

Washington has turned thumbs-down on a deal — secretly negotiated and signed by Gov. David Paterson in the waning days of his term — for an Indian-run casino in the Catskills.

Much as the long-distressed region needs an economic shot in the arm, the feds made the right call.

In a surprise

announcement last November, Paterson disclosed that he'd inked a deal with the Wisconsin-based Stockbridge-Munsee tribe of Mohicans to build a full-scale casino in Sullivan County, 90 miles north of New York City.

The tribe agreed to settle its claims on 23,000 acres of land in upstate Madison County and to pay the state 25% of the casino's take.

From the start, though, the project generated fierce opposition, much of it warranted, both from rival tribes and competing casino owners.

Now the US Interior and Justice departments have sent word that they consider the land-claim settlement "not viable," insisting it needs approval from Congress, a process the tribe opposes.

Which means Washington intends to reject the entire \$560 million deal before a Friday legal deadline.

Which in turn validates a longstanding Bush administration policy to deny tribes the right to build casinos far from their reservations; in this case, that would be 1,000 miles away.

But there were plenty of other problems.

Especially given that the agreement was brokered by a governor who was neck-deep in the secret deal to deliver the lucrative Aqueduct racino to politically wired AEG — a deal that then-Inspector General Joseph Fisch called a “betrayal” of public trust.

The Aqueduct project is now going ahead with different operators, and it would have been damaged by a Catskills casino — as would similar racinos at Yonkers and Monticello and Saratoga, as well as full-scale casinos in Connecticut and Atlantic City.

For one thing, the racinos have to fork over 42% of their revenues — far more than the Catskills casino would have paid. That provision would have endangered 1,000 racino jobs and \$400 million in slot revenue.

Bottom line: The state is better off without a Catskills casino, brainchild of a governor with a dubious record at best when it comes to gambling deals.

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