

NEBRASKA SIOUX LEAN BEEF, PART A

The Pine Ridge Sioux Indian reservation is located in the southwest corner of the state of South Dakota. It is home to more than 20,000¹ members of the Oglala Sioux Tribe, the band of Lakota people who claim among their great the leaders Crazy Horse, Red Cloud and Black Elk.

While in no way comparable to their original lands (e.g. before the onset of Anglo dominance, the Lakota homeland encompassed much of present day North and South Dakota, Montana, Wyoming and Nebraska), the modern reservation area is nonetheless quite large. In size it is second only to the Navajo reservation and is larger than three U.S. states (Rhode Island, Delaware and Connecticut). Despite this endowment of land, on-reservation productivity and income generation are limited. Hence, the material resources of the Lakota people are slim: 1986 per capita income in Shannon County, South Dakota, which comprises the major part of the reservation, was \$3244, making it the poorest county in the United States.² According to the 1980 Census, 58% of the resident Indians live beneath the poverty line.³ BIA estimates indicate that approximately 73% of those able to work are unemployed.⁴ Of those who do work, the vast majority hold public sector jobs, as there are very few enterprise-related jobs available. In 1979, for instance, 7% of the employed were in agriculture, 7% in manufacturing and 3% in retail trade.⁵

¹ Department of the Interior, Bureau of Indian Affairs (BIA), *Indian Service Population and Labor Force Estimates, 1989*. The actual 1989 estimate was 20,206.

² D. Johnson, *A Study of the Twenty-five Poorest Counties in the Continental U.S.A in 1986*, United Methodist Church (New York: 1987), page 12.

³ U.S. Department of Commerce, Bureau of the Census, *1980 Census of the Population American Indian Areas and Alaska Native Villages: 1980 Subject Report*, Government Printing Office (Washington, D.C.: 1984).

⁴ *Indian Service Population*.

⁵ *American Indian Areas and Alaska Native Villages*.

This case was written by Miriam R. Jorgensen for use at Oglala Lakota College; it was prepared under the direction of Professors Stephen Cornell and Joseph Kalt, co-directors of the Harvard Project on American Indian Economic Development. Support was provided by the Kellogg Foundation through the Managers as Warriors Program at Oglala Lakota College. This case was designed as the basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial and administrative situation. Neither is it intended as an investigative report, so certain facts may have been altered.

It was in this context that Newton Cummings succeeded to the presidency of the Oglala Sioux Tribe (OST) in 1984. President Cummings' vision for the Tribe included things which every administrator elected to tribal office desires for the Oglala people: a secure financial future and jobs. One particular element of that vision was his desire to see a small, tribally-owned and operated meat packing operation built on the Pine Ridge reservation.

Because the primary private sector economic opportunities available on the reservation exist in ranching, the leading motivation for this idea was the plant's potential contribution to stable reservation economic development. In fact, meat packing fit well into the Cummings administration's five-year plan for vertical integration and economic growth, which included, e.g., the expansion of cattle ranching through irrigation and the operation of a feedlot. Beyond this economic motivation, however, Cummings also advocated the construction of a packing plant for cultural reasons. Nancy Hussman, President Cummings' executive secretary noted, "This was one of [the] main reasons he wanted to start this, so that there would be fresh meats readily available to our people. Since our people like to put on dinners -- we have dinners that involve meat, a lot of meat -- he wanted this project." In other words, the idea fit well into both the economic and cultural components of reservation life.

President Cummings committed himself to making the plant a reality. The first order of business was to secure funding for its construction. One logical source was the U.S. Department of Housing and Urban Development (HUD). HUD's most obvious involvement in reservation activities is in housing construction and rehabilitation, but the department also provides a number of Community Development Block Grants (CDBGs). These may be used for any approved "community development" purpose. While certain paperwork and financial management violations had prevented the Oglala Sioux Tribe from receiving HUD CDBG funds in the immediately preceding years, the Cummings administration worked quickly to eliminate HUD's concerns and thus qualify for financial assistance. In time, OST received notification that HUD would allow a 1984 CDBG of \$390,500 to go toward the proposed meat packing plant.

Soon, tribal planners and the Tribal Council itself became actively involved in two other aspects of the packing plant project, the new entity's managerial organization and the actual construction planning. On May 22, 1985 the Council passed a resolution to grant the new business a corporate charter:

THEREFORE BE IT RESOLVED, that the Tribal Council of the Oglala Sioux Tribe of the Pine Ridge Reservation of South Dakota does hereby charter Oglala Meat Products, Inc., for the purpose of transacting business independent of the sovereignty of the Oglala Sioux Tribe of the Pine Ridge Reservation of South Dakota and using certain limited assets and stated capital which has been or will be delivered to said Corporation by the Tribe, all for the benefit of the Oglala Sioux Tribe of the Pine Ridge Reservation of South Dakota and in accordance with the stated purposes and powers of the Corporate Charter attached hereto and incorporated herein by reference. The Tribal Council hereby expressly releases

all right of review and of approval of the acts of the said Corporation except as expressly set forth in the Charter of said Corporation;

BE IT FURTHER RESOLVED, that Oglala Meat Products, Inc., be an entity separate and apart from the Oglala Sioux Tribe of the Pine Ridge Reservation of South Dakota with stated capital and limited assets, and which Corporation shall not have the sovereign immunity of the Oglala Sioux Tribe with respect to those assets, but which shall enjoy all other rights, privileges and immunities enjoyed by a natural person under federal and tribal law...

In brief, although the plant itself would be paid for, owned by and provide profits to the Tribe, the operation of Oglala Meat Products, Inc., was to be more or less separate from Council administration. The charter itself stipulated that an eight member board oversee all corporate activities -- the five voting members were to be without Council affiliation and the Tribal President, BIA Agency Superintendent and also a financial institution representative were to serve as non-voting representatives. Board members could be removed only by a majority vote of the Board itself or by a two-thirds vote of the Council. Beyond its role in approving this charter, the Council was to have only limited involvement with corporate ventures or policy decisions.

With regard to construction, the Tribe asked an architect to design a small, comprehensive plant, and then put out bids on the project. The lowest bid came in at \$888,505. Because the initial \$390,500 from HUD was not adequate to cover that cost, President Cummings, the Tribal Economic Development Administration (EDA) and the Council all began to seek funds from other sources. The EDA put out word that the Tribe would be interested in a joint venture partner and solicited loans from various banks (in particular, the American Indian National Bank and the First National Bank of Gordon, Nebraska, the bank with which the Tribe conducts the majority of its business). The President and the Council attempted to secure further federal grant and loan monies. On January 22, 1986, for instance, the Council passed a resolution asking the BIA for \$222,125; its wording indicates that the Tribe had garnered tentative support from other sources, and that this sum was the final amount needed:

WHEREAS, upon the establishment of a successful slaughterhouse operation, the Tribe then proposes to develop and implement an expansion program that may include a feedlot, feed plant, and auction/sale yard, and other ventures that would both support and complement the original business, and

WHEREAS, the facility is designed to take advantage of a major economic activity of the area, that of raising livestock for commercial sale, and to both generate and retain revenue within the Oglala Sioux Reservation area, and

WHEREAS, the total immediate need for this project is \$888,505.00, funds received from HUD are not enough to complete this project, and

WHEREAS, HUD has committed \$399,500, and the Bureau of Indian Affairs has committed \$109,000 for an access road. The Tribe will borrow \$157,880 for working capital, now

THEREFORE BE IT RESOLVED, that the Oglala Sioux Tribe hereby requests \$222,125 from the Bureau of Indian Affairs Economic Development Initiative Grant program for the Oglala Meat Products, Inc.

