

United States Department of the Interior

OFFICE OF THE SECRETARY Washington, D.C. 20240

OCT 25 2000

Honorable Andrew J. Grey Tribal Chairman Sisseton-Wahpeton Sioux Tribe Old Agency Box 509 Agency Village, South Dakota 57262-0509

Dear Chairman Grey:

(910) 13 PH 3:19

On September 11, 2000, we received the Amended Gaming Compact (Compact) between the Sisseton-Wahpeton Sioux Tribe (Tribe) and the State of South Dakota (State), dated August 24, 2000. We have completed our review of this Compact and conclude that it does not violate the Indian Gaming Regulatory Act of 1988 (IGRA), Federal law, or our trust responsibility. Therefore, pursuant to delegated authority and Section 11 of IGRA, we approve the Compact. The Compact shall take effect when the notice of our approval, pursuant to Section 11 (d)(3)(B) of IGRA, 25 U.S.C. § 2710(d)(3)(B), is published in the FEDERAL REGISTER.

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

Sincerely,

/s/ KEVIN GOVER

Assistant Secretary - Indian Affairs

Enclosure

Similar Letter Sent to:

Honorable William Janklow

Governor of South Dakota

Pierre, South Dakota 57501-5070

cc:

Great Plains Region w/copy of approved Compact

Supt., Sisseton Agency w/copy of approved Compact

National Indian Gaming Commission w/copy of approved Compact

United States Attorney w/copy of approved Compact

AMENDED GAMING COMPACT BETWEEN THE SISSETON-WAHPETON SIOUX TRIBE AND THE STATE OF SOUTH DAKOTA

This Amended Compact is made and entered into as of the _____ day of August, 2000, by and between the Sisseton-Wahpeton Sioux Tribe (Tribe), and the State of South Dakota (State).

WHEREAS, the Tribe is a federally recognized Indian Tribe in northeastern South Dakota; and

WHEREAS, the Constitution of the Tribe provides for adequate authority for negotiations and agreements with state government; and

WHEREAS, the State has, through constitutional provisions, legislative acts, and regulations, authorized limited gaming activities to be conducted in Deadwood, South Dakota; and

WHEREAS, the Congress of the United States has enacted the Indian Gaming Regulatory Act, Public Law 100-497, 102 Stat. 2426, 25 U.S.C. § 2701, et seq. (1988), which requires Indian tribes to operate Class III gaming activities in "Indian country" pursuant to a Tribal-State Compact entered into for that purpose; and

WHEREAS, the Tribe operates gaming activities in accordance with a Tribal/State Gaming Compact entered into on April 1, 1991; and

WHEREAS, the Tribe intends to operate slot machines and other gaming at locations specifically identified within this Compact; and

WHEREAS, the Tribe and the State desire to negotiate a Tribal-State Compact to permit the operation of such slot machines and other gaming; and

NOW, THEREFORE, in consideration of the foregoing, the Tribe and the State hereby do promise, covenant, and agree as follows:

1. <u>Declaration of Policy</u>

In the spirit of cooperation, the Tribe and the State hereby set forth in joint effort to implement the terms of the Indian Gaming Regulatory Act. The State recognizes the positive economic benefits that gaming may provide to the Tribe. The Tribe and the State recognize the need to ensure that the health, safety and welfare of the public and the integrity of the gaming industry in Indian Country and in South Dakota is protected.

2. Purpose and Scope of Compact

This Compact and the Tribe's gaming regulations and ordinances shall govern the regulation and operation of Class III blackjack, slot machines, be placed at and pari-mutuel wagering on horses and dogs conducted at the gaming establishments identified in paragraph 8.5. The purpose of this Compact is to provide the Tribe with the opportunity to operate slot machine and other gaming activities in a manner that will benefit the Tribe economically, that will insure fair operation of the games, and that will minimize the possibility of corruption.

3. Type of Gaming Permitted

3.1 The Tribe shall operate slot machines pursuant to the terms of this Compact and the Tribe's gaming regulations and ordinances.

For the purposes of this Compact, the term "slot machines" is defined in South Dakota Codified Laws 42-7B-4 (21), except that the term "slot machines" does not include "video lottery machines" as defined by SDCL 42-7A-1 (13).

