



REAL POKER, L.L.C.

**An Arizona Member-Managed Limited Liability Company
and exempt 501c7 (pending) Social Club Co-operative**

Operating Agreement

IMPORTANT NOTICE

Membership in Real Poker L.L.C. (the "Club") should not be perceived as an investment. It would be virtually impossible for any Member of Real Poker L.L.C. to inure private benefit solely by investing money in a Membership.

The virtual "shares" of the Club lack the qualities of an investment security. They are required merely as an incident of cooperative membership in the Club. They have no marketability and are not the type of instrument that securities laws were designed to regulate. The Club reserves the right request that the Arizona Corporation Commission issue a no-action letter determining that the ownership interests, or "shares", issued by the Club are not securities within the meaning of Section 44-1801.22 of the Arizona Blue Sky law. Such request has a required fee of \$200.00 payable to the Corporation Commission.

Notice: Real Poker LLC events and activities are conducted exclusively by,
and exclusively for, Club members and their bona fide guests."

The Club founders have prepared this document to protect their interests and those of the Club. Club founders, and any member listed on the Articles of Organization, have a trust responsibility to all members of the Club and to the Club itself. Additional Members should seek their own tax and legal advice before signing this Agreement.

Table of Contents

Recitals.....	3
Article I. Club Formation and Purpose.....	4
Article II. Membership Provisions, Rights, Duties, and Limitations.....	7
Article III. Capital Provisions.....	10
Article IV. Indemnification and Liability Limitation.....	11
Article V. Club Meetings.....	12
Article VI. Elections.....	13
Article VII. Committees.....	15
Article VIII. Financial Provisions.....	15
Article IX. Club Operations & Management.....	17
Article X. Resignations, Withdrawals, and Transfers.....	19
Article XI. Dissolution Provisions.....	20
Article XII. Limitations.....	21
Article XIII. Amendments.....	21
Article XIV. Miscellaneous.....	21
Article XV. Adoption Of This Agreement.....	23
Attachment A. Real Poker L.L.C. Charter Members (Owners).....	24
Attachment B. Definitions.....	25
Attachment C. Forms and Collateral.....	27

Recitals

Whereas the parties to this Agreement (the “Members”) enter into this Agreement for the purpose of forming and sustaining a limited liability company under the Limited Liability Company Act of the state Arizona (the “Act”),

Whereas the Members hereby establish Real Poker L.L.C. (the “Club”) in direct response to umbrage taken by the Gaming Department to over 60 “social gambling” cardrooms this past decade, which in turn were created in response to the potentially unlawful assumption of Arizona’s regulated gambling exclusion in 2002 by the tribes of Arizona,

Whereas the international sport of poker is an intellectual game, which was inducted into the International Mind Sport Association in 2010, and in 2012, a NY District Judge issued a 120-page opinion explaining how and why poker is predominantly a skill game, citing an array of intellectual talents as the basis for this determination, and “duplicate poker” was granted observer status for Olympic mind sports in 2017, the first step towards becoming an official Olympic event,

Whereas the Members share a common desire to create a not-for-profit, exempt 501(c)7 social club that can lawfully organize and conduct, exclusively for its members, an annual series of amusement gambling poker tournaments (“AGPTs”) primarily for the entertainment and commingling of its Members, and pursuant to A.R.S. §§ 13-3301.1.d.iii. and 13-3311, amusement gambling at intellectual games or contests, such as poker or chess,

Whereas the amusement gambling exclusion requires that “the prizes are not offered as a lure to separate the player or players from their money”, defined by case law and Attorney General Bob Corbin’s 1987 opinion which describes prizes of “minimal value” as those offered by family entertainment enterprises such as Chuck E. Cheese’s, and where, today, the maximum prize value for such “skill” amusement gambling is a merchandise prize worth up to \$550, and where the above mentioned US Open Chess conducted as an “intellectual” amusement offered a guaranteed minimum prize pool of \$40,000, projected to \$50,000 based on 500 entries where the winner receives \$8,000, and where the PGA’s Phoenix Open offers a multi-million dollar prize pool with the 2017 winner earning \$1.2M under the amusement gambling exclusion for athletic contests,

Whereas the Arizona Department of Gaming issued a statement for the record, through its Public Information Officer as edited and approved by an Arizona Assistant Attorney General, proclaiming that the 116th U.S. Open \$50,000 chess-for-cash tournament, conducted at the Arizona Biltmore Resort in 2015, was “not illegal gambling”, particularly noting the contest awarded the winner an \$8,000 cash prize (on a \$190 at-the-door entry fee), which is only possible if the “product” required by ARS 13-3301.1.d.iii is the entertainment “event”, and which provides a de facto “single win” threshold for intellectual amusement gambling contests, including potentially ring/cash games, for “prizes of minimal value”,

Whereas, after three rejections from 2012-2015, the Arizona Attorney General’s office issued “green light” letters for AGPTs in 2015 and 2016, which were modeled after the US Open Chess Championship as conducted by a not-for-profit and an amusement contest with an entertainment event product related to the gambling activity,

Whereas tribal casino poker rooms regulated exclusively on Arizona’s BIA reservations – usually an hour’s drive (if at all) for the average person –surround their offerings with the lure of the most addictive gambling (chance) devices created by man, where the house always has the edge, and objectionably go so far as to attach random chance schemes to their poker offerings, which make reservation poker, in part, a Class III lottery game.

Article I. Club Formation and Purpose

1.1 Formation Pursuant to the Arizona Limited Liability Company Act, the Members have formed an Arizona limited liability company called “Real Poker L.L.C.” (the “Club”), effective upon the filing date of the Club’s Articles of Organization (“Articles”) with the Arizona Corporation Commission.

The filing date for the Articles was the 21st day of March, 2017. (AZCC File #L21620127). The Articles were automatically published to satisfy the statutory requirements.

The Club obtained a federal Employer Identification Number (82-1425091) on May 4, 2017.

The Club obtained an Arizona Transaction Privilege Tax license (#21228144) as an amusement business, licensed initially for Maricopa County, Phoenix and Tempe. Additional cities and locations may be added without the need to amend this operating agreement.

The Club will elect to be taxed as a corporation, not a partnership. As a not-for-profit social club, there are no dividends or shares of income-producing interest available in Real Poker LLC.

Copies of all the above items shall be archived in the Club’s Records Book maintained by the Club Secretary.

1.2 Name of the Club. The Club shall operate under the name “Real Poker L.L.C.”. However, the Club may do business under a different name by complying with Arizona’s fictitious or assumed business name statutes and procedures.

1.3 Known Place of Business, Statutory Agent. The known place of business of the Club shall be the initial registered office designated in the Articles or such other office (which need not be a place of business of the Company) as the Members may designate from time to time in the manner provided by law. The statutory agent of the Club will be the initial statutory agent designated in the Articles, or such other person as the Members may designate from time to time in the manner provided by law.

1.4 Purpose.

A. Mission. Real Poker’s primary mission is “the proliferation of the play and appreciation of the international sport of poker (a mind sport) throughout Arizona”. This includes, but is not

limited to, those seven (7) of fifteen (15) counties that do not have access to a professionally dealt, traditional poker game. The Club has the power to do all things necessary, incident, or in furtherance of this purpose.

In furtherance of this purpose, the Club provides products, services and information to enhance the lives of its Members and the communities in which it operates.

The Club shall accept, apply and adhere to the seven (7) cooperative principles as adopted at the 1995 General Assembly of the International Co-Op Alliance. The seven (7) principals are:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training, and information
6. Cooperation among cooperatives
7. Concern for community

The Club organizes and conducts Amusement Gambling Poker Tournaments (“AGPTs”), using dedicated, non-participating dealers, a paradigm shift in the way traditional poker tournaments are conducted in Arizona (under the social or regulated gambling exclusions). AGPTs are conducted exclusively by Club members, for Club members, and for the commingling and recreational entertainment of its Members.

A major component of the Club’s mission is a grassroots movement to enable and encourage private citizens to individually petition their elected representatives to enact public policy that would allow the proper licensure and taxation of cardrooms in a manner similar to the way bingo is regulated in Arizona. Regulated cardrooms would generate an estimated \$22 million in general fund revenue very quickly, which is more than the aggregate revenue for tribal poker room contributions¹ to the a special slush fund also created by the 2002 initiative, Prop 202.

The Club models its primary event and revenue product after the United States Chess Federation’s U.S. Open Chess Championship, which was conducted at the Waldorf Astoria’s Arizona Biltmore Resort in Phoenix from August 1-9, 2015. The Public Information Officer of the

¹ Estimate based on NIGC FOIA appeal 2013-035, which provided, in a one-of-a-kind administrative error, proprietary, empirical data that the aggregate poker room revenue for Arizona tribes in 2011 of \$30,636,498.50. Historically the tribes title 4-5% of their net poker revenue, a paltry \$1.3M/year.

Arizona Department of Gaming issued a statement, edited and approved by an Assistant Arizona Attorney General, who's office deferred our notice to the Gaming Department, that the "USCF chess conference and championship does not fall within Arizona's statutory definition of illegal gambling".

Real Poker organizes and provides Members with regularly scheduled, entertainment events, in furtherance of its exempt purpose, and for the benefit of the community at large when conducted in private space leased at third-party, commercial establishments such as sports bars and grills, with which the Club has an arms-length relationship.

The annual series of amusement gambling poker tournament (AGPT) events, and the associated venue "stops" where the events are conducted, together create the "Arizona Poker Tour", which includes public freeroll events (no cost to participate, no monetization of free chips), in furtherance of our exempt purpose.

Additional activities in furtherance of Real Poker's exempt purpose include managing two annual contests, administered by the Club and related to the Arizona Poker Tour, based (1) on demonstrated skill and performance in the events and (2) simple attendance at Club events (no participation required); to offer training and certification for job opportunities as professional dealers and tournament directors; to protect the integrity of the sport of poker; to promote the positive aspects of the game; to expand the reach of the game; to offer public seminars about poker, strategies, and the various forms of the game; to communicate with Members about the Club, the industry, and our ongoing grassroots efforts to enact change by creating public awareness about the state of poker, and all regulated gambling, in the State of Arizona.

