



The Greektown Challenge

“Many things happened” to cause Chapter 11 filing

Editor’s note Most tribal members know Greektown Casino, majority owned by the Sault Tribe, is in Chapter 11 bankruptcy. The Detroit casino will likely “exit” from Chapter 11 before the end of the year and as early as late this summer. This special section is designed to help members understand the history of the tribe’s involvement in Greektown Casino and the possible outcomes for the tribe when Greektown emerges from bankruptcy.

How Greektown Casino tumbled into bankruptcy

DETROIT — General Motors, Chrysler, Visteon, Lear, Delphi, Twin Lake Casino, Tropicana Entertainment, Trump Casinos, Eddie Bauer, Greektown Casino.

The list is long of prominent U.S. and Michigan manufacturing, retail and entertainment companies tumbling into Chapter 11 bankruptcy in recent weeks and years.

A close look at various bankruptcy cases suggests no single mistake, circumstance or action causes the level of financial trauma that forces a company into U.S. bankruptcy court. In most cases, multiple things happen, over time or at the same time, to trigger bankruptcy.

“Many things happened that contributed to the bankruptcy,” said Sault Tribe Chairman Joe McCoy. “Perhaps we could have done some things differently. I’m sure the same thing can be said of General Motors, Chrysler, Visteon, Delphi, K-mart, Tropicana casinos, Trump Casinos, Twin Lake Casino and the many other companies in Michigan and the nation that are also in Chapter 11.”

McCoy said he and other tribal board members feel it’s unfair and inaccurate for critics to only blame the tribe.

“A lot of things happened that were completely beyond the control of the tribe or any one person or organization,” he said.

A review of the performance of Greektown Casino suggests the tribe did a lot of things right when it was providing management control and oversight of the property.

From the date Greektown Casino opened for business in November 2000 until earlier this year, the facility was largely governed by a management board made up of Sault Tribe board members and operated by casino executives. But in January — at the insistence of some of the other parties in the bankruptcy case — a Las Vegas-based management company called the Fine Point Group was hired to take over casino operations. Under Sault Tribe management, Greektown Casino’s financial performance — in gross revenues and market share — often “far exceeded any numbers the Fine Point Group has posted.” (See related story on page 2 of this special insert.)

“There were many months over the years under the tribe’s management control when gross revenues were higher than any-

thing that has been achieved so far this year, and we did it without the benefit of revenues coming in from a 400-room hotel, a buffet, an attached parking garage and 25,000 additional square feet of gaming space,” McCoy said. “There were also years when the casino’s market share was better than any single month so far this year.”

Factors that caused Chapter 11

Multiple bad things happened that forced Greektown Casino into Chapter 11, some that could be attributed to management and some that were beyond the control of any person or organization.

Michigan’s economic depression, and the nation’s economic recession, took a toll on Greektown Casino — and many other companies with significant debt on their balance sheets. The recession was at its deepest point in 2008, just as Greektown Casino’s 400-room hotel and gaming floor expansion were in critical stages of construction. At times, the construction blocked or closed key roads leading to the casino, making it difficult to impossible for guests to access the property for weeks and months at a time.

As Michigan continued to lead the nation in job losses and unemployment, and with construction outside the property driving even some regular customers away, the casino’s cash flow began to strain under the weight of daily bills and hotel construction invoices. Soon, it became clear 2008 would be the worst revenue year on record for Greektown Casino since the property’s first full year in operation in 2001.

By winter 2008, the casino needed significant additional funds to complete construction of the hotel and gaming floor. But with the nation mired in a worsening recession, the U.S. financial services industry collapsed under tens of thousands of bad residential housing and commercial loans. Some of the biggest and most respected banks and brokerage firms on Wall Street and in the world failed in a matter of days and weeks. Others were sent limping to Washington for a federal bailout. As a result of all of this, the cost of borrowing money for major construction projects such as casino hotels and expansions skyrocketed, adding to the financial troubles at Greektown, MGM, Twin Lake Casino, Trump casinos, and many other companies.