Slot machines operated by the Tribe pursuant to this Compact may be linked or connected by means of telecommunications, satellite or technologic or computer enhancement to slot machines or video lottery machines operated by another tribe or tribes on "Indian lands" (as that term is currently defined in the IGRA, 25 U.S.C. § 2703(4)) pursuant to the terms of a tribal/state compact, approved by the Secretary of the Interior pursuant to 25 U.S.C. § 2710, authorizing such other tribe or tribes to similarly operate slot machines or video lottery machines through linkages or connections with the slot machines or video lottery machines operated by other tribes.

- 3.2 The Tribe shall operate pari-mutuel wagering on horses and dogs pursuant to the terms of this Compact and the Tribe's gaming regulations and ordinances. The Tribe may operate pari-mutuel wagering on horse and dog races occurring within or without the United States.
- The Tribe shall be allowed to operate an unlimited number of tables of Class III blackjack at Dakota Connection as may be authorized by state law.
- 3.4 The Tribe shall be permitted to operate such other gaming as may be authorized by state law, upon written amendment of this agreement.

4. Operation of Slot Machines and Pari-Mutuel Wagering on Horses and Dogs

- 4.1 The Tribe shall operate its slot machine gaming activities pursuant to this Compact and the ordinances and regulations enacted by the Tribe which ordinances and regulations shall be at least as stringent as those adopted by the State of South Dakota in SDCL 42-7B-4 and ARSD 20:18, et seq. All such ordinances and regulations shall be made available to the State.
- The Tribe shall operate its pari-mutuel wagering on horses and dogs gaming activities pursuant to this Compact and the ordinances and regulations enacted by the Tribe, which ordinances and regulations shall be at least as stringent as those adopted by the State of South Dakota in SDCL 42-7-56 and ARSD 20:04:15, et seq., and 20:04:15.01, et seq., for greyhound racing and in SDCL 42-7-56 and ARSD 20:04:30, et seq., for horse racing.

In consideration for the limited right of conducting pari-mutuel wagering with the use of private-side runners, the Tribe will voluntarily donate an equal share of twenty-five percent (25%) of its net revenue from the described wagering to all K-12 public schools located within the original boundaries of the Lake Traverse Reservation as described in Article III of the Treaty of February 19, 1867. The initial donation to each of the schools will occur one (1) year from the publication date in the Federal Register and annually thereafter. In the event the Tribe ceases pari-mutuel wagering with the use of private-side runners, the Tribe shall notify the State in writing and payment to the described educational facilities will no longer occur.

4.3 The Tribe shall appoint a Tribal Gaming Commission which shall supervise the gaming activities, issue licenses as provided herein, inspect all premises where gaming is conducted and otherwise be responsible for enforcing the Tribe's Gaming Ordinances and regulations.

The Sisseton-Wahpeton Sioux Tribal Gaming Commission shall have primary responsibility for the supervision and regulation of gaming conducted under the authority of this Compact. This shall include, but not be limited to, the licensing of gaming employees and the inspection and regulation of all slot machines and pari-mutuel operations. Any discrepancies in the gaming operation and any violation of Tribal Gaming Commission regulations and rules or this Compact shall be immediately reported to the Tribal Gaming Commission and the South Dakota Commission on Gaming for appropriate action by the Tribal Gaming Commission pursuant to the terms of this Compact.

4.4 <u>Disciplinary Action For Misconduct By Licensees</u>

Any suspected violation of any law or rule, adopted in this Compact, shall be reported to the Tribal Gaming Commission and the South Dakota Gaming Commission. If either the State or the Tribe concludes that a violation has occurred, the violation will be addressed by the Tribe within five (5) days. If, after consultation with the Tribal Gaming Commission and after efforts to resolve any difference of opinion reflecting an appropriate penalty for such violation have been made, the executive director of the South Dakota Gaming Commission concludes that the disciplinary action undertaken by the Tribal Gaming Commission is inadequate, a more severe penalty shall be imposed by the Tribal Gaming Commission as requested by the executive director of the South Dakota Gaming Commission.