B. Vision. The Club's shared Member vision is to enrich the lives of all persons and communities by increasing the play, study, and appreciation of the international sport of poker in all its forms.

Real Poker members envision a State where cardroom activities are overseen by a commission, perhaps modeled after the Arizona Real Estate Commission, where poker players and cardroom operators manage their affairs without requiring too much government oversight. Members want not-for-profit poker activities "regulated" like Bingo in our State, or commercial poker "regulated" like tribal casino cardrooms. Until then, the amusement gambling exclusion offers the only viable alternative, as the social exclusion simply cannot work for a professionally dealt game, where a voluntary gratuity to the dealer

turns an otherwise lawful social game into an unlawful organized criminal enterprise.

Members envision a State where cardrooms are a local decision, licensed and taxed through a county or municipal approval process, and ratified by the State, perhaps administered through the Arizona Commerce Authority in a manner similar to how Bingo has been regulated since 1972.

Members envision a State where a privatized and conflicted "State" Gaming Department is not funded exclusively by the tribal casinos the Department is tasked with overseeing, while acting on the whim of the appointed director's personal predilections to pursue gray market cardrooms to protect the tribal oligopoly over professionally dealt poker contests.

Members envision a State where the gaming environment has someone watching the watchers, perhaps a citizen's oversight committee to keep an eye on the Gaming Department, which sadly does not offer details about tribal gaming revenues, even though they are required by State law to provide a detailed annual report, they provide only the bare minimum, summary information, which is essentially "what the tribes tell the Department they made".

Members envision a State where our elected representatives recognize the unconstitutional use of a citizens initiative to effectively "negotiate" (through an all-or-nothing proposal) "in good faith" a one-sided Tribal-State gaming compact that precludes the State from properly regulating poker, and other publicly accepted gaming activities, such as daily fantasy sports contests or free-to-enter national sweepstakes, as amusements under Title 5 of the Arizona Revised Statutes. But the Club and its Member's primary concern is the inclusion of the words "or poker" in the expanded poison pill clause of the 2003 gaming compacts – allegedly unconstitutional direct law, created through a private citizens initiative. The Members envision a State where the poison pill clause (at least) could be repealed and replaced with the 1993 compact language or similar, which didn't infringe on citizens or State's rights to regulate poker and cardrooms as well as any other publicly accepted gaming entertainment and amusement options. Another alternative and part of the grassroots efforts would be to encourage private citizens to propose a Constitutional Amendment to their elected representative(s) that would effectively clarify legislative intent by prohibiting any third party sovereign or quasi-sovereign government from creating any contract, agreement, compact or treaty with the State of Arizona through the initiative process, which is reserved for individual,

private citizens, not corporations, cities, counties, or the tribes.

C. Core Values

- **Love of the Game.** Poker is a historic and iconic American game, and the Club celebrates the sport's history, growth and evolution through its activities and events. The Club wants Members who are as passionate about the sport of poker as they are about their favorite professional and collegiate sports teams. Many people believe that the modern-day, high stakes version of the game was born in Arizona towns like Tombstone and Show Low. Members believe that frontiersmen, who braved their way through the hostile Indian Country of the Arizona Territory to reach the annual poker tournament at the Bird Cage Theatre in Tombstone, would be rolling over in their graves if they knew the game could only be played in Geronimo's teepee with a surcharge paid to Cochise.
- **Accessibility.** Poker can and should be enjoyed by individuals regardless of social or economic status or geographic location.
- **Integrity.** The Club respects and maintains and encourages beneficial relationships with and between its Members, third party venues and facilities, and the local communities, cities and towns where Club events are conducted.
- **Communication.** The Club will continually strive to inform and be responsive to its Members and the general public.
- **Excellence.** The Club recognizes the value of excellence in poker as a respectable avocation for all Members, and the value that a well-organized Club can provide its Members.
- **Education and Outreach.** Poker is an educational tool aiding in the learning of mathematics, planning, cause and effect relationships, pattern recognition, research, negotiation, observation and human psychology - all key skills for success in STEM (Science, Technology, Engineering, Mathematics). The Club seeks to extend the public's knowledge, understanding and appreciation of poker throughout the State.
- **Member Services.** The Club strives to be responsive, adaptive and proactive in providing services to its Members, including organizing professionally dealt, competitive poker contests, player ratings, historical archives and statistics, and in furtherance of the Club's primary mission, educating and creating awareness to enact change in public

policy that reflects the emerging social consensus that poker should be regulated like Bingo in Arizona. It makes perfectly sound financial sense, and will benefit the State by an estimated \$20M per year.

D. Goals

- Improve the overall strength and security of Real Poker as an organization, Club finances (with sufficient reserves), internal systems, Club operations and governance as a co-operative, democratic, not-for-profit civil and social organization.
- Expand the knowledge, enjoyment and playing of poker, including under-represented segments of society.
- Educate children, parents, teachers and school administrators on the benefits of poker as a mind sport, integrate the game into a school curriculum/project or as a fun and educational, extra-curricular activity. Encourage high school poker clubs, possibly affiliates of Real Poker, to use AGPTs to raise funds for school programs, events, and other student council projects.
- "Grow the game" by expanding the Club's Membership through a once-per-year, concerted Membership drive. Increase retention of existing Members. Explore the feasibility of events for potential Members in the 16 to 20 year old demographic, an age group that is legally prohibited from patronizing regulated tribal poker rooms, but not amusement gambling poker tournaments.
- The Club may seek professional and/or celebrity poker players to help the Club further its mission and seek top players to host/MC the Club's Annual Championship event.
- Within the limitations of unrelated business income for an exempt social Club, seek corporate sponsorship for the Arizona Poker Tour, tables and/or individual events. Sponsorship opportunities exist for industry leaders (WPT, WSOP, cardrooms and casinos, industry magazines and websites, merchandisers, etc.), including third-party corporate sponsors outside of the poker industry.
- Through the proliferation of excluded amusement gambling poker tournaments (AGPTs) conducted by exempt social Clubs, Real Poker hopes to generate, for the public benefit, more tax revenue than the paltry amount currently generated by tribal poker rooms. The tribal revenue sharing is earmarked for the special interest funds that

comprise the euphemistically-named Arizona Benefits Fund, which also happens to have been created by the potentially unconstitutional 2002 initiative.

- A long-term goal, in furtherance of the Club's exempt purpose and as a public service for the betterment of the State and its citizens, prior to the 2027 standard state-tribal gaming compact expiration date, the Club may explore the feasibility of challenging (in a mass action or similar lawsuit) the inclusion of "or poker" within the expanded poison pill clause. If successful, such an action would right a perceived wrong, and allow poker (and other forms of amusement gaming) to once again be regulated without imploding the poison pill clause of the existing compact. If unsuccessful in making changes, the Club's grassroots efforts to educate the public should help prevent the use of a private citizen's initiative to negotiated the terms of any future tribal-state gaming compacts. It is important to note that there is no private return on investment for litigation in furtherance of the Club's exempt purpose in this manner, and that the benefit would be for the public at large and the State. An unrealized benefit for the gaming tribes of Arizona, who, released from the limitations imposed by compact of poker as a Class III game, could once again offer no-limit poker as a Class II non-banked card game under IGRA. Licensing and taxing public cardrooms as a regulated amusement under Title 5 of the A.R.S. would very quickly generate an estimated \$20M for the State and municipalities, compared to ~\$1.3M per year, the collective tribal poker rooms tithe to the euphemistically-named Arizona Benefits Fund. (See National Indian Gaming Commission - Freedom of Information Act Appeal, No. 2013-035)
- Long-term goals may also include Real Poker L.L.C. becoming a founding member (one of several) that establishes a 501c3 organization comprised of a network of statewide poker clubs similar to Real Poker L.L.C. Such a federation would function as a centralized, sanctioning body and provide de facto standards for rules, regulations, points tracking, record keeping, player ratings and administration of points-based contests, individually or collectively. Such a federation would serve the community in a manner that is similar to how the USCF sanctions state-wide federations of individual chess clubs, as an educational 501c3, or how Major League Soccer, a Member of FIFA, sanctions state-wide soccer leagues in Arizona that are recognized as exempt athletic associations.

It is understood that the foregoing statements shall not serve as a limitation on the powers or abilities of this L.L.C., which shall be permitted to engage in any and all lawful business activities.

If at any time a majority of Club members vote to engage in any activities outside of the stated purpose and activities included in this Agreement, where such activities may impact the Club's 501c7 exempt status, the Club's tax advisor shall assist in submitting a new request for determination letter to the I.R.S. in a timely manner. The Club shall obtain a new determination letter before engaging in such expanded business activities that are not expressly contemplated within this Agreement. Upon a favorable determination letter, such new activities shall be amended to this Agreement within 10 days of the actual engagement of such activities.

If the Club intends to engage in activities and events outside of Arizona that require the qualification of the Club in other states, it shall obtain such qualification before engaging in such out-of-state activities.

1.5 Term: The Club commenced on the date its Articles of Organization were accepted by the Arizona Corporation Commission. It shall continue perpetually unless sooner dissolved by the Members pursuant to the procedure set forth in this agreement.

Article II. Membership Provisions, Rights, Duties, and Limitations

2.1 Requirements for Membership.

A. Club Membership is available to individuals who support the Club's purpose, mission, vision and goals as set forth in Article I of this Agreement.

B. All new Members are required to have an existing Member as a sponsor. The sponsor may be a different Member than a referring member. A sponsor is someone who personally vouches for a new Member as someone they believe will actively support the Club's purpose, mission, vision and goals.

2.2 Three Classes. The Club has three (3) Membership classes:

A. "Charter (Listed LLC) Members" are members of the Club that have a capital account balance established in their name. The initial capital contribution shall be the amount established by the Final Table and detailed in the Policies and Procedures Manual. This Agreement intends for lifetime Charter Memberships to be equal five (5) times the annual Club Membership.

1. Charter Members personal information will be amended to the Articles, and filed with the Arizona Corporation Commission in January of each year. Until that time, all potential Charter Members are considered Provisional Charter Members.