State, City of Detroit make things harder

Certain actions by state government and the City of Detroit also significantly hurt Greektown’s profit margins and raised the costs of completing the permanent casino hotel and gaming floor.

In August 2004, for example, the governor and legislature increased by 33 percent the state gaming tax paid by the three Detroit casinos. This action alone reduced Greektown’s profits by nearly \$1.8 million a month and put a serious hurt on cash flow. Among the many taxes the state levies, gaming and cigarette taxes tend to be relatively easy political votes because they target controversial items — they are called “sin” taxes in the capitol. Republicans justify them as taxes on questionable behavior, while Democrats justify them as taxes on the companies that enable the questionable behaviors.

The tax increase hurt Greektown Casino even more than its two crosstown competitors, MGM and MotorCity. Under the legislation passed by Lansing, when one of the casinos fulfilled its agreement to open a 400-room hotel, a portion of the tax increase would be eliminated for that particular casino. Because both MGM and MotorCity would open their hotels sooner than Greektown, the two competitors ended up paying the higher tax rate for a shorter period of time than did Greektown.

“Were it not for the state gaming tax increase, Greektown Casino’s financial difficulties would never have been as severe as they became,” McCoy said.

Greektown Casino has paid \$79.2 million because of the tax increase. “With almost \$80 million, we could have had the funds to help our financial situation and not have to file for bankruptcy,” he added.

In November 2005, the Michigan Gaming Control Board (MGCBC) was considering the tribe’s proposal to fund the permanent casino expansion. Publicly and in private meetings, the MGCBC and its staff were expressing concerns about the amount of debt being accumulated to pay for the casino’s expansion and to pay off other financial obligations. While the tribe and its lenders were comfortable with the financing plan, the MGCBC staff was not. As part of the plan, the MGCBC staff required the casino to meet certain financial

performance milestones, or “covenants,” in the future. If the casino failed to do so, under the plan, the MGCBC could force a sale of the property.

“The covenants imposed on us by the MGCBC made the casino even more expensive to complete by making it even more expensive for us to borrow money,” McCoy said. “We objected as strongly as we could, but it was clear to our experts that we had to swallow them or the MGCBC was not going to approve our financing.”

Making matters worse, the tribe faced significant delays in the start of construction on the permanent casino. Phase one of the permanent casino was to build a 2,900-space parking garage on land owned by the city. The garage would eventually be attached to the 400-room hotel and the casino. The City of Detroit agreed to sell the property to the casino, but then dragged its feet on completing the sale. The city also failed to provide related zoning approvals in time to meet initial construction timelines.

“The delays caused by the city drove construction costs even higher,” McCoy said.

By late May 2008, Greektown’s profits were sufficient to pay the daily bills of the casino, but not enough to pay the daily bills and construction costs.

“We needed a significant amount of additional cash to complete the construction of the hotel and gaming floor expansion,” McCoy said. “We were told by our outside consultants the bank would only agree to provide the capital if we entered Chapter 11, where other debts could be reorganized.”

The tribe was faced with two choices: Seek Chapter 11 protection or stop construction on the hotel and gaming floor. If work on the hotel and gaming floor stopped, the tribe would be in violation of its “development agreement” with the City of Detroit. A development agreement is a contract with the city that requires each of the three Detroit casinos to have a 400-room hotel and 100,000-square-feet of gaming space by a specific date in time. If a casino violates its development agreement, the city can ask the state to suspend the facility’s gaming license for noncompliance.

With no completed hotel, no gaming floor expansion and no gaming license, chances were good that the tribe would have lost the casino almost immediately.

Greektown Casino seeks higher revenues, market share

DETROIT – As the last casino to open in the intensely competitive Detroit gaming market, Greektown Casino's financial performance has consistently lagged behind its cross town rivals, MGM Grand Detroit and MotorCity.

Some blamed the casino's location. While popular for decades with suburban tourists, the Greektown entertainment district can be nightmarish for parking. That was especially true for Greektown Casino's first seven years of operations, when the casino lacked the convenience of an attached parking garage. Both MotorCity and MGM had spacious garages, easy to enter and exit and free of charge.

