

Financial problems soar for Red Hawk Casino

By Dale Kasler, Sacramento Bee

Red Hawk Casino's financial woes show few signs of abating – a situation that illustrates both the harsh new business reality confronting Indian gambling and the murky legal issues that arise when a tribe can't pay its bills.

The company that runs Red Hawk said Wednesday that the management fees it gets from the Shingle Springs casino declined during the first quarter compared with a year ago. The fees are directly tied to the casino's profits.

That same company, Lakes Entertainment Inc. of Minneapolis, revealed in March that Red Hawk had halted payments on a \$66 million loan from Lakes. That made Red Hawk the latest in a series of tribal casinos to experience significant debt woes in the past two years.

“Until fairly recently, tribal casino growth was just phenomenal,” said Nelson Rose, an expert on Indian gambling law at Whittier College.

Read the whole story