2. An up-to-date list of all Charter Members and their required information is provided as Attachment A of this Agreement.

3. Charter Members are all equal owners of the Club, regardless of the amount of their capital contributions or capital account balance.

4. Charter Members accept and acknowledge a fiduciary trust responsibility to all other Members as well as to the Club itself.

5. The only benefit Charter Members receive is that they may make capital draws pursuant to Article _ Section _, and may have some or all of their capital account balance returned upon termination or dissolution proceedings pursuant to Article _ Section _. Such return of monies is without interest or other benefit.

6. The Club shall provide Charter Members with a form that provides the option to exclude their spouse and such communal property from their individual ownership interest in the Club.

7. Notwithstanding the effects of termination or dissolution, a Charter Member must remain a Charter Member for at least twelve (12) months.

a. Thereafter, the Member may voluntarily elect to revert to a Lifetime Membership, an event that would close out their capital account, with any balance being disbursed to the Member as approved by the majority of members.

b. To become a Charter Member at a later date, an ex-pat Charter Member would need make a capital contribution to bring their balance back to the minimum requirement and receive majority approval from existing Charter Members.

8. A Charter Member may elect to change their Membership status to Lifetime Charter (or vice versa) immediately if the Member agrees to reimburse the Club for the administrative costs and government fees associated with filing an amendment to the Articles, and upon the approval of the majority of Members, and subject to the other terms of this Agreement and the Act.

B. "Lifetime Members" are Members who have made the requisite capital contribution (as a lump sum or in the aggregate as a Club member) as defined in the policies and procedures manual.

1. Lifetime members may apply for Charter Membership.

2. Potential charter memberships will be considered and voted on by all existing members (of all classes) at the Annual Meeting.

C. Club Members make a non-refundable contribution to the Club annually for their first five (5) years.

1. Club membership is simply Lifetime membership on a layaway plan. After five years, a Club Member is considered a Lifetime Member, with no additional capital contributions required (except in the case of special assessments, which apply to all members, as in an HOA).

2. New Club Members shall require the majority approval of existing Members before being granted Membership in the Club. New Members shall have all the benefits of Club Membership, pending their formal approval by the majority of Members at the next scheduled general meeting.

3. Club Members may elect to upgrade, at any time, to Lifetime Membership by paying the balance of their Charter Membership less their aggregate contributions to the Club to date.

4. In an effort to acknowledge and reward early adopters and advocates of poker and our grassroots efforts, the Club offers bona fide members of any of the over sixty defunct, social gambling (gray market) cardrooms that have come and gone in Arizona. Evidence of such membership may include a membership card, photograph, or vouching from an existing member.

2.3 Membership Terms. Membership in the Club is a privilege and not a right.

2.4 Membership Shall Not Be Denied on the basis of race, creed, religion, or national origin.

2.5 Applicants For Membership shall complete a Membership Application Form furnished by Real Poker.

1. Applicants must possess a valid form of identification which Real Poker may copy or photograph for archival purposes.

a. The Application shall state the Club's privacy policy and provide other disclaimers as the Final Table deems necessary and appropriate.

b. The Application shall allow a checkbox for new Members to opt-out of electronic messaging.

c. The Application shall include a checkbox that will allow Real Poker to use a Member's image, name or likeness for website, social media, newsletter, etc.

d. The Application shall include a survey which indicates a Member's primary motivations for becoming a member of Real Poker and

participating in the Arizona Poker tour and AGPT events. This survey establishes that AGPTs, compared to other forms of amusement gambling (golf, chess, skill games), are not using the guaranteed minimum prize pool to lure players from their money. This should never be an issue for a not-for-profit social club, but it will help protect our collective intentions to be gambling, but not for gambling purposes, but rather, social, entertainment, and recreational purposes.

2.6 Rejected Memberships shall have any monies returned to them with a Rejection Notice executed by the Club secretary. Rejected applicants have the a right to appeal the rejection or request information by providing written notice of such request to the Club secretary. A written response from the Final Table shall be provided within 30 days of receipt of such request. If a potential Charter Membership does not receive majority approval, that Member shall remain a Lifetime member in perpetuity. Rejected Charter Memberships may reapply every year.

2.7 Discounted Memberships Not Allowed. Discounted Membership fees shall not be allowed, except that any Club Member who joins between July 1st and November 30th, may be allowed to pay half-price of the standard annual Membership fee for the remaining half-year.

A. Club Membership shall not be prorated beyond the half-year (not quarterly or monthly).

B. New Members in December shall not be discounted but will automatically be extended to include the new clander year (grandfathered in).

C. In order to maintain equality and a one-voice, one-vote democracy between all Members, the Club shall make no offerings or allowances for “family memberships” or joint membership for couples, spouses, domestic partners, etc. Such discounts may be considered a personal benefit or private inurement and void our 501c7 status.

2.8 Membership Fees Shall Remain Consistent. Membership fees are fixed and should not be altered. The Club’s exempt status may be affected by discounting or changing Membership Fees, which could create a benefit, or private inurement, for Members who paid lower Membership fees.

A. Notwithstanding the above, not more than once every three years, the Club may make Membership fee adjustments to allow for inflation.

B. Assessments are a more appropriate method for raising money if the Club finds itself in need of emergency funds beyond what has kept in reserves.

2.9 Honorary Members. Persons whom Real Poker Members wish to honor may be elected as an honorary Lifetime Member by a majority vote of those present at any annual or special meeting, provided the potential honorary Member grants their consent. Honorary Members may also consent to becoming a Charter Member with their name amended to the L.L.C. Articles, otherwise, honorary Members shall be treated as Lifetime Members.

2.10 Non-Transferable, Non-Refundable. No Member may transfer all or any part of their interest as a Member of the Club. Any purported transfer of an interest or a part of an interest in violation of the terms of this Agreement will be null and void and of no effect. For purposes of this section a “transfer” includes a sale, exchange, pledge, or other disposition, voluntarily or by operation of law.

2.11 Additional Rights of Members.

A. The **management of the Club** is vested in the Members. The Members shall participate directly in the management of the Club, by setting general policies regarding operation of the Club. The will of the Majority of Members shall be enacted by a duly-elected group of volunteer Members that shall be known as the Final Table. Officers and Directors elected to serve on the Final Table agree to do so in a voluntary manner, and are not compensated for their service in their capacity as Members of the Final Table. Members shall not be paid as Members of the Club for performing any duties associated with such Membership.

B. All Members shall equally have **one voice = one vote** with respect to any matter requiring a vote, approval or consent of Members, except as otherwise may be required by the Act, the Articles or this Agreement; or under other laws of Arizona. Each Member has the right to vote on any matter submitted to the Membership for approval.

C. All Members shall have **equal access** to Club meetings, events, activities, and contests.

D. All Members are eligible to automatically **accrue points** in the Club’s annual “REAL Arizona State Poker Player of the Year” contest based on skill and the criteria established by the majority of Members.

E. All Members are eligible to **participate in periodic freeroll events** conducted for the public benefit, including the “Annual Real Arizona State Poker Championship” sponsored by Real Poker L.L.C. and conducted near the end of December each year.

F. All Members are eligible to **earn bonus starting chips**, based solely on their attendance (no purchase necessary) at AGPT and other Club

events, including general membership meetings, throughout the year. The amount of bonus chips, and a maximum (cap), if any, shall be recommended by the Championship committee, and approved by the majority, prior to the start of each Arizona Poker Tour season, which runs from January 1 to December 31 each year. These decisions shall be amended to the policies and procedures manual.

G. All Members (Club, Lifetime, Charter) in good standing shall be **eligible to vote** in Club elections.

H. All Members (Club, Lifetime, Charter) in good standing can **run for election** and serve on the Final Table as a volunteer officer or director of the Club.

I. All Members will be assigned a unique **login and password** to the Club's website where they may create a personal profile, review points tracking and Member rankings, as well as view upcoming scheduled events and activities.

J. All Members have the right to **petition** the Final Table to ask a majority vote on any subject or issue they may have.

K. Any Member's out-of-pocket **expenses** shall be reimbursed by the Club so long as such expenses are shown to have been necessary for the promotion of the exempt purposes of the Club. Such expenses shall be approved by the Final Table.

L. All Members will receive a **Membership Card**, or replacement card (at cost) if necessary. The Final Table shall obtain, maintain and issue sequentially-numbered (bar-coded) Membership cards to serve as proof of Membership in the Club. The Membership cards shall show the name of the Club, the unique serial number assigned to each Member, and as feasible, the name and photo of the Member. Such cards may also offer additional benefits at third party venues where the Club has executed a Private Space Rental Agreement (discounted food and beverage services). Such cards may offer benefits to unrelated businesses too, such as a 5% discount for using a member's plumbing company or perks for using a member who is a Realtor®.

N. **Member's Guests.** Members may invite up to eight (8) bona-fide guests to a Club event, provided that the Member pays for their guest's event-related fees, if any. Member's Guests may not be present during a Club election meeting. Guests will not accrue points in the Club's contest, but may be eligible to win certain "daily" or "event" related promotional prizes, if any. If a Guest later becomes a Member, points are not retroactively awarded. All Member's Guests must

fill out a Guest Application and provide a valid form of identification. Guests need only register once, but shall show ID at each event they attend. Notwithstanding the Club's singular Membership drive each year, non-Member guests may be invited to Club Events only by individual Members. There will never be a public invitation by the Club to participate in AGPT events. The Final Table shall ensure that records are maintained to substantiate the minimum and assumption standards employed by the I.R.S. regarding Member's guest revenue being treated as Member income. (See I.R.S. Rev. Proc 71-17).

O. **Referral Fees.** Members may receive a 50% referral commission for new members they recruit (typically their friends). This referral commission is good for the lifetime of the member's capital contributions, not just the initial capital contribution.

Article III. Capital Provisions

3.1 Initial ("Founding") Charter Members.

The names and addresses of the initial charter Members of Real Poker L.L.C., the amount of their initial capital contributions, and their initial Ownership Interests are provided as Attachment A of this Agreement.

