



*Tsi Nahò:ten Karihwanákere Nó:nen'k*

# PRESS RELEASE

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## MCK Terminates Royalty Agreement with Magic Palace for Electronic Gaming Devices

For immediate release

**(Kahnawake – 26, Enniskó:wa/March 2024)** The Mohawk Council of Kahnawà:ke (MCK) announced today that, effective immediately, it has terminated its Royalty Agreement with Magic Palace for Electronic Gaming Devices (EGDs). The Royalty Agreement was required as a condition to ensure there was a community benefit, which is required as a condition to hold an operator's licence with the Kahnawà:ke Gaming Commission (KGC). The decision was ratified by a Mohawk Council Executive Directive at a duly convened Council Meeting held on Monday, March 25, 2024. A notice of termination was delivered to Magic Palace yesterday evening.

Following a review of publicly available Court records that revealed that Magic Palace and the adjoining Mirela's Restaurant were allegedly being used to commit money laundering and other crimes. The KGC commissioned an independent U.S. consulting group with a specialization in gaming audits and investigations to conduct an investigation. As part of the KGC's reporting requirements, the results of the investigation were presented to the Council of Chiefs.

The results of the investigation revealed that there was an undisclosed beneficial owner of Magic Palace, who is a non-Kahnawa'kehró:non, who exercised significant degrees of control over the establishment and received the majority of the benefits. This breached the terms of the Royalty Agreement that was entered into by Magic Palace and the MCK.

The objective of permitting EGDs in the community was always to ensure the community benefits and that they are operated fairly and in the best interests of Kahnawa'kehró:non. The decision to terminate the Royalty Agreement with Magic Palace sends a clear message that all gaming operations must uphold the highest ethical and legal standards applicable in the territory. The MCK will take all reasonable means necessary to protect the reputation and integrity of Kahnawà:ke as a legitimate gaming jurisdiction, which demands that its operators abide by the highest standards.

"Closing a community business is always a last resort," stated Gaming Portfolio Chief Cody Diabo. "However, the allegations of conduct that were revealed in court records created serious concern for the MCK, as it is our most important responsibility as a governing body to protect the health and safety of our community. It is also important that we ensure we are also protecting and defending the jurisdictional integrity of our community. In the end, given that we learned that there was an undisclosed beneficial owner in the project that was not listed in their paperwork, coupled with grave concerns, we had with the manner in which operations were being conducted, we decided we must terminate the agreement."

The KGC has since suspended the Operator's Licence for Magic Palace as a result of the findings in the investigation. While the Royalty Agreement has been terminated, the MCK commends the KGC for its continued due diligence on the issue and for ensuring a thorough investigation was conducted.

The Royalty Agreement was signed by the Mohawk Council of Kahnawà:ke and the Kahnawa'kehró:non proponents of Magic Palace prior to the issuance of an operator's licence. Termination requires Magic Palace to immediately surrender its operator's licence to the KGC.