

I have never seen a business as profitable as a casino



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There have been a few members whom have asked me to show the other membership that our business enterprises make a profit. I went to the tribe's legal department, accounting and CFO of the tribe and asked if I could disseminate this information in my unit report. The discussion ended with a consensus that I could not because this information is privileged and confidential, but the members do have a

right to see this information in private. So, basically, I can not print exact numbers in my unit report. I attempted to bring this to the entire board of directors but, as of this unit report, it has not been discussed yet.

So, here is my attempt at explaining our business profitability without divulging any privileged and confidential information. Our casinos are extremely profitable. We, in the recent past, have netted over 28 million in a year. Our Midjims have consistently made several hundred thousand dollars each year. Our rental and leasing of housing have returned hundreds of thousands of dollars also each year. The furniture and flooring store is also profitable and adds to the tribal coffers.

So, you say, if that is correct, the tribal businesses are doing very well. They are indeed! Now, to explain what happens to all of that profit. First of all, our Midjims, although the tribal government isn't taxing its members, it is taxing the businesses it owns.

The taxes are called corporate taxes and almost all of the profits are swept over to the tribal government side for membership services. Actually the system works very well except over the years the tribal tax rate now is so refined that at the end of the year we have, in fact, taken all the profits and then some. The enterprises have to come back to the tribal government to get dollars for repairs and capitol improvements. The government is very stingy with these give back dollars because the focus of a government is to supply services for the members and not on building, improving and capitalizing business.

So, even though the Midjims make hundreds of thousands of dollars in profit, they keep little, if any, and repairs go wanting. It is the same with the other businesses except for our casinos. Our bank loans specify that our earnings to debt ratio has to be a specific number or higher. The government can only take 17 million a year over to them out of the

profits. This leaves a considerable amount for all of the needed functions like marketing, promotions, repairs and improvements. It also ensures that enough is left over so the casino will make its debt reduction payments in full.

With a business like a casino, equipment and furnishing wear out quickly with such heavy use. Millions of dollars go out to payroll and benefits and reinvestment, player promotions and marketing have to be maintained to keep a crucial edge up on our competition. All are vital to the existence of a casino. Here is the rub: the casino markets have shrunk considerably over the last few years. Nationally, regionally, tribally and locally the casino industry takes in substantially less. As profits shrink, so does the reinvestment, but the government's appetite does not shrink, it increases.

Growing or sustaining government services means funding increases are needed. As a businessman I want the tribal businesses to retain the needed capitol

to maintain and improve their enterprises. They need to contribute liberally to the government but not to the point of hurting or irreparably disabling the businesses' ability to grow and remain profitable. I have not ever seen a business that is as profitable as a casino.

I hear many members ask that we get out of the casino business and into other sectors of enterprising businesses, it is not that easy and it is not as profitable. Extending into other areas means huge start up costs and open competition from the largest in the corporate world. Profits usually don't begin to show up for a few years and that would be detrimental to the government and its services.

Thank you for all your e-mails and calls. Have a merry Christmas and a happy new year.

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