3.2 Ownership Interest. The ownership interest of each Member of Real Poker L.L.C., at any time, shall be determined by the ratio of the Member's voting right (1) to the aggregate voting rights of all Charter Members. Each Charter Member, regardless of the amount of capital contributions made to the Club, shall own an equal percentage of interest in the Club and share equally in the responsibility of acting as trustees for all Club and Lifetime Members. The ownership interest of each L.L.C. Member is not impacted by the number of annual Club or Lifetime Members. As examples, with with 1,000 Charter Members, each Charter Member would own 0.1% (1/1000, or a 10th of 1%) of the Club.

3.3 Initial Capital Contributions. The initial capital contributions of any member must be paid to the Club immediately upon executing and submitting the Membership Application.

All Members understand that capital contributions are at risk, and may never be repaid, in part or in full. Capital contributions are not tax deductible as if they were donations to a charitable 501c3 organization. No interest is earned on capital account balances.

3.4 Capital Accounts. All members will have a capital account established in their name. Once a member's capital account has reached the max

cap established by the majority as provided in the policies and procedures manual, no additional capital contributions or fees (except special assessments) are required. At such a time, the Club member is considered a Lifetime member.

3.5 Additional Contributions. Except as otherwise provided by the Act or this Agreement, no Member will be required to contribute additional capital to the Company. Additional capital contributions to the Company may be made at any time by any Member, but only with the Members' majority approval. Such additional contributions might take the form of a traditional loan to the Club by a member, for example.

3.6 Equity Contributions. Whenever a Member is acting on authority and approval of the majority of Members in conducting official Club business, such Member may elect to accrue equity as an alternative form of compensation. This may be especially beneficial during the pre-revenue and startup phases of the Club. Equity contribution claims shall be submitted to the Final Table for general Membership review and approval for any activity that the Members deem appropriate and necessary. Equity contributions shall be treated as Additional Contributions to a Member's capital account.

3.7 Additional Members. Additional Club Members may be admitted with the majority consent of existing Members at the next general membership meeting. Until such vote, new members shall be considered "provisional" club members and have all the rights and responsibilities of a Club member bestowed upon them. New Charter (LLC) Members must have the majority approval of existing members (of all classes). With only two initial Charter Members, admission of a new Member (of any class) will require the unanimous consent of both Members.

3.8 Capital Regulatory Authority. Members' capital accounts shall be maintained in accordance with the federal income tax accounting principles prescribed in Treasury Regulations §1.704-1(b)(2)(iv).

3.9 No Interest on Capital Contributions. No interest will be paid on capital account balances. All capital contributions shall be treated as interest-free loans made to the Club, to be used for ongoing operational costs, and shall have no effect on the contributing Member's voting rights or percentage of ownership interest in the Club.

3.9 Capital Draws. Any Member with a capital account balance may request to withdraw funds from their capital account, provided that they maintain the minimum balance required, as determined by the Final Table and described in the Club's policies and procedures manual. This

Agreement intends for the minimum balance required to be the same as the required capital contribution level for Lifetime Membership. Capital draw requests shall be submitted to the Final Table and will require the majority approval of Members. The Club may approve some or all requested funds, based on cash flow and liquidity at the time of request.

3.10 Prohibition on Personal or Private Inurement. No personal or private inurement (benefit) shall exist or be created for any Member based solely on their ownership interest or their status as a Member of any class. A Member that makes a capital account contribution understands that such a contribution will not earn interest and the Club makes no guarantee of the return of or availability of capital funds in whole or in part. Loans made by members to the Club are not considered capital contributions, as those funds are deposited into, and serviced through, the Club's general fund.

3.11 Return of Capital Balance for Members. Upon termination of their Membership in the Club, for any reason, a Member shall not be entitled to the return of their capital account balance, if any, as described in Article __, Section __ of this Agreement.

Article IV. Indemnification and Liability Limitation

4.1 Limitation of Liability. No Member of the Club is liable to the Club or to the other Members for monetary damages resulting from the Member's conduct as a Member except to the extent that the Act, as it now exists or may be amended in the future, prohibits the elimination or limitation of liability of Members of limited liability companies. No repeal or amendment of this section or of the Act will adversely affect any right or protection of a Member for actions or omissions prior to the repeal or amendment.

4.2 Indemnification. Except as otherwise provided in this section, the Club must indemnify each of the Members to the fullest extent permissible under the laws of the state of Arizona in which the Articles of Organization of the Club have been filed, as the same exists or may hereafter be amended, against all liability, loss, and costs (including, without limitation, attorneys' fees) incurred or suffered by the Member by reason of or arising from the fact that the Member is or was a Member of the Club, or is or was serving at the request of the Club as a manager, Member, director, officer, partner, trustee, employee, or agent of another foreign or domestic limited liability company, corporation,

partnership, joint venture, trust, benefit plan, or other enterprise. The Club may, by action of the Members, provide indemnification to employees and agents of the Club who are not Members. The indemnification provided in this section is not exclusive of any other rights to which any person may be entitled under any statute, agreement, resolution of Members, contract, or otherwise. But despite any other provision of this agreement, the Club has no obligation to indemnify a Member for:

- A. Any breach of the Member's duty of loyalty to the Club;
- B. Acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law;
- C. Any unlawful distribution under the Act; or
- D. Any transaction in which the Member derives improper personal benefit.

4.3 Club to Members. Pursuant to the authority of ARS 29-610 and so far as permitted by law, the Club hereby indemnifies its Officers, directors, staff, volunteers and Member against any claim, liability, loss, or expense arising out of

- A. Any act performed for or on behalf of the Club and in furtherance of its purposes; or
- B. Inaction on the part of such persons that is not in violation of this Agreement. This indemnification does not extend to acts involving gross negligence, fraud, or willful misconduct.

4.4 Member to Member. Pursuant to the authority of ARS 29-610 and so far as permitted by law, each Member hereby indemnifies the other Members against any claim, liability, loss, or expense arising out of

- A. Any act performed for or on behalf of the Club and in furtherance of its purposes; or
- B. Inaction on the part of such persons that is not in violation of this Agreement. This indemnification does not extend to acts involving gross negligence, fraud, or willful misconduct.

4.5 Liability to Third Parties Except as provided by law, a Member, manager, employee, officer or agent of the Club is not liable, solely by reason of being a Member, manager, employee, officer or agent, for the debts, obligations and liabilities of the Club whether arising in contract or tort, under a judgment, decree or order of a court or otherwise. (ARS 29-651).

4.6 Unauthorized Assumption of Power. All persons who assume to act on behalf of the Club without authority to do so are jointly and severally liable for all debts and liabilities incurred by the persons so acting. (ARS 29-653).

Article V. Club Meetings

5.1 All decisions affecting the Club must have the majority approval of a quorum of Members present at a scheduled general membership meeting of the Club.

5.2 A quorum is the minimum number of Members who must be present at a properly called meeting in order to conduct business in the name of the Club.

A. When the Club has fewer than 100 Club Members, a quorum shall be present if 5% or more of the total Members are in attendance. The founding Members shall act as the interim managers of the Club until the Club has conducted its first election (an event triggered when the Club attains 100 Members).

B. When the Club has more than 100 Members and has elected its first Final Table, at least 5 Members of the Final Table must be present for a quorum to be established. Any number of additional Charter, Provisional and Club members may participate in the general membership meeting and cast their vote once a quorum is established and a vote is called for on any issue.

5.3 Proxy and absentee votes shall not be allowed. Allowing members to vote by proxy, for example, with however the majority at the Final Table (or any other Member sub-group) votes on any issues is in direct opposition to the one-voice, one-vote concept of a democratic majority being responsible for the management of the cooperative not-for-profit Club. The Club encourages and seeks to have active Members with active voices directing and enacting official Club business and all of its related activities and events.

5.4 Parliamentary authority. All official Club meetings will be guided by conduct according to Robert's Rules of Order Newly Revised. Club meetings may be conducted according to the procedure established by the Members.

5.5 General Membership and annual meetings. The Club shall hold at least six general Membership meetings per calendar year, at times and places designated by the Final Table. These meetings will be open to all Members of the Club. Items to be included in the agenda may be provided to the President by any Member at least one week prior to a scheduled meeting. The Final Table shall adjust the frequency of general meetings to what is deemed necessary and appropriate by the majority for the effective communication and execution of approved Club actions and activities. General Membership

meeting dates and times shall be posted on the Club website, on flyers and handouts at Club events, in the Club newsletter, and on social media. The order of business will be: review and approval of the minutes from the previous meeting; report of the President; report of the Treasurer; report from Committees; old business; new business; adjournment.

A. The first general meeting shall be held after January 31 of each year to hear the annual Treasurer's report and the results of the annual audit, compilation or review of the Club's books by the Finance Committee Chair.

B. Additional general meetings (except for the Annual Meeting; see below) shall be scheduled by the Final Table as necessary to conduct the business and scheduling affairs of the Club. Upon the Club's inception, the Members anticipate bi-monthly meetings, but the Final Table shall be responsible for scheduling general meetings between the first and last meetings of the year depending on what makes the most sense.

C. The last general meeting of the year shall be called the Annual Meeting, to be held in December. Every third full year since the Club's first election, this year-end general meeting shall include the election of new Club Officers and directors to the Final Table. The election shall be conducted using voice vote, hand vote, secret ballot or other acceptable voting method established in advance and as determined by the majority and to be adopted by the Elections Committee in conducting the election. (See Section VI - Elections).

5.6 Special meetings. Special meetings of the Members may be held at any time for the transaction of Club business. Special meetings may be called by the President or upon the request of any Member of the Final Table, or by a petition (available on the Club website as PDF) that has been signed by at least 20% of the Membership roll.

5.7 Meeting Notice.

A. Notice announcing the date and time of any general membership meeting, including the Annual Meeting, shall be included in the Club's newsletters, event handouts, Club schedules, website and social media pages, and published at least ten (10) days prior to the date of the meeting.

B. Notice for Special meetings must be mailed or emailed to each Member at least five (5) days prior to such a special meeting.

Article VI. Elections

6.1 The Final Table consists of the Officers and Directors of the Club, duly elected by the Members, and empowered to enact the will of the majority of the Members of the Club. The "Final Table" is traditionally called an Executive or Management Committee.

