

July 17, 2017

Attorney General Jeff Sessions  
Office of the Attorney General  
United States Department of Justice  
950 Pennsylvania Avenue  
Washington, DC 20530-0001

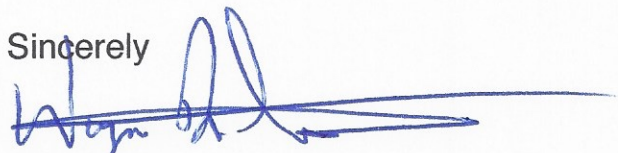
Re: Alturas Indian Rancheria Marijuana Cultivation and Distribution. Your assigned ID # 3791891

Honorable Attorney General Sessions:

Nearly six months ago, I wrote you concerning a large scale marijuana cultivation and distribution business being operated by two individuals on the Federal land of the Alturas Indian Rancheria ("Tribe"). (Letter attached) Other than a pro forma letter acknowledging receipt of my letter from your Office, I have not heard from your Office nor am I aware of any effort to close this clear cut violation of the Controlled Substance Act. The marijuana cultivation and distribution continues on a scale so far beyond anything "authorized" under State law and of a scope so massive that it is difficult to understand why it is being allowed to continue to operate.

Last Friday, we received a letter from the Department of Treasury indicating that the drug plant was still operating. (See attached letter to Phillip Ferrari.) This is confirmation by two sworn peace officers that violations of the Controlled Substance Act are continuing and I trust, as is their duty when witnessing such a crime, that it has been reported to your Office. I think you are a man of your word and when you said that you believed in the rule of law that you will enforce the law and close this drug plant very soon.

Sincerely



Wayne R. Smith  
Tribal Administrator

Phillip Ferrari, Executive Assistant United States Attorney  
Jon R. Black, Special Agent, USDOJ Drug Enforcement Administration  
Mike Poindexter, Sheriff of Modoc County

February 13, 2017

Attorney General Jeff Sessions  
Office of the Attorney General  
United States Department of Justice  
950 Pennsylvania Avenue  
Washington, DC 20530-0001

Re: Alturas Indian Rancheria Marijuana Cultivation and Distribution

Honorable Attorney General Sessions:

It is my great pleasure to congratulate you on your appointment and confirmation to the position of Attorney General of the United States of America. I have every confidence that given your professional record and commitment to the rule of law that the United States Department of Justice will once again enforce the laws of these United States. I call your attention to a drug case so egregious that your Office simply must be compelled to enforce federal drug and financial laws, close the facility and bring those responsible to justice.

By way of introduction, I was the Chief Deputy Attorney General/Chief of Staff to California Attorney General Dan Lungren. Dan worked with you both through the National Association of Attorneys General as well as in Congress. Dan has assured me that you are a man of the highest integrity and firmly committed to the rule of law. He also asked that I relay his congratulations and wish you all the best in your new role as the Attorney General.

I am contacting you in hopes that, unlike your predecessors in the previous Administration, you will enforce federal marijuana laws on federal lands. The case I am bringing to your attention is not a case that involves a small amount of marijuana, nor one that is in compliance with State marijuana laws, rather, it is one where the cultivation is within a twenty thousand square foot indoor hydroponic facility that provides for the growing of tens of thousands of marijuana plants. This facility produces and distributes tons of marijuana on an annual basis, none of which is for medical purposes, rather, it is sold "on the street" to whomever has the cash to purchase the drug.

Neither the principles of federalism nor a discussion of the issues the Court identified in *US v Marin Alliance* are in anyway germane to this matter. The undisputed facts are that this facility is on federal land, operated completely outside the parameters of California's Compassionate Care Act, as well as the State's recently enacted allowance for the use of marijuana for recreational

purposes. Furthermore, this facility is far from compliant with the "Cole Memorandum" issued by your predecessor, even if you were to consider that flawed policy directive. The cultivation and distribution of marijuana at and from this facility has nothing to do with compassionate care or personal recreational use, it is for one purpose and one purpose only - the sale of marijuana to anyone that has the money to purchase the drug - all for personal profit.

