



## PRESS RELEASE

### Tewatohnni'saktha Board of Directors responds to Michael Rice

**FOR IMMEDIATE RELEASE:** Kahnawà:ke (June 22, 2015) The Tewatohnni'saktha Board of Directors would like to take this opportunity to respond to a letter sent to the community entitled, *Report to Community on my request for corrective measures at Tewatohnni'saktha*, by Michael L. Rice. At this time, the Board rejects Mr. Rice's report as being inaccurate, unjustified, misleading, and self-serving.

According to his letter, Mr. Rice initiated a process with the Tewatohnni'saktha Board of Directors and the Mohawk Council of Kahnawà:ke (MCK) in May of 2014. The process in question was to address two issues: 1) alter the Board approved arrangement regarding fees paid to two Tewatohnni'saktha employees for representation on outside Boards and 2) to otherwise correct general performance deficiencies at the organizational level.

The Tewatohnni'saktha Board of Directors, including Mr. Rice, held discussions on the subject of director's fees on June 3, September 14, and November 4, 2014. At each of these meetings, the other six Board members supported the Tewatohnni'saktha Board of Directors' previous decisions to allow for the directors' fees. The basis for the Board's decision rested with a legal opinion stating that the CEO of Tewatohnni'saktha was legally and otherwise entitled to fees paid to him as a director of an outside company as this was over and above his responsibilities at Tewatohnni'saktha, and because of a director's personal liabilities which include time and legal responsibilities. The Board's choice was to allow him to be appointed for such periods of time as they determined or, alternatively, the Board could decide not to appoint the CEO as Kahnawà:ke's Shareholder Representative. Ultimately, they decided his appointment would be allowed for two years (coinciding with the term of Tewatohnni'saktha Board elections), with the possibility of renewals. The Board also approved the appointment of the Director of Revenue Generation as the Chairman of the Board of Supervisors/CEO of Mohawk Internet Technologies (MIT) on an indeterminate basis.

Regarding the second issue, at no time did Mr. Rice assert to the Board of Directors that there was a performance deficiency at the organizational level. As well, Mr. Rice was never refused access to

any corporate or financial documents from MIT or Continent 8 and at no time did Mr. Rice ever make a request to the Tewatohnni'saktha Board for further investigation. At no time, while he was on the Board, did Mr. Rice tell anyone what he was looking for nor did he tell anyone that he thought something was in need of correcting, with the exception of the directors' fees which he agreed the employees were entitled, but felt were excessive. While Mr. Rice felt that the two directors should only be compensated for the total time spent working on the file, the remaining Board members were of the opinion that additional consideration needs to be given to the level of responsibility, decision authority, and personal liability that both individuals have as acting as director of Continent 8 and as CEO/Director of MIT. Failing to have the original decision overturned, Mr. Rice wrote to the MCK, requesting that they invoke their powers under section 6.7 of the Kahnawà:ke Tewatohnni'saktha Economic Development Commission Law, effectively requesting that the MCK place Tewatohnni'saktha under trusteeship if Tewatohnni'saktha did not accede to his demands. The remaining six Board members consequently and unanimously decided that Mr. Rice, as a Board member, was: in breach of his lawful obligations; in breach of his duty of loyalty to Tewatohnni'saktha; and had placed himself in a situation that was in conflict with his duties and obligations under the Tewatohnni'saktha Economic Development Commission Law. This ultimately resulted in Mr. Rice's removal from the Tewatohnni'saktha Board of Directors and was passed by Tewatohnni'saktha Board Resolution #06/2014-2015 and communicated by public announcement to the community on February 16, 2015.

In his letter, Mr. Rice also states that he was *"given the fiduciary responsibility to ensure that the entire community benefits from our economic endeavors."* The Tewatohnni'saktha Board of Directors would like to remind Mr. Rice that the remaining six members have also been elected by the community and have been given the same responsibilities. "The community has placed a trust in each of us to oversee economic development for the community in a responsible and ethical manner. This is not a duty that we take lightly, and at times there are difficult decisions that must be made. In part, that has led us to the present situation," said Dwayne Kirby, Board Vice-Chairperson.

As well, to clear up additional misinformation that Mr. Rice included in his letter, both Continent 8 and MIT have independent financial audits conducted annually. MIT has had independent financial audits conducted since Tewatohnni'saktha was given the responsibility to oversee its management in 2004. Furthermore, as an incorporated company, Continent 8 is required by law to have an annual independent financial audit performed, which it has respected repeatedly since its creation. While Mr. Rice claims that he had to do a lot of asking to get information regarding MIT and Continent 8, the staff of Tewatohnni'saktha confirms, and has the evidence, that they provided him the documentation he requested each time within one hour of the request being made. While Mr. Rice states that he does not believe that Continent 8 or MIT are controlled by the community, at no time did he speak to or ask to speak to either of the two Tewatohnni'saktha representatives overseeing Continent 8 or the two Tewatohnni'saktha representatives overseeing MIT to seek clarification on any operational or financial questions or concerns that he may have had for the two entities.