6.2 The Officers and Directors of the Final Table shall include the singular titles of President, Vice-President, Secretary, and Treasurer with the addition of five (5) "at large" directors. These positions are volunteer positions in the Club, and aside from costs associated with attending scheduled Club meetings, there is no compensation for serving in these positions. There is no prohibition from officers holding management or staff positions in the Club, provided that their status as an officer or director bestows no additional benefit or advantage, and they are treated no differently than other staff/members in the same position.

6.3 Election of Officers and Directors will be held at the annual (December) meeting every three (3) years after the first election. The first election will occur once the Club has 100 Members. The election will be conducted at the next regular meeting at least sixty (60) days from the date of the addition of the Club's 100th Member. At least forty (40) days prior to the election meeting, the Chairman of the Election Committee will appoint a nominating committee of not less than three (3) Members to prepare a list of consenting nominees. Additional nominations may be made by any Member provided that prior approval has been obtained from the nominees. Officers and Directors of the Final Table shall not be allowed to serve on the Nominating Committee.

6.4 To be eligible for Office a candidate for election or appointment to the Final Table, the Member must be an active Member in good standing. All Member classes are eligible to run for Office. A potential nominee must be available to attend Final Table meetings a minimum of six (6) times per year. Any Member may become a nominee for election by filing a Notice of Intent with the Chairman of the Nominating Committee.

6.5. Form or manner of elections. The Election Committee shall enact the form and manner of electing the members of the Final Table. Officers will be elected by ballot only if there are two or more nominees for any office. If no nominee receives a majority of votes, there will be a run-off between the two receiving the most votes. Unless the manner of electing members allows

differently, a member may only run for one position or office.

6.5 Desirable qualifications for Officers and Directors of the Final Table include:

- A. Understanding the value of cooperatives and the seven (7) cooperative principles,
- B. Commitment to establishing Club policies using a cooperative, team approach,
- C. Willingness to strive for consensus,
- D. Willingness and ability to enact the will of the majority of members of the Club,
- E. The ability to take responsibility establishing and meeting deadlines,
- F. Effective communication skills,
- G. Ability to always consider all member suggestions and approved actions in light of the exempt purpose of the Club, it's mission, vision and goals,
- H. Honesty and integrity,
- I. Acceptance of a fiduciary trust responsibility to the Club and its members.

6.6 Officers and Directors will take office on the first day of the month following their election and will hold office for three (3) years. The term of the first elected Final Table will run for a full three (3) years starting January 1st of the year following their election to office. Thereafter, the Club will conduct elections at the December meeting every third year.

6.7 Each Club Officer or Director must remain an active Member in good standing with the Club. If a Club Officer vacates their position, voluntarily or involuntarily, the procedures provided in this Agreement will be followed (See Article X).

6.8 The titular duties of the Officers and Directors are as follows:

A. President: It will be the duty of the President to preside over all formal Club meetings; to appoint a Member to the offices Vice President, Secretary or Treasurer should a vacancy occur; to act as liaison between the Club and local communities in which we are active, and between individual Members, other community groups and the Final Table; conduct annual personnel performance reviews for Club employees; and to perform other duties as pertain to the office. The President may appoint Members to a Financial Oversight Committee responsible for reviewing the Club's financial statements and position, resulting in submission of a written report to the Final Table.

B. Vice President: It will be the duty of the Vice

President to preside at Club meetings in the absence of the President, to assume the office of President should a vacancy occur in that office; ensure proper maintenance and upkeep of Real Poker equipment and facilities, if any; oversight of or direct participation in approved projects; and performance of any other such duties as pertain to the office.

C. Secretary: It will be the duty of the Secretary to record and preserve the minutes of the meetings of the Final Table; to record and preserve the minutes of the annual or special meetings; to present these minutes at the following meeting of the Final Table or at the next annual or special meeting; and to make copies of the previous minutes available to the Final Table or any Member upon request; to maintain a record of the number of Members; to serve as the Club archivist, and performance of any other such duties as pertain to the office. Minutes will be recorded per parliamentary procedure as outlined in Robert's Rules of Order, which includes:

1. Type of meeting: regular, special or annual;
2. Name of organization, Real Poker L.L.C.;
3. Date of meeting;
4. The fact of the presence or absence of Final Table Members, and the presence of any other Members;
5. Approval of previous minutes;
6. All new business, agenda items, main motions, their initiators and outcome;
7. All business actually transacted and decisions made, actionable items;
8. A summary of the substance of committee reports, if any;
9. Hour of meeting and adjournment.

D. Treasurer: It will be the duty of the Treasurer to provide updates to the Final Table on an annual budget and a record of all receipts and disbursements. The treasurer will work with the CPA to create audited statements that are an accurate and true reflection of the financial health of the club. The Treasurer will be responsible to present a summary of financial activities to the Final Table at each regular meeting or upon request, to present a written quarterly budgetary report, and ensure that tax related matters of Real Poker are resolved in a timely manner; to act as, or appoint, the designated tax matters partner of the Club, and performance of any other such duties as pertain to the office.

E. Directors: Five (5) at-large directors shall provide the Final Table with a representative mix of the Membership at large. Directors may be

appointed to serve as Committee Chairpersons and as act as liaison between all Members and the Final Table; and performance of any other such duties as pertain to the office.

6.9 One of the director positions shall be automatically filled by the immediate Past President of the Club, if available, and only if Past President consents and agrees to fill the “at large” director position. If not, a fifth elected director will fill the Final Table.

6.10 Orientation: The immediate Past President is responsible for giving all new Final Table Members an orientation (at the start of their term) on: (a) the operation of the Club and (b) the duties and responsibilities of the Club Officers and Directors of the Final Table. The Club founders will establish the initial orientation of the Club through its organizing papers and through contact with additional Members. The intent of this orientation is to ensure proper adherence to the Club’s exempt not-for-profit, civil, social and recreational purposes.

6.11 Term Limits for elected Officers and Directors of the Final Table:

A. Officers may serve no more than two consecutive terms. Thereafter, they are not eligible to run for office until at least one three-year term has passed.

B. Directors may serve no more than one three-year term, thereafter they may run for an Officer position or take a three-year term off before running for Director again.

C. A past president that elects to fill the “at large” director position (7.7 above) will need to wait one three-year term after serving as a director, before volunteering for either a Director or Officer position again.

Article VII. Committees

The President, or an Officer of his or her designation, will act as an ex-officio Member of the committee. All decisions proposed by a Committee will be subject to review and approval of the Final Table and the majority of Members.

7.1 Standing Club Committees: The Members collectively act as the Steering Committee, but founders anticipate the need for the following (alpha) list of the Standing Committees of the Club:

- Events and Activities
- Meetings, Awards and Recognition

- Communications and Public Relations
- Financial Oversight
- Grievance (Dispute Resolution)
- Membership
- Nominations and Elections
- Operations and Human Resources
- Philanthropic
- Rules, Regulations, Policies and Procedures

The President, with the approval of the Members, shall annually appoint, or re-appoint, a chairperson for each of the Standing Committees.

7.2 Special Committees. When there is a specific need for business pertaining to the Club’s function, the President, with approval of the Members, shall appoint a special committee to handle such business. If there will be an ongoing need for such a committee, this Agreement may be amended to include additional of Standing Committees of the Club, such as a Scholastic Outreach or Sponsorship committee. Otherwise, Special Committees dissolve once they have served a specific, short-term purpose.

Article VIII. Financial Provisions

8.1 Tax classification of the Club. The Club shall elect to be taxed as a corporation, rather than the default designation of a partnership for multi-member limited liability companies. The Club is organized without capital shares. The Members of the Club intend that this Club be classified as an 501(c)7 exempt, not-for-profit civil social club for tax purposes, as applicable.

8.2 Taxable and Exempt Revenue Streams. The Club founders intend to privately crowd-fund pre-revenue and startup phases of operations. The Club generates revenue through capital contributions made by Members. The Club generates revenue by conducting events for its Members and in furtherance of its exempt purpose. The Club may also generate sponsorship revenue, which shall be kept to less than 15% of all traditional and member-generated revenue. Revenue may also be received through merchandise sold, if at a profit. Capital contributions (membership fees) are generally not taxable when set up in this manner.

In certain cases, where annual membership fees are less than \$75, the I.R.S. has allowed that some or all of the fee may be considered a capital contribution, rather than a taxable fee for services or benefits. As the Club accepts annual

contributions as a pathway to Charter membership, annual Club Member contributions should not be treated as taxable revenue.

Event Registration Fees Are Taxable as an amusement, for services or benefits received and the privilege of competing in the events or contests offered. The Club organizes games and contests exclusively for its Members co-mingling and recreational enjoyment, and in furtherance of its exempt purpose.

Sponsorship Revenue is generally not be taxed for a 501c7 exempt organization. Such revenue shall be tracked separately from other revenue streams but may be deposited into the Club's general fund for operational use.

Club Merchandise sales would be taxable and may constitute unrelated business income. Such revenue shall be tracked separately from other revenue streams but may be deposited into the Club's general fund for operational use.

The Final Table shall review the annual dues for the next fiscal year at the Annual Meeting held in December. Any change in the annual dues shall be subject to approval of a majority of the Members present at the annual meeting, and only if a quorum is present. Membership fees shall take into consideration inflation. Membership dues shall not be adjusted more than three (3) times every ten (10) years.

8.5 Collection of annual contributions. Club Membership renewals are due on January 1 of each year. Renewing Members must submit an updated Membership Application or verify existing information, and make their annual capital contribution/membership fee.

8.6 Books of Account. The Members must keep such books and records relating to the operation of the Club as are appropriate and adequate for the Club's business and for the carrying out of this Agreement. At a minimum, the following must be maintained at the principal office of the Club: (a) financial statements for the three most recent fiscal years; (b) federal, state, and local income tax returns for the three most recent fiscal years; (c) a register showing the current names and addresses of the Members; (d) a copy of the Club's Articles and any amendments thereto; (e) this Agreement and any amendments thereto; (f) minutes of any meetings of Members; and (g) consents to action by Members. Each Member will have access to all such books and records upon request.

