

## **Casino developers' lawsuit against the Kewadin Gaming Authority "smokescreen" for inability to fulfill obligations**

SAULT STE. MARIE, Mich. — Pursuant to the Michigan Indian Land Claims Settlement Act approved in the US Congress in 1997, the Sault Ste. Marie Tribe of Chippewa Indians exercised the mandatory trust provision of the act to acquire land in Ingham and Wayne counties in Michigan. In March, after years of working with the Kewadin Casinos Gaming Authority to develop casino operations in these communities, the casino's development partners for these projects filed suit against the Gaming Authority seeking over \$100 million. This suit comes mere days after the Gaming Authority won a significant victory against the U.S. Department of Interior in its efforts to get land declared eligible tribal land.

The Gaming Authority will defend against the developers' lawsuit as it strongly believes that the lawsuit was filed to mitigate their inability to fulfill their obligations under the Development Agreement signed by both parties. On behalf of the Sault Tribe and Kewadin Gaming Authority Board, Chairperson Aaron Payment said, "This amounts to nothing more than an effort to tie us up in litigation so that we cannot move forward in the casino developments without them."

For the last decade the Gaming Authority has worked with the developers to get these mandatory trust projects moving forward. Throughout the entire project everyone understood that it would not only take many years, but also a significant financial investment.

Payment said, "Similar to other highly successful enterprise developments like the Tohono O'odham Nation, I have always said this is a marathon and not a sprint." It had been mutually agreed upon all along by all parties that the developer's return on their investment would come out of the profits of the potential new casinos when they open and generate revenues, Payment added.

"My board and I are unified and deeply disappointed that the developers have sued the Gaming Authority during the COVID-19 crisis after engaging in another round negotiations towards resolution of the differences between us," Payment said. "While it is not in my boards' practice to comment on ongoing litigation, the unfounded allegations in the developers' lawsuit gave us little choice."

The Gaming Authority believes that this baseless lawsuit demonstrates that the developers are trying to win through litigation what they could not accomplish through their contract negotiations. The lawsuit appears to be more of the same delay the Gaming Authority has experienced with the developers in pursuing reimbursement of its project expenses. The Authority believes that the lawsuit is all the more unfounded, given the federal court's favorable opinion that vindicated the land-to-trust submissions the Sault Tribe made to the Department of the Interior.

Given the developers' conduct in the past, the Gaming Authority has no choice but to defend against this unfounded litigation as vigorously as possible and to seek appropriate sanctions for the developers' conduct in causing Kewadin to shoulder more litigation expenses.

On behalf of the Gaming Authority and Sault Tribe Board of Directors, Payment reinforced the continuing commitment to the local communities and Sault Tribe membership. "These projects started with the intent of expanding services for the tribal membership and providing revenues to the local units of government to support schools, law enforcement and payment in lieu of taxes. Despite this and other baseless lawsuits, we will continue our efforts to see these casinos to fruition."