



July 11, 2017

Dr. Virgil Akins, Superintendent  
Northern California Agency  
Bureau of Indian Affairs  
364 Knollcrest Drive  
Suite 105  
Redding, CA 96002-0175

Re: Alturas Indian Rancheria

Dear Dr. Akins:

As you are aware, the IBIA recently upheld the decision of the Bureau from three years ago that the Bureau had the discretion to recognize, on an interim basis, the Business Committee composed of Phillip Del Rosa, Darren Rose and me, for the limited purpose of accepting, negotiating and administering a contract pursuant to the ISDEA for FY 2015. (64 IBIA 236) Subsequent to that decision regarding the FY 2015 ISDEA contract, you exercised your discretion in rejecting competing requests to contract for the FY 2016 funds, stating, **“Due to the conflicting membership lists, the leadership dispute within the Alturas Rancheria Business Committee, and General Council, the Agency must return the Alturas Rancheria request to contract with the Bureau of Indian Affairs...because the Agency cannot determine if the resolution supporting the request is from a tribal organization representing the Alturas Rancheria.”**. This decision was upheld by Regional Director Dutschke on appeal. This decision of the Bureau was not appealed to the Board and, as such, is now final and binding on the Department. (64 IBIA at 246) In response to competing requests yet again for FY 2017 ISDEA funds, you made the same decision stating **“Because the internal tribal dispute continues, the Agency is returning your FY 2017 request.** Your decision was not appealed to the Regional Director and, as such, is now final and binding on the Department. (64 IBIA at 246) Accordingly, due to the finality of the decisions regarding FY 2016

and 2017 ISDEA contract requests from the Alturas Rancheria, the Secretary does not currently recognize any tribal governing body at the Tribe.

I respectfully request that you not enter into any ISDEA contracts at this time as the reasons for the Bureau's refusal to do so in the subsequent FY requests, 2016 and 2017, are as valid today as they were when you made them. As you stated in your prior decisions, **"Distribution of (ISDEA) funds have to be placed on hold until the internal tribal dispute and the tribal membership issues are adjudicated."** While your discretion to make a decision as to an interim government for the FY 2015 funds was upheld by the Board, it does not direct or compel the Bureau to contract with the Tribe, especially when there is currently no recognized government to administer those funds and the Tribal dispute and membership issues have not been resolved.

While I obviously disagreed with the Bureau's decision regarding the FY 2015 ISDEA funds, events came to the BIA's attention subsequent to that decision that caused you to reach a different conclusion for the two subsequent fiscal year requests. I think it is important to reiterate a few of those events, because since that time the Tribe's finances have been completely hijacked by Phillip Del Rosa and Darren Rose for their personal use. The Tribe is no longer a Tribe, rather, a personal enterprise operated by the two of them. Sovereignty is merely a shield they hide behind in furtherance of their confiscation of all Tribal funds. The following is only a partial list of financial transgressions that you should seriously review and consider before making any determination to grant federal funds to these two individuals:

1. In November 2014, they received in excess of \$250,000 in federal money earmarked for contract support costs. These funds were split in some manner between the two of them and not one dime went to any other Tribal member or for any Tribal cost incurred in administering the ISDEA contract for FY 2014.
2. In May 2015, they obtained \$825,000 from the CGCC, funds designated to the Tribe pursuant to the tribal Compacts with the State of California. None of these monies were ever distributed to any other Tribal member nor were they used for any Tribal expense or project. The funds were simply divided between the two of them for their personal use.
3. On March 23, 2015, Darren Rose received a wire transfer sent to his private bank account in the amount of \$150,000 from John Peebles. On April 10, 2015, Darren received an additional \$100,000, yet again sent to his private bank account. The money was wire transferred from the trust account of John Peeble's law firm that was used as the "bank" for the distribution of funds for the marijuana operation. While the marijuana business was touted as a tribal business, and all the agreements executed for the business were purportedly for the benefit of the

Tribe, these funds were paid directly to Darren Rose. Either Mr. Rose was acting in his capacity as the Vice Chairman of the Tribe, in which case this quarter of a million dollars could only be described as a bribe or illegal payment, or the marijuana business was not a Tribal enterprise. (See attached Account Register maintained by Fredericks, Peebles and Morgan.) This is not the first time that Darren has accepted a bribe from a business partner of the Tribe. (See attached legal memo from Brad Downes.)

