

By CAROLYN THOMPSON

BUFFALO, N.Y.

Gov. David Paterson's administration threatened Wednesday to end a compact that allows the Seneca Indian Nation to operate three casinos because the tribe is withholding payments to the state.

In a letter to Seneca President Barry Snyder Sr.,

Paterson's chief legal counsel, Peter Kiernan, said the western New York tribe owes \$105.5 million from 2009 and \$109 million for 2010.

The letter requests a meeting within 14 days to negotiate a solution.

"Otherwise," the letter said, "... the state will commence arbitration and seek a finding of material breach."

Snyder responded that it is the state that has violated the 2002 gambling agreement for the past two years by allowing a video game called "Moxie Mania" at upstate New York bars and introducing slot machines at racetracks.

"In January 2010, the Seneca Nation advised the governor's office that the operation of certain gaming devices within western New York violated the nation's right of exclusivity under the compact and thus jeopardized the state's ability to receive the very substantial 'state contribution' payments," the nation said in a press release.

Snyder said the state also has been overcharging the tribe for state police services.

NY threatens to end Senecas' casino compact - BusinessWeek

Written by Administrator

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"I have no idea why the state violated our compact and no idea why it took the governor's office nine months to agree to discuss the state's breach of the compact terms," Snyder said Wednesday. "We certainly look forward to hearing the explanation of why they violated our compact."

The gambling agreement requires the tribe to share up to 25 percent of slot machine revenues from its casinos in Niagara Falls, Salamanca and Buffalo. But tribal leaders said the compact allows the nation to withhold all payments to the state upon a breach of exclusivity.

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