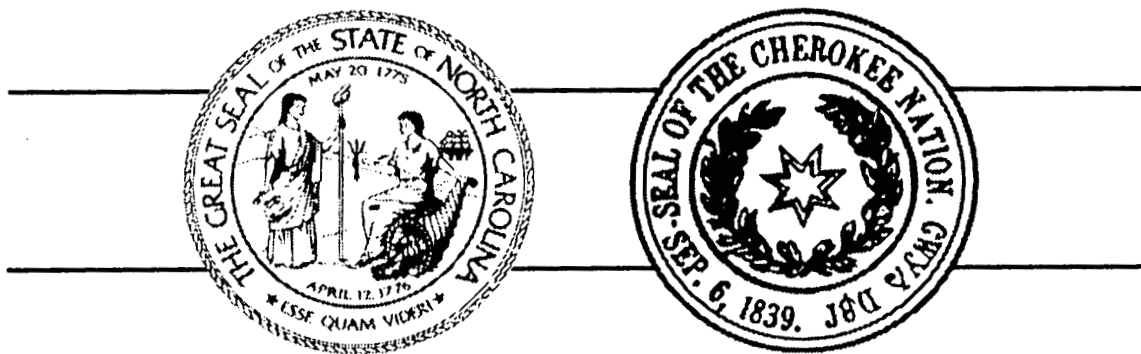




Tribal - State Compact
Between the Eastern Band of Cherokee Indians
And the State of North Carolina

**TRIBAL - STATE COMPACT
BETWEEN THE EASTERN BAND OF CHEROKEE INDIANS
AND THE STATE OF NORTH CAROLINA**

THIS TRIBAL - STATE COMPACT made and entered into this ____ day of August, 1994, by and between the **EASTERN BAND OF CHEROKEE INDIANS**, a federally recognized Indian tribe acting through its Principal Chief, the Honorable Jonathan L. Taylor, and the **STATE OF NORTH CAROLINA**, acting through its Governor, the Honorable James B. Hunt, Jr.;

W I T N E S S E T H:

WHEREAS, the Eastern Band of Cherokee Indians is a federally recognized Indian tribe, possessed of all sovereign powers and rights thereto pertaining; and,

WHEREAS, the State of North Carolina is a sovereign state of the United States of America with all rights and powers thereto pertaining; and,

WHEREAS, the Congress of the United States has enacted into law the Indian Gaming Regulatory Act, P.L. 100-497, 25 U.S.C. 2701 et seq., which provides in part that a Tribal - State Compact may be negotiated between a Tribe and a State to set forth the rules, regulations and conditions under which an individual Tribe may conduct Class III gaming, as defined in the Act, on Indian lands within a state permitting gaming; and,

WHEREAS, the statutes of the State of North Carolina permits bingo and raffles and certain video activities to award something of value to players; and,

WHEREAS, the Eastern Band of Cherokee Indians and the State of North Carolina have mutually agreed to the terms and conditions under which Class III gaming may be conducted on tribal lands; and,

WHEREAS, the Eastern Band of Cherokee Indians and the State of North Carolina have mutually agreed that the conduct of Class III gaming under the terms and conditions set forth below will benefit the Eastern Band of Cherokee Indians and protect the citizens of the Eastern Band of Cherokee Indians and the State of North Carolina, consistent with the objectives of the Indian Gaming Regulatory Act;

NOW, THEREFORE, THE EASTERN BAND OF CHEROKEE INDIANS AND THE STATE OF NORTH CAROLINA do enter into a Tribal - State Compact as provided for herein.

Section 1. TITLE. This document shall be cited as "The Eastern Band of Cherokee Indians - State of North Carolina Gaming Compact."

Section 2. DECLARATION OF POLICIES AND PURPOSES. The purposes of this Compact are:

(A) To authorize the operation of Class III gaming by the Eastern Band of Cherokee Indians on Eastern Cherokee Lands as a means of promoting tribal economic development, self-sufficiency, and strong tribal government;

(B) To provide for the regulation of Class III gaming by the Eastern Band of Cherokee Indians to protect against organized crime and other corrupting influences, to assure that Class III gaming is conducted fairly and honestly by both the Eastern Band of Cherokee Indians and the participants and to ensure that the Eastern Band of Cherokee Indians is the primary beneficiary of the Class III gaming operation; and

(C) To fulfill the purpose and intent of the Indian Gaming Regulatory Act by providing for certain Class III gaming by an Indian tribe on Indian lands as a means of generating tribal revenues.