5. Criminal Jurisdiction

- All criminal matters arising from or related to Class III gaming shall be dealt with according to applicable Tribal, State, or Federal law. Nothing in this compact shall deprive the Courts of the Tribe, the United States, or the State of South Dakota of such criminal jurisdiction as each may enjoy under applicable law.
- The Tribe has adopted and agrees to adopt gaming ordinances and regulations to regulate gaming in the gaming establishments identified in paragraph 8.5, which ordinances and regulations are at least as stringent as those statutes and administrative rules adopted by the State of South Dakota to regulate gambling in Deadwood, South Dakota, and to regulate pari-mutuel wagering on horses and dogs. The Tribe shall furnish the State with copies of such ordinances and regulations and shall advise the State of any amendment, revision or rescission of the gaming regulations. The Tribe agrees that in no event shall it amend, revise or rescind any gaming regulations which would result in the tribal regulations being less stringent than the statutes and rules adopted by the State of South Dakota.

6. Civil Jurisdiction

All civil matters arising from or related to Class III gaming shall be dealt with according to applicable Tribal, State, or Federal law. Nothing in this compact shall deprive the Courts of the Tribe, the United States, or the State of South Dakota of such civil jurisdiction as each may enjoy under applicable law. Nothing in this provision shall be construed to be a waiver of the sovereign immunity of the Sisseton-Wahpeton Sioux Tribe.

7. <u>Licensing of Gaming Operators and Employees</u>

All individuals who operate or manage a gaming operation under the authority of this Compact shall be licensed by the Tribal Gaming Commission. All individuals employed to work directly with the gaming operation shall be licensed by the Commission.

The Sisseton-Wahpeton Sioux Tribal Gaming Commission shall have primary responsibility for the licensing of individuals who operate or manage a gaming operation or who are employed in the tribal

gaming operation. Any person seeking to be licensed hereunder shall first submit an application to the Tribal Commission which application shall include a written release by the applicant authorizing the State to conduct a background investigation of the Applicant on behalf of the Tribal Gaming Commission. The State shall agree to conduct an investigation of the applicant on behalf of the Commission, upon receipt of the executed release and payment of the fee as provided in the South Dakota Commission on Gaming rules and regulations for such investigations. The State shall provide the Commission with a written report regarding each applicant within 30 days of the receipt of the request and fee or as soon thereafter as practical.

The Commission shall not issue a license to any unsuitable applicant. A suitable applicant is one who is determined suitable by the Tribal Gaming Commission according to tribal ordinance and by the South Dakota Gaming Commission pursuant to SDCL ch. 42-7B and SDCL 42-7-56 and the South Dakota Gaming Commission rules and regulations.

Because each licensee must, in any case, be relicensed annually, the State agrees not to require additional relicensing of any person to operate, manage or be employed in any gaming operation conducted under the authority of this Compact, provided that the person has obtained the applicable license to operate, manage or be employed in any gaming operation in Deadwood, South Dakota, or has obtained applicable license to operate, manage or be employed in any gaming operation in Deadwood, South Dakota, or has obtained the applicable license to operate, manage or be employed in any pari-mutuel gaming operation conducted pursuant to the laws and regulations of the State of South Dakota or any such gaming operations conducted under the authority of a compact between the State of South Dakota and any Indian tribe.

Should the Tribal Gaming Commission disagree with the State's determination on suitability, the Tribal Gaming Commission may invoke the following arbitration procedure:

The dispute shall be determined by a three-person binding Arbitration Board. One member of the Board shall be selected by the Tribal Gaming Commission, one member shall be selected by the State Gaming Commission and the Tribal Gaming Commission. Within thirty (30) days of the signing of this Agreement, the parties hereto shall appoint the members to the Arbitration Board for a three-year term. In the event of death, resignation, or expiration of a term, new members shall be appointed on the same basis as the original members. The Arbitration Board shall determine whether the applicant is deemed suitable, taking into consideration the ordinance and regulations adopted by the Tribal Gaming Commission and the statutes and rules adopted by the State of South Dakota. The Arbitration Board shall further decide the suitability issue in the best interest of the public. If permitted by law, either the State or the Tribe may appeal the arbitration decision to federal district court.