8.7 Fiscal Year and Accounting Method. The Club fiscal and tax year is the calendar year, and the Club uses the accrual accounting method

8.8 Accounting Reports. The net profit or net loss of the Club for each fiscal year will be

determined according to the accounting principles employed in the preparation of the Club's federal income tax information return for that fiscal year.

A. All items of the Club's income, gain, loss, or deduction required to be separately stated under IRC §703(a)(1) will be included in the net profit or net loss of the Club.

B. Within 90 days after the close of each fiscal year, the Club must deliver to each Member an unaudited report of the activities of the Club for the preceding fiscal year, including a copy of a balance sheet of the Club as of the end of the year and a profit and loss statement for the year. This private information may be made available as a secure PDF file on the Club website, and/or e-mailed to each member.

8.9 Tax Returns. The Club must prepare and file on a timely basis all required federal, state, and local income tax and other tax returns. Within 90 days after the end of each fiscal year, the Club must deliver to each Charter Member a Schedule K-1, showing the amounts of any capital account distributions (none) and contributions, income, gain, loss, deductions, or credits allocated to the Member during the fiscal year.

8.10 Tax Matters Partner. The Club Treasurer or other appointee shall be designated as the tax matters partner of the Club in accordance with IRC §6231(a)(7) and keep such designation in effect at all times.

8.11 Final Table Spending Authority. The Final Table is authorized to spend up to \$500.00 in one transaction without the consent of the Membership. Any expenditure above this amount must first be approved by the Membership.

A. Any expenditure which would result in an expense category exceeding the annual budget for that category by the greater of \$500 or fifteen percent (15%) must be presented at a meeting of the Final Table, and approved by a majority of the Members present at that meeting.

B. Electronic banking transactions for ongoing obligations, including perpetual charitable donations, may be approved by the Final Table including automatic ACH payment authorizations.

8.12 Banking The Final Table shall designate and maintain one or more conventional checking account(s) at a federally-insured bank for the deposit of the funds of the Club, and shall establish savings (reserves), investment, and other such accounts as are reasonable and necessary for Club operations and activities.

A. The signatures of at least two Club Officers shall be shown on the account signature card.

B. One or more Members of the Club shall be designated to deposit and withdraw funds of the Club, and to direct the investment of funds from, into, and among such accounts.

C. The funds of the Club, however and wherever deposited or invested, shall not be commingled with the personal funds of any of the Members of the Club.

8.13 Reserve Funds. The Club shall maintain a reserve fund, for the replacement of equipment but usable for other exempt purposes as approved by the Members. The Final Table shall determine annually if the reserve fund is adequate to cover foreseeable expenditures for the next year.

A. Two-years expenses is the recommended reserve fund cap for regular reserves, except for a special reserve (below).

B. With Member approval, a special reserve shall be established to fund potential civil litigation in furtherance of the Club's exempt purpose.

8.14 Title to Assets. All personal and real property of the Club shall be held in the name of the Club, not in the names of individual Members or managers. Members may loan or lease equipment or other personal assets to the Club for the Club to use, but the Club shall not be responsible for the maintenance, insurance, replacement or any liability for such assets.

8.15 Allocation of Net Profits and Net Losses. No Member will receive any allocation of Net Profits of the Club, if any. The Club aims to be self-sufficient through Member-generated revenue, but also plans to end each fiscal year with a net-zero balance. Excess proceeds will be disbursed annually, and for the public benefit, through donations to qualified 501c3 charitable organizations, and other qualified Member-approved philanthropic concerns, including sponsorship of the Real Arizona State Poker Championship, a free-to-enter public poker tournament with a guaranteed prize pool that also serves as the Club's singular Membership drive each year (in December).

A. No Member is entitled or eligible to receive an allocation of profits under any circumstances.

B. Allocation of Losses, if any, may be covered by special assessments or through conventional or Member loans, as necessary and approved by the Members.

8.16 Special assessments may be called for by the Final Table at any regularly-scheduled meeting of the Members. A two-thirds majority vote by Members in attendance will be required before a special assessment shall be made.

Article IX. Club Operations & Management

9.1 Member-Managed. All Members have the right to participate in the management and conduct of the L.L.C.'s business. Subject to the limitations imposed by this Agreement or by action of the Members, each Member is an agent of the Club and has authority to bind the Club in the ordinary course of the Club's business.

9.2 Actions by Members. Except as otherwise provided in this Agreement, all decisions requiring action of the Members or relating to the business or affairs of the Club will be decided by the affirmative vote or consent of Members.

9.3 Approval of Other Members Required. In addition to the other actions requiring unanimous Member approval under the terms of this Agreement, no Member has authority to do any of the following without the prior written consent from a Member of the Final Table, and only then with the approval of the majority of members at an official Club meeting.

- A. To sell, lease, exchange, mortgage, pledge, or otherwise transfer or dispose of all or substantially all of the property or assets of the Club;
- B. To merge the Club with any other entity;
- C. To amend the articles of organization of the Club or this agreement;
- D. To incur indebtedness by the Club other than in the ordinary course of Club's business;
- E. To authorize a transaction involving an actual or potential conflict of interest between a Member and the Club;
- F. To change the nature of the business of the Club; or
- G. To commence a voluntary bankruptcy case for the Club.

9.4 Devotion of Time; Outside Activities. Each of the Members must devote so much time and attention to the Club as the Members agree is appropriate and necessary. Members may engage in business and investment activities outside the Club, and neither the Club nor the other Members have any rights to the property, profits, or benefits of such activities.

9.5 Compensation and Reimbursement. Members who render services to the Club are entitled to such compensation as may be agreed upon by the Members from time to time. Members are also entitled to reimbursement from the Club for reasonable expenses incurred on behalf of the Club, including expenses incurred in the

formation, dissolution, and liquidation of the Club. Any compensation paid to a Member for services rendered will be treated as an expense of the Club and a guaranteed payment within the meaning of IRC §707(c).

9.6 Self Interest. A Member does not violate any duty or obligation to the Club merely as a result of engaging in conduct that furthers the interest of the Member. A Member may lend money or transact other business with the Club, and, in this case, the rights and obligations of the Member will be the same as those of a person who is not a Member, so long as the loan or other transaction has been approved or ratified by the Members. Unless otherwise provided by applicable law, a Member with a financial interest in the outcome of a particular action is nevertheless entitled to vote on such action.

9.7 Member Loans to the Club. Any Members may loan money to the Club, separately from their initial or annual capital contributions. The terms of a member loan to an Club, like any other loan, should be documented carefully in a loan agreement, specifying amount, interest rate (as Prime, or Prime +X%), repayment terms, and default provisions. A loan by a member does not change the member's ownership interest. "Sweat" equity is a viable method for some Members to perform their duties in exchange for future payment, for the betterment of the Club, especially during the start-up phase. The Club will need to take special care to ensure that any deferred compensation treated as a loan to the Club is properly documented and taxed as income allocated to the Member. Such equity may earn interest as a Member loan. Our tax partner can assist in this regard.

9.8 Additional tax considerations for the Club and its Members shall be considered at all times. This includes all capital contributions, fees, compensation, withholding taxes, unemployment taxes, worker's compensation, Part-time vs. Full-time vs. Contract employees, insurance, bank fees, fixed and variable expenses, depreciation, reserve funds, other liabilities and more must be considered. The Club shall utilize a tax consultant and/or CPA to ensure compliance in all aspects of its operation and ongoing financial integrity.

9.9 Transparency and Open Books. The Club operates with complete transparency and open books. It helps to have multiple eyes on the numbers – especially the tax situation – which can be complex, and most certainly too complex for an average Member elected to the position of Treasurer to be relied upon to consider and ensure proper compliance and reporting requirements. The tax matters partner and CPA can assist in this regard.

9.10 Member Fees and Dues are Not Tax-Deductible as Charitable Donations. Any time a financial transaction takes place between a Member and the Club, the Club must disclose the fact that payments, fees, contributions, or assessments are not tax-deductible as they might be with a 501c3 charitable organization.

9.11 Member Compensation

A. Any time any officer or other Member of the Club receives any form of compensation, which includes all economic benefits received by a Member including salary, bonuses, severance payments, deferred compensation, premiums paid on insurance contracts, travel and entertainment expenses, and so on:

1. Such compensation shall be approved in advance by the Final Table, by persons who do not have a conflict of interest with respect to the compensation arrangement. Any Officer with a conflict of interest shall recuse themselves from voting on compensation.
2. The Final Table shall use comparable data when approving the compensation.
3. The Final Table shall document contemporaneously its actions regarding all compensation. Such actions shall include approval of compensation by the majority of Members and documentation of such decisions by the Club Secretary.

B. Members of the Final Table may be paid per-meeting or per diem amounts for attending required regularly scheduled meetings, and may be reimbursed actual expenses advanced by them to attend management meetings or attend to management business for the Club, and may be compensated in other ways for performing their duties as managers, but not based solely on their status as Members.

C. Any Member may work in any capacity for the Club and may be compensated separately for performing these additional services, whether as event staff, consultant, independent contractor, or in other capacities as approved by the majority of Members.

D. Event Hosts and Club Ambassadors. The Club Secretary, or designee, shall maintain a list of Members who volunteer to act as event hosts. Event hosts are responsible for insuring that participants at Club functions are current Members or a bona fide guest of members, with all participants registered, signed in, and out, as applicable. Club Ambassadors are Event Hosts have undergone specialized training for interacting with members of the public, including member's guests and media/reporters, who express an interest in learning more about the

Club. This relieves the dedicated event staff from tending to public inquiries so they can focus on the tasks at hand, which helps to ensure a positive experience for all. Club Ambassadors may also train additional Event Hosts. Event Host and Club Ambassador training material shall be made available for all Members, as it offers more in-depth insights into the answers to frequently asked questions about the Club, its exempt purpose, activities, contests, and events.

9.12 Policies and Procedures:

The Final Table, in conjunction with the Policies and Procedures/Rules & Regulations committee, will be responsible for devising and updating (as needed) the Club's policy and procedures manual, a written set of guidelines governing the operation of the Club and the use of Club facilities, equipment and staff. The policies and procedures manual can be updated, amended or otherwise modified with majority approval by the members.

