

Red Hawk revenues up, but still in financial trouble

By Dale Kasler, Sacramento Bee

The company that manages Red Hawk Casino reported higher revenue today because of improved results at the troubled Shingle Springs facility.

Lakes Entertainment Inc. of Minneapolis said it lost \$300,000 during the first quarter compared to a profit of \$1.8 million a year earlier. But revenue grew to \$3.3 million from \$2 million, and the primary reason was an \$800,000 improvement in management fees from Red Hawk.

"Management fees from the Red Hawk Casino were up again this quarter ... due to continued improvements in results at this property," said President and Chief Financial Officer Tim Cope in a press release.

Despite the improvement, the casino remains in deep financial trouble.

Red Hawk, owned by the Shingle Springs Band of Miwok Indians, has struggled from the day it opened in late 2008. Gov. Jerry Brown has renegotiated the tribe's gaming compact after concluding the tribe wouldn't be able to pay all its bills.

The new gaming compact would significantly reduce the tribe's annual payments to the state, but wouldn't take effect until the tribe restructures \$500 million in private debts, including a \$66 million loan by Lakes Entertainment. The tribe stopped making principal payments on the Lakes loan two years ago.