general gaming policy for Siletz tribal Gaming operations and exercises oversight authority over each tribal Gaming operation. The Board may adopt bylaws and policies, enact procedural rules, and hire, retain or contract for staff as necessary to carry out its duties under this Charter.
- (2) Makeup. There is established a Board of Directors of the Siletz Tribal Gaming Enterprise, which shall be comprised of the members of the Tribal Council, sitting as a separate tribal entity. The Board shall conduct its own meetings, retain or contract staff as necessary, and exercise its authority separate and independent from the Tribal

Council.

(3) Budget. The Board of Directors will adopt an annual budget pursuant to the budget procedures of the Tribe, which budget will be reviewed and approved by the Tribal Council as a separate component of the Tribal Council's gaming budget. In the event the Board of Directors in the future is made up of persons other than members of the Tribal Council, the Board's budget will be included within the budget of the Tribe's Gaming Operation.

(4) Specific Powers and Duties.

(1) The Board is delegated the authority to hire, fire and review the performance of the General Manager of each tribal Gaming operation, as well as any staff which the Board hires, retains or contracts for to carry out its duties under this Charter.

(2) The Board will formally authorize each Compact-approved gaming activity engaged in by a Gaming operation, subject to requirements of the Tribe's Class III Gaming Compact with the State of Oregon. Once a gaming activity has been authorized by the Board, the rules of each game will be reviewed and adopted by the Commission and the General Manager of the Gaming operation will implement the gaming activity in his or her discretion within the Gaming operation. The Board's approval authority is limited to general authorization for a particular gaming activity. It will be the responsibility of the Commission and General Managers to develop and implement particular forms of each gaming activity, and the Board's approval authority set out in this subsection is intended to give the Commission and General Managers broad discretion in developing and conducting different permutations of an authorized gaming activity.

- (3) The Board will approve the budget of each Gaming operation as well as its own budget. The Board will develop, present, approve and modify the budgets specified in this subsection.
 - (4) The Board will have no direct involvement in personnel matters of tribal Gaming operations except as set forth in subsection (A) of this section.
 - (5) The Board will review any proposed changes to the Personnel Policies of the Gaming Operation for consistency with the general gaming policy of the Tribe and, in particular, compliance with tribal preference policies in hiring and advancement. The Board will be provided copies by each Gaming Operation of proposed internal policies of the Gaming Operation, or changes thereto, for its information and review.
 - (6) The Board is responsible for communicating information about the Gaming Operation to the Tribe's membership.
- (5) Conduct of Board Meetings. Because of the sensitive nature of the Tribe's gaming activities, and because confidential financial information, business strategies and decisions, and personnel information are the regular subject of Board discussions, Board meetings will take place in closed session, and members of the public will be excluded therefrom. The Board Chairman, who shall be the Chairman of the Tribal Council, will have the authority to open meetings of the Board to the public upon written or oral notice. Persons connected with the gaming activities of the Tribe or who are invited by the Board Chairman will be included in the closed Board meetings as appropriate and necessary.
- (6) Interaction of Board and Tribal Council; Gaming Commission. The Board is subject to the overall direction and control of the Siletz Tribal Council, pursuant to the Siletz Constitution. The

Board, as an integral part of the Siletz Tribe's Gaming operation(s), is subject to the regulatory authority of the Tribal Gaming Commission. The Board has no authority over the Commission under this Charter.

Tribal Council.

- (1) Authority. The Tribal Council retains its constitutional authority over governmental and regulatory aspects of the Siletz Tribe's gaming activities. The Tribal Council has by resolution delegated regulatory authority over the Tribe's Gaming Operation(s) to the Tribal Gaming Commission, which will have exclusive authority to regulate the Tribe's Gaming Operation(s) and Gaming Enterprise, including activities of the Gaming Enterprise Board of Directors. The Tribal Gaming Commission will report to and is subject to the authority of the Tribal Council.
- (2) Specific Powers and Duties.
 - (A) Gaming Commission. The Tribal Council retains the authority to hire and fire and review the performance of Tribal Gaming Commissioners, provided, that the Chairman of the Gaming Commission also has authority to suspend or discipline Commissioners. The Tribal Council will have no involvement with Commission staff, in personnel matters of the Commission (not involving Commissioners) or in implementation, once approved, of the Commission's annual budget. Commission staff (persons other than Gaming Commissioners) are subject to the control and authority of the Gaming Commission. Travel will be at the discretion of the Commission, so long as budgeted. The Commission will report on its activities to the Tribal Council on a monthly basis or more often as necessary.
 - (B) Inter-governmental affairs. The Tribal Council will retain responsibility for all governmental and political interaction related to the Tribe's gaming activities,

including but not limited to negotiation of Tribal-State Compacts under IGRA, agreements with local jurisdiction, communication with relevant federal officials, conduct of litigation or legal disputes with outside governmental authorities, and lobbying governments on gaming matters. The Gaming Commission has authority to communicate and interact with governments and government officials as necessary to carry out its duties and to fulfill its legal responsibilities under law.

