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**FINANCING THE ECONOMIC DEVELOPMENT OF
INDIANS AND INDIAN ORGANIZATIONS**

GOVERNMENT

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HEARING

BEFORE THE

SUBCOMMITTEE ON INDIAN AFFAIRS

OF THE

COMMITTEE ON

INTERIOR AND INSULAR AFFAIRS

UNITED STATES SENATE

NINETY-THIRD CONGRESS

FIRST SESSION

ON

S. 1341 and Related Bills

BILLS TO PROVIDE FOR FINANCING THE ECONOMIC DEVELOPMENT OF INDIANS AND INDIAN ORGANIZATIONS, AND FOR OTHER PURPOSES

MAY 31, 1973

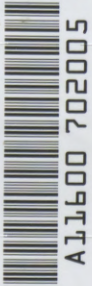


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FINANCING THE ECONOMIC DEVELOPMENT OF INDIANS AND INDIAN ORGANIZATIONS

THURSDAY, MAY 31, 1973

U.S. SENATE,
SUBCOMMITTEE ON INDIAN AFFAIRS
OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
Washington, D.C.

The subcommittee met at 9 a.m. in room 3110, Dirksen Senate Office Building, the Hon. James Abourezk, chairman, presiding.

Present: Senators Abourezk (presiding), Fannin and Bartlett.
Also present: Jerry T. Verkler, staff director; Forrest Gerard, professional staff member; and Harrison Loesch, minority counsel.

OPENING STATEMENT OF HON. JAMES ABOUREZK, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator ABOUREZK. The Indian Affairs Subcommittee meeting is now in order. This is an open public hearing to take testimony from public and private witnesses on several measures relating to credit and financing needs for Indian people for major or economic and industrial development purposes, and for the establishment of various small business enterprises in the Indian community.

The measures to be considered today are S. 1013, to provide for financing the economic development of Indians and Indian organizations and S. 1015, to establish within the Department of the Interior the Indian business development program to stimulate Indian entrepreneurship and employment. These measures were introduced by myself and Senator Jackson, and are identical to the administration proposals considered by the committee during the 92d Congress.

In addition, the subcommittee will consider S. 1341, to provide for financing the economic development of Indians and Indian organizations, which was transmitted to the Congress by the administration and was introduced by myself, Senator Jackson, and the distinguished ranking minority member of the committee, Senator Paul Fannin. S. 1341 represents a combination of S. 1013 and S. 1015 with several substantive changes.

There can be no question of the urgent need to expand the direct loan authority and establish new sources of credit to permit Indian tribes and individuals to embark on the development of their natural resources in an orderly manner.

In addition, Indian tribes must be assured of readily available capital to participate in various business ventures which hold promise of stable employment and an improved standard of living for their members.

I want to specifically request that the administration witnesses provide the committee with a thorough explanation of S. 1341; the major differences between this bill and S. 1013 and S. 1015; and the justification for making such changes. The committee will also welcome the views and recommendations of spokesmen for the major Indian organizations who have been invited to testify on the measures before the subcommittee.

At this point, I shall order that copies of the bills under consideration and the executive communication be made a part of the official record.

[The texts of S. 1013, S. 1015, S. 1341 and the executive communication follow:]

93D CONGRESS
1ST SESSION

S. 1013

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 1973

Mr. JACKSON (for himself and Mr. ABOUREZK) introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To provide for financing the economic development of Indians and Indian organizations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Indian Financing Act of
4 1971".

DECLARATION OF POLICY

5
6 SEC. 2. It is hereby declared to be the policy of Con-
7 gress to provide capital on a reimbursable basis to help
8 develop and utilize Indian resources, both physical and
9 human, to a point where the Indians will fully exercise
10 responsibility for the utilization and management of their
11 own resources; where they will enjoy a standard of living

1 from their own productive efforts comparable to that enjoyed
2 by non-Indians in neighboring communities; and where they
3 will have the opportunity to be integrated socially, politi-
4 cally, and economically into American life.

5 DEFINITIONS

6 SEC. 3. For the purpose of this Act, the term—

7 (a) "Secretary" means the Secretary of the
8 Interior.

9 (b) "Indian" means any Indian, Aleut, or Eskimo
10 having one-quarter or more degree of Indian, Aleut, or
11 Eskimo blood.

12 (c) "Tribe" means any tribe, band, community,
13 pueblo, or other group of Indians having an organization
14 acceptable to the Secretary.

15 (d) "Other organizations" means any non-Indian
16 individual, firm, corporation, partnership, or association.

17 TITLE I—INDIAN REVOLVING LOAN FUND

18 SEC. 101. In order to provide credit that is not avail-
19 able from private money markets, all funds that are now or
20 hereafter a part of the revolving fund authorized by the Act
21 of June 18, 1934 (48 Stat. 986), the Act of June 26, 1936
22 (49 Stat. 1968), and the Act of April 19, 1950 (64 Stat.
23 44), as amended and supplemented, including sums received
24 in settlement of debts of livestock pursuant to the Act of
25 May 24, 1950 (64 Stat. 190), and sums collected in repay-

1 ment of loans heretofore or hereafter made, and as interest or
2 other charges on loans, shall hereafter be administered as a
3 single revolving loan fund and shall be available for loans to
4 Indians having a form of organization that is satisfactory to
5 the Secretary and for loans to individual Indians who are
6 not members of or eligible for membership in an organization
7 that is making loans to its members as well as for admin-
8 istrative expenses incurred in connection therewith.

9 SEC. 102. Loans may be made for any purpose that
10 will promote the economic development of (a) the indi-
11 vidual Indian borrower, including loans for educational pur-
12 poses, and (b) the Indian organization and its members
13 including loans by such organizations to other organiza-
14 tions and investments in other organizations regardless of
15 whether they are organizations of Indians.

16 SEC. 103. Loans may be made only when, in the judg-
17 ment of the Secretary, there is a reasonable prospect of re-
18 payment, and only to applicants who in the opinion of the
19 Secretary are unable to obtain financing from other sources
20 on reasonable terms and conditions. Before a loan may be
21 made from the revolving loan fund, Indian tribes shall be
22 required to use their own funds, those funds being funds
23 available to them from uncommitted or unprogramed funds
24 on deposit in the United States Treasury or elsewhere, or
25 funds accruing from income.

1 SEC. 104. Loans shall be for terms that do not exceed
2 thirty years and shall bear interest at (a) a rate determined
3 by the Secretary of the Treasury taking into consideration
4 the market yields on municipal bonds: *Provided*, That in
5 no event shall the rate be greater than the rate determined
6 by the Secretary of the Treasury taking into consideration
7 the current average yield on outstanding marketable obliga-
8 tions of the United States of comparable maturity, plus (b)
9 such additional charge, if any, toward covering other costs
10 of the program as the Secretary may determine to be con-
11 sistent with its purpose: *Provided*, That educational loans
12 may provide for interest to be deferred while the borrower
13 is in school or in the military service.

14 SEC. 105. The Secretary shall pay from the revolving
15 loan fund into miscellaneous receipts of the Treasury,
16 the close of each fiscal year, interest on the amount of out-
17 standing loans of the revolving loan fund. The rate of such
18 interest shall be determined by the Secretary of the Treas-
19 ury, taking into consideration the current average yield
20 on outstanding marketable obligations of the United States of
21 comparable maturity. Interest payments may be deferred
22 with the approval of the Secretary of the Treasury, but any
23 interest payments so deferred shall themselves bear interest.

24 SEC. 106. The Secretary may cancel, adjust, compro-
25 mise, or reduce the amount of any loan or any portion

1 thereof heretofore or hereafter made from the revolving loan
2 fund established by this title and its predecessor constituent
3 funds which he determines to be uncollectable in whole or in
4 part, or which is collectable only at an unreasonable cost,
5 or when such action would, in his judgment, be in the best
6 interests of the United States. He may also adjust, com-
7 promise, subordinate, and modify the terms of any mortgage,
8 lease, assignment, contract, agreement, and other document
9 taken to secure such loans.

10 SEC. 107. The Secretary may sell, with the approval of
11 the Secretary of the Treasury, to any person or entity any
12 loan heretofore or hereafter made from the revolving loan
13 fund established by this title and its predecessor constituent
14 funds and may guarantee any loan thus sold, subject to the
15 same conditions, terms, and limitations of any loans guaran-
16 teed pursuant to title II of this Act. The receipts from any
17 such sale shall be deposited in the revolving loan fund and
18 be available for other loans from such fund.

19 SEC. 108. Title to any land purchased by a tribe or by
20 an individual Indian with loans made from the revolving loan
21 fund may be taken in trust unless the land is located outside
22 the boundaries of a reservation or a tribal consolidation area
23 approved by the Secretary. Title to any land purchased by a
24 tribe or an individual Indian that is outside the boundaries of
25 the reservation or approved consolidation area may be taken

1 in trust if the purchaser was the owner of trust or restricted
2 interests in the land before the purchase, otherwise title shall
3 be taken in the name of the purchasers without any restric-
4 tion on alienation, control or use. Title to any personal prop-
5 erty purchased with a loan from the revolving loan fund
6 shall be taken in the name of the purchaser.

7 SEC. 109. Title to property purchased with a loan from
8 the revolving loan fund shall be pledged or mortgaged to the
9 lender as security for the unpaid indebtedness to the lender,
10 in such manner and upon such terms as may be prescribed by
11 the Secretary: *Provided*, That this requirement may be
12 waived or modified if the Secretary determines that the re-
13 payment of the loan is otherwise reasonably assured. Land
14 purchased with a loan, title to which is taken in trust and
15 pledged or mortgaged as security, shall be subject to fore-
16 closure and sale, free of such trust or restrictions, in accord-
17 ance with the laws of the State in which the land is located.

18 SEC. 110. Any organization receiving a loan from the
19 revolving loan fund shall be required to assign to the United
20 States as security for the loan all securities acquired in con-
21 nection with the loans made to its members from such funds
22 unless the Secretary determines that the repayment of the
23 loan to the United States is otherwise reasonably assured.

24 SEC. 111. A loan from the revolving loan fund that
25 becomes delinquent and the interest thereon, may be col-

1 lected by the Secretary from per capita payments or other
2 distributions of tribal assets due the delinquent borrower,
3 without prejudice to the right to foreclose on the securities
4 for the loan. If, during the period of repayment of any loan
5 made under this section, a tribe is awarded a money judg-
6 ment against the United States, and if the payment of any
7 installment on a loan is in default, the installment (s) in
8 default or the balance of the loan, in the discretion of the
9 Secretary, shall be collected from the appropriation to satisfy
10 the judgment insofar as the amount of the appropriation will
11 cover the same.

12 SEC. 112. There is authorized to be appropriated, to
13 provide capital and to restore any impairment of capital, for
14 the revolving loan fund \$50,000,000 exclusive of prior au-
15 thorizations and appropriations, or such other amount as may
16 be provided in appropriation Acts.

17 SEC 113. The Secretary shall promulgate rules and
18 regulations to carry out the provisions of this title.

19 TITLE II—LOAN GUARANTY AND INSURANCE

20 SEC. 201. In order to provide access to private money
21 sources that otherwise would not be available, the Secretary
22 is authorized (a) to guarantee not to exceed 90 per centum
23 of the unpaid principal and interest due on any loan made to
24 any organization of Indians having a form or organization
25 satisfactory to the Secretary, and to individual Indians who

1 are not members of or eligible for membership in an organi-
2 zation that is making loans to its members; and (b) in lieu
3 of such guaranty, to insure loans under an agreement ap-
4 proved by the Secretary whereby the lender will be reim-
5 bursed for losses in an amount not to exceed 15 per centum
6 of the aggregate of such loans made by it, but not to exceed
7 90 per centum of the loss on any one loan.

8 SEC. 202. The Secretary may, to the extent he deems
9 consistent with the purposes of the program, fix such pre-
10 mium charges for the insurance and guarantee of loans as
11 are in his judgment adequate to cover expenses and probable
12 losses, and deposit receipts from such charges in the Indian
13 Loan Guaranty and Insurance Fund established pursuant to
14 section 217 (a) on this title.

15 SEC. 203. Loans guaranteed or insured pursuant to this
16 title shall bear interest (exclusive of premium charges for
17 insurance, and service charges, if any) at rates not to exceed
18 such per centum per annum on the principal obligation out-
19 standing as the Secretary determines to be reasonable taking
20 into consideration the range of interest rates prevailing in
21 the private market for similar loans and the risks assumed by
22 the United States.

23 SEC. 204. The application for a loan to be guaranteed
24 hereunder shall be submitted to the Secretary for prior ap-
25 proval. Upon approval, the Secretary will issue a certificate

1 as evidence of the guaranty. Such certificate shall be issued
2 only when, in the judgment of the Secretary, there is a rea-
3 sonable prospect of repayment. No loan to an individual
4 Indian may be guaranteed or insured which would cause the
5 total unpaid principal indebtedness to exceed \$100,000.
6 No loan in excess of \$100,000, or such lower amount as the
7 Secretary may determine to be appropriate, shall be insured
8 unless prior approval of the loan is obtained from the Secre-
9 tary.

10 SEC. 205. Any loan guaranteed hereunder, including
11 the security given therefor, may be sold or assigned by the
12 lender to any financial institution subject to examination and
13 supervision by an agency of the United States or of any
14 State or the District of Columbia.

