

3 years later – Red Hawk Casino a financial disappointment

By Dale Kasler, Sacramento Bee

The Shingle Springs Band of Miwok Indians battled for more than a decade to build a casino along Highway 50, a gambling palace that would lift the tribe out of poverty.

It hasn't worked out that way.

Three years after it opened, Red Hawk Casino is performing well below expectations, can't pay all its debts and has failed to enrich its owners.

Despite a sea of slot machines and elegant trimmings worthy of Las Vegas, the \$535 million casino continues to be dwarfed by its wildly successful rival, Thunder Valley Casino near Lincoln, in the battle for Sacramento-area gamblers.

Some of Red Hawk's woes have been made public before, including the debt problems. Now, testimony in an El Dorado Superior Court lawsuit provides the most vivid picture yet of how badly the Shingle Springs casino is lagging.

Red Hawk took in \$214 million in gambling revenue last year, testimony shows. That was 10 percent below 2009, its first full year of operation.

More importantly, that was about \$100 million less than what was expected in a forecast the tribe made in 2007, according to court records. Gambling revenue is the amount the house wins, not the amount wagered.

"I think it's strictly the economy," said Nick Fonseca, chairman of the Shingle Springs tribe. "This is a new reality,

and tribes are going to have to adjust to it.”

Normally kept secret, details of Red Hawk’s performance have spilled out in a lawsuit against the tribe by a company that once supplied it with slot machines and contends it is entitled to a cut of the profits.

Executives with the casino and the company that manages it for the tribe, Lakes Entertainment Inc. of Minneapolis, declined to comment further on Red Hawk, citing the ongoing court case.

But in an interview outside the courthouse during a break in the trial, Fonseca said the tribe is getting just \$6 million a year in profits – the bare minimum guaranteed by Lakes.

Individual tribal members are receiving \$800 a month in profit distributions, he said. Half of his 500 members continue to live below the poverty line.

By comparison, the 300 members of Thunder Valley’s owner, the United Auburn Indian Community, reportedly get \$30,000 a month apiece in casino profits.

Red Hawk and Thunder Valley are just 40 miles from each other but might as well inhabit different planets.

Read the whole story