- (C) Contracts. Because the Siletz Tribe owns the land underlying the Tribe's Gaming operation(s) and the buildings in which gaming is conducted, the Tribal Council must approve any contracts directly affecting such land or waiving, in limited form, the sovereign immunity of the Tribe. The Tribal Council may delegate this approval authority, by resolution, as appropriate, to the Board of Directors or to the General Manager of the Gaming Operation. From time to time a contractor doing business with the Tribe's Gaming operation may insist or require that the Tribe itself be a party to a contract or agreement involving the Gaming Operation. The Tribal Council may, in its sole discretion and as necessary and appropriate to advance the business purposes of the Gaming operation(s), agree to make the Tribe a party to such contracts or agreements for such purpose.

§ 6.66 Role of the Commission.

(a) The Commission will be responsible for regulation of the Gaming operation(s) of the Tribe, and any other gaming activities within the jurisdiction of the Tribe. The Tribal Council has delegated its authority to regulate tribal gaming activities to the Commission by resolution adopting the Tribal Gaming Ordinance and pursuant to the Tribe's State-Tribal Compact for the regulation of Class III Gaming with the State of Oregon. The Commission's regulatory authority extends over all Gaming

Operations of the Tribe, including the activities of the Board of Directors as set out in this Charter.

(b) The Commission will adopt rules, regulations and policies for the regulation of the Tribe's gaming activities and Gaming operation(s). Such rules and regulations will be submitted to the Tribal Council for its review, and shall become effective sixty (60) days after submission unless vetoed by majority vote of the Tribal Council. If an emergency exists, the Commission may provide for immediate effectiveness of a rule or regulation, provided, that said emergency rules or regulations will terminate if vetoed by the Tribal Council at the Council's next regular or special meeting.

(c) The Commission is constituted as an independent regulatory agency of the Siletz Tribe, subject only to the oversight authority of the Tribal Council. The Commission will be responsible for developing and implementing its own budget, subject to approval of the final budget by the Tribal Council, and for hiring, firing, and discipline of its own staff. The Tribal Council will ensure a sufficient budget for the Commission for it to carry out its responsibilities under this Charter and under the Tribal-State Compact. Commissioners may only be terminated or removed by the Tribal Council during their term of office for cause, upon due notice and after an opportunity for a hearing open to tribal members, provided, the Chairman of the Commission has authority to discipline or suspend other Commissioners in the exercise of his or her authority as Chairman. The Commission may contract with Tribal Administration for purchase of support services such as accounting, payroll, fleet services, etc. The Commission will be responsible for its purchasing, provided, that all contracts for purchases of goods and services not provided for in the Commission's annual budget will be subject to Tribal Council approval. The Commission staff will be subject to the Tribe's Personnel Policies and Operations Manual (Annual Plan of Operations) until such time as the Commission adopts its own Personnel Policies and Operations Manual and such Policies and/or Manual are approved by the Tribal Council. The Chairman of the Gaming Commission will serve as the liaison between the Tribal Council and Gaming Commission and will supervise the Gaming Commission and its staff. The Commission is delegated authority to deal directly with the Tribal Attorney. The Tribal Council may approve the Commission to contract with outside counsel for technical assistance, or as necessary in the event of a conflict.

(d) The Commission will not conduct day-to-day management of tribal gaming operations. The Commission will issue a separate operating license for each gaming operation.

(e) The Commission will ensure that tribal gaming operations are operated in compliance with all applicable laws and regulations, and in a manner that protects the safety of employees and patrons and protects the integrity of gaming activities being conducted. The Commission may impose sanctions upon gaming operations and upon the Board of Directors for non-compliance with its rules or regulations or with governing law as the Commission determines is appropriate and necessary to protect the tribal assets and integrity of the gaming operation. The Commission will not involve itself directly in personnel matters arising with a gaming operation. The Commission is authorized to impose sanctions that may include the revocation or suspension of a gaming license, the imposition of civil fines and such other action as the Tribal Gaming Commission shall deem appropriate and necessary.

(f) The Commission shall provide an appropriate administrative process for sanctions it imposes including the granting, suspension or revocation of licenses.

(The remainder of § 6.66 stays unchanged)

EXHIBIT 2

Siletz Gaming Enterprise Board of Directors

Policy # 1

Issuance of Comps by Board Members to Third Persons; Allocation and Billing of Board Expenses; Auditing

Policy Statement:

Chinook Winds Casino is the gaming enterprise of the Siletz Tribe. The gaming enterprise is an integral part of the Tribe, and is an expression of the Siletz Tribe's sovereign authority. In establishing the gaming enterprise and constructing Chinook Winds Casino, tribal involvement and use and expression of tribal symbols and history was a critical element in deciding to go forward with the enterprise. An essential element in the success and profitability of Chinook Winds Casino, as well as the continued support of the tribal membership in continuing the enterprise, is the integral identification of Chinook Winds Casino with the Siletz Tribe as an Indian owned and run operation. Visibility of the Board of Directors in the Casino and at Casino events, activities and functions is an essential element in marketing Chinook Winds Casino as a business entity and ensuring the long term success of the enterprise, and is a business purpose of the gaming enterprise. The General Managers of Chinook Winds Casino have requested that the Tribal Council or Tribal Council acting in its role of the Board of Directors participate and assist in the marketing and promotion of the Casino.