15 SEC. 206. Loans made by any agency or instrumentality
16 of the Federal Government, or by an organization of Indians
17 from funds borrowed from the United States, and loans the
18 interest on which is not included in gross income for the
19 purposes of Chapter 1 of the Internal Revenue Code of 1954,
20 shall not be eligible for guaranty or insurance hereunder.

21 SEC. 207. Any loans insured hereunder shall be restricted
22 to those made by a financial institution subject to examina-
23 tion and supervision by an agency of the United States, a
24 State, or the District of Columbia, and to loans made by In-

1 dian organizations from their own funds to other tribes or
2 organizations of Indians.

3 SEC. 208. Loans guaranteed hereunder may be made by
4 any lender satisfactory to the Secretary, except as provided
5 in section 206. The liability under the guaranty shall de-
6 crease or increase pro rata with any decrease or increase in
7 the unpaid portion of the obligation.

8 SEC. 209. Any loan made by any national bank or Fed-
9 eral savings and loan association, or by any bank, trust com-
10 pany, building and loan association, or insurance company
11 authorized to do business in the District of Columbia, at least
12 20 per centum of which is guaranteed hereunder, may be
13 made without regard to the limitations and restrictions of
14 any other Federal statute with respect to (a) ratio of
15 amount of loan to the value of the property; (b) maturity
16 of loans; (c) requirement of mortgage or other security;
17 (d) priority of lien; or (e) percentage of assets which may
18 be invested in real estate loans.

19 SEC. 210. The maturity of any loan guaranteed or in-
20 sured hereunder shall not exceed thirty years.

21 SEC. 211. In the event of a default of a loan guaranteed
22 hereunder, the holder of the guaranty certificate may im-
23 mediately notify the Secretary in writing of such default
24 and the Secretary shall thereupon pay to such holder the
25 pro rata portion of the amount guaranteed and shall be sub-

1 rogated to the rights of the holder of the guaranty, and
2 receive an assignment of the obligation and security. The
3 Secretary may cancel the uncollectable portion of any obli-
4 gation to which he has an assignment or a subrogated right
5 under this section. Nothing in this section shall be construed
6 to preclude any forbearance for the benefit of the borrower
7 as may be agreed upon by the parties to the loan and ap-
8 proved by the Secretary. The Secretary may establish the
9 date, not later than the date of judgment and decree of
10 foreclosure or sale, upon which accrual of interest or charges
11 shall cease.

12 SEC. 212. When a lender suffer a loss on a loan insured
13 hereunder, including accrued interest, a claim therefor shall
14 be submitted to the Secretary. If the Secretary finds that
15 the loss has been suffered, he will reimburse the lender there-
16 for, and the amount payable to the lender for a loss on any
17 one loan shall not exceed 90 per centum of such loss:
18 *Provided*, That no reimbursement may be made for losses in
19 excess of 15 per centum of the aggregate of insured loans
20 made by the lender: *Provided further*, That before any re-
21 imbursement is made, all reasonable collection efforts shall
22 have been exhausted by the lender, and the security for the
23 loan shall have been liquidated to the extent feasible, and the
24 proceeds applied on the debt. Upon reimbursement, in whole
25 or in part, to the lender, the note or judgment evidencing

1 the debt shall be assigned to the United States, and the
2 lender shall have no further claim against the borrower or
3 the United States. The Secretary shall then take such fur-
4 ther collection action as may be warranted, or may cancel
5 the uncollectable portion of any debt assigned pursuant
6 hereto. The Secretary may establish a date upon which
7 accrual of interest or charges shall cease.

8 SEC. 213. Whenever the Secretary finds that any lender
9 or holder of a guaranty certificate fails to maintain adequate
10 accounting records, or to demonstrate proper ability to serv-
11 ice adequately loans guaranteed or insured, or to exercise
12 proper credit judgment, or has willfully or negligently en-
13 gaged in practices otherwise detrimental to the interests of
14 a borrower or of the United States, he may refuse, either
15 temporarily or permanently, to guarantee or insure any
16 further loans made by such lender or holder, and may bar
17 such lender or holder from acquiring additional loans guaran-
18 teed or insured hereunder: *Provided*, That the Secretary
19 shall not refuse to pay a valid guaranty or insurance claim
20 on loans previously made in good faith.

21 SEC. 214. Any evidence of guaranty or insurance issued
22 by the Secretary shall be conclusive evidence of the eligi-
23 bility of the loan for guaranty or insurance under the provi-
24 sions of this Act and the amount of such guaranty or insur-
25 ance: *Provided*, That nothing in this section shall preclude

1 the Secretary from establishing, as against the original lender,
2 defenses based on fraud or material misrepresentation or bar
3 him from establishing, by regulations in force at the date of
4 such issuance or disbursement, whichever is the earlier, partial
5 defenses to the amount payable on the guaranty or insurance.

6 SEC. 215. Title to any land purchased by a tribe or by an
7 individual Indian with loans guaranteed or insured pursuant
8 to this title may be taken in trust, unless the land is located
9 outside the boundaries of a reservation or a tribal consolida-
10 tion area approved by the Secretary. Title to any land pur-
11 chased by a tribe or an individual Indian that is outside the
12 boundaries of the reservation or approved consolidation area
13 may be taken in trust if the purchaser was the owner of trust
14 or restricted interests in the land before the purchase, other-
15 wise title shall be taken in the name of the purchaser without
16 any restriction on alienation, control, or use. Title to any per-
17 sonal property purchased with loans guaranteed or insured
18 hereunder shall be taken in the name of the purchaser. Land
19 purchased with a loan, title to which is taken in trust and
20 pledged or mortgaged as security, shall be subject to fore-
21 closure and sale, free of such trust or restrictions, in accord-
22 ance with the laws of the State in which the land is located.
23 SEC. 216. The financial transactions of the Secretary
24 incident to or arising out of the guarantee or insurance of
25 loans, and the acquisition, management, and disposition of

1 property, real, personal, or mixed, incident to such activities,
2 shall be final and conclusive upon all officers of the Govern-
3 ment. With respect to matters arising out of the guaranty or
4 insurance program authorized by this title, and notwithstand-
5 ing the provisions of any other laws, the Secretary may—

6 (a) sue and be sued in his official capacity in any
7 court of competent jurisdiction;

8 (b) subject to the specific limitations in this title,
9 consent to the modification, with respect to the rate of
10 interest, time of payment on principal or interest or any
11 portion thereof, security, or any other provisions of any
12 note, contract, mortgage, or other instrument securing
13 a loan which has been guaranteed or insured hereunder;

14 (c) pay, or compromise, any claim on, or arising
15 because of any loan guaranty or insurance;

16 (d) pay, compromise, waive, or release any right,
17 title, claim, lien, or demand, however acquired, includ-
18 ing any equity or right of redemption;

19 (e) purchase at any sale, public or private, upon
20 such terms and for such prices as he determines to be
21 reasonable, and take title to property, real, personal, or
22 mixed; and similarly sell, at public or private sale,
23 exchange, assign, convey, or otherwise dispose of such
24 property; and

1 (f) complete, administer, operate, obtain, and pay
2 for insurance on, and maintain, renovate, repair, modern-
3 ize, lease, or otherwise deal with any property acquired
4 or held pursuant to the guaranty or insurance program
5 authorized by this title.

6 SEC. 217. (a) There is hereby created an Indian Loan
7 Guaranty and Insurance Fund (hereinafter referred to as
8 the "fund") which shall be available to the Secretary as a
9 revolving fund without fiscal year limitation for carrying
10 out the provisions of this title. There are authorized to be
11 appropriated to the Secretary such sums as may be necessary
12 for the purpose of the fund.

13 (b) The Secretary may use the fund for the purpose
14 of fulfilling the obligations with respect to loans guaranteed
15 or insured under this title, but the aggregate of such loans
16 which are insured or guaranteed by the Secretary shall be
17 limited to \$200,000,000 as authorized in appropriation Acts.

18 (c) All funds, claims, notes, mortgages contracts, and
19 property acquired by the Secretary under this section, and
20 all collections and proceeds therefrom, shall constitute assets
21 of the fund; and all liabilities and obligations of such assets
22 shall be liabilities and obligations of the fund. Guaranteed
23 or insured loans acquired with the fund may be collected
24 in accordance with their terms or may be sold by the Secre-

1 tary with or without guaranty or insurance thereof. The
2 Secretary is authorized to make agreements with respect to
3 servicing loans held, guaranteed or insured by him under
4 this title and purchasing such guaranteed or insured loans
5 on such terms and conditions as he may prescribe.

6 (d) If at any time the moneys in the fund are not
7 sufficient to enable the Secretary to discharge his responsi-
8 bility under any insurance or guaranty contract, the Secre-
9 tary is authorized to issue notes to the Secretary of the
10 Treasury in such amounts as may be necessary to discharge
11 such responsibilities but only in such amounts as may be
12 specified from time to time in appropriation Acts. Such notes
13 shall be in such form and denominations and have such
14 maturities and be subject to such terms and conditions as
15 may be prescribed by the Secretary with the approval of
16 the Secretary of the Treasury. The notes issued by the Secre-
17 tary to the Secretary of the Treasury shall constitute obliga-
18 tions of the fund. The Secretary of the Treasury is authorized
19 and directed to purchase any obligations issued pursuant to
20 this subsection, as now or hereafter in force, and for such
21 purpose as the Secretary of the Treasury is authorized to
22 use as a public debt transaction the proceeds of the sale of
23 any securities hereafter issued under the Second Liberty
24 Bond Act, as now or hereafter in force, and the purposes
25 for which securities may be issued under the Second Liberty

1 Bond Act, as now or hereafter in force, are extended to
2 include such purchases. Each purchase of obligations by the
3 Secretary of the Treasury under this subsection shall be upon
4 such terms and conditions as to yield a return at a rate de-
5 termined by the Secretary of the Treasury, taking into con-
6 sideration the current average yield on outstanding market-
7 able obligations of the United States of comparable maturity.
8 The Secretary of the Treasury may, at any time, sell, upon
9 such terms and conditions and at such price or prices as he
10 shall determine, any of the obligations acquired by him under
11 this subsection. All redemptions, purchases, and sales by the
12 Secretary of the Treasury of such obligations under this sub-
13 section shall be treated as public debt transactions of the
14 United States.

15 (e) The Secretary may also utilize the fund to pay
16 taxes, insurance, prior liens, expenses necessary to make fis-
17 cal adjustments in connection with the application and trans-
18 mittal of collections, and other expenses and advances to
19 protect the Secretary for loans which are guaranteed or
20 insured under this title or held by the Secretary, to acquire
21 such security property at foreclosure sale or otherwise and
22 to pay administrative expenses.

23 SEC. 218. The Secretary shall promulgate rules and
24 regulations to carry out the provisions of this title.

1 TITLE III—INTEREST SUBSIDIES AND
2 ADMINISTRATIVE EXPENSES

3 SEC. 301. The Secretary is authorized to pay to the
4 revolving fund established by section 101 interest subsidies
5 in amounts which shall be equal to the difference between
6 the amounts of interest paid to the Secretary of the Treas-
7 ury pursuant to section 105 and the amounts of interest
8 earned on direct loans pursuant to section 104.

9 SEC. 302. The Secretary is authorized under such rules
10 and regulations as he may prescribe to pay as an interest
11 subsidy on loans which are guaranteed or insured under the
12 provisions of title I of this Act amounts which are neces-
13 sary to reduce the rate payable by the borrower to the rate
14 determined under section 104 of this Act.

15 SEC. 303. There is authorized to be appropriated to the
16 Secretary such sums as may be needed (a) to carry out the
17 provisions of sections 301 and 302, such sums to remain
18 available until expended, and (b) for administrative ex-
19 penses under this Act.

93^d CONGRESS
1st SESSION

S. 1015

IN THE SENATE OF THE UNITED STATES

FEBRUARY 26, 1973

Mr. JACKSON (for himself and Mr. ABOUREZK) introduced the following bill; which was read twice and referred to the Committee on Interior and Insular Affairs

A BILL

To establish within the Department of the Interior the Indian Business Development Program to stimulate Indian entrepreneurship and employment, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Indian Business Develop-
4 ment Program Act".

5 SEC. 2. There is established within the Department of
6 the Interior the Indian Business Development Program
7 whose purpose is to stimulate and increase Indian entre-
8 preneurship and employment by providing equity capital
9 through nonreimbursable grants made by the Secretary of
10 the Interior to Indians and Indian tribes to establish and

1 expand profitmaking Indian-owned economic enterprises on
2 or near reservations.

3 SEC. 3. For purposes of this Act, the term—

4 (a) "Indian" means any person who is a member of
5 any Indian tribe, band, pueblo, group, or community of
6 Indians or Alaska Natives which is recognized by the Fed-
7 eral Government as eligible for services from the Bureau of
8 Indian Affairs.

9 (b) "Indian tribe" means any tribe, band, pueblo,
10 group, or community of Indians or Alaska Natives which is
11 recognized by the Federal Government as eligible for services
12 from the Bureau of Indian Affairs.

13 (c) "Reservation" includes Indian reservations, public
14 domain land occupied by Indians, former Indian reservations
15 in Oklahoma, and land occupied by Alaska Native
16 communities.

17 (d) "Economic enterprise" means any Indian-owned
18 as defined by the Secretary of the Interior, commercial,
19 industrial, or business activity established or organized for
20 the purpose of profit.