Parking in Greektown becomes even more challenging on the nights the Detroit Tigers are playing at home in Comerica Park, just a few blocks to the north. And in 2008, when the permanent Greektown Casino was under construction, key roads outside the property were either blocked or closed, driving even loyal patrons to slot machines and gaming tables elsewhere. Making matters worse, I-375, the main freeway leading to and from Greektown Casino, was under construction much of 2008, creating traffic bottlenecks for motorists heading to and from downtown Detroit.

Others were critical of Greektown Casino management. From the date Greektown Casino opened for business in November 2000 until December 2008, the facility was largely run by former Las Vegas casino executives and governed by a management board made up of Sault Tribe board members (only one Sault Tribe member sits on the board today). During those years, Greektown Casino's market share at best hovered around 30 percent. Every month, gross revenues and market share were last in the market. Still, during many of those months, the casino performed better than during any month to date in 2009.

It's also important to note that the Sault Tribe has operated five northern Michigan casinos profitably for many years. In fact in calendar year 2008 — with the state and nation mired in recession and revenues tanking in casino markets across the country — profits were up modestly at the tribe's five northern Michigan casinos.

In January of this year, at the insistence of some of the parties in the Greektown Casino Chapter 11 bankruptcy case, a Las Vegas-based management company called the Fine Point Group was hired to take over casino operations. In addition, the size of the Greektown Casino Management Board was reduced to three members — two outside professionals and one Sault Tribe board member. **Greektown performance, 2003 to now**


In the months and years the

GREEKTOWN CASINO MARKET SHARE TRENDS

This chart shows Greektown Casino's percentage share of the Detroit gaming market between 2003 and May 2009. The highest market share achieved to date by the Fine Point Group was 25.7 percent in April. By comparison, the casino's market share was higher than 25.7 percent in 50 of the previous 72 months, when the Sault Tribe was largely in management control of the property.

	2009	2008	2007	2006	2005	2004	2003
January	22.8%	24.3%	26.0%	26.7%	25.6%	27.0%	27.8%
February	23.5%	24.0%	27.6%	27.5%	26.0%	27.6%	29.5%
March	25.0%	26.0%	27.0%	28.1%	25.7%	26.6%	30.0%
April	25.7%	24.6%	27.2%	26.1%	26.0%	28.0%	28.9%
May	25.6%	22.9%	25.9%	27.9%	28.6%	26.0%	30.2%
June		21.1%	26.0%	25.5%	28.5%	27.3%	28.2%
July		22.0%	25.8%	26.3%	29.2%	26.6%	29.3%
August		22.7%	24.9%	26.0%	27.6%	26.2%	30.1%
September		23.8%	25.9%	26.7%	26.7%	27.7%	28.0%
October		22.3%	21.7%	25.2%	27.6%	27.6%	28.4%
November		22.3%	24.8%	25.6%	28.3%	26.5%	28.6%
December		22.9%	24.1%	26.0%	28.0%	25.7%	26.1%

Source: www.michigan.gov/mcgb 2003-2009 Detroit Casino Revenues




 = indicates month when market share was higher than the highest percentage achieved to date under Fine Point Group management

GREEKTOWN CASINO REVENUE TRENDS

This chart shows Greektown Casino's monthly revenues between 2003 and May 2009. From the casino's opening in November 2000 through December 2008, the Tribe was in management control, holding most of the seats on the Greektown Management Board. In January of this year, management of the casino was turned over to the Fine Point Group of Las Vegas at the insistence of parties in the casino's bankruptcy case. Only one Sault Tribe member now sits on the Management Board.