At the same time, it is essential to continued profitability of the gaming enterprise that expenses be kept to a minimum so that the maximum amount of gaming revenue be made available to the tribal membership and tribal government, as required by the Indian Gaming Regulatory Act and the Siletz Tribe's Distribution of Net Revenues Ordinance. Expenses incurred by the Siletz Gaming Enterprise Board of Directors should be tied directly to reasonable business necessity and purposes of the gaming enterprise. Board activities and expenses shall be subject to regular review and audit by the Siletz Tribal Gaming Commission ("STGC") to ensure that complimentary items (comps) issued by the Board as well as Board expenses are incurred as legitimate gaming operation expenses.

In furtherance of these policy declarations, the Siletz

Gaming Enterprise Board of Directors adopts the following policy with regard to issuing comps and reimbursement of expenses in furtherance of Board activities related to Chinook Winds Casino.

Policy #1:

1. Siletz Gaming Enterprise Board of Directors ("Board") shall be issued comp books by the CFO of Chinook Winds Casino. The CFO shall print separate comp books for the Board and such comp books shall have the phrase "Board of Directors Comp" printed at the top of each book page. Board members shall issue comps in accordance with general internal comp procedures adopted by casino management (Chinook Winds Policy # 20), and in accordance with this policy.

Comp books issued to Board members shall be turned into the CFO upon request for audit purposes, to issue new comp books, or for other business purposes.

2. The Board will, in its authority to review and approve the annual budget for Chinook Winds Casino, develop and approve an annual Board budget for comps for the coming calendar year. This budget will be listed separately from the Casino administration comp budget, and will be tracked separately. The Board comp budget will be displayed in the appropriate Casino budget category. The Board will establish on an annual basis a maximum amount per comp issued by the Board and a maximum comp limit for that fiscal year.

3. The CFO of Chinook Winds Casino will prepare a monthly comp report for the Board, listing all comps issued or authorized by Board members or the Board of Directors, or charged to the Board or Board members in the previous month. This monthly comp report will be submitted to the Board of Directors each month at its regular meeting, and a copy will be sent at the same time to the Siletz Tribal Gaming Commission.

4. Board members are authorized to issue comps only for meals at any Chinook Winds dining venue.

Each authorization for a comp issued by a Board member will include the name of the issuing Board member, the person to whom the comp is being issued, the date, the amount, the reason why the comp is being issued, and the signature of the Board member issuing the comp.

5. Meal comps may be used only as follows:

- a. Board members may issue or authorize meal comps to any or all dining venues within Chinook Winds Casino to any player or patron of the Casino to encourage or reward play or to other persons when the business purposes of the Casino will be advanced. Meal comps issued by the Board may set out a specific amount, set a maximum amount, or may be for a meal for a set number of persons at a specific dining venue;
 - b. Board members shall not issue comps to themselves, to other Board members, to the immediate family (as defined in the Tribal Council Ethics Code) of any Board members, to tribal employees, to casino employees, or to other persons who would otherwise be ineligible to receive a comp under the Board's comp policy.
6. Board members will be involved with entertainment events sponsored by Chinook Winds Casino on the following basis:
- a. Board members attend entertainment and special events held at and sponsored by Chinook Winds Casino as part of the marketing and promotional efforts of the Casino (when an entertainer gives more than one show during an appearance at the Casino, this section will apply to only one show given by said entertainer, the show to be selected by each Board member). Each Board member will be issued 2 tickets to each such event, to be used by the Board member and another appropriate person who may include an immediate family member. The Board member and person accompanying the Board member may take a meal, as a Board expense, immediately before or after the entertainment event. Each Board member will be issued an additional six (6) tickets to each such entertainment event, to be distributed by the Board member to players or patrons of the Casino to encourage or reward play or to other persons who will advance the business purposes of the Casino. Tickets distributed by the Casino to Board members under this subsection (a) of paragraph 6 will be charged as a promotional or marketing expense of the Casino or will be charged to another appropriate Casino budget category. Board members will not distribute their additional

allotment of six (6) entertainment tickets under this subsection to immediate family members (as defined by the Tribal Council Ethics Code) or to other persons who do not meet the standard for issuance of tickets under this subsection (a) of paragraph 6. In the event a Board member cannot attend an entertainment event, the Board member may distribute the two tickets issued to that Board member to attend the event to another tribal member, who shall act as the tribal host or ambassador for that event. In any case in which a Board member does not or is unable to distribute or use his or her entire allotment of tickets, remaining tickets will be returned to the Guest Services Manager;