21 SEC. 4. No grant in excess of \$50,000, or such lower
22 amount as the Secretary may determine to be appropriate,
23 may be made to an Indian or Indian tribe, band, group,
24 pueblo, or community recognized by the Federal Government
25 as eligible for services from the Bureau of Indian Affairs. A

1 grant may be made only to an applicant who, in the opinion
2 of the Secretary, is unable to obtain adequate financing for
3 its economic enterprise from other sources, including its own
4 financial resources, except that no grant may be made to an
5 applicant who is unable to obtain at least 60 per centum of
6 the necessary funds for the economic enterprise from other
7 sources.

8 SEC. 5. There are authorized to be appropriated such
9 sums as may be necessary for the purposes of this Act.

10 SEC. 6. The Secretary of the Interior is authorized to
11 prescribe such rules and regulations as may be necessary to
12 carry out the purposes of this Act.

93^d CONGRESS
1ST SESSION

S. 1341

IN THE SENATE OF THE UNITED STATES

MARCH 22, 1973

Mr. JACKSON (for himself, Mr. ABOUREZK, and Mr. FANNIN) (by request),
introduced the following bill; which was read twice and referred to the
Committee on Interior and Insular Affairs

A BILL

To provide for financing the economic development of Indians
and Indian organizations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Indian Financing Act of
4 1973".

DECLARATION OF POLICY

5
6 SEC. 2. It is hereby declared to be the policy of Congress
7 to provide capital on a reimbursable basis to help develop
8 and utilize Indian resources, both physical and human, to a
9 point where the Indians will fully exercise responsibility for
10 the utilization and management of their own resources and

II

1 where they will enjoy a standard of living from their own
2 productive efforts comparable to that enjoyed by non-Indians
3 in neighboring communities.

4 DEFINITIONS

5 SEC. 3. For the purpose of this Act, the term—

6 (a) "Secretary" means the Secretary of the Interior.

7 (b) "Indian" means any person who is a member of
8 any Indian tribe, band, group, pueblo, or community which
9 is recognized by the Federal Government as eligible for serv-
10 ices from the Bureau of Indian Affairs and any "native" as
11 defined in the Alaska Native Claims Settlement Act (85
12 Stat. 688).

13 (c) "Tribe" means any Indian tribe, band, group,
14 pueblo, or community, including Native villages and Native
15 groups (including corporations organized by Kenai, Juneau,
16 Sitka, and Kodiak) as defined in the Alaska Native Claims
17 Settlement Act, which is recognized by the Federal Govern-
18 ment as eligible for services from the Bureau of Indian
19 Affairs.

20 (d) "Reservation" includes Indian reservations, public
21 domain Indian allotments, former Indian reservations in Okla-
22 homa, and land held by incorporated Native groups, regional
23 corporations, and village corporations under the provisions of
24 the Alaska Native Claims Settlement Act.

1 (e) "Other organizations" means any non-Indian indi-
2 vidual, firm, corporation, partnership, or association.

3 (f) "Economic enterprise" means a commercial, indus-
4 trial, or business activity, established or organized for the
5 purpose of profit, which is Indian owned, as defined by the
6 Secretary.

7 TITLE I—INDIAN REVOLVING LOAN FUND

8 SEC. 101. All funds that are now or hereafter a part
9 of the revolving fund authorized by the Act of June 18,
10 1934 (48 Stat. 986), the Act of June 26, 1936 (49 Stat.
11 1968), and the Act of April 19, 1950 (64 Stat. 44), as
12 amended and supplemented, including sums received in
13 settlement of debts of livestock pursuant to the Act of
14 May 24, 1950 (64 Stat. 190), and sums collected in
15 repayment of loans heretofore or hereafter made, and as
16 interest or other charges on loans, shall hereafter be admin-
17 istered as a single fund for direct loans in conjunction with
18 moneys for loan guarantees under the provisions of this
19 Act and shall be available to make loans to Indians having
20 a form of organization that is satisfactory to the Secretary
21 and for loans to individual Indians who are not members
22 of or eligible for membership in an organization that is
23 making loans to its members and for administrative expenses
24 incurred in connection therewith: *Provided, however,* That

1 moneys paid into the fund pursuant to this section and
2 funds appropriated pursuant to section 123 of this Act for
3 the purpose of making direct loans shall not be used for the
4 discharge of the liability of the Secretary with respect to
5 any guaranteed loan.

6 SEC. 102. In order to provide credit that is not available
7 from private credit markets, the Secretary is authorized to
8 make or guarantee loans for any purpose which will promote
9 the economic development of (a) the individual Indian
10 borrower, including loans for educational purposes, and (b)
11 the Indian organization and its members, including loans
12 by such organizations to other organizations and investments
13 in other organizations regardless of whether they are orga-
14 nizations of Indians.

15 SEC. 103. Loans may be made or guaranteed only when,
16 in the judgment of the Secretary, there is a reasonable pros-
17 pect of repayment, and only to applicant which the Sec-
18 retary finds are unable to obtain financing from other sources
19 on reasonable terms and conditions. Direct loans may be
20 made only to applicants which the Secretary finds are
21 unable to obtain private guaranteed loans under the pro-
22 visions of this Act on reasonable terms and conditions.
23 Before a loan may be made or guaranteed under this Act,
24 Indian tribes shall be required to use their own funds, those
25 funds being funds available to them from uncommitted or

1 unprogramed funds on deposit in the United States Treasury
2 or elsewhere, or funds accruing from income.

3 SEC. 104. Loans made or guaranteed hereunder shall
4 (a) provide for complete amortization within a period not
5 to exceed thirty years or three-fourths of the useful life of
6 the capital asset financed, whichever is less, as determined
7 by the Secretary, and (b) bear interest (exclusive of
8 guarantee fees and service charges) at rates not to exceed
9 such per centum per annum on the principal obligation out-
10 standing as the Secretary determines to be reasonable, taking
11 into account the range of interest rates prevailing in the
12 private market for similar loans and the risks assumed by the
13 United States: *Provided*, That educational loans may provide
14 for interest to be deferred while the borrower is in school or
15 in the military service. Loans that are outstanding on the
16 date this Act is approved shall be conformed to the provi-
17 sions of this section as soon as the loan agreements permit.

18 SEC. 105. From time to time, and at least at the close of
19 each fiscal year, the Secretary shall pay from the fund into
20 the Treasury as miscellaneous receipts, interest on the value
21 as determined by the Secretary, with the approval of the
22 Comptroller General, of the Government's equity transferred
23 to the fund pursuant to section 101 of this Act plus the cumu-
24 lative amount of appropriations made available after enact-
25 ment of this provision as capital and for administration of

6

1 the programs financed from the fund, less the average undis-
2 bursed cash balance in the fund during the year. The rate of
3 such interest shall be determined by the Secretary of the
4 Treasury, taking into consideration the current average yield
5 on outstanding marketable obligations of the United States
6 with remaining periods to maturity comparable to the aver-
7 age maturities of loans made from the fund, adjusted to the
8 nearest one-eighth of 1 per centum. Interest payments may
9 be deferred with the approval of the Secretary of the Treas-
10 ury, but any interest payments so deferred shall themselves
11 bear interest.

12 SEC. 106. The Secretary may cancel, adjust, compromise,
13 or reduce the amount of any loan or any portion thereof
14 heretofore or hereafter made from the revolving loan fund
15 established by this title and its predecessor constituent funds
16 which he determines to be uncollectable in whole or in part,
17 which is collectable only at an unreasonable cost, or when
18 such action would, in his judgment, be in the best interests
19 of the United States. He may also adjust, compromise, sub-
20 ordinate, and modify the terms of any mortgage, lease, assign-
21 ment, contract, agreement, and other document taken to
22 secure such loans. The Secretary shall make an annual report
23 to the Congress of all actions taken pursuant to this section.

24 SEC. 107. The Secretary may sell, with the approval of
25 the Secretary of the Treasury, to any person or entity, any

1 note resulting from a loan heretofore or hereafter made from
2 or acquired by the fund established by this title and its prede-
3 cessor constituent funds and may guarantee any loans thus
4 sold. The receipts from any such sale shall be deposited in
5 the revolving loan fund and be available for other loans from
6 such fund: *Provided, however,* That, in any instance where
7 the interest rate for a note sold pursuant to this section is less
8 than that prevailing in the market, the Secretary may pay a
9 subsidy that he determines to be adequate to facilitate such
10 sale to the purchaser of said note without any discount.

11 SEC. 108. Loan guarantees made pursuant to the pro-
12 visions of this Act shall not exceed (a) 90 per centum of the
13 unpaid principal and interest due on any one loan, and (b)
14 15 per centum of the aggregate average unpaid balance of
15 such loans held by any single institutional lender during any
16 given calendar year.

17 SEC. 109. The Secretary shall charge and collect fees in
18 amounts sufficient to cover administrative expenses and prob-
19 able losses on loans made or guaranteed pursuant to the pro-
20 visions of this Act and shall deposit receipts from such
21 charges in the fund. The Secretary is authorized, in his dis-
22 cretion, to pay a subsidy to cover all or a portion of the fees
23 required by this section.

24 SEC. 110. The application for a loan to be guaranteed
25 hereunder shall be submitted to the Secretary for prior ap-

1 proval. Upon approval, the Secretary will issue a certificate
2 as evidence of the guarantee. Such certificate shall be issued
3 only when, in the judgment of the Secretary, there is a
4 reasonable prospect of repayment. No loan to an individual
5 Indian may be guaranteed which would cause the total
6 unpaid principal indebtedness to exceed \$100,000. No loan
7 in excess of \$100,000 or such lower amount as the Secretary
8 may determine to be appropriate, shall be guaranteed unless
9 prior approval of the loan is obtained from the Secretary.

10 SEC. 111. Loans made by any agency or instrumentality
11 of the Federal Government, or by an organization of In-
12 dians from funds borrowed from the United States, and loans
13 the interest on which is not included in gross income for the
14 purposes of chapter 1 of the Internal Revenue Code of 1954,
15 shall not be eligible for guaranty or insurance hereunder.

16 SEC. 112. Loans guaranteed hereunder may be pur-
17 chased, or held by any lender satisfactory to the Secretary.
18 The liability under the guarantee shall decrease or increase
19 pro rata with any decrease or increase in the unpaid por-
20 tion of the obligation.

21 SEC. 113. Any loan made by any national bank or
22 Federal savings and loan association, or by any bank, trust
23 company, building and loan association, or insurance com-
24 pany authorized to do business in the District of Columbia,
25 at least 20 per centum of which is guaranteed hereunder,

1 may be made without regard to the limitations and restric-
2 tions of any other Federal statute with respect to (a) ratio
3 of amount of loan to the value of the property; (b) maturity
4 of loans; (c) requirement of mortgage or other security;
5 (d) priority of lien; or (e) percentage of assets which may
6 be invested in real estate loans.

7 SEC. 114. Title to any land purchased by a tribe or by
8 an individual Indian with loans made or guaranteed under
9 the provisions of this Act may be taken in trust unless the
10 land is located outside the boundaries of a reservation or a
11 tribal consolidation area approved by the Secretary. Title
12 to any land purchased by a tribe or an individual Indian
13 that is outside the boundaries of the reservation or approved
14 consolidation area may be taken in trust if the purchaser
15 was the owner of trust or restricted interests in the land
16 before the purchase, otherwise title shall be taken in the
17 name of the purchaser without any restriction on alienation,
18 control, or use. Title to any personal property purchased
19 with a loan made or guaranteed under the provisions of this
20 Act shall be taken in the name of the purchaser.

21 SEC. 115. Title to property purchased with a loan made
22 or guaranteed under the provisions of this Act shall be
23 pledged or mortgaged to the lender as security for the unpaid
24 indebtedness to the lender, in such manner and upon such
25 terms as may be prescribed by the Secretary: *Provided,*

1 That this requirement may be waived or modified if the Sec-
2 retary determines that the repayment of the loan is otherwise
3 reasonably assured. Land purchased with a loan, title to which
4 is taken in trust and pledged or mortgaged as security, shall
5 be subject to foreclosure and sale, free of such trust or restric-
6 tions, in the courts of, and in accordance with the laws of,
7 the State in which the land is located.

8 SEC. 116. Any organization receiving a loan made or
9 guaranteed under the provisions of this Act shall be required
10 to assign to the holder as security for the loan all securities
11 acquired in connection with the loans made to its members
12 from such funds, unless the Secretary determines that the
13 repayment of the loan to the United States is otherwise rea-
14 sonably assured.

15 SEC. 117. A loan made from or acquired by the revol-
16 ving loan fund that becomes delinquent, and the interest there-
17 on, may be collected by the Secretary from per capita pay-
18 ments or other distributions of tribal assets due the delin-
19 quent borrower, without prejudice to the right to foreclose
20 on the securities for the loan. If, during the period of repay-
21 ment of any loan made under this section, a tribe is awarded
22 a money judgment against the United States, and if the pay-
23 ment of any installment on a loan is in default, the install-
24 ment (s) in default or the balance of the loan, in the discre-
25 tion of the Secretary, shall be collected from the appropria-

1 tion to satisfy the judgment insofar as the amount of the
2 appropriation will cover the same.

