



California Tribal Casino Compact Amendments

A bad deal for the state, local communities and most California tribes

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SUMMARY

In August 2006, Governor Arnold Schwarzenegger completed negotiations with California's five wealthiest Indian tribes to allow a vast expansion of tribal casino gambling in the state. If ratified by the state Legislature, the negotiated agreements, called "compacts," would authorize the Agua Caliente, Morongo, Sycuan, San Manuel and Pechanga tribes to triple the size of their casinos, destroying the character of several local communities and relegating other California tribes to second-class status.

Worth an estimated \$60 billion, the compacts are a financial windfall for the five tribes.¹ But they are a bad deal for California taxpayers, local communities in which the casinos will be located and the non-compact tribes who are left out of the gambling bonanza. There is also a gaping lack of oversight of tribal casinos brought about by a recent court ruling. Although federal law grants state governors the power to negotiate with the tribes any "subjects that are directly related to the operations of gaming activities,"² Governor Schwarzenegger failed to address these major shortcomings.

For these reasons, the 2006 compact amendments should be rejected by the Legislature, and renegotiated to compensate the state properly for the exclusive right to operate casinos, give local communities a voice, protect the well-being of all tribes and ensure strong oversight of the tribes' financial and other obligations.

This paper will examine the four major flaws associated with the proposed compacts:

- The amount of revenue guaranteed to the state falls far short of what other states have secured in similar agreements, and is not adequate compensation for the exclusive right the tribes are given to operate casinos in California.
- Local communities will have virtually no voice in whether, and under what conditions, the proposed gambling palaces will be built and operated.
- Five tribes, representing very few members, are reaping the lion's share of the benefits of tribal gaming, while the remaining tribes struggle for economic and social survival.
- There is a lack of independent oversight of casino operations to ensure that the tribes' financial and other obligations are met, and criminal activities are dissuaded.

In addition, this paper provides an overview of the tribal gaming industry, briefly reviews its history and examines its extraordinary political influence.



Morongo Casino's 270-foot neon lit tower is a replica of a Las Vegas casino.

POLITICAL EXPEDIENCY TRUMPS PUBLIC POLICY

In one of the most memorable moments of his campaign in the 2003 recall election, Governor Schwarzenegger railed against Indian gaming tribes, branding them a “special interest” that did not pay their fair share.³ One year later, in 2004, the tribes spent \$86 million on a statewide ballot initiative through which they sought to circumvent the governor and expand their gambling empires by a direct vote of the people. The governor led the “no” campaign, and the result was a resounding three-to-one margin of defeat for the tribes.⁴

In 2005, the governor himself was badly wounded by a high profile defeat at the polls when a series of initiatives he sponsored was rejected overwhelmingly by voters. Facing what looked like an uphill battle for reelection, he brought in a new team of political operatives and high-level staff, including several aides to former Governor Gray Davis, who would help shape his policy agenda and aid his campaign in the fall of 2006.

One of the first tasks he tackled after the staff shake-up was to execute the amendments to tribal compacts with California’s five richest tribes. It did not escape notice among political insiders at the time that his success in amending the compacts brought with it the added political benefit of removing the tribes’ incentive to spend \$20 million against his reelection.⁵

A coalition comprised of non-compact tribes, environmentalists, community activists, labor organizations and others convinced the Legislature not to approve these agreements in the final days of the 2006 legislative session. Now, the same compacts are under review by the Legislature in the current 2007 session, when they will be approved or rejected by lawmakers.