- b. Board members will refer requests for additional tickets to entertainment or special events held at and sponsored by Chinook Winds Casino to the Chinook Winds General Manager or Guest Services Director, who shall only comp players to reward or encourage play or otherwise advance the business purposes of the Casino;
- c. Board members may be invited by the Chinook Winds Casino General Manager or Guest Services Director from time-to-time to attend entertainment events sponsored by Chinook Winds Casino and held inside or outside the Casino, or to events in which Chinook Winds has been invited by others to participate. It is important for the Board to have a presence at such events in its ambassadorial role as a marketing tool of the Casino; the Board's attendance at such events will be subject to the discretion of Chinook Winds Casino management when the General Manager determines that the Board members' attendance will further the business purposes of the Casino. In such case, the cost of the Board members' attendance at such event and any associated expenses will be charged as a promotional or marketing expense of the Casino or charged to another appropriate budget category.

7. Board members and the Board of Directors may incur expenses at Chinook Winds Casino while engaged in Board activities authorized under Board Policy No. 3. Such expenses will be charged by the Casino to the Board of Directors' budget,

by notifying the Tribal Council Executive Secretary who is responsible for administering the Tribal Council gaming budget. In no event will such expenses be charged by the Casino as a comp to the Board of Directors or to individual Board members. The CFO of Chinook Winds Casino will develop an appropriate procedure by which Board members and the Board may charge Board expenses incurred at Chinook Winds Casino to the Board of Directors' budget. The CFO will prepare a monthly report for the Board detailing the Board budget and Board expenses charged by the Casino in the previous month to that budget. This report will be sent to the Board of Directors Executive Secretary on a monthly basis and submitted to the Board at their regular monthly meeting.

8. The Siletz Tribal Gaming Commission (STGC) will audit all Board comps issued or authorized by the Board pursuant to this policy on a periodic basis, not less than once per year. The CFO will send a copy of his or her monthly report of Board comps to the STGC, and will send such other comp information to the STGC as requested. The STGC's audit of Board comps will be conclusive with regard to the Board as to the validity of any comp authorized by the Board or Board members, *provided*, that the Board and any individual Board member may exercise any appeal rights they may have under STGC regulations to contest the disallowance of a specific comp. The STGC will also ensure in its annual engagement letter for the independent audit of Chinook Winds Casino that the auditor is asked to audit Board comps issued during the previous calendar year. The STGC will review and audit Board expenses under its regular procedures, in its sole discretion and authority.

9. Comps will not be issued or authorized by the Board or by Chinook Winds Casino to the Siletz Tribal Council or the Tribe for governmental expenses incurred by the Tribal Council, the Tribe or tribal departments at Chinook Winds Casino. Such expenses are an expense of the Tribe and not of the Siletz Tribe's Gaming Operation, and will be billed by the Casino to the Tribe as an expense. Except as set forth below in paragraph 10, such expenses will not be assisted by the Casino. Such governmental expenses will be billed by the Casino to the appropriate tribal entity or department on a monthly basis. The Siletz Tribe will reimburse Chinook Winds Casino for all expenses incurred by the Siletz Tribal Council, Tribe or tribal departments at the Casino after receiving a billing statement detailing such expenses from the Casino.

10. The General Manager of Chinook Winds Casino, subject to review by the Tribal Gaming Commission, will have the sole

authority to decide whether, in a specific instance, it will advance the business purposes of the Casino to subsidize, sponsor, pay for, or absorb the costs of a tribal event or activity taking place at Chinook Winds Casino or elsewhere. The Board of Directors will have no authority to make such decisions and will not involve itself in any manner with such decisions. Such decisions will be judged by whether they will generate increased revenues at the Casino or will serve to market, promote or otherwise advance the business purposes of the Casino. In each case where the General Manager makes the discretionary decision to underwrite a tribal event, the General Manager will document his or her decision in writing and the reasoning for that decision. The expenses in each case will be charged to the appropriate Casino budget category, but in no event will be charged to the Board of Directors. The Chief Financial Officer will prepare an annual report of such expenditures to the Board, and will send a copy of such report to the Siletz Tribal Gaming Commission, which will review and audit such expenditures under its own authority and regulations.

11. Comps and expenses that are not adequately documented shall become the responsibility of the person who has incurred the expense or has authorized the issuance of the comp.

Adopted by Board Resolution No. _____
Date: _____

Siletz Tribal Gaming Enterprise Board of Directors

Policy # 3

Role of the Board of Directors

Policy Statement:

The Siletz Tribal Gaming Enterprise Charter, adopted by Tribal Council Resolution No. 97-104, March 21, 1997, as amended, creates a Board of Directors as one of the four entities responsible for the Siletz Tribe's gaming activities under the Indian Gaming Regulatory Act - the other three being the Gaming Operation itself, the Tribal Council and the Siletz Tribal Gaming Commission.

Section 6.65 of the Charter describes the role of the Board of Directors. This role is currently vested with the Siletz Tribal Council, sitting in a separate capacity than its tribal government role. Section 6.65(a) declares that the Board of Directors establishes gaming policy for the Tribe and exercises oversight authority over the Tribe's gaming operations.

