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Wayne  
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FAX COVER PAGE

Date: February 21, 2002

To: Eric Ruff

Fax: 208-5133

From: Italia

Notes: here is the info we talked  
about —

Page one of 6

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Memorandum

To: Eric Ruff  
From: Italia Federici *IF*  
Date: February 21, 2001  
Re: press clippings

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Hi Eric:

Here are two articles that were forwarded to me today. You can see from one that Ralph Reed and his firm are involved somehow. From what I have been told, Ralph is working with Doolittle (don't know whether for free or as a paid consultant), and has been bending the ear of Karl Rove and possibly even the President about land-in-trust and gaming issues.

I am also hearing that Ralph has involved James Dobson and Phyllis Schlafley with this. Supposedly, Dobson is planning to run ads and they mention Gale by name. He is anti-gambling and is incensed about land being set aside for gaming or that could potentially become the site of gaming. He has slammed Tom DeLay and is not known for his even temper.

I was also told that the Conservative Action Team (CATs) members have been asked to sign a letter to Gale and the President slamming DOI for the California and Louisiana situations. I was told they have congressional 50 signatures. I tried to verify this. I called Tom Tancredo (friend of Gale and mine and member of CATs) to ask him what he knew. He is in Turkey until Sunday night. You may be able to call someone you know to find out what they have heard.

At any rate, it looks like Doolittle is not giving up and that the conservatives are being mobilized. The email with Ralph Reed's name indicates that he is engaged somehow.

Just wanted to give you a heads-up about what I've been hearing...

--Italia



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-----Original Message-----  
 From: [abramoffj@qtlaw.com](mailto:abramoffj@qtlaw.com) [mailto:[abramoffj@qtlaw.com](mailto:abramoffj@qtlaw.com)]  
 Sent: Thursday, February 21, 2002 4:22 PM  
 To: [italia@crea-online.org](mailto:italia@crea-online.org)  
 Subject: FW: Study: Casino could cost state up to \$55 million in taxes

FYI

-----Original Message-----  
 From: Ralph Reed [mailto:[ralph@censtrat.com](mailto:ralph@censtrat.com)]  
 Sent: Thursday, February 21, 2002 4:01 PM  
 To: 'abramoffj@qtlaw.com'  
 Subject: Fw: Study: Casino could cost state up to \$55 million in taxes

Fyi

Sent from my BlackBerry Wireless Handheld (www.BlackBerry.net)

-----Original Message-----  
 From: Glen Wilkins <[glen@censtrat.com](mailto:glen@censtrat.com)>  
 To: Ralph Reed <[ralph@censtrat.com](mailto:ralph@censtrat.com)>; Eric Criss <[eric@censtrat.com](mailto:eric@censtrat.com)>  
 Sent: Thu Feb 21 17:24:36 2002  
 Subject: Study: Casino could cost state up to \$55 million in taxes

FYI,  
 Study: Casino could cost state up to \$55 million in taxes  
 By ALAN SAYRE  
 The Associated Press  
 2/21/02 11:27 AM  
 If the Jena Band of Choctaws opens a second reservation casino in southwestern Louisiana, the state stands to lose up to \$55 million in taxes per year, while the Lake Charles region could see up to 800 jobs evaporate, according to an economic study.  
 Following secret negotiations, Gov. Mike Foster last month signed a compact with the 241-member tribe for a reservation casino at Vinton. Foster has said he had no choice but to negotiate with the tribe.

The Lake Charles region is a stronghold of legalized gambling with four riverboat casinos, another reservation casino run by the Coushatta tribe at Kinder and a slot-machine casino at the Delta Downs race track. The Jena Choctaws want to build a Las Vegas-style complex with a casino, golf course, hotel and convention facilities.

The impact study was put together by McNeese University professors Michael M. Kurth and Daryl V. Burckel for government bodies in Calcasieu Parish.

On Wednesday night, the Calcasieu Parish Police Jury and the Lake Charles City Council voted to oppose the Jena Choctaw project, which has to win approval from the federal Bureau of Indian Affairs.