The history of this case began nearly three years and I will not recite all the pertinent facts in this letter. Briefly stated, this large scale marijuana cultivation and distribution operation was designed by a California attorney, John Peebles, financed by a Canadian citizen, Jerry Montour, and operated by two individuals, Darren Rose and Phillip Del Rosa. Obviously, there are many other individuals involved, but these are the four principals involved in the design and operation of this facility. The plant is located on the reservation of a federally recognized Indian tribe, the Alturas Indian Rancheria ("Tribe"), but it has never been an enterprise authorized by the Tribe. In fact, the Tribe is vehemently opposed to the illegal drug operation.

The facility came to the attention of the Tribe in the spring of 2015, which resulted in communication with the Office of the United States Attorney for the Eastern District here in California. In May of that year, Executive Assistant United States Attorney, Phillip A. Ferrari, issued a letter to the Tribe informing it that his Office was aware that the cultivation and distribution of marijuana was occurring on the Tribe's land and that "...so long as marijuana remains illegal under federal law, those who cultivate and/or distribute it risk federal enforcement action, including criminal prosecution." However, in spite of the warning from Mr. Ferrari, as well as several other similar letters from him, Messrs. Rose and Del Rosa did not cease their operation. In July of 2015 a warrant was issued, a raid ensued and the drug plant was temporarily closed, but no arrests were made in spite of the fact that thousands of plants were confiscated.

A few short months after the raid, members of the Tribe became aware that the facility had recommenced operation and relayed this fact to the Sheriff and to Mr. Ferrari. In spite of the warning from Mr. Ferrari and the federal action to close the marijuana operation, Messrs. Rose and Del Rosa recommenced the cultivation and distribution stating to several individuals "we don't care what the Feds think, there is way too much money to be made to give in to their threats". Even more astonishing, the recommencement of their cultivation and distribution operation was done after they assured federal authorities, including Mr. Ferrari, that the facility was no longer cultivating marijuana. They lied to federal law enforcement officers. To this date, Messrs. Rose and Del Rosa continue to grow and distribute marijuana on a scale unheard of in California and perhaps anywhere in the United States. California medical marijuana advocates have

condemned the facility, Tribal members are vehemently opposed to its operation, the US Attorney's Office continues to warn Messrs. Rose and Del Rosa that the facility is illegal under federal law, the Sheriff wants to close the facility, but has no jurisdiction on federal land, and the cultivation and distribution of marijuana on a scale that would make "El Chapo" Guzman proud continues to flood the streets with marijuana.

Mr. Attorney General, the facts of this case are so egregious that they cry out for enforcement of federal law. This is not a case of the application of federal marijuana law in a state where the people of that state have decided that within certain limited parameters the possession and use of the drug is permissible, rather, it is an operation so far outside even the State's parameters that it simply must be terminated and those responsible brought to justice. This facility is on federal land, not fee land, and is operated pursuant to the same motivation of the drug cartels - personal profit. It is on an enormous scale, tens of thousands of plants and tons of marijuana, sold to anyone with the cash to purchase the drug. If there was ever a "poster operation" for what will not be tolerated by your Office this is it.

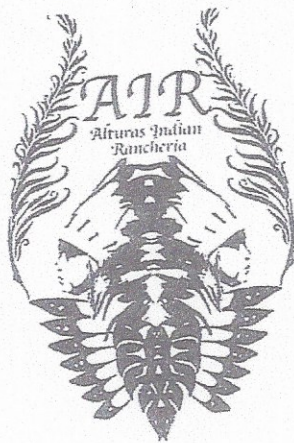
The Tribe's attorney, the former US Attorney for the Eastern District, McGregor Scott, has prepared a detailed forensic audit of the Tribe's financial history that clearly demonstrates the tax fraud, tax evasion, wire fraud, mail fraud and money laundering committed by Messrs. Rose and Del Rosa. The DEA, US Attorney and Sheriff have a substantial amount of evidence accumulated to prosecute this case. I also offer the full cooperation and assistance of the Tribe for testimony and any further documentation you deem necessary. I look forward to hearing from you and have every confidence that you will follow the rule of law and bring this massive drug operation to a close and bring those responsible to justice. A drug facility of this magnitude located on federal land and operated by individuals that have lied to and mislead federal law enforcement officials simply can not be tolerated.

Sincerely

A handwritten signature in blue ink, appearing to read "Wayne R. Smith", with a long horizontal flourish extending to the right.