INDUSTRY OVERVIEW

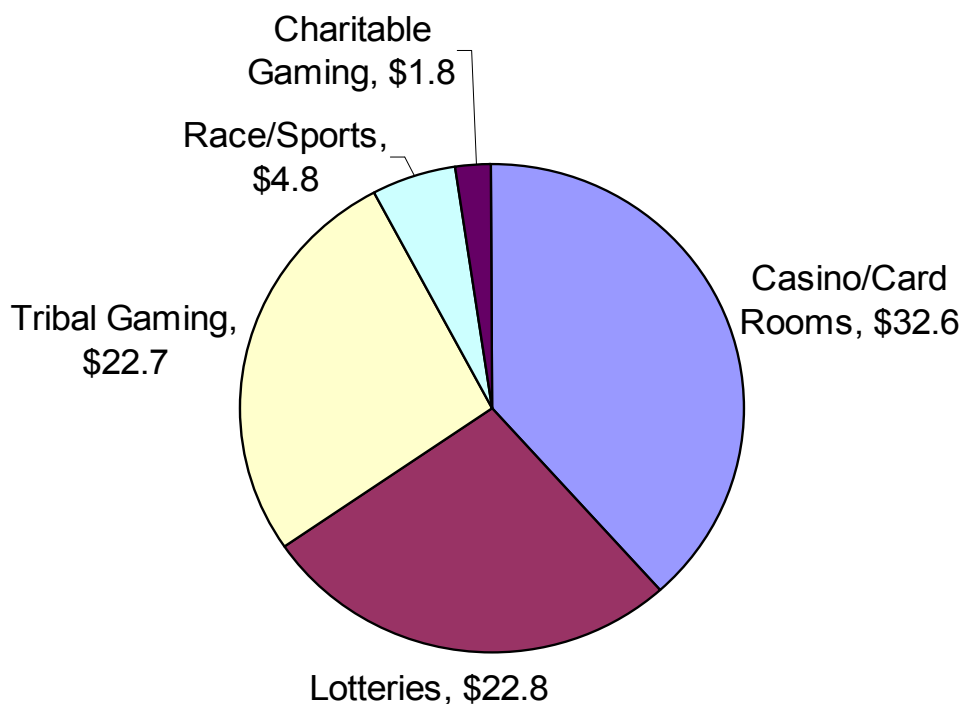
Tribal gaming flourishes nationwide

Tribal casinos are the fastest growing segment of the U.S. gambling industry. In 2005, the last year for which data are available, total U.S. gambling revenues were \$85 billion, of which \$23 billion went to 424 tribal casinos nationwide.⁶ Between 2004 and 2005, inflation-adjusted revenues were down for commercial casinos, charitable gaming, horseracing and sports betting, and were flat for lotteries.

By contrast, tribal casino revenues increased by 15 percent nationwide during that same time.

California - the ultimate jackpot

California is the nation's largest market for tribal casinos, with \$7 billion in tribal gaming revenues in 2005. Today, California's tribal casinos collectively take in more than all of the casinos on the Las Vegas strip. In the past five years, the growth rate of tribal casino gambling in California, at 25 percent, was far more than the national average.⁷



Total U.S. gaming revenues
in 2005 (in billions)

Notwithstanding its rapid growth rate, the industry's expansion in California has been constrained until now by a state-imposed limit on the size of casinos – a limit that would be substantially eliminated by the proposed amendments to the compacts of five of California's richest tribes.

California casinos fall into three categories:

- small, rural casinos, with an average of 470 slot machines, and fewer than 300 employees. These casinos predominantly serve a remote, local market and are unlikely to attract enough customers to grow beyond their small size.
- casinos located closer to mid-sized towns and highways, offering nearly three times more slot machines and square footage than the small, rural venues.
- large casinos, of which there are 16, with an average of 2,100 slot machines and 2,000 employees each. These are located close to major population centers and are well-served by major highways.

	Casinos	Average Slots	Average Employees
Large	16	2,104	1,956
Medium	8	1,307	794
Small	33	470	288

Slots: The Holy Grail

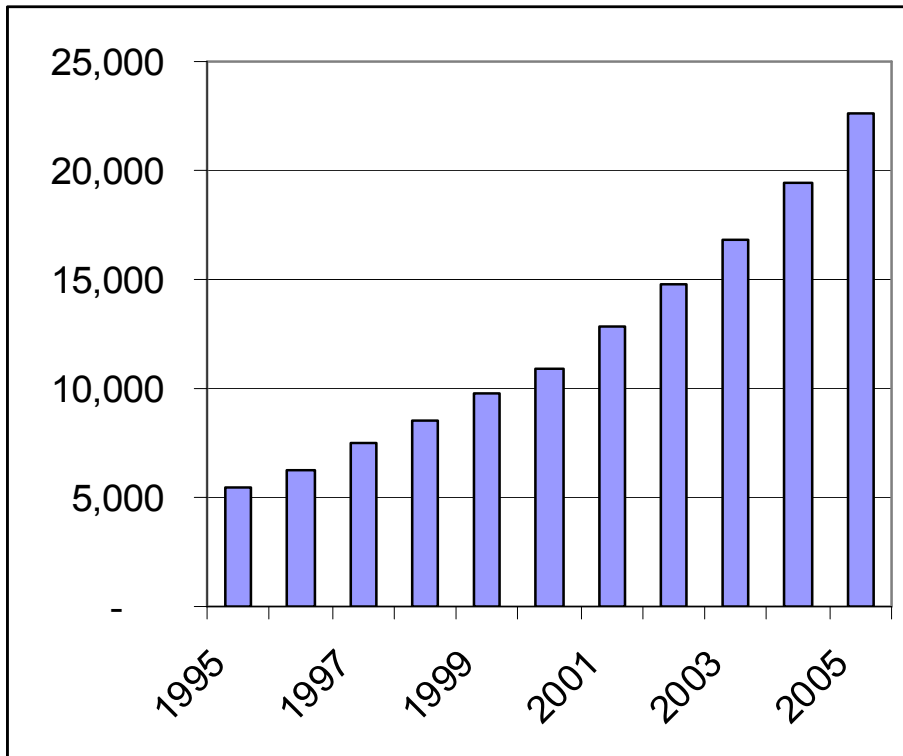
Slot machines are the holy grail of the tribal gaming industry, and accordingly, the centerpiece of the proposed compacts. How many slots a tribe controls is the key to dominance of the tribal gaming market. Currently California has only one-third as many slot machines per capita as the other five largest tribal gaming markets in the country—a situation that increases the profits per machine and indicates the potential for growth in the State.

