

**Forensic Investigation Report
Pursuant to the October 10, 2007, Order of the
Supreme Court of the Cheyenne and Arapaho Tribes
August 18, 2008**

Appendix C – Uses of Casino Monies

The following illustration of the general flow and corresponding misuses of the Lucky Star Casinos' monies is included in this Appendix. The illustration is based on the uses of the Lucky Star Casinos' monies consistent with the general operations of the casinos and uses set forth in the 3rd Management Agreement. It does not encompass all of the intricacies of the 3rd Management Agreement, or technical accounting or financial matters.

The basic flow of monies is that money comes into the casino, amounts are paid out to players, commissions are paid to machine vendors, and the remaining amounts are available for Lucky Star Casino use, including operations and profit distributions.

The following definitions apply to the illustration:

- **Money In** – This represents money the casino received, including gaming revenue, checks cashed by the vault and automatic teller machines;
- **Payouts** – This represents the money the casino paid out to individuals participating in gaming activities, including prizes, give away items and winnings;
- **Machine Vendor Commissions** – This represents the contractual commissions earned and paid to gaming machine vendors;
- **Money Available for Casino Use** – This represents net revenue available for operations, capital expenditures and profit distribution;
- **Allowable Uses** – This represents uses of money set forth in the 3rd Management Agreement, including salary, utilities, training, debt repayment, taxes, etc;
- **Non-Allowable Uses** – This represents uses of money contrary to the 3rd Management Agreement;
- **Money Available for Distribution** – This represents the monies available for the profit distribution to the Tribe and Southwest;
- **Profit Distribution to Southwest** – This represents the management fee to Southwest; and
- **Profit Distribution to Tribe** – This represents the Tribe's net gaming revenue.

The misuses supported by the evidence and our analysis include, among others:

- Coupons, free play and other winnings;
- Gaming Commission expenses;
- Legal fees;
- Payments for attempted recall efforts;
- Payments related to Tribal Council meetings;
- Profit Distribution advances;
- Payments for Southwest's ventures unrelated to the Tribe;
- Payments for Southwest's GM's ventures unrelated to the Tribe;
- Travel: Gaming Related;
- Travel: Non-Gaming Related; and
- Uncollectible checks (aka "Hot Checks").

The accompanying Cover Letter dated August 18, 2008, and the attached Findings Report are an integral part of this Appendix.

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These types of transactions involved the following parties:

- Gaming Commission and its employees and members;
- Members of the Business Committee or Legislature;
- Tribal Council Coordinator;
- Southwest;
- Southwest's GM;
- Prior Gaming Commission Attorney; and
- Other Parties.

The misuses supported by the evidence and our analysis are denoted by the dashed lines.

The accompanying Cover Letter dated August 18, 2008, and the attached Findings Report are an integral part of this Appendix.