Wayne R. Smith  
Tribal Administrator

Mike Poindexter, Sheriff of Modoc County  
Phillip Ferrari, Executive Assistant United States Attorney  
Jon R. Black, Special Agent, USDOJ Drug Enforcement Administration  
Amy Dutschke, Pacific Regional Director, Bureau of Indian Affairs



February 7, 2017

Phillip A Ferrari  
Executive Assistant United States Attorney  
U.S. Department of Justice  
United States Attorney  
Eastern District of California  
501 B Street, Suite 10-100  
Sacramento, CA 95814

Re: Alturas Indian Rancheria ("Tribe")

Dear Mr. Ferrari:

While I understand that your Office is continuing its investigation of the illegal marijuana cultivation and distribution business operated on the Tribe's lands in Alturas, CA., by Darren Rose and Phillip Del Rosa, I must express my frustration over the fact that in spite of your knowledge of this illegal drug business, marijuana continues to be grown, harvested and sold "on the street". I do not mean to be disrespectful, but I can not understand how this clearly illegal drug business is allowed to continue to operate.

While it is not directly relevant to the legality of the marijuana operation, as I have stated on numerous occasions, the illegal marijuana cultivation and distribution business operated by Messrs. Rose and Del Rosa is **not** a Tribal business. Wayne Smith previously sent you a recent decision issued by the Regional Director of the Bureau of Indian Affairs reaffirming the federal government's position that the Tribe has no recognized government. Accordingly, it is impossible for Messrs. Rose and Del Rosa to submit that their private criminal drug enterprise is anything but a private criminal drug enterprise owned and operated by the two of them for their personal financial gain.

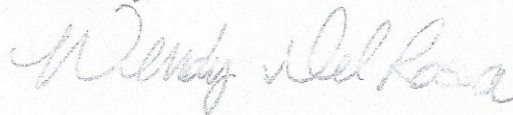
You may also be aware that in a separate civil proceeding, Jerry Montour, (and other corporations) v John Peebles, (his law firm and Does), Sacramento Superior Court #34-2016-00199029, some interesting documents have been discovered that fill in some of the factual beginnings of this criminal enterprise. For example, the attorney billing statements demonstrate that Mr. Peebles and

Darren Rose met to discuss the commencement of the operation in the summer of 2014, and numerous times thereafter, prior to our knowledge of their criminal plan. There is also an agreement that Messrs. Rose and Del Rosa executed that sold Tribal property for their personal gain and allowed for them to receive hundreds of thousands of dollars from their partners as an incentive to commence the drug business. Additionally, some of the admissions of Mr. Peebles clearly demonstrate that all three of them knew the marijuana business they were contemplating was illegal under federal law.

Phillip, this criminal enterprise has been allowed to flourish even after your Office raided the operation nearly a year and a half ago. Immediately following the closure of the drug operation by law enforcement agencies in July 2015, Messrs. Rose and Del Rosa recommenced operation and continue to grow and sell large quantities of marijuana, not only illegal under federal law, but illegal under California law. It is my understanding from a witness that I have spoken with that the current hydroponic tent contains approximately 10,000 plants and that they harvest and distribute bi-weekly. It is beyond my comprehension to understand why this undoubtedly criminal enterprise is allowed to operate by your office. Besides the violations of federal drug laws, Messrs. Rose and Del Rosa have engaged in a long term practice of tax fraud, tax evasion, wire fraud, mail fraud, as well as numerous other financial crimes.

I am aware that we will have a new Attorney General before the end of the week and I truly hope that Attorney General Sessions will enforce federal drug laws, especially ones as egregious as this one. If I can be of any further assistance or should you have any questions regarding the current status of the Tribe and its opposition to Messrs. Rose and Del Rosa's private criminal drug enterprise, please feel free to contact me or Wayne Smith.

Sincerely,



Wendy Del Rosa  
Co-Chair & Secretary/Treasurer  
Alturas Indian Rancheria  
530 310-3198  
[wdelrosa@aol.com](mailto:wdelrosa@aol.com)

Mike Poindexter, Modoc County Sheriff  
Attorney General Jeff Sessions (with attachments)





U.S. Department of Justice

Mail Referral Unit

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Washington, D.C. 20530

February 28, 2017

Wayne R. Smith  
1550 Ridgemore Drive  
Meadow Vista, CA 95722-9373

Dear Friend:

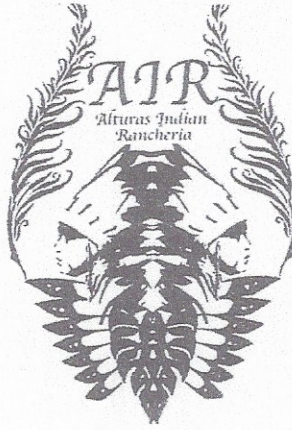
Thank you for your letter dated February 13, 2017 to the Attorney General, Deputy Attorney General, or Associate Attorney General, which was received by the Department of Justice, Mail Referral Unit, on February 28, 2017 and assigned ID number 3791891.