8. Regulatory standards for Gaming

In recognition of the valid public policy interests of the State, which are similarly appreciated as desirable by the Tribe, the following regulatory standards are established for gaming operated and played within the gaming establishments identified in paragraph 8.5.

8.1 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 the gaming facilities operated under this compact, and no operation 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 gaming machines after inserting coins or currency into the game, and shall not restrict the right of the Tribe or any other person to offer check cashing or to install or accept bank card or credit card transactions in the same manner. as

8.2 Minimum Age for Players

Any participant in a game authorized by this Compact shall be twenty-one (21) years of age or older at the time of participation. No licensee may permit any person who is less than twenty-one (21) years of age to participate in a game authorized by this Compact. A violation of this provision shall subject the participant or licensee to punishment under applicable Tribal or State law.

8.3 Technical Standards for Slot Machines

All slot machines operated and played within the establishments identified in paragraph 8.5 pursuant to this Compact shall meet or exceed the hardware and software specifications set forth by the South Dakota Gaming Commission and SDCL 42-7B-43 prior to play. Slot machines prototypes will be tested and approved prior to play by the State according to State procedures.

8.4 Approval of Slot Machines

No slot machine shall be operated in the gaming operations identified in paragraph 8.5 unless:

- 1) The slot machine is purchased, leased or acquired from a manufacturer or distributor licensed to sell, lease or distribute slot machines by the State, pursuant to SDCL ch. 42-7B and ARSD 20:18, and
- 2) The slot machine or a prototype thereof, has been tested, approved and certified by a gaming test laboratory as meeting the requirements and standards of this Compact. For purposes of this Compact, a gaming test laboratory shall be a laboratory agreed to and designated in writing by the South Dakota Gaming Commission and the Tribal Gaming Commission.

8.5 Number of Slot Machines

The number of slot machines permitted to be operated under this Compact shall be limited to a cumulative total of two-hundred fifty (250) slot machines in the tribal gaming establishments located at Dakota Sioux Casino, a facility five miles north of Watertown on Sioux Valley Road or at Dakota Connection Casino, a facility two miles east of Sisseton on Highway 10. There shall be no limits placed on the number of blackjack tables that may be operated at Dakota Connection Casino.

The Tribe shall be entitled to have up to ten (10) slot machines to be used to replace slot machines which are out of service as a result of mechanical problems. These additional slot machines are only to be used in such an event and shall not be operated in addition to the maximum number of slot machines authorized by this provision. Further, these additional slot machines shall meet the requirements of paragraph 8.3 of this Compact.

8.6 Slot Machines Inspection Procedure

The South Dakota Gaming Commission agents shall be authorized to inspect (not to include audits) the slot machines operated in the tribal gaming establishments in accordance with the laws and rules adopted in this Compact.

Any periodic inspection of slot machines shall only occur if the state inspector is accompanied by a member of the Tribal Gaming Commission, or a designee. Any such testing shall be carried out in a manner and at a time which will cause minimal disruption of the gaming operation. The Tribal Gaming Commission and the South Dakota Gaming Commission shall be notified of all such testing and the results of such testing.

8.7 Remedies for Non-Complying Slot Machines

Upon inspection pursuant to paragraph 8.6, the State may designate slot machines which it believes do not comply with tribal gaming laws. The machines shall immediately be removed temporarily from play or sealed. Within five days of receipt of such written designation, the Tribe shall either:

- 1) accept the finding of noncompliance, remove such slot machines from play, and take appropriate action to ensure that the Tribe, manufacturer, distributor or other responsible party cures the problem; or
- 2) contest the finding of noncompliance before the Arbitration Board as provided in paragraph 7 above. In the event the Arbitration Board finds that the slot machine is noncomplying; such slot machine shall be removed from play. Slot machines removed from play pursuant to this section may be returned to play only after such slot machine comes into compliance with the provisions of 8.4 herein.

Nothing in this section shall limit the rights or remedies available to the parties under any other provision of this Compact or under the IGRA.

8.8 Approval and Inspection of Pari-Mutuel Wagering Equipment

All equipment used by the Tribe, including electrical or mechanical tote board devices, in conducting pari-mutuel wagering shall be of a type and meet the standards for size and information display set forth by the South Dakota Gaming Commission.