The governor's proposed compacts would more than triple the number of slots for the five tribes. With up to 7,500 slot machines each, as allowed for in the compact amendments, these casinos would house nearly three times more slot machines than the MGM Grand, the largest casino on the Las Vegas strip.⁸

Slot machines are by far the single, greatest revenue generator of the tribal casinos. The Agua Caliente compact shows that each of its current 2,000 slots brings the tribe \$130,000 in net profit annually. That amount, called the "net win," is what is left after all player prizes have been awarded. Two thousand slots deliver \$260 million per year to the tribe. Slots contribute 75 percent of the tribe's total revenue but they add just eight percent to total operating expenses, making them a disproportionately favorable contributor to the bottom line.⁹

HIGH STAKES BRING HEAVY SPENDING

In addition to establishing the all-important number of slot machines allowed, California gaming compacts can regulate nearly every other aspect of casino operations. States can require tribes to reach agreements with local governments



Annual revenues for US tribal casinos (millions).
Source: NIGC

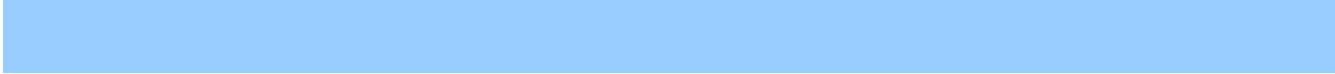
about the scale and scope of casino operations. States can stipulate environmental protection standards for casino operations. States may require tribes to follow minimum wage laws, or establish higher ones. Although tribal casino employees are not covered by state employment laws, states can impose similar regulations within the compacts.

The all-inclusive power of the state to structure the amount and nature of tribal gaming operations is evidenced by the political activities of the tribes. Since 1998, the California tribal gaming interests have spent \$250 million on politics in the State.

To help sway a positive outcome for its California compact amendments, the Agua Caliente tribe previously hired infamous lobbyists Jack Abramoff and Michael Scanlon, paying them more than \$10 million in fees.¹⁰ Recently, Abramoff pled guilty to three felonies in a wide-reaching political corruption scandal, including a charge of conspiracy to bribe public officials. Documents released by the U.S. Senate Indian

Affairs Committee indicate Agua Caliente paid Abramoff and Scanlon \$150,000 per month to advance their gambling empire.¹¹

According to *The Sacramento Bee*, neither the Agua Caliente nor Abramoff reported any of their California lobbying expenditures, as required by state law.¹² The Agua Calientes have said that they are not bound by California's campaign finance rules. The state Fair Political Practices Commission (FPPC) found the tribe failed to disclose \$8 million in political expenditures between 1998 and 2002. In December 2006, the California Supreme Court upheld the FPPC's position, but the tribe is appealing the ruling.



HISTORY OF TRIBAL GAMING

Current laws governing tribal casinos arose out of a dispute between the state of California and a bingo hall owned by the Cabazon Band of Mission Indians, whose reservation straddles Interstate 10, 100 miles east of Los Angeles. The dispute erupted more than 20 years ago when state regulators stepped in to close down Cabazon's high-stakes bingo game. The tribe challenged the state's jurisdiction, and the U.S. Supreme Court agreed with the tribe that the state could not enforce its laws on the reservation without a specific treaty allowing it to do so.

One year later, the United States Congress established rules governing the tribes' ability to offer gambling and the states' needs to deal with the effects of tribal casinos. In 1988, Congress passed the Indian Gaming Regulatory Act (IGRA), creating the legal framework for the conduct of gambling on

Indian lands. The IGRA requires states and tribes to establish "compacts" governing tribal gambling, which must be ratified by the Legislature.

What Congress did not foresee in 1988 was that tribal gaming would rapidly grow to the \$24 billion industry it is today – with no end in sight to its growth. Congress also did not foresee that a small number of tribes would come to dominate the industry at the expense of the remaining, impoverished tribes, or that oversight of the burgeoning industry would be nonexistent.