Section 3. DEFINITIONS. For purposes of this Compact:

(A) "Act" means the Indian Gaming Regulatory Act, P.L. 100-497, 25 U.S.C. 2701 et seq.

(B) "Class II gaming" means all forms of gaming as defined in 25 U.S.C. 2703(7).

(C) "Class III gaming" means all forms of gaming that are not Class I gaming or Class II gaming, as defined in 25 U.S.C. 2703(6) and (7).

(D) "Eastern Cherokee Lands" means all tribal trust lands within the Cherokee Indian Reservation located in Jackson, Swain, Haywood, Graham and Cherokee counties and all lands within these counties which may be acquired in trust by the Eastern Band of Cherokee Indians in the future which meet the requirements of Section 20 of the Act, 25 U.S.C. Section 2719.

(E) "Raffles" means a game in which a cash prize of not more than \$5,000 or a merchandise prize valued at not more than \$25,000 is won by random selection of the name or number of one or more persons purchasing chances.

(F) "State" means the State of North Carolina, its authorized officials, agents and representatives.

(G) "Tribe" means the Eastern Band of Cherokee Indians, its authorized officials, agents and representatives.

(H) "Video Game" means any electronic video game or amusement device that allows a player to play a game of amusement involving the use of skill or dexterity as is permitted by the laws of the State.

Section 4. AUTHORIZED CLASS III GAMING.

The Tribe has the right to license and regulate gaming activity on Eastern Cherokee lands in accordance with the Act and this Compact.

(A) The Tribe may conduct any or all of the following:

- (1) Raffles as defined in Section 3.
- (2) Video games as defined in Section 3.
- (3) Such other Class III gaming which may be authorized pursuant to 4(B) of this Compact.

(B) The Tribe may apply to the State for authorization to conduct Class III gaming not expressly enumerated in 4(A) of this Compact.

- (1) The application shall be submitted in writing by the Principal Chief to the Governor and shall identify with specificity the additional proposed gaming activities and any proposed amendments to the Tribe's regulatory ordinances.
- (2) The Governor shall take action on the Tribe's application within one hundred and eighty (180) days after receipt. The Governor's action shall be based on:
 - (a) whether the proposed gaming activities are permitted by the laws of the State of North Carolina consistent with 25 U.S.C. 2701 et. seq. and
 - (b) whether the existing or proposed regulatory controls and criminal sanctions are adequate to fulfill the policies and purposes set forth in this Compact.
- (3) Any gaming activity approved in writing by the Governor and the Tribe shall be incorporated into and deemed a part of this Compact.

(C) In the event that any Class III gaming authorized under 4(A) or 4(B) is prohibited by state or federal law, the Tribe shall not conduct such gaming.

(D) Except as set forth in 4(B), the Tribe may not conduct Class III gaming not expressly enumerated in 4(A) of this Compact unless this Compact is amended pursuant to Section 9 of this Compact.

Section 5. REGULATION OF CLASS III GAMING.

(A) The following regulatory requirements shall apply to the conduct of Class III gaming authorized by this Compact. The Tribe shall maintain as part of its lawfully enacted ordinances, at all times in which it conducts any authorized Class III gaming, requirements at least as restrictive as those set forth herein.

(1) The Tribe may not hire, employ or enter into a contract for services relating to Class III gaming with any person or any entity which employs a person who:

(a) is under the age of 18;

(b) has, within the immediately preceding ten years, been convicted of or entered a plea of guilty or no contest to: a felony, any gambling-related offense, fraud or misrepresentation or any violation of Subchapter XI of Chapter 14 of the North Carolina General Statutes, unless the person has been pardoned.

(2) The Tribe shall publish the odds and prize structure of each Class III game, which publication shall be prominently displayed on every game.