Unfortunately, these funds never materialized, the Tribe failed in its efforts to put any other financing package together, and the HUD money continued to go unutilized.

In February and March of 1986, the Tribe held another round of elections. These brought in both a new President, Joe American Horse, and a largely new Council. Throughout this time, the slaughterhouse issue remained on the tribal agenda, in the hands of the Council's Economic Development Administration (EDA) Committee. Because Frank Means was the only former committee member to be re-elected, President American Horse soon appointed him to the chairmanship of the EDA Committee. As Chairman, Frank Means immediately found himself in a difficult position. Besides taking over leadership of this critical Tribal Council committee, Means had to work with a wholly new and inexperienced group as they faced a very pressing issue -- for that is what the slaughter house issue had become.

Dom Nessi, Director of the Office of Indian Programs at HUD, had written to the Tribe stating that they must either begin construction of the packing plant by April 18, 1986 or redirect the funds into an easily approved program, like housing rehabilitation. Nessi's point concerned the dates of the grant; in 1986, HUD simply could not allow 1984 block grant funds to remain undispersed. Frank Means was street smart enough to know that if the Tribe did not begin to use the CDBG funds by that date, they would not only lose the money, but also put themselves in a bad bargaining position with respect to the acquisition of future HUD block grants. In a twilight session, the last Council had attempted a reassignment of the block grant funds to housing rehabilitation, but the lame duck President declined to sign this resolution. So Means also knew that the issue was now even more delicate: Should the Council go ahead and use the funds in the original project even though it was clearly under-funded and likely to fail? Should they let the funds go and greatly endanger their chances of future HUD block grants? Or should they again attempt to apply the money to housing rehabilitation, a move which might salvage the funds, but was not the project on which so much effort had been expended? In some sense, the first step in this decision-making process was up to Frank Means; he had to decide what to tell the Council in his next committee report.

Carl Janis, Director of the OST Economic Development Administration, was also aware of the HUD letter. Soon after its receipt, Carl Janis informed Frank Means that he was in contact with a potential joint venture investor. Janis' feelers to a consulting firm in California, which helped connect tribes with businessmen interested in investments in Indian country, had finally panned out. The firm had put him into contact with Scott Bates, then owner of a small meat packing plant in Baker, Oregon. Mr. Bates confirmed his interest in a similar venture with

the OST, so Janis arranged for Bates to visit Pine Ridge. During this trip, he reviewed the business plans of the proposed Oglala Meat Products plant and also investigated a recently closed packing facility in Gordon, Nebraska. (See map, Exhibit 1.) Scott Bates quickly declared that the small venture proposed by the Cummings administration was unfeasible, particularly in the face of aggressive market conditions; by contrast, he expressed great interest in the much larger Gordon plant. He indicated that with solid management, adequate plant rehabilitation and modernization, and a strong opening push of operating capital, the Gordon operation could be made quite profitable for its owners; Bates proposed that those owners be himself and the Oglala Sioux Tribe.

Mindful -- as he had been throughout the previous administration -- of a packing plant's economic development potential for the tribe, Carl Janis was eager to keep up Bates' interest. Thus, he accepted these assessments, both because of Bates' supposed expertise and, "The reason we brought Scott Bates in was because he could find monies from other places, ... and we thought he would be valuable as a partner if he could go out and get a line of credit himself." Without Bates, the packing plant could not be a reality at all; with Bates, the Tribe would have to accept the idea of a plant in Gordon. Janis communicated these considerations to Means and asked if the EDA Committee would be willing to place Scott Bates' proposal on the agenda for the next Council meeting.

Means noted the radical departure that the Gordon packing plant idea had taken from Cummings' original idea of a small operation on the reservation itself. However, he agreed with Carl Janis, that without compromising and without Scott Bates, an Oglala Sioux packing plant might never materialize. Deciding that the issue at least needed airing, Means and his committee recommended that the proposal be given consideration by the Council. At the April 10, 1988 Council meeting, Frank Means reviewed the CDBG time constraints in the opening remarks of his EDA Committee report and then yielded the floor to Carl Janis and Scott Bates.

Scott Bates introduced himself to the Council as the owner and operator of the Oregon Meat Company in Baker, Oregon. He mentioned that this plant had a killing capacity of 100 head of cattle a day and that it produced a full line of meat products including ham, bacon, German sausage, and even beef jerky. Bates, eager to show his expertise in the field, passed out beef jerky samples to all present, and at the same time explained that his Oregon plant had been specializing in the product because of its current "big seller" capabilities on the market. Mr. Bates also stated that under his direction, the Oregon facility had a five year record of profitability and that he had brought along financial statements to verify a net profit of \$100,000 a year.

Given that background, Scott Bates then told the Council he was interested in a joint venture with the Tribe. "Initially," he told them, "I was investigating the current option of a reservation-based packing plant in the town of Pine Ridge, but I was not convinced of its market capabilities. However, the recently closed plant in Gordon can be purchased at a 'bargain basement' price. I am interested in buying that plant -- with you, the Tribe -- as my partner.

Instead of losing the \$400,000 from HUD, wouldn't it be better to take advantage of the money?"

While Council members were somewhat interested in finding out more about the proposal, the main focus of their attention was the April 18 deadline. After a brief discussion with Bates in which they learned that HUD had already given tentative approval to the project and that the parties with controlling interest in the plant had been approached with the idea (First National Bank of Gordon and Rudy Stanko, former owner), the conversation turned back to HUD's demand. The knowledge that only eight days remained before the HUD funds would be lost completely weighed heavily on the minds of Council members. Finally, they passed a motion which allowed Scott Bates to work with the EDA Committee on a draft plan for the acquisition of the Gordon meat packing plant and directed this team to present the plan to the Council before the April 18, 1986 deadline. Few Council members commented on the way plans were moving away from Newton Cummings' original idea, nor did they mention the distance off reservation which potential workers in the Gordon plant would have to travel. (Note the approximate distances from Gordon to some of the larger "nearby" reservation communities shown on the map in Exhibit 1.)

Six days later, Frank Means again took the floor to present the EDA Committee report. He explained that the 1984 CDBG could, at this point, be used for one of two purposes -- housing rehabilitation or a joint venture to purchase the meat packing plant in Gordon, Nebraska. Means then introduced David Spicer, the proposal team's legal consultant. A 1979 Dartmouth University graduate and one-time corporate lawyer, Spicer was not a formally employed tribal attorney; rather, he was currently volunteering his time at *O Kola Kiciye O Tipi* (Friendship House), a reservation school for homeless children. He had been asked to join the project by various tribal administrators involved in economic development because of his specific expertise in corporate law.

