

White Earth Reservation Business Committee

Public Relations
PO Box 418, White Earth, MN 56591

News Release
POC: Gary W. Padrta
218-983-3285 Ext. 5903

Tuesday, February 12, 2019
#19-02-03

Other Governmental Project (OGP) Proposes a Plan of Action for White Earth Reservation Business Committee

WHITE EARTH, MINN. – The Other Government Project (OGP) has recommended a Proposed Plan of Action for the White Earth Reservation Business Committee in regards to the Star Lake Casino Project.

Proposed Place of Action

- A) File a claim for Arbitration against Great River Energy per the ESA.
- B) Conduct an internal exploration to determine if a valid waiver of sovereign immunity occurred and to determine if expenditures for the Star Lake Casino Project were in accordance with the Revised Constitution and Bylaws of the Minnesota Chippewa Tribe.
- C) Determine if the Hudson Insurance Group policy will cover any of the millions of dollars that appear to have been spent on the Star Lake Casino Project with no ascertainable benefit to the White Earth Band membership. Per Part II, Section H, of the *Sovereign Nation Insurance Coverage Form*, there is coverage for up to \$1,000,000 for *Tribal Officials Errors and Omissions Liability*.

The initial findings of the OGP team show that millions of dollars have been spent on questionable land purchases and utility service that provide no benefit to the members of White Earth. Section N of the Hudson Group Insurance Policy, *Fiduciary Liability*, should cover the “wrongful acts” of White Earth RBC employees that are responsible for the unauthorized expenditures of money and equipment because those employees owed a fiduciary duty to the White Earth Band of Ojibwe.

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Two attachments are included

Garbow Law Office, P.A.



Workers' Compensation & Personal Injury
1403 Bemidji Avenue No.
Bemidji, MN 56601

Phone: (218) 444-1039
(855) 340-3232
Fax: (218) 444-5070
mike@garbowlaw.com

December 12, 2018

Scott Omlid
Chief Financial Officer
White Earth Band of Ojibwe
P. O. Box 418
White Earth, MN 56591

RE: Notice to Hudson Insurance Group of Circumstances Giving Rise to a Claim

Dear Mr. Omlid,

I am writing to request that you provide this letter to the Hudson Insurance Group to put them on notice that the White Earth Reservation Business Committee (RBC) has been made aware of circumstances which could give rise to a claim for insurance coverage.

Per Part II, Section H, of the *Sovereign Nation Commercial Insurance Coverage Form*, there is coverage for up to \$1,000,000.00 for *Tribal Officials Errors and Omissions Liability*. Accordingly, the White Earth RBC authorized the *Other Government Project (OGP)* to look into questionable expenditures involving several tribal programs and two (2) tribal casino projects.

The initial findings of the OGP team show that millions of dollars have been spent on questionable land purchases and utility services that provide no benefit to the members of the White Earth band of Ojibwe. The initial findings indicate the following:

1. Former White Earth RBC Secretary-Treasurer Tara Mason entered into questionable land purchases from 2014 through 2017. These purchases appear to not have been in compliance with the Revised Constitution and Bylaws of the Minnesota Chippewa Tribe which requires under Article VI, Section 1(b), "*The RBC has the authority to...Administer any funds within the control of the Reservation....All Expenditures...shall be in accordance with a budget, duly approved by resolution in legal session, and the amounts so expended shall be a matter of public record....*"

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Further, Secretary-Treasurer Mason did not comply with Band member requests to examine Tribal expenditures as per the Minnesota Chippewa Tribe (MCT) Constitution. There are also questions as to whether the Secretary-Treasurer had an approved budget per the MCT Constitution to expend those funds for the questionable land purchases.

Accordingly, it is very likely that the Secretary-Treasurer, Ms. Tara Mason, from 2015 through 2017, committed the "wrongful act" of expending millions of dollars of White Earth Tribal money without an approved budget and without providing a public record of the expenditures to the White Earth Band membership per the MCT Constitution.

Please also be advised that the OGP is discovering purchases, property, and equipment expenditures that were used in a manner that was not according to proper White Earth RBC protocol which cost the Band thousands of dollars.

Section N. of the Hudson Insurance Policy, *Fiduciary Liability*, should cover the "wrongful acts" of White Earth RBC employees that are responsible for those unauthorized expenditures of money and equipment because those employees owed a fiduciary duty to the White Earth Band of Ojibwe.

Feel free to contact me at (218) 444-1039 with any questions or for updated findings.

Sincerely,
GARBOW LAW OFFICE, P.A.



Michael L. Garbow
MLG/plp

cc: White Earth Reservation Business Committee
Randy Goodwin, Executive Director

OGP STAR LAKE PROJECT ISSUES

#1 \$1.7 million has been withdrawn from a letter of credit by Great River Energy for electrical services that provide no use or value for the White Earth Band members.

#2 Per the Electric Service Agreement (ESA) that was signed by William Marsh in April of 2016, Section 12 allows for Arbitration of disputes over the Agreement.

#3 The ESA and the Addendum to the ESA was signed by William Marsh who did not have authority to waive sovereign immunity for the White Earth RBC--no RBC members signed the agreements.

#4 White Earth RBC has insurance coverage through the Hudson Insurance Group. There may be at least a million dollars in potential coverage.

PROPOSED PLAN OF ACTION

A. File a claim for Arbitration against Great River Energy per the ESA.

- 1) Determine if there was an actual waiver of sovereign immunity.
- 2) Determine when the actual work was completed. Find out who authorized the work. Great River Energy would have a duty to mitigate potential damages to White Earth if work was performed without proper authorization from White Earth.
- 3) Determine what is the likelihood that Great River could use the work that has been completed thus far for another project for residents of the Star Lake area.
- 4) File for Arbitration in White Earth Tribal Court. Pick an Arbitrator per the ESA.

B. Conduct an internal exploration to determine if a valid waiver of sovereign immunity occurred and to determine if expenditures for the Star Lake Project were in accordance with the Revised Constitution and Bylaws of the Minnesota Chippewa Tribe (MCT).

- 1) Meet with Legal Department to clarify:

- a. Was there an authorizing RBC Resolution and an approved budget for the expenditures?
- b. Was there compliance with Band member formal requests for budget information?
- c. Was there any documented RBC involvement in the decision to raise the projected cost of the Star Lake Casino to cover \$130 million?
- d. At what stage of planning for the Star Lake Casino Project did Val Redhorse become involved?
- e. Was Val Redhorse's contract renegotiated at some point when the Casino Project increased to \$130 million?
- f. What has Val Redhorse been paid for her involvement in this Star Lake Casino Project to date?
- g. What other projects, past and/or present, has Val Redhorse been involved in for White Earth?
- h. What Limited Liability Company (LLC), if any, was utilized to make land acquisitions in regard to any White Earth projects?
- i. Who were the members of the LLC? Was there a Board of Directors? If so, who was on the Board? Who authorized expenditures/funding for the LLC?
- j. How much money was actually spent for land, electrical substation, environmental studies, wetland credits, architects, etc., for the Star Lake Casino Project? Was there any associated RBC budget approval and RBC approved Resolutions to allow for the expenditures?

C. Determine if the Hudson Insurance policy will cover any of the millions of dollars that appear to have been spent on the Star Lake Casino Project with no ascertainable benefit to the White Earth Band membership.