	2009	2008	2007	2006	2005	2004	2003
January	24,331,489	27,534,938	28,439,734	27,814,930	25,786,446	25,234,741	24,460,452
February	27,507,992	26,999,351	28,998,669	29,971,115	26,598,968	28,011,188	25,992,945
March	29,974,562	32,230,050	33,427,503	32,215,131	28,109,573	27,081,668	31,156,777
April	28,589,867	28,572,471	30,060,693	27,632,205	26,993,224	31,338,542	26,758,352
May	30,153,069	28,131,129	27,394,026	29,958,490	30,337,967	28,280,670	31,236,522
June		23,227,140	28,490,061	27,069,222	26,401,893	25,476,629	25,913,056
July		25,423,936	29,281,395	28,956,884	31,285,995	27,387,306	27,802,132
August		26,823,124	27,795,699	28,247,544	28,515,413	25,757,196	28,603,427
September		25,216,180	26,308,064	29,297,277	25,283,145	25,493,993	25,159,217
October		24,743,552	25,633,603	25,895,110	28,659,219	26,442,742	26,850,644
November		23,514,418	28,115,302	27,759,223	28,314,521	24,719,193	26,840,528
December		23,882,692	27,375,748	30,196,616	29,347,001	24,663,520	24,538,726

Source: www.michigan.gov/mcgb 2003-2009 Detroit Casino Revenues

 = indicates month when revenue was higher than the highest revenue to date under Fine Point Group management
 = indicates month when revenue was higher than the second highest revenue to date under Fine Point Group management
 = indicates month when revenue was higher than the third highest revenue to date under Fine Point Group management

tribe ran Greektown Casino, revenues largely came only from gaming. The 400-room hotel did not open until earlier this year, after the new management company was in charge. The expanded gaming floor, with 25,000 square feet of additional gaming space for more slot machines, also did not open until this year. Just as important: the casino did not have an attached parking garage most of the years the tribe and other managers were running the property.

"Given the fact that we had no attached garage most of those years, and we did not have revenues from a hotel, from a bigger gaming floor and from a buffet, it's a bit puzzling that market share this year has not increased even to the levels of past years now that all of those revenue-generators are open at Greektown Casino," said Sault Tribe Chairman Joe McCoy. "The new management team at the casino is riding the

wave they came in on. They took over almost exactly at the moment when all the construction work ended and the new hotel and expanded gaming floor opened. We handed them a much more viable and competitive property."

Revenue figures posted by the Michigan Gaming Control Board show the following about the performance of Greektown Casino:

• So far in 2009, the best market share month was 25.7 percent in April. By comparison, the casino's market share was higher than 25.7 percent in 50 of the previous 72 months, when the Sault Tribe was largely in management control of the property.

(See chart: Greektown Casino Market Share Trends)

• Market share is increasing again in 2009 after dropping in the final eight months of 2008, when permanent casino construction had blocked and closed roads outside the prop-

erty, making it hard to drive and walk to the casino.

• So far in 2009, the best revenue month for Greektown Casino was \$30.15 million, also in April. By comparison, total revenues exceeded \$30.15 million nine times in the last several years, when the tribe was largely in management control of the property.

(See chart: Greektown Casino Revenue Trends)

"It's good that market share is rising again, so clearly some progress is being made," McCoy "But we are stunned the casino has not even posted 30-percent market share this year when they have everything we had plus a fully open hotel, hundreds more slot machines, a buffet, an attached garage and no construction blocking access to the property."

"People criticized us, but obviously we did a lot of things right when we were in charge at Greektown Casino."

Tribal members organize “Save our Greektown”

BY JENNIFER DALE-BURTON

SAULT STE. MARIE — Sault Tribe members are organizing to do whatever it takes to save the tribe's ownership of Greektown. Their main goal is to insert themselves into Greektown bankruptcy proceedings so they can be heard by U.S. Bankruptcy Court Judge Walter Shapero, who is presiding over the Greektown bankruptcy.

“We want the bankruptcy judge to hear from the people and how it affects us. And, how it affects Michigan,” said Debra Pine.

“Losing Greektown will have a tremendous impact on the state.”

Losing Greektown will also have a tremendous impact on the tribe, because all the debt incurred by the tribe isn't going to go away. “Our children and our children's children will be paying this debt,” said Cathy DeVoy, another organizing member, who added that coming out of bankruptcy without Greektown will mean years, if not decades, of debt. That means the tribe's revenue will be used for debt, not programming.

