Gambling with their Lives:
American Indians and the Casinos
by Irl Carter

American Indian writer Gerald Vizenor relates the story of Naanabozho, the trickster who seeks to gain control of the world and to free the victims of Gichi Nita Ataaged, the great gambler. The great gambler says,

I seek no one to come and gamble with me but they that would gamble. Seek me and whoever enters my lodge must gamble. Remember, there is but one forfeit... and that forfeit is life... Now we will play.

(Summer in the Spring, Nodin Press, 1981)

True to his nature, Naanabozho wins by a trick, and the tables are turned. Now the great gambler is at risk.

Indian casino gambling is a nation-wide phenomenon. About 130 Indian gambling facilities operate in thirty-three states. A New Mexico tribe plans to build a professional bicycle racing facility. The White Mountain Apaches have a dog racing track. Connecticut's Pequots, described by columnist William Safire as "the Bingo kings of the Northeast," opened a new $50 million casino last year, providing 2,300 jobs in an economically distressed region and adding $40 million to the local economy. More than twenty-five of these Indian operations are casinos, and half of them are in Minnesota.

The gambling operations have been
Table 1. Casinos in Minnesota, June 1992

<table>
<thead>
<tr>
<th>Reservations</th>
<th>Name</th>
<th>Year Opened</th>
<th>Number Employed</th>
<th>Video Machines</th>
<th>Blackjack Tables</th>
<th>Location</th>
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</thead>
<tbody>
<tr>
<td>Chippewa</td>
<td>Bois Forte</td>
<td>1986</td>
<td>141</td>
<td>230</td>
<td>15</td>
<td>Lake Vermillion</td>
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<tr>
<td></td>
<td>Fond du Lac</td>
<td>1991</td>
<td>245</td>
<td>330</td>
<td>16</td>
<td>Cloquet</td>
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<tr>
<td></td>
<td>Fond du Lac</td>
<td>1986</td>
<td>286</td>
<td>150</td>
<td>16</td>
<td>Duluth</td>
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<tr>
<td></td>
<td>Grand Portage</td>
<td>1990</td>
<td>140</td>
<td>159</td>
<td>6</td>
<td>Grand Portage</td>
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<tr>
<td></td>
<td>Leech Lake</td>
<td>1989</td>
<td>350</td>
<td>8</td>
<td>Cass Lake</td>
<td></td>
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<tr>
<td></td>
<td>Leech Lake</td>
<td>1990</td>
<td>540</td>
<td>330</td>
<td>22</td>
<td>Walker</td>
</tr>
<tr>
<td></td>
<td>Mille Lacs</td>
<td>1991</td>
<td>900</td>
<td>700+</td>
<td>36</td>
<td>Onamia</td>
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<tr>
<td></td>
<td>Mille Lacs</td>
<td>1992</td>
<td>1,450</td>
<td>52</td>
<td>Hinckley</td>
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<tr>
<td></td>
<td>Red Lake</td>
<td>1991</td>
<td>68</td>
<td>250</td>
<td>5</td>
<td>Warroad</td>
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<tr>
<td></td>
<td>White Earth</td>
<td>1992</td>
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<td>Mahnomen</td>
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<tr>
<td>Sioux (Dakota)</td>
<td>Lower Sioux</td>
<td>1984</td>
<td>990</td>
<td>1,100+</td>
<td>45</td>
<td>Morton</td>
</tr>
<tr>
<td></td>
<td>Prairie Island</td>
<td>1984</td>
<td>986</td>
<td>650</td>
<td>35</td>
<td>Red Wing</td>
</tr>
<tr>
<td></td>
<td>Shakopee Mdewakanton</td>
<td>1982</td>
<td>1,200</td>
<td>450+</td>
<td>42</td>
<td>Prior Lake</td>
</tr>
<tr>
<td></td>
<td>Shakopee Mdewakanton</td>
<td>1992</td>
<td>1,500</td>
<td>1,100</td>
<td>76</td>
<td>Prior Lake</td>
</tr>
<tr>
<td></td>
<td>Upper Sioux</td>
<td>1990</td>
<td>120</td>
<td>550</td>
<td>38</td>
<td>Granite Falls</td>
</tr>
</tbody>
</table>

Sources: Minnesota Planning; Minnesota Indian Gaming Association; Attorney General, State of Minnesota; Saint Paul Pioneer Press; Star Tribune.

highly publicized by television and newspapers. NBC's "Today" show taped a segment at the Mille Lacs reservation in October 1991. Safire attacked Indian gambling in May 1991:

"...I respect American Indians, and do not want to see them isolated and despised as America's new class of professional croupiers on tax-free islands of false dreams. (New York Times, 30 May 1991)