The remainder of Section 6.65 sets out some of the specific responsibilities of the Board, such as formally authorizing each gaming activity engaged in by the Gaming Operation (\$ 6.65(b), necessary to ensure compliance with IGRA and the Tribal-State Compact), approval of specific annual gaming budgets (\$ 6.65(c), necessary to balance gaming policy against other tribal interests and to exercise oversight authority to ensure maximum return to the Tribe), and for hiring and firing of the General Manager and retention or contracting of Board staff (\$ 6.65(d), necessary because the General Manager is ultimately responsible for the success and profitability of the Gaming Operation). Section 6.65 also sets out some functions that the Board will not be responsible for, such as implementation of specific gaming activities (\$ 6.65(b)), personnel matters of the Gaming Operation(\$ 6.65(d)) and gaming operations (\$ 6.65(d)).

The Gaming Operation is responsible for management and operation of Chinook Winds Casino, and for setting working/internal policy for the Casino. The Board of Directors is responsible for setting the Siletz Tribe's overall gaming policy, and for oversight of Chinook Winds Casino gaming operations.

In addition, the Board of Directors acts as the "ambassador" for Chinook Winds Casino, having been delegated the Tribal Council's gaming authority under the Gaming Enterprise Charter. The Board is the public projection of the owner of Chinook Winds Casino; that owner is the Siletz Tribe and the tribal membership. The Board represents the owner in the Casino's interaction and interface with the public (including the gaming public), with Casino contractors, and with governments - State, federal, local and tribal - who have business with Chinook Winds Casino or have reason to visit Chinook Winds Casino. This "ambassador" role requires a visible presence at the Casino as a marketing and promotional tool of the Gaming Operation and as a way to emphasize and reinforce that Chinook Winds Casino is owned and operated by the Siletz Tribe. Fulfillment of these "ambassador" duties is a proper function for Board members to perform.

As part of this "ambassador" role, the Board may engage in limited comping activity. This comp role and activity is specifically addressed in Board Policy No. 1.

This policy is enacted pursuant to § 6.65(a) of the Gaming Enterprise Charter, which authorizes the Board of Directors to adopt any procedural rules necessary to carry out its duties under the Charter.

Policy No. 3:

(A) Board Member Compensation and Expense Reimbursement:

(1) Compensation. Board members will be compensated for authorized Board activities. Board members will be compensated on the same basis that Tribal Council members may claim compensation. All claims for compensation by Board members will be submitted to the Siletz Tribal Gaming Enterprise Board of Directors Executive Secretary, and will be processed in conformance with tribal policies and procedures.

(2) Expense Reimbursement. Board members are entitled to claim reimbursement for reasonable expenses incurred while performing authorized Board activities. Expense reimbursement will take place on a basis comparable to the basis under which members of the Siletz Tribal Council are reimbursed for expenses.

(3) Other Expenses. The Board of Directors and Board members may incur other expenses as necessary in carrying out their job responsibilities under the Charter and under this policy. Such expenses will be judged for business-relatedness according to GAAP principles, and will be reviewed and audited on an annual basis or more frequently as deemed necessary in the sole discretion of the Siletz Tribal Gaming Commission. The underlying principle by which such expenses will be judged is whether an expense was incurred on a reasonable basis to advance the business purposes of the Siletz Tribe's Gaming Operation, and whether such expense would have been incurred but for the existence and operation of Chinook Winds Casino by the Siletz Tribe. In specific instances it will be appropriate for Board members to engage in authorized Board activities in the company of spouses or another appropriate person, and in such instances a meal taken by such person shall be considered an authorized Board or Gaming Operation expense; when and as these circumstances arise, they will be listed below in this policy.

(4) Budget Category. Board member compensation and Board and Board members expenses will be paid from and charged to the Board of Directors' annual budget or other appropriate Gaming Operation budget, as permitted by GAAP principles.

(B) Authorized Board Activities:

The following list is a non-exhaustive list of Board of Directors activities for which Board members will generally be entitled to claim compensation and reimbursement of expenses, and for which expenses incurred may appropriately be charged to the proper Chinook Winds budget:

- (1) Board of Directors meetings, regular or special;
- (2) Board of Directors workshops, budget preparation and review, strategic planning, similar meetings that are not formal Board meetings (regular or special), and the general conduct of Board business outside of formal meetings;

- (3) Observation of Casino manager meetings and other Casino meetings and events such as employee luncheons, entertainment review, staff meetings, sitting in on Director interviews, and the like;
- (4) Meeting with the General Manager and other management staff on Casino issues;
- (5) Attendance at entertainment events and at other Casino sponsored events and activities, including but not limited to Casino giveaways, promotional events and the introduction of new games, activities or services; provided, that compensation shall not be claimed for such activities;
- (6) Attendance at national, regional or local gaming meetings or conferences, and conducting fact-finding investigations related to Casino policy issues;
- (7) Speaking on behalf of the Board at conferences or other events taking place at the Casino and attending meetings or activities outside the Casino on behalf of the Board or to promote the Casino;
- (8) Meeting with local, State or Federal officials or personnel, or with business people or the public, on Casino related matters;
- (9) Meeting with or hosting at the Casino representatives and officials of other Indian tribes who are visiting the Casino on Casino related matters, or who are engaged or wish to engage in gaming under IGRA.