3 SEC. 118. In the event of a default of a loan guaranteed
4 hereunder, the holder of the guarantee may immediately
5 notify the Secretary in writing of a claim against the guar-
6 antee and the Secretary shall thereupon examine and settle
7 the claim in accordance with the terms of the guarantee
8 agreement, and if he settles the claim in favor of the holder,
9 the Secretary shall be subrogated to the rights of the holder
10 and shall receive an assignment of the obligation and secu-
11 rity. The Secretary may cancel the uncollectable portion of
12 any obligation to which he has an assignment or a subrogated
13 right under this section. Nothing in this section shall be
14 construed to preclude any forbearance for the benefit of the
15 borrower as may be agreed upon by the parties to the loan
16 and approved by the Secretary: *Provided, however,* That
17 before any reimbursement is made, the lender's responsibili-
18 ties for collection, foreclosure, and liquidation of collateral
19 shall have been fulfilled to the extent required by the guar-
20 antee agreement, except as waived by the Secretary, and
21 all proceeds therefrom shall have been applied to reduction
22 of the claim. Upon reimbursement, in whole or in part, to
23 the lender, title to any unliquidated collateral, the note, or
24 judgment evidencing the debt shall be assigned to the United
25 States, and the lender shall have no further claim against

1 the borrower or the United States. The Secretary shall then
2 take such further collection action as may be warranted,
3 or may cancel the uncollectable portion of any debt assigned
4 pursuant hereto. The Secretary may establish a date upon
5 which accrual of interest or charges shall cease. The Secre-
6 tary may cancel the uncollectable portion of any obligation to
7 which he has an assignment or a subrogated right under
8 this section. Nothing in this section shall be construed to
9 preclude any forbearance for the benefit of the borrower
10 as may be agreed upon by the parties to the loan and
11 approved by the Secretary.

12 SEC. 119. Whenever the Secretary finds that any lender
13 or holder of a guarantee certificate fails to maintain adequate
14 accounting records, or to demonstrate proper ability to serv-
15 ice adequately loans guaranteed, or to exercise proper credit
16 judgment, or has willfully or negligently engaged in practices
17 otherwise detrimental to the interests of a borrower or of the
18 United States, he may refuse, either temporarily or per-
19 manently, to guarantee any further loans made by such
20 lender or holder, and may bar such lender or holder from
21 acquiring additional loans guaranteed hereunder: *Provided,*
22 That the Secretary shall not refuse to pay a valid guaranty
23 claim on loans previously made in good faith.

24 SEC. 120. Any evidence of guarantee issued by the

1 Secretary shall be conclusive evidence of the eligibility of the
2 loan for guaranty under the provisions of this Act and the
3 amount of such guaranty: *Provided, however,* That nothing
4 in this section shall preclude the Secretary from establishing,
5 as against the original lender, defenses based on fraud or
6 material misrepresentation or bar him from establishing,
7 by regulations in force at the date of such issuance or dis-
8 bursement, whichever is the earlier, partial defenses to the
9 amount payable on the guarantee.

10 SEC. 121. The financial transactions of the Secretary
11 incident to or arising out of the guarantee of loans, and the
12 acquisition, management, and disposition of property, real,
13 personal, or mixed, incident to such activities, shall be final
14 and conclusive upon all officers of the Government. With re-
15 spect to matters arising out of the guarantee program au-
16 thorized by this title, and notwithstanding the provisions of
17 any other laws, the Secretary may—

18 (a) sue and be sued in his official capacity in any
19 court of competent jurisdiction;

20 (b) subject to the specific limitations in this title,
21 consent to the modification, with respect to the rate of
22 interest, time of payment on principal or interest or any
23 portion thereof, security, or any other provisions of any
24 note, contract, mortgage, or other instrument securing
25 a loan which has been guaranteed hereunder;

1 (c) pay, or compromise, any claim on, or arising
2 because of, any loan guaranty;

3 (d) pay, compromise, waive, or release any right,
4 title, claim, lien, or demand, however acquired, including
5 equity or right of redemption;

6 (e) purchase at any sale, public or private, upon
7 such terms and for such prices as he determines to be
8 reasonable, and take title to property, real, personal, or
9 mixed; and similarly sell, at public or private sale, ex-
10 change, assign, convey, or otherwise dispose of such
11 property; and

12 (f) complete, administer, operate, obtain, and pay
13 for insurance on, and maintain, renovate, repair, modern-
14 ize, lease, or otherwise deal with any property acquired
15 or held pursuant to the guaranty program authorized by
16 this title.

17 SEC. 122. (a) The Secretary may use the fund for the
18 purpose of fulfilling the obligations with respect to loans
19 guaranteed under this title, but the aggregate of such loans
20 which are insured or guaranteed by the Secretary shall be
21 limited to \$200,000,000.

22 (b) All funds, claims, notes, mortgages, contracts, and
23 property acquired by the Secretary under this section, and
24 all collections and proceeds therefrom, shall constitute assets
25 of the fund; and all liabilities and obligations of such assets

1 shall be liabilities and obligations of the fund. Guaranteed
2 loans acquired by the fund may be collected in accordance
3 with their terms or may be sold by the Secretary with or
4 without guarantee thereof. The Secretary is authorized to
5 make agreements with respect to servicing loans held or
6 guaranteed by him under this title and purchasing such
7 guaranteed loans on such terms and conditions as he may
8 prescribe.

9 (c) If at any time the moneys in the fund are not suf-
10 ficient to enable the Secretary to discharge his responsibility
11 under any guarantee agreement, the Secretary is authorized
12 to issue notes to the Secretary of the Treasury in such
13 amounts as may be necessary to discharge such responsi-
14 bilities. Such notes shall be in such form and denominations
15 and have such maturities and be subject to such terms and
16 conditions as may be prescribed by the Secretary with the
17 approval of the Secretary of the Treasury. The notes issued
18 by the Secretary to the Secretary of the Treasury shall con-
19 stitute obligations of the fund. The Secretary of the Treasury
20 is authorized and directed to purchase any obligations issued
21 pursuant to this subsection, as now or hereafter in force, and
22 for such purpose as the Secretary of the Treasury is author-
23 ized to use as a public debt transaction the proceeds of the
24 sale of any securities hereafter issued under the Second
25 Liberty Bond Act, as now or hereafter in force, and the pur-

1 poses for which securities may be issued under the Second
2 Liberty Bond Act, as now or hereafter in force, are extended
3 to include such purchases. Each purchase of obligations by
4 the Secretary of the Treasury under this subsection shall be
5 upon such terms and conditions as to yield a return at a rate
6 determined by the Secretary of the Treasury, taking into
7 consideration the current average yield on outstanding
8 marketable obligations of the United States of comparable
9 maturity. The Secretary of the Treasury may, at any time,
10 sell, upon such terms and conditions and at such price or
11 prices as he shall determine, any of the obligations acquired
12 by him under this subsection. All redemptions, purchases, and
13 sales by the Secretary of the Treasury of such obligations
14 under this subsection shall be treated as public debt transac-
15 tions of the United States.

16 (d) The Secretary may also utilize the fund to pay
17 taxes, insurance, prior liens, expenses necessary to make fiscal
18 adjustments in connection with the application and trans-
19 mittal of collections, and other expenses and advances to pro-
20 tect the Secretary for loans which are guaranteed under this
21 title or held by the Secretary, to acquire such security prop-
22 erty at foreclosure sale or otherwise, and to pay administra-
23 tive expenses.

24 SEC. 123. There is authorized to be appropriated, to
25 provide capital and to restore any impairment of capital, for

1 the revolving loan fund \$50,000,000 exclusive of prior
2 appropriations.

3 SEC. 124. The Secretary shall promulgate rules and
4 regulations to carry out the provisions of this title.

5 TITLE II—DEBT SERVICE PAYMENTS

6 SEC. 201. The Secretary is authorized to make, and to
7 contract to make, periodic debt service payments on loans
8 made or guaranteed under this Act in amounts sufficient to
9 reduce the periodic payments of interest and other charges
10 payable under section 104 of this Act by up to (1) 30 per
11 centum or (2) 3 per centum of the outstanding principal
12 amount of the loan, whichever is less.

13 SEC. 202. No contract to make debt service payments
14 shall be entered into unless the Secretary determines that the
15 credit terms otherwise available would not permit the accom-
16 plishment of the objectives of the program.

17 SEC. 203. There are authorized to be appropriated to
18 the Secretary, without fiscal year limitation, such sums as
19 may be necessary for debt service payments under this
20 section.

21 TITLE III—INDIAN BUSINESS GRANTS

22 SEC. 301. In order to stimulate and increase Indian
23 entrepreneurship and employment, and to establish or ex-
24 pand profitmaking Indian-owned economic enterprises on or
25 near Indian reservations, by providing equity capital through
26 nonreimbursable grants made by the Secretary to Indians

1 and Indian tribes, there is hereby established in the Depart-
2 ment of the Interior the Indian business development pro-
3 gram.

4 SEC. 302. The Secretary of the Interior is authorized to
5 make grants from such fund under the following terms and
6 conditions:

7 (a) No grant in excess of \$50,000 or such lower
8 amount as the Secretary may determine to be appropriate,
9 may be made to an Indian or Indian tribe.

10 (b) A grant may be made only to an applicant who has
11 proven to the satisfaction of the Secretary that he is unable to
12 obtain adequate financing for his economic enterprise from
13 other sources, including the credit assistance provided in
14 this Act and his own financial resources, except that no
15 grant may be made to an applicant who is unable to obtain
16 at least 60 per centum of the necessary funds for the eco-
17 nomic enterprise from other sources.

18 (c) A grant may be made only for the portion of the
19 total cost of the economic enterprise that is, in the judgment
20 of the Secretary, beyond the ability of the applicant to re-
21 pay.

22 SEC. 303. There are authorized to be appropriated such
23 sums as maybe necessary to the purposes of this title.

24 SEC. 304. The Secretary is authorized to prescribe such
25 rules and regulations as may be necessary to carry out the
26 purposes of this title.



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

EX-44

MAR 15 1973

Dear Mr. President:

Enclosed is a proposed bill, "To provide for financing and economic development of Indians and Indian organizations, and for other purposes."

We recommend that the proposed bill be referred to the appropriate committee for consideration and that it be enacted.

This proposal consolidates two proposals of this Department in the 92nd Congress--the Indian Financing Act (Titles I and II of this bill) and the Indian Business Development Program Act (Title III of this bill). A sectional analysis of the proposal is contained in an Appendix to this letter.

TITLES I AND II

The essence of these titles was outlined by President Nixon in his Indian message of July 8, 1970:

"Economic deprivation is among the most serious of Indian problems. Unemployment among Indians is ten times the national average; the unemployment rate runs as high as 80 percent on some of the poorest reservations. Eighty percent of reservation Indians have an income which falls below the poverty line; the average annual income for such families is only \$1,500. As I said in September of 1968, it is critically important that the Federal government support and encourage efforts which help Indians develop their own economic infrastructure. To that end, I am proposing the 'Indian Financing Act of 1970'.

This Act would do two things:

1. It would broaden the existing Revolving Loan Fund, which loans money for Indian economic development projects. I am asking that the authorization for this fund be increased from approximately \$25 million to \$75 million.

2. It would provide additional incentives in the form of loan guarantees, and interest subsidies to encourage private lenders to loan more money for Indian economic projects. An aggregate amount of \$200 million would be authorized for loan guarantee and loan insurance purposes."

Inability to raise capital in effect freezes most Indians out of the American free enterprise system. We believe that, in conjunction with the Business Development Program established in Title III, the loan incentives offered in these titles will go far toward eliminating the chronic state of Indian poverty.

TITLE III

This title would revive and expand a grant program that was conducted by the Bureau of Indian Affairs during fiscal year 1971. Using funds appropriated as tribal development funds, the Bureau aided individual Indians or tribes which sought to open or expand businesses. The grants provided needed capital for Indians unable, because of insufficient equity, to qualify for small business loans from public or private sources; supplements to business grants-in-aid from Government agencies or private foundations; and supplements to business loans. One example of the kind of problems this program can alleviate is that most Indians have been unable to take advantage of the 90 percent loan guarantee programs of the Small Business Administration because most private lenders have required a 100 percent guarantee for Indian loans. The Bureau used its grants to make up the difference for this and similar types of financing.

Since in all essentials the grant program established in Title III will be identical to that operated by the Bureau in fiscal '71, the effectiveness of the latter augurs well for the success of the Title III operation. As of March 31, 1972, Bureau grants had assisted in forming 237 new Indian-owned businesses and expanding 142 existing ones. These grants generated some \$16.4 million from other financial sources. The Bureau received 770 applications for grants totaling \$10.8 million, or more than triple the amount of money allocated for the program. The Bureau received inquiries about the program from throughout the Indian community. We consider this program to be a proven success and believe that, along with the other programs

contained in this proposal, its enactment would lead to substantial Indian economic progress.

The Office of Management and Budget has advised that enactment of this proposal would be in accord with the President's program.

Sincerely yours,

John C. Whitaker
Acting Secretary of the Interior

Hon. Spiro T. Agnew
President of the Senate
Washington, D.C. 20510

Senator ABOUREZK. We have with us this morning, John Kyl, Assistant Secretary for Congressional Affairs, accompanied by several people from the Bureau of Indian Affairs. You may introduce those people, Mr. Kyl, and proceed with your testimony.

