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Setting the Record Straight: Lake of the Torches Bond Transaction

In recent months, misinformation about Wells Fargo's role in a bond transaction in Wisconsin as well as a supposed link to company beliefs about tribal sovereignty have circulated within the Native American tribal community. As a long-time leading lender and provider of financial services to American Indians and their tribal entities, it's vitally important that the record be corrected.

Wells Fargo served as Trustee in the issuance of bonds by the Economic Development Corporation (EDC) established by the Lac Du Flambeau Band of Lake Superior Chippewa. The development corporation operates the Lake of the Torches Resort and Casino. As was disclosed through public records, the underwriter of the debt issue was Stifel Nicolaus and the sole holder of the bonds is Saybrook Capital. Wells Fargo was retained to serve only as trustee in this transaction, which is an important, but sometimes confusing distinction.

A bond trustee is responsible for the registration, transfer and payment of bonds and provides a service to the debt issuer (the tribe), the debt underwriter and bond holders (Saybrook). This is a standard role in bond transactions and allows for an independent fiduciary in the business arrangement.

In the Lake of the Torches case, Wells Fargo & Company had no role in underwriting the debt, writing the indenture agreement or in selecting legal counsel in the transaction. The bank is not at risk to lose any capital in the transaction. In our role as trustee, Wells Fargo fulfilled our obligation to monitor compliance with all of its terms and to act as needed to protect the interests of the bondholder. When the development corporation defaulted on bond payments, Wells Fargo carefully and fairly carried out its role as trustee. Any suggestion to the contrary is simply inaccurate.

Wells Fargo Supports Tribal Sovereignty Precepts

Simply stated, Wells Fargo understands and supports the laws and principles that tribes possess a nationhood status and retain inherent powers of self-government. These include the powers to form their own governments; to make and enforce laws, both civil and criminal; to tax; to establish tribal membership; to license and regulate activities (such as gaming); to zone; and to exclude persons from tribal territories. Further, we understand that Tribal courts have civil jurisdiction over Indians and non-Indians who either reside or conduct business on the reservation.

Our support for sovereignty creates what we believe are win-win opportunities for both our many tribal customers and Wells Fargo. We understand that tribal sovereignty is an ordinary aspect of doing business with tribal nations, similar to doing business in a foreign country. It merely means that entities such as the Wells Fargo Native American Banking Services Group must be aware of and allow for the unique nature of the Native American business environment.

Wells Fargo's Ongoing Commitment to Native Americans

At Wells Fargo, we value the rich cultural and economic contributions of Native Americans, including our 14,000 Native American team members. We are committed to providing tribal governments, tribal enterprises and American Indian businesses and communities with competitive banking and financial services to help individuals and entities achieve their financial goals.



Steve Stallings
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Together we'll go far