(3) The Tribe shall maintain the following records for a period of five years. All accounting records shall be kept on a double entry system of accounting, maintaining detailed, supporting, subsidiary records.

(a) Revenues, expenses, assets, liabilities and equity for the location at which Class III gaming is conducted;

(b) Daily cash transactions for each game at the location at which Class III gaming is conducted;

(c) Individual and statistical game records for all games;

- (d) Records of all tribal enforcement activities;
 - (e) All audits prepared by or on behalf of the Tribe;
 - (f) Contracts, correspondence and other transaction documents relating to all vendors and contractors; and
 - (g) Personnel information on all Class III gaming employees or agents, including rotation sheets, hours worked, employee profiles and background checks.
 - (h) All personnel employed by the Tribe whose responsibilities include the operation or management of Class III games shall be licensed by the Tribe. The Tribe shall publish and maintain a procedural manual for such personnel, which includes disciplinary standards for breach of the procedures.
- (4) No person under the age of 18 may purchase a ticket or otherwise participate in any Class III game.
- (5) No person under the age of 18 shall be permitted in the gaming area of the gaming facility where any component of Class III gaming is conducted; provided that this subsection shall not apply to locations at which sales of tickets is the only component of Class III gaming.
- (6) If any person below the age of 18 plays and otherwise qualifies to win any Class III game, the prize shall not be paid, and the estimated amount wagered during the course of the game shall be returned to the minor.
- (7) No person who is employed by the Tribe or any of its vendors or contractors or license holders in connection with Class III gaming shall be permitted to participate in any Class III gaming, and they shall not be permitted to collect any prize.
- (8) The Tribe shall not conduct or possess any Class III games or components thereof outside of the Eastern Cherokee Lands except when transporting such games to or from the manufacturer, a certified testing laboratory, or to a certified repair facility. This prohibition shall include the use of common carriers (such as telecommunications, postal or delivery services) for the

purpose of sale of a ticket or playing card to, or placement of a wager by, a person who is not physically present on Eastern Cherokee Lands to purchase the ticket or card or place the wager.

(9) All gaming shall be conducted on a cash only, no credit, basis. Except as herein provided, no person shall be extended credit for gaming by any facility operated by the Tribe, its employees or its agents or any independent contractor employed by the Tribe operated on any Indian land over which the Tribe or Bureau of Indian Affairs has jurisdiction for the benefit of the Tribe, and no operator shall permit any person or organization to offer such credit for a fee. However, nothing herein shall prohibit the use of cash machines operated by federally regulated and licensed banks or lending institutions.

(10) The Tribe shall engage an independent certified public accountant to audit the books and records of all Class III 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 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 counter-proposals or amendments. The State shall pay for any additional work performed by the auditors at the request of the State;

(11) Background investigations. The Tribe, prior to placing a prospective employee whose responsibilities include the operation or management of Class III games, shall conduct a background investigation in accordance with the Tribe's gaming ordinance and in compliance with the Act and pertinent regulations promulgated by the National Indian Gaming Commission (NIGC) consistent with the Memorandum of Understanding between the NIGC and the Eastern Band executed by the Tribe on January 31, 1994. If employed, each person whose responsibilities include the operation or management of Class III games shall be subject to such periodic review as may be required by the NIGC and appropriate tribal and federal regulations applicable thereto. Employees found to have been convicted of any violation described in 5(A)(1)(a) and

(b) shall not be permitted to continue their employment. The State may submit information or objections to the Tribe which must be considered by the Tribe concerning any entity or person applying for a license from the Tribe. The Tribe shall respond to the State's information or objections, in writing, prior to making a final decision on the granting of any license to any entity or person.

(B) The regulatory requirements set forth in 5(A) and (B) of this Compact shall be administered and enforced as follows:

(1) The Tribe shall have primary responsibility to administer and enforce the regulatory requirements set forth in 5(A) and 5(B).

(2) The state of North Carolina shall have the right to monitor the Tribe's Class III gaming to ensure that the Tribe is administering and enforcing the regulatory requirements set forth herein. The State shall have the right to inspect all premises on which Class III gaming is conducted and the right to inspect and copy all tribal records relating to Class III gaming.