STATEMENT OF HON. JOHN H. KYL, ASSISTANT SECRETARY FOR CONGRESSIONAL AND PUBLIC AFFAIRS, DEPARTMENT OF THE INTERIOR, ACCOMPANIED BY DENNIS DRABELLE, STAFF ATTORNEY, OFFICE OF LEGISLATION; ROBERT BRUCE, COORDINATOR FOR LEGISLATION, BUREAU OF INDIAN AFFAIRS; AND CHARLES SWALLOW, DIVISION OF CREDIT AND FINANCE

Mr. KYL. Thank you, Mr. Chairman. On my left, Mr. Swallow, on my right Mr. Bruce and Mr. Drabelle.

Mr. Chairman, in light of your comment, I would be pleased to say this for the record, before I read our general testimony. We do have two bills before the committee. When I was a Member of the other body, I once told my wife that if we had as a bill before our committee the original Ten Commandments, we might pass them with 12 committee prints, 32 amendments, including one with an open end authorization for enforcement, and there probably would be a motion to recommit on the floor with instructions.

In the administration we operate about the same way. There are 20 or 30 people in the Interior Department who prepare the legislation. There is a free give and take. In the case of this measure, there are also people in the Treasury Department who make their decisions known and then, of course, we have the Office of Management and Budget which has its very considerable input.

As we go through this process with essentially the same bill for the second year and with all of these people having the opportunity to add or subtract, you are inevitably going to get a bill with some changes involved. I think that I would say at the outset, Mr. Chairman, that this year you have two choices of administration bills. You also have the experience of the House-passed bill of last year.

We think that the changes we have made in the bill from last year, which shall be discussed, do have merit. And with that brief background, I will proceed, sir, with the statement.

We are delighted to be here to recommend enactment of one of the key pieces of legislation in the President's Indian program. We concur with the generalization that the chairman has made in opening this session. There is a need for this bill.

This proposal emanates from the President's Indian message delivered to the Congress on July 8, 1970. In that message the President sketched the nature of the problem with which this bill attempts to grapple.

Economic deprivation is among the most serious of Indian problems. Unemployment among Indians is ten times the national average; the unemployment rate runs as high as 80 percent on some of the poorest reservations. Eighty percent of reservation Indians have an income which falls below the poverty line; the average annual income for such families is only \$1,500. It is critically important that the Federal Government support and encourage efforts which help Indians develop their economic infrastructure. To that end, I am proposing the Indian Financing Act.

The figures cited by the President have not improved significantly since that time. The President in his 1970 message also called for more economic development planning by Indian tribes and asked the Secretary to work toward that end. Since that time many of the tribes have made real progress in economic development planning, and this bill will help provide the needed capital to bring these plans to fruition.

Mr. Chairman, as you know, this bill passed the House of Representatives last year, and I think the consensus is that the Senate would have passed it if time had not run out at the end of the Congress. We are pleased at the early priority which your committee has accorded to this legislation this year.

In fact, we are very thankful to you, Mr. Chairman, for scheduling these hearings as early as you have. This bill is highly intricate and I believe I could best be of assistance to you by confining my prepared remarks to three purposes: One, highlighting the main provisions of the bill; two, pointing out the major changes we have made in the proposal from the form in which we submitted it 2 years ago; and three, correcting an omission in the drafting of the bill.

The first point to make is that S. 1341 is an amalgamation of two proposals from the last Congress. Titles I and II, which establish loan and loan guarantee programs, are the core of the Indian Financing Act as previously submitted. Title III, which provides for grants to Indian businesses, was a separate proposal in the last Congress. For convenience, we have taken the opportunity to link the two proposals this year.

Titles I and II, then, would accomplish two purposes. First, they would broaden the existing Bureau of Indian Affairs Revolving Loan Fund, which provides money for Indian economic development projects. The authorization for such loans would be increased from the present \$28.8 million to \$78.8 million. Second, these titles would provide for the guarantee of private loans to Indians, thereby greatly encouraging such loans. Up to \$200 million worth of private loans could be guaranteed under the proposal.

Title III would establish a program of small business grants to Indian entrepreneurs. No grant could be larger than \$50,000, and no one could receive a grant unless he met two conditions: First, his project was practical enough that he had already obtained at least 60 percent of the needed financing from other sources; second, he was not able to obtain elsewhere that portion of his needs for which he was seeking a grant, including the programs authorized by this legislation.

Mr. Chairman, I would now like to touch briefly upon the changes which we have made in submitting these two proposals to the Congress this year. First, in the previous proposals there were two methods for attracting private loan institutions into the Indian market—a loan guarantee program and a loan insurance program. The latter program, it was felt, might be attractive to certain lenders, who might want the aggregate of their Indian loans to be insured rather than each one to be guaranteed. On reflection, however, we have concluded that having two programs is unnecessarily complicated, and we have kept only the guarantee program in this year's proposal.

Second, also for reasons of convenience, we have telescoped the two funds in last year's proposal—the revolving loan fund and the loan guarantee and insurance fund into one fund. Careful provision has

been made, however, to make sure that moneys earmarked for loans are not sidetracked into use for guarantees.

The final major change is a matter of bookkeeping involving the rate of interest to be charged on loans made or guaranteed under title I and II. Last year's proposal set, as a ceiling rate, the rate of interest on municipal bonds or the rate paid by the Federal Government on obligations of like maturity that it had issued. This year's proposal allows the Secretary of the Treasury more discretion. He can set an interest rate comparable to that on similar loans in the private sector taking into consideration the prevailing rate for such obligations in the private sector and the risk assumed by the United States. This provision is offset, however, by the fact that the Secretary of the Interior is authorized to pay a subsidy on the Indian loan interest rate which would amount to 30 percent of the rate or 3 percent of the outstanding principal amount of the loan, whichever is less.

This new subsidy provision is one that is now being used as a standard item by the Federal Government in legislation of this type and we believe it arrives at the same result as that we proposed in last year's legislation.

Finally, Mr. Chairman, I would like to address myself to an omission in the drafting of this proposal. What we left out was a quite important section for keeping our loan and loan guarantee fund solvent. We apologize for this error and suggest that the following new section 204 be added to this bill.

There are authorized to be appropriated such sums as may be necessary to reimburse the fund created by section 101 of this Act for losses incurred in connection with loans made or guaranteed pursuant to this Act.

This concludes my statement.

Senator ABOUREZK. Thank you, Mr. Kyl. I assume that there are no other opening statements from any of your staff.

Mr. KYL. That is correct.

Senator ABOUREZK. I am going to ask my usual question this morning. Is there anything new in the appointment of the Indian Affairs Commissioner that the committee does not already know?

Mr. KYL. I am embarrassed by having to repeat this. To the best of my knowledge, as of this morning at 9:25, there is no change in that status.

Senator ABOUREZK. There is no intention to embarrass you, I just want to keep up with it.

Mr. KYL. It is a self-inflicted embarrassment, generally felt, I imagine.

Senator ABOUREZK. My Kyl, I recently received word from concerned constituents in South Dakota that the Bureau of Indian Affairs, Aberdeen Area Office, proposes that the Pierre Indian Boarding School be closed effective June 30, 1973.

First, this appears to be an unduly short notice for closure of a major Bureau educational facility in South Dakota. Second, I have no knowledge concerning the justification for the proposed closure of this facility.

I would appreciate your seeking a delay of the closure of the Pierre Boarding School. In addition, I would also appreciate your providing me with a complete status report on the operation of this facility.

Mr. KYL. Yes; If I might respond partially to that request at this time. This school is a special school for children with learning dis-

abilities. It has attracted between 70 and 80 enrollees, although the original expectation was there would probably be 200 students. The cost per students are averaging \$9 to \$10, and the results have not been up to expectations.

Senator ABOUREZK. Is there any reason for that?

Mr. KYL. I am not prepared to go into depth as to the reasons for the lower number of pupils or the failure. We certainly will provide that to you.

Senator ABOUREZK. I wonder if it would be possible, Mr. Kyl, if within a very short time, if we might not have the area director, Mr. Babby and the administrator of that school come here to Washington to meet with the subcommittee to explain why the school has not lived up to its expectations? I am sure you are not filled in on that explicit data.

If you would communicate this request to those people, I will have the staff contact you regarding a date when they might want to come in and meet with the committee?

Mr. KYL. Fine.

Senator ABOUREZK. Now, I have several questions prepared on the financing bills that I would like to go through in an effort to try to clarify the scope of this legislation.

In S. 1013, section 105, it provides that the interest will be paid to the U.S. Treasury on advances to the fund. Currently the revolving funds which the Indians have access, see section 101, do not have this requirement. The effect is that Indians will be charged interest on funds which they currently use interest free. Thus, unless loans are made at interest rates which are above the rate the Treasury charges, the fund will become self-depleting.

Can this fund be made to operate on a more or less business like basis? That is, use appropriated capital to start the fund on an interest-free basis, then, after the fund achieves a self-sustaining basis, require that interest be paid on the capital at the average Treasury borrowing rate? Is that possible?

Mr. KYL. I think the bill does provide a viable means of sustaining the funds. This matter of special consideration for Indians is covered in our bill, permitting the Secretary to rearrange the loan to take care of defaults, et cetera.

I would like to have Mr. Bruce, who has lived with this proposal since the original days, respond to this.

Mr. BRUCE. Senator, the administration in preparing this bill made the decisions that the Government in effect, through this appropriated money, was giving a subsidy to the Indian people, an indirect subsidy if interest was not charged on the revolving loan fund money. It creates bookkeeping problems for the Treasury and administration if this subsidy does not show.

There are provisions in the bill that allow the Department to come before the Congress every year to tell you how much that subsidy is running and asks you to appropriate the funds to be required to pay the subsidy, not only to Treasury on the amount of money used in the interest, but also to pay the difference between what we will pay Treasury and the rate that will be paid the Indians as an offset.

This will enable the Congress, through its process, to have a better view of what the total subsidy on this program was.

Senator ABOUREZK. When there is an alternative, could interest payments to the Treasury be deferred for a set period of years in this bill and the interest payments considered an additional capital for the fund?

Mr. BRUCE. One of the problems that would evolve with reference to this year's bill is that interest would also pile up on the deferred payment. It would in time become rather burdensome to the fund.

Senator ABOUREZK. I guess I did not make myself clear, Mr. Bruce. What I meant was that interest payments should be paid by the people who borrow, instead of the money going to the Treasury, it should go back into the fund.

Would you go for an amendment or provision like that to allow the interest to build up as far as the loan fund itself for a period of years?

Mr. BRUCE. That is the situation now, and the Indians are proud of the fact that over the last few years, they have provided several million dollars to the revolving loan fund.

The administration would have some problems with that, taking into consideration the view they have on trying to have Congress reflect the total subsidy money that goes into these interest reduced loan funds.

However, that would be something we would have to examine if Congress decided to take that step.

Mr. SWALLOW. Mr. Chairman, I believe part of the objection from a lot of the Indian people, the ones I have been talking to is this: the interest they pay into the revolving fund should be reloaned and, if this were done, the revolving fund would not be depleted.

Section 107 permits the Secretary, and we do not have this authority now, to sell our loans as does a savings and loan association. For example, if our revolving fund were to be depleted, we would be able to sell the paper and replenish the revolving fund without seeking additional appropriations. We do not have the authority to do this, but the private sector can do this.

Senator ABOUREZK. Would it be beneficial to have that authority?

Mr. KYL. Permit me to read from the bill:

The Secretary may sell with the approval of the Secretary of Treasury, to any person or entity, any note resulting from a loan heretofore or hereafter made from or required by the fund and its title, and may guarantee any loans thus sold.

The receipts from any such sale shall be deposited from the revolving loan fund and be available for other loans from such fund.

In any instance where the interest rate of the notes sold pursuant to this section is less than that prevailing in the market, the Secretary may pay a subsidy he determines to be adequate to any purchaser of said note without any discount.

Then relative to what is at least connoted by part of your question under title II, section 201, the Secretary is authorized to make and to contract to make periodic debt service payments on loans made or guaranteed under this act in amounts such to reduce the payment of interest by up to 30 percent or 3 percent of the outstanding principal amount of the loan, whichever is less.

Senator ABOUREZK. You are reading out of S. 1341, page 17?

Mr. KYL. Yes, sir.

Senator ABOUREZK. I don't think it is right on the point with what I was asking about.

Mr. KYL. May we try again?

Senator ABOUREZK. Let me try it again.

Ordinarily, under a normal loan, the Secretary does not choose to defer the payments on the principal and interest by the borrower. The money paid in interest by the borrower would go to the Treasury, is that correct?

Mr. SWALLOW. The total payment received in principal interest remains in the revolving fund for relending.

Senator ABOUREZK. The interest does too?

Mr. SWALLOW. Yes.

Senator ABOUREZK. Under S. 1013?

Mr. SWALLOW. No.

Mr. BRUCE. Within the existing revolving loan fund we have today there are approximately four congressional created loan funds that have over \$27 million in them. Today that money is lent. When we receive back the principal interest, it goes into the revolving loan fund for relending or is used to cover our losses under the program.

Under the new bill, the money would come back into the fund, but we have to pay the Treasury at the end of every year interest compatible with what the Federal Government is paying on the total outstanding amount of loans that we made during that year, which would probably be in the neighborhood of \$75 million. So, part of the interest that we receive would be used to pay Treasury at the end of every year.

Senator ABOUREZK. Do you have any objection to allowing that money to stay in the revolving loan fund as is presently the case rather than paying it back to the Treasury?

