Dumped Investor Sues Over Deal With Tribe - Complaint Alleges Coterie Used Bribery To `Hijack' Eastern Pequots

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By Rick Green - Hartford Courant

With allegations of betrayal and bribery, a spurned Connecticut investor Tuesday said he was suing members of the historic Eastern Pequots, adding to controversy surrounding the tribe that hopes to open the state's next casino.

J.D. DeMatteo, a Burlington venture capitalist who financially backed and had a formal partnership with the tribe since 1992 and who also brought in casino developer Donald Trump, wants to continue working with the Easterns -or be compensated in the hundreds of millions of dollars.

His suit charges that "a small coterie of persons hijacked the historic tribe, fraudulently misled the historic tribe's council and members" in order to push out DeMatteo and his company, Amalgamated Industries Inc. It states that tribal members "illegally agreed to receive gifts, money, gratuities and other consideration or benefits" in return for terminating an agreement with DeMatteo.

The tribe is already being sued by Trump, whose lawyers have made similar allegations. DeMatteo's suit is likely to raise further questions about the tribe and why the federal Interior Department decided to recognize the tribe last year by combining two longtime feuding factions, the Paucatuck Eastern Pequots and the Eastern Pequots.

The new lawsuit, a 57-page complaint that was to be served on defendants late Tuesday, paints a picture of tribal members, influenced by rival investors, who reneged on a deal with DeMatteo after the Eastern Pequots won recognition in June 2002. That decision, which has not yet been finalized, is being appealed by the state.

"I consider the tribe my friends. I regret it has come to this," said DeMatteo, who along with Trump, provided the Paucatuck Eastern faction more than $14 million in support during the long and costly process of federal recognition. In Connecticut, federal recognition carries with it the right to negotiate to open a casino.

Nancy Tyler, spokeswoman for the Eastern Pequots, did not immediately return a call for comment Tuesday evening.

DeMatteo has signed agreements from tribal members waiving their right to "sovereign immunity," a controversial principle that protects federally recognized Indian tribes from being sued. In this case, DeMatteo's lawyers say, tribal members specifically agreed to forgo these rights.

"We have what we believe is a solid enforceable written contract. We believe it is in our interests that we have to go forward with trying to enforce it," said Theodore Anderson, a Dallas-based lawyer representing DeMatteo. "The best thing for the tribe and the residents of the state of Connecticut is for our contract to be enforced and for us to continue our relationship with the tribe."

Colchester lawyer David Scott said the Easterns are "liable to Amalgamated Industries for hundreds of millions of dollars under the provisions of these agreements."

This spring, the Eastern Pequots dumped DeMatteo and Trump in favor of Fairfield golf course developer David Rosow, who is backed by Florida multimillionaire William Koch.

In order to win over the tribe, the new lawsuit alleges, at least one Eastern Pequot tribal councilor, Eugene Young, sought a $10,000 payoff from DeMatteo to remain loyal.

Other tribal members were receiving "a lot of money" and "nice cars" from Rosow in return for their support.

Rosow and Koch, who are not defendants, "maliciously conspired" with tribal leaders to oust DeMatteo, the suit charges. Messages requesting comment from Koch and Rosow were not immediately returned Tuesday.

Critics like state Attorney General Richard Blumenthal and anti-casino crusader Jeff Benedict say the federal recognition of Indian tribes has been corrupted by outside influences, particularly from casino investors.