This time the Council received a more thorough presentation. Spicer walked them through the "Purchaser Offer", a list of "Advantages to the Venture" and an "Analysis of Bates" (see Exhibit 2) which the proposal team had drawn up over the last few days. The purchase offer proposed a buying a price of \$800,000; the cash downpayment would be \$470,000 (\$370,000 from the Tribe's HUD CDBG and \$100,000 from Scott Bates) and the remainder would come in a \$300,000 loan from the First National Bank of Gordon (FNBG) and a \$30,000 loan from Rudy Stanko, former owner. Furthermore, the offer outlined the tentative sources of rehabilitation funds and operating capital. Stanko would loan the plant \$270,000, FNBG would provide the plant with a \$500,000 line of credit, and there was the possibility of a \$500,000 economic development grant through the State of Nebraska. All of this money was or could be acquired by Bates, on the reliability of his credit background. Finally, this document also contained the tentative terms of a corporate agreement between the Tribe and Scott Bates.

These suggestions were the core of the next portion of Spicer's presentation, an outline of the venture's advantages to the Tribe. Among other things, the list highlighted these ideas:

-- the Tribe would have a hand in the administration and management of the new firm, particularly through the Board of Directors,

-- the Tribe's 51% ownership share would potentially qualify the plant for SBA minority-owned business contract concessions,

-- there would be substantial employment and management training opportunities for OST members over the long-term,

-- there was significant profit potential in the venture for the Tribe, and

-- the Tribe's investment would be protected through a monthly and quarterly review of the corporation's financial records by a Certified Public Accountant.

Spicer concluded his presentation by noting the various reasons for which he and the proposal team believed that Bates was above board and that his idea would fly. "Obviously," he began, "it is impossible to look into a crystal ball and be sure that this operation will work with Scott Bates, but several factors make this new corporate venture appear to be an acceptable risk." Prominent among them were the facts that Scott Bates had apparently come through the FNBG credit check "with flying colors", that he was willing to commit \$100,000 of his own capital, and that his meat-packing and general management experience well-qualified him to run the Gordon plant.

Before yielding the floor, Spicer added these parting remarks:

This is where we stand now, and there are still a lot of details to be worked out. Nonetheless, Mr. Stanko has received the purchase offer and has agreed, with several contingencies ... I believe that this is a good purchase price, with good terms and equally shared risk. The venture for a slaughterhouse has been pushed for two years. *The reality of this proposed package is very attractive.*

Despite David Spicer's positive account of the transactions and solid support for the proposal, several dominant issues emerged from the April 16 Council meeting. Of first priority was the need to gain approval from HUD and an extension of the deadline. For the Tribe's protection and also as a guarantee of the reasonable investment of HUD money, the Council concluded that Mr. Bates' background should be more completely evaluated. Finally, Marvin Amiotte, tribal attorney, raised the issue of corporate control, an issue which was to be of growing importance in the weeks and months to come: "My only concern in the proposal is that in order to qualify for SBA -- or any other -- minority business concession, the enterprise must not only be 51% minority owned, but also 51% minority operated." In response, Spicer commented that the number of board members had not yet been determined.

This last pre-deadline meeting concluded with the Council passing a resolution which directed Frank Means' EDA Committee, Carl Janis, Scott Bates and David Spicer to proceed

with negotiations toward the purchase of the Gordon Meat Packing Plant and to bring any agreement, contract or plant back to the Tribal Council for final approval. (Exhibit 3.)

Shortly thereafter, the Tribe did receive approval from HUD to use their 1984 CDBG in this investment opportunity, as long as their commitment was solid. Thus, information-gathering efforts and negotiations to settle the Tribe's other concerns continued at their quick and intense pace; the packing plant was a major agenda item at both the April 29 and May 7 Council meetings. During this period, three distinct sources of pressure had emerged as critical to the decisions made by the Council on the prospective plant.

First, there was the force that had inspired negotiations in the first place: the HUD stance. Although a delegation had presented the OST/Bates proposal to HUD officials in Denver, and had presumably explained the complexities of the joint venture project, HUD remained less interested in substance than in speed. "At this point," one HUD official noted, "we should not just be talking about how to spend it, but the grant should have been closed by now." Essentially HUD officials told the Council that it was the meat packing plant or no CDBG grant.

The deadline was not the only HUD pressure placed on the Tribe -- there was also the problem that Frank Means had considered quite early in the game, that of the Tribe's on-going funding relationship with the Department. At the April 29 Council meeting, Carl Janis made explicit HUD's general feeling by remarking, "If this grant falls through, then the tribe can forget about any grant through HUD for the next five years." Privately, Frank Means also admitted that this knowledge made many tribal politicians fearful of constituent backlash: "We [would] lose '86 if we didn't do something with '84, so there's two years. The people just don't understand what we were faced with." Concerned that they would lose other opportunities for CDBG's, and wary of the political image that losing the money would create, HUD's hard-nosed attitude meant that many Council members were simply eager to take action.

Due to the success of Bates and FNBG at drawing in more committed lenders and supporters, the project's growing dimensions were themselves a second source of pressure. Notably, because the plant was to be located in Nebraska and incorporated under Nebraska state law, Scott Bates was able to secure a loan from the City of Gordon, which received grant funds through the State of Nebraska's Department of Economic Development. Officials from that department, the City of Gordon, the First National Bank of Gordon, and even from HUD -- many of whom came to the May 7 Council meeting to give their blessing to the packing plant -- all hailed the venture as unique in the field, "one of a kind". For example, Fred Hlava, City Manager of Gordon commented,

This is a very exciting opportunity, because it will provide employment opportunities -- opportunities for the City of Gordon, opportunities for the total area, and it will have direct and indirect benefits as well. This is a very unique opportunity, as this could be a model program unlike any other endeavor ever taken on, at any Indian reservation in the United States.

Thus, the pressure building up on the Tribe became even more significant. Because they were undertaking a supposedly historic style of business venture -- "a model program", according to Gary Ruse, FNBG officer -- it was becoming more and more difficult to make an independent, objective analysis of the project idea. Although he continued to be skeptical, seeking further guarantees from the organizing committee, Council member Wayne Tapio perhaps best summarized the reaction of many when he stated, "I have never seen a delegation like the one that is present today, to answer questions on this plant -- this is a unique project."

Bates himself was the third source of pressure, as his viewpoints often challenged the Council members in their efforts to establish rights as plant owners. The central issue of contention was the structure of the corporate board of managers. In fact, this item was the one which received the most vigorous debate at both of these critical Council meetings. The tentative corporate agreement outlined by David Spicer simply stated that the Board would have OST representatives. Feeling that there would at least be strength in numbers, the Council's initial "go-ahead" resolution (Exhibit 3) stipulated that no fewer than three of the board members, on a *seven* member board, should be enrolled tribal members. Shortly however, Scott Bates asserted his desire for a *five* member board consisting of three of "his" members (including himself) and only two tribal members.

