

Name: Paskenta Band of Nomlaki Indians

Founded: Federally Recognized as a Sovereign Nation in 1994

Serves: Tribal Members and the community of Corning, California, in the southern area of rural Tehama County, ancestral home to the Paskenta Band of Nomlaki Indians.

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The modern history of the Paskenta Band of Nomlaki Indians is a triumph of democratic, representative, transparent, and responsible self-government by a people who were effectively required to rebuild their nation twice in 25 years.

In 1994, the Paskenta Band of Nomlaki Indians was Federally Re-Recognized, regaining its status as a sovereign nation, with government-to-government relationships with other nations including the United States. This restored the Tribe's powers of self-government and the rights of a sovereign government: to form its own government, make civil and criminal laws and enforce them, and levy taxes. These powers include the power to establish criteria and determine who is eligible to be a tribal member, to license and regulate activities within its jurisdiction, and to exclude individuals from Tribal lands.

Paskenta acquired a 2,000-acre reservation near Corning, California, in 2000, 100 miles north of Sacramento, and built a casino that opened in 2002. Today, Paskenta's Rolling Hills Casino and Resort includes hotels, restaurants, an equestrian center, amphitheater, and an 18-hole championship golf course. The Tribe's enterprises employ 600 mostly full-time employees, who typically are local residents. Full-time employees are eligible for health care and 401(k) benefits. Paskenta's monthly \$1.7 million payroll has a sizable effect on the local economy in and around Corning, with a multiplier effect estimated to be \$36 million a year. The Tribe also owns Tapa Companies, which deliver sustainable construction, environmental consulting, technology and industrial services to the private sector and governments across the U.S.

But Paskenta's journey was not a smooth one. As the Tribe began enrolling individuals who met the criteria for tribal membership, in 1998, a group that did not meet Paskenta's membership requirements also enrolled. Four closely-related individuals from this group attained executive positions within the Tribal administration, and wrested leadership control from Everett Freeman, a Paskenta elder who had guided the Tribe's re-recognition and was then ill with cancer. During the next 16 years, these individuals used their control to embezzle millions of dollars of money from the Tribe, while brutally punishing any who challenged them.

In the spring of 2014, Tribe members took back their government, removing these individuals and their allies, and electing a new Tribal Council. The newly elected Tribal Council were immediately faced with a remarkable set of challenges. Not only did they inherit a government that lacked any type of institutional controls, but the ousted group, in an attempt to regain their positions and prevent discovery of their crimes, hired heavily armed private security personnel who attempted to shut down the Tribe's casino by force. When that failed, the ousted group initiated a massive cyber-attack that destroyed vast amounts of the Casino's and Tribe's operational data.

While in the midst of beating back these attacks, the Tribe immediately set about the hard work of institution building; and its success in those efforts has been remarkable, going from fraud to best fiduciary practices in five years.

Soon after their election, in 2014, the new Tribal Council hired outside attorneys and forensic accountants to conduct an internal investigation. Based that investigation's results, the Tribe pursued a two-pronged legal strategy: filing a federal RICO action against the former officials and others, while working closely with the U.S. Department of Justice and Internal Revenue Service to secure criminal prosecutions of those officials. The strategy bore fruit. In 2017, a federal grand jury indicted three of the former officials on 67 criminal counts, alleging a 5-year, multi-million-dollar embezzlement scheme; and, in August 2019, all three pled guilty to conspiracy to embezzle millions from Paskenta, tax fraud, and tax evasion.

"The Tribe has worked hard, for the last five years, to build a transparent, democratic, and representative Tribal government that works for the benefit of all members. Sending these former officials to jail for their corruption significantly assists in that process," said Tribal Chairman Andrew Alejandre.

The Tribe's Chief Executive Officer, Damon Safronek added, "The message has been sent loud and clear, if you steal from the Tribe or help others steal from the Tribe, you will be held accountable."

Stuart G. Gross of Gross & Klein LLP, who represents the Tribe in these actions, said, "For over a decade, these former officials ran the Tribe's government as a brutal kleptocracy, enriching themselves and their families while brutally punishing those who opposed them. The Tribe's commitment to holding them responsible for their crimes has been awe inspiring."

Concurrently with this effort to hold former officials responsible for their crimes, the new Tribal Council set about putting transparent, good government processes in place. This included a rules-based process to unenroll ineligible members.

“The Tribal Council held a visioning, strategic planning meetings, and have been working for the last 5 years to set up a transparent government that operates as it should, for the stability and sustainability of the tribe,” says Patricia Mercier, Chief Financial Officer, who was brought in almost five years ago by the new Tribal Council. “In the initial years while the ineligible group was in power, there were no books and that group ignored the governing laws for gaming. It took time to figure out what assets the Tribe had.”

One of the goals the Tribal Council set was hiring a fiduciary to help manage the Tribe’s assets – Minors Trust, 401(k)s, and endowment funds. Through an RFP process, the Tribal Council selected Smart Investor, a CEFEX certified Registered Investment Adviser (RIA), and its Chairman, Allan Henriques, to manage the assets. “The Tribal Council emphasized the need for transparency and following the best investment fiduciary practices. We worked with the Tribal Council to develop Investment Policy Statements for the pools of capital, and design investment programs and sustainable spending plans,” says Henriques, “to benefit tribal members and the work Paskenta does in the surrounding community.”

Through The Corning Promise, with an emphasis on birth through college education, and career programs, the Tribe helps local public-school districts, which include some of the worst performing in the state of California. Rooted in the Indigenous concept of interrelatedness, The Corning Promise is a promise to the community of Corning to build a brighter future for the children and families of Corning.

Paskenta applied for, and received, a U.S. Department of Education grant of \$3 million dollars a year for five years – the first Tribal Nation to receive such a grant – to help the Tribe fulfill its mission to support and expand programs that include Head Start, K-12, area colleges, and career readiness, as well as recreational and specialized programs. Partnering directly with the beneficiary organizations, without an intermediary organization, maximizes the impact of the capital as it flows directly into the programs.

After hiring a CEFEX certified investment advisory firm and working for years to put prudent practices in place, Paskenta Band of Nomlaki Indians has demonstrated its understanding of the importance of a prudent, documented investment process. The Tribe’s investment process was prudently organized, formalized, implemented and monitored. Paskenta was ready for its own CEFEX certification as a Governmental Investment Steward.

Paskenta Band of Nomlaki Indians joined an elite group of Governmental Investment Stewards that are certified by CEFEX in August 2019. –*Kathleen M. McBride, AIFA®, CEFEX Analyst*



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