(3) The Tribe shall have the right to inspect and copy State records available under the North Carolina Public Records laws concerning all Class III gaming of the Tribe; provided that the State may withhold access to records created or maintained in conjunction with an ongoing criminal investigation and any prosecution resulting therefrom.

(4) In the event the State believes that the Tribe is not administering and enforcing the regulatory requirements set forth herein, it may invoke the procedures set forth in Section 9 of this Compact.

(C) The Tribe shall own and operate all Class III games located on the Eastern Cherokee Lands. However, nothing herein shall prohibit the Tribe from entering into a management agreement in accordance with the Act.

(D) One Class III gaming facility shall be permitted to be operated on the Eastern Cherokee Lands. The Tribe shall determine the location of the gaming facility on the Eastern Cherokee Lands. The Class III gaming facility shall meet the following minimum conditions. The gaming facility shall have a Class III gaming area containing not more than 60,000 square feet open to the public, not including count rooms or administrative offices. The tribal gaming facility shall meet all North Carolina standards for construction, fire and safety.

The tribal gaming facility shall contain facilities for serving meals to patrons and shall have adequate on-site parking to accommodate the maximum Class II and Class III gaming participants who may be accommodated by the gaming facility. The gaming facility shall contain an amusement or caretaking facility adjacent to but segregated from all gaming areas, which shall be available for use by minors not eligible to enter a gaming area.

In the event the Tribe determines that the one facility is inadequate to meet the demand by tourists and persons seeking to engage in lawful Class III gaming, the Tribe shall have the right to request the State to amend the Compact to provide for an additional facility of like size or an increase in the maximum space for Class III gaming in the facility. Such request shall not be submitted to the State until the Tribe has twenty-four months experience in the operation of the Class III facility, with the request based upon a showing of economic justification of undercapacity of the facility for the demand by the public. Such request, if justified, shall not be unreasonably denied by the State.

(E) No Class III game may be played by a player who uses a credit card rather than currency or coin to participate in the game.

Section 6. REGULATION OF VIDEO GAMES.

(A) The Tribe shall purchase video game equipment only from a manufacturer certified by an independent testing laboratory. All video game equipment owned and operated by the Tribe shall include an internal computerized accounting system which shall be monitored by the Tribe and/or its independent certified public accountant firm through on-line computer terminals.

(B) Non-complying Video Games. The following are declared to be non-complying video games:

- (1) all video games to which agents of the State have been denied access for inspection purposes.
- (2) all video games operated in violation of this compact.
- (3) any game not certified by Certification Commission.

Any game deemed to be out of compliance by the State (not the Certification Commission) shall be inspected by an independent gaming test laboratory as provided below within three days of receipt of notice of non-compliance. If the independent laboratory finds that the video game or related equipment is

non-complying, the non-complying 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 State, under the guidance of the Certification Commission and an independent gaming test laboratory.

(C) Testing and Approval of Video Games. No video game may be purchased, leased or otherwise acquired by the Tribe unless the video game, or a prototype thereof, has been tested and approved or certified by the Certification Commission and 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 and the Tribe as competent and qualified to conduct scientific tests and evaluations of video games and related equipment.

(D) Application for Approval of Prototype Video Games. The Tribe shall provide or require that the manufacturer provide to the independent gaming test laboratory two copies of video game illustrations, schematics, block diagrams, circuit analysis, 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.

(E) Testing of Video Games. If required by the independent gaming test laboratory, the Tribe shall require the manufacturer to transport not more than two working models of the video game and related equipment to a location designated by the laboratory for testing, examination and analysis. The Tribe 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 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 Tribe must require the manufacturer to provide specialized equipment or services of an independent expert to assist with the testing, examination and analysis.

(F) Report of Test Results. At the conclusion of each test, the laboratory shall provide to the State and the Tribe a report that contains the findings, conclusions and a determination that the video game 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.