THE COMPACTS' FOUR MAJOR FLAWS

Revenue sharing falls far short

Revenue sharing between tribes and states is a common feature of tribal gambling compacts. Tribes agree to revenue sharing largely because the state promises to exclude others from the lucrative gambling industry.

Governor Schwarzenegger's principal argument in favor of the casino expansions is that they will generate new money for the state's General Fund. But when compared to the amounts secured by other states in similar agreements, it is clear the governor cut a bad deal for California.

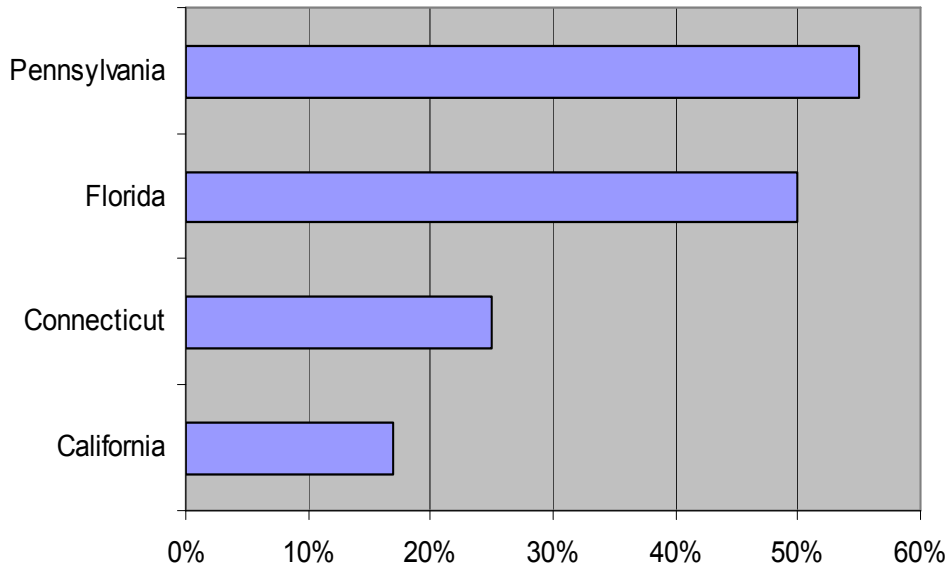
Governor Schwarzenegger secured just 12.6 percent of gaming revenues from the Agua Caliente for California, an amount worth only one-half the revenue sharing between Connecticut and its two gaming tribes, and only one-quarter of the amount agreed upon in Pennsylvania and Florida.

The governor's office projects \$500 million in new General Fund revenue in the first year and as much as \$700 million per year over the 23-year term of the agreements.¹³

If California had achieved the same agreement as Pennsylvania and Florida, the state's General Fund would have been entitled to triple the amount for which the governor settled.

If the governor had secured a deal in line with Connecticut's, the state General Fund would earn \$1.1 billion per year. In either case, the numbers show the governor vastly undersold the exclusive right to operate casinos in the state.

The 12.6 percent figure negotiated by the governor is further diminished by the fact that the tribes are not required to pay income or corporate taxes as are all other commercial enterprises. The tribes contribute virtually nothing to the state's schools, housing, infrastructure, health care or public safety needs.



Comparison of recent tribal and commercial gambling revenue sharing agreements among states.

Can they afford to pay more? An examination of industry profits indicates the answer is most certainly “yes.” Financial analysts measure a gambling company’s profitability using a figure called “Earnings Before Interest, Taxes and Depreciation” or EBITDA.¹⁴ Using EBITDA, analysts calculated an average net profit margin of 26 percent for the five largest, most successful, publicly-traded gambling companies in 2003. Agua Caliente’s net profit margin on its casino operations for that same year was 52 percent, based on its published revenue bond prospectus – fully twice as lucrative as its publicly-traded counterparts.

A strict comparison between publicly-traded gambling companies and the tribes is not possible because publicly traded companies pay taxes from their earnings while tribes do not. Tribes do, however, use gambling revenues to run their tribal governments and provide for the welfare of their members. Taking this into account, the Agua’s financial results from 2003 suggest the tribe could share with the state approximately 47 percent of its slot revenues and still easily exceed the profitability of the five most successful publicly- traded gambling corporations.

Foxwoods, the world’s largest casino, is an instructive example of a mega-slot casino similar to those slated for California.¹⁵ Located halfway between the population centers of New York and Boston, Foxwoods operates 7,400 slot machines in six casinos, and takes in \$1.2 billion annually. Twenty-five percent of its revenue goes to the state – nearly twice what the governor proposes for California tribes.¹⁶

A more equitable revenue sharing agreement should take many factors into consideration, including the profitability of a particular tribe’s casino and its other needs.