Your letter will be reviewed and if a response or an update is necessary it will be sent to you within 60 business days. If you have any questions, please contact us at (301) 583-7350 and refer to your ID number 3791891 when requesting any information concerning your correspondence.

Sincerely,

Mail Referral Unit  
Department of Justice





July 17, 2017

Phillip A Ferrari  
Executive Assistant United States Attorney  
U.S. Department of Justice  
United States Attorney  
Eastern District of California  
501 B Street, Suite 10-100  
Sacramento, CA 95814

Re: Alturas Indian Rancheria ("Tribe")

Dear Mr. Ferrari:

On July 13, 2017, the Department of Treasury issued the attached Notice of Violations ("Notice") indicating that the illegal marijuana cultivation and distribution business, operated by Darren Rose and Phillip Del Rosa on the Federal land of the Tribe, continues to date. (See #2 of attached Notice) As you are aware, subsequent to the closure of this illegal drug operation in July 2012, by Federal and State law enforcement agencies, Messrs. Rose and Del Rosa recommenced the operation. This Notice issued after two sworn officers from the Department of Treasury personally witnessed the operation.

This evidence from Federal law enforcement officers that the marijuana cultivation and distribution operation is indeed currently active, is in addition to the statements of two participate witnesses to the money laundering crimes, statements that both individuals are willing to provide to law enforcement officials either by sworn affidavits or testimony. While I understand that Messrs. Rose and Del Rosa have personally assured you that they are no longer engaged in the cultivation and distribution of marijuana on and from federal land, but the fact is that they lied to you. Now that Federal law enforcement officers have witnessed clear violations of Federal drug laws, one that I have been bringing to your attention for several years, what does your Office intend to do about the criminal violations? It is truly perplexing and deeply disturbing that this illegal drug operation is allowed to operate with impunity.

While I was encouraged when I heard Attorney General Sessions state earlier this year that the rule of law would be enforced, especially as it related to drug crimes, but seven months have passed since he took office and this well known and blatant violation of Federal and State laws continues. I would appreciate someone explaining to me why violations of this magnitude of the Controlled Substance Act, as well as a variety of financial crimes, are allowed to continue for years, especially now that you have confirmation from Federal law enforcement officers of these crimes.

Sincerely,



Wendy Del Rosa  
Co-Chair & Secretary/Treasurer  
Alturas Indian Rancheria  
530 310-3198  
[wdelelrosa@aol.com](mailto:wdelelrosa@aol.com)

Attorney General Jeff Sessions  
Jon Black, USDOJ, DEA  
Mike Poindexter, Modoc County Sheriff  
Congressman Doug LaMalfa



DEPARTMENT OF THE TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU  
WESTERN II FIELD OFFICE  
5050 NE State Hwy 303 #103, PMB #206  
Bremerton, WA. 98311  
7/13/2017

Azuma Corporation  
920 B County Road 56  
Alturas, California 96101

2017-2WEJW036  
TP-CA-15012  
EIN: 35-2304073

**NOTICE OF VIOLATIONS**

Messrs. Philip Del Rosa, Darren Rose and Ms. Wendy Del Rosa:

