

Tribal CEO Alleges Firing for Opposing Cannabis Venture

In a dramatic turn of events, Derek Dorr, the former CEO of the tribal-owned company Makwa, has filed a federal lawsuit alleging he was fired in retaliation for raising concerns about the Mille Lacs Band of Ojibwe's plans to enter the marijuana business. Dorr claims that these plans could jeopardize millions in federal contracts and potentially break federal law. He is seeking potentially millions of dollars in damages and lost compensation.

Background on the Lawsuit

Derek Dorr's lawsuit, filed this week, asserts that his termination from Makwa was not coincidental but rather a direct response to his warnings about the legal risks of the tribe's cannabis venture. Makwa handles contracts with the State Department and other federal agencies, making compliance with federal law crucial to its operations.

Makwa's Response

Molly Ryan, a lawyer representing Makwa, has strongly denied the claims made in the lawsuit, stating that the company will **"vigorously defend the allegations of the lawsuit."**

Nicole Truso, another attorney for Makwa, further emphasized in a letter addressing the proposed settlement that **"Makwa has not engaged or invested in cannabis-related businesses."** She dismissed Dorr's concerns about the legality of marijuana at the federal level as **"misplaced and nonsensical."**

The Legal and Business Context

Several Minnesota tribes have ventured into the marijuana business following the state's legalization of recreational cannabis last year. Mille Lacs Corporate Ventures (MLCV), the parent company of Makwa, is constructing a 50,000-square-foot cannabis cultivation facility near Grand Casino Mille Lacs in Onamia and has plans for further expansion. This venture represents a potentially lucrative opportunity, with projections estimating a \$100 million market for cannabis.

However, this expansion comes with legal complexities. Despite state legalization, cannabis remains illegal under federal law. Tribes, like states, have some sovereignty to establish their own rules around cannabis, but federal law still applies. This creates a legal gray area, leaving the industry in what lawmakers have described as "legal limbo."

Dorr's Concerns and Actions

Dorr, who founded Makwa in 2019, raised alarms when he learned of MLCV's cannabis plans, fearing that they had already violated federal law, thereby jeopardizing Makwa's compliance and federal contracts. Many

of Makwa's clients are involved in national security, and any association with cannabis could be problematic.

When Dorr discussed his concerns with a State Department official on October 11, he reported that the reaction was **“extremely negative.”** Just over two weeks later, on October 26, Dorr was terminated. He declined a severance agreement and later filed a complaint with a federal agency, seeking a \$12 million settlement, which was rejected by the company.

Current Status and Future Implications

To date, the Small Business Administration's Office of Inspector General has taken no action on Dorr's complaint. The outcome of this lawsuit could have significant implications for the cannabis industry and federal contracting, especially concerning the balance between state legalization efforts and federal legal constraints.

Derek Dorr's lawsuit against the Mille Lacs Band of Ojibwe and Makwa underscores the ongoing tensions and complexities in the evolving cannabis industry, particularly regarding federal and state legal conflicts. As the legal battle unfolds, it will shed light on the risks and challenges faced by cannabis businesses operating in this legally ambiguous landscape.

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