Indian casino gambling is controversial within reservations, also. As a result of a dispute over gambling on the Mohawk reservation, two Indians were killed, and others fled from their homes. The debate is non-violent in Minnesota, but no less important. Leonard Prescott, former tribal chair of the Shakopee Mdewakanton Sioux, former chair of the National Indian Gaming Association, and now head of Little Six, which also operates the Mystic Lake Casino, believes the Shakopee gambling operations have enhanced the tribes' "quality of life," but Jim Northrup, Jr., poet and short story writer, and a member of the Fond du Lac Chippewa reservation, expresses doubts and wonders if the tribes will survive or, in the end, even profit from gambling.

The Legal Underpinning

According to a United States Supreme Court decision in 1835, Indian tribes are "domestic, dependent nations," similar to foreign nations. In most respects, tribes are not subject to state control even though tribal members are, individually, citizens of the state and the United States. The 1988 Indian Gaming Regulatory Act (P.L. 100-497), attempted to balance the rights of the states and the tribes in relation to gambling. It specified that: a) tribes and states must enter compacts which specify the types of gambling permitted; and states must negotiate compacts if tribes request it; b) tribes can conduct any form of gambling that is legal in the state; c) states can prohibit any type of Indian gambling only by prohibiting all gambling of that type by anyone; and d) states must be allowed to audit gambling facilities.

All eleven of Minnesota's reservations operate gambling facilities, under compacts signed between the tribes and the state. Each tribe has negotiated two compacts, one for blackjack and one for video machines. The Minnesota compacts make up twenty-two of the thirty-two compacts which exist in the United States.

Some tribes, like Minnesota's Redwood Falls Lower Sioux, enlarged the law to include bingo games which closely resembled blackjack. The issue was resolved by a landmark federal district court decision in 1990; the games are legal. Roulette and craps are not legal in Minnesota, so cannot be played on reservations. Reservations across the country are allowed to pool their bingo bets into the Megabingo that resembles a national lottery.

The National Indian Gaming Association, created under the 1988 act, oversees Indian gambling interests and provides technical assistance to tribes. Its first convention and trade show, held in Bloomington in July 1991, was attended by representatives from about sixty reservations and by gambling equipment manufacturers. Leonard Prescott, then head of the Shakopee reservation, was the association's first chair.

Casino Operations in Minnesota

In Minnesota casino gambling has shown exponential growth. Total proceeds from casino gambling in Minnesota may reach $1 billion in 1992. Three major new casinos opened in May 1992: the Shakopee community's Mystic Lake, the Mille Lacs band's Grand Casino Hinckley, and White Earth's Shooting Star. This brings the total number of casinos in Minnesota to fifteen (Table 1). In addition, Fortune Bay, Fond du Luth, Grand Portage, Northern Lights, Grand Casino Mille Lacs, and Treasure Island all underwent major expansions recently or will soon.

Cover photo: Leonard Prescott, member of the Shakopee Mdewakanton Sioux community says: "As late as eight years ago, my people...were living in poverty not more than 30 minutes from downtown Minneapolis. But now we have another resource: gaming...our Little Six Bingo Hall and Casino have eliminated poverty in less than a decade. We have adequate transportation. We are developing strong social and educational programs. And, I might note with pride, we contribute to the surrounding towns and cities, hospitals, schools and charities. We do not have to look to the federal government or the state for economic and social support."
The Lower Sioux reservation, near Morton, advertises its Jackpot Junction as the largest casino operation between Las Vegas and Atlantic City. This was the first true casino among Minnesota's reservations. About 25,000 gamblers a week arrive on tour packages from fourteen states within a 500-mile radius, typically for a two-night stay. Gross revenues exceed $50 million per year. The casino became a twenty-four-hour, seven-days-a-week operation in the spring of 1990 and tripled its size in 1991. It provides dining and live entertainment by nationally known performers, a motel, convention facilities, gas station, and grocery store. It is Redwood county's largest employer, and publishes Players Choice, a magazine promoting tourism and businesses in the region.

Other casinos offer a variety of attractions in addition to gambling. These include gift shops, restaurants, convention facilities, hotels, motels, and recreational vehicle parks. An unusual arrangement is the Fond du Luth casino in downtown Duluth, operated as a partnership between the Fond du Lac band and the City of Duluth. It showed a net profit of nearly $1 million in 1990 and after an expansion in 1991 was estimated to clear $3.2 million in 1991. After its $1.8 million debt is retired, 25.5 percent of the profits will go to the tribe, 24.5 percent to the city, and 50 percent to the casino's managing commission.

