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April 1, 2005

Senator John McCain  
Chairman  
The Senate Committee of Indian Affairs  
836 Hart Senate Office Bldg.  
Washington, DC 20510

Re: **Absence of oversight of California  
Indian Casino gambling**

Dear Senator McCain:

My firm represents a client as a representative of the taxpayers of the State of California in an effort to recover more than one billion dollars owed to the State by the Tribal Casinos. This amount represents an estimate of the arrearages for the last three years.

As you would know, in 1999, the People of California passed Proposition 1A permitting Class Three Gaming on tribal lands in the State. Governor Gray Davis, the former Governor, signed a Compact with the various tribes that were engaged in this Gaming.

Speaking broadly, the Compacts called for the State to recover approximately ten percent of the Net Win of all of the gross revenues taken in by the tribes. To date, the tribes have paid only \$269.2 million into the State fund since California began collecting a portion of casino revenue in 2002. With annual revenues estimated at \$5 to 8 billion, or more, we believe that our action will confirm that there has been a gross underpayment to the State of California. This would also represent an underpayment to other non-casino Indian tribes, as provided in the Compacts.

The Gambling Control Division of the California Department of Justice was charged with the responsibility of overseeing the casinos and regulating them. Their approach, unbeknownst to the public, has been to allow the casinos to self-regulate their operations including, but not limited to, the amount of payments due to the

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appropriate State fund. It would appear that the political influence of the tribes led to this absence of oversight. In this case, self-regulation has proven to be no regulation at all.

Candace Cates, our client, was formerly a Special Agent with the Division of Gambling and Control. She was an eye witness to our State Officials' total lack of regard for the financial interests of our people. Although the Compact gives the State the right to audit the books of the tribes, we have found no evidence of any credible State audit having been performed, let alone made public.

As Chairman of The Senate Committee of Indian Affairs, you commented recently about the necessity for sufficient oversight and regulation to prevent any scandals in Indian gambling. You indicated further that wherever huge sums of money are exchanged, there is a risk of corruption. Your expressed concerns seem precisely on point for the manner in which our State has failed to regulate tribal casinos, or provide oversight to the required payments due the taxpayers of our State.

We would be pleased to share with your Committee all information substantiating our action if this would prove useful in its broader mandate. Also, the citizens of California would welcome your Committee's independent inquiry into the facts described above. Our people should receive the "fair share" that was bargained for as a condition of the tribes being permitted to engage in gaming here.

Respectfully,

**RONQUILLO & CORRALES, LLP**

  
David G. Ronquillo

DGR/al

cc: Senator Byron L. Dorgan  
Senator Pete Domenici  
Senator Craig Thomas  
Senator Gordon Smith  
Senator Lisa Murkowski  
Senator Michael D. Crapo  
Senator Richard Burr

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Senator Tom Coburn  
Senator Daniel K. Inouye  
Senator Kent Conrad  
Senator Daniel K. Akaka  
Senator Tim Johnson  
Senator Maria Cantwell  
Senator Barbara Boxer  
Senator Dianne Feinstein