



The Eastern Band of Cherokee Indians

Principal Chief Richard G. Sneed

Vice Chief Alan B. Ensley

May 3, 2023

Richard French
Chairman
Big Cove Township

Richard French, Chairman
EBCI Tribal Council
PO Box 455
Cherokee, NC. 28719

Albert Rose
Vice-Chairman
Birdtown Township

Dear Chairman French,

Tribal Council Members

Teresa McCoy
Big Cove Township

I am writing this letter to inform you that I have vetoed Resolution No. 496, which Tribal Council passed on April 6, 2023. Resolution No. 496 (2023) committed the Tribe to providing an additional \$64 million dollars (approximately) to Qualla Enterprises, LLC, for the cannabis operation.

Boyd Owle
Birdtown Township

As I have stated many times before, I support the medical cannabis program and the Tribe's efforts to build a cultivation facility and medical cannabis dispensary. I was one of the people who helped to get the needed legislation passed to launch the operation and I have ratified previous resolutions that resulted in the cannabis program receiving \$31 million in funding from the Tribe. My reasoning for now opposing sending any further funding to Qualla LLC is manifold.

Michael Stamper
Painttown Township

Dike Sneed
Painttown Township

1. The National Indian Gaming Commission, the Federal Regulatory body tasked with oversight of all Indian Gaming in the United States has released a memo stating, *"IGRA restricts the use of net gaming revenues to five categories and may not be used to fund an illegal enterprise. The cultivation, sale, and possession of cannabis is illegal under federal law and, therefore, net gaming revenue should not be used to finance such an operation."* (See Exhibit A) The Attorney General of the Eastern Band concurs with this opinion. The attorney for the Tribal Casino Gaming Enterprise board and its members have also submitted a memo concurring with the NIGC memo. (See Exhibit B) Further, the Tribe's outside legal counsel has provided a legal opinion that outlines federal laws that bolster the opinion that gaming revenue DOES NOT lose its origin or character simply by placing those funds into the recipients account, and therefore, net gaming revenue should not be used to fund a cannabis project. (See Exhibit C) The only attorney who disagrees with the NIGC and the above listed attorneys is Darian Stanford, the attorney and a Member/Owner for the vendor contracted to oversee the project, Sovereign Solutions Carolina. (See contract pg. 16 of 23 attached)

Bucky Brown
Snowbird &
Cherokee Co. Township

Adam Wachacha
Snowbird &
Cherokee Co. Township

Mike Parker
Wolftown Township

Andrew W. Oocumma
Wolftown Township

David Wolfe
Yellowhill Township

TW Saunooke
Yellowhill Township

While it remains to be seen what action the NIGC might take in response to a tribe using net gaming revenue for such an enterprise, I for one am not willing to risk hefty fines or the possibility of our casinos being shut down for violating NIGC regulations.

Furthermore, the Eastern Band has a near spotless record over a quarter century of gaming and we should do everything within our power to prevent our name and reputation from being tarnished.

2. To date, there has been no accounting for the millions of dollars expended thus far. On April 14, 2023, the Treasury Division issued a memorandum to the Qualla Enterprises Board of Directors informing them that Qualla LLC is in fact a component entity of the tribe and must be discretely represented in the EBCI's financial statements. (See Exhibit D) Ordinance 141 (2022) submitted by myself, and Secretary of Treasury, Cory Blankenship, passed unanimously by Tribal Council, amended Cherokee Code Sec. 117-46 (d) Financial Accountability to include all component units in the annual audit process. (See Exhibit E)

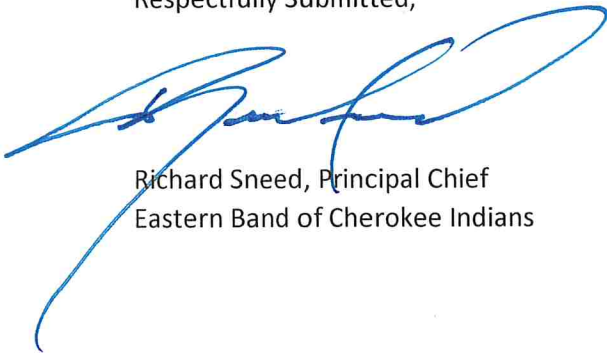
As I have stated repeatedly in both open and closed sessions of council, each elected official at the Tribe has a fiduciary responsibility to ensure that the assets of the tribe are being properly accounted for and that waste, fraud and abuse are not occurring.

3. Cherokee Code Chapter 17 provides for a Medical Cannabis program to be established by the Eastern Band of Cherokee Indians. In response to this section of tribal law, the EBCI established Qualla Enterprises LLC., to solicit proposals from vendors to establish a Medical Cannabis Cultivation and Retail operation. In response to the Request for Proposals (RFP), Sovereign Solutions Carolina (AKA, Sovereign Cannabis Solutions) was selected as the vendor to execute the project. Several facets of the RFP are not fulfilled.
 - A.) The RFP was for NextGen Glass greenhouses. What has been constructed at Cooper's Creek are hoop houses covered in plastic. According to the projected cost sheet provided by Qualla LLC., the projected cost of the hoop houses is \$66K each.
 - B.) The original projected cost for the project according to the RFP presented by SCS, is \$50m. (See Exhibit F)

The fact that this project's original cost for an outdoor grow, an indoor grow and a dispensary was \$50m, and we are now being told it is \$95m, demonstrates that there is an immediate need for a full accounting of the money that has been expended to date.

While I fully support cannabis, both medical and adult use, and I am encouraged and inspired by the work I see happening at Cooper's Creek by our employees, I am very troubled by the lack of accountability for the managing of the business side of the operation. The current projected cost is almost 100% over budget as compared to the original RFP projected cost. It is with these factors in mind that I submit this veto letter.

Respectfully Submitted,



Richard Sneed, Principal Chief
Eastern Band of Cherokee Indians