The group also wants to let the membership know that Greektown is “our most valuable asset and our most profitable.” Not only for the tribe, but all of Michigan. If Greektown goes to a private owner all the benefits to the tribe, the state of Michigan and its citizens will all be lost. If the tribe remains Greektown's owner, the billions that the tribe has pumped into the state will continue.

“We have shown over time that we are good citizens of the state,” said Pine. “We share with everybody, not just members, employees and vendors. Our enterprises benefit people, not businesses. From 1986 to 2001, we distributed \$4.38 billion dollars to Michigan, half in the U.P. and half in lower Michigan.”

The group hopes they can add to the tribal board's actions with their own grassroots effort. “We are not an adversarial group,” said Cathy DeVoy. “We are behind our tribal leaders and we're hoping our actions will complement the tribal board's.”

A petition is out for tribal members' signature and letters of endorsement are being solicited from those benefitting from the tribe all these years — through 2 percent contributions, employment, donations and community participation such as United Way.

Tribal members wishing to help can send e-mail to the group online via savegreektown.saveourfuture@gmail.com and they will send a PDF of the petition to download, sign and send back. Please send signed petitions to Debra-Ann Pine, 1702 E. 7th St., Sault Ste. Marie, MI 49783; Tony Nertoli, 541 Cedar St., Sault Ste. Marie, MI 49783; or Arlene King, 918 Superior, Sault Ste. Marie, MI 49783.

The group also encourages tribal members, and anyone else who supports the tribe in its endeavour, to contact their elected officials. Since it's a federal matter, that would be U.S. Congressional members and the White House.

They don't have much time to get a lot of work done and all tribal members are encouraged to join in the effort. A plan

filed by the main creditor, Merrill Lynch, on June 1 includes no Sault Tribe ownership and a hearing for the plan is set for July 20. The tribe has until that date to file its own plan.

“We would like to recognize and thank those tribal members who are so passionate in their campaign to try to help with Greektown Casino,” said Tribal Chairman Joe McCoy. “They believe strongly, as many tribal members do, that we must do everything to try assure the

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*— Debra-Ann Pine,
Sault Tribe member*

best possible outcome given the very difficult circumstances we face. I think we all recognize this is an uphill fight.”

Others involved in Members United to Save Greektown include Jen McLeod, Tony Nertoli, Arlene King, Rose Menard, Cathy DeVoy, Jolene Graham, Janet Liedel, Luci DeVoy, Debra-Ann Pine, Edey Nichols, along with and a number of tribal members who helped with developing the language for the cover letter and the petition.

Members of the group said they aren't interested in seeing the tribe shortchange anyone. “As honorable people with integrity, we want to pay off the debt. We want a reaffirmation of the agreement,” said Pine.

*Here's how you
can help*

E-mail: savegreektown.saveourfuture@gmail.com

Sign: Save our Greektown petition and send it back.

Speak: To those who benefitted from Sault Tribe and ask them to write a letter.

Write: Your representatives to Congress and the White House.

GREEKTOWN CASINO TIME LINE

1985 Sault Tribe opens its first tribal casino in Sault Ste. Marie. Gaming is seen as a sound business strategy to help achieve economic self sufficiency and reduce the tribe's reliance on federal government programs and services.

1992 Tribe and prominent Detroit developers launch effort to open a Native American casino in Greektown.

1994 City of Detroit voters approve ordinance legalizing casinos in the city (this was an advisory vote only because state law still banned non-Native casino gambling in Michigan). Tribe helps fund the campaign.

1995 Gov. John Engler rejects tribe's request to open Native American casino in Greektown. Engler urges Tribe to take its proposal to Michigan voters on the 1996 statewide ballot.

1996 (November) Michigan voters approve Proposal E, legalizing three state-regulated casinos in the City of Detroit. The tribe funds and leads the campaign.