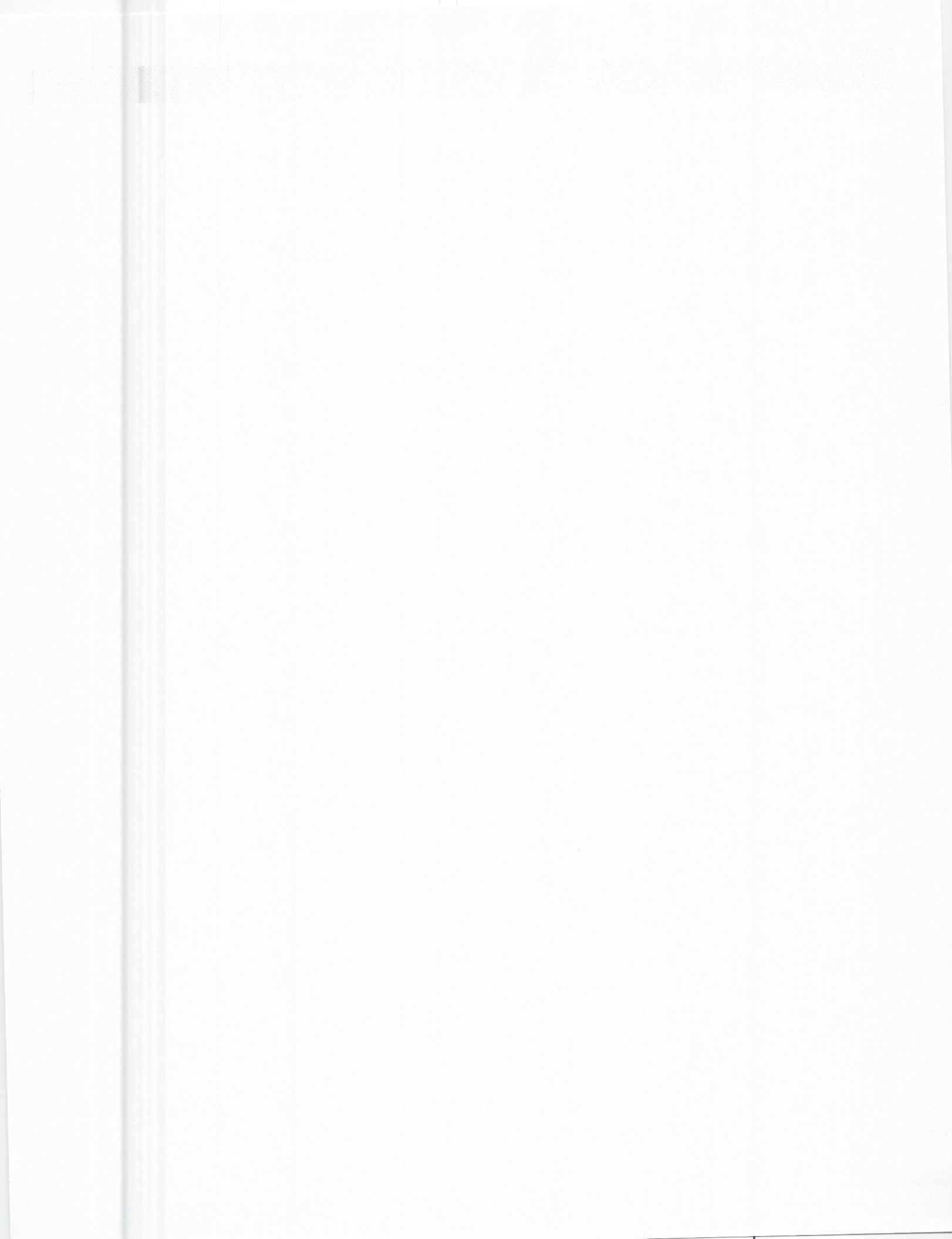
The Alcohol and Tobacco Tax and Trade Bureau (TTB) recently conducted a Tax Investigation (Investigation) of Azuma Corporation's (Azuma) manufacturer of tobacco products operations. The Investigation disclosed the violations noted below.

**Summary of Violations:**

No.	Violation description / detail	Regulation / Law citations	Corrective Actions
1.	Azuma has not engaged in the manufacture of tobacco products since its Internal Revenue Code (IRC) permit was approved on May 22, 2008.	<b>27 CFR § 40.256 Minimum manufacturing and activity requirements.</b> The minimum manufacturing and activity requirement prescribed in § 40.61(c) of this part is a continuing condition of a manufacturer's permit, that is, a permit to manufacture tobacco products is conditioned upon a person's principal business activity being the manufacture of tobacco products. A permit may be suspended, and subsequently revoked, if the person's principal business activity under such permit is to receive or transfer tobacco products in bond, or if the person has no activity under such permit for a period of one year ...	Azuma is required to comply with 27 CFR Part 40 as a manufacturer of tobacco products.