But by any standard, it is clear that the governor failed to achieve a satisfactory bargain for taxpayers, and in fact gave away the exclusive right to operate casinos for far too little.

Compounding the financial shortcomings, the proposed compacts jeopardize \$140 million currently paid by tribes into a fund that provides grants to local governments, among other things. The independent Legislative Analyst's Office (LAO) reports that these funds "would drop substantially as several tribes with large casinos would cease making payments to the [fund.]"¹⁷

Specifically, the LAO predicted fund revenues would decline by more than 50 percent under the new agreements. Alternatively, if grants to local communities and other programs supported by this fund, such as gambling addiction programs, are to be maintained at current levels, the shortfalls would have to be made up from the state General Fund, reducing the financial value of the new agreements even further. There is no guarantee the Legislature would appropriate General Fund dollars to make up for local governments' lost gaming revenues, or that the governor himself would not use these funds for other purposes.

Local growth without a local voice

Casinos of the five tribes currently range in size from 150,000 to 450,000 square feet, and employ an estimated 12,500 out of a statewide total of 54,000 industry employees. They have the potential to grow enormously, and accordingly, the potential to alter permanently the character of the communities in which they are located.

Traffic is perhaps the most significant issue at all of the five Southern California tribal casinos seeking expansion. Each of the new mega-casinos would generate an estimated 27,000¹⁸ car trips per day.

By comparison, PETCO Park, the downtown home of the San Diego Padres and ARCO Arena, the Sacramento Kings' stadium, are two facilities that are similar to the scale of these huge new casinos. PETCO Park spans 657,000 square feet and has a seating capacity of 42,445 fans. The Padres play 81 home games in it from April to October. ARCO Arena covers 442,000 square feet and has a seating capacity of 17,317 for the 41 regular season home games played from October through April.

Each of the five Southern California communities would play host to the equivalent of a sold-out Padres game *and* an almost sold-out Kings game every weekend night as customers visit the new, expanded casinos. Yet unlike the Padres and Kings' home games – which take place over the course of several months and may not be played at certain times of the day – the five new casinos would operate 24 hours a day, seven days a week, 365 days a year.

Many residents of communities such as Dehesa Valley near San Diego, home to the two-lane roadway serving Sycuan Casino, cannot imagine any growth at all, much less the daily equivalent of a major league baseball game.

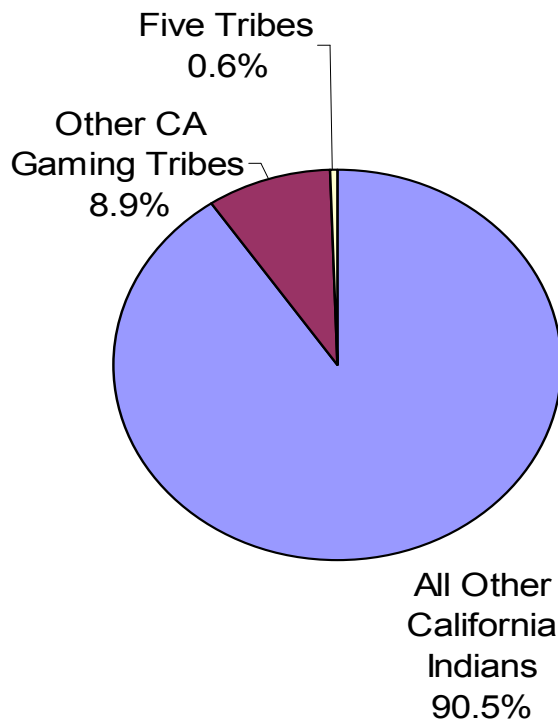
Despite the governor's promises that the new casinos would not be built "without the support of the community,"¹⁹ the Agua Caliente compact simply requires it to choose one of three ways to show community support for an expansion: 1) a local vote, 2) an endorsement from local elected officials or 3) an anonymous telephone poll of 400 residents. The compact spells out the four survey questions on which the finding of support would be based. The first two ask whether the respondent is a resident and whether they have heard of the casino expansion proposal. Only two questions can be construed to measure "public support." "Do you support or oppose Native American owned casino gambling in the city/county?" And, "Would you say you strongly support/oppose that Native American owned casino gambling or just somewhat support/oppose it?"

In contrast, former California Governor Pete Wilson, Schwarzenegger's Republican predecessor, negotiated agreements that required a local vote before tribes got the go-ahead to build their gambling palaces. Although it was within Governor Schwarzenegger's authority to achieve stronger safeguards, he essentially gave away permission to build the world's largest casinos without local residents having any say, with the ludicrous exception of an anonymous telephone survey in Palm Springs, conducted at the tribe's discretion.