4. On April 2, 2015, \$110,000 was wire transferred from John Peebles to Darren Rose and Phillip Del Rosa, purportedly on behalf of the Tribe. This money was deposited into a Tribal account controlled by Phillip Del Rosa and Darren Rose and then distributed between the two of them. No other Tribal members received any of these purported Tribal funds nor did any of the funds remain in a Tribal account. (See Account Register noted in #4) On June 18, 2015, Darren and Phillip negotiated two agreements to enter into a business involving "marijuana processing, cultivation and distribution", contrary to both federal and State laws, with a marijuana business located in Kansas. The agreements provided for the sale of Tribal buildings and equipment to the joint enterprise (Meadow Ventures), the proceeds of which would go directly to the two of them. For example, the Agreement provided for the sale of the Tribe's "Sprung" building for \$500,000. (See attached agreement titled "Meadow Ventures", Section titled "Tribal Facilities".)

5. In July 2015, federal and State law enforcement officers raided the marijuana operation and closed it for a brief period of time. By late fall 2015, Phillip Del Rosa and Darren Rose recommenced the cultivation and distribution of marijuana from the Alturas Indian Rancheria "Sprung" structure. (Witnesses that worked in Darren and Phillip's marijuana business subsequent to the federal closure can be provided upon request.)

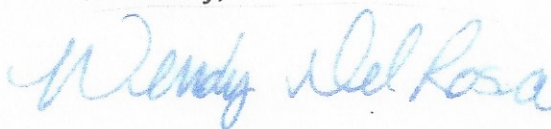
6. From late fall 2015, after the federal raid, to the present time, Phillip Del Rosa and Darren Rose operate the marijuana business on a cash basis and launder the proceeds through the Desert Rose Casino. This money laundering was reported to NIGC investigators by several individuals that had first had knowledge of the money laundering scheme. (Individuals that worked in the marijuana operation of Del Rosa and Rose and participated in this money laundering scheme have already been interviewed by the NIGC and law enforcement officers. These witnesses can be provided to you upon request.)

7. In April 2017 agents of the US Department of the Treasury entered the "Sprung" building. The purpose and consequence of that visit is still pending, but I was personally informed that some federal legal action was pending and eminent.

8. Since September 2014, Phillip Del Rosa and Darren Rose have controlled the Tribe's casino and all funds derived from the Casino are distributed solely between the two of them. No other Tribal members receive any of these Tribal funds nor do any other members receive any benefits from these funds as required by the RAP. They have ignored the Tribe's RAP and most all of the procedures required by the NIGC for a Tribe to operate a casino. The NIGC conducted an investigation several months ago and a request for the Chairman of the NIGC to close the Tribe's casino is pending. (Letters I sent to the NIGC were previously provided to you.)
9. USDOJ has obtained subpoenas from a Grand Jury and those subpoenas have been served on numerous individuals associated with the marijuana cultivation and distribution business commenced and currently operating by Phillip and Darren. (A federal investigation into the illegal marijuana operation is ongoing.)

Dr. Akins, these are but a few of the financial and criminal transgressions of Phillip Del Rosa and Darren Rose since the time of the Bureau's original decision regarding the FY 2015 ISDEA funds. You have a fiduciary duty to all members of the Tribe and I respectively ask that you exercise that fiduciary responsibility and not enter into a contact for FY 2015 funds with Phillip Del Rosa and Darren Rose. You are under no obligation to award the funds and given the well documented history of Phillip and Darren's theft of Tribal funds, these federal funds will not be used for the purpose(s) intended. I respectively ask that you maintain your current position as stated herein and deny any request from Darren Rose and Phillip Del Rosa to contract with the Bureau pursuant to the ISDEA, until, as you have stated, **"the Tribe resolves its dispute internally"**.