2.

<p>Azuma failed to submit a written application to TTB, to conduct other business activities within its manufacturer of tobacco products factory, as required by 27 CFR § 40.47.</p> <p>The Investigation uncovered a marijuana growing operation at Azuma's manufacturer of tobacco products factory. The Investigation also uncovered that an Expo Center operated for a period of time, at Azuma's manufacturer of tobacco products factory, prior to the establishment of the marijuana growing operation. Both of these activities violated 27 CFR § 40.72.</p>	<p><b>27 CFR § 40.47 Other businesses within factory.</b> (a) General. The appropriate TTB officer may authorize such other businesses within the factory of a manufacturer of tobacco products as he finds will not jeopardize the revenue, will not hinder the effective administration of this part, and will not be contrary to law. A manufacturer of tobacco products who wishes to engage in another business within the factory must submit a written application to do so to the appropriate TTB officer. Except as otherwise provided in paragraph (b) of this section, a manufacturer of tobacco products may not engage in such other business until the application is approved by the appropriate TTB officer. The manufacturer must retain as part of its records any authorization provided under this section.</p> <p><b>27 CFR §40.72 Use of factory premises.</b> (a) General. Unless otherwise authorized by the appropriate TTB officer as provided in §40.47, the premises used by a manufacturer of tobacco products for his factory shall be used exclusively for the purposes of manufacturing and storing tobacco products; storing materials, equipment, and supplies related thereto or used or useful in the conduct of the business; and carrying on activities in connection with business of the manufacturer of tobacco products ...</p>	<p>Azuma is required to comply with 27 CFR Part 40 as a manufacturer of tobacco products.</p>
<p>3.</p> <p>Azuma failed to grant signature authority to a manager, as required by 27 CFR §40.68, prior to having him sign Federal Excise Tax Returns and TTB F 5210.5 Operation Reports. An unauthorized party was signing these forms on behalf of a corporate officer.</p> <p>The instructions for TTB F 5210.5 states who may sign the report: (1) An individual who has signature authority granted by the business documents that you filed for this permit; OR (2) An individual for whom you filed an ATF or TTB F 5000.8, Power of Attorney, that grants authority to sign this report.</p>	<p><b>27 CFR § 40.68 Power of attorney.</b> If the application for permit or any report, return, notice, schedule, or other document required to be executed is to be signed by an individual (including one of the partners for a partnership or one of the members of an association) as an attorney in fact for any person, or if an individual is to otherwise officially represent such person, power of attorney on TTB F 5000.8 shall be furnished to the appropriate TTB officer. (For power of attorney in connection with conference and practice requirements see 26 CFR 601.501 through 601.527.) Such power of attorney is not required for persons whose authority is furnished with the corporate documents as required by §40.63. TTB F 5000.8 does not have to be filed again with an appropriate TTB officer where such form has previously been submitted to that appropriate TTB officer and is still in effect.</p>	<p>Azuma is required to comply with 27 CFR § 40.68.</p>

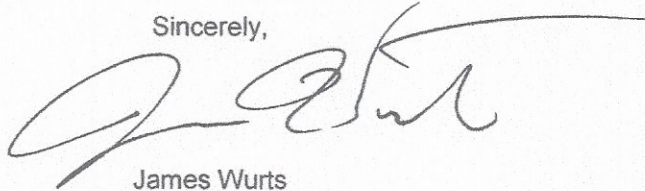


Within 14 days of receiving this letter, please sign and date the last page and attach your written response regarding each violation. We ask that you submit an explanation of why the violations occurred and what corrective actions you have taken.

Your IRC Permit as a tobacco manufacturer is conditioned upon your compliance with all Federal laws and regulations relating to tobacco operations. Failure to take prompt corrective actions described above or to comply with all Federal laws and regulations in the future may subject you to the full penalties provided by law. These violations will be reviewed by TTB management and may result in further administrative action.

If you have questions about this notice, or about any of the corrective actions described, or requirements of Federal laws and regulations, please contact me at (202) 631-4990 or [james.wurts@ttb.gov](mailto:james.wurts@ttb.gov).

Sincerely,



James Wurts  
Investigator

On behalf of **Azuma Corporation**, I hereby acknowledge receipt of this letter.

\_\_\_\_\_  
Signature / Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Print name)