(G) Modifications of Approved Video Games. The manufacturer or distributor shall assemble and install all video games and related equipment in a manner approved and licensed by the Tribe. No modification to the assembly or operational functions of any video game or related equipment may be made after testing and installation unless the Certification Commission and an independent gaming test laboratory certifies to the State and the Tribe that the modified video games conform to the standards of this Compact. All proposed modifications shall be described in a written request made to the State, the Certification Commission and an independent gaming test laboratory containing information describing the modification, the reason therefore 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 modification for up to 15 days pending compliance with this section.

(H) Conformity to Technical Standards. The Tribe shall require the manufacturer or distributor to certify, in writing, to the Tribe and to the State that, upon installation, each video game placed in a gaming facility within the Eastern Cherokee Lands: (1) conforms precisely to the exact specifications of the video game prototype tested and approved by the testing laboratory; and (2) operates and plays in accordance with the technical standards set forth in this Compact.

(I) Prizes. Prizes may be awarded only in the form of free games, credits, or cash. A prize may not exceed the value of \$25,000 for each individual award. Video gaming devices may be connected in a progressive bank provided the prize limit for the progressive bank does not exceed \$25,000.

(J) Existing Video Games. Video games or prototypes thereof, operated within the Eastern Cherokee Lands after the effective date of this Compact must be tested and approved by the Certification Commission and an independent gaming test laboratory as required by this Compact. If the existing video games do not comply with the standards of this Compact they shall be brought into compliance prior to their use after the effective date of this Compact or replaced with complying equipment. In no event shall the Tribe knowingly permit non-complying games to be operated on Eastern Cherokee Lands. The Tribe may continue to operate at pre-existing gaming facilities with complying equipment without meeting the facility restrictions set forth in Section 5(D) until thirty (30) days after the opening of the tribal facility as set forth in Section 5(D), with such continued operations to not extend, under any circumstances without written consent of the State,

beyond two years from the date of publication of this Compact in the Federal Register.

(K) Information to be Provided. Prior to the installation of any video game acquired by the Tribe after the effective date of this Compact, and for any video game operated within Eastern Cherokee Lands on or before the effective date of this Compact, the Tribe shall provide, or require that the manufacturer or distributor provide to the State:

(1) A list of all states in which the distributor or manufacturer from whom the video games were acquired 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 placed on Eastern Cherokee Lands.

(L) Hardware Requirements for Video Games. Video games operated within Eastern Cherokee Lands must be licensed by the Tribe to meet the following specifications:

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

(2) Surge Protectors. A surge protector device 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 reading 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 component;
- (c) records of access to the cash and coin component;
- (d) such other data as may be required by written regulation of the Tribe.

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, 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. The devices may also contain bill acceptors for denominations determined by the Tribe. Prior to operation within Eastern Cherokee Lands, all models of coin and bill acceptors installed must have been tested and approved in writing by an independent gaming test laboratory as provided by this Compact.

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

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

(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, 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.

(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 which must be capable of printing an original ticket and retaining an exact, legible copy, either within the game or in a management/reporting system approved by the independent 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) 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 utilizing coin drop hoppers are permitted, provided they are monitored by a management/reporting system of the type described in this

paragraph which has been approved by an independent gaming test laboratory.

(12) Identification Plates Required. Each video game 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 Tribe 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 Tribe 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) Security Tape for EPROMS. Upon installation, the Tribe shall affix or cause to be affixed to the EPROM of each video game 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 Tribe. The Tribe shall maintain accurate and complete records of the identification number of each EPROM installed in each video game.

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

(M) Software Requirements for Video Games. Video games operated within the Eastern Cherokee Lands must meet the following software specifications:

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

Each video game machine shall pay out a minimum of 83 percent and no more than 98 percent of the total amount wagered over the expected life of the machine, including replays. This standard is met when using a method of play which will provide the greatest return to the player.

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

(3) 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.

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

- (a) Number of times the logic area was accessed;
- (b) Number of coins or credits wagered in the current game;
- (c) Number of coins or credits wagered in the last complete, valid game; and
- (d) Number of cumulative credits representing credits won and money inserted by a player but not collected, commonly referred to as the credit meter.

(5) No Automatic Clearing of Accounting Meters. No video game 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 Tribe, which shall also record the reason the meter was cleared.