(C) Other Activities:

The fact that an activity engaged in by a Board member or the Board is not listed in Subsection (B) does not mean that the activity is not an authorized Board activity; each activity must be judged on its individual merits based upon the policy standards set forth herein. The Board may amend this Policy from time to time to add to or delete from activities listed under Subsection (B). Board activities are subject to Tribal Gaming Commissions regulatory oversight.

Chapter 17 as amended
Complimentary Items Issued or Authorized by
the Siletz Tribal Gaming Enterprise Board of Directors

I. Purpose.

- A. The purpose of this regulation is to establish regulatory guidelines governing the issuance or authorization of complimentary items by the Siletz Tribal Gaming Enterprise Board of Directors ("Board") to third persons, to provide for the proper classification by Chinook Winds Casino of complimentary items and expenses of the gaming operation, and to provide for review and audit of complimentary items and Board expenses by the Siletz Tribal Gaming Commission ("Commission"), other relevant regulatory agencies, and independent auditors.

II. General.

- A. Chinook Winds Casino has established, as a feature of its marketing and promotional program, the emphasis and image of an Indian owned and operated business and in particular the ownership of this business by the Siletz Tribe, as a means of contributing to the success and profitability of the Casino. The Commission finds that this goal is reasonable and related to the business purposes of the Tribe's Gaming Operation.
- B. Casino management has requested Board and Tribal Council participation in the marketing and promotion of Chinook Winds Casino. The Board has established a policy of visibility related to Chinook Winds Casino by Board members as part of this marketing strategy; the Board and Board members act as ambassadors of the Casino. Board members have been given limited comping authority by Board policy, by request of Casino management, to assist in the promotion and marketing of the Casino. The Commission finds that this limited comping authority is reasonable and related to the business purposes of the Tribe's Gaming Operation, and does not operate to give the Board authority over the

working policy of the Casino.

- C. The Board of Directors has adopted a policy stating that Board and Board members have authority to incur expenses while engaged in activities related to Board responsibilities and the business purposes of the Tribe's Gaming Operation. Expenses incurred by the Board and Board members pursuant to their authorized responsibilities are charged as expenses of the Gaming Operation and are charged to the Board of Directors' budget or other appropriate Gaming Operation budgets. The Commission finds that this Policy is reasonable and related to the business purposes of the Tribe's Gaming Operation.

III. Definitions.

- A. Complimentary items ("comps"), for the purposes of this regulation, are items and services, including cash and non-cash gifts, and which are issued or authorized for the purpose of attracting new patrons, rewarding frequent patrons, retaining existing patrons, or which are otherwise issued or authorized to advance the business purposes of the Gaming Operation.

IV. Policy.

- A. The Commission will review and audit comps issued by the Board, General Manager and Guest Services Manager to ensure compliance with the Indian Gaming Regulatory Act, with the Tribal Gaming Ordinance, with Commission regulations including this regulation, and with the Class III Gaming Compact between the Siletz Tribe and the State of Oregon. The Commission will require the correction of comps that have been issued or authorized or expenses that have been incurred in violation of any of these authorities, and will take enforcement action if corrections are not made in a timely fashion or if intentional violations occur.

Such enforcement action may include the revocation or suspension of the responsible persons gaming license, the imposition of fines, the repayment of the disallowed expense with interest, and such other action as the Tribal Gaming Commission shall deem appropriate.

- B. The Commission will review and audit comps as defined above to determine whether they should be disallowed and other enforcement action taken.
- C. The Commission will be guided by the following policy statements in reviewing and auditing comps issued or authorized by the Board or Board members:
 - 1. Comps will not be issued to or authorized to cover expenses incurred by the Board of Directors or Board members while engaged in authorized Board activities. Expenses incurred by the Board of Directors or Board members while engaged in authorized Board activities that are directly related to the gaming operation shall be charged separately to the gaming operation accounts. Authorized Board and Board member expenses will be charged to the Board budget or other appropriate Gaming Operation budget category, and will not be charged as a comp expense. Casino management will review Board and Board member comp expenses on a monthly basis to ensure that activities have been properly charged as a comp or as an expense, and will correct comps that should be charged as an expense. Nothing in this regulation is intended to authorize the Board or tribal government or its employees to incur expenses for evaluating gaming operation games if such Board member, Tribal Council member, or employee does so with the intent of retaining any winnings from the play of a gaming operation game.
 - 2. The Gaming Operation shall not issue or authorize comps on behalf of the Board or individual Board members. The Board and Board members will issue or authorize comps to others, within the scope of their authority to do so. The Gaming Operation may charge expenses incurred by the Board or Board members while engaged in authorized activities to the Board or other appropriate budget.
 - 3. Tribal Council, tribal governmental, and tribal departmental events or activities will not be covered or charged as a comp. Such expenses are tribal governmental expenses, will be billed by the Gaming Operation to the Tribe, and reimbursed

from tribal funds to the Gaming Operation. The General Manager of the Casino may decide to absorb, sponsor, subsidize or cover the costs of a tribal, tribal governmental, or tribal departmental activity when the General Manager, in his or her business judgment, determines and confirms in writing that underwriting all or a portion of a tribal government expense constitutes a gaming operation expense because it will generate revenues for the Casino or advance the business purposes of the Casino. The Commission will review and audit General Manager decisions made under this subsection on an annual basis or more frequently as appropriate to determine whether the expenses are properly charged to the gaming operation.