In late November 2006, just two months after the proposed compacts were announced by the Schwarzenegger administration, the Agua Caliente unveiled a proposal for a casino hotel resort project that will span one-half mile of downtown Palm Springs. This is in addition to another \$210 million, 400-room high-rise hotel and gambling expansion already underway at the tribe's casino in Rancho Mirage. The city of Rancho Mirage asked the Agua Caliente to delay approving its \$210 million casino expansion project started in 2005 until the city and the tribe could reach an agreement to address the casino's traffic impacts.²⁰ The tribe's dismissal of the city's repeated requests provides insight into how they could respond to concerns raised communities affected by their future expansions.²¹ With the tribe's pending compact rejected once already by the Legislature in August 2006, and with another set of difficult legislative hearings pending, the tribe wisely reached an agreement with the city in March 2007. Once the compact is ratified, no similar leverage would be available to other cities.

Widening gap between rich and poor tribes

The concentrated market power among the five wealthiest tribes that would follow from the proposed compacts is a far cry from the federal government's original rationale that Indian gaming would help poor tribes.²²



Five tribes comprise 0.6 percent of the state's Indian population.

In the spring of 2000, industry proponents told California voters in a ballot argument "Indian gaming on tribal lands has replaced welfare with work, despair with hope and dependency with self-reliance." Voters saw television ads featuring Indians in poverty to make their argument. Yet seven years later, as the industry surpasses \$7 billion per year, and five wealthy tribes are poised to cash in on their political strategy, the original promise is largely unfulfilled. What has happened instead is that a small group has benefited greatly, while the vast majority of Indians in California have seen little change in their fortunes.

Since the industry's inception, its spoils have been unevenly distributed. Nine percent of California's Indians are enrolled in a tribe with a gaming compact, and only an estimated 0.6 percent benefit from the pending five compacts. The National Gambling Impact Study Commission (NIGC) reported in 1998 that just ten tribes, out of 106 with casinos, accounted for one-half of the industry's net income of \$1.9 billion nationwide.²³ The most recent figures from NIGC show the trend has worsened over time, with just five percent of tribal gaming casinos accounting for 43 percent of total industry revenues in 2005, the last year for which data are available.²⁴

Combined, the total membership of the five wealthiest tribes comprises approximately one-half the population of one large California tribe, the Quechan, and one-third of the Yurok tribe, yet their deal is estimated to be worth a lopsided \$60

billion in new tribal revenue. Their combined market share is expected to rise exponentially from nearly 16 percent to as much as 32 percent, depending on the extent to which they take over market share from other tribes.

Competition between tribes for the right to operate casinos has been intense, but the latest deals suggest the wealthiest tribes are winning out, often at the expense of poor tribes. A *Los Angeles Times* article published during compact deliberations in August 2006 demonstrated this troubling trend in the tribal gaming industry. The article reported the growing divide between the state's rich and poor tribes. It showed the sharp elbow tactics used by some of the rich tribes to maintain their dominance of the state's lucrative industry.

Los Coyotes in rural San Diego County is a member of the latter group without a ratified compact. Los Coyotes successfully executed a compact with the governor in 2005, but that compact was not ratified after intense opposition from the tribes operating the state's biggest and most profitable casinos. Ironically, it was the image of Francine Kupsch of the Los Coyotes tribe that was beamed across the state when the industry went to the ballot seeking permission to operate tribal casinos. Of her role in helping to get the industry started, Kupsch said, "I felt honored." But in response to the wealthy tribes' opposition to a casino for her tribe, Kupsch said, "Now I don't. It gives me that nauseated feeling."²⁵

Regardless of the scale of their need, the poor, less influential tribes with the worst locations will gain nothing in California's recent changes in tribal gaming policy.

Location, location, location

On one side are the small, rich tribes such as Agua Caliente, Morongo, Pechanga, San Manuel and Sycuan who benefit from the historical accident of a good location. Their reservations are located near major highways and large populations. On the other side, are the often larger tribes, with bigger and frequently poorer populations, who didn't win the "location lottery."

Those tribes located near large population centers and served by good roads are the clear winners in California. There are approximately 3.8 million people living within 50 miles of the five wealthy tribes, more than three times the average nearby population for all other tribal casinos combined. Perhaps the biggest winner in the location lottery is the Agua Caliente tribe which has two casinos, one located in the middle of downtown Palm Springs, and the other less than 1,000 feet from off ramps to Interstate 10, one of Southern California's busiest highways.