A. Minimal internal control standards for all events, activities and contests conducted by the Club, including, but is not limited to, the Annual Arizona State Poker Player of the Year Contest featuring The REAL Arizona State Poker Championship. The handling of cash transactions is of paramount importance.

B. Equipment standards and maintenance procedures for any facilities, furniture, fixtures or other equipment owned by the Club.

C. Policies relating to the private use by Members of facilities (if any), furniture, fixtures or other equipment owned by the Club (i.e., Member's use of Club for their own private parties).

D. Policies relating to the use of third party venues, including private residences (member or non-member), commercial venues, or public spaces, to conduct AGPT events and other Club-related activities.

E. Guidelines for conducting the annual inventory of Club's contents.

F. The membership fees, capital contributions, caps and other matters set by the majority that are not specified in this Agreement. Modifications to this Agreement are intentionally more difficult (requiring a super-majority) than modifications to the policies and procedures manual (a simple majority).

9.13 The Final Table shall maintain an Employee Manual including:

- A. Club rules specific to the games and contests the Club conducts;
- B. Organizational chart of Real Poker, LLC;
- C. Job descriptions for all employees and

positions;

- D. Personnel policies for employees of the Club.

9.14 The Club's Records Book will be maintained by the Club secretary. The Book shall, over time, become a multi-volume collection and shall consist of the following:

- A. All record of the proceedings of all official Club meetings;
- B. Archival and current books of accounts of the Club's financial transactions;
- C. Copies of all organizing documents, policies and procedures, and minimum internal control standards, employee handbooks, etc.;
- D. A list of the names and personal contact information of all Members of the Club;
- E. Details of every Club event, function, contest, or other activity where Club assets were utilized. Details shall include the results of such activities;
- F. Any other information the Members agree should be included in the Club Records Book.

Article X. Resignations, Withdrawals, and Transfers

10.1 Officer Resignations. If an Officer of the Final Table resigns or is unable to serve, the following rules shall apply:

Treasurer: The President may appoint a replacement for a period not to exceed six (6) months, at which time a person must be nominated and elected by the Members to complete the term.

Secretary: The same as the Treasurer, above.

President: In the event the President resigns or the position is vacated for any reason, the Vice President shall take over as President. The new President may now appoint, with the Final Table's concurrence, a new Vice President to serve for a period not to exceed 6 months. After six months, a Member meeting must be held to elect a Vice President, which may be the existing temporary Vice President or another.

In the event any resigning Officer's remaining term is less than 6 months, the current Officers may assume the resignee's duties for the term remainder or it may appoint a past president to serve the remaining term.

10.2 Director Resignations. A Director not attending three consecutive general meetings will

be considered to have resigned from the Final Table. In the event any Director resigns or is unable to serve and the term to be served is less than six months, the President, with the Final Table's concurrence, can appoint a Club Member to fulfill the term without Membership ratification. If the term to be served is more than six months, the appointment must be ratified by the Members before the appointee has served six (6) months of the term. The nominee will be elected to serve for a period of one, two, or 2 1/2 years as required. Any person appointed in the last six (6) months of a term will not require a Member vote unless the person is later nominated to serve as a director; then the term will be extended to a full 3 year term beyond the initial period served.

10.3 Member Withdrawal. A Member may withdraw from the Club only after giving notice of withdrawal to the other Members at least 30 days prior to the effective date of the withdrawal. Resignation of Membership does not provide for the return any non-refundable fees, contributions, dues, or assessments. With majority approval, a withdrawn member may have some or all of their capital account balance returned.

10.4 Membership Terminations. A Member may be expelled from the Club by an affirmative vote of the majority of Members if the Member has been guilty of wrongful conduct that adversely and materially affects the business or affairs of the Club, or the expelled Member has willfully or persistently committed a material breach of the Articles, this Agreement, Club Rules and Policies, or has otherwise breached a duty owed to the Club or to the other Members to the extent that it is not reasonably practicable to carry on the business or affairs of the Club with that Member. The right to expel a Member under the provisions of this section does not limit or adversely affect any right or power of the Club or the other Members to recover any damages from the expelled Member or to pursue other remedies permitted under applicable law or in equity. In addition to any other remedies, the Club or the other Members may offset any such damages against any amounts otherwise distributable or payable to the expelled Member.

10.5 Management Contract. The Members may, with majority approval, elect to hire a management company to handle some or all of the day-to-day operation and management of the Club, which shall remain under the cooperative control and direction of its Members, with the management company taking direction from the Final Table, whenever an action has been approved by the Members.

If the members elect to hire a management company,

A. The Final Table shall solicit proposals from potential management companies, and based upon the Final Table's analysis of the pros and cons of each proposal, shall recommend three management companies and their proposals to the members for a majority vote.

B. Pursuant to an executed Management Agreement, the management company may take some or all, or share joint responsibility, or assist the Final Table in enacting the will of the majority of Club members.

C. A management company may assume a variety of functions necessary for the day-to-day operation of the Club, its contests and events. Such activities and functions may include hiring, training, scheduling, releasing from duty and evaluating Club employees; developing job descriptions; developing, implementing and maintaining personnel policies; maintaining appropriate levels of functional equipment, supplies, and collateral; supporting other cooperatives when purchasing; establishing and monitoring procedures to safeguard Club assets; developing recording and reporting systems that provide accurate and current financial and statistical information; developing and maintaining online presence (website, social media); providing budgetary and accounting advise and suggestions to the Final Table along with recommendations for efficient use of available resources.

Article XI. Dissolution Provisions

11.1 Events That Trigger Dissolution of the Club: The following events shall trigger a dissolution of the Club, except as provided:

A. The death, incapacity, bankruptcy, retirement, resignation, dissociation or expulsion of any Charter Member, Officer or Director of the Club, except that within 120 days of the happening of any of these events, a majority of the Members of the Club may vote to continue the legal existence of the Club, in which case the Club shall not be dissolved;

B. Upon approval of a majority of Members who vote to dissolve the Club;

C. Any other event occurs, causing the Club's dissolution under applicable state laws.

11.2 In the event of dissolution of the Club, any personal property in the possession of the Club which is being held subject to a valid

condition requiring the return of such property on dissolution to the Member who is the lawful owner of such property, shall be returned to such Member not later than the time when the assets of the Club are distributed pursuant to Section 11.3 of this operating agreement.

11.3 Except for distributions required by Section 11.2 above, and subject to 11.3.C below, all of the assets of the Club remaining after payment of all Club debts, obligations and expenses, shall be distributed to either an entity which qualifies under Section 501(c)(7) of the Internal Revenue code of 1986, as amended (or any successor provision in any future Federal Income Tax law) and which has substantially similar purposes as this Club, or to an entity which qualifies under Section 501(c)(3) of the Internal Revenue Code, as amended (or any successor provision in any future Federal Income Tax Law).

A. The selection of recipient(s) of the Club's liquidated assets shall be vetted and selected through the same process that Members use in selecting charitable organizations for periodic donations by the Club, or in any other manner as determined by the majority of the Members of the Final Table if approved by of the majority of Members.

B. The distribution of assets to qualified public charitable organizations, rather than the owners (Members) of the Club, is consistent with how non-profit organizations are dissolved so as to avoid any potential personal or private inurement. If Internal Revenue Service rules allow for the distribution of liquidated assets to Club owners upon dissolution without jeopardizing the exempt status of the Club, then the Members may amend this Agreement pursuant to Article XIII to disburse funds from liquidated assets to Members as well as similar 501(c)7 Clubs or 501(c)3 organizations, as determined by the majority.

Article XII. Limitations

12.1 Real Poker L.L.C. is a non-partisan, non-sectarian, not-for-profit organization, and will not permit the use of its name or Membership list on behalf of any religious, political or commercial purpose.

12.2 Any use of Real Poker L.L.C. in name, seal, logo, image or likeness must be approved by the majority of Members and documented by the Club Secretary in writing.

Article XIII. Amendments

13.1 Amendment. This Agreement may be amended by changes, additions, substitutions or deletions by a super-majority (67%+) of Members at any general or special meeting where a quorum is present. This Agreement may not be amended or repealed by oral agreement of the Members.

13.2 Notice of Amendment vote. Written notice of any proposed amendments will be mailed or emailed to the Members at least ten (10) days prior to such a meeting.

13.3 Copies of the proposed amendment(s), as approved by the Final Table, will be made available to Members at least ten (10) days prior to the date of the meeting where the vote will take place.

13.4 Any Amendments to this Agreement shall be made available within ten (10) days of passing, by updating the copy provided to the public and made available on the Club website. It shall not be necessary to update the Agreement on file as part of the public record and as public notice with the Maricopa County Records office, as the original on file re-directs readers to the most current version, as amended, available on the Club's website.

Article XIV. Miscellaneous

14.1 Authority. Each individual executing this agreement on behalf of a corporation or other entity warrants that he or she is authorized to do so and that this agreement constitutes a legally binding obligation of the corporation or other entity that the individual represents.

14.2 Third-Party Beneficiaries. The provisions of this agreement are intended solely for the benefit of the Members and create no rights or obligations enforceable by any third party, including creditors of the Club, except as otherwise provided by applicable law.

14.3 Additional Documents. Each Member must execute such additional documents and take such actions as are reasonably requested by the other Members in order to complete or confirm the transactions contemplated by this agreement.

14.4 Counterparts. This agreement may be executed in two or more counterparts, which together will constitute one agreement.

14.4 Notices required or allowed under this Agreement shall be deemed delivered 3 days after

being sent certified mail, return receipt requested; hand delivery; confirmed e-mail delivery; or upon confirmed fax transmission to the last fax number provided by the intended recipient.

14.5 Governing Law. This agreement will be governed by the laws of Arizona, and the United States of America. Each Member hereby consents to the exclusive jurisdiction of the state and federal courts sitting in Arizona in any action on a claim arising out of, under or in connection with this Agreement.

14.6 All Necessary Acts: All Members, when approved in writing and by the majority, are authorized to perform all acts necessary to perfect the Club, and to carry out its operations expeditiously and efficiently. An Officer of the Club may certify to other businesses, financial institutions, and individuals as to the authority of one or more Members, including Managers, Officers, Directors or Employees of the Club, to transact specific items of business on behalf of the Club.