In response to the outright opposition to this position by many Council members, Bates first tried to persuade them with an argument about management capability. He pointed out that HUD's central concern, as well as his own, was that the plant should possess true management expertise. Furthermore, he believed that it was necessary for the managers to be insulated from tribal politics. Asserting that there was a poor management track record at Pine Ridge, both in terms of skill and the interjection of political influence, Bates alleged that his proposed structure was the only logical one. As the objections continued, Bates intimated that HUD would insist on the board structure as he had outlined it and that if the Tribe did not acquiesce, their stubbornness would jeopardize the project's funding. Finally, David Spicer verbalized the implicit meaning of Bates' defensive behavior: if the Tribe did not allow Scott Bates to have voting control, he would "walk" -- and they would lose a profitable investment.

Through the ensuing silence on this issue, the Council effectively deferred to Bates' demand. The only remaining question by any Council member about Board size and control related to the SBA Section 8(a) qualifications which had been such a big selling point in the initial meetings. With only two Indians on the five member board, would the company still qualify as a minority-operated business? David Spicer responded for the venture team. He replied that after looking into it, he no longer believed the certification would be as beneficial as they had originally supposed. With that reason gone, there was little else left to argue for greater Indian representation on Nebraska Sioux Lean Beef's Board of Directors.

While the number of seats seemed no longer to be an issue, membership on the board was not a matter that the Council took lightly. Discussion soon turned to the idea of direct Council involvement: should members of the corporate board be from that elected body? District Representative Lyman Red Cloud went on record stating that the board members should

be Tribal Council members. David Pourier spoke up to state that he would rather have two tribal members on the board rather than someone from the Tribal Council. Vice President Paul Iron Cloud concurred and added, "Any type of business can succeed when politics is not involved, and this project could benefit the Tribe. You, the Tribal Council, are aware of all the businesses that have failed -- so I firmly believe that non-Council members should serve on the board." Ted Means argued that he agreed with non-Council membership, but for different reasons; first, he reasoned, Council members' time was already spread quite thinly, and second, those selected should have solid financial backgrounds, something which Council members might not possess.

Finally, the Council appointed the Tribal Treasurer (presumably the tribal representative with the most knowledge of financial record keeping and the most ready interest in the corporation's affairs) as a board representative and also advocated that a knowledgeable, non-Council private Indian citizen fill the other board slot.

In the midst of these pressures, Tribal Council members had to focus on other specific items relevant to their decisions for or against the proposal. For one thing, they had the opportunity to hear reports on Scott Bates' background. Frank Means, whose committee employed certain regular channels for such checks, reported that besides HUD and the First National Bank of Gordon, Scott Bates cleared as a financially sound and trustworthy partner through analysis done by the State of Nebraska, Dunn and Bradstreet, and even the Chamber of Commerce in Baker, Oregon. In every respect, it appeared that Scott Bates came highly recommended.

The Council also heard about the results that the former owner, Rudy Stanko, had with the plant. They were told that this information could serve as a proxy market survey or profit assessment. According to Bob Connealy, President of FNBG, Mr. Stanko's family had operated the Gordon plant since 1970, and while they had closed the plant, this action was not taken because the operation was unprofitable. Instead, the United States Department of Agriculture (USDA) had raised some quality concerns about the meat processed at Stanko's other plant, Cattle King Beef Company in Denver, Colorado. Efforts to quell these concerns resulted in cost overruns at Cattle King and drained valuable operating capital away from the Gordon plant. Despite this unfortunate turn of events, Connealy, as Stanko's banker, felt it perfectly appropriate to share that Rudy Stanko "made a lot of money." Fred Hlava told the Council members that in the past, "This plant has grossed \$31 million in [annual] sales." (According to Rudy Stanko, the two companies he owned were together grossing over \$200 million a year.⁶)

In other comments, Hlava also tried to educate the Council about the cattle acquisition and meat marketing process. He explained how cattle were either brought to the plant privately or purchased at auctions and transported by the corporation to the packing plant. Furthermore,

⁶ Rudy "Butch" Stanko, *The Score* (Gering, NE: The League of Rights, 1986).

he suggested that on-going scarcities might make cattle acquisition somewhat difficult and expensive, but because the beef market was unlikely to fade, the plant should eventually "make it".

Little mention was made, however, of the true financial complexity of the system. Nor was it explained that this complexity created a need for major injections of operating capital, and that this need was the basis of the large lines of credit which Bates had secured. (\$400,000 from FNBG and \$270,000 from Rudy Stanko, as well as Bates' own \$100,000 -- see Exhibit 4) Once acquired from private individuals or a sale barn, cattle must be paid for within 24 hours. Yet a packing plant generally experiences a sizable delay between the time of acquisition and the time of product sales. For example, not every animal is ready for butchering straight off the auction floor, and these cattle must be put in a feedlot to be brought up to quality weight. Once in the plant, butchered meat must be cured for several weeks, then cut and finally shipped. If accounts are not paid immediately, the gap between investment and return grows even larger. These demands make meat packing -- even a well-managed meat packing operation -- a gamble, with even odds on losing money or making it. Nonetheless, these ranch-to-shelf considerations were not visibly weighed as the Council made its decisions.

Aside from Hlava's brief comments, no in-depth presentation concerning the on-going developments in the cattle, packing plant and beef markets was made to the Council. During this period, however, several important economic changes were occurring within these closely intertwined sectors. First, while the early 1980s had been marked by moderate herd liquidation (a rough approximation is that between 1982 and 1987, industry numbers fell from 132 million to less than 102 million head of cattle maintained nationwide⁷) and consequent lower prices, the mid- to late-1980s evidenced a pick-up in cattle prices as herd size stabilized and fewer cattle were offered for sale. At nearly the same time the Oglala Sioux Tribal Council was considering Bates' proposal, Stanley Angrist, a commodity market observer for *Forbes* magazine wrote,

The estimated inventory of all cattle and calves on farms on Jan. 1 [1986], released on Feb. 10, was bullish for cattle, showing a decline of 4 million head from this time last year. The report confirmed expectations: We now have the smallest cattle inventory since 1963. ... These reports all tell me the same thing. Once the heavier-weight cattle are cleared out of the pipeline, higher prices are on the way.⁸

Furthermore, "This time we will rebuild much slower than in the past," predicted John Birdwell, a member of the National Cattlemen's Association executive committee, "[and] this should mean

⁷ Bill Eftink (Beef Editor), "It's Payback Time for the Beef Industry," *Successful Farming*, April 1988, page 44.

⁸ Stanley W. Angrist, "Trimming the Fat," *Forbes*, 24 March 1986, page 220.

a longer period of profitability."⁹ Profitability, that is, for ranchers, and higher prices for packing plant operators, the middlemen in the game of beef sales.