Sincerely,



Wendy Del Rosa  
Chairman and Secretary/Treasurer

Amy Dutschke, Pacific Regional Director, BIA  
Eric Schlansky, California/Nevada Region Director, NIGC  
Joe Dhillon, Senior Advisor for Tribal Gaming, Office of the Governor  
Phillip Ferrari, Executive Assistant US Attorney, USDOJ  
Mike Poindexter, Modoc County Sheriff

Check Number	Invoice Date	Check (Cr)	Deposit (Dr)	Payee Company	Date	Reference No.	Line Description
1294 0	2/26/2015	\$0.00	\$550,000.00	Fredericks Peebles & Morgan LLP	2/26/2015		Transfer From Matter GRANDR-052040 Entry No 1293
1296 2135	2/26/2015	\$150,000.00	\$0.00	Fredericks Peebles & Morgan LLP	3/1/2015		Trust Application
3801 Wire	3/2/2015	\$12,500.00	\$0.00	Westpoint Management, LLC	3/2/2015		Wire on behalf of Donna Marie Potts per JMP - \$12,500 transferred from checking on 4/22/15
1448 0		\$0.00	\$1,000,000.00		3/2/2015		Wire from Jerry Montour
1577 0		\$0.00	\$1,000,000.00		3/9/2015	Wire	Wire from Jerry Montour
1569 Wire	3/9/2015	\$20,000.00	\$0.00	Michael Chernis	3/9/2015		Wire per J Peebles
1636 2136	2/28/2015	\$154,464.98	\$0.00	Fredericks Peebles & Morgan LLP	3/11/2015		Trust Application
1712 Wire	3/13/2015	\$1,000,000.00	\$0.00	IGC	3/13/2015		Wire to IGC per J. Peebles
1839 Wire	3/19/2015	\$10,000.00	\$0.00	Jamie Robb	3/19/2015		Wire per J. Peebles for Alturas
1838 Wire	3/19/2015	\$73,500.00	\$0.00	Valley Pump	3/19/2015		Wire per J. Peebles for Pit River
1837 Wire	3/19/2015	\$14,950.00	\$0.00	Larranga Trucking	3/19/2015		Wire per J. Peebles for Alturas
1834 Wire	3/19/2015	\$17,342.00	\$0.00	Larranga Trucking	3/19/2015		Wire per J. Peebles for Pit River
3024 Wire	3/20/2015	\$60,000.00	\$0.00	Lutz & Company	3/20/2015		Wire per J. Peebles for Pit River and Alturas
3023 Wire	3/20/2015	\$45,840.00	\$0.00	Eagle Peak Rock	3/20/2015		Wire per J. Peebles for Pit River
39 Wire	3/23/2015	\$150,000.00	\$0.00	DARREN ROSE	3/23/2015		Wire per J. Peebles for Alturas
3070 Wire	3/24/2015	\$30,330.00	\$0.00	Sean M. Buile	3/24/2015		Wire per J. Peebles for Alturas
3162 Wire	3/27/2015	\$4,500.00	\$0.00	National Groundwater Surveyor	3/27/2015		Wire per J. Peebles for Pit River
3161 Wire	3/27/2015	\$62,500.00	\$0.00	Valley Pump	3/27/2015		Wire per J. Peebles for Pit River
3160 TXF	3/27/2015	\$7,000.00	\$0.00	Active Engineering	3/27/2015		Wire per J. Peebles for Pit River
3637 TXF	3/31/2015	\$164,295.30	\$0.00	Fredericks Peebles & Morgan LLP	3/31/2015		Trust Application
3565 Deduc	3/31/2015	\$253.50	\$0.00	Great Western Bank	3/31/2015		Wire fees in March 13 @ \$29.50
3255 Return	3/31/2015	\$0.00	\$74,950.00	White Bear Construction Inc.	3/31/2015	Wire	Returned less \$50 fee for incorrect banking information
3217 0		\$0.00	\$1,000,000.00		3/31/2015		Wire from Jerry Montour
3210 Wire	3/31/2015	\$45,840.00	\$0.00	Eagle Peak Rock	3/31/2015		Wire per J. Peebles for Pit River
3209 Wire	3/31/2015	\$75,000.00	\$0.00	White Bear Construction Inc.	3/31/2015		Wire per J. Peebles for Pit River
3261 Wire	4/2/2015	\$31,288.00	\$0.00	Valley Pump	4/2/2015		Wire per J. Peebles 3/31/15
3259 Wire	4/2/2015	\$12,000.00	\$0.00	American Constructors LLC	4/2/2015		Wire per J. Peebles for Pit River
3257 Wire	4/2/2015	\$100,000.00	\$0.00	White Bear Construction Inc.	4/2/2015		Wire per J. Peebles for Pit River - replace \$75,000 with \$100,000
* 12 Wire	4/2/2015	\$110,000.00	\$0.00	Alturas Indian Rancheria	4/2/2015		Wire per J. Peebles for Project Buildout
* 11 Wire	4/2/2015	\$401,742.52	\$0.00	Hydro Kings	4/2/2015		Wire per J. Peebles for Pit River
3564 Wire	4/10/2015	\$100,000.00	\$0.00	DARREN ROSE	4/10/2015		Wire per J. Peebles
3563 Wire	4/10/2015	\$11,923.80	\$0.00	Eagle Peak Rock	4/10/2015		Wire per J. Peebles
3562 Wire	4/10/2015	\$254,937.87	\$0.00	Eagle Peak Rock	4/10/2015		Wire per J. Peebles
3561 Wire	4/10/2015	\$57,820.00	\$0.00	White Bear Construction Inc.	4/10/2015		Wire per J. Peebles
3576 Wire	4/13/2015	\$20,000.00	\$0.00	Larranga Trucking	4/13/2015		Wire per J. Peebles
3601 Wire	4/14/2015	\$7,300.00	\$0.00	Active Engineering	4/14/2015		Wire per J. Peebles - balance of proposal
3588 Wire	4/14/2015	\$20,000.00	\$0.00	Ben Mitchell	4/14/2015		Wire per J. Peebles for Pit River
3643 Wire	4/15/2015	\$5,000.00	\$0.00	Analytical Environmental Services	4/15/2015		Wire per D. Houck - 1/2 fixed fee
3636 Wire	4/15/2015	\$98,669.00	\$0.00	Dale Carter	4/15/2015		Wire per J. Peebles for Alturas fence project
3621 2139	4/15/2015	\$20,000.00	\$0.00	Chris Gallardo	4/15/2015	Lobbyist	Lobbyist fees
3691 Wire	4/17/2015	\$10,000.00	\$0.00	DL Godwin Concrete	4/17/2015		Wire per J. Peebles for Pit River concrete
3726 Wire	4/20/2015	\$7,500.00	\$0.00	Jason Gassaway	4/20/2015		Wire per J. Peebles for Pit River
3725 Wire	4/20/2015	\$20,000.00	\$0.00	Ben Mitchell	4/20/2015		Wire per J. Peebles - Pit River