14.7 Severability. If any provision of this agreement is invalid or unenforceable, it will not affect the remaining provisions.

14.8 Litigation: Any disputes arising under this Agreement that cannot be settled shall be submitted to the American Arbitration Association (AAA) for resolution. Costs, expenses, and attorney's fees shall be awarded according to AAA rules.

14.9 Litigation Expense. If any legal proceeding is commenced for the purpose of interpreting or enforcing any provision of this Agreement, including any proceeding in the United States Bankruptcy Court, the prevailing party will be entitled to recover all reasonable fees, cost and expenses of enforcing any right of the prevailing, or any appeal thereof, to be set by the court without the necessity of hearing testimony or receiving evidence, in addition to the costs and disbursements allowed by law.

14.10 Notice. Except as otherwise provided, any notice or other communication required or permitted to be given under this agreement must

be in writing. Notices to a Charter Member must be addressed to the Member's address listed in Attachment A. Notices addressed to the Company must be addressed to its principal office. The address of a Member or the Club to which notices or other communications are to be mailed may be changed from time to time by the Member's or the Club's giving written notice to the other Members and the Club. All notices will be deemed to be given at the expiration of three days after the date of mailing.

4.11 Binding Effect. This Agreement is made by and between the Members of the Club and is not binding upon the parties until it has been executed by each party. Notwithstanding anything in this Agreement to the contrary, no provision of this Agreement shall be binding on or create any obligation on the part of a Member's heirs, legal representatives, successors, and assigns. Any right to receive payments or reimbursements hereunder are hereby expressly declared to be personal, non-assignable, and nontransferable and in the event of any attempted assignment or transfer of such rights contrary to the provisions hereof, the Club shall have no further liability for payments hereunder. x

14.12 Complete Agreement. This Operating Agreement and the Articles of Organization constitute the complete and exclusive statement of agreement among the Members and replace and supersede all prior written and oral agreements among the Members. To the extent that any provision of the Articles of Organization conflict with any provision of this Agreement, the Articles of Organization shall control.

14.13 Multiple Counterparts. This agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one or the same instrument.

14.14 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any person may be lawfully entitled.

Article XV. Adoption Of This Agreement

This Operating Agreement represents the entire Agreement among the Charter Members of Real Poker L.L.C., and it shall not be amended, modified, or replaced except by a written instrument executed by all the parties to this Agreement who are current Charter Members in good standing of the Club, and only upon the super majority consent (2/3 approval) of all existing membership classes. This Agreement shall be considered adopted by the Membership and in full force and effect upon the majority vote of the Membership at regularly-scheduled meetings of the Members where notice of the approval vote is given and at which a quorum is present.

We, the Voting Members of Real Poker, L.L.C., hereby certify that this Operating Agreement was adopted by the Club Membership at a duly called and noticed meeting held on the ____ day of _____, 20____.

Signed:

John A. Schnaubelt, Co-Founding Member of Real Poker L.L.C.

Esho "Chris" Odisho, Co-Founding Member of Real Poker L.L.C.

Verified By Notary Seal:
STATE OF ARIZONA
COUNTY OF _____

This instrument was acknowledged before me this ____ day of _____, 20____.

By
My Commission expires _____

Notary Public _____

For the public benefit, as part of the public record, upon successful execution of this Agreement, and prior to the initiation of Club operations, the Secretary shall submit this Agreement to Maricopa County Recorders Office. A copy of the most current Agreement, as amended, will always be available at www.RealPoker.org.

Attachment A.
Real Poker L.L.C. Charter Members (Owners)

<u>Name</u>	<u>Address</u>	<u>Cash Contributions</u>	<u>Percent Interest</u>
John A. Schnaubelt	_____	\$1,300.00	50.0%
Esho Odisho	_____	\$4,700.00	50.0%

Additional Earned (Sweat) Equity (as of 5/15/18)
As Approved by Members

<u>Name</u>	<u>Address</u>	<u>Equity Contributions</u>	<u>Percent Interest</u>
John A. Schnaubelt	_____	\$8,735.00	50.0%
Esho Odisho	_____	\$2,185.00	50.0%

This space intentionally left blank

Attachment B. Definitions

“A.R.S.” stands for Arizona Revised Statutes.

“Active Member” is defined as a Member in good standing who has attended at least one Real Poker event in the past year (12 calendar months).

“AGPT” stands for Amusement Gambling Poker Tournament.

“Amusement gambling” means gambling as defined pursuant to A.R.S. § 13-3301(1).

“Articles of organization” means the initial articles of organization filed with the Commission as amended or restated from time to time.

“Capital contribution” means cash, other property, the use of property, services rendered or any other valuable consideration transferred to a limited liability company as consideration for issuing an interest in a limited liability company.

“Event of withdrawal” means an event that causes a person to cease to be a Member as provided in A.R.S. § 29-733.

“Executed” means executed by manual or facsimile signature on behalf of the limited liability company by a duly authorized Member as management of the limited liability company is reserved to the Members.

“Inactive Member” is defined as a Member who has not been in attendance at any Real Poker events or activities in 12 consecutive months.

“Increment” means an increase in value, and as used in “no increment has been added to the price in connection with the gambling event”, according to the Attorney General’s office which requires a sworn statement under Oath on their amusement gambling registration form, the increment language means “if you are raffling off a TV set worth \$500, you can’t sell more than \$500 worth of raffle tickets”. The increment language in the statute means conducted as a not-for-profit event, with no personal inurement or private benefit.

“Initial articles of organization” means the articles of organization filed with the commission at the time a limited liability company is formed, including articles of organization that are corrected to conform to the filing provisions of this chapter pursuant to A.R.S. § 29-634.C.2.

“Intellectual Contest of Event” means any mind sport, including but not limited to chess, essay writing contests, photography contests, and poker.

“Intellectual Gambling” means gambling as defined pursuant to A.R.S. § 13-3301(1).d.iii, “The gambling is an intellectual contest or event, the money paid to gamble is part of an established purchase price for a product, no increment has been added to the price in connection with the gambling event and no drawing or lottery is held to determine the winner or winners.”

“Member in good standing” is defined as any active Member with a Real Poker Membership Card, who is up-to-date on all fees, dues, and assessments. Only Members in good standing may vote on issues, including the election of officers and directors to the Final Table.

“Member’s interest”, “interest in a limited liability company” or “interest in the limited liability company” means a Member’s share of the profits and losses of a limited liability company and the right to receive distributions of limited liability company assets. This Operating Agreement causes all Member’s to agree to equal interest in the limited liability company regardless of a Member’s capital or other contributions. This Operating Agreement also causes all Member’s to agree to waive their rights to any and all distributions of the limited liability company assets. Member’s agree to waive these inherent rights in order to comply with the I.R.S. requirements for an exempt, not-for-profit 501c7 social club.

“Member” means a person who is admitted as a Member in a limited liability company pursuant to this chapter until an event of withdrawal occurs with respect to the person and, if reference is made to Members, that reference means a Member in the case of a limited liability company that has a single Member. A Member includes a noneconomic Member of a limited liability company who:

- (a) Does not own a Member’s interest in the Club.
- (b) Does not have an obligation to contribute capital to the Club.

(c) Does not have a right to participate in or receive distributions of profits of the Club or an obligation to contribute to the losses of the Club.

(d) May have voting rights and other rights and privileges as prescribed by the articles of organization or operating agreement.

“Operating agreement” means any written or oral agreements among all Members concerning the affairs of Real Poker or the conduct of its business, including this expressed agreement among all Members concerning the affairs of the limited liability company or the conduct of its business.

“Part of” means comprising a portion, but not the sum whole, of an amount.

“Person” includes any individual, general partnership, limited partnership, domestic or foreign limited liability company, corporation, trust, business trust, real estate investment trust, estate and other association.

“Product” means any good, idea, method, information, object or service created as a result of a process and serves a need or satisfies a want. A product has a combination of tangible and intangible attributes (benefits, features, functions, uses) that a seller offers a buyer for purchase. (Business). Note: A.R.S. definition of “product” applies to product liability law and uses the word product no less than three times in its definition. Real Poker provides at least three products to its Members in the form of (1) the 501c7 social club, (2) AGPTs or individual entertainment event products, and (3) an annual entertainment (contest) product in the form of the Real Arizona State Poker Player of the Year Contest Featuring the annual Real Arizona State Poker Championship.

“Real property” includes land, any interest, leasehold or estate in land and any improvements on it.

“Regulated gambling” means the Arizona Regulated Gambling Exclusion defined in A.R.S. § 13-3301(6).

“Social gambling” means the Arizona Social Gambling Exclusion defined in A.R.S. § 13-3301(7).

“State” shall mean the State of Arizona, unless otherwise noted to mean any state, possession or territory of the United States, the District of Columbia or the Commonwealth of Puerto Rico.

“The established purchase price” means the value of a product, established by conventional methods. The established purchase price of an AGPT, for example, would be the gross revenue less the overhead associated with the event. The established purchase price of Real Poker L.L.C. would be the net worth of the Club (gross revenue less overhead). The established purchase price of the Real Arizona State Poker Player of the Year contest would be the gross revenue generated by all the associated AGPTs Real Poker conducts in a calendar year less the aggregate overhead for all events, including the Annual championship freeroll tournament.

“The money paid to gamble” means any consideration paid by a participant in an intellectual contest or event, such as the registration fees for an AGPT, where the participant has the opportunity to win a prize or anything of value or advantage.

Attachment C. Forms and Collateral

Forms and additional collateral to be included in the Club's 501c7 application as an attachment, or as part of the Policies and Procedures manual:

DONE - Membership Application

DONE - Member Guest Form

DONE - Employment Application

DONE - Private Space Lease Agreement

DONE - Spouse exclusion - Community Property Waiver

DONE - Final Table Petition Form

DONE - Rejection Letter and Response To Request/Appeal Letter

DONE - Notice of Intent to Run For Office

DONE - Complaint/Dispute Resolution Form

Sponsorship Form

Business Plan

Budget / Projections