

OFFICE OF THE GOVERNOR

December 20, 2005

Mr. Leon Acebedo
Chairman, Jamul Indian Village
P.O. Box 612
Jamul, California 91935

Re: Compliance with Class III Gaming Compact

Dear Chairman Acebedo:

In a letter addressed to you in August of this year, the State expressed its concern over the Tribe's public pronouncements regarding its goal to construct, build, and operate a 30-story hotel and casino on a site less than five acres in size. The State's review at that time suggested that construction and operation of such a facility might place the Tribe in material breach of its Tribal-State Class III Gaming Compact for a number of reasons including, but not limited to, the failure of the Tribe to meet its duty to "conduct Class III gaming in a manner that does not endanger the public health, safety, or welfare" (Compact, section 10.1), to operate a Gaming Facility only on its Indian lands (Compact, section 4.2), to comply with federal water quality standards applicable in California (Compact, section 10.2(b)), to appropriately analyze, discuss and mitigate potential adverse off trust land impacts of this proposed project in conformity with the requirements of Compact section 10.8.2, and to operate only those Gaming Devices authorized by the Compact (Compact section 4.0).

In response to the August letter, the Tribe met with representatives from this office and provided assurances that it would not commence its proposed casino project until such time as it complied fully with its compact obligations and that its project would be constructed and operated in full accord with the requirements of the Compact. Moreover, the Tribe's counsel advised this office that any related activities conducted on the Tribe's trust lands prior to full compliance with Compact section 10.8.2 would be nothing more than ceremonial in nature and not actual commencement of the project. Recent Tribal activities both on and off of the Tribe's trust lands, however, can only be construed as a violation of the provisions of Compact section 10.8.2 and possibly section 4.2, and a material breach of the Compact.

Mr. Leon Acebedo
December 21, 2005
Page 2

As of the date of this letter, we are informed that the Tribe has removed at least three existing residential structures from the site and utilized heavy construction equipment to move earth for what appears to be a grading purpose. We regard these activities as the commencement of casino construction prior to the preparation of the required environmental documentation and analysis in violation of Compact section 10.8.2. Our view is informed in part by the Tribe's own official statement regarding its anticipated commencement of its casino project. In a September 9, 2005, statement, the Tribe indicated that the first stage of its project would be to move tribal members "off the reservation, allowing room for bulldozers to begin construction of the new casino." In that announcement, the Tribe stated, "We expect to break ground in December." The Tribe's activities to date are consistent with this statement of intent and constitute a material breach of its obligations to comply with Compact section 10.8.2 and a potential violation of section 4.2.

We do not view the removal of tribal members from their homes on the Tribe's trust lands as a ceremonial act nor is it in any way without environmental significance. Neither is the commencement of grading of the land. Steps as significant as these prior to the preparation of environmental reports and consultation with San Diego County and affected local residents with respect to the identification and mitigation of significant off-reservation environmental impacts indicates that the Tribe is not acting in good faith to meet its environmental obligations under the Compact.

For these reasons, we are requesting, pursuant to Compact section 9.1(a) and (b), that the Tribe meet and confer with the State in the Office of the Governor on December 30, 2005, at 10:00 a.m., or at such mutually agreeable later date and time that is not later than January 4, 2006, in an attempt to resolve the issues involved in the Tribe's failure to comply with the Compact. The State further requests that the Tribe—and any individual or entity acting in furtherance of construction of the Gaming Facility and other development associated with it—immediately cease all construction and other activity with respect to that project until the parties have had an adequate opportunity to resolve the issues raised by this letter.

Pursuant to Compact section 9.1, the State specifically reserves the right to seek injunctive relief against further construction efforts by the Tribe with respect to the class III gaming project identified above in the event that the requests set forth in this letter do not receive a satisfactory response from the Tribe.

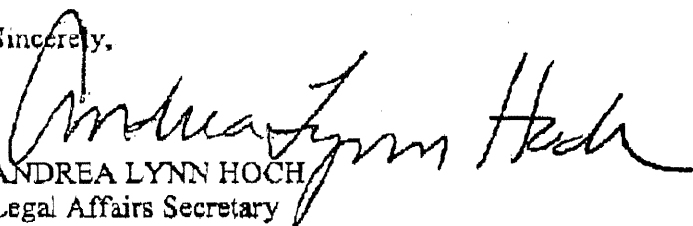
This letter shall further constitute the sixty (60) day written notice and opportunity pursuant to Compact section 11.2.1 (c) to cure the Tribe's material breach of its Compact obligations. We recognize that restoring the site to its condition prior to the removal of the residential structures is not possible. Therefore, we are requesting the Tribe to cure this breach by cessation of all construction and other activities with respect to the project until the parties

Mr. Leon Acebedo
December 21, 2005
Page 3

mutually agree that the Tribe has complied with its Compact obligations. Please also note that a judicial determination that the Tribe has materially breached the Compact after receiving this notice and failing to cure within said 60 day period allows the State to "unilaterally terminate" the Compact under Compact section 11.2.1(c).

We look forward to your prompt response to this letter.

Sincerely,



ANDREA LYNN HOCH
Legal Affairs Secretary

cc: Eugene Madrigal, Esq.
28581 Old Town Front Street, Suite 208
Temecula, CA 92590