

Chukchansi casino faces closure, huge federal fines for missing audits

By Marc Benjamin



Chukchansi Gold Resort & Casino, near Coarsegold.

ERIC PAUL ZAMORA — THE FRESNO BEE [Buy Photo](#)

The federal agency that oversees Indian gaming is threatening to shut down Chukchansi Gold Resort & Casino because of missing audits, some of which were due last year.

The National Indian Gaming Commission says the casino could close Oct. 27 if the missing audits are not submitted. The tribe also faces fines of up to \$100,000 per day dating back to April 30. If fully assessed, those fines would equal \$16 million.

In a five-page letter dated Tuesday, the NIGC's acting chairman, Jonodev Chaudhuri, said that casino officials have not filed financial statements and audits dating back to 2012 and 2013, the earliest of which was due April 30, 2013.

Audits are required so the government officials are assured that tribal gaming meets certain federal guidelines.

Chaudhuri documented a series of letters sent to the tribe's leadership seeking the audits. The first letter, sent on July 8, 2013, was in response to the missing audit due April 30, 2013. The tribal gaming commission's lawyer acknowledged the NIGC's letter eight days later. On May 6, 2014, tribal lawyers acknowledged the missing audits for both 2012 and 2013, the NIGC letter said.

The casino serves as the financial center of the Picayune Rancheria of Chukchansi Indian tribe's operations, funding monthly payments to tribe members, as well as housing, utility, tuition and clothing assistance.

In September, the NIGC warned the tribe that it must submit the missing audits to clear up the violations.

In addition to the closure, the tribe was warned that it faced fines of up to \$25,000 per day per violation if it continued to violate the commission's notice. The NIGC said the tribe committed four violations, which means the penalties would reach \$100,000 per day.

The tribe is now split between two leadership groups. A group made up of two previously bickering factions led by Reggie Lewis and Nancy Ayala operate the casino. Another led by Tex McDonald is headquartered in the tribe's business complex. During a majority of 2012 and 2013, the tribe was chaired by Ayala or Lewis.

Rob Rosette, who represents the Lewis/Ayala "unification council," said he doesn't think the situation will reach the point that the casino is closed.

"We have been complaining to the NIGC that there are issues of noncompliance at the casino," Rosette said. "We are relieved the NIGC is taking action."

Under a 2013 judge's order, competing factions must both approve paying a vendor. The two sides don't agree how to get that done.

Rosette said the "unification council" is in the process of putting the audit documents together to avoid a potential closure.

"It's a process that has been triggered," Rosette said, "which means things will get fixed sooner rather than later."

He said the issue will be cleared up within a few days or, at most, a few weeks.

But the McDonald group is dubious of Rosette's claims.

"The NIGC gave them ample chances to live up to the law and they didn't," said David Leibowitz, a spokesman for the McDonald group.

Added McDonald, who became tribal chairman in December: "This is a matter of simple accounting and obedience to law. How can they possibly have let more than 1,000 jobs and millions in revenue be put at risk by another failure to obey the law?"

Tribal members can appeal the NIGC ruling.

A former McDonald group lawyer, Wisconsin-based Gary Montana, said it's "probably for the best they (NIGC) shut down the casino until they sort this thing out."

In more than 25 years of Indian tribe representation, he said, he has never seen a tribe with as much infighting and bickering factions as the Chukchansi.

"I have been in some disputes in tribal government, but I've never seen something like this," he said. "Never in my life."

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