1997 (November) After appointing a blue ribbon panel of business and political leaders to evaluate bidders for the three Detroit casino licenses, the City of Detroit selects Sault Tribe, MGM and Atwater Entertainment (a group of investors later bought out by the Ilitch family). Nearly every major gaming company in the world bids on one of the licenses.

1998 Three Detroit casino operators acquire land, finalize plans and hire architects and construction firms for their temporary Detroit casinos.

1999 Lac Vieux Desert Band of Lake Superior Chippewa Indians, based in the western Upper Peninsula, files lawsuit claiming the process used by the City of Detroit to select the three casino operators was discriminatory. (July) MGM Grand Detroit becomes first temporary Detroit casino to open, with attached garage. (December) Temporary MotorCity Casino opens with attached garage. Issues concerning the state licensing of certain investors (not members of the Sault Tribe) delays opening of Greektown Casino.

2000 (November) Temporary Greektown Casino opens with no attached parking garage.

2001-04 Three Detroit casino operators seek locations for their permanent casino resorts, which must have 400-room hotels and 100,000 square feet of gaming floor space. MGM decides to build in a new location near its temporary casino. MotorCity and Greektown Casino decide to expand at the sites of their interim casinos.

2004 State of Michigan raises state gaming tax paid by the three Detroit casinos by 33 percent. The tax increase hurts profits and cash flow at all three properties, causing immediate layoffs at Greektown Casino.

2005 (November) The Michigan Gaming Control Board (MGCB), the state gaming regulators, approve the financing plan to build the permanent Greektown Casino. The MGCB requires that the casino meet certain financial performance benchmarks (based on debt service to revenues) or they can force the tribe to sell the casino.

2006 (April) After months of delay, Greektown Casino closes on the purchase of the land where it would build a 2,900-space parking garage. On the land is an old city parking garage that would have to be demolished. The delays in buying the land causes delays in starting construction on the permanent casino, which drives construction costs higher and jeopardizes the financial benchmarks imposed by the MGCB in 2005. (June) Construction on the permanent casino begins with demolition of old city parking garage.

2007 (October) MGM becomes first Detroit operator to open its permanent casino and hotel resort. (June) MotorCity Casino opens its expanded gaming floor and (November) its permanent casino hotel. (November) Greektown Casino opens its 2,900 parking garage (the casino hotel would be built on and adjacent to the garage).

2008 Nation and state fall into worst recession since Great Depression. Nation's credit markets collapse. (May) Greektown Casino files for Chapter 11 bankruptcy protection. The bankruptcy, construction blocking key roads into the casino, construction on I-375, and the recession cause casino to have worst revenue performance year since 2001.

2009 Bankruptcy case continues. (January) New management company hired to operate Greektown Casino; new casino management board is seated with only one tribal representative. Exit from Chapter 11 expected as early as September, with ownership uncertain.

Greektown: A chance for self-sufficiency

SAULT STE. MARIE, Mich. — Many Sault Tribe elders remember when dirt floors were common on the reservation, when unemployment was rampant and educational opportunities and adequate health care services for members were almost non-existent.

For generations, the only services available to the tribe came from the state and federal governments.

“The tribe had no way to generate revenues or create jobs,” said tribal Chairman Joe McCoy. “The dream was to become self-sufficient, to not have to rely on anyone but ourselves for jobs and critical programs and services. It seemed so much like a dream.”

Then came 1985. The Sault Tribe opened the first of its five northern Michigan casinos.

“Getting involved in gaming, especially through our Kewadin Casino properties, has provided additional resources to supplement the funding provided to the tribe by the state of Michigan and the federal government under past treaty obligations,” McCoy said.

Thanks to the success of the northern Michigan casinos,

the tribe has created a myriad of health and social programs and services for its members, especially those on and near reservation lands. The tribe helps to send hundreds of young people to college. It has comprehensive health care, elder care, education services, foster and adoptive care, housing, cultural, and recreational programs and services. The tribe has also become one of the largest single employers in the Upper Peninsula.

