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Cloverdale land sale fuels casino speculation

'What else could it be?' city official says of \$8.25 million deal

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THE PRESS DEMOCRAT

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A long-stalled casino proposal in Cloverdale appears to be moving forward with the purchase of 25 acres by a company associated with the local Pomo Indian tribe.

A Delaware-based company has agreed to pay \$8.25 million -- almost triple the estimated market value for the property -- fueling speculation that it will be for a casino site.

The company buying the property, Amanos LLC, is linked to an Alaskan tribal consortium that has helped finance at least one other casino in California.

The land, which abuts Cloverdale's southeastern city limits, has been optioned previously by separate tribes for a possible casino site. When Amanos -- Sonoma spelled backward -- bought the property at an inflated price, it set off alarm bells.

"There's no way they would pay that without an intention for a casino. It doesn't make any financial sense," former Cloverdale city manager Vince Long said Wednesday.

"What else could it be?" said City Councilman Bob Jehn.

Amanos officials declined to talk about the purchase and referred inquiries to the Cloverdale Rancheria, one of the tribal factions seeking to build a casino.

A spokesman for the Cloverdale Rancheria said the tribe was not willing to talk about its plans until next week.

There have been rumors that the \$8.25 million property purchase and the development of the casino is being financed with the help of Alaskan Indians.

That appeared to gain some credence when a reporter's inquiries to Amanos officials were initially referred to Bill Strafford, who served from 1999 through 2006 as executive vice-president and chief financial officer for Sealaska, a Juneau-based Alaska Native regional corporation.

Strafford, who did not return phone calls to The Press Democrat, was named last year to lead an investment initiative over the next five years to increase the corporation's net revenues, according to a Sealaska press release.

Sealaska representatives did not return calls Wednesday seeking comment.

Since it was created in 1971 under the Alaska Native Claims Settlement Act, Sealaska has been a major economic engine in Southeast Alaska, where its 16,500 mainly Tlingit, Haida and Tsimshain shareholders reside.

Sealaska's major source of revenue comes from timber harvesting on almost 900,000 acres it owns in Alaska. But it is also involved in other business ventures ranging from manufacturing to telecommunications and entertainment.



One of those ventures includes a \$14.7 million investment Sealaska made in the Valley View casino run by the San Pasqual Band of Mission Indians in San Diego, which opened in 2001.

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By 2003, Sealaska said its original investment in the casino had been recouped along with more than \$7 million in management fees and interest.

"We've been looking at opportunities in Indian gaming for some time now," a company official said at the time. "It's part of our strategic plan, and this was our first venture into it."

The prospect of Alaskan Indians helping to finance a Cloverdale casino took city officials by surprise this week.

"What the heck is going on? An Alaskan tribe interested in Cloverdale? What are the rules here?" said Jehn.

Cloverdale City officials in the late 1990s were receptive to the possibility of a casino when it was first proposed by the Cloverdale Rancheria off Santana Road.

But that changed after tribal factions quarreled, resulting in two separate casinos proposed at the southern edge of town.

Last year, two City Council members, Joe Palla and Carol Russell, ran on strong anticasinio platforms and there now appears to be a majority on the council leaning against the idea of a casino in Cloverdale.

The 400-member Cloverdale Rancheria began pursuing plans at the end of the 1990s for a Las Vegas-style gaming facility on 12 acres owned by heirs of John Santana, a Pomo elder and former postmaster who died in 2000.

The land was in federal trust, a regulatory prerequisite, and City Council members expressed openness to entering into an agreement with the tribe for sewer and water.

The last hurdle was a gaming compact with then-Gov. Gray Davis, who had granted a pact with a Geyserville tribe that built River Rock Casino about 10 miles away.

But the Cloverdale plans broke down in an argument among tribal members over how much money the tribe should pay the Santanas for use of the land.

The Santana family heirs then entered into a partnership with a Hopland tribe that owns Shokawa casino, along with the Blue Lake Rancheria, which runs a casino in Humboldt County.

In 2005, the group presented plans to build a \$70 million, 1,700-slot gaming hall on the land fronting Highway 101.

The Cloverdale Rancheria, meanwhile, said it was going ahead with plans for a casino on 13 acres that was part of land for a destination resort and golf course being developed by Tyris Corp.

The competing casino plans engendered strong opposition from some Cloverdale residents who collected about 2,600 signatures against a casino in the city of 8,500 population.

Both casino proposals have languished in the past two years and face a number of regulatory hurdles including obtaining a gaming compact from the governor and gaining approval from the U.S. Department of the Interior.

And earlier this year, the Cloverdale Rancheria's option ran out on the Tyris property.

Steve Gallenson, a Cloverdale attorney active in a coalition to stop the casino, said the recent property transaction shows new life is being breathed into the casino proposal.

"They are definitely on the move," he said.

At one time both the Cloverdale Rancheria and the Hopland/Blue Lake faction had options to buy the 25 acres that changed hands on Nov. 8.

But those options expired and Amonos LLC bought it.

Santa Rosa attorney Burton Fohrman is listed as the agent of service for Amanos, but he declined comment.

Clayton Hayes, who owned the 25 acres before selling it to Amonos, said he was under a confidentiality agreement and could not discuss the deal.

The unincorporated 25 acres is zoned for rural residential density and currently has a house with horse pastures.

The property is designated for eventual annexation to the city with a light industrial designation.

That would be of little consequence, however, if the U.S. Department of the Interior were to approve the property as restored Indian lands and pave the way for a casino for the Cloverdale Rancheria.

Meanwhile Cloverdale City Council members say they want to revisit the city's policy toward a casino.

"The city needs to take a position on the casino," said Mayor Gus Wolter. "Do we want to support it or find another place for it?"

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