The South Dakota Gaming Commission agents shall be authorized to inspect (not to include audits) the equipment used by the Tribe in conducting pari-mutuel wagering to determine that it is in accordance with the laws and rules adopted in this Compact.

Any periodic inspection of pari-mutuel wagering equipment shall only occur if the state inspector is accompanied by a member of the Tribal Gaming Commission, or a designee. Any such inspection shall be carried out in a manner and at a time which will cause minimal disruption of the gaming operation. The Tribal Gaming Commission and the South Dakota Gaming Commission shall be notified of all such inspections and the results of such inspections. If the results of any such inspection reveal that the equipment fails to meet applicable standards, the Tribe will not use such equipment until the equipment meets the applicable standards.

8.9 Limit on Wagers

The amount of a bet in any slot machine or any Class III blackjack game may not be more than five dollars on the initial bet or subsequent bet subject to rules promulgated by the Tribal Gaming Commission. Slot machines operated in the establishments identified in 8.5 and Class III blackjack games at Dakota Connection Casino may in the future offer such higher bet limits which are consistent with South Dakota statute and regulation and which are authorized by the Tribal Gaming Commission.

There shall be no wager limitation on pari-mutuel wagers placed on horse and dog races authorized under this Compact.

9. Accounting and Audit Procedures

The Tribe shall adopt accounting standards which meet or exceed those standards established in Chapter 20:18:22 of the South Dakota Rules and Regulations for Limited Gaming.

The Tribe shall conduct independent audits of the gaming operation and provide copies to the State. At the request of the Tribe and at the Tribe's expense, the State may in its discretion audit the tribal operation.

The Tribe shall engage an independent certified public accountant to audit the books and records of all gaming operations 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 Tribe 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 Tribe shall:

- (a) accept the comments and modify the procedures accordingly; or
- (b) respond to the comments with counterproposals or amendments.

10. Duration

This Amended Compact shall become effective upon execution by the Governor of the State and the Chairman of the Tribe, approval by the Secretary of the Interior and publication of that approval in the Federal Register pursuant to the IGRA.

The terms of this Compact shall be subject to review at four (4) year intervals dating from the date of execution of this Compact. Prior to the expiration of the four (4) year period, each party to the Compact may give notice to the other party of provisions it believes requires review or amendment. Such notice shall be in writing and shall be sent by certified mail to the Governor of the State or Chairman of the Tribe at the appropriate governmental office. If no notice is given by either party prior to the expiration of the four (4) year period or any subsequent four (4) year period, the Compact shall automatically be extended for an additional four (4) years. If, in the notice, a party states that termination of this Compact should not result from any failure of the parties to reach agreement with respect to changes in the provisions noticed for review or amendment, the Compact shall also automatically be extended for an additional four (4) years.

Upon receipt of such notice, the parties shall engage in good faith efforts to resolve the issues identified in the notice.

Except as otherwise provided in the second paragraph of this section, in the event the parties are unable to resolve the issues identified in the notice upon expiration of the four (4) year period or any subsequent four (4) year period, this Compact, unless earlier terminated by agreement of the parties, shall remain in effect for 180 days thereafter. The parties shall have until the expiration of the 180 days to continue to negotiate and remedies available under the Indian Gaming Regulatory Act shall apply. The State and the Tribe may agree in writing to extend the negotiating period without prejudice to the rights of either party.

Upon the expiration of the negotiating period, or any extension thereof, the Compact shall terminate unless the parties, in writing, agree otherwise.

Either party may terminate this Compact upon a substantial breach by the other party regardless of any other provision of this Compact. Upon identification of what either party believes to be a substantial breach of the terms of this Compact, such party shall notify the other party in writing, via certified mail, return receipt requested, as to the nature of the substantial breach. The complaining party may terminate this Compact in writing after at least 30 days have elapsed from receipt of the notice of noncompliance by the other party, unless the breach has been remedied and the cause of the breach has been dealt with in a

manner acceptable to the complaining party or unless the responding party has presented a plan to deal with the breach which is acceptable to the complaining party.