“Because of our gaming revenues, we are better off today as a tribe” McCoy said. In the early 1990s, when gaming was starting to make a positive difference for the tribe, it was clear the northern casinos — as successful as they were — could never meet all of the needs of more than 38,000 members and their families.

“We still had members on, and many more off, reservation lands that were not getting the health care and other help that was so desperately needed,” said Sault Tribe board member Bernard Bouschor, who was tribal chairman when Greektown Casino was initially contemplated. “Back then, the tribal leaders saw an

opportunity in Detroit and went for it.”

What the leaders saw in Detroit was a financial opportunity to establish a casino in what analysts estimated to be an annual gaming market of between \$1.1 billion and \$2 billion.

In short, tribal leaders saw an opportunity to establish a business that could significantly move the tribe toward economic self sufficiency.

Commercial gaming comes to Detroit

In the early 1990s, non-Indian casino gaming was banned by state law.

The tribe teamed up with two Greektown developers who had strong political connections in Detroit and Lansing. They approached then Gov. John Engler about the possibility of establishing a Native American casino in Detroit. A casino had opened in Windsor, Canada, directly across the river from Detroit, and was drawing thousands of daily visitors and millions of dollars from southeast Michigan. Engler declined to support the Indian casino in Detroit and suggested, instead, that voters statewide be given the opportunity to decide the matter.

Ultimately, thanks in large part to the Sault Tribe, Detroit voters in 1994 and statewide voters in 1996 passed ballot questions to legalize casino gaming in Detroit and Michigan and allow up to three commercial casinos in the state’s largest city. The tribe contributed a lot of time and resources that played large parts in the successful 1996 statewide ballot question.

Every major commercial gaming company in the world competed to win one of the three Detroit gaming licenses because they saw significant opportunity in the untapped market. Perhaps the highest profile bid came from casino tycoon Donald Trump, who partnered with pop star Michael Jackson and a prominent Detroit business leader in an attempt to gain a license. Trump casinos are also in Chapter 11 bankruptcy.

Ultimately, the City of Detroit in late 1997 awarded casinos to MGM, Mandalay Resort Corp., which had partnered with Detroit’s Ilitch family and dozens of other local people, and the Sault Tribe.

Commercial gaming began in July 1999 when MGM became

the first of the three casinos to open. MotorCity casino opened its doors a few months later. The opening of Greektown Casino was delayed until November 2000 largely over licensing issues with non-Sault Tribe partners.

The Detroit gaming market quickly exploded. In 2001, the first full year all three casinos were open, the Detroit market generated more than \$1 billion in gross revenues. Today, the Detroit gaming market is the fifth largest in the nation, according to the American Gaming Association. In 2008, revenues at the three Detroit casinos exceeded \$1.36 billion.

“As a sovereign government, the Sault Tribe must constantly search for ways to fund and expand the programs and services our members need and deserve,” McCoy said. “I think the potential for a commercial casino inside one of the nation’s largest metropolitan areas was simply too great to ignore, especially for a tribe trying to fund programs and services for future generations.”

Tribe’s future ownership of Greektown Casino uncertain

DETROIT — As the Greektown Casino Chapter 11 bankruptcy case moves toward resolution, the Sault Tribe’s future ownership of the casino remains in doubt.

Experts say there are three possible outcomes for the tribe when the casino “exits” from Chapter 11, which could occur as early as September:

- The tribe could retain majority ownership,
- The tribe could end up owning a minority stake in the casino, or
- The tribe could end up with no ownership.

“Between now and exit, the tribe is considering all its options,” said Sault Tribe Chairman Joe McCoy, who also serves on the Greektown Casino Management Board. “Ultimately, our goal is to choose the path that, given the circumstances, is in the best interests of tribal members and is financially and legally possible.”

Because of the recession, the tight national credit market, the financial difficulties facing the tribe and the significant levels of debt that pushed Greektown Casino into Chapter 11, it will be difficult for the tribe to retain majority ownership when the casino emerges from Chapter 11.