A second important development concerned the packers themselves, who were subject to a growing squeeze from the "heavy-hitters" in the industry. Most significantly, throughout 1986 the Supreme Court was weighing a decision on the proposed merger of Cargill Inc. with Spencer Beef. The High Court's ruling in favor of Cargill was labelled "the sleeper event of the year" by *Successful Farming* magazine."¹⁰ The decision cleared the way for Cargill Inc. to buy three Spencer Beef Packing plants in Iowa and Nebraska; these plants would extend the operations of Cargill's subsidiary, Excel Corp., already the second largest beef packing firm in the U.S.¹¹ With this consolidation, the four largest firms' share of slaughter was 52.9% by the end of 1986, up from 29% in 1972.¹² Because they control larger market shares for both buying cattle and selling processed beef, large operations may be able to accept lower profit margins or arrange special deals and thus put pressure on smaller firms, sometimes even forcing them out of business.

The third major change reflected alterations in consumer demand. While the "Beef: Real Food for Real People" campaign was going strong and beef demand overall was not wavering dramatically, the kind of meat desired by consumers was changing. More and more retail outlets requested lean beef, precisely the demand which Nebraska Sioux Lean Beef hoped to answer. Besides defining a market niche for new firms, however, this change in consumer tastes also had the potential to drive up cattle prices. "There'll be a bidding war for leaner cattle in the next two years [1986 - 1988],"¹³ said Jim McMoories, president of Chianina Lite Beef, Inc., another new company. Describing the events of 1986, *Successful Farming* noted, "The major meat packers and retailers are cautiously jockeying for position in the race to satisfy lean beef demand."¹⁴

All told, these three developments -- reduced inventory, major packing plant mergers and the increasing demand for lean beef -- created the momentum for sustained high cattle prices, at least through the end of the decade. Unfortunately, these were the precise prices which

⁹ *ibid.*

¹⁰ "The '86 Events That Will Affect You Most in '87," *Successful Farming*, February 1987, page B16.

¹¹ "Cattle Feeding and Packing Too Concentrated," *Successful Farming*, February 1987, page B24.

¹² "The '86 Events..."

¹³ "New Challenges in Leanness Trend," *Successful Farming*, October 1986, page 11.

¹⁴ *ibid.*

Nebraska Sioux Lean Beef would have to face when garnering its cattle supply. It is not at all obvious that the Tribal Council, during these tumultuous days, took such considerations into account.

The common thread in almost all discussions before the Council, though, the one thing that maintained the Tribe's interest under these external pressures and through the discussion of sometimes difficult or mundane issues, was the promise of tribal income and jobs for the Oglala people. Almost every special speaker before the Council mentioned the promise of jobs and profits. Council members often voiced their objections to the project, but then restated their belief in the potential for tribal benefits. As Frank Means noted in his final comments to the Council on May 7 before moving for a vote on the formal release of the CDBG funds and endorsement of the plans,

In each administration, the Tribal Council talks about jobs. Our people are desperate to go to work; with a 90% unemployment rate, this project will provide employment opportunities for the people. Certainly any business venture is a risk, and risk is something that has to be considered; but whether we like it or not, agriculture is the reservation's base economy, and this project complements that base. Time has run out with HUD, and either we approve the project -- and it appears to be a good one despite the risk -- or the Tribe will lose the funds.

So throughout these four weeks of struggle, the economic conditions on the reservation and the needs of their constituents weighed heavily on each Council member's mind.

After his comments Frank Means made a motion, which was seconded by his fellow EDA Committee member David Janis, to adopt resolution #86-61, "A resolution endorsing the corporate venture with Scott Bates to form the new corporate venture to purchase the meat packing plant in Gordon, Nebraska." The resolution authorized the establishment of a new corporation, approved the actual purchase of the plant and recommended that HUD expedite the release of OST CDBG funds. It passed unanimously.

In the closed door sessions which followed throughout the month of May, the proposal team wrote a corporate charter. It, along with a corporate agreement written and signed by the involved parties immediately after the May 7 Council meeting, expressly formalized any decisions which had been left hanging in actual Council discussion. In particular, the charter spelled out the board composition question in Article II ("Shareholders"), Section 9 ("Selection of Directors"):

Pursuant to the agreement between the Oglala Sioux Tribe and Scott G. Bates on May 7, 1986, the Tribe shall appoint two members of the Board of Directors and Bates shall appoint three members thereof. In the event any such Directors are removed or resign, the party who originally appointed such Director shall appoint one to replace him. The Directors shall not be elected by shareholders, and both original shareholders have

waived the provisions of the Nebraska Business Corporation Act which require such elections. See paragraph 3 of the May 7, 1986 agreement to form corporation.

One of the most difficult issues which the negotiators had to face was the strange lack of symmetry between ownership and operating control. Because the Tribe had given Scott Bates operating control over the corporation, it was necessary that he also hold enough share votes to formally control business decisions. However, since the Tribe had contributed the lion's share of the actual cash which purchased the plant, they were given 51% ownership in the corporation -- of the 7500 shares issued, the Tribe held 3655 and Scott Bates held 3600. To rectify the control issue, the two parties signed a "Voting Trust" (Exhibit 5), to serve as the legal specification of the assignment of voting rights on capital stock. In brief, this transferred 100 shares to OST stock to Scott Bates for all shareholder votes except those decisions particularly specified in the trust agreement (e.g. any proposal to dissolve the corporation). Especially in conjunction with their lack of corporate board control, this agreement effectively stripped the Tribe of authority over the corporation's operations, despite their status as majority owners.

The charter, voting trust agreement, and the company's papers of incorporation under Nebraska state law were all legally established during the May 27-29, 1989 time period. They were also approved at the first joint stockholders/board of directors meeting, held by teleconference on May 29.

Despite the finality implied by these documents and actions, the Tribal Council asked a large delegation involved with the packing plant to return for its June 6 meeting. Council representatives had begun to receive questions from their constituents which they could not answer, they were still upset about the Tribe's lack of Board control, and many were distrustful of the marketing outlook. In fact, a group of Council members had asked the First Nations Financial Project, a well-known Indian consulting group, to examine the project's potential. The reports were cautionary, and this information cast further seeds of doubt.

The response of every delegation member to these concerns was defensiveness, however, and often even anger. The Tribal Council minutes summarize some of their remarks as follows.

Carl Janis states this is the fourth time this group has been here and no project concerning economic development has ever been explained in more detail than this project. He explains Scott Bates' background has been checked ... Janis explains [that] the appraisal for the plant just came in at \$1.4 million, and the Oglala Sioux Tribe will be buying it for \$800,000.

Dom Nessi gives background on the Community Development Block Grant and states, "This grant was started in 1984 ... [It] should have been closed by now." Nessi states he thinks HUD overstepped their boundaries in checking Scott Bates out, we were all over him. He said this is an opportunity to do something that no other tribe in our seven state region has done. Nessi states this is the kind of project that provides self-sustaining income for the reservation; this project will

be able to start the road to economic recovery for this reservation. ... Nessi states in any point and time in this corporate venture's life, there will be doubters and people who will say things could be done better. ... Nessi states HUD is past the point to redo the grant and HUD's commitment is to make this project work, HUD feels comfortable with the project as it stands.