Notwithstanding any other provision of this Compact including the paragraph immediately above, it is agreed between the parties that on the day that it becomes illegal as a matter of South Dakota law to operate slot machines or Class III blackjack or to conduct pari-mutuel wagering on horses and dogs, as the case may be, within the State of South Dakota, this Compact shall expire and be of no further force with respect to the illegal gaming activity.

11. General Provisions

The following conditions shall be applicable throughout the term of this Agreement:

- 11.1 The parties hereto agree that in the event that a dispute arises as to an interpretation of the provisions of this Compact, in any of the rights, responsibilities or obligations attaching to the parties hereto, either party may commence an action in federal district court for the purpose of resolving such dispute.
- The parties hereto agree that the Tribe will be responsible for the costs incurred by the State and associated with the State's performance of its responsibilities as provided for herein. The intent of this Compact is to provide for the reimbursement for the costs and expenses of the State in performing its responsibilities as provided herein. The parties agree that this provision does not require payment by the Tribe of court costs or attorney's fees in litigation. The parties also agree that this provision does not require payment by the Tribe of costs incurred by the State of South Dakota for law enforcement officers of the State except that such payment is required with regard to costs incurred for law enforcement officers of the State who are agents and employees of the South Dakota Commission on Gaming.

The hourly rate to be paid to the State for its services pursuant to paragraph 11.2 of the attached Compact is fifty dollars (\$50.00). Travel, per diem, and other expenses shall be paid to the State at the rates set out in South Dakota Administrative Rules, ARSD 05:01:02. Should the rates set out in the Administrative Rules be changed during the time of this Compact, the rates to be paid to the State shall likewise be altered.

Unless otherwise indicated differently, all notices, payments, requests, reports, information or demand which any party hereto may desire or may be required to give to the other party hereto, shall be in writing and shall be personally delivered or sent by telegram or first class certified or registered United States mail, postage prepaid, return receipt requested, and sent to the other party at its address appearing below or such other address as any party shall hereinafter inform the other party hereto by written notice given as aforesaid:

Notice to the Tribe shall be sent to:

Chairman's Office Sisseton-Wahpeton Sioux Tribe Box 509 Agency Village, SD 57262

Notice to the State shall be sent to:

Governor's Office 500 East Capitol Pierre, SD 57501 All notices, payments, requests, reports, information or demand so given shall be deemed effective upon receipt or if mailed, upon receipt or the expiration of the third day following the day of mailing, whichever occurs first, except that any notice of change of address shall be effective only upon receipt by the party to whom said notice is addressed.

- This Agreement is the entire Agreement between the parties and supersedes all prior agreements whether written or oral, with respect to the subject matter hereof. Neither this Agreement not any provision herein may be changed, waived, discharges, or terminated orally, but only by an instrument in writing.
- This Agreement may be executed by the parties hereto in any number of separate counterparts with the same effect as if the signatures hereto and hereby were upon the same instrument. All such counterparts shall together constitute but one and the same documents.
- The State and/or the Tribe may not assign any of its respective right, title, or interest in this agreement, nor may the State and/or the Tribe delegate any of its respective obligations and duties under this Agreement, except as expressly provided herein. Any attempted assignment or delegation in contravention of the foregoing shall be null and void.
- Nothing in this Compact shall be construed to limit the rights or remedies available to the parties hereto under the Indian Gaming Regulatory Act.
- This Compact shall not be construed to waive or diminish the sovereignty of the Sisseton-Wahpeton Sioux Tribe or the State of South Dakota, except as specifically provided by the terms of the Compact set forth above.
- This Agreement may be amended or modified in writing at any time subject to any federal approval of such amendment or modification required by the Federal Indian Gaming Act.
 - 11.10 The Tribe hereto agrees that none of the funds generated by gaming conducted under this Compact shall be used by the Tribe or its agents to influence the outcome of any local, state, or federal election conducted within the State of South Dakota.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date and year first above written.

	SISSETON-WAHPETON SIOUX TRIBE
240ley 2000	By: Cheleen Door
(Date)	Andrew J. Grey, Sr., Tribal Chairman
	STATE OF SOUTH DAKOTA
(Data)	By: William Japaklow, Governor
(Date)	State of South Dakota
OCT 2 5 2000	BUREAU OF INDIAN AFFAIRS
	Assistant Secretary
(Date)	Assistativoccicialy