According to the Minnesota Indian Gaming Association study, about 70 percent of casino proceeds come from video machines, 20 percent from blackjack, and 3 or 4 percent from concessions. Casinos also offer bingo, keno, and pull tabs. Reported casino revenues are only estimates because tribes and casinos are reluctant to discuss them and there are no state or federal figures available.

Running the Casinos

Many tribes across the nation contracted with private gambling firms to set up and manage their gaming operations. Several of these firms took the lion's share of the profits and left outstanding debts. Tribes had no choice but to ask for federal assistance. Management firms are now scrutinized by federal and state agencies before contracts are approved.

Three patterns of management seem to have emerged. In the first, gambling firms set up new casinos or expand existing operations, often assist in financing, and retain a percentage of the profits (typically 40 percent) for five years. One example is Grand Casinos, Inc., a non-Indian firm that manages the Mille Lacs facilities. The firm went public in 1991 with a highly popular stock offering and is expanding its operations to tribes in Wisconsin and Iowa, reporting first quarter earnings approaching $1 million after taxes. Other examples are GMT Management Co. (which operated Jackpot Junction) and Gaming World (which manages White Earth's Shooting Star Casino).

A second pattern is to allow gambling firms to assist in setting up a casino, but then step out so the tribes can run operations. Page and Associates, of Prior Lake, helped to develop Little Sx. It prefers to help tribes with start-ups, train Indian staff to manage the casinos, then continue as consultants. Other firms, of Indian origin, have operated in Minnesota in a similar fashion, including PanAmerica Gaming, which was formed by the Seminoles, the first tribe with gaming facilities, and the Navajos' Thunderbird Amusement.

Jim Northrup, Jr., member of the Fond du Lac Chippewa community says: "Gambling is everywhere. It isn't even called gambling anymore, it is called Indian gaming. It is up to us as tribal members to decide how to deal with this new opportunity, this new challenge, the new problems. . . . Is Indian gaming going to do what assimilation, relocation, acculturation, termination couldn't? Is gambling going to change us from generous people into greedy, money-centered dark imitations of white people?"
The third pattern, one that is just emerging, is for the reservation itself to set up and run the casino from the beginning. The Fond du Lac tribe is doing this with their new casino under construction on Interstate 35 near the reservation. This may become the pattern of the future for casino operations.

Where Does the Money Go?

Gambling proceeds have offset severe federal cutbacks by the Reagan-Bush administration. Rita Keshena, attorney for Wisconsin’s Menominee tribe, said, “We are not going into business to preserve our values or save our culture. We do it to make money. The question is, what is a tribe going to do with that money?” Of an estimated $750 million gross receipts in 1991, the six largest Indian casino operations in Minnesota netted $143 million. After $89 million in expenses were paid, $54 million remained to invest in economic development, to provide services through local governments and social agencies, or to distribute to individual tribal members.

Economic development has included expanding as well as building new casinos, but most of Minnesota’s tribes have also used gambling proceeds to invest in nongambling ventures. The Shakopee Sioux bought a company that manufactures maintenance equipment for recreational facilities, and is developing a recycling business. The Grand Portage Chippewa operate a wood chip plant that sells materials for paper, pulp and waferboard. John Campbell, Treasure Island’s public relations director, said:

There’s been hundreds of years of poverty and unemployment on Indian reservations, but casino gambling is giving tribal members a sense of pride and self-respect.... The business world is beginning to look at us in a different light. Local banks are actually starting to court us.... Finally, we’re allowed the opportunity to grow as a people. (article by Tom Gorzynski in Casino 1, 1991)

But Leonard Prescott sounded a note of caution:

Our newfound prosperity has allowed us to consider diversification opportunities. We do not see gaming as an economic tool for decades to come; we believe, as the gaming industry grows in the United States, competition will increase also....we view gaming as a strictly temporary—ten years, perhaps—window of opportunity. (Star Tribune, 22 June 1991)

Providing services through local governments and social agencies has meant that between 1987 and 1991 AFDC payments in four non-urban counties with Indian casinos decreased by 16 percent while statewide payments increased 15 percent. Prairie Island earmarks some revenue from its Treasure Island casino for social agencies in Dakota and Goodhue counties that serve children, elderly, and handicapped persons. Campbell said that the reservation was paying back the organizations that had helped the tribe in the past.