Mr. BRUCE. I think the administration would have objections to it on the basis of subsidy problems.

Senator ABOUREZK. S. 1013, section 106, this section gives the Secretary of the Interior the authority to change the terms of repayment on loans made from the fund; including full relief from repayment. It also provides the Secretary authority to change requirements for security backing up the loans. The Department of the Interior states this provision is essential for the efficient administration of the revolving fund, that is page 23, Senate hearing on S. 2036, but does not say why this is essential.

Presumably, Interior desires this authority so that it can adjust repayment terms, add 5 years to the repayment schedule. It should be noted, however, that such actions limit the revolving nature of the fund. If this provision is used unwisely, it could deplete the fund. S. 1341 provides some semblance of control over this provision by requiring that the Secretary of the Interior report to the Congress all actions taken under this section. Why does the Department need this authority and how is it to be used?

Mr. BRUCE. In guarantee problems it does not require direct appropriation by the Congress. Generally what Congress does is authorize the use of so much money for this program. The Appropriation Committee would authorize the Secretary of the Interior to use \$100 or \$200 million of the Treasury's ability to provide money in connection with this program. It was our hope that we would get the majority of this money as soon as we could get the bill passed.

One of the bases for coming to the Congress with the figure of \$200 million was it is our belief in the Bureau that this is the amount of money we can adequately take care of in connection with a loan guaranteed or insured program, and if the program is successful, we

can come back to the Congress to discuss perhaps an expansion of the program. For now this is what we believe we can adequately handle within the program. Also for consideration we have the loan program in last year's bill.

We believe we can handle this without substantially increasing personnel or setting out new provisions.

Senator ABOUREZK. S. 1015 provides for the establishment of an Indian business development program which will provide grants to enable Indians to establish or expand Indian owned economic enterprises. However, no specific amount is requested to be appropriated for this purpose in the bill. What amount will be required to be appropriated for this program?

Mr. SWALLOW. Our records indicate that we have applications totaling about \$11 million on hand, and we are up dating this information right now for the program.

Senator ABOUREZK. Are you going to ask for \$11 million?

Mr. SWALLOW. We would probably ask for the amount we need to immediately fund the applications pending when we get the latest figures.

Mr. BRUCE. Mr. Chairman, may I also say that as you know, this is the continuation or the restart of an experimental program in which we spent over \$3 million once before. I think, in requesting an amount of money from Congress to fill in the open ended authorization we have in this bill, that we would look at needs and our ability to handle the program in connection with the other loan program to see what our personnel ceiling would let us accomplish.

I think that would be the basis of our request to the Congress for appropriations as soon as the bill passed. But we would definitely look at the need.

Senator ABOUREZK. If you were authorized to request appropriations of \$5 million the first year, \$10 million the second year and \$15 million the third year, would you be able to operate on that kind of basis?

Mr. KYL. Yes, sir.

Senator ABOUREZK. Is the new Indian Business Development Fund going to be operated anything at all like the old one we had a couple of years ago? I am specifically curious about how the loans will be granted.

As you recall Mr. Kyl, the House Subcommittee on Indian Affairs held a hearing at Rosebud, S. Dak. about 2 years ago on the Indian Business Development Program. I am sure you have read the printed record of that hearing. I think it is an excellent program and that the basic concept is very sound. We found at that time, that the program had gone to benefit the tribal chairman, his relatives and the tribe itself, and only very few grants went to individual Indians for which the program was designed.

It appeared as though the tribal governing body exercised a great deal of influence on who was to receive the grants. This was accomplished through the committee established to select the grantees.

How will the Indian business development program be administered under the legislation pending before the committee?

Mr. SWALLOW. Section 6 states:

The Secretary of the Interior is authorized to prescribe such rules and regulations as may be necessary to carry out the purposes of this Act.

We are undergoing a reorganization in the Bureau of Indian Affairs. In this decision, we will establish positions such as management and assistance positions, and we will establish rules and regulations to regulate this IBD program.

For example, if there is any misuse of funds, Mr. Chairman, we will have a provision in the regulations whereby they will be subject to an examination to determine the disposition of the proceeds, and make sure they are in line with what was submitted. We will also establish certain guidelines as to projections of income loss, financial stability of the proposed business, and we will have people review these packages.

Before we did not have the staff for this type of operation. We feel with this legislation, we will be able to staff it up properly. We have justification for additional positions that we will distribute to the area officers and agencies.

For example, at Pine Ridge, we know we will need one specialist there.

Mr. KYL. Mr. Chairman, the purpose of this reorganization is to try to put the people where the action is and where there can be appropriate direct supervision, not controlled from Washington in these cases where we are giving more authority to the tribes. We find that is necessary not only in the case of loans and grants that we are talking about here for business, but even in tribal operations where the analysis shows that the tribes themselves do not have an adequate fiscal program of management, a plan for fiscal management. And it is this kind of thing which has led Mr. Franklin and Mr. Rogers and these gentlemen here, to scrutinize not one tribe, but tribes all across the country.

We do have the experience of the pilot program, and that pilot operation did show shortcomings. The present effort in the Department is to try to learn from that pilot operation, so we don't make the same mistake again.

The third observation I make, Mr. Chairman, is that if we are indeed going to put up comparatively large sums of moneys for loans for guaranteed programs, and if we are at the same time turning more authority for the operations to the Indians, I think it is essential, and I know Mr. Franklin shares this belief, and Mr. Rogers, that there be a two pronged effort, one to require a publication of financial affairs of each tribe for the benefit of all the tribes and two, an auditing provision.

We would like as much as possible to make that auditing provision an activity of the tribe and supervised by the Treasury, so it is not Uncle Sam snooping, per se.

The kinds of things the chairman has mentioned this morning, are not isolated cases. I think it is very essential, an essential element of the entire program we are talking about this year here in the Congress.

Senator ABOUREZK. I would just like to say that in observing a number of programs that the Government has funded for Indian people over the past several years, in very few instances have I ever seen the money reach down into the rank and file of the Indian people. That has been one of my major concerns, and I am determined that does not happen again. It is too easy for the well educated Indians on many reservations to master the art of grantsmanship, and to gain the major benefit from Government programs. I am not totally opposed to this

happening, but I want to be assured that the needy Indians benefit from the various Federal programs as well.

It also lends to the belief on the part of the public that Government money is being thrown away. They see all of this money going to the reservations and the Indians remain just as poverty stricken as they were before. They see a lot of housing built that does not help anybody. All of these things contribute to the feeling on my part and the part of the public that the Indian people are not much better off than they were before Government programs and funds were available to them.

I want to say on behalf of the committee, and the majority of the committee members share this view, that the Government programs should benefit the rank and file Indian person as well as the well educated one who knows how to fill out a grant or loan form. We don't want to restrict it to the top level of the economic strata in the Indian community.

I would just admonish the Department of the Interior Bureau of Indian Affairs, that this committee will scrutinize all of these programs each year as we go along.

Mr. KYL. Mr. Chairman, if you permit me to interject this at this point. You need not admonish us to do this, because the situation you describe in regard to Federal programs is equally true of the tribes' expenditure of its own funds in many cases. There are factors that at the present time which cause a topheavy administrative experience. I want to emphasize this.

Frequently when those not acquainted with Indian Affairs look at the budgets and costs of administration, they fail to recognize one of the major activities is education. And under the budgeting procedures of the Department, the teacher often becomes an administrator.

You have to have a lot of teachers, there is a lot of teaching expense which goes as administrative expenses and, therefore, the figures are sometimes misleading.

But, the gentleman is absolutely correct. In our bill we also try to get a better, closer, more frequent, deeper oversight of the Congress. The gentleman and I served together on the committee, and together we shared the frustration that everyone is interested in Indians but nobody bothers to learn much what goes on with Indian Affairs.

If we don't have continued surveillance, continued publication, congressional oversight, then these problems will continue. I think it will be less, by virtue of the fact that we have reorganized to handle this program. The money is where it ought to be. But the gentleman is so correct. Most of these Government programs have solved some unemployment. We have one tribe with 1,700 tribal employees, some have high salaries. The money goes to a few, and too often it is kind of a nepotistic system. Maybe I coined a new word there, an example of nepotism, I will say for the record.

We hope by getting a reorganization, by getting this legislation under proper procedures with congressional surveillance, that we can solve some of these problems. I know the Indians themselves are interested.

Three of us met yesterday for 2 hours with elected tribal leaders. They have the same concerns. The money must go where it is needed.

Sometimes the Government program can actually create problems. Suppose the tribe gets a large distribution under an Indian claims

docket, and the money runs out, and the Indian who is used to living at a higher standard of living is left with no income whatsoever. A similar situation exists on a reservation in New Mexico, where we have a uranium mine. This provides 350 jobs at a good salary, but the uranium is going to run out, then what does the tribe do? We are hoping this program can help solve those problems, so there will be an answer to their problem. There is none right now.

Senator ABOUREZK. I have one more question, before Senator Fannin asks a few.

I am working on a proposal which I will introduce shortly, that would provide for a kind of executive corps of business consultants to be provided to the Indian tribes around the country. I understand since I have been working on this there is an existing program for overseas development assistance by executives who go on loan to the Government for a short period of time. This in essence would be the concept that the American business community would provide for a 6-month period or year period, wherever they want, one of their top executives, not one of their junior executives, but a top executive to work an Indian reservation for a certain period of time, advising the Indian community and tribe on matters of business.

I heard you say you were going to try to have something like that with this Indian business development fund. The reason I think that it ought to come out of experienced management. Too often when you hire somebody in the Government bureaucracy to be a business manager, he is not really a business manager.

We too often find this fellow has no experience in anything and is out trying to advise the Indian people on matters to which he has no knowledge himself.

What is your response to my proposal?

Mr. KYL. Number one, another reason I am happy to have Marvin Franklin on board, is that among all of the people I have heard or know of in the 15 years or so I have been involved in this business, the one person who has a better job than anyone else is Marvin Franklin. I hope you might sit down with Mr. Franklin in preparation of the bill. We have had some bad experiences with private consultants. It was our intention with the Monominees, you will remember, to set up a group of advisors, and something went wrong somewhere in that project.

Nonetheless, it is an excellent suggestion, and we are trying to do this.

I think in the matter of financial institutions Mr. Franklin has great experience. Also he knows a great deal about obtaining health services on some reservations, about establishing industry. It is obvious we have somebody with knowhow.

Most of the people he is dealing with are not sophisticated in financial matters. We have one business enterprise which grew from \$25,000, plus a \$79,000 loan interest free from BIA, to be currently worth \$1 million. But realizing this worth, certain individuals thought it would be right to sell the loan and collect the \$1 million.

Senator ABOUREZK. What is the feeling in the Bureau of Indian Affairs and the Department of the Interior, toward encouraging the Indian people to establish cooperatives? The reason I say cooperatives, I guess it gets into the philosophy of politics and business of the particular administration in power.

The Indian people themselves kind of grew up in this country under cooperative systems, communal types of systems, where they got together and shared everything they had, hunting and planting. It seems the idea of a straight out business corporation nor any kind of business firm moving on to the reservation to hire Indian people or allow them to own it is a little foreign to their concepts. Whereas, a cooperative is more traditional for the Indian people?

Mr. KYL. Mr. Chairman, first I am politically sensitive enough to want to separate the words cooperative and communal and then ask Mr. Swallow to answer the question.

Mr. SWALLOW. Mr. Chairman, in regard to that, we do not have any push right now in regard to cooperatives. There are interested parties in Pine Ridge and on the Navajo reservation who have been thinking about this. They initiated the interest themselves. We don't discourage them.

Senator ABOUREZK. Is there anybody in the Bureau at this time who is an expert in the formation and operation of cooperatives who is available to provide this information and help the tribes?

Mr. SWALLOW. We have one man on our staff presently, I understand, who has been working with them in this regard and he is very familiar with cooperatives.

Senator ABOUREZK. Has he been talking to the tribes to give them this information?

Mr. SWALLOW. This is Mr. Zenger.

Mr. ZENGER. This one individual has worked with them, and there have been many attempts. He has talked with me on this several times.

Senator ABOUREZK. I would appreciate your providing the committee with a report from this gentleman within 2 weeks and to apprise us what he has done in this area.

Mr. SWALLOW. Yes, sir.

Senator ABOUREZK. Specifically, what he has accomplished.

Mr. SWALLOW. Yes.

Senator ABOUREZK. Thank you very much.

[The information requested by Senator Abourezk follows:]

FINANCING OF COOPERATIVE ASSOCIATIONS

Through June 30, 1972, credit programs operating under regulations of the Secretary of the Interior have made a total of 86 loans to cooperatives for \$3.3 million of which \$1.2 million was outstanding. Losses on the amount loaned was slightly over one percent. Members equity totaled \$2.3 million.

A statistical report as of June 30, 1972, covering loans made to cooperatives by Areas follows:

Area	Number of loans made	Amount loaned	Balance unpaid	Amount charged off	Member's equity
Aberdeen	15	\$261,214		\$12,354	
Albuquerque	3	260,000			\$943,160
Anadarko	3	23,750	\$18,099		(26,565)
Billings	16	159,889	3,608		91,708
Juneau	7	1,680,000	1,058,570		108,455
Minneapolis	4	56,295	43,819		215,415
Muskogee	2	102,800	26,287		(63,614)
Navajo	3	17,891	10,122		20,161
Phoenix	26	537,856	19,584	8,531	1,024,219
Portland	4	114,840		13,219	
Sacramento	1	1,850			
Central Office	2	104,500			
Total	86	3,320,885	1,180,089	34,014	2,312,939

The above report does not include loans to credit associations. Loans to credit associations and their activities will be discussed subsequently in the report.

