

QuickTime and a
TIFF (Uncompressed) decompressor
are needed to see this picture.

High Rollers Join West Michigan Casino Fight

Sunday, July 8, 2001

By Garrison Wells
The Grand Rapids Press

Call Kevin Flynn the \$5 million man.

That's how much the Chicago businessman whose company has been tied to organized crime by Illinois officials stands to earn if casinos are kept out of southwestern Michigan.

That bonus has prompted a review by the Michigan Attorney General's office.

Meanwhile, Flynn's involvement offers a glimpse behind the scenes of the high-stakes struggle over whether the Gun Lake area will join gambling's growing roster of casinos.

Flynn, former head of Blue Chip Casino in Michigan City, Ind., stands to earn \$5 million if competing casinos are kept out of West Michigan over the next three years, according to a contract obtained by The Press.

Blue Chip was bought nearly two years ago by Boyd Gaming Corp., a multi-billion-dollar Las Vegas company with casinos in five states.

Though Flynn's contract with Boyd Gaming specifically targets proposed Indian casinos near New Buffalo and Battle Creek, a rival casino planned for Allegan County has been added to the list, a lobbyist hired by Flynn confirmed.

The Gun Lake Band of Pottawatomi Indians wants to build a casino resort near the U.S. 131 exit to Bradley about 30 minutes south of Grand Rapids that could rival Mount Pleasant's Soaring Eagle Casino & Resort in size and cachet. The proposed casino, at 180,000 square feet, would be expected to draw 18,000 people a day.

A Lansing lobbying firm Cusmano, Kandler & Reed Inc. has been hired by Flynn to fight a state House resolution urging Gov. John Engler to negotiate a casino compact with the Gun Lake Band.

"Their concern (Boyd Gaming's and Flynn's) is competition; that's their motive," said William Kandler, founder of the firm. "We're doing it because they hired us to do it."

Those efforts face a big test this week.

The fast-moving resolution introduced on behalf of casino supporters by state Rep. Larry

The Grand Rapids Press, July 8, 2001
High Rollers Join West Michigan Casino Fight

DeVuyst, R-Alma is to be voted on by the House either Tuesday or Thursday. It cruised through a House committee on June 28, two days after it was introduced.

Cusmano, Kandler & Reed's job so far has been "lobbying and educating," Kandler said.

"We're fighting arguments that if Michigan doesn't negotiate a compact, the feds will let the tribe build one anyway," he said. "We mainly have been informing people that isn't likely to be the case."

Since most Republicans have already shown their hands, Kandler said he is focusing on Democrats.

Nonetheless, Kandler expects the resolution to clear the House.

"You've got the leadership on both sides supporting it," Kandler said. "The governor supports it. Although he says he's not actively involved, there's certainly not a negative message coming from the governor's office. I think the odds are pretty good it will pass."

Besides working with West Michigan lawmakers who oppose the casino, Kandler said, his firm is also working with anti-casino organizations.

Those include the three groups: Michigan Alliance Against Casino Expansion, which is comprised of Citizens Exposing the Truth About Casinos, fighting a proposed Indian casino in Battle Creek; Taxpayers of Michigan Against Casinos, which is fighting a proposed Indian casino in New Buffalo; and West Michigan Gaming Opposition, which is battling the Wayland casino.

"All of us are together," Kandler said. "We're all helping each other, coordinating with each other."

None of those groups is receiving funds from Flynn, he said.

Contract under review

Information about the Flynn contract and his business activity in Michigan has been forwarded to the U.S. Attorney's Office, Secretary of State and Michigan State Police by state Sen. Harry Gast, R-St. Joseph.

The senator's district includes New Buffalo, the site of one of the proposed casinos.

"They're all looking into him to some degree," Gast said. "They're aware of him and they have expressed an interest.

"If you had somebody coming into Grand Rapids and they had a contract like this, and that individual is going to be paid \$5 million and all he has to do is keep casinos out, would you think there's something fishy here?" he added.

Some of that information was passed on to the Michigan Attorney General's office. A spokesman for the attorney general confirmed that the information is being reviewed, but would not comment on specifics.

"We received a referral from the Secretary of State's office and there are some areas that are being looked into at this time, the nature of which I'm not at liberty to discuss," said spokesman Chris DeWitt. "It's still an open matter in our office."

The Grand Rapids Press, July 8, 2001
High Rollers Join West Michigan Casino Fight

Kandler said he is aware of the review, but called it "baloney."

The Attorney General's office is responding to concerns whether Flynn's \$5 million contract violates Michigan lobbying law, he said.

Michigan law says that it is a felony for a lobbyist to take a contingency fee, which means getting paid only if certain results are obtained.

"We checked it out. (Flynn's contract) doesn't even fit the definition of the law," Kandler said. "It was a harassment technique from the other side."

Still, Grand Rapids gaming expert and author John Gollehon called Flynn's contract "very unusual for the industry."

