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Casinos tipping scales on dealers' income

GAMING: Tribes institute gratuity pools for table game employees to better report money to the IRS.

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Growing industry

There were **6,800** casino dealers in California in 2002, a number that is expected to rise to **8,700** by 2012. Hourly mean pay for dealers in late 2005 was **\$9.50**.

Source: California
Employment
Development Department

An ace and a face mean money at the blackjack table, but for dealers at some Inland tribal casinos, shuffling cards isn't paying off like it used to.

Next month, Pechanga Resort & Casino near Temecula will become the latest tribal gaming hall in California to require table game dealers to pool their tips and split them equally instead of keeping what they make individually.

That means dealers assigned to low-stakes tables or slow times of the day will pocket as much as those who work high-limit tables or during prime weekend hours.

The change is the result of an agreement between the casino and the Internal Revenue Service, which requires dealers to report tips as income, according to a statement from Michelle Schilder, Pechanga's vice president of marketing.

In December, Spa Resort Casino in Palm Springs and Agua Caliente Casino in Rancho Mirage -- both owned by the Agua Caliente Band of Mission Indians -- became the first major Inland casinos to put a pooling policy in place.

Spotlight 29 Casino in Coachella followed suit in January.

Others, including Soboba Casino near San Jacinto and Pala Casino Spa Resort in San Diego County, also have tip pooling deals with the agency.

Most Southern California casinos are "under an agreement or in process of establishing one," said John Saltmarsh,

IRS western area manager for Indian tribal governments in San Bernardino. Saltmarsh couldn't discuss specific casinos.

But not all of them are pursuing an agreement. San Manuel Indian Bingo and Casino in Highland doesn't make its dealers pool their tips. Fantasy Springs Resort Casino in Indio has no intention of doing so either, said general manager Paul Ryan.

"It's a hot subject right now and we've discussed it a number of times," Ryan said. "But we believe employees earn their tips, and their personalities are the best things they bring to the casino. We think it's in their best interests."

Having a policy isn't mandatory, but casinos can be held financially accountable if their employees under-report tips, or "tokens," as they are sometimes called.

Pooling is just one of several ways casinos can accurately count dealer tips, Saltmarsh said.

Pooling is fairly new to California, where many tribal casinos started as small bingo halls, he added. But it has been common in Las Vegas for more than a decade.

"I think everybody needed someone to step up first and get it done," said David Fendrick, chief operating officer for the Agua Caliente tribe.

At the tribe's two casinos, tips go into "a bucket" where they are counted and distributed every two weeks based on the number of hours worked.

The change is good for dealers because those with more seniority can work daytime hours without worrying about losing out on the best tips, Fendrick said.

It's also gives the casino more flexibility to schedule dealers without worrying about everyone getting a shot at the tables that generate the most tips.

But Fendrick acknowledged that some of his 250 dealers were unhappy with the policy -- and some even quit -- because they like taking money home at the end of every shift and because some of them now make less money.

Representatives of Pechanga didn't comment further on the issue.

Dealers in casinos nationwide usually make minimum wage or less, relying on tips to supplement their income, Saltmarsh said. Dealers can often earn \$20 an hour or more from tips, adding thousands of dollars to their incomes each year.

But policing tips is hard.

In fact, the IRS has determined that tip agreements do result in an increase in tip reporting at individual casinos, said Ken Voght, the Buffalo, N.Y.-based national program manager for the agency's office for Indian tribal governments.

So the agency has recently begun making sure tip policies are in place at both tribal and commercial casinos across the country.

"In California, where gaming has expanded, it does tend to get more attention because we are talking to emerging casinos and getting up to speed," he said.

As part of the pooling plans, the IRS agrees not to audit participating employees for tip purposes, even if the policy triggers an increase in reported income.

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