Calcasieu Parish's legal counsel, Allen Smith, said he believes the governor "exceeded his legislative authority" in signing the compact because state law allows him to only sign compacts with Indian tribes that were recognized and held land as of July 1990. The Jena Choctaws were recognized in 1994 and have no reservation.

However, federal law allows a tribe to have a casino on its initial reservation, which the Jena Choctaws plan to use the Vinton land for. Much of the McNeese study indicates that another reservation casino in the region would displace gambling revenue from other casinos, cutting jobs from the riverboats, as well as the Coushatta casino.

The land casino also could imperil Pinnacle Entertainment Inc.'s plans for a \$225 million riverboat casino resort in Lake Charles, the study said.

The loss in tax money would occur because state government would get far less of each dollar lost by gamblers, the study said.

Riverboats pay a 21.5 percent tax on gross gambling revenue -- the amount of money won at the tables and in the slot machines before any expenses are computed. The Jena Choctaw compact calls for the state -- through a contribution -- to get 15.5 percent of casino profit, while 6 percent would go to local governments. Federal law does not permit direct taxation of Indian casinos.

The study calculated that the state might not see any more than 4.5 percent of a Vinton reservation casino's gross gambling winnings, if the casino won \$290 million per year.

The state likely would lose \$32 million to \$55 million annually in taxes, while local governments would take a tax hit of \$7 million to \$17 million annually, the study said.

The proposed location of the Jena Choctaw casino, at the second exit on Interstate 10 coming in from Texas, would give the gambling hall an enormous advantage over other casinos, the study said.

Because of its location, a large number of its employees would be expected to live and spend much of their incomes in southeastern Texas, rather than Louisiana. Many of the spinoff jobs likely would be based in Texas, the study said.

"To allow the Choctaws to operate a casino on the border with Texas where it would also enjoy significant locational advantages over the Lake Charles riverboats and the Coushatta casino would choke development of the gaming industry in southwestern Louisiana, with no apparent benefit to state or local governments," the report concluded.

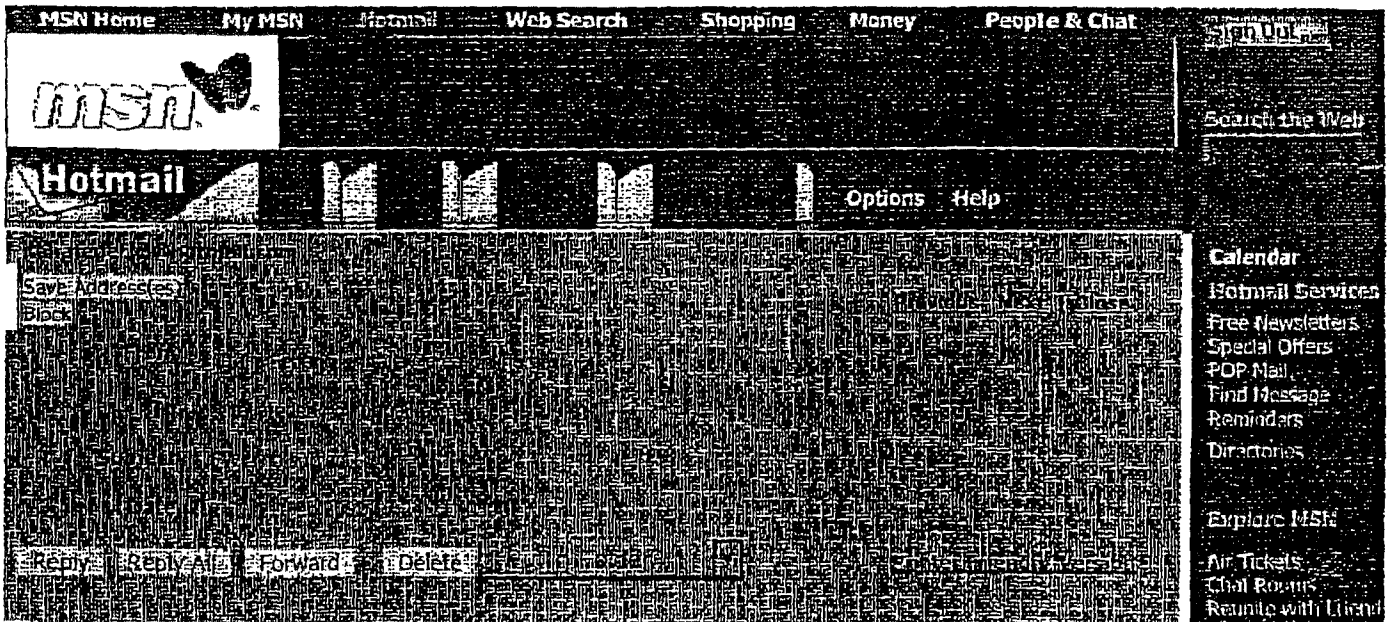
A spokesman for the Jena Choctaws, Sandy Kaplan, could not be reached for comment Thursday.