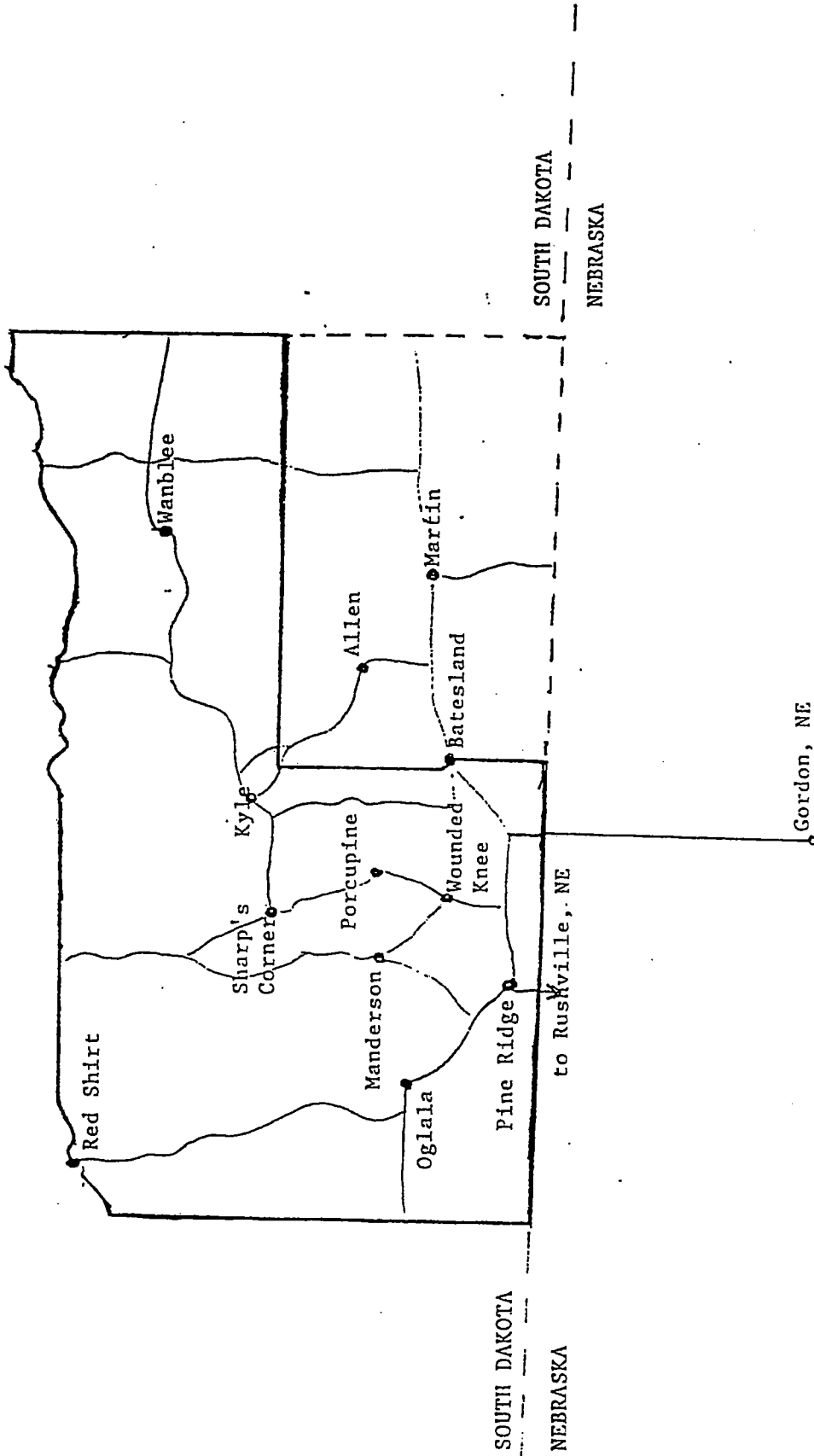
Scott Bates states in some respects he appreciates the questions coming up, about more paper work coming in, [whether or not] the deal is changing [or] the Tribe is losing control -- [but] they are utter nonsense. He states nothing is guaranteed in life, he is putting up \$100,000 of his own personal capital. ... Bates states on the voting control of the Board, he made it very clear, from the beginning, he would control the Board until the day the Tribe decides to buy him out. And that is the only way the Tribe will see him or his money invested in this company. Bates states everything has been above board, no articles have been changed.

David Spicer comments that on the voting control, "there are more safeguards in this corporation the way it is set up, than you are going to see in most corporations." Spicer states, "there have been no surprises..." Spicer adds, "the Tribe does not lose anything, it is in the Tribe's interest." He said he heard a lot of rumors, the tribe has to get the facts and the facts are, there is no change in the position of the Tribe, if anything [throughout the month of May], the Tribe's position has advanced.

Frank Means comments he would like to go ahead with the project because he would like to go after other federal funds, [like funds] for Pine Ridge Products and Plastics Factory.

PINE RIDGE INDIAN RESERVATION

Scale: One inch = 16 miles



From Martin, it is approximately 52 miles to Gordon, NE.
From Pine Ridge, it is approximately 40 miles to Gordon, NE.
From Kyle, it is approximately 51 miles to Gordon, NE.

Purchaser Offer

1. Eight hundred thousand dollars (\$800,000.00) for a meat packing plant.
2. Terms:
 1. Down payment of \$470,000.00. \$370,000.00 from HUD Grant paid by O.S.T. \$100,000.00 paid by Scott Bates.
 2. \$300,000.00 loan from FNBG with interest not to exceed twelve percent (12%), first mortgage.
 3. \$30,000.00 second mortgage held by Rudy Stanko, current owner. No payment on principal or interest for two (2) years and then seven percent (7%) interest paid quarterly with balance due in ten (10) years.
3. Contingencies:
 1. Tribal Council approval of Resolution.
 2. HUD approval of use of HUD Grant for purchase. The original grant made in July, 1984, has received three (3) extensions and the third extension due to expires this Friday, April 18, 1986.
 3. USDA approval in licensing plant.
 4. O.S.T. establishing an agreement with Scott Bates regarding:
 1. Organizing new corporation organized under the laws of Nebraska;
 2. Fifty one percent (51%) ownership by O.S.T.;
 3. Fifty percent (50%) of labor force comprised of O.S.T. members;
 4. Selected O.S.T. members of labor force trained for management positions;
 5. O.S.T. representatives as voting directors on Board;
 6. Monthly and quarterly review of financial corporate records by a Certified Public Accountant.
 5. Option between Stanko, owner, and Packer Land (valid for three (3) more months) be waived.
 6. Cracks and patches in floor and roof fully repaired by Stanko.
 7. No other liens and encumbrances other than those disclosed. A title check will be done.

4. Financing Terms:

1. \$270,000.00 loan from Stanko to new corporation for operating expenses. Same term as the \$30,000.00 mortgage above.
2. \$500,000.00 line of credit provided by FNBG.
3. Possible \$500,000.00 EDA Grant through the State of Nebraska.

5. Purchase of Rendering Plant:

As part of package, there would be a option (1 year) to purchase Rendering Plant for fifty one percent (51%) controlling interest. Purchase price \$75,000.00 with \$50,000.00 cash down and balance financed by FNBG.