“Many people believe we will be unable to retain any

ownership, and they may be right,” said McCoy, who was elected tribal chairman in the summer of 2008, several months after the casino entered Chapter 11. “The board of directors and I are doing everything possible to choose the course of action that is best for our members and that we are financially and legally able to pursue, which includes exploring every means to keep some level of ownership.

“The end result is difficult to predict at this time.”

Jockeying for ownership

Greektown Casino owes various creditors about \$800 million in debt, reflecting funds that were borrowed to build the interim casino, buy land and build the permanent casino’s attached parking garage, build the 400-room hotel and expand the gaming floor. Under their development agreements with the City of Detroit, each of the three Detroit casinos were required to build facilities with at least 100,000 square feet of gaming space, 400-room hotels and other specific amenities. Merrill Lynch is owed \$550 million, making it the casino’s largest secured lender and the first to be paid in the bankruptcy case.

During the Chapter 11 process, the bankruptcy court will seek to sell the casino, most likely to the highest bidder to

raise the most cash to pay as many of the casino’s debts as is possible. According to media reports, one company — Merrill Lynch — has submitted a proposal to buy the casino so they can own it on exit from Chapter 11. Typically, these types of plans in Chapter 11 cases offer a purchase price and contain other management and ownership details.

According to the stories, under its plan, Merrill Lynch would receive payment in full through a debt repayment and a conversion of debt into equity. Under the Merrill Lynch plan, the tribe’s equity in the casino would be “extinguished.” In addition, Greektown Casino bondholders, who are owed \$180 million, would be paid nothing.

Currently, the tribe is working on an ownership plan with a highly regarded Michigan businessman and entrepreneur. Under the plan, the tribe would retain an ownership position in Greektown Casino, though the exact terms and percentages are still being negotiated.

“If the plan is solid and makes sense for all parties, it is our intent to move forward with it,” McCoy said.

Up to the U.S. bankruptcy judge

Ultimately, which ownership plan is selected will be decided by the U.S. bankruptcy judge.

Various parties will be asked for their input on the ownership plans that are submitted, including Merrill Lynch; the Michigan Gaming Control Board; the City of Detroit; the Greektown Casino Management Board; and other creditors.

McCoy said it is too early to say if the tribe will ultimately be part of an ownership plan and if it would be the one approved by the bankruptcy court.

“We know we are facing an uphill battle, as is any company in Chapter 11 that is not getting a bailout from the federal government,” he said. “Debt and the bad economy combined to push a lot of companies into Chapter 11. Even General Motors and Chrysler, which are being bailed out by U.S. taxpayers, are being forced to make significant management changes while in Chapter 11. The owners of many privately held companies in Chapter 11 are losing their companies to other bidders during the process, which may very well be the tribe’s fate in this case.”

McCoy said the tribe will continue to update members on important Chapter 11 developments on the Sault Tribe Web site, www.saulttribe.com, on the blog www.futureofgreetown.wordpress.com, in *Win Awenen Nisitotung*, and via e-mail messages.

Prominent Companies in Chapter 11 Bankruptcy

Some of the most prominent companies in the state, nation and world have tumbled into Chapter 11 bankruptcy in recent weeks, months and years. Here is a list of some companies in Chapter 11 that are reorganizing and seeking to “exit” financially stronger:

1. General Motors
2. Eddie Bauer
3. Six Flags
4. Extended Stay Hotels
5. Star Tribune
6. Visteon
7. Atlantic City Casino
8. Twin River Casino, R.I.
9. Metaldyne Corp.
10. Metromedia Int’l Group
11. Chrysler
12. Building Materials Holding Corp.
13. SandTec
14. MagnaChip
16. Fontainebleau Las Vegas LLC
17. Megacolor Corp
18. Aviza Technology Inc.
19. RH Donnelley Corp
20. Northfield Laboratories
21. Michael Beaudry
22. Ion Media Holdings
23. Arcade Publishing
24. Pink Elephant
25. Delphi Corp.
26. Greektown Casino
27. Genmar Holdings (Carver, Four Winns boats)