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## Foreign Correspondence

By The Louisiana Expatriate

February 20, 2002

All bad precedents begin as justifiable measures. - Julius Caesar, 1st century BC

Scalped Again by Great White Father

I've been following the ongoing controversy about the Jena Choctaws' casino in Vinton but I've refrained from comment since most of the relevant facts hadn't yet come to light. But now that the "secret" deal between the Jenas and the Great White Father (known to us as Big Daddy) has finally been unearthed, it's time for another Internet Ass Whippin'.

Big Daddy's credibility has been dropping like the value of Enron stock lately and his negotiating a secret casino deal with the Jenas only confirms what we already knew: Great White Father speak with forked tongue. Now we learn that Louisiana is to receive 15.5% of the net profits from the Jenas' casino, not "15% of gambling proceeds" as Big Daddy originally reported (after he emerged from hiding, that is). This is a BIG difference!

The 15.5% is supposed to go toward education in Louisiana. Haven't we been through this same song and dance before?

A discussion of the many different ways that profits can be calculated is beyond the scope of this article but suffice it to say that any good accountant can, through manipulation of the numbers, turn a profit into a loss on paper - and do it legally. With the kind of money generated by an Indian casino the Jenas can afford to hire the best accountants available.

Nothing in the compact gives Louisiana the right to conduct an independent audit, so we're effectively stuck with whatever numbers the Jenas give us.

I don't doubt that the casino will provide some money to Louisiana and Calcasieu Parish but the amount will be a lot smaller than anyone expects. Not that it matters all that much, since Big Daddy and the lege are more than willing to forgive casino tax debt to the state (i.e., Harrah's) to "save jobs." They set a really great precedent with that one.

The bottom line will be that Louisiana and Calcasieu Parish will realize no tangible net benefits from the Jenas' Vinton casino operation. And Big Daddy knows it.

What's really interesting is the requirement for the state of Louisiana to not only openly advocate the Jenas' position but to assist them in obtaining land for the casino.

Does this mean that Louisiana has to subsidize the Jenas' legal fees if there are court challenges? Does it also mean that Louisiana is on the hook for acquiring the land for the casino and giving it to the Jenas? Who owns the land they're looking at?

Exactly what has Big Daddy obligated the state for? More to the point, what is this deal going to cost us in the long run? I can't shake the feeling that there's something fundamentally crooked about any deal that gets negotiated "under cover of darkness" and then hidden from scrutiny for weeks after. It's what the deal DOESN'T say that's going to bite us in the ass.

The Jena compact begs far more questions than it answers. And Big Daddy isn't answering any of them. At least, not to anyone's satisfaction.

Since we now know that Big Daddy isn't above clandestinely negotiating deals and hiding them from us, what else is he up to that we don't (yet) know about?

The more we learn about this deal the sleazier it looks. The way the compact is written, the Jenas are getting the gold mine and Louisiana's mullets are getting the shaft.

But, then, look who negotiated the deal.

Like I always say, follow the money and you shall find the truth. And something tells me that Big Daddy is the place to start the search

- END -