Mr. Rice also states that Tawatohnhi'saktha has not done enough in terms of job creation. A common misconception is that economic development organizations are responsible to create jobs. They are, in fact, responsible to facilitate job creation by supporting businesses and lobbying politicians to ensure the proper legislation and regulations are in place to encourage business creation, development, and expansion. Plainly stated, it is the business community that creates jobs, and it is Tawatohnhi'saktha's role to help support these businesses so they can create more jobs. Furthermore, Tawatohnhi'saktha's role includes helping individuals obtain the training and acquired skills to get the jobs that these businesses create. As such, since 2007, Tawatohnhi'saktha has helped over 370 Kahnawa'kehró:non attain employment and has supported the creation or expansion of over 100 local businesses. As well, from the businesses owned and overseen by Tawatohnhi'saktha, numerous jobs have been created or brought to the community by creating office space. For example, 85 people are employed within the Kahnawà:ke Business Complex, 380 people are employed within the businesses located in the Kahnawà:ke Office Complex, 6 people are employed in the Kahnawà:ke Welcome Center, and the Kahnawà:ke Regional Adult Education Center (housed in a Tawatohnhi'saktha owned building) employs 17 people.

While Mr. Rice has valid concerns regarding the lack of revenue generating activities since 2007, when he was on the Board of Directors he was informed that the primary reason for this was because of the need for Tawatohnhi'saktha to save up the money to invest in new revenue generating projects. Tawatohnhi'saktha has now saved \$10.5 million over the last eight years from the dividends it receives from Continent 8 for this exact purpose and will soon be using these funds to invest in several projects such as the wind farm project in St. Cyprien and new revenue generating projects such as a community-owned gas station on Route 207. The wind farm project in St. Cyprien will bring \$60 million to the community over the next 20 years which will be distributed in equal shares to the Mohawk Council of Kahnawà:ke and Tawatohnhi'saktha to help address unmet needs and services in the community of Kahnawà:ke. The unmet needs and services include, but not limited to, environment, Mohawk language and culture, labour force development, education, and special needs for the youth and the elderly, sports, arts and recreation. Since 2007, the Board has examined over 15 other projects some of which have been deemed not feasible investments, and others that are still in the research and development stages.

Mr. Rice's request that the \$914,000 used by the MCK from the housing fund be taken back from Tawatohnhi'saktha is an extremely unreasonable and illogical request, particularly since any revenue generated from Tawatohnhi'saktha for MCK is over and above their regular program costs. To take this money from Tawatohnhi'saktha at such a crucial time in project investment would be detrimental to the projects we are currently developing and potentially inhibit our ability to generate profits that the MCK can use to replenish the housing fund.

Since the director's Fees were approved in 2007, the CEO of Tawatohnhi'saktha, the Director of Revenue Generation, and the Tawatohnhi'saktha Board of Directors have all been open and honest regarding the receipt of the fees and the equivalent annual donation of 40% of the fees to the Skawennio Tsi lewennahnotahkwa Kahnawà:ke Library. Two separate, independent, legal firms

have both confirmed the legality and propriety of these fees. As well, after having reviewed the matter, the MCK decided that corrective measures are not warranted.

The MCK recognizes that Tewatohnhi'saktha has always and continues to place great emphasis on the importance of a strong working relationship between the two entities. Both parties acknowledge much work remains to be done to help grow the economy of Kahnawà:ke - complex work that involves more than just Tewatohnhi'saktha's mandate and requires the involvement of the MCK and other community organizations.

In conclusion, the Tewatohnhi'saktha Board of Directors is unified in defending the organization and its staff from Mr. Rice's misleading and unjustified accusations.

Attached is a chronology of all Tewatohnhi'saktha Board of Directors discussions related to this matter.

-30-

For additional information contact:  
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Tewatohnhi'saktha



## **Tewatohnni'saktha Board of Directors responds to Michael Rice: Annex A**

**Chronology of Tewatohnni'saktha Board of Directors discussions,  
decisions, Council updates, and other events relative to Continent 8  
director's fees and Mohawk Internet Technologies director's fees.**

**June 22, 2015**

- **January 15, 2007:**  
Declaration by the CEO to the Tewatohnni'saktha Board of Directors of the receipt of a Director's fee from Continent 8 and request for approval for the CEO's acceptance of the fees. Presentation of legal opinion from Fishman Flanz Meland Paquin relating to the Director's fees, stating that there is nothing to prevent the CEO of Tewatohnni'saktha from receiving compensation as a director of Continent 8 and that there is nothing irregular about the arrangement. Outcome recorded in the Tewatohnni'saktha Board minutes as follows: "The item was deferred to the next meeting."
- **February 7, 2007:**  
Tewatohnni'saktha Board discussion on Director's fees. Outcome recorded in the Tewatohnni'saktha Board minutes as follows: "The Board deferred the decision to an upcoming board meeting. The Board requested that Bud Morris prepare a report of his time spent on Continent 8 business, and a report showing that MIT or Continent 8, and not Tewatohnni'saktha, cover all Continent 8 related expenses, both to be presented at the next Tewatohnni'saktha Board of Directors meeting."
- **April 2, 2007:**  
Tewatohnni'saktha Board discussion on compensation for the CEO of MIT. Outcome recorded in the Tewatohnni'saktha Board minutes as follows: "The Tewatohnni'saktha Board of Directors unanimously approved of Kyle Delisle being awarded Director's fees for sitting on the MIT Board of Supervisors."
- **April 25, 2007:**  
Proposal from the CEO to donate 40% of the Continent 8 director's fees to the Kahnawà:ke Library. Rationale being that 40% reflects Kahnawà:ke's ownership share of Continent 8. Outcome recorded in the Tewatohnni'saktha Board minutes as follows: "There was a consensus to approve the proposal outlined above effective April 1, 2007 and that the previous year would be revisited at the next Board meeting. Chuck Barnett will draft the press release announcing the support for the library and the associated arrangements. A copy will be distributed to the Board today."

