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Gambling issue refuses to go away

Despite election wins, the governor still faces fights over expansion.

By **Steve Wiegand -- Bee Staff Writer**
Published 2:15 am PST Sunday, November 28, 2004

There are times in his battles with elements of the state's gambling industry that Gov. Arnold Schwarzenegger must feel like he's back in one of his "Terminator" movies:

He keeps knocking 'em down, and they keep snarling, "We'll be back."

Four weeks ago, for example, Schwarzenegger soundly thrashed California card room and racetrack interests as well as several of the state's most politically powerful Indian casino tribes by leading the defeats of ballot



Legal affairs secretary Peter Siggins

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propositions that would have greatly expanded gambling in the state.

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But Tuesday, Peter Siggins, Schwarzenegger's legal affairs secretary, will "meet and confer" with one Southern California tribe over an issue that has the potential to - you guessed it - greatly expand gambling in the state.

And over the next few months, administration officials will find themselves fighting political and legal battles with other tribes, as well as card rooms and racetracks trying to carve out a bigger piece of the state's multibillion-dollar gambling pie.

"I think it (the election) has really strengthened the governor's hand when it comes to dealing with the tribes," said Cheryl Schmit, head of Stand Up For California, a gambling watchdog group. "But there are going to be some interesting tests of that strength by some of the tribes."

A case in point is Tuesday's meeting between Siggins and representatives of the Morongo Band of Mission Indians.

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The Morongo Band is one of two Riverside County tribes that have installed hundreds of machines that look like slot machines, but which the tribes insist are really video lottery terminals, or VLTs.

Under terms of the 20-year compacts most of California's casino tribes signed in 1999, tribes are limited to no more than 2,000 slot machines apiece. That has caused problems for about a dozen of the largest casino tribes, which often find themselves with more customers than machines.

The Morongo tribe, which is opening a lavish casino next month, and the Pechanga Band of Luiseno Indians insist the new machines are not slots but akin to machines operated by the California Lottery. The tribes say that makes them exempt from the 2,000-slot limit.

But the Schwarzenegger administration is arguing that if it plays like a slot and looks like a slot and sounds like a slot, it's a slot.

In letters to both tribes earlier this month, Siggins warned they were in violation of their deals with the state and requested a meeting to discuss the issue.

Siggins also sent a letter to the machines' manufacturer, Multimedia Games Inc., asking the maker to "cooperate" in removing the machines.

The tribes, in turn, are arguing that the VLTs are compact-kosher.

"Pechanga has not breached and has no intention of breaching the compact," tribal chairman Mark Macarro said in a prepared statement. "The tribe's right to offer a lottery is guaranteed under the compact, and the state's challenge to our right to do that is without merit."

The merit of the challenge ultimately may be decided by the federal courts. Or it may serve as the basis for a new round of negotiations between Schwarzenegger and tribes seeking new casino deals.

The governor reached 10 such agreements earlier this year, adjusting the slot machine limit in return for the tribes agreeing to share a greater percentage of their revenues with the state and to abide by more comprehensive consumer- and environmental-protection regulations.

But other tribes balked at Schwarzenegger's insistence on a broader state role in casino oversight, contending it infringes on their status as sovereign governments.

In the wake of the election defeats, some tribes may use topics such as VLTs to reopen talks with the governor, while avoiding the appearance of capitulating on the oversight issue.

In addition to trying to reach more deals, Schwarzenegger is trying to gain enough votes in the Legislature to approve a deal he reached with a tribe last August to build a giant casino in the heart of the San Francisco Bay Area.

The deal between the governor and the landless Lytton Band of Pomo Indians envisioned a 2,500-machine casino just off Interstate 80 in San Pablo. It was sidelined when some Bay Area legislators objected to its size and location.

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Schwarzenegger also faces a lawsuit filed in September in Alameda Superior Court by card room and racetrack interests. Frustrated by tribes' voter-sanctioned monopoly on slots, they sponsored a November initiative that would have given some tracks and card rooms slot machines.

But the measure was squashed, and the tracks and card rooms are contending in their suit that compacts Schwarzenegger signed in June are unconstitutional because they made the deals immune from voter referendums.

If they prevail, the governor and tribes would be forced to renegotiate, and the tracks and card rooms have hinted they then would sponsor referendum proposals to overturn the deals and prevent the tribes from expanding their casino domains.

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