Funds from Little Six allow the Shakopee Sioux to provide free health care, dental care, child care, tuition, books, and expenses in post-secondary institutions. The tribe funds a social service department that deals with drug dependency and mental health needs, along with other problems. It funds an extra police officer for the city of Prior Lake. In addition, the tribe funds a medical center, tribal court, and a twenty-three-unit housing project. The tribe has invested jointly with the community of Prior Lake in a $2 million water and sewer plant and has helped to meet school needs. The
tribe voluntarily pays $20,000 a year to Prior Lake in lieu of taxes. It has given more than $1 million to social programs in the Twin Cities area, including support for an appearance by the American Indian Dance Theater, and it has established a $50,000 scholarship fund at Augsburg College for American Indian students.

The Mille Lacs band funded a Christmas party to promote family unity and created a reservation police force. Profits will be invested in infrastructure, including water purification, a water tower, sewage treatment, housing, school, health clinic, day care, paving of roads, buying additional land, and helping members establish businesses. The Fond du Lac tribe plans to replace its school building, and in its new facility on Interstate 35, will include an arts and crafts center and a nature center. It will provide training funds for Indian staff.

**Payments distributed to tribal members** are subject to federal taxes under the 1988 Indian Gaming Regulatory Act. The Shakopee Sioux reportedly distribute about $4,000 per month to members. The Lower Sioux tribe makes payments to about a quarter of their members, selected on the basis of length of residence on the reservation. Payments are reported as $1,750 per month. About sixty Lower Sioux members excluded from payments have signed petitions challenging the distribution and have filed a class-action suit in the United States District Court. The Mille Lacs band chose not to distribute its gambling proceeds.

**Creating Jobs**

A study commissioned by the Minnesota Indian Gaming Association and conducted by KPMG Peat Marwick, an international accounting firm, found that by early 1992 the six largest casinos have collectively become the twentieth largest employer in Minnesota, employing nearly 5,000 people. The study reported that 80 percent of the jobs are held by non-Indians, nearly all from nearby communities. In addition, the casino operations have created nearly 6,000 non-casino jobs. These six Indian casinos paid about $32 million in salaries, wages, payroll taxes, and benefits in 1991.

The manager of Jackpot Junction in Redwood Falls reported zero unemployment on the reservation in 1991. Casino positions includeWaitresses, money counters, concession staff, video clerks, and licensed security guards. Some community colleges, and the American Indian Occupation and Industrialization Center in Minneapolis provide courses for casino employment, for example, blackjack dealing. About forty persons who recently completed this course are employed at Little Six and another 500 are expected to be employed in Minnesota casinos.

The Conflict Over Regulation

In 1986, the federal government "cracked down" on tribal bingo, requiring that all contracts with outside management must be reviewed by the Bureau of Indian Affairs. Roger Jouland, former chair of the Red Lake Band, filed suit against the federal government, claiming that this violated tribal self-determination, self-government, treaty rights, and aboriginal rights to control the use of tribal resources. When the Indian Gaming Regulatory Act (IGRA) was passed in 1988, Jerome Skolnick, Berkeley law professor, viewed it as a balancing act — balancing state concern about organized crime, federal interest in tribal self-sufficiency, and tribal interest in self-government. The Supreme Court, he said, was weighing social values, not aboriginal or treaty rights. Skolnick called the IGRA a "wild card." Under it, the Bureau of Indian Affairs and the United States Solicitor General's office review tribal contracts for legality and economic feasibility, but do not regulate gambling.

Last December, Minnesota Attorney General Humphrey called for a moratorium on additional gambling, in part because the fifteen state regulators are overburdened by an industry which generates $2 billion per year. The portion that occurs on Indian lands is overseen by three of these regulators. Both Indian and non-Indian officials point to pressure from well-financed manufacturers of gambling machines to expand gambling in the state, but the 1992 Minnesota legislature took no action toward expansion.

A major concern is the threat that organized crime may become involved in Indian gambling. Reporter Susan Stanich stated in a series of articles in the Duluth News-Tribune in 1991 that there were contacts between White Earth tribal authorities and a gaming equipment corporation connected to a "mob" family based in New Jersey. She stated that the "mob" is heavily involved in the manufacture of gaming equipment. Former Red Lake chair Roger Jouland, in a 1988 letter to Minnesota congressman William Frenzel, stated his concern that the Mafia would penetrate Indian gaming and that the Mafia had pressured key congressional leaders to support the act.

Attorney General Humphrey sees no evidence of organized crime in Minnesota's operations, but fears that "dirty money" might be involved in new projects. Humphrey proposes greater federal and state control over Indian gambling operations and creation of a federal-state enforcement team. Leonard Prescott believes such fear is groundless. In an editorial in USA Today (6 February 1992), he suggested that non-Indian gambling interests were clouding the issue by questioning tribes' competence, and asked that the media report more accurately the success of tribes in preventing corruption.

