



February 26, 2007

Johnny M. Hernandez, Chairman  
Santa Ysabel Band of Diegueno Indians  
P.O. Box 130  
Santa Ysabel, CA 92070

Re: Santa Ysabel Band Agreement with Yavapai-Apache Nation

Dear Chairman Hernandez:

On July 27, 2006, the National Indian Gaming Commission ("NIGC") wrote to you expressing our concern that the Loan and Guaranty Agreement ("Agreement") between the Santa Ysabel Band of Diegueno Indians ("Santa Ysabel") and the Yavapai-Apache Nation (YAN) may not comport with the Indian Gaming Regulatory Act's ("IGRA") provision requiring that tribes conducting gaming retain the sole proprietary interest in the gaming operation. On August 14, 2006, Santa Ysabel's attorney, Robert Lyttle, spoke with NIGC Staff Attorney Wendy Helgemo. Ms. Helgemo encouraged Santa Ysabel to submit further information detailing the risk involved in the project. On October 20, 2006, you wrote the NIGC providing further information concerning the Agreement and requesting a meeting to discuss this issue. On November 15, 2006, you and Jamie Fulmer, Chairman of the Yavapai-Apache Nation met with John Hay from my office in Las Vegas, Nevada, to discuss this issue.

While we are concerned by the high amount of net revenues paid to YAN in the Agreement, the parties have assured us that it is justified considering the risk of the venture. Specifically, you cited

Based upon  
these factors it is our opinion that the Agreement does not grant YAN an ownership interest in the gaming operation and therefore does not violate IGRA.

If you have any questions, please contact Staff Attorney John Hay at (202) 632-7003.

Sincerely,

A handwritten signature in cursive script that reads "Penny J. Coleman".

Penny J. Coleman  
Acting General Counsel