

RESERVATION REPORT

A Monthly Media Letter Regarding American Indian Policies

Published by New Century Communications, at P.O. Box 277 Reedville, VA, 22539

Volume 5, Number 5

February 2006

Capital Hill Scandals Aren't Jack Abramoff's Fault

Before the duck, dodge and deny brigade - that dominates the U.S. Congress whenever the Members' scandalous behavior is in the limelight - succeeds in tarring Washington, D.C.'s legislative lobbying industry with all the blame, let it not be assumed that most of the improper activities with Indian casino money would have taken place without the full connivance of both the Indian tribal leaders and some of the nation's elected lawmakers.

The black-hat & black-coat-groomed manipulator-negotiator-and-deceiver Jack Abramoff did exactly what high paid legislative agents are tempted to do all the time - and sometimes, readily succumb to doing - when there are so many eager, even greedy, "takers" needing political reelection campaign cash from even more eager, greedy and often generous "givers."

Similarly, though of course with the noblest intentions, Senate Indian Affairs Committee Chairman John McCain (R-AZ) now sees great urgency in the need to clamp down on the excesses of Indian casino proliferation and Indian political spending for fancy-priced lobbying ventures. It was, after all, an intended flaw in the vaunted McCain-Feingold campaign finance reform law of 2002 that made possible the Federal Election Commission's eventual "most-favored contributor" provision for Indian tribes - an exception denied to all others - allowing reservation Indian leaders to spend tens of millions of dollars on questionable political campaign contributions and projects, including the undercutting of other tribes with competitive casinos.

Shortly after enactment of McCain-Feingold, Senator McCain acknowledged to the media in Boston that granting the Federal Election Commission the authority to provide a loophole that enabled Indian tribes and their lobbyists to contribute liberally to political campaigns, almost without any spending restraints, under the umbrella of the deceptively named, "campaign finance reform act," was a regrettable oversight.

Even more egregious is and was the fact that the same Act, signed into law by President George W. Bush, perhaps reluctantly, also ordained the denial of much free speech critical of candidates in the final weeks leading to an election. This denial applies to organized voter groups with virtually any political agenda, such as labor unions, business associations, civic and church activist groups, etc.

Only now, over three years later, are federal courts finally discovering that McCain-Feingold may actually violate the Constitution along with all the other good and expressed intentions of our nation's founding fathers. Of course, at the time of enactment, many Americans were already protesting Congressional haste in approving such an intrusive federal election law but the "politically correct" advocates and frightened politicians had no patience for those concerns.

It remains to be seen whether all of the furor involved, in what might better be described as the McCain-Feingold-Federal Election Commission-Indian tribes-Abramoff lobbying scandals, lead to any momentous convictions of Members or staff personnel of the Legislative or Executive branches of the federal government. More important, will indictments be sought against the right individuals for the right reasons? Or will the American public be mollified by some carelessly crafted "reforms" which will allow a return to even more money scandals later on?

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MANY GOP LINKS TO ABRAMOFF LOBBYING BUT – DEMS NOT FAR BEHIND – Some media accounts, along with Democratic Party Chairman Howard Dean, tend to claim the biggest lobbying investigation in Washington in several decades finds only Republicans guilty by association with Jack Abramoff's generous campaign contributions. Dean actually told an NBC "TODAY" show audience that Democrats were not tainted by a single cent of Jack Abramoff's Indian largesse. Nothing could be further from the truth.

Just about every American who reads, hears or watches the news, recognizes that a host of Republican Members of the House and Senate and some figures on the White House staff have been tainted by suggestions that they may be "under investigation," "under suspicion" or "persons of interest" in the Justice Department/FBI probe. RESERVATION REPORT has never hesitated to note GOP and Democrat links to the scandal. Some evidence turned up by Indian Affairs Committee Chairman John McCain's (R-AZ) examination in the past year had already found both parties to be involved. **So what about Dean's "pure as the driven snow" take on Democrat lawmakers? As a fair defense, GOP National Committee researchers compiled this report:**

NOTE: The Abramoff-Associated Indian Tribes are the Agua Caliente Band of Cahuilla Indians, Chitimacha Tribe of Louisiana, Mississippi Band of Choctaw Indians, Saginaw Chippewa Indian Tribe of Michigan and the Tigwa Indian Reservation from 1997 to 2004

What Is An "Abramoff Democrat"?