Peables Staff  
 jason.gassaway@peables.com



MEMORANDUM

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**VIA E-MAIL ONLY**

**PRIVILEGED & CONFIDENTIAL**

TO: Alturas Indian Rancheria  
FROM: Bradley G. Bledsoe Downes, Bledsoe Downes, PC  
DATE: September 16, 2014  
RE: Bribery of Tribal Officials

**Overview**

The Alturas Indian Rancheria (the "Tribe") has conducted business with Great Luck, LLC and its associates to explore providing VPN Aided Class II Bingo services to account holders. To ensure the service complies with federal and Tribal law, the Tribal Gaming Commission must license the software and individuals involved prior to launching the service. The Tribe has the sole authority to authorize the service's launch. The Tribal Gaming Commission is continuing with its licensing determinations and the Tribe is attempting to address the legal issues surrounding the proposed launch of the VPN Aided Class II Bingo services.

The Tribe believes a former member of Great Luck who is still associated with the project has attempted to influence a Tribal official to launch the service without the Tribe's formal consent. Specifically, a Great Luck associate provided a \$650,000 "loan" to a Tribal official contemporaneously with a push for the service's immediate launch. Shortly thereafter, the Tribal official took unilateral ultra vires actions to undermine the legitimacy of the Tribe's governing body and consolidate power in order to launch the service.

The Tribe has requested research and analysis regarding whether such a payment to a Tribal official is a crime under federal or state law. Accordingly, this memorandum examines federal and state bribery law related to Tribal officials.

**State Law**

California law prohibits bribery of executive and legislative officials. Cal. Penal Code §§ 67-77; Cal. Penal Code §§ 85-88. However, California's laws regarding bribery only apply to California officials. *Id.* Therefore, the Great Luck associate and Tribal official will not face prosecution under State law.

