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\$1 Million Each Year for All, as Long as Tribe's Luck Holds

By [TIMOTHY WILLIAMS](#)

SHAKOPEE MDEWAKANTON INDIAN RESERVATION, Minn. — A generation ago, the Shakopee Mdewakanton tribe lived in a motley collection of beat-up trailer homes, melting snow for bath water when wells froze over because they lacked indoor plumbing. Three-quarters of tribal members received government food supplements.

Today, the Shakopee Mdewakanton are believed to be the richest tribe in American history as measured by individual personal wealth: Each adult, according to court records and confirmed by one tribal member, receives a monthly payment of around \$84,000, or \$1.08 million a year.

The financial success of the 480 members of the Shakopee Tribe — whose ancestors 150 years ago were hunted down, slaughtered and eventually exiled from Minnesota — derives from their flourishing casino and resort operation, which on weekends swells the population of their tiny reservation to the size of a city.

“We have 99.2 percent unemployment,” Stanley R. Crooks, the tribe’s president, said as he smiled during a rare interview. “It’s entirely voluntary.”

While the Shakopee tribe continues to prosper, casino gambling in much of Indian Country — which tribes say is the only economic development tool that has ever worked on reservations — has in recent months come increasingly under threat, stirring worries that the long lucky streak is over.

The primary anxiety is competing casinos being hurriedly opened by states in pursuit of new revenue. But more menacing, tribes say, is a sophisticated and growing movement to legalize Internet gambling under state laws that would give those states the potential power to regulate and tax online gambling even on reservations.

Further, the current expansion of legalized gambling in the United States, and the prospect of more to come, could not have arrived at a worse moment for tribes, because after 25 years of booming profits, the tribal casino business has suddenly gone flat. The vast majority of tribes have not become rich. Instead, casinos have become a baseline economic necessity, lifting thousands out of poverty by serving as a primary source of income and employment.

“My worry is this may be the beginning of the end, that in the push to increase state and federal revenue we are putting at risk the groups who continue to need Indian gaming,” said Kathryn

Rand, co-director of the Institute for the Study of Tribal Gaming at the University of North Dakota. During the past year or so, Maine, Ohio, Kansas and Pennsylvania have all opened large casinos, and in Maryland, pent-up demand caused a traffic snarl miles long— during the middle of the night — at the opening of a new casino in June.

Among other states, [Massachusetts recently approved casino gambling](#) and New York [is moving in that direction](#). In November, Oregon voters will decide whether to open their first casinos while Michigan voters will determine whether to expand gambling there as well.

While the new commercial casinos turn over much of their revenue to state and local governments, tribal facilities do not pay direct state taxes because of the tribes' status as sovereign nations.

That status, however, has become a concern for tribes as it relates to legalized online gambling, which is expected to transform the industry by allowing people to play casino games like poker on mobile devices whenever and wherever they want.

Attempts by some states to tax all online gambling revenue, which tribes regard as an unacceptable violation of their sovereign status, have set up a collision course. “We are very adamant that people understand we are governments, and expect to be treated like governments,” said Ernie Stevens Jr., chairman of the National Indian Gaming Association.

Delaware, in June, became the first state to legalize casino-style gambling on the Internet, a move that followed a Justice Department interpretation last December that opened the door to online gambling. All this has come as unwelcome news in the \$26 billion tribal gambling industry. In recent years, a number of casinos have closed, the days of building elaborate new complexes appears to have ended, and efforts to build new casinos off reservation — and nearer metropolitan areas — has proved largely unsuccessful.

Even some of the most successful gambling tribes have had to reduce or eliminate gambling revenue payments to members.

The Mashantucket Pequot Tribal Nation in Ledyard, Conn., for instance, has stopped making individual awards that had once been as high as \$120,000 a year after [it amassed \\$2 billion in debt](#). And members of the Mohegan tribe in Uncasville, Conn., who operate Mohegan Sun, had been receiving about \$360,000 annually before seeing significant reductions in recent years.

Gambling analysts say the coming wave of casualties will most likely be Indian casinos in remote areas that make little money but employ dozens of tribal members and use gambling proceeds to pay for social services. The Shakopees are under no such pressure. While it is impossible to say for certain whether individual tribal members are indeed the nation's richest based on their monthly income — derived from the tribe's two casinos, championship golf course, big-name concert acts, 600-room hotel and other business ventures — each adult earns enough each year to be a millionaire.

But for the tribe, whose purple casino buses are as common a sight in the Twin Cities as summer mosquitoes, any significant downturn in profits would spread economic pain in a fairly wide arc.

Since 1996, the tribe has donated \$243.5 million, including \$120 million to poorer tribes, and lent \$478.5 million.

It is Scott County's largest employer, and has contributed tens of millions of dollars for roads and to schools and hospitals. "We're doing very well," Mr. Crooks said. "We feel we have an obligation to help others. It's part of our culture."

Measuring the tribe's charity however, is difficult because the amount it doles out to members is secret. (The \$84,000 a month figure that each adult in the tribe receives comes from a 2004 divorce case involving a tribal member, but was confirmed by a current tribal member as still correct.)

Alan Meister, an economist who compiles tribal gambling data, said Minnesota's 18 tribal casinos earned a combined \$1.4 billion in 2010, although the Shakopees' portion of that is unclear. But even if the tribe accounted for nearly the entire \$1.4 billion, its philanthropy would compare well with corporations, even though the tribe receives no tax write-offs for giving.

For example, the tribe's \$28.5 million in charitable cash contributions in 2010 was more than those of several Minneapolis-area Fortune 500 companies, including the 3M Corporation, which had 2010 revenue of \$23 billion, and U.S. Bancorp, which had \$19.5 billion in revenue in 2010, according to the Minnesota Council on Foundations.

Despite its wealth, however, the Shakopee reservation has few mansion-size homes, although most families have at least one high-end car in the driveway. Many tribal members own large second homes off the reservation and nearly everyone sends children to private schools. Expensive hobbies like thoroughbred breeding, big game hunting and elaborate trips — which sometimes last for months — are common.

Families say it is difficult to teach children the value of money when everyone knows no one will likely ever need to work.

"Why dig a hole when you don't need to dig it — when you can pay someone to dig a hole?" said Keith B. Anderson, the tribe's secretary and treasurer, who once worked for Target as an industrial designer. "Instead of budgeting a dinner and movie, you can go to dinner and a movie and have dinner again and see another movie, but you can't see enough movies and dinners to spend all your money."