

White Earth Reservation Business Committee

Public Relations
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News Release
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Tuesday, February 5, 2019
#19-02-02

Other Governmental Project (OGP) Updated Report with Findings and Recommendations

WHITE EARTH, MINN. – Since the last Other Government Project (OGP) report there have been significant updates to the information gathered surrounding the circumstances related to the ill-fated Star Lake Casino Project. The findings clearly demonstrate that there was a catastrophic breakdown in the oversight and management of tribal funds that resulted in millions of dollars being expended upon purchases and payments that have resulted in little or no benefit to the White Earth Band membership.

Summary

The White Earth Band expended \$3,381,600 in land purchases and realtor commissions; \$101,207.43 in fees to Valerie Red-Horse Financial Services; and \$1.6 million on an electrical substation and transmission lines that have no value to the White Earth Band membership. Further, during this time period numerous Band member requests for disclosure of the Band's finances were not being complied with by the White Earth Secretary-Treasurer, Ms. Tara Mason. Finally, there was a significant proposal to have Och-Ziff finance the majority and/or the entire Star Lake Casino Project, in spite of the fact that in 2016 Och-Ziff had to pay out over \$400 million for the settlement of charges brought against them for bribery.

Specific Findings

- 1) There has been inadequate cooperation demonstrated by White Earth Tribal employees who were directly involved in the vast majority of transactions that took place regarding the Star Lake Casino Project.
- 2) The proposed financing of the Star Lake Casino Project appears to have occurred without any type of proper oversight of the financial obligations White Earth would have had to incur to go forward with the project.
- 3) The White Earth Tribal Attorney created the documents for the formation of the Central Minnesota Land Company, LLC.

Further, there was a resolution that declared Bill Marsh as the sole member of the Central

Minnesota Land Company and that he had the ability to negotiate all the terms and any land acquisitions on behalf of the LLC without any White Earth Tribal Council signature authority and/or approval. Finally, the purchased property was not signed over to the White Earth Band of Ojibwe until three years after the purchase.

Report Findings at Public Meeting

Michael Garbow will be presenting the OGP findings to the White Earth Reservation Business Committee (RBC) and Band membership at the Quarterly Meeting on Thursday, March 7 at the Rice Lake Community Center.

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Media: The OGP letter is attached.

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February 1, 2019

Chairman Tibbetts

RE: OGP UPDATED REPORT WITH FINDINGS AND RECOMMENDATIONS

Chairman Tibbetts:

Since the last OGP report there have been significant updates to the information gathered surrounding the circumstances related to the ill-fated Star Lake Casino Project. The findings clearly demonstrate that there was a catastrophic breakdown in the oversight and management of tribal funds that resulted in millions of dollars being expended upon purchases and payments that have resulted in little or no benefit to the White Earth Band membership.

Summary

The White Earth Band expended \$3,381,600 in land purchases and realtor commissions; \$101,207.43 in fees to Valerie Red-Horse Financial Services; and \$1.6 million on an electrical substation and transmission lines that have no value to the White Earth Band membership. Further, during this time period numerous Band member requests for disclosure of the Band's finances were not being complied with by the White Earth Secretary-Treasurer, Ms. Tara Mason. Finally, there was a significant proposal to have Och-Ziff finance the majority and/or the entire Star Lake Casino Project, in spite of the fact that in 2016 Och-Ziff had to pay out over \$400 million for the settlement of charges brought against them for bribery.

Accordingly, I would request the opportunity to present the OGP findings with supporting documentation and recommendations to the RBC and Band membership on March 7, 2019.

Specific Findings

- 1) **There has been inadequate cooperation demonstrated by White Earth Tribal employees who were directly involved in the vast majority of transactions that took place regarding the Star Lake Casino Project.** Specifically, certain employees who were directly involved in the exploration of financing for the project, the purchase

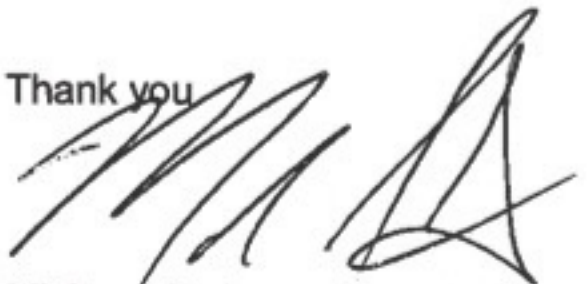
of property for the project, and the development of the Electric Services Agreement have not been forthcoming with specific information regarding the details of the Project.

- 2) **The proposed financing of the Star Lake Casino Project appears to have occurred without any type of proper oversight of the financial obligations White Earth would have had to incur to go forward with the project.** Based on various documentation it appears that the proposal for the Star Lake Casino had jumped to over \$120 million. It does not appear that White Earth's revenue capabilities would warrant the ability of the Band to borrow that amount of money and have the ability to pay the money back without causing a major disruption in the ability of the White Earth Band to properly fund their various tribal programs for the benefit of the White Earth Band membership.
- 3) **The White Earth Tribal Attorney created the documents for the formation of the Central Minnesota Land Company, LLC.** The creation of the LLC provided for the expenditure of millions of dollars of White Earth Band money for property that was held in the name of the Central Minnesota Land Company, LLC. It does not appear that the White Earth Tribal Attorney drafted any legal documents that would have provided the White Earth RBC with a clear legal right to the property while it was held by the Central Minnesota Land Company, LLC.

Further, there was a resolution that declared Bill Marsh as the sole member of the Central Minnesota Land Company and that he had the ability to negotiate all the terms of any land acquisitions on behalf of the LLC without any White Earth Tribal Council signature authority and/or approval. Finally, the purchased property was not signed over to the White Earth Band of Ojibwe until (3) years after the purchase. The transfer of title in August of 2018 was handled by the White Earth Tribal Attorney and signed off by Bill Marsh, who was no longer an employee of the Band since May 2018.

If I have RBC approval, I look forward to the opportunity to present the above discussed OGP findings with the RBC and the White Earth Band membership on March 7, 2019.

Thank you

A handwritten signature in black ink, appearing to be 'M Garbow', written over a horizontal line.

Michael Garbow, attorney at law.

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