

TO: Bad River Tribal Council
FROM: Brenda Whitebird Councillor
DATE: February 3, 2010
RE: CAPITAL DIVIDENDS

At the 1/3/10 regular Tribal Council meeting, I presented a request for a declaration of 76% capital dividends distributions from the Tribal Corporate Account, specifically, the Gaming Enterprises Annual Capital Returns. Furthermore, I requested a historical accounting on the Enterprises' capital returns in the 23 years of operation to determine the feasibility of a declaration for a 76% capital dividends payout to its estimated 7,556 shareholders. A historical accounting report is not only a reasonable request from the shareholders, but also a Constitutional right that we as Band Members should have access to. This historical accounting report could be used as an invaluable analytical tool to determine the accountability of how our monies are being managed.

In accordance with the 1938 Corporate Charter, under Corporate Dividends: Corporate Dividends of more than 50% have to be sent to the Director of Bureau of Indian Affairs, Washington, D.C. for approval. Additionally, the annual reports and financial affairs need to be reported to the Director of Bureau of Indian Affairs. Furthermore, in addressing the feasibility of dividend payout, I requested that the Corporate Board (Tribal Council) inform Shareholders how much of our net profits from the Gaming Enterprise is pledged, chattel mortgaged or collateralized. Citing the 1938 Charter, see Corporate Powers 5 (b) this is prohibited.

I also cited the need and purpose of establishing EACH enterprise as a separate entity, see section 8. Reserve Fund. ALL enterprises (IGA Store, Smoke Shop, Gas Station, Restaurant, Lodge, etc.) are to comply with the Corporate Charter, a legal, binding document still in effect. According to the Charter, "Forty per cent of net income from corporate enterprises shall be placed in a reserve fund, annually, until said reserve equals not less than 25 percent of the capital investment in such corporate enterprise. Thereafter the amount of net income to be devoted to the reserve fund may be optional, except that amounts expended therefrom shall be replaced in the same manner that the fund was created. This fund shall be used only for repairs, replacements, improvements, and expansion of corporate enterprises."

With 23 years of operating a Gaming Enterprise, we should have a Reserve Fund up to 25% of the business capital investment. Do we have such Reserve Fund Accounts for the Gaming, IGA Store, Gas Station, Smoke Shop, Restaurant, Bar, Lodge, Day Care, Water & Sewer, etc.? Where are these reserve accounts? The Charter explicitly states what these funds can be devoted to.

It appears that the previous & present Corporate Boards (Tribal Councils) have made & continue to make frequent, & extraordinary transfers of the Gaming Enterprise's capital returns directly into the Tribe's General Account, which is greater than 50% of the accrued surplus of capital returns allowable under the Charter. Where is the other 50% of the accrued surplus that should have been set aside for the Shareholders to

decide/determine how this money should be invested?

Discussions & empty promises of conducting an annual meeting, exclusively for the Membership to discuss Corporate Capital Returns, are now of paramount concern. The Beloit Casino Project is a prime example of how the Corporate Board neglected to adhere to the Charter, which detrimentally affected the Tribe. Since the inception of the Beloit Casino Project, 1999 to present, information has been withheld from Tribal Members. The apparent waste of the Shareholder's \$1.8 million dollars (which many argue it's MUCH more) is a result of the Corporate Board's failure to provide the fiduciary trust responsibilities & to act in the best interests of its beneficiaries. This is a direct breach of the trust obligations of the Corporate Board to Band Members. Considering the waste of capital returns & wrongful actions by the Corporate Board leads to many unanswered questions & allegations that previous Corporate Boards have indulged themselves with fraudulent expenditures utilizing capital returns inconsistent with the legally defined Corporate Powers outlined by the Corporate Charter AND Article VI - Powers, Section 1. Enumerated powers of the Constitution & Bylaws of the Bad River Band of Lake Superior Tribe of Chippewa Indians.

It is imperative that the Tribe maintain an accurate historical accounting of ALL *separate* CORPORATE ENTITIES, not only because it is mandated by the Charter, but the situation may arise that Shareholders may demand a Declaration of 76% dividends payout on any or all Corporate accounts. Last month I presented this information & requested information at the regular January Tribal Council meeting. At this time I am now formally requesting the annual Corporate Accounts reports, to date, of all Corporate Entities per the Corporate Charter. Your timely response is appreciated, not only by me, but by the Membership in general.

Respectfully submitted,

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