4. Tribal Council members shall not issue or authorize comps. Comps will not be issued to Tribal Council members for any reason.
5. Comps will be issued or authorized by the Board or individual Board members in conformance with the Board comp budget, which will be established annually. Comps will not be issued or authorized in excess of the Board comp budget unless that budget is modified by Board resolution.
6. Board members will not issue comps to themselves. Board members will not issue or authorize comps to immediate family members (as defined by the Tribal Ethics Code) of any Board member, to tribal employees, to casino employees, or to other persons who would be otherwise ineligible to receive a comp under the Board's comp policy.
7. Allowable comp items or services that Board members may issue or authorize include food and beverage items at any Chinook Winds dining venue. Board members are authorized to distribute entertainment and event tickets as a marketing or promotional activity of the Casino as set out in Board Policy #1, and such distributed tickets will be charged by the Casino to the appropriate budget category. Board members may be issued tickets, pursuant to Board Policy No. 1, and such tickets

will be charged by the Casino to the appropriate Casino budget category. Meal comps issued or authorized by Board members will set out either a specific dollar amount, set a maximum dollar amount, or be for a meal for a specific number of people at a specific dining venue. Meals taken by Board members, who are attending Board functions, will be charged by the Gaming Operation as a Board expense and not as a comp.

8. All comps issued or authorized by the Board or Board members will include sufficient documentary information for the Commission to determine whether a comp was validly issued or authorized in conformance with this regulation.
 9. All expenses charged by the Board or Board members will include sufficient documentary information for the Commission to determine that the expense was incurred in conjunction with an authorized Board activity or function.
- D. Chinook Winds accounting department will set up a separate account which will document and record any and all comps issued or authorized by the Board or individual Board members. Chinook Winds Casino will prepare a monthly report on Board comps, which will be submitted to the Board, with a copy to the Commission, by the date of the regular monthly Board meeting.
1. The Commission will review each monthly Board comp report for compliance within thirty (30) days of receipt.
 2. The Commission will submit a report based upon its review of this monthly report to the Board of Directors and to the Tribal Council, identifying any questioned comps and requesting that such comps be corrected or that other remedial action be taken.
 3. Sections V through XI below outline how any identified variances which are not immediately corrected, or which reoccur on a continuing basis, will be brought to the attention of the Board of

Directors and Tribal Council, and the process the Commission will follow to enforce this regulation and to correct and/or sanction violations.

4. Notwithstanding sections V through XI, the Commission may determine that the progressive notification and sanction system is inappropriate and proceed directly to section X or such other process as it adopts to assure the integrity of the Gaming Operation.

E. The Commission, in its annual engagement letter with an independent auditor to audit the Gaming Operation pursuant to IGRA and the Tribal-State Compact, will specifically request the auditor to audit Board comps for the previous calendar year for compliance with Board Policy No. 1 and this regulation.

(The remainder of Commission Regulation Chapter 17 stays the same).

Amendments to
Chinook Winds Policy Memorandum #20

Delete § 20.2.d. in its entirety

Amend 20.4 to provide

20.4 Board of Directors Comps:

- a. Chinook Winds will establish a separate comp category for the Board of Directors, and the Board will be issued separate comp books with the designation "Board of Directors" on them. The Board comp books will limit Board comps to food and beverage comps at Chinook Winds dining venues, and Board comps will be issued to a specific person, for a set amount, for a set number of persons, or for a maximum dollar amount. The comp books will provide for the same information to be included that is required for customer comps under this policy memorandum.
- b. Chinook Winds will not issue or authorize comps to or on behalf of the Board of Directors, and will not charge comps issued by Casino personnel to players or patrons to the credit of the Board or Board members. If a specific comp slip authorization issued or authorized by a Board member does not include sufficient information to document the comp as provided for under this policy memorandum, Chinook Winds personnel will contact the Board member who issued or authorized the comp to acquire the necessary additional information.
- c. Expenses incurred by the Board of Directors or Board members while engaged in authorized Board activities will be charged as expenses to the Board and will not be charged as comps. Such expenses will be processed as set out in Internal Policy Memorandum # ___.