The five tribes in the 2006 compacts also are located near more wealthy areas of the state, and have turned location advantage into market and political dominance. Their nearby populations have 13 percent higher median incomes than populations near all other tribal casinos.

As a nominal gesture to the tribes left out of the deals, the state has agreed to grant \$1.1 million in annual casino revenues to all tribes without casinos. However, the Legislative Analyst's Office (LAO) said the state fund from which these monies would be paid "may be depleted within one to three years," forcing the state to dip into the General Fund to make up the shortfall, again undermining the governor's strongest argument in support of the new deals.

Gaping hole in casino oversight

Gambling is an all cash business. Notoriously high cash flows and profits make tribal casinos an attractive target for many forms of criminal activity. Just months after Governor Schwarzenegger's announcement to triple the gambling revenues for the five tribes, the U.S. Court of Appeals for the District of Columbia Circuit struck down the audit and oversight ability of the principal federal watchdog agency for gambling. The ruling said the federal agency had no authority to audit tribal casinos, eliminating a vital safeguard that helps keep tribal casinos out of the hands of criminals. Unless and until Congress acts to fix the hole, or the compacts are amended to include strong oversight provisions, Californians have lost a crucial element of law enforcement for a \$7 billion cash industry.

The early history of Las Vegas and Atlantic City are laced with stories about organized crime in the casino industry. Unfortunately, California tribal casinos and others nationwide also have been the targets of criminal activity, such as:

- Employees at California's Pechanga and Coyote Valley casinos have been the subject of criminal indictments. In 2006, the Pechanga casino controller pled guilty to embezzling almost a half-million dollars from the casino.²⁶
- In 2006, the Treasury Department's Financial Crimes Enforcement Network assessed \$2.5 million in civil penalties against an Oklahoma tribe and a tribal casino official for using fictitious social security numbers, "an unreported deposit of \$300,000 in cash from a duffel bag, and other suspicious transactions."²⁷
- During the past three years, NIGC has referred more than 30 cases of suspected criminal activity at tribal casinos to federal law enforcement agencies.²⁸
- NIGC's web site lists sixteen enforcement actions against California tribal casinos.
- In NIGC's enforcement action against California's Santa Rosa Rancheria, NIGC alleged the tribe "failed to conduct background investigations, including federal criminal history checks on key employees and primary management officials" and failed to conduct sufficient background investigations to determine whether casino officials were suitable for employment.

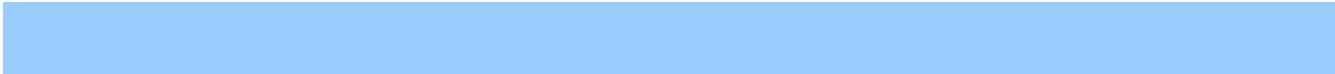
Because of the federal ruling, NIGC said it had no choice but to cancel 15 to 20 planned audits at tribal casinos.²⁹

Tribes say they are regulated closely by three levels of government – tribal, state and federal – but NIGC has undertaken 138 enforcement actions against tribes where tribal oversight failed and the agency subsequently stepped in to play a crucial

oversight function.³⁰ NIGC established Minimal Internal Control Standards to help create a paper trail on undocumented cash transactions. The agency reviewed the audits that all tribes must undergo, and occasionally did fraud or investigative audits that led to referrals to law enforcement agencies. As Senator John McCain, former chair of the U.S. Senate Committee on Indian Affairs warned, “I do not believe that self-regulation without oversight is real regulation.”³¹

Both Governor Schwarzenegger and Senator Dianne Feinstein raised serious concerns about the vacuum of government oversight over Indian gaming, in separate letters to U.S. Senator Byron Dorgan and U.S. Senator Craig Thomas, the chair and ranking member, respectively, of the Senate Committee on Indian Affairs. In his letter, Gov. Schwarzenegger called for federal legislation to allow the federal government (through the National Indian Gaming Commission) to establish and enforce the Minimum Internal Control Standards for Indian gaming. By doing so, the Governor is acknowledging that current state oversight, including those in the proposed compacts, are seriously inadequate. In her letter, Senator Feinstein expressed “deep concern” about the elimination of federal oversight of Indian gaming. She wrote: “Even if the State were to take measures to address the current oversight deficiencies, it could take years for an updated, effective enforcement regime to be established and effective.”³²

In the wake of the federal ruling, the state’s only realistic avenue to impose formal oversight on tribal casinos is through the compacts. As currently constructed, the proposed compacts contain inadequate oversight mechanisms to prevent money-laundering and other criminal activities that pose safety risks to the public. The lack of oversight also makes it virtually impossible for the state to be sure casinos are making their proper payments to the state’s General Fund – undercutting the cornerstone of Governor Schwarzenegger’s position in favor of the compacts.