- Tewatohnni'saktha press release announcing the arrangements for the director's fees and Kahnawà:ke Library donations
- **May 7, 2007:**  
Declaration of the CEO of Continent 8 Directors Fees for the previous fiscal year and the current year. Outcome recorded in the Tewatohnni'saktha Board minutes as follows: "The Board appoints John Bud Morris and Charles (Chuck) Barnett as Shareholder representatives to Onkwawista Limited and Onkwawista Holdings Limited by consensus."
  - **September 7, 2007:**  
Tewatohnni'saktha Board appointment of Ron Abaira to MIT Board of Supervisors as Kyle Delisle's replacement while Kyle was on a military leave of absence.
  - **October 9, 2007:**  
A quorum of Tewatohnni'saktha Board members met with MCK to address a number of issues including director's fees.
  - **October 6, 2008:**  
Tewatohnni'saktha Board re-appointment of Kyle Delisle to MIT Board of Supervisors upon his return to work after a military leave of absence.
  - **August 12, 2009:**  
New Council member orientation session, including an overview and explanation of director's fees.
  - **October 5, 2009:**  
Bud Morris was reappointed as Onkwawista Shareholder Representative and Jack Leclaire was also appointed as an Onkwawista Shareholder.
  - **December 6, 2011:**  
Bud Morris and Jack Leclaire reappointed as Onkwawista Shareholder representatives for a two-year term.
  - **January 17, 2012:**  
Regularly-scheduled Tewatohnni'saktha update to Council. Update included questions from MCK regarding director's fees.
  - **August 1, 2012:**  
New Council member orientation session, including an overview and explanation of director's fees.
  - **August 16, 2012:**  
Refresher information interview with MCK Administration on Continent 8 and Mohawk Internet Technologies.
  - **November 5, 2013:**  
Bud Morris reappointed as Onkwawista Shareholder Representative and Lionel Jacobs appointed as an Onkwawista Shareholder with Greg Horn as Lionel's alternate. Michael Rice abstained from the decision.

- **May 23, 2014:**  
Michael Rice emailed a briefing note on the director's fees as an agenda item for the next Tawatohnni'saktha Board meeting.
- **June 3, 2014:**  
In Camera session of the Tawatohnni'saktha Board. Michael Rice request for Tawatohnni'saktha Board to reconsider the November 5, 2013 decision. Request to CEO by Tawatohnni'saktha Board Chairman Lionel Jacobs to obtain a new legal opinion on the director's fees.
- **November 4, 2014:**  
In Camera session of the Tawatohnni'saktha Board. Michael Rice's second request to overturn the November 5, 2013 decision. Remaining six Tawatohnni'saktha Board members support the decision of November 5, 2013, at a minimum of until after the 2015 Tawatohnni'saktha Board of Directors elections. Upon the expiry of the current Continent 8 Shareholder Representative appointment in 2015, the Board of Directors committed to a review of this file.  
Legal opinion received from Borden Ladner Gervais (BLG) confirming the 2007 legal opinion from Fishman Flanz Meland Paquin and refutes Michael Rice's briefing note of May 23, 2014.
- **November 19, 2014:**  
Michael Rice sends an email to the MCK effectively requesting that they ensure corrective actions are taken or that Tawatohnni'saktha be placed under trusteeship because the Tawatohnni'saktha Board has failed its governance responsibilities.
- **November 21, 2014:**  
Remaining six Tawatohnni'saktha Board members sent Michael Rice a letter requesting his resignation by January 16, 2015, failing which the Board would remove him from office.
- **December 10, 2014:**  
Upon the Grand Chief's recommendation, Michael Rice is sent a copy of the November 4, 2014 BLG legal opinion.
- **June 2, 2015:**  
Receipt of letter dated May 28, 2015, from MCK to the Tawatohnni'saktha Board of Directors informing of the completion of the legal review of Tawatohnni'saktha based on Michael Rice's recommendation. The findings by the MCK were that taking Tawatohnni'saktha under MCK trusteeship was not warranted based on the complaint. Suggestion in the letter for the Tawatohnni'saktha Board of Directors and MCK Council of Chiefs to discuss amendments to the Tawatohnni'saktha Economic Development Commission Law, to allow for a Chief to occupy a voting seat on the Board was made.