



IN REPLY REFER TO:

United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
Eastern Oklahoma Region
Eastern Oklahoma Regional Office
P.O. Box 8002
Muskogee, OK 74402-8002



FEB 13 2012

Dear Ms. Giles and Ms. Capps:

It has come to our attention that you have purportedly leased your partially restricted fee property in Broken Arrow, Oklahoma, to the Kialegee Tribal Town for the construction and operation of a proposed gaming facility, the Red Clay Casino. We also have become aware that construction of the casino has been initiated on the site. Please be advised that such activity on restricted fee land requires a lease approved by either the Bureau of Indian Affairs (BIA) pursuant to 25 C.F.R. Part 162, *see* § 162.104, or a state court pursuant to the Act of August 4, 1947, 61 Stat. 731 (the Stigler Act).

You previously submitted a ground lease to the Tulsa County District Court. On August 17, 2011, the Tulsa County District Court declined in Case No. FB 2011-1 to approve that ground lease. In light of the District Court's Order Withholding Approval of Prime Ground Lease, we believe that the lease with Kialegee Tribal Town must be submitted for review and approval by the BIA. To date, no lease for this parcel has been submitted to the BIA.

More recently on January 2012, Dennis Whittlesey, counsel for Florence Development Partners, LLC, asserted that the ground lease for your property did not require BIA approval. We do not agree with this statement and request that you submit the operative ground lease to the BIA for review. In addition, and in accordance with the BIA leasing regulations, our office would request your response to the following questions:

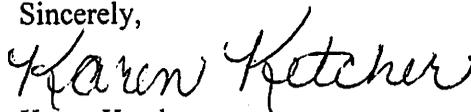
1. Have you signed a ground lease with the Kialegee Tribal Town or another third party, or an amendment to a ground lease, that is different from the document submitted to the Tulsa County District Court in Case No. FB 2011-1? If so, please provide us with a copy of that document and any related documents.
2. If you do not intend to submit a ground lease to the BIA, on what basis do you contend BIA approval is not required?

3. What is the purpose of the ongoing construction activities on the site? Assuming that you confirm that the purpose is to construct a gaming facility, what companies or corporations are engaged in the construction? What is their legal authority to engage in those activities on the allotment?

The BIA is attempting to ensure that the necessary leases of your property are obtained and enforced. We also are concerned about unauthorized use of your land and our duties to comply with 25 C.F.R. § 162.106 and other applicable regulations. Thus if you believe that unauthorized use is not taking place, please provide us with any relevant information to support your conclusion.

We would appreciate the opportunity to discuss this matter with you and invite you to meet with our staff at your earliest convenience. In addition, we would appreciate your response to this letter by February 24, 2012.

Sincerely,

A handwritten signature in cursive script that reads "Karen Ketcher".

Karen Ketcher
Acting Regional Director
Eastern Oklahoma Region