CONCLUSION

This report demonstrates why the compacts negotiated with five tribes by Governor Schwarzenegger in 2006 should be rejected by the Legislature. Although increased state revenue sharing is the principal argument in favor of the compacts, in reality, the agreements provide just 0.5 percent of state General Fund revenue and fall far short of agreements recently achieved in other states. The Legislative Analyst's Office (LAO) found even these projections "not realistic." The LAO also warned of the potential negative effects of the compacts on vital state programs that help non-gaming tribes, and assist local governments in financing the public safety services that are necessary to cope with the impacts of expanded tribal casino gambling.

The compacts are inconsistent with the original rationale for legalization of tribal casinos – to improve the economic viability of all tribes. Instead, the wealthiest tribes, which happen to be the largest political contributors, have won lucrative expansion deals while poorer tribes are denied even the opportunity to operate small casinos.

Last, the compacts fail to address in any way the effects of the recent federal court ruling which eliminated the federal regulatory oversight of tribal casinos, leaving the public with no independent ability to ensure that tribal casino games are run fairly, to verify the amount of revenue to which the state is entitled and to deter criminal activities such as money laundering.

The state of California has a compelling interest in securing tribal gaming compacts that protect the state taxpayers, local communities and the majority of the Indian population that has been left out of the process. The compacts of 2006 achieve none of these objectives, and should be rejected by the Legislature.

ENDNOTES

- ¹ Office of the Governor. August 08, 2006. Press release. <http://gov.ca.gov/index.php?/print-version/press-release/3479/> The press release puts the net win at \$320 per day, per machine. The net win of 22,500 new machines over 23 years is thus an estimated \$60.4 billion.
- ² Indian Gaming Regulatory Act. Public law 100-497-Oct. 17, 1988 100th Congress Sec. 2701 (32.C.vii)
- ³ Chet Barfield, "Schwarzenegger pushes gaming initiatives' defeat," *San Diego Union Tribune*. October 15, 2004.
- ⁴ The governor signed new and amended compacts with nine tribes in 2004, but due to opposition from some of the state's wealthiest tribes, those compacts have not been ratified by the Legislature.
- ⁵ Lou Hirsch, "Tribes, governor seek reconnection: Reps of Agua Caliente, Morongo bands to meet with him," *The Desert Sun*, May 7, 2006. Tom Chorneau, Mark Martin, "The New Political Money Game: Despite Limits, big donations to independent groups keep cost of running for governor high." *San Francisco Chronicle*. June 13, 2006 Page A1.
- ⁶ Casino City's North American Gaming Almanac. 2006-1007 Edition. Casino City Press. January 2007.
- ⁷ National Indian Gaming Commission, Tribal Gaming Revenues by Region. Accessed January 2007. <http://nigc.gov/Portals/0/NIGC%20Uploads/Tribal%20Data/2005vs2004gmgrevbyreg.pdf>
- ⁸ State of Nevada Gaming Control Board, Non-restricted Count Report. September 30, 2006.
- ⁹ Agua Caliente Band of Cahuilla Indians, Revenue Bonds, Series 2003. <http://standupca.org/aguaseries2003.pdf>
- ¹⁰ December 13, 2003 Jack Abramoff "Sports Suites" memo released by the U.S. Senate Indian Affairs Committee.
- ¹¹ June 27, 2002 Jack Abramoff email to colleague released by the U.S. Senate Indian Affairs Committee.
- ¹² Sacramento Bee. "Abramoff's tarry brush: Tribes' ties to lobbyist show need for change." January 20, 2006. Editorials section, Page B6
- ¹³ Office of the Governor. August 29, 2006. Press release. Pechanga <http://gov.ca.gov/index.php?press-release/3703>
- ¹⁴ For a discussion, see Investopedia: <http://www.investopedia.com/terms/o/operatingmargin.asp>
- ¹⁵ The Connecticut Tribal-State Gaming Compact does not oblige the Pequots to conduct impact studies of their casinos, therefore, impact figures are difficult to obtain.
- ¹⁶ <http://www.ct.gov/dosr/cwp/view.asp?=-3&q290840&dosrNav=>
- ¹⁷ Legislative Analyst's Office report "Questions and Answers: California Tribal Casinos," February 2, 2007.
- ¹⁸ Comparison to statistics from a similar sized casino in Connecticut. Town of Ledyard. "Impact of Foxwoods Resort & Casino on Local Host Communities." 16 March 1998.
- ¹⁹ Office of the Governor. August 8, 2006. Press release. Sacramento, CA.
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