During the debate on the IGRA, Senator John McCain stated that in fifteen years of Indian gaming there had never been one proven case of organized crime activity. Former Secretary of the Interior Morris Udall, who had introduced an Indian gaming law in 1984, said: "Where is the abuse with Indian bingo? Where is the evidence of organized crime?" Representative Gerry Sikorski of Minnesota agreed. "Why do we feel we can invade Indian sovereignty whenever it is inconvenient to respect it?"

The Effects of Gambling on Tribal Traditions and Families

Debate continues within tribes about the legitimacy of gambling as an Indian amount. Former Fond du Lac chair William Houle commented, "Gambling has always been part of our culture, and now it is an integral part of our economy as well." On the same reservation, Jim Northrup, Jr. asked:

- Is Indian gaming changing us as a people?
- What legacy are we leaving our children?
- The ability to spot a winning pattern in bingo? The best kind of dauber to use?
- When to stand or hit in blackjack? The woods are still important to our culture. It is important to know the difference between a basswood and a maple. There are fewer Indians in the woods since bingo and casinos came around.

Anita Fineday, former tribal attorney for the Leech Lake and Mille Lacs reservations, notes that attendance at tribal ceremonies on the Mille Lacs reservation has declined. Will the visibility of large amounts of money threaten the traditional values of non-material aspects of sharing that mark Indian cultures? Will capitalist profit motives erase traditional communal values? Northrup cautions:

- On a tribal level, we must build a reputation for honesty. It's almost a contradiction of terms but we must be honest gamblers. At Fond du Lac the latest expansion of gambling is self-financed, no outside investors. Honestly lures customers.

New gambling corporations may not observe tribal traditions. Politically, tribal leaders may be unable to "just say no" to the gambling bonanza. The gambling operations may increasingly resemble corporate behavior, particularly where there is outside management.

In the past, the position of tribal chair has not always been seen as powerful and desirable. With the influx of gambling proceeds, power and control of money are crucial to the future of the tribe, and are attractive to some members. Conflict is likely to occur between some tribal leaders and those who favor more expenditures for social and educational programs. Fineday noted that in recent reservation elections, tribal officials were being challenged by members who are involved in tribal education programs. Merton Ellis, chair of the
Prospects for the Future

The "gambling cycle" may end. Prescott cited a consultant's study, saying that gambling experiences a twenty-year life cycle, and Minnesota's reservations are in the middle of that cycle. William Eadington, Professor of Economics at the University of Nevada-Reno, agreed: "Indian gaming will not survive twenty-five years." He concluded the "window of opportunity" would be open for about ten years. If gambling sharply declines, the reservations' heavy investment in facilities might become a barrier to further economic development, absorbing the tribe's resources.

While reservations are held in trust by the federal government rather than owned by the tribes, Indians' traditional ties to their land could be fatally threatened should tribal property or future income be viewed as collateral in loan defaults. Control of the use of these lands, and the casinos themselves, could perhaps be placed in receivers' hands. The risks involved in Indian gambling also include the possibility that Indians might lose their favored status as casino operators. Indian casinos are at present a virtual monopoly, but a monopoly that could be lost if a state legislature decides to let non-Indians share the action.

On the other hand, gambling does offer promises to the Indian community. While questions remain about the legitimacy and usefulness of training for employment in casinos, jobs are scarce and no other choice is apparent for many Indians seeking employment. Some business skills that are acquired in the casinos may be transferable to other employment.

Even more promising is diversification into other enterprises. This could provide long-term employment and stability, contributing to tribal self-respect and self-determination. This would support the maintenance of the tribal way of life by those who wish to remain traditional, while allowing others the freedom to maintain modern lifestyles.

While Indian gambling may have begun elsewhere, it is Minnesota's tribes that have aggressively developed it into the most far-reaching innovation in Indian affairs since the national reforms of the 1930s. The innovation has been largely self-directed. Federal and state regulation has followed the tribes' initiatives. Clearly casino employment is removing families from welfare rolls. But even more important, it is creating changes in community development which profoundly affect the reservations, surrounding communities, and the entire state.

The risk of these changes is borne by the tribes, their members, and Indian youth. The dangers to tribal integrity and traditions are real. Minnesota's non-Indian population is affected, but the tribes have the most to lose, as well as the most to gain.

A Note about Sources. A wide variety of sources were used for this article. In addition to those noted in the text, other major sources include:


Irl Carter is an associate professor in the University of Minnesota's School of Social Work. He was formerly dean of the School of Social Development at the University of Minnesota-Duluth. He has conducted research on incest in American Indian families, the Indian Child Welfare Act, and social and economic development among native peoples of Canada, the United States, Australia, and Jamaica.

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