Financing of cooperatives comes from two sources: one source is the Bureau's revolving fund for loans; and the other is credit programs operated by tribes and corporations. Lending by the latter is usually financed by a mixture of tribal funds and loans from the Bureau's revolving fund for loans. Included in the above financing to cooperatives are 69 loans from tribes and corporations totaling \$1.5 million of which \$53,000 was outstanding; and 17 loans from the revolving fund for \$1.8 million of which \$1.1 million was outstanding. About 9 percent of the outstanding dollar amount was delinquent.

Most numerous Indian cooperatives involve individually Indian-owned cattle. Arts and crafts products are marketed cooperatively. One of the most successful arts and crafts cooperatives is the Qualla Arts and Crafts Mutual, Inc. Some Native stores are handled through a central cooperative purchasing association, the Alaska Native Industries Cooperative Association. The most northerly natural gas distribution system in the world is operated by a Native cooperative association at Point Barrow, Alaska.

The Bureau does not have specific regulations and instructions on the formation of Indian cooperatives since articles of incorporation and bylaws will vary with the nature of purpose of each organization. It is required that cooperatives be incorporated under the laws of the state in which it operates to be eligible to participate in Bureau credit programs.

ACTIVITIES OF CREDIT ASSOCIATIONS

Indian credit associations continue to play a key role in financing of Indian people. A statistical report as of June 30, 1972, covering loans made from the Bureau's revolving fund for loans to credit associations by area follows:

Area	Number of loans made	Amount loaned	Balance unpaid	Amount charged off	Shareholders equity
Aberdeen.....	1	\$50,932	-----	-----	-----
Anadarko.....	21	382,200	\$1,453	-----	(\$1,628)
Juneau.....	1	395,000	218,650	\$11,850	120,663
Muskogee.....	57	2,819,500	1,332,467	-----	394,967
Phoenix.....	1	500,000	390,500	-----	66,360
Total.....	81	4,147,632	1,943,070	11,850	580,362

Through June 30, 1972, 44 credit associations received a total of 81 loans for \$4.1 million. The unpaid balance of \$1.9 million is owed by eight associations. Losses on loans to these associations are about one-fifth of one percent of the amount loaned. The delinquency rate is about two-fifths of one percent of the amount outstanding.

Of the 44 credit associations financed by the Bureau's revolving fund, five are currently active. Three are located in Oklahoma and one each in Alaska and Arizona. A statistical summary of loans made to association members through June 30, 1972, is as follows:

Area	Number of loans made	Amount loaned	Balance unpaid	Amount charged off
Aberdeen.....	77	\$191,928	-----	\$14,518
Anadarko.....	620	571,609	-----	4,089
Juneau.....	81	832,287	\$309,708	22,175
Muskogee.....	3,051	5,285,818	1,488,307	94,241
Phoenix.....	209	804,203	369,322	3,250
Total.....	4,038	7,685,845	2,167,337	138,273

The 44 credit associations have made 4,038 loans totaling \$7.7 million of which \$2.2 million was outstanding as of June 30, 1972. Losses on loans was less than two percent of the amount loaned. Less than nine percent of the dollar amount outstanding was delinquent. During fiscal year 1972, the five active associations made 47 loans for \$460,773. Principal purposes of these loans were for housing followed by fisheries, business enterprises and land acquisition.

OTHER BUREAU EFFORTS

As indicated above, the Bureau of Indian Affairs has supported the concept of Indian cooperative associations. Although financing is an important ingredient to the successful operation of any cooperative, the Bureau has recognized that management and consumer education are also key elements.

In the field of consumer education little has been accomplished but some success has been obtained in training of Indians in cooperative concept and management under joint undertakings. Five Indians employed by the Bureau were trained at the International Cooperative Training Center (ICTC), University of Wisconsin at Madison, Wisconsin. They were enrolled as special students with a group of international trainees from South America. Their costs were shared jointly by the Bureau, Cooperative League of the United States and ICTC. Their favorable critique of the course subsequently led to the Bureau's employment assistance program. This course provided three months training at Madison followed by field job placements with active cooperatives for twelve months. The course included visitations to cooperatives and quarterly conferences during their year in the field. Thirty spaces were funded by BIA. Twenty-four individuals completed the course work but permanent placements were limited.

Another cooperative management training program was funded by the Bureau in conjunction with the Alaska Native Industries Cooperative Association (ANICA) store management program. Managers of Alaskan Native stores were brought together for practical training on management, sales, merchandising, etc.

The Bureau has also provided specialized technical assistance to cooperatives. This was done through funding of expenses for U.S. Department of Agriculture and other experts to resolve specific problems involving Indian cooperatives.

Senator ABOUREZK. Senator Fannin.

Senator FANNIN. Thank you, Mr. Chairman.

Mr. Secretary, I want to commend you for the great interest you have taken in this activity. I wonder why we have not had better accountability over the financial affairs of the tribes. I wish I knew the answer; the BIA supposedly had full supervision over the years.

What do you think happened?

Mr. KYL. Well, sir, I don't know how much time we have. One response, I think, first of all, Senator Fannin, is this: Generally speaking the Department, the Bureau of Indian Affairs, has to this time been a part of another organization in the Interior Department. It has been a separate bureau within the Bureau of Land Management, which has all kinds of serious problems over a wide ranging field and I think by virtue of that fact there have been some shortcoming in the kinds of activity that you really need to emphasize Indian affairs.

We are trying to correct that, of course, by separating the Office, by having an assistant secretary for Indian affairs who reports directly to the Secretary of the Interior, with no one in between and no other duties except to do that.

There is also in much of the activity an inherent conflict of interest. For instance, in cases where the tribes try to establish their rights in regards to resources, the Justice Department or the Interior Department in its consideration and in its advocacy in court presently wears two hats, one to protect the interest of the public and one to protect the interest of the Indian.

We are asking that the Congress adopt a trust counsel bill in some form, so there will be an entity which represents the single interest, the Indian interest, which at this time has been fragmented.

There are a number of other factors. Although everyone always professes a deep interest in Indians, there is little understanding of

the problem. Here, Senator Fannin, I have to look at my own background.

As a youngster, I used to play basketball with Indians, I lived next to a reservation and thought I knew Indians. I served on the Indian Affairs Committee in the Congress and thought I was getting a deeper understanding. The kind of thing the chairman was talking about a moment ago, having someone actually living on the reservation, makes all of the difference in the world in trying to develop an understanding. It is only after years that a non-Indian finally senses the feeling that is there, on the reservation. In addition, when we apply Anglo-Saxon law to the Indians, we have almost an impossible situation.

A perfect example is Hopi-Navajo dispute, where we tried to solve a problem in which the theocratic interest is predominant. The tribe does not care for money, what they want is a piece of land. The money does not make any difference. That is the reason we lean in that bill to getting some negotiations going in which the Indian participants will be the ones to come to a decision.

We have developed a bureaucracy, in the matter of Indian affairs, which has historic roots. We have fluctuated back and forth on Indian policy. We have now developed a policy that we are not going to terminate Indians. But, the system from its beginning was actually a paternalistic system, in which the Indian was not given a sufficient role as his own boss. Again we are going to try to move in that direction.

We are going to make mistakes, but it is the only proper way to move. The people in the administration change, and everyone who knows the nature of bureaucracy knows how easy it is to get into a rut. You cannot bring in someone with no experience at all to make the decisions to replace those persons. There are some big philosophic considerations as well as minute things.

There is a budgeting procedure we use in the BIA because at the tribal level it becomes impossible to find a little contingency money, a little petty cash to do a job that ought to be done.

Senator **ABOUREZK**. You call that walking around money sometimes?

Mr. **KYL**. Yes, that is a pretty good definition. Let me show you what I mean. Suppose under a trust responsibility we are to provide for certain needs, and we set up a budget with a line item analysis by the Congress and the OMB and so on, and we have that budget established and we get the authorization and appropriation and we have the money. Suppose an Indian citizen comes to the tribal office and says I need a roll of fence, some hunters were out there and cut the fence and I have a problem. There is no way under the budgeting system to get that man a roll of wire. It almost is at the stage where you need legislation to solve the problem. One community may need \$100 for repairs on a kiva. Budget makers don't look at this—to them what the heck is a kiva? They have no understanding of what it is. So our agents try to scrounge some money to go out and fix up the kiva. It can become that small a consideration.

Senator **FANNIN**. We have had attempts to measure what you are talking about and to overcome these many problems. You have had regulations under which the Department was previously operating, and were, in fact, sometimes over a year withdrawn. When the Department was operating under those regulations were you having satisfactory results?

Mr. KYL. You mean to this time had the results been satisfactory?

Senator FANNIN. As I understand, you were operating under regulations that the chairman decided were not to be retained and that the Department changed the policy?

Mr. KYL. We changed obviously because what we had been doing was not working.

Senator FANNIN. I don't think I made it clear. Under the Indian development program under which your Department was operating.

Mr. KYL. We have four basic programs under law. Indian Reorganization Act which appropriated a total of \$19 million, Oklahoma Welfare Act, \$2 million, Navajo-Hopi rehabilitation \$1,800,000 total appropriated of about \$25,995,000.

Senator FANNIN. Do you have a general policy under which the Indian development program operates that has been in effect for about a year?

Mr. KYL. I do not understand the question. Mr. Bruce thinks he does.

Mr. BRUCE. Yes, Senator Fannin, we did. As you know very well, we got an appropriation from the Congress to carry on the Indian business development program and it came rather late in the fiscal year, and we had to try to get that money out. We did at that time issue some procedures for carrying on that program. I don't believe we ever got around to formal regulations on that program. We did try to issue some guidelines and procedures in the field. We had discovered that we had some problems, but the procedures were not clear enough so that our people in the field understood what was supposed to be happening. It was also a rush program. And it happens that when we get in a rush, people are not as careful as they should be.

When we do issue rules and regulations in connection with this new program, when the Congress authorizes it, we will keep in mind those mistakes. We will look at the program and try to outline procedures that can be adequately followed and avoid many of the pitfalls we fell into in operating this program for about a year.

Senator FANNIN. One of the most serious problems we have is that we do not get the Indian people involved in many of these great opportunities. In many instances, where the Indians do not have the financing, non-Indian people come in and lease the land from the Indians and put up the capital that is needed. Do you feel that what we are doing now will overcome that problem to some extent?

Mr. KYL. Yes, sir, and for one reason. Before there is a greater emphasis on management and management assistance. The gentleman has mentioned the problems he has in his own State. Take the Gila River Reservation, I consider these people one of the top agricultural managers in the country—they have a tremendously successful project. On other reservations the same thing fails, because of bad management or lack of management.

Senator FANNIN. I agree with you. You have given the best illustration I know of in this country.

Mr. KYL. In that case, another application sought some ancillary aids aside from what they are already doing. The application is for an \$8 or \$9 million reclamation loan. If they get this loan, we know they can pay for it out of the increased productivity, but, in addition they will be able to irrigate another 1,500 acres without one additional

drop of water. They have already proved they can pay back the loan. It is the management that makes the difference.

I have to refer again to the gentleman who is now in charge of these programs and who I hope will soon come up here as his own man, Mr. Franklin. He has done so much in this field and provided such management capability that the record of success in his ventures is remarkable, outstanding.

Yesterday we heard a discourse from him on the business of Indian banks. Although at first it appeared that we had all kinds of obstacles to the establishment of such institutions, Mr. Franklin explained how this can be done. His experience is invaluable.

Senator FANNIN. The Department of Indian Affairs has estimated the Indians need \$1 billion of credit. Can the \$1 billion amount be broken down into categories of loans such as loans for land acquisition loans for business enterprise acquisition, loans for education. Can these loans flow to the Indians directly bypassing an organization? I assume some of this can be answered today, but you may have to furnish information on that.

Mr. KYL. I am going to ask Mr. Swallow to do this. There is a need to purchase inholdings. However, in that case, usually we have a very, very slow process. An illustration, again, is the same reservation we were talking about a moment ago.

We cannot anticipate in the case of land acquisition exactly how you can use the money.

I do not think I can estimate right now how much money could be utilized in a good sound fashion. If we had a law which made this kind of purchase more possible than it is today, then too—

Senator FANNIN. Would you feel the \$600 million is somewhere in line?

Mr. KYL. Yes, sir; as best we can determine.

Mr. SWALLOW. Senator Fannin, our estimated financial needs total \$1,084,000,000 from all of the tribes in the United States. As to land alone, our estimated financing needs for tribal land purchases are \$99,367,000. In this regard, as you know, Senator, the tribes themselves have land acquisition programs. We would make the loans to the tribe and they in turn would purchase the land from individuals. This is the way we have been operating. We do not make loans directly to individual Indians to acquire the land but rather to the tribe.

Now the tribes themselves, as you know, have their own relending program. We lend the tribe money, and they in turn lend it for education and housing and small businesses and in certain cases to buy land to establish an economic unit or agricultural business.

Senator FANNIN. You are talking about one little million there, and we are talking about \$600 million on land acquisition. In other words, just how do you apply that \$99,637 to the total \$600 million?