Senate Minority Leader Harry Reid (D-NV): "Law-Enforcement Authorities And Others Said The (Abramoff) Investigation's Opening Phase Is Scrutinizing ... Minority Leader Harry Reid, Nevada Democrat ..." (Jerry Seper and Audrey Hudson, "Abramoff- Linked Probe Focuses On 5 Lawmakers," The Washington Times, 1/11/06)

-- "(A)bramoff Did Hire As One Of His Lobbyists Edward P. Ayoob, A Veteran Reid Legislative Aide. Manley Acknowledged That Ayoob Helped Raise Campaign Money For His Former Boss. Lawyers Close To The Abramoff Operation Said That Ayoob Held A Fundraising Reception For Reid At Greenberg Traurig's Offices Here." (Jeffrey H. Birnbaum and Derek Willis, "Democrats Also Got Tribal Donations," The Washington Post, 6/3/05)

Sen. Byron Dorgan (D-ND): "Law-Enforcement Authorities And Others Said The (Abramoff) Investigation's Opening Phase Is Scrutinizing ... Byron L. Dorgan, North Dakota Democrat ..." (Jerry Seper and Audrey Hudson, "Abramoff-Linked Probe Focuses On 5 Lawmakers," The Washington Times, 1/11/06) -- "Republicans Weren't The Only Guests In The Skybox: Senator Byron L. Dorgan (D-N.D.), Now The Top Democrat On The Indian Affairs Panel, Held A Fund-Raiser In The Abramoff-Controlled MCI Center Skybox In 2001." (Eamon Javers and Lee Walczak, "'Fear And Loathing' Among The GOP," BusinessWeek Online, 4/25/05) -- "Dorgan Met With The Tribe's Representatives And Collected At Least \$11,500 In Political Donations From Abramoff Partner Michael D. Smith, Who Was Representing The Mashpee, Around The Time He Helped Craft The Legislation, According To Interviews And Documents Obtained By The Associated Press." (John Solomon and Sharon Theimer, "Abramoff Investigator Used Lobbyist's Skybox, Helped Client," The Associated Press, 12/1/05)

Sen. Tom Harkin (D-IA): "(T)wice Used Abramoff's Skybox For Fundraisers - Once In 2002 And Again In 2003 - Without Reimbursing. He Also Collected \$17,000 From Smith And Other Abramoff-Related Sources In 2003. The Sac & Fox Gave \$4,000 More To Harkin In 2004, About Six Months After The Federal Government Allowed The Tribe's Casino To Reopen." (Sharon Theimer, "Lobbyist Helped Sen. Write Tribal Pleas," The Associated Press, 12/3/05)

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WHAT IS AN “ABRAMOFF DEMOCRAT”? - (Continued from Page 2) - **Reps. James Clyburn (D-SC) And Bennie Thompson (D-MS):** "The Records State (Jack Abramoff's Firm) Preston Gates Paid Hotel And Airfare For (Rep. Bennie) Thompson (D-MS) And (Rep. James) Clyburn (D-SC) For Travel To The Island In January 1997. The Two Lawmakers Filed Reports To Congress Saying A Private, Nonprofit Group, Not Abramoff's Firm, Paid The Travel." (Larry Margasak and Sharon Theimer, "AP: Lobbyist Paid For Lawmakers Travel," The Associated Press, 5/3/05)

Sen. Blanche Lincoln (D-AR): "Two Members Of Abramoff's Lobbying Team - Ron Platt And Eddie Ayoob (Former Reid Staffer) - Presented The \$2,000 (Check From The Mississippi Choctaw's) To Lincoln At A June 2004 Fundraising Luncheon In Washington ..." (Paul Barton, "Convicted Lobbyist Donated To Campaigns Of 2 Arkansans," Arkansas Democrat-Gazette, 1/5/06)

Sen. Debbie Stabenow (D-MI): "Stabenow Got \$2,000 From The Saginaw (Tribe In Michigan) In March 2002, Around The Time (Sen. Conrad) Burns' Sent His First Letter Requested By The Michigan Lawmakers. She Later Thanked Burns In A Senate Speech For His Help. She Received \$2,000 More From The Saginaw About Six Months After Her 2003 Letter." (Sharon Theimer, "Lawmakers Helped Abramoff Tribes Get Federal Money, Collected Donations," The Associated Press, 11/25/05)