Advantages to Venture

1. Fifty one percent (51%) owned by O.S.T. and potential qualification as Section 8 (a) Small Business Administration minority owned business. Meeting on Friday, April 18, at 8:00 a.m. to discuss qualification with SBA Regional Office in Denver.
2. Substantial employment for O.S.T. members over long-term.
3. Potential for management training of selected O.S.T. members of labor force.
4. No O.S.T. money pledged other than \$370,000.00 HUD Grant that could be lost of Friday, April 18.
5. Liability applies to new corporation. Potential liability to O.S.T. only if payroll taxes and FICA (Social Security) not being paid.
6. Monthly monitoring of books by Certified Public Accountant with reports provided to Executive Board to verify no discrepancies in financial management.
7. O.S.T. representation on Board of Directors as voting members.
8. Healthy financing base with funding provided by First National Bank of Gordon for minimum of \$500,000.00 line of credit (possibly \$1 million), \$270,000.00 from Rudy Stanko, \$500,000.00 EDA loan through State of Nebraska, and possible \$250,000.00 EDA Grant through BIA.
9. Benefit from partnership with Scott Bates and selected key personnel brought to plant from his Oregon operation and re-hiring of key management personnel who were laid off. Management questions still to be resolved to assure than new corporation shall be granted Section 8 (a) minority owned business status.
10. Potential profitability. Scott Bates intends to streamline the debt structure, which should provide substantial savings over the way operations were conducted. The interest expenses will be reduced, leasing expenses dramatically cut and freight costs will be reduced. Bates also intends to diversify to develop a beef jerky market.
11. Potential for contracts for Oglala Sioux Plastics, Inc., in manufacturing containers as well as possible establishment of new cannery business designed to service plant. Long-term goal.

Analysis of Bates

Obviously, impossible to look into a crystal ball and be sure that this operation will work with Scott Bates, but several factors make this new corporate venture appear to be an acceptable risk:

1. Bates was thoroughly checked out by FNBG last week and he apparently came through with flying colors otherwise the Bank would never be willing to commit a \$500,000.00 line of credit.
2. Bates is willing to commit capital, \$100,000.00 of his own money, to start business. A willingness to share in risk is vital to ensuring success of venture.
3. Bates has 5 years experience in meat packing business in Baker, Oregon as owner of plant. He is currently selling plant for estimated \$800,000.00.
4. Bates has background in finance and general business management. His resume and financial statements are being forwarded to Carl Janis for review.
5. Bates' current financial ability has qualified this new business for at least \$500,000.00 line of credit which the O.S.T. cannot obtain.
6. Bates is young, 30, very aggressive and seems to be a straight-shooter. He is interested in this venture with the Tribe because of the excellent terms for purchasing the business, excellent financing package available, and primarily because he believes strongly that this venture can be extremely profitable. If this enterprise proves profitable, the Tribe shares 51% of the profits which could generate substantial revenues well in excess of \$200,000.00 per year for the Tribe plus some very stable employment.

RESOLUTION OF THE OGLALA SIOUX TRIBAL COUNCIL
OF THE OGLALA SIOUX TRIBE
(An Unincorporated Tribe)

RESOLUTION ENDORSING CORPORATE VENTURE WITH SCOMAR ENTERPRISES, INC., A CALIFORNIA CORPORATION, IN THE PURCHASE OF A MEAT PACKING PLANT IN GORDON, NEBRASKA.

WHEREAS, the Oglala Sioux Tribe was awarded a \$399,500 HUD Community Development Block Grant, No. B-84-SR-46-0004, to use in development and construction of a new meat packing plant on the Pine Ridge Indian Reservation, and

WHEREAS, no progress has been made in obtaining other necessary financing to construct a Reservation-based meat packing plant and the HUD Grant of \$399,500 is due to terminate effective April 18, 1986, and may be lost to the Oglala Sioux Tribe, and

WHEREAS, Scomar Enterprises, Inc., a California Corporation, is interested in organizing a corporate venture with the Oglala Sioux Tribe in the purchase and acquisition of a meat packing plant in Gordon, Nebraska, which has been recently closed own, and

WHEREAS, the Oglala Sioux Tribal Council in a motion endorsed the efforts of Scomar Enterprises, Inc., in investigating the possibility of collaborating with the Tribe in purchasing the Gordon Meat Packing Plant from the current owner, Mr. Rudy Stanko, and

WHEREAS, Mr. Scott Bates, President of Scomar Enterprises, Inc., has made an offer to purchase the Gordon Meat Packing Plant for \$800,000 with terms that have been tentatively approved by the current owner, Mr. Rudy Stanko, and

WHEREAS, the \$370,000 of the HUD Grant would be applied directly to the purchase price of the Gordon Meat Packing Plant along with \$100,000 payable at closing by Scomar Enterprises, Inc., and

WHEREAS, Scomar Enterprises Inc., has tentatively obtained financing for a \$300,000 loan and a minimum \$500,000 line of credit provided by First National Bank of Gordon, Nebraska, and

WHEREAS, the Oglala Sioux Tribe is agreeable to collaborating with Scomar Enterprises, Inc., in forming a new Nebraska-based, for profit, corporation, per the following conditions:

1. A 51% ownership interest in the new corporation by OST.
2. At least three OST members sitting on the new Board of Directors, on a Board of seven, including Mr. Scott Bates as President of the Board.
3. Policy goals in the new corporation providing that 50% of the labor force be comprised of OST members, with transportation provided to and from Gordon, Nebraska and the Reservation.

RESOLUTION NO. 86-41
Page Two

4. That selected members of the labor force be screened and trained for possible management positions within two years.
5. Competitive salaries be paid to all members of the work force.

WHEREAS, Scomar Enterprises, Inc., will provide expertise in the meat packing business plus technical assistance, management and marketing capability to the newly formed corporation, and

WHEREAS, the Oglala Sioux Tribe will not have to commit any financial resources to the new corporate venture in the purchase of the Gordon Meat Packing Plant, and

WHEREAS, if this new corporate venture with Scomar Enterprises, Inc., is successful, it may lead to additional development and expansion of business opportunities on the Reservation, including possible contract for Oglala Sioux Plastics, Inc., and possible establishment of a new cannery business, and

WHEREAS, during the course of the first two years of operation, this new corporate venture shall be monitored, monthly and quarterly, by a Certified Public Accountant (CPA) either acting as an employee of the new corporation or as a CPA hired by the Oglala Sioux Tribe at their own expense and said CPA shall furnish financial statements, monthly and quarterly, to the Executive Board of the Oglala Sioux Tribe, now

THEREFORE BE IT RESOLVED, that the Oglala Sioux Tribal Council requests an amendment to the original 1984 Bock Grant, B-84-SR-46-0004, to allow the grant to be applied towards the purchase of the Gordon Meat Packing Plant, and the Oglala Sioux Tribal Council endorses the formation of a nebraska Corporation involving the Oglala Sioux Tribe and Scomar Enterprises, Inc., to manage and operate the Gordon Meat Packing Plant, and

BE IT FURTHER RESOLVED, that authorization is hereby granted for the Economic Development Committee, Carl Janis, Scott Bates and David Spicer to proceed with the negotiations towards the purchase of the Gordon Meat Packing Plant and any agreement, contract or plan be brought back to the Tribal Council for final approval.