## Federal Law

The “loan” is likely illegal under federal law. Federal law expressly prohibits bribes involving tribal government officials where the tribal government receives annually \$10,000 or more of federal benefits. 18 U.S.C. § 666(b). The federal government may prosecute violators even where a bribe is unrelated to the federal benefits that establish federal jurisdiction. *United States v. Dakota*, 197 F.3d 821, 826 (6th Cir. 1999).

Specifically, tribal agents may not solicit, demand or accept anything of value, directly or indirectly, with the intent to be influenced in connection with tribal business involving anything valued at \$5,000 or greater. 18 U.S.C. § 666(a)(1)(B). It is also illegal to give, offer, or agree to give anything of value to tribal officials, directly or indirectly, with the intent to influence a tribal government (or any agency thereof) in connection with tribal business involving anything valued \$5,000 or greater. *Id.* § 666(a)(2). Violators are subject to fines and/or imprisonment of up to 10 years. *Id.* § 666(a)(1)(B).

## Alturas and Federal Funds

Here, the Tribe receives more than \$10,000 of federal benefits annually, e.g., ‘638 funds. Therefore, the federal anti-bribery law applies to Alturas Tribal officials.

## The “loan” to a Tribal Official

The “loan” is an illegal bribe if it is: (1) something of value; (2) intended to corruptly influence; and (3) official Tribal business. *Id.* § 666(a).

The \$650,000 “loan” is likely something of value. No documentation has been provided to the Tribe substantiating the “loan” and the related timing of the “loan” is curious, at best. The anti-bribery statute establishes a threshold value of \$5,000. 18 U.S.C. § 666(a). The value of the \$650,000 loan is 130 times the statutory threshold. This fact demonstrates that the value received by the Tribal official greatly exceeds \$5,000 and indicates that the value the Great Luck associate stands to gain greatly exceeds \$5,000. Additionally, classification as a “loan” does not require finding the absence of value. *United State v. Coyne*, 4 F.3d 100, 111 (2d Cir. 1993)(holding that “an interest-free loan of \$30,000 without contemporaneously documented terms is ‘something of value.’”).

The Great Luck associate and Tribal official likely understood that the “loan” was meant to influence official government actions. The Tribe chose to withhold the launch authorization to comply with federal and Tribal licensing, gaming, and criminal laws. The Great Luck associate expressed his desire to launch the service immediately. The Tribe chose not to. The Great Luck associate provided the “loan” to the Tribal official. The Tribal official accepted the “loan” and immediately sought to undermine the Tribe’s legitimate governing body and consolidate power to push the launch of the service. The facts demonstrate that the Great Luck associate provided the “loan” to influence (e.g., corrupt) the Tribal Government’s licensing and decision-making processes.

The Great Luck associate and Tribal official likely understood the “loan” was intended to influence official Tribal business. The Tribe has the ultimate governmental authority to authorize gaming activities on its land and decide whether to launch new gaming activities in its own name. The Great Luck associate was aware of the Tribe’s governmental authority. The Tribe has carried out many official government actions over the course of the Tribe’s approximately two-year relationship with Great Luck, including the Tribe’s decision not to launch the service prior to completion of required licensing determinations. The Great Luck associate chose to provide the “loan” to the Tribal official to force the service’s launch. In accordance with the Great Luck associate’s scheme, the Tribal official immediately sought to force the launch by unilaterally attempting to reorganize the Tribal government and firing the Tribal Gaming Commission.

The Great Luck associate corruptly provided and Tribal official corruptly accepted something of value, i.e., the “loan”, intended to influence official Tribal business, i.e., the launch authorization. As such, the Great Luck associate and Tribal official likely violated federal law and now could face federal fines and/or imprisonment of up to 10 years if indicted and convicted.

## **Conclusion**

Although the Great Luck associate and Tribal official likely broke federal anti-bribery laws, the Tribe’s recourse is indirect. The Tribe will need to alert and rely on federal authorities to prosecute the matter.

If the Tribe would like the federal government to prosecute the matter, the Tribe should do the following to increase the likelihood of federal action:

- Discuss the matter with State officials and request that the State support federal prosecution of the Great Luck associate and Tribal official for corrupting tribal government gaming in California; and
- Discuss the matter with federal officials, making certain to emphasize that the Great Luck associate’s corrupt actions greatly endanger the safety and sanctity of tribal government gaming.

Please contact me if you have any questions.