(N) Amendments to Hardware and Software Requirements for Video Games. The technical standards set forth in the above sections shall govern the operation of video games unless amended pursuant to the appropriate provisions of this Compact.

(O) Certification Commission. A video game authorized under this agreement shall be tested and approved by the Certification Commission as meeting the skill/dexterity requirement of 3(H) of this Compact. The Commission shall consist of 3 members. The Governor shall appoint one member, the Principal Chief shall appoint one member, and the third member shall be approved by both the Governor and the Principal Chief. The appointments shall be made within thirty (30) days of the signing of this Compact.

The Certification Commission shall have the authority to inspect the gaming devices proposed for use on Eastern Cherokee lands to ensure compliance with this Compact and shall issue a written approval or disapproval for any video game proposed by or for the Tribe. Approval by the Commission is a prerequisite for gaming operation on Eastern Cherokee Lands. The Commission shall have the authority to call upon the technical resources of the State or Tribe to assist it in fulfilling its duties under this Compact.

The Commission shall meet within fifteen calendar days of written request by the Tribe or a video game manufacturer for the purpose of reviewing any proposed video game. The Commission shall issue a decision on any such application within fifteen calendar days of such meeting.

The Commission members shall be compensated, including per diem, by the Tribe for their expenses in carrying out their duties.

Section 7. REGULATION OF RAFFLES.

(A) Raffles shall consist of a game in which a cash prize is won by the random drawing of the name or number of one or more persons purchasing chances.

(B) In no event shall the prize limit for a raffle game exceed \$5,000 in cash or \$25,000 in merchandise.

(C) No electronic versions of raffles shall be permitted or conducted by the Tribe, its agents or employees.

Section 8. APPLICATION OF STATE LAWS.

(A) State civil and criminal laws shall be applicable to and enforceable by the State against any person for activities

relating to Class III gaming which occur outside of Eastern Cherokee Lands.

(B) State criminal laws and regulatory requirements shall be applicable to and enforceable by; the State against any person who is not a member of the Tribe for activities relating to Class III gaming which occur on tribal lands.

(C) In order to administer and enforce state laws as set forth in Sections 8(A) and 8(B) of this Compact, the State may investigate the activities of tribal officers, employees, vendors or gaming participants who may affect the operation or administration of tribal gaming, and shall report suspected violations of state, tribal or federal laws to the appropriate state, tribal or federal prosecution authorities. Pursuant to such investigation, the State may seek subpoenas, in accordance with state law, to compel the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which are relevant or material to the investigation.

(D) The State shall have concurrent jurisdiction to commence prosecutions for violation of any applicable state civil or criminal law or regulatory requirement as set forth in the Sections 8(A) and 8(B) of this Compact.

(E) In order to administer and enforce state laws as set forth in Section 8 of this Compact, any papers required by law to be served may be served on tribal lands by any employee or agent of the State. The State shall notify the Tribe of such service as soon thereafter as possible, unless such service relates to an ongoing criminal investigation or prosecution.

(F) The provisions of this Compact shall not be construed so as to create criminal jurisdiction over any person except as it presently exists under federal and state law.

(G) Except as expressly provided herein, 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.

(H) Nothing contained in this Compact shall be construed to limit the civil or criminal jurisdiction of the federal government in enforcing any applicable federal statute or regulation.

Section 9. AMENDMENTS.

The terms and conditions of this Compact shall not be modified, amended or otherwise altered except by written agreement of the parties and enactment as set forth in Sections

4(B) and 12 of this Compact. Either the Tribe or the State may request a renegotiation of the terms of the Compact based upon a change in federal or State law that alters gaming permitted by the laws of the state.

Section 10. DISPUTE RESOLUTION.

(A) If after the effective date of this Compact the State believes a gaming activity being conducted by the Tribe is in violation of the terms of the Compact, the State shall give notice to the Tribe to cease and desist such gaming activity and the State and the Tribe shall determine the validity of the State's objection in the following manner:

(1) The State shall notify the Tribe in writing of the gaming activity deemed to be in violation of the Compact, the reasons for or manner of violation by the activity, and a requested method of correcting the violation.

