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Tribe Settles Bond Litigation, Invites Tribal Members to Learn More March 4

Membership meeting scheduled to discuss settlement, path forward, answer questions

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LAC du FLAMBEAU, Wis.--(BUSINESS WIRE)--The Lac du Flambeau Band of Lake Superior Chippewa announced today the settlement of all litigation between the tribe, Saybrook Tax Exempt Investors, Stifel Nicolaus & Company, and the law firms of Godfrey & Kahn, S.C. and Denton's US LLP.

The Lac du Flambeau Band of Lake Superior Chippewa settles bond litigation

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“Throughout this journey, we remained committed to reaffirming our sound financial footing and restoring our good standing in the financial community,” Tribal President Joseph Wildcat, Sr. says. “We were far too trusting in our business interactions when this began nearly 10 years ago. We learned from this lengthy, complex and expensive process. And, we put in place safeguards to ensure this never happens again.”

The tribe is responsible for paying \$27 million of the more than \$75 million final settlement. Other parties to the litigation will pay the difference. At one point, the tribe was being asked to pay upwards of \$102 million from various parties to the litigation.

“Our decision to take responsibility for paying \$27 million to settle all litigation gives us closure,” Wildcat Sr. says. “It frees us from uncertainty. It frees us to rebuild trust with our members and reestablish trust with the financial markets. It frees us to pursue economic prosperity.”

“Throughout this process, we’ve worked with our financial advisors, TFA Capital Partners, to ensure our members and operations are protected with this settlement,” Wildcat Sr. says, “allowing us to maintain daily operations and overall health of our membership.”

“We appreciate the input and support of members during this challenging time in our history, and we encourage our members to attend the March 4 membership meeting,” he adds. “This is an extremely complex matter with many twists and

turns over several years. And we look forward to updating members and answering all questions.”

Litigation Background

The litigation arose out of a \$50 million bond issue by a tribal corporation in 2008 to refinance tribal debt and invest in an economic diversification project. The bonds were underwritten by Stifel Nicolaus and were purchased by Saybrook. Godfrey Kahn represented the tribal corporation in the transaction and Denton’s predecessor represented Saybrook.

The tribe always maintained significant irregularities existed in the transaction that, together with the failure of the diversification project, put the tribe in a financially distressed position, unable to pay the bonds while still meeting governmental needs.

“We believe the willingness by various parties to the litigation to settle this matter indicates there was significant merit to our claims,” Wildcat, Sr. says. “Continuing to pursue litigation and seek a final determination at trial is always risky, however, regardless of the strength of your position. We weighed numerous factors, options and expert opinions. Our decision to settle this matter balances risk and expense with our ability to restore our financial footing to move forward.”

The tribe paid more than \$20 million on the bonds. Payments stopped in 2009 after attempts to restructure the bonds were unsuccessful and the tribe’s legal counsel questioned the validity of the bonds. Litigation ensued for over seven years with both federal and state courts agreeing with the tribe that certain bond-related documents were not valid. The settled litigation in Waukesha County, Wisconsin, was slated for a jury trial to start January 30, 2017.

About the Lac du Flambeau Band of Lake Superior Chippewa

The tribe is an Indian tribal government that was federally recognized by treaty with the United States in 1854. The tribe has more than 4,000 members, with more than 2,000 members residing on the tribe’s 86,000-acre reservation. Through its tribal corporations the tribe owns and operates Lake of the Torches Resort Casino, located in Lac du Flambeau, Wisconsin. The resort casino offers more than 800 slot machines, nine table games, related retail and dining venues, a convention center and more than 100 hotel rooms.

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