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**CHEROKEE COUNCIL HOUSE**  
**CHEROKEE, NORTH CAROLINA**

Date: \_\_\_\_\_

**RESOLUTION NO. \_\_\_\_\_ (2018)**

WHEREAS, on January 30, 2018, the Tribe's Office of Internal Audit and Ethics ("Internal Audit") released a forensic audit report written by the auditing firm KPMG, LLP; and

WHEREAS, KMPG was contracted by Internal Audit upon the written request of Tribal Council, to perform an audit of transactions of the Executive Office and the Finance Office for the period 2015-2017; and

WHEREAS, in its report, KMPG identified a very high percentage of contracts that did not comply with Tribal law and policy for contracting, in particular contracts that did not have proper Business Committee approval, and conflicts of interest, by the Executive Office and the Finance Office in 2015-2017, and highlighted questionable transactions performed by persons in those offices; and

WHEREAS, KMPG identified possible significant over-charges and conflicts of interest by the firm Sneed, Robertson and Associates, Inc. ("SRA") of which the then-Secretary of the Finance Office, Erik Sneed, was a principal, and its related company Studio 15 Commercial Interiors, Inc. ("Studio 15"); and

WHEREAS, KMPG has questioned how SRA was able to contract with the Tribe when its principal, Erik Sneed, was a Tribal employee or was engaged with the Tribe under some other arrangement; and highlighted the price paid to SRA (over \$692,000.00) for renovating the executive office; and

WHEREAS, KMPG recommended that the Tribe "should consider whether to seek reimbursement for the work performed by SRA and Studio 15 due to Section 92-12B of the [Tribe's] preference law, regardless of when the contract was signed and when Erik Sneed took office"; and

WHEREAS, KMPG also reviewed payments of Tribal money by former Principal Chief Patrick Lambert to attorney W. Scott Jones and the law firm Cloninger, Barbour, Searson & Jones before Mr. Lambert took office in October, 2015; and

WHEREAS, KMPG identified 19 line items worth \$9,113.00 charged by Mr. Jones and paid by the Tribe "that appear to be unrelated to the services performed on behalf of the EBCI" before Mr. Lambert took office; and

1 WHEREAS, KPMG quoted an email from Mr. Jones to Mr. Lambert, dated November 10,  
2 2015, in which Mr. Jones wrote: "When you get a chance, let me know where to  
3 send the bill for September and October. I have a detailed bill but can also do a  
4 one-line services rendered bill. The detailed bill will in some places have a  
5 description of what we talked about, and I thought you might not want that going  
6 to accounting"; and  
7

8 WHEREAS, KPMG asked Mr. Jones to produce supporting detail for his billings, and Internal  
9 Audit has twice sent letters to Mr. Jones – in mid-December, 2017, and on  
10 February 2, 2018, asking him to produce supporting detail for his billings; and  
11

12 WHEREAS, Mr. Jones has not responded to KPMG or to Internal Audit; and  
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14 WHEREAS, on August 4, 2017, Attorney General Danny Davis sent a letter to Mr. Jones  
15 enclosing copies of Mr. Jones' invoices through May 18, 2017, and noting that  
16 except for one invoice, there were no itemized statements for the services  
17 rendered. Mr. Davis cited that the Tribe requires itemized statements and asked  
18 Mr. Jones to produce the statements; and  
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20 WHEREAS, Mr. Jones replied by letter dated August 17, 2017, that he would not turn over the  
21 records unless, it appears, the North Carolina State Bar tells him he has to; and  
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23 WHEREAS, on October 11, 2017, Interim Attorney General Michael McConnell sent Mr.  
24 Jones an email and again requested itemized statements and a copy of the  
25 question Mr. Jones sent to the North Carolina State Bar on the issue, and Mr.  
26 McConnell later discussed this with Mr. Jones by telephone; and  
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28 WHEREAS, Mr. Jones declined to produce the itemized statements or produce a copy of the  
29 question he sent to the North Carolina State Bar; and  
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31 WHEREAS, at Mr. Lambert's direction, the Tribe paid Mr. Jones approximately \$419,000.00,  
32 including \$128,108.03 between April 17, 2017, and May 18, 2017, during the  
33 impeachment proceedings; and  
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35 WHEREAS, after November, 2016, Mr. Jones was paid with Tribal government funds based  
36 on invoices that merely reference "Special Projects for Chief" and provide no  
37 other detail. The Tribe was his client, and Mr. Jones has a legal duty to account to  
38 the Tribe for the money the Tribe paid.  
39

40 NOW, THEREFORE BE IT RESOLVED by the Tribal Council of the Eastern Band of  
41 Cherokee Indians assembled, at which a quorum is present, that Tribal Council  
42 directs its legislative counsel, the Office of the Attorney General, the Office of  
43 Internal Audit and Ethics, and the Executive Office to coordinate and use their  
44 best efforts and all legal means to obtain satisfactory explanations, information,  
45 accountings and return of monies wrongfully paid, if any, from responsible parties

1 identified in the KPMG forensic audit report of the Executive Office and Finance  
2 Office, for the period 2015 through May 2017.

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4 BE IT FINALLY RESOLVED that all resolutions that are inconsistent with this resolution are  
5 rescinded, and that this resolution shall become effective when ratified by the  
6 Principal Chief.  
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16 *Submitted by Principal Chief Richard Sneed*