(2) The Tribe shall respond to the notice in writing within twenty days from receipt. Such response shall be in writing, signed by the Principal Chief of the Tribe, and shall either concur in the non-compliance and provide written assurances of prompt action to cure the non-compliance, or contest the allegation of the violation.

(3) Nothing in this section shall limit the rights or remedies available to the parties under the Act.

(B) In the event either party believes that the other party has failed to comply with any requirement of this Compact, it may invoke the following procedure:

(1) The party asserting noncompliance shall serve written notice on the other party. The notice shall identify the specific statutory, regulatory or Compact provision alleged to have been violated and shall specify the factual basis of the alleged noncompliance. The State and Tribe shall thereafter meet within thirty (30) days in an effort to resolve the dispute.

(2) In the event the dispute is not resolved to the satisfaction of the parties within ninety (90) days after service of the notice set forth in Section 10(B)(1), either party may pursue any remedy which is otherwise available to that party to enforce or resolve disputes concerning the provisions of this Compact, and nothing in this Compact shall be interpreted to limit in

any way the rights and remedies of the Tribe or the State under federal or state law.

(3) Nothing in Section 10(A) or 10(B) shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall Section 10(A) or 10(B) be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to mediation or arbitration; provided that neither party is under any obligation to agree to such alternative method of dispute resolution.

(C) Both the Tribe and the State agree that in the event that a dispute arises as to an interpretation of the provisions of this Compact, or as to 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.

Section 11. CHOICE OF LAWS.

The Tribe and the State agree that laws of the State of North Carolina shall be applied in any action arising from this Compact, however, this provision does not preclude the application or interpretation of applicable federal law.

Section 12. EFFECTIVE DATE.

This Compact shall be effective upon:

(A) Signature by the Principal Chief of the Eastern Band of Cherokee Indians, Signature by the Governor of the State of North Carolina and compliance with all of the requirements of 11(d)(3)(B) of the Act, 25 U.S.C. 2710(d)(3)(B).

Section 13. DURATION.

(A) This Compact shall be in effect for a period of seven (7) years from the effective date.

(B) The duration of this Compact shall thereafter be automatically extended for periods of five (5) years; unless either party serves written notice of nonrenewal on the other party based upon changes in federal or state law that alters gaming permitted by the laws of the state not less than one hundred eighty (180) days prior to the end of the applicable period.

(C) In the event written notice is served as set forth in Section 13(B), all Class III gaming shall cease at the end of the applicable period.

(D) In the event the State serves written notice of nonrenewal on the Tribe, nothing in this Compact will prohibit the Tribe from seeking to extend or renew Class III gaming under applicable provisions of the Indian Gaming Regulatory Act or regulations promulgated thereunder.

Section 14. NOTICES.

All notices required or authorized to be served shall be served by first class mail at the following addresses:

Principal Chief
Eastern Band of Cherokee Indians
Post Office Box 455
Cherokee, North Carolina 28719

Governor
State Capitol
Raleigh, North Carolina 27611

Section 15. SEVERABILITY.

In the event that any section of this Compact is held invalid, it is the intent of the parties that the remaining sections of the Compact shall continue in full force and effect.

Section 16. TRIPPLICATE ORIGINALS.

This Compact shall be executed in triplicate originals, one for each of the signatories. Each and all are equally valid.

IN WITNESS WHEREOF, the State of North Carolina and the Eastern Band of Cherokee Indians have hereunto set their hands and seals.

Dated: Aug. 10, 1994
STATE OF NORTH CAROLINA

Dated: August 11, 1994
EASTERN BAND OF CHEROKEE
INDIANS

By: [Signature]
James B. Hunt, Jr.
Governor

By: [Signature]
Jonathan L. Taylor
Principal Chief

Attest:
[Signature]
Rufus Edmisten
Secretary of State

Approved as to form and
procedure for the State:

By: [Signature]
Michael F. Easley
Attorney General

Approved as to form and procedure
for the Tribe:

By: [Signature]
Ben O. Bridgers
Tribal Attorney

Approved this ____ day of _____, 1994.

By: _____
Secretary, United States
Department of Interior