- d. Chinook Winds will prepare a monthly report detailing all comps issued or authorized by the Board or individual Board members. This report will be submitted to the Board each month at its regular monthly meeting. A copy of the Board comp report will be sent each month to the Tribal Gaming Commission, or otherwise as the Commission requests. The monthly report will track Board comp authorizations against the annual Board budget for comps.
- e. Board members will be distributed eight (8) tickets to each entertainment event as part of the marketing and promotional efforts of the Casino. Board members will use two tickets so that they can personally attend an event and distribute six tickets to players or patrons or to other persons who will advance the business purposes of the Casino. The value of these tickets will be charged to the appropriate budget category, and will not be charged as a comp to the Board or to Board members. Tickets not used or distributed by a Board member as set out in Board of Directors Policy #1 will be returned to the Chinook Winds Guest Services Manager.
- f. Failure to follow this policy will be reported to the Tribal Gaming Commission.

EXHIBIT 6

COMPANY POLICY MEMORANDUM # _____

EFFECTIVE: _____

REVISED: _____

SUBJECT: BILLING OF TRIBAL AND BOARD OF DIRECTORS EXPENSES

PURPOSE: To enact a policy to provide for the charging of expenses incurred by the Tribal Council, Tribe, and tribal departments to the Siletz Tribe and the billing of expenses incurred by the Board of Directors and Board members to the Board budget.

APPLICATION: Accounting Department and Financial management

PROCEDURES:

1. Policy. Chinook Winds will bill all expenses incurred at the Casino by the Tribe, Tribal Council, or tribal departments or programs to the appropriate tribal department. Chinook Winds will charge all expenses incurred by the Board of Directors or Board members in carrying out their authorized activities to the Board budget (send to the Tribal Council Executive Secretary to charge to the Board of Directors' Gaming Budget) or to another appropriate Casino expense category. Expenses incurred by the Tribe or the Board will be charged at the Casino's cost or at an appropriate value assigned to that expense by Casino financial personnel.
2. Tribe, Tribal Council, and tribal departments or tribal programs.
 - A. Tribal governmental activities will be encouraged to take place at Chinook Winds where not in conflict with other revenue generating activity. Tribal, Tribal Council, tribal departmental or tribal program activities will not receive financial assistance for their activities from

Chinook Winds, except as set forth below, but will instead be charged as an expense to the Tribe and billed by Chinook Winds to the appropriate tribal entity or department. Such expenses will be billed in the regular billing cycle of Chinook Winds.

- B. Tribal officials, employees, staff and others conducting tribal governmental business will not be comped by Chinook Winds during the course of their employment or while engaged in tribal governmental activity. Tribal government expenses shall be charged as a tribal expense and billed to the Tribe. Tribal government expenses will be charged as a tribal expense and billed to the Tribe, except as set forth in paragraph (C) below.
- C. The General Manager may, in his or her sole discretion, decide to sponsor, subsidize, cover or absorb the expenses for a tribal event or activity when the General Manager determines that underwriting all or a portion of the tribal expenses constitutes a gaming operation expense because it will generate increased revenues for Chinook Winds or otherwise advance the business purposes of the Gaming Operation. In such event the General Manager will record his or her decision in writing and document the reasoning for the decision in each specific instance. Costs incurred by Chinook Winds in providing such financial assistance will be assigned to the appropriate budget category.

3. Board of Directors and Board Member Expenses.

- A. The Board of Directors and Board members will not be comped by Chinook Winds while engaged in authorized Board activities. Expenses incurred by the Board or by Board members while engaged in Board activities will be charged to the Board's budget or to another appropriate budget category.
- B. The two tickets distributed to each Board member for each entertainment or special event as part of the marketing and promotional effort of Chinook Winds will be charged to the promotional or

marketing budget, to the Board budget if budgeted for, or other appropriate Casino budget. The six tickets distributed to each Board member for each entertainment or special event for that member to distribute to players or patrons or to other persons to advance the business purposes of the Casino will not be charged as a comp to the Board or to individual Board members, but will instead be charged as an expense to the appropriate budget category.

- C. Casino financial management will provide a monthly report of Board expenses for the month and the fiscal year to the Board of Directors at the Board's regular monthly meeting.

4. Procedure for Charging Tribal or Board Expenses.

- A. The CFO will develop a procedure to allow the Tribe, Tribal Council or tribal departments or programs to charge tribal government expenses incurred at Chinook Winds. The CFO will develop a comparable procedure for the Board and Board members to charge for expenses incurred at the Casino while engaged in Board activities. The procedure is left to the discretion of the CFO, subject to Tribal Gaming Commission oversight, to develop and implement. Food register checks may be signed to charge Board or Tribal expenses so long as sufficient information, including the activity taking place, the persons receiving the meal, the date, and the person authorizing the charge, is included to allow the slip to be reviewed for monitoring and audit purposes.
- B. The CFO of Chinook Winds will review the comp report on a monthly basis to ensure that expenses incurred by the Tribe or Board have not been improperly charged to the Tribe or Board as comps, to assure that all persons authorizing such expenses are documenting them sufficiently, and to assure that Board does not incur expenses that are not gaming operation expenses.