The Democratic National Committee's Jack Abramoff Affiliated Money:

DNC Has Received \$177,273 In Abramoff Affiliated Money. (Political Money Line Website, <http://www.tray.com>, Accessed 1/4/06)

-- DNC Has Received \$112,073 From Abramoff Affiliated Lobbying Firms. (Political Money Line Website, <http://www.tray.com>, Accessed 1/4/06)

-- DNC Has Received \$65,200 From Abramoff Affiliated Indian Tribes. (Political Money Line Website, <http://www.tray.com>, Accessed 1/4/06)

Abramoff Connected Lobbying Firms and Tribes: Money to the DNC

2002 - GREENBERG TRAUIG: DNC -- \$21,250

2004 - GREENBERG TRAUIG: DNC -- \$76,323

2000 - PRESTON GATES: DNC -- \$14,500

2000 - AGUA CALIENTE BAND OF CAHUILLA INDIANS: DNC -- \$10,000

2002 - AGUA CALIENTE BAND OF CAHUILLA INDIANS: DNC -- \$15,000

2004 - AGUA CALIENTE BAND OF CAHUILLA INDIANS: DNC -- \$25,000

2000 - CHEROKEE NATION ENTERPRISES: DNC -- \$200

2004 - MISSISSIPPI BAND OF CHOCTAW INDIANS: DNC -- \$15,000

WASHINGTON POST EDITORS URGE WHITE HOUSE-ABRAMOFF DISCLOSURE –

In a January 25th editorial, the Post noted that lobbyist Jack Abramoff had raised at least \$100,000 for President George W. Bush's 2004 re-election campaign. RESERVATION REPORT, during that campaign, noted allegations that up to One Million dollars of Indian casino money may have been channeled to Christian Coalition leader Ralph Reed to pass through Karl Rove to national Republican campaign coffers. What appears to be the Post's genuine concern with White House transparency in regard to Abramoff's activities will be stronger when they publish a February 9th Associated Press report that uncovered four personal letters from Senate Democratic leader Harry Reid (D-NV) and numerous dealings by his staff with Abramoff's aides regarding tribes and casinos represented by him. AP noted that Reid received \$68,000 from Abramoff's clients despite his repeated televised assertions that "I never even met the man" as his claim to innocence.

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“ELIMINATE RESERVATION POVERTY BY ELIMINATING RESERVATIONS” –

This is the recommendation of author and historian John J. Miller in an analytical Wall Street Journal editorial page commentary January 27, 2006. He pulled no punches as he described the degradation, poverty and abject hopelessness of so many American Indian reservations throughout the nation.

Miller’s comments followed, though of course coincidentally, the January ’06 *RESERVATION REPORT* account from Minnesota Indian newspaper Editor-Publisher Bill Lawrence in which the Bemidji, MN, resident described his findings and conclusions after touring a number of reservations throughout the West as well as in his own state.

Wrote Miller: “In the American imagination, grinding poverty is often a picture of urban slums full of broken families, abandoned apartments and back-alley drug deals. But an equally valid portrait might focus on the rural squalor of the rez. Of the 10 poorest counties in the U.S., seven of them are contained wholly or largely on reservations in Arizona, North Dakota and South Dakota.”

He adds: Despite a defense offered by “victimologists” that this is because the mean, old U.S.A. gave Indians the poorest possible land for reservations, that suggestion is belied by the example of Buffalo County in South Dakota – the nation’s absolute poorest county – where “2,000 people live”, where “more than 30% of the homes are headed by women without husbands” and where “the median household income is less than \$13,000” and “the unemployment rate is sky high.”

Yet, “to the east of Buffalo County lies Jerauld County, which is similar in size and population” where “only 6% of its homes are headed by women without husbands, the median household income is more than \$30,000, and the unemployment rate hovers around 3%. The fundamental difference between these two counties”: Crow Creek Indian Reservation is in Buffalo County and is a “pocket of poverty in a land of plenty.”

Miller, like Lawrence, argues that reservation Indians would be better off if they owned a piece of the land and their own homes instead of being entitled only to communal sharing. He failed to make note that 80% of American Indians live and work off reservations and are part of the assimilated mainstream of U.S. life – many of them doing quite well, thank you America.