Mr. SWALLOW. This is what our figures indicate, Senator. Of course, some of these figures—we have figures as of March 27, 1973, and they could probably have changed.

Senator FANNIN. I am trying to tie down the statement that the Department's position, as I understand it, about \$600 million of the \$1 billion is needed to buy up the land that is currently breaking up reservations, am I correct?

Mr. BRUCE. I think the figure Mr. Swallow is giving you is current tribal plans for acquisition of property. The \$600 million figure that

has been discussed, I believe, is what we estimate the current costs to be if all of the inholdings were purchased, if they come on the market and the tribes could acquire them, and buy up not only all of the private—

Senator FANNIN. We have \$400 million left of that \$1 billion. You would not try to project that for any number of years, would you do that on a more current basis?

Mr. SWALLOW. Yes, sir; it would be scrutinized annually, and we would have to update our financing needs—go for appropriations based on the updates.

Senator FANNIN. Do you have any idea what we are talking about on loans to education?

Mr. SWALLOW. Yes, sir; the loans are made directly to the tribe and the tribe in turn makes loans for the education. Our latest figures show \$7,241,000.

Senator FANNIN. You have a sufficient auditing system on that to be positive that money is flowing through?

Mr. SWALLOW. We have established an office in Denver, and their main function is to go around and examine on an annual basis all tribal credit programs to determine if they are being operated in accordance with their plan of operation. We are understaffed now, but we hope to staff up adequately.

Mr. KYL. We do now make grants for higher education, which is a mitigating factor in these figures.

This figure, again, is going to change. When I was in the Southwest recently, I visited with two tribes from which next year there will be as many college graduates as there have in all time up to 1974. In other words, higher education is only now starting to accelerate. We are getting much higher numbers of people who are going to college and finishing college, and this is going to change the education loan figures. I don't know how we can estimate this area at the moment.

Senator FANNIN. Then we are talking about loans that will flow through the Indians to non-Indian organizations?

Mr. SWALLOW. We are trying to encourage non-Indian businesses to locate on the reservations. There are certain Indian factors that would be willing to locate on the reservation if such location were not too expensive. The tribe could make a loan to a non-Indian concern to create employment on a reservation.

Senator FANNIN. I am concerned about the flow through. If it is properly utilized, I know how it could be of great benefit and I know of instances where it has been used and assistance has been given.

As far as individual farmers, do you encourage loans to them?

Mr. SWALLOW. That is made directly from the tribe's own relending programs. There are only so many units considered for agricultural type enterprises.

Senator FANNIN. I am thinking about the incentive to the individual farmer and we do not have that now except through the loan. Do you encourage it through the tribe?

Mr. SWALLOW. The trial credit committee is comprised of council members and if someone submits an application for a tribal enterprise, then the credit committee usually places high priority on it. They will make land available for the unit, sir.

Senator FANNIN. There are some very successful Indian livestock entrepreneurs, they have been successful because they have been in-

dustrious and they really work very hard at this particular enterprise. I am wondering if we are encouraging that type of operation?

Mr. KYL. Mr. Chairman, there are three immediate possible types of assistance for the kind of thing you are talking about. Under the new amendments to law, Indians are eligible under the Farmer's Home Administration program. That is one.

Then there is the tribal program, which is the main emphasis that we have. Then some who have become substantial livestock owners can make use of a private group.

I suppose one of the best examples of trying to assist not only with the development of farm operations but even with a change in life-style, came in in the Navajo, San Juan, where we did try to change from a pastoral sheep economy to a concentrated irrigation farming project.

Senator FANNIN. We were talking about the loans that are being made and acquisition of land and trying to tie it down to improving the individuals' welfare. We have subsidies that are required for each type of loan. Are they identifiable without any problem?

As I understand from the previous conversations, you did identify the subsidies specifically. We are trying to determine whether a project is viable, that can be taken into consideration.

Mr. SWALLOW. Yes, sir.

Senator FANNIN. For land acquisition loans will viability be a consideration there? In other words, there is land to be acquired, and maybe it is fine to have land near the reservation, but is it the viability of the land that is a primary consideration?

Mr. SWALLOW. Yes, sir, they would have to consider this. Before a loan is made it will have to prove that it will repay itself. We try to avoid another grant-type program in that area and our loss of loans is fairly low.

Senator FANNIN. Will the ability of the loan program have the effect of bringing up the cost of land?

Mr. SWALLOW. Senator, I would not know. I know it is a supply and demand situation all over the United States.

Senator FANNIN. Just a normal happening, depending upon the amount of land that would be acquired?

Mr. SWALLOW. Yes, sir, in regard to this, the FHA has made some loans and we have not received any information that this has driven the price of land upward.

Senator ABOUREZK. What will be the availability of loans to the Indians like SBA and Federal farm loans, and other types of Federal loans.

Mr. KYL. The purpose is to compliment them, it does not obviate any of the other programs.

Senator FANNIN. Will insurance and guarantee loan funds be of sufficient incentive to encourage individual lenders to make private loans to Indians.

Mr. SWALLOW. Yes, sir; we think it will.

Senator FANNIN. They will take the risk?

Mr. SWALLOW. Yes, sir; among private businesses with regard to the Indian equity program, when there was a 100-percent exposure, there was some reluctance.

Senator FANNIN. Has the Department of the Interior made a study of the private lenders and their reaction?

Mr. SWALLOW. We have not made a study, but I have talked to private lenders and vendors. They feel this will be beneficial to everybody.

Senator FANNIN. On S. 1013, section 109, the section requires that property purchased with loans from the revolving fund be pledged as security. It specifically spells out the Secretary of the Interior's right to foreclosure and right to bring suit in a State court. These are normal lenders rights.

Mr. SWALLOW. Sir, it is my understanding that there are States where the State has not assumed jurisdiction over the reservation, and this is true, I believe, in Montana, where the State does not have any authority with regard to enforcing a loan.

Mr. BRUCE. Senator, from a legal point of view, as you know, if you foreclose a loan in a Federal court, it is a procedural matter and the substantive portion of the law are State law. The decision was that therefore the State court should go ahead and handle the matter. This will probably lead to quicker consideration of the matter because the State court dockets are generally not as heavy as Federal dockets.

Senator FANNIN. Would a requirement to bring suit in Federal court affect the further marketability of the loans or a commercial bank's willingness to make loans guaranteed by the program?

Mr. KYL. No.

Senator FANNIN. Further on in section 111, this section provides, in effect, further security for loans in the form of the right of the Secretary of the Interior to collect delinquent loans from per capita payments or other distributions of tribal assets?

Mr. BRUCE. What you are talking about is having the Secretary collect against the award from the Indian Claims Commission. As you know, Senator, when the Congress created the Indian Claims Commission, they provided that the award be made to the tribe. What would happen in that situation is that the Government would intercede and collect any outstanding amount before property rights vested in any individual tribal member. The collection would be made from the tribal entity which receives the money. It has been the feeling of the administration on this point that this would tend to make those tribes with awards coming a more viable institution for receiving such a loan and that the Government should have a writ to proceed against any award that it pays to the tribe to satisfy any outstanding judgment it might have.

Senator FANNIN. In going back to the management and the equity involved, I am wondering about publication, the notification of tribal members so they have a voice. If this is only handled by tribal chairmen or members of the council, isn't it unfair to tribal members?

Mr. BRUCE. The tribal members should have some influence on the loan that a tribe would receive because the issuance of the loan might in effect foreclose the receiving of the award by the individual tribal members. I think that would have to be a procedure that the tribe would work out for itself.

Senator ABOUREZK. I wonder if the Senator would yield for a minute.

On this same question, isn't that unfair to the tribes that have not yet had their claims taken care of? The tribes who have already had their claims fulfilled and who have been paid for them are free and clear of this requirement, obviously, it is an unequal situation.

Mr. BRUCE. You could look at it in that light, except it does give an advantage to a tribe still to receive an award in that that award could be used as collateral for a loan.

Mr. ABOUREZK. You don't disagree with the fact it is inequitable?

Mr. BRUCE. I would say it would be unfair.

Senator ABOUREZK. With regard to section 109, the section does allow foreclosure in the State court of any land that is pledged as collateral?

Mr. BRUCE. Yes, sir.

Senator ABOUREZK. Is there any reason why it can't be Federal court?

Mr. BRUCE. The administration took the choice that it should go through the State court route.

Senator ABOUREZK. I know the Assistant Secretary is sensitive enough to know this is a red flag of State jurisdiction, and it is best left out of any legislation. I want to make the statement now that I don't think that we ought to provide even a limited amount of State jurisdiction.

Mr. KYL. With your permission, sir, I would like to go back to the last question of the gentleman from Arizona.

Senator ABOUREZK. Yes.

Mr. KYL. In the administration bill, S. 1341, section 117, page 10, says—

A loan made from or acquired by the revolving loan fund that becomes delinquent and the interest thereon, may be collected by the Secretary from per capita payments or other distributions of tribal assets due the delinquent borrower, without prejudice to the right to foreclose on the securities for the loan.

That language, "in the discretion of the Secretary," is explicitly written into the law so we can avoid those cases where there is a lack of fairness or equity.

Senator FANNIN. Would you want to differentiate between judgment funds and other funds the tribe would be receiving? Judgment funds, per capita funds, and the others are not in the same category.

Mr. KYL. It is this discretion which says the Secretary may. There is a basic philosophy involved here on payments to tribes which may vary among the different kinds of awards.

In our bill on Indian judgments, we now recommend that the social security provisions, welfare provisions, be exempted up to \$1,000, feeling you should not rob Peter to pay Paul. That is the position of the Department, based upon fairness or equity.

And again, with that basic philosophy, I think we can avoid the problems, the unfairness, by exerting the discretionary authority of the Secretary.

Senator FANNIN. Do you feel that in the legislation or in the policy of the Department, that we are encouraging our Indian people to go into enterprises themselves rather than to subcontract or contract with non-Indian entities?

Mr. KYL. I would respond by citing a session we had yesterday with tribal leaders. From these discussions, I believe, that these people would look to Indian businesses, to the Indian entrepreneur, rather than attraction from some business outside.

Again, there has to be some kind of commonsense review of the loan. Just because someone wanted to own a filling station all his life does not necessarily make that consummation a desirable thing. If

there are already 10 stations in his neighborhood, obviously the chances of success wouldn't be great.

I would say the emphasis today is on Indian business, rather than outside business. Indian business is the goal.

Senator FANNIN. We have good examples of what can be done, and we hope they are going to be successful.

Referring to the hydroponics plant in Yuma. We are anxious to see them go forward with that program. I would like to see some non-Indian groups that will try to work out some arrangements with them that will try to take away some of their managerial obligations. In many instances, we feel, companies are moving on to a reservation, have the management to make success of the operation and help the Indian people and I am not trying to preclude that kind of operation. I am hoping as we develop these programs, where the Indian leaders can handle the matter, they will be encouraged to do so.

Mr. KYL. I think the significant comment here, Senator, is that they need some management capability.

The gentleman from Arizona and I both know of one tourist attraction that gets primary income from selling arts and crafts and a restaurant. I have been in the restaurant a number of times and the service is terrible. It has to attract tourists, because folks in the neighborhood are not going to stop by.

Senator FANNIN. I agree. Thank you very much.

Senator ABOUREZK. Thank you, Senator Fannin.

In S. 1013, section 217, this section provides for the Indian Loan Guaranty and Insurance Fund and places a \$200 million limit on the amount of insurance and guarantees.

Section 217a, provides that appropriations are authorized for the purpose of the fund. Section 217(d) provides that if sufficient money is not in the fund, the Secretary of the Interior is authorized to borrow funds from the Treasury at a rate of interest equivalent to an average Treasury borrowing rate on obligations of similar maturity as in the fund.

Mr. KYL. I am not sure I understand the question.

Senator ABOUREZK. In the event Congress does not appropriate money for this fund, is there a requirement anywhere in this legislation, that eventually Congress will have to appropriate funds to pay the interest on the Department's borrowing from the Treasury?

Mr. BRUCE. We can't guarantee any loans, Senator, until the Congress authorizes the Secretary of the Interior to use the credit of the United States up to a certain amount do so.

In other words, if Congress does not make that authorization, there will be no loan guarantee program, even after you pass the bill.

Senator ABOUREZK. I am speaking of appropriations, not authorizations.

Mr. BRUCE. We do not get appropriations, except to reimburse the funds for losses it incurred because loans have gone bad. If we loaned out \$200 million—we make guarantees of \$200 million worth of loans, we would need \$3.4 million to cover our interest subsidies and, let's say we ran about 5-percent losses, that would be \$10 million. We would have to come in the Congress and say we need \$13 or \$14 million to cover the cost of operating the loan guarantee program.

What happens if the Congress refuses to appropriate that money? I guess that we have just suffered that loss out of the fund. But I do

not believe that the Congress, after it acted on this matter to create the program, would fail to appropriate money to cover our expenses and losses.

Senator ABOUREZK. The only appropriation involved is the money then to cover the cost of the subsidized interest?

Mr. BRUCE. For the guaranteed program, yes. But that is not true of the revolving program. In the revolving loan program, the Congress would have to program another \$50 million.

Senator ABOUREZK. In S. 1013, section 102, this section provides, in part, that revolving funds can be channeled through Indian organizations. This type of loan would appear to provide more benefits to non-Indian organizations than to Indian organizations. Why is this type of loan needed as an incentive? It would seem that funds should be