

Summary: Contractors Bribed Chippewa Cree Tribal Officials

Report Date: January 26, 2018

The OIG conducted a joint investigation into allegations that the owners of Encore Services, LLC and Ideal Consulting, LLC bribed Chippewa Cree Tribe (CCT) officials to sign and backdate agreements, which allowed the companies to steal millions of dollars from the CCT. We also investigated allegations that CCT employees conspired to embezzle funds from the CCT. We conducted this investigation jointly with the Health and Human Services OIG, the Environmental Protection Agency OIG, and the Internal Revenue Service (IRS) Criminal Investigation Division.

We substantiated the allegations. First, we found that Encore Services, owned by Zachary Roberts, Martin Mazzara, and Richard Broome, used a backdated agreement along with inflated invoices, to obtain over \$3.5 million between July 2011 and August 2013 from the CCT's online lending business, Plain Green. Neal Rosette, Sr. and Billi Anne Morsette served as Plain Green's CEO and COO, respectively. The inflated amount of \$1.2 million was then kicked back to Ideal Consulting, owned by Rosette, Sr., Morsette, and a third person.

Second, we found that Encore Services owners were also involved in the backdating of an agreement between Plain Green, Encore Services, and Ideal Consulting, which was used as cover for the \$1.2 million in bribes paid to Rosette, Sr., Morsette, and the remaining owner of Ideal Consulting, to help facilitate the initial scheme.

Finally, we found that a CCT official authorized a contract with a CCT company, First American Capital Resources (FACR), for FACR's CEO and COO, Rosette, Sr. and Morsette, respectively, to provide professional administration services related to disaster programs tied to a flood that occurred on the Rocky Boy Indian Reservation in June 2010. The CCT subsequently paid FACR over \$55,000 for services provided, however, \$30,000 of that amount was diverted to a slush fund controlled by the CCT official that approved the contract, and Rosette, Sr. and Morsette fraudulently obtained \$10,000 each through the scheme.

Encore Services pleaded guilty to conspiracy to commit wire fraud and money laundering and was ordered to pay \$2.5 million in restitution to the CCT. Roberts and Mazzara pleaded guilty to conspiracy to commit wire fraud and were each sentenced to 20 months' incarceration, 12 months' probation, 400 hours community service, and ordered to pay \$700,000 in restitution to the CCT, jointly and severally with Encore Services. Broome, pleaded guilty to misprision of a felony and was sentenced to 36 months' probation and ordered to pay a \$10,000 fine.

Rosette, Sr., pleaded guilty to accepting bribes from Encore Services, income tax evasion and conspiracy to embezzle tribal funds. He was sentenced to 38 months in prison and 24 months' probation. He was ordered to pay \$1.2 million in restitution to the CCT, jointly and severally with Ideal's other owners, and \$232,680 in restitution to the IRS. Rosette, Sr. was also ordered to pay an additional \$55,792 in restitution to the CCT, jointly and severally with Morsette, for embezzlement.



Morsette pleaded guilty to accepting bribes from Encore Services, willfully failing to file a tax return and conspiracy to embezzle tribal funds. She was sentenced to 41 months in prison and 36 months' probation. She was ordered to pay \$1.2 million in restitution to the CCT, jointly and severally with Ideal's other owners, and \$165,253 in restitution to the IRS. Morsette was also ordered to pay an additional \$55,792 in restitution to the CCT, jointly and severally with Rosette, Sr. for embezzlement.

All of the defendants were prosecuted in U.S. District Court, Great Falls, MT.

This is a summary of a report of investigation that we provided to the Bureau of Indian Affairs.

