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FOR IMMEDIATE RELEASE

CALIFORNIA COUNTIES LOSING MILLIONS IN CASINO INCOME AS GOVERNOR SCHWARZENEGGER CONTINUES TO SCOFF AT FEDERAL COURT INTERPRETATION, SAN PASQUAL TRIBE FILES GOVERNMENT CLAIM AGAINST STATE FOR \$550 MILLION

(VALLEY CENTER, CA) June 1, 2009 – Today the San Pasqual Band of Mission Indians, located in northeast San Diego County and the owners of Valley View Casino, filed a \$550 million government claim, a prerequisite to filing a lawsuit, against the state of California for lost profits resulting from Governor Schwarzenegger refusing to allow the California Gambling Control Commission to issue all of the slot machine licenses to which the tribe is entitled under its 1999 gambling compact with the state.

The point of contention is the number of slot machine licenses certain California casinos are currently being allowed to operate versus the number of licenses that were legally granted to them when their gaming compact was negotiated back in 1999. According to the federal court lawsuits currently pending in the United States District Courts (USDC) in San Diego and Sacramento, and the decision issued by the USDC judge in Sacramento, the state compact provides for a total of 42,700 Class III licenses to be divided up amongst the tribes. However, the state of California for many years has wrongly limited the number of licenses to 32,151—shorting the tribes out of a total of 10,549 licenses, and thus shorting the state, counties and cities as well as these tribes out of hundreds of millions of dollars.

The state, led by Governor Schwarzenegger, is refusing to issue the remaining licenses and instead is holding the licenses as leverage against the tribes to force them into new compacts that would strip tribal governments of their sovereignty. By refusing to issue these slot machine licenses Governor Schwarzenegger is also eliminating a badly needed source of income for counties and cities that would generate up to \$30 million per year for those local municipalities.

Under the terms of the tribal-state compacts, every year all tribes with gaming operations pay slot license fees into certain state accounts, with the specific amount being determined by the number of slot machine licenses issued. The more slot machine licenses issued, the more these state accounts are funded. Specifically, two of these accounts are the Indian Gaming Revenue Sharing Trust Fund (RSTF) and the Indian Gaming Special Distribution Fund (SDF).

The RSTF is a state account that is paid into by all tribes that own a requisite number of gaming device licenses, like the San Pasqual tribe. These payments are made by tribes based upon how many slot machines they have, with the payments increasing with the number of slot machines. The RSTF is required to pay out \$1.1 million annually to every non-gaming tribe—however, because the

state has not allowed tribes to operate the full number of allotted slot machine licenses, the RSTF falls short every single year.

The SDF is another state account to which all tribes that established gaming operations before 1999 contribute between 7 – 13% of their revenue each year. The SDF is required to use these funds to benefit counties and cities by providing badly needed monies for police, fire, roads, and other infrastructure, as well as the public health and welfare of these communities in general. This fund is managed by regional Indian Gaming Local Community Benefit Committees (IGLCBC) who ideally decide how best to utilize and distribute the money for local improvements, for example, in San Diego County alone, within the past five years over \$20 million has been allocated from the SDF. These funds have been utilized for the purchase of well pumps, fire hydrants, fire trucks, helicopters, high tech communications networks and crime scene investigation equipment to name just a few. In the 2005-06 fiscal year the San Diego County IGLCBC distributed \$8.3 million in grant funds alone. Unfortunately, under Governor Schwarzenegger no appropriations from the SDF were provided to counties in the 2007-08 state budgets.

What could be a huge source of revenue to counties and cities, through agreed upon slot machine license fees, is ignored by the governor in his ill-directed quest to force San Pasqual and many other tribes to renegotiate a different more expensive compact than the one that has been in existence since September 1999. The agreed upon fees for an additional 10,549 licenses would result in up to \$360 million in additional funding to county and city governments over the next 12 years.

While these amounts may be small change to the governor, or even to the state, it's huge money to local counties and cities, and their citizens, who need this money particularly in this nearly unprecedented economic downturn.

This SDF money can be a precious and significant income for county budgets, especially now when Governor Schwarzenegger is talking about budget and staffing cuts in healthcare services, police and fire services, education, welfare, parks and much more. However—in times of RSTF deficits, which happens every year, the SDF's number one priority is to cover the RSTF shortfalls. So every year, approximately \$30 million that is supposed to be benefiting counties and cities is lost, simply because the state is refusing to recognize the plain language of the 1999 compact that designates the number of slot machine licenses which has now been determined by the USDC judge in Sacramento to be 10,549 more than the state will issue.

To immediately increase funds to benefit counties and cities, Governor Schwarzenegger simply needs to allow tribes to utilize the originally agreed upon slot licenses. He would not be causing a proliferation of new casinos in the state, he would just be allowing tribes who already have casinos to operate at the level consistent with the plain language and intentions of the parties as designated in the tribal-state compact negotiated back in 1999.

“If the state would adhere to the plain language of the 1999 compact, honor its contractual commitments and concede to the USDC judge in Sacramento, it would end the RSTF shortfalls by making upwards of \$360 million available to additionally fund the RSTF over the balance of the compact term, and therefore free up as much as \$30 million per year of the SDF monies to help relieve the impact of the eviscerated public services under Governor Schwarzenegger,” said Joe Navarro, president and CEO of the San Pasqual Casino Development Group, Inc., the San Pasqual tribe’s casino development arm.

Through the government claim filed today by San Pasqual, as well as the federal court lawsuits against the state pursued in San Diego by the San Pasqual Band and the Rincon Band of Luiseno Indians, along with the federal court lawsuit pursued against the state in Sacramento by the Colusa Band of Wintun Indians, Picayune Rancheria of the Chukchansi Indians, and the Tuolumne Band of Me-Wuk Indians, these tribes are standing up for all California tribes and county governments. The state of California, and its governor, should live up to the state’s agreement and immediately issue the additional 10,549 slot licenses, which will immediately benefit cities and counties throughout the entire state. With one stroke of his pen, Governor Schwarzenegger can immediately realize \$360 million for the benefit of the taxpayers in California without costing them a single cent.

“We are just asking for what was established to be ours according to the language of the 1999 compact,” said Allen Lawson, chairman of the San Pasqual tribe. “Fulfilling the language of the compact will not only benefit the entire Native American community but in turn will aide the counties of California during this time when everyone could use assistance.”

This is not the first time tribes such as the San Pasqual tribe has been handed a raw deal by the state of California. After being credited for helping the U.S. Calvary defeat the Mexican army in 1846, the San Pasqual tribe faced intense hardship after the signed Treaty of Santa Ysabel, which was supposed to grant tribal sovereignty and security, was rejected by the US Senate under pressure from the California delegation in 1852. Then in 1870, a new reservation treaty signed by President Grant was swept out from under them yet again by the Senate because of Californians who wanted the land for themselves. Eventually in 1910 the San Pasqual tribe was granted a small, rocky, arid reservation over 15 miles north of their original land.

The San Pasqual story is neither new nor unique, and similar injustices have been inflicted onto Native Americans throughout time and place and continue today. As of the 2000 U.S. Census, per capita income for Native Americans is less than half of the U.S. level and family poverty is three times that of the rest of the country. And now yet again, the state of California is reneging on its 1999 compact and this time, not only hurting Native Americans but the entire state by keeping funds out of the hands of county and city officials, and the people of those communities that would benefit from significant revenue increases.

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