"It stunned me and everyone else in the industry I have talked to about it," said Gollehon, who has written several books on gaming and is recognized by national media as a gaming expert.

A fine and allegations

Flynn signed on to the West Michigan casino battle in 1999, when Blue Chip Casino was sold to Boyd Gaming.

In addition to the \$5 million to fight competing casinos, the contract gives him a monthly consulting fee of \$41,667, which, over the contract's five-year term, adds \$2.5 million.

Flynn also gets reimbursed for travel, legal and lobbying expenses.

The contract has been boon and bane for Flynn and Boyd Gaming.

Because the contract was not disclosed to Indiana gaming officials, Boyd was fined \$1 million by the Indiana Gaming Commission in 1999.

Of that, \$900,000 went to Michigan City, where the Blue Chip riverboat is located. The remaining \$100,000 was paid to the gaming commission, said Jennifer Arnold, commission spokeswoman.

Allegations that Flynn's company has organized crime connections surfaced during his bid to move a failed riverboat casino from East Dubuque, Ill., to the Chicago suburb of Rosemont.

Flynn is chairman and chief executive officer of Emerald Casino Inc., the company he and his father, Donald, formed to relocate the casino. Donald Flynn is a former executive with Chicago-based Waste Management.

In a written statement, the Illinois Gaming Board outlined its reason for rejecting the proposal in January. Staffers said the Flynns "repeatedly made false and misleading statements." Staff members also said they found "the insidious presence of organized crime elements associated with this proposed project that cannot be ignored."

Two of the proposed shareholders of Emerald Casino "have close associations with Chicago organized crime figures," the statement said, though it did not name them.

The statement also noted "known members of organized crime control at least one firm that

The Grand Rapids Press, July 8, 2001
High Rollers Join West Michigan Casino Fight

has done work at the Rosemont (casino) site."

Flynn, who denied mob connections in response to the Illinois Gaming Board, would not respond to interview requests from The Press over the past two months.

Kandler, the Lansing lobbyist, said he is aware of the allegations involving Flynn. He declined comment, except to say, "There's all kinds of things out there about him."

Political connections

Flynn's presence in West Michigan's casino fight is an example of the big money that gets involved in such frays.

The flip side is a trio of politically connected Mount Pleasant businessmen Sydney Smith, Barton LaBelle and James Fabiano Sr. who are bankrolling the Gun Lake Band's casino effort.

All three have personal and political ties to Gov. Engler, who has said he opposes any more casinos, but recently indicated he would negotiate with the tribe if the Legislature asks him.

LaBelle, a former Mount Pleasant mayor, is the owner of LaBelle Management Inc., a company that owns and operates 31 restaurants and hotels in Michigan and Indiana. He also is chairman of the Michigan State Transportation Commission, an appointment he received from the governor.

Smith, owner of Smith Equities Corp., was appointed by Engler in 1991 to the Central Michigan University Board of Trustees and served for 10 years. He also is a former Mount Pleasant mayor.

Fabiano, an Engler appointee to the CMU board in 1999, owns Fabiano Brothers Inc., a beer and wine distributorship. Both he and Smith are past presidents of the Mount Pleasant Area Chamber of Commerce.

"It's big money that is driving the Indian casino proliferation in Michigan, and it's not just Dorr, or Bradley or wherever. It's throughout the state," said William McMaster, state chairman of Taxpayers United Inc., a nonprofit organization against unfair taxation. "Where is all this money coming from? That's been one of the big questions."

"When people see opposition to what the Gun Lake Band is doing, they need to keep in mind that a big part of the motivating factor to the opposition is competition to other casinos," said Ken Brock, who handles community relations for the Gun Lake Band. "Flynn is probably the largest piece of evidence of that."

Billion-dollar business

Flynn, however, is only a soldier for Boyd Gaming, albeit a pricey one.

With \$1.1 billion in revenue last year, Boyd Gaming either owns or runs 11 casino resorts in Nevada, Mississippi, Illinois, Indiana and Louisiana.

Boyd acquired the Blue Chip floating casino in Michigan City in November 1999 and considers Grand Rapids a key market.

The Grand Rapids Press, July 8, 2001
High Rollers Join West Michigan Casino Fight

"The competitive issue (at Blue Chip) is something we fully expected from the very beginning," said Rob Stillwell, Boyd spokesman. "We knew the possibility when we purchased the boat. We knew what was going on."

Stillwell said the Flynn contract "was part of our purchase of Blue Chip."

In Las Vegas, Boyd owns the Stardust Resort and Casino, Sam's Town Hotel and Gambling Hall, the Eldorado Casino, Jokers Wild Casino, California Hotel and Casino, the Fremont Hotel and Casino and Main Street Station Casino, Brewery and Hotel.

"This whole fight makes for very strange bedfellows," said David Moore, a leader of Michigan Alliance Against Casinos. "You get the gambling industry opposing itself, people opposing it on religious grounds. It's been a very strange educational process for me and, I think, everybody else."

"It's power, pure and simple."