C-E-R-T-I-F-I-C-A-T-I-O-N

I, as undersigned, Secretary of the Oglala Sioux Tribal Council, hereby certify that this resolution was adopted by the vote of: 15; 0 against; and 1 not voting, during a REGULAR Session held on 16th day of APRIL, 1986.

Source	Private Equity (Scott Bates)	Gordon Bank	Rudy Stanko (present owner)	Equity (Oglala Sioux) HUD	State of NE. CDBG	TOTAL
Building Acquisition		\$400,000	\$30,000	\$370,000		\$ 800,000
Renovation		\$ 25,000			\$330,000	\$ 355,000
Fixed Equipment					\$ 95,000	\$ 95,000
Working Capital	\$100,000	\$400,000	\$270,000			\$ 770,000
TOTAL	\$100,000*	\$825,000*	\$300,000*	\$370,000	\$425,000*	\$2,020,000

* Scott Bates' credit is responsible for obtaining this loan
or financing for total of \$1,550,000

VOTING TRUST (ASSIGNMENT OF VOTING RIGHTS ON CAPITAL STOCK)

The OGLALA SIOUX TRIBE, one of the subscribers to an agreement to form corporation made on May 7, 1986 with SCOTT G. BATES, does hereby, through JOE AMERICAN HORSE, its President, create a voting trust for and make an assignment of the voting rights of 100 shares of the capital stock of NEBRASKA SIOUX LEAN BEEF, INC., a Nebraska corporation, to SCOTT G. BATES, all upon the following terms and conditions:

1. CAPITAL STRUCTURE OF CORPORATION. NEBRASKA SIOUX LEAN BEEF, INC., a Nebraska corporation, is formed by the OGLALA SIOUX TRIBE and SCOTT G. BATES pursuant to an agreement dated May 7, 1986 for the purpose of acquiring and operating a meat packing plant and business in Gordon, Nebraska. The corporation has 10,000 shares of authorized capital stock. The Tribe owns 3,700 shares and Eates 3,555 shares of the capital stock of the corporation. No other stock is or will be issued without the unanimous consent of those two shareholders.

2. PURPOSE OF TRUST AND ASSIGNMENT. As required by the agreement of May 7, 1986 the Tribe is assigning voting rights on 100 shares of its capital stock to Bates for the sole purpose of allowing him to vote the same with his shares so that he will have control of the corporation throughout his tenure as Chief Executive and Operating Officer thereof. Bates shall therefore, be able to vote 3,655 shares of the capital stock of the corporation at all meetings of its stockholders while the Tribe retains the right to vote 3,600 shares of capital stock of the corporation at those meetings.

3. RESTRICTIONS UPON VOTING RIGHTS ASSIGNED. This assignment of voting rights by creation of a voting trust on the 100 shares of the capital stock of the corporation described herein, is restricted in that the Tribe shall retain the right to vote those 100 shares in case any of the following proposals or actions shall be contemplated by the corporation, to-wit:

- a. Any proposal to dissolve the corporation, and
- b. Any proposed sale or trade of real estate owned by the corporation, and
- c. The exercise of an existing option to purchase a rendering plant, and
- d. Any proposed merger of the corporation with another corporation, and
- e. Any proposed sale of the corporate business, and
- f. Any repeal, change, amendment or addition to the Articles of Incorporation or by-laws of the corporation, and
- g. Any proposed change in corporate goals.

4. DURATION. This voting trust and assignment of voting rights will be irrevocable, and will remain in effect until the corporation is terminated, is dissolved by mutual agreement of the parties, is dissolved by operation of law, or until either the Tribe or Bates is no longer a stockholder of the corporation.

THE OGLALA SIOUX TRIBE DOES THEREFORE TRANSFER AND ASSIGN TO SCOTT G. BATES 100 shares of the capital stock of Nebraska Sioux Lean Beef, Inc., a Nebraska corporation, and creates a voting trust pursuant to the terms of Sec. 21-2034 of the Nebraska Business Corporation Act, and designates Scott G. Bates the trustee with the right to vote the 100 shares so transferred to him pursuant to the terms and conditions of this specific document.

EXECUTED in duplicate with one copy for deposit with the corporate records of Nebraska Sioux Lean Beef, Inc. on May 29, 1986.

THE OGLALA SIOUX TRIBE

By: Joe American Horse
JOE AMERICAN HORSE
President

ATTEST:

Nancy D. Huszinsin
SECRETARY

EXHIBIT 6

LIST OF PLAYERS

- Joe American Horse: OST President, 1986 - 1988; President during NSLB's incorporation.
- Marvin Amiotte: One of OST's regular tribal attorneys.
- Scott Bates: President, Scomar Enterprises, a California-based venture capital firm; President of the Board and minority shareholder of NSLB.
- Bob Connelly, Gary Ruse & Jay Denney: Officers at First National Bank, Gordon, the Tribe's bank and NSLB's bank.
- Newton Cummings: OST President, 1984 - 1986; original promoter of packing plant idea.
- Bernard Cury: An enrolled member of the Oglala Sioux Tribe who was an assistant plant manager at NSLB and eventually a nominal Board member.
- Bud Ferguson: An Oglala cattle rancher appointed by the Tribe to the NSLB Board of Managers.
- Fred Hlava: City Manager, Gordon, Nebraska.
- Steve Hughes & Ken Varner: NSLB Board members appointed by Scott Bates.
- Paul Iron Cloud: OST Vice President 1986 -1988; Vice President during NSLB's inception. OST President, 1988 - 1990; President during NSLB's final demise.
- Carl Janis: Director of the OST Economic Development Administration; in charge of the search for a joint venture partner.
- Penny Janis: OST Treasurer during the Joe American Horse administration and as Treasurer, one of the two NSLB Board members appointed by the Tribe.
- Frank Means: Member of the OST Tribal Council's Economic Development Administration Committee 1984 - 1990; Chairman of the EDA Committee under Joe American Horse (1986 - 1988).
- Dom Nessi: U.S. Department of Housing and Urban Development Director of Indian Programs in the OST region (Denver region).
- David Spicer: Attorney trained in corporate law who was asked to work with the Tribe on the NSLB project.
- Rudy Stanko: Former owner of Nebraska Beef Company in Gordon, Nebraska, the plant which was re-opened by Bates and OST as NSLB.

DISCLAIMER: RESEARCHERS PLEASE NOTE

This case is for teaching purposes only. It is not intended to be a complete and accurate reporting of relevant events and therefore should not be cited for research purposes. Primary documents may be found by referring to footnotes, and some may be located in the Oglala Lakota College Library archives.

The views expressed in this paper are those of the authors and do not necessarily reflect those of the Managers as Warrior Program, Oglala Lakota College, the Harvard Project on American Indian Economic Development, the Malcolm Wiener Center for Social Policy, or Harvard University.

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