But Miller does not miss a beat when he describes the infatuation of Indian tribal leaders for their “sovereign” status as independent nations but still enjoying annual education, health and welfare appropriations from U.S. taxpayers, benefiting from full U.S. citizenship and...when off the reservation at least...the full protection of the laws that serve our nation.

The Census reports that intermarriage between Indians and those who are not is widespread and “pervasive” with “more than half of all Indians” now in such unions. Miller says racial purists in the tribes see such mixed marriages as a kind of “ethnic cleansing” tragedy even if it is “based on love rather than hate.”

Then he asserts: “the real tragedy is that reservations, as collectivist enclaves within a capitalist society, have beaten down their inhabitants with brute force rather than lifting them up with opportunity. As their economies have withered, other social pathologies have taken root: Indians are distressingly prone to crime, alcoholism and suicide....About 60% of Indian children are born out of wedlock....Indian kids are perhaps five times as likely as white ones to live in some form of foster care. Their schools are depressingly bad.”

Miller sees little likelihood that casino profits will have much long-term impact on the lives and livelihoods of reservation Indians. His conclusion: Lobbying reforms won’t do Indians much good. “The Abramoff rip-off should be the least of their worries. The time has come to abolish reservations for the good of the people who live on them.

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GOVERNMENT’S PACT WITH INDIAN CASINOS MAY BE – “A License to Steal!” -

John Samples, Director of the Center for Representative Government, wrote in a recent commentary: “Under the 1988 Indian Gaming Regulatory Act (IGRA) Native American tribes must enter compacts with a state government to start a casino. This licensing itself hobbles entry into the market, thereby reducing competition and boosting profits. The compacts also require tribes to give some of their revenues to their partner, the state government. Indian gambling is thus a private-public partnership in which state governments have an interest in maximizing their profits.... State governments have done well,” garnering hundreds of millions of dollars in recent years.

Then Samples notes: “...(W)hat the state gives, it can also take away, and here is where Jack Abramoff enters.... Native Americans who own a casino may reasonably worry that government officials will demand a higher cut of the take, or revoke their license and give it to another tribe, or permit other tribes to enter the business in their region. Any of these actions would eliminate or greatly reduce the windfall profits that accompany limited entry into the business.

“To keep those fears from being realized, the owners of Indian casinos needed some juice. Jack Abramoff, until recently one of the top lobbyists in Washington, was the perfect candidate. The tribes' willingness to pay so much for his services indicates how excessive the profits are in an industry controlled by government fiat.

“Such government-created returns are corrupt by nature. By raising barriers to market entry, government fleeces its citizens. The resulting monopolies also induce people to take risks with ethics and the law, in the interest of preserving their unjustified status. The government-created monopoly of Indian gaming and Abramoff's shenanigans are two sides of the same coin. That's the real scandal we are in danger of missing in the Abramoff affair.”

CERA GROUP’S ANNUAL CONFERENCE IN D.C. TO BE HELD APRIL 30 – MAY 4

One of the oldest, most effective and respected of the many organizations throughout the nation which have been engaged in combating the shortcomings and scandals of Federal Indian Policy, deplorable reservation conditions as a result of tribalism, and the wild proliferation of federally-licensed Indian gambling casinos in recent years – the Citizen’s Equal Rights Alliance - will meet this spring in Washington, D.C.’s Holiday Inn Central on the dates specified.

The session this year is entitled “America’s Future: Constitutional Equality or Tribalism.” Featured will be two days of briefings on the major issues involved in coping with Indian affairs, and training sessions in organizational efforts to reach and inform Americans, especially those directly and adversely impacted by reservations and/or casinos, regarding their citizen and community civil and property rights and the means for defending them.

Subjects to be addressed, beyond Government Indian policies, will include: examination of Indian economic issues such as tax exempt businesses and banking institutions; national environmental policies with relation to Indian tribes; law enforcement conflicts on and around reservations; the pending Senate proposal to grant people claiming native Hawaiian blood to develop an unconstitutional, race-based, independent state; homeland security concerns; fee-to-trust land issues; state and tribal water conflicts; and, a review of U.S. Supreme Court Opinions.

Conferees will then participate in three days devoted to meetings on Capitol Hill and at numerous federal agencies with elected office-holders and their administrative staff, key executive branch department officials, leaders of other concerned national organizations and a number of media representatives.

For detailed information regarding hotel reservations and the full program schedule, the contact is Elaine Willman, Chairperson of CERA at (509) 865-6225 or toppin@aol.com.

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ARTICLE DESCRIBING “POT” SMUGGLING MISSES INDIAN POVERTY STORY –

The *Los Angeles Times* recently described yet another serious problem along the U.S.-Mexican border. They examined the issue of marijuana smuggling that wends its way to American streets through the poverty-ridden reservation of the Tohono O’odham Indian nation on the U.S. side. Up to no less than 200,000 pounds of marijuana is being intercepted annually on this one reservation, which suggests a great deal more must be reaching the street for sale throughout the southwestern United States and possibly further north and east.

The smuggled contraband is, for many young Indians and their families, at least until they are apprehended, jailed and convicted, their only source of significant income. Interesting as the report was, opportunity for what may be an even better one was indicated by the language used in paragraph five as it appeared when reprinted in the *Albuquerque Journal* of January 29th.

It read: “While Indian tribes in other places have hit the jackpot with a lucrative gaming trade, the Tohonos’ casino in Tucson has generated little revenue for the reservation residents and 50 percent still live in poverty, more than 40 percent are unemployed and misery abounds. Young people see little in their futures.” In a sidebar, the article explains: “On a map, the Tohono O’odham Nation sits like a clenched fist between Tucson and the Mexican border. The U.S. – Mexican boundary is a thin 70-odd-mile bracelet across the wrist.”

Reading the longer quoted sentence above, RESERVATION REPORT is prompted to suggest it might be useful for the Albuquerque Journal or the Los Angeles Times or almost any news organization to inquire: **How much revenue does the Tohono O’odham casino in Tucson generate? Who are the beneficiaries of that revenue? Why aren’t the revenues being distributed fairly and evenly to all members of the tribe? Or, at the very least, why aren’t casino revenues used in ways that might otherwise relieve some of the pain and pressure abject poverty is having on half the tribal members and, especially, the four out of every ten tribal people who are unemployed if their unemployment is through little fault of their own making?**

The more we learn about the handsome earnings of Indian casinos while at the same time hearing or reading all sorts of accounts, many of them first-hand, of the desperate plight of so many reservation-bound families those casinos were originally intended to help, the more we think it is time for the interested national news media to stop giving casino-managing tribal leaders a free pass on a few tough questions.

It is also appropriate, RESERVATION REPORT believes, for American taxpayers and all who honor humanitarian concerns for Native American Indians, to wonder why the responsible U.S. Congressional committees and staffs dealing with Indian problems haven’t pursued investigating the disconnect on too many casino-privileged reservations between bountiful revenues and the economic and social devastation of tribal members. Why haven’t the National Indian Gaming Commission and the Bureau of Indian Affairs made some serious inquiries in this regard? Why hasn’t Interior Secretary Gale Norton done so? Does anyone really care?

Rank and file reservation poverty, degradation and hopelessness ought to be real concerns.

TO RECIPIENT EDITORS, COLUMNISTS & TALK SHOW HOSTS: *Reservation Report* is a monthly news-alert service regarding U.S. federal Indian policies, reservation and casino issues, and the spread of multiculturalism affecting the lives and welfare of Indian and non-Indian residents and businesses. RESERVATION REPORT’S Executive Editor is John Fulton Lewis of Reedville, VA. E-mail: nccomm@crosslink.net

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Special Focus

INDIAN TRIBES & THE U.S. MULTICULTURAL VIRUS

With the enormous profits Indian gambling establishments now provide tribal leaders, their lobbyists, and thus, the politicians such funds can influence, **multiculturalism** is now spreading rapidly throughout the United States among those ethnic-political groups who seem increasingly disinclined to remain fully enfranchised citizen participants in a united society dedicated to “One Nation, Under God, With Liberty and Justice For All.”

RESERVATION REPORT believes any ethnic **tribalism**, and its advocates’ emphasis on policies that tend to divide and disrupt the core strength of America, critically threatens both the ideal and the reality of the American experience. Our nation was unique in its founding with development and adoption of a Declaration of Independence, Constitution and Bill of Rights unparalleled in the formation of any government in the history of the world.

The result of this founding in wisdom and appreciation of human aspirations has provided America with the talent for supreme accomplishments and contributions to the advancement of all humankind, especially with regard to freedom, justice and prosperity, most of which grew from the amalgamation of all citizens, regardless of their race, national origin, creed, color or culture.

Multicultural advocacy gained a hard core of adherents in the United States in the 1960s as an often subtle and sometimes not so subtle means of pulling down the fabric and strength of the political-economic-legal system that is the foundation bedrock of the U.S.A. Indian reservation tribes with casinos, since 1988, have become the most obvious advocates of **multiculturalism**. Now the virus has infected others in our nation’s array of cultures, as witness the following sampling of reports from New Mexico, Los Angeles, New Orleans and a mention of Hawaii:

WHY “SOVEREIGNTY” FOR INDIAN TRIBES? WHY TAX & GAMBLING FAVORS?

- New Mexico syndicated columnist and broadcaster and one-time GOP State Party leader John Dendahl has little patience with all the special benefits accorded Native American Indians in his state. Now he is even more incensed over plans Congress is considering to “create a similar caste problem in Hawaii.” **Multiculturalism** is running amok. It could destroy our 50th State, he fears.

Just take the case of Jemez Pueblo and gambling, for example. Dendahl writes: “Jemez, whose reservation is poorly located for a casino, is attempting to move Indian gambling off the rez and onto a site about 290 miles south, near El Paso and Las Cruces. The Pueblo’s money-man is Jerry Peters, a non-Indian Santa Fe businessman. If Peters wants to be in the gambling business in a gambling state, why should he need an Indian partner? Conversely, why should the Indians’ gambling – a near-monopoly - now leapfrog into non-reservation lands in the state? And why should Indians have a monopoly on most gambling anyway?” He continues: “State and local governments are short about \$10 million a year in taxes that should but aren’t being collected from motor fuel sales on Indian reservations. Tobacco tax loss from Indian reservation sales may be even higher...Indians’ status as wards of the federal government, but ‘sovereign’ as against the states, is not in anyone’s best interests. There wouldn’t be space in 10 columns for a detailed examination of all the mischief created by the bizarre and antiquated citizenship status of Indians in the United States.” Yet Dendahl is rightfully dumbfounded that highly placed figures in Washington, D.C. want to extend the same messy status to Native Hawaiians – not only those living in that 50th State but those that live anywhere else in the U.S.A.

RESERVATION REPORT invites readers to surface mail their views and personally noted examples of multiculturalism to Reservation Report, P.O. Box 277, Reedville, VA 22539

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U.S. MULTICULTURAL VIRUS SPREADING

LOST IN TRANSLATION: ALL AMERICANS SHOULD HEAR OFFICIALS' VIEWS -

Wall Street Journal columnist Tunku Varadarajan of South Asia and the U.S.A., brought to the attention of non-Hispanic readers the latest example of how elected American politicians are, with seeming eagerness, apparently trying to destroy the American reality of one nation, united, as well as the American dream of a melting pot society brought together as being “out of many ethnic nationalities and cultures, one people!” Being an American is a special privilege.

He reported February 3rd that the new Mayor of Los Angeles, a Democrat named Antonio Villaraigosa, decided to deliver his own response to President George W. Bush’s State of the Union address. Fair enough and “only in America!” But the Mayor of that most important of U.S. core cities in the largest sprawling metropolitan conglomeration of municipalities, subdivisions, neighborhoods and suburbs, delivered his critique in his beloved Spanish - NOT in all-American English. Thus, wrote Varadarajan, the Mayor refused to share his views in any linguistic form familiar to Asians, Africans, English or non-English and non-Spanish-speaking Europeans, Native Americans or Alaskans or Hawaiians, so all might readily know what he was saying in the name of L.A. voters. Villaraigosa thus turned his back on all non-Spanish speaking citizens in L.A. to whom he so recently appealed when seeking election as chief executive of their city, in their chosen or native land. What arrogance!

“Multiculturalism is the view that all cultures, from that of a spirits-worshipping tribe to that of an advanced industrial civilization, are equal in value. Since cultures are obviously not equal in value - not if man’s life is your standard of value - this egalitarian doctrine can have only one purpose: to raze the mountaintops. Multiculturalism seeks to obliterate the value of a free, industrialized civilization...by declaring that such a civilization is no better than primitive tribalism. ... (I)t seeks to incapacitate a mind’s ability to distinguish good from evil, to distinguish that which is life promoting from that which is life negating.”

The Ayn Rand Institute, November 2002

MAYOR HINTS AT BLACKMAILING WASHINGTON BY SEEKING FOREIGN HELP

- Now that the catastrophic hurricanes Katrina and Rita have also revealed the shortcomings of Mayor Ray Nagin’s administration of New Orleans before, during and since last fall’s storms, his seeming insistence on **multicultural** solutions to the desperate problems of the city are appalling.

The people of the United States are now witnessing the inadequate municipal leader’s endeavor to shame the nation’s federal government and taxpayers in what appears to some to be a seeming shakedown attempt. Nagin is doing this by claiming, to a delegation of French officials and business representatives (who are genuinely interested in perhaps investing in the future comeback of New Orleans) that since Washington, D.C., has failed to hand over all the funding he would like for the questionable restoration of below sea level city districts and other hasty rebuilding projects, he has found it necessary to beg other nations to come to the rescue of New Orleans’ and, particularly, those parts of the city where its black citizens once lived.

“The international community may be able to fill the gap,” he declared. The fact that the French are also America’s most frequent – and sometimes meanest – European critics, may have made them a prime target for Mayor Nagin’s effort to embarrass all Americans who have so generously responded to the dire plight of New Orleans ever since last fall’s devastating storms. King Abdullah of Jordan was greeted by Nagin with virtually the same message as he delivered to the French, when the Jordanian arrived recently to tour the “Big Easy.”

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A Year Before The Nation Paid Attention

Highlights of TESTIMONY - April 27, 2005 - Earl E. Devaney, Inspector General for the Department of the Interior, before the Senate Committee on Indian Affairs.

“This is probably one of the most enlightening discussions I've ever come across from anyone at the Department of Interior. It's heartening in its candor.” - Elaine Willman, Chair of national Citizens Equal Rights Alliance.

Mr. Chairman: Over the last decade, my Office has conducted a number of audits on issues directly related to Indian gaming regulation such as the implementation of the Indian Gaming Regulatory Act (IGRA), the financial management activities of the National Indian Gaming Commission (NIGC) and, more recently, tribal gaming revenue allocation plans and the taking of land into trust. In addition, we have investigated and prosecuted numerous individuals for theft and/or embezzlement from Indian gaming establishments, investigated allegations surrounding the federal recognition process and we are currently working with our Federal law enforcement partners on several criminal investigations related to the Indian gaming industry. All of these audits and investigations, coupled with my personal observations and background as a federal law enforcement professional for over 30 years, lead me to believe that it is time to seriously consider regulatory enhancements and potential legislative changes to reflect the realities of this \$18.5 billion burgeoning industry. My law enforcement experience and intuition also tell me that when there is this much money involved, bad guys will come. To think otherwise, or to imagine that Indian gaming will somehow escape the evils faced by non-Indian gaming, equates to the proverbial ostrich sticking its head in the sand. The gaming industry in Las Vegas estimates that all casinos typically lose 6% of their revenues to fraud and theft. Applying that same percentage, Indian gaming operations potentially lost \$1.1 billion in 2004.

- Today's Indian gaming operations range from a 30-seat bingo parlor in Alaska to a tribal operation in Connecticut with 6 separate casinos, nearly 7,500 slots, 388 table games, 23 restaurants and three hotels.... While we support additional resources for the NIGC, we continue to be concerned with the dual role that NIGC civil investigators perform. One is to act as NIGC liaison to the gaming tribes. In this capacity, the investigators consult with gaming tribes and provide compliance training regarding IGRA statutory requirements and NIGC regulations. On the other hand, these same investigators issue preliminary violation notices against the tribes for civil gaming violations and refer criminal matters to the FBI. While I understand that the NIGC does not see this as a conflict, our view is that these dual roles are wholly incompatible and contrary to advancing compliance in Indian gaming. Put another way, it is hard to wear a white hat on Monday and Tuesday and switch to a black hat on Friday and Saturday....
- Mr. Chairman, my greatest fear is not that the integrity or accountability of Indian gaming will be compromised from inside the actual Casinos, but rather by the horde of paid management advisors, consultants, lobbyists and financiers flocking to get a piece of the enormous amount of revenues being generated by Indian gaming. I would now like to briefly mention a number of obstacles and challenges that we have identified over the years that hinder effective monitoring and enforcement in Indian gaming....
- When gaming tribes enter into management contracts for the operation of gaming activities, those contracts are submitted to and approved by the Chairman of the NIGC. Included in NIGC's review is a background investigation of the principals and investors. Some tribes have circumvented the review and approval process by entering into consulting agreements, which, although called by a different name, do not differ significantly in substance from management contracts. As a result, the terms of these consulting agreements, including the financing and compensation, are not subject to review and approval by the NIGC, nor are the backgrounds of the consultant's principles and investors scrutinized. Ancillary agreements related to gaming operations (such as construction, transportation, and supplies) are also ripe for abuse....

(Continued on Page 10)

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Highlights of TESTIMONY - April 27, 2005 - Earl E. Devaney – (Continued from Page 9)

- This has resulted in the management and operations of some tribal gaming enterprises under financial arrangements unfavorable to those tribes. It has also opened the window for undesirable elements to infiltrate the operations and management of tribal casinos. During a recent FBI-sponsored conference on investigations of crime in tribal gaming, it was the consensus of law enforcement officials in attendance that if they could only change one element of IGRA, it would be to ensure that gaming consultants (meet) the same requirements as management contractors....
- Another obstacle we have identified is the Federal statute that carves out an exception to the usual recusal period for departing Department of Interior officials. 25 U.S.C. § 450i(j) permits former officers and employees of the United States to represent recognized Indian tribes in connection with any matter pending before the federal government. The statute requires only that the former federal employee advise the head of the agency with which he is dealing of his prior involvement as an officer or employee of the United States in connection with the matter at issue....
- This exemption was enacted because Indian tribes, at the time, lacked effective representation in front of federal agencies. When the provision was enacted in 1988, virtually the only persons with expertise in Indian matters were federal employees. Today, that dynamic has changed. Indian law experts (attorneys and lobbyists) are much more widely available to represent tribal interests. Having outlived its original intent, this statutory exemption now perpetuates a “revolving door” where federal employees who leave the government, after handling sensitive tribal issues in an official capacity, go on to represent the very same tribes on the same or similar issues... Without the exemption, this would be a violation of the criminal conflict of interest laws that apply to all other departing federal employees....
- IGRA prohibits gaming on trust lands acquired after October 17, 1988 unless the lands meet specific statutory exemptions. Our recent evaluation of the process of taking land into Federal trust status for Indian gaming found 10 instances in which tribes converted the use of lands taken into trust by the Bureau of Indian Affairs after October 17, 1988 from non-gaming purposes to gaming purposes without approval of BIA or NIGC. We determined that neither the BIA nor NIGC has a systematic process for identifying converted lands or for determining whether the IGRA exemptions apply. Therefore, unless a tribe abides by the rules and applies for approval, conversion of trust lands to gaming purposes goes essentially unchecked.
- Finally, some Indian casinos and financial institutions are particularly vulnerable to becoming the victims of financial fraud. Gaming tribes’ new-found wealth has only added to that dynamic, and unfortunately, many tribes have little experience managing or dealing with financial operations that are particularly vulnerable to a myriad of fraud schemes...Because Indian casinos are a cash-rich enterprise, they are, in our opinion, particularly attractive to money launderers. In this example, criminals would use casinos to cash in illegal proceeds for chips, tokens, or coins in amounts that do not trigger reporting requirements. The criminals then game for a short time to redeem “clean” money.
- Tribal financial institutions without federal or state charters, and attendant regulation, are also particularly vulnerable to manipulation. In 1992 and 2001, the U.S. Reservation Bank & Trust (USRB&T), an Indian-controlled banking institution, was granted business licenses by the Rosebud Sioux Tribe in South Dakota and the Salt River Pima-Maricopa Indian Community in Arizona. Although represented as a bank to other financial institutions and investors, USRB&T is alleged to have been a financial institution established solely to execute a “Ponzi” scheme. \$20 million was seized by the Federal Government in Arizona shortly before the operators of USRB&T intended to wire the funds to an off-shore account. Absent sound regulation, these Indian casinos and financial operations remain extremely vulnerable to criminal exploitation. As this Committee so recently demonstrated, greater care must be exercised by gaming tribes when they are approached by unsavory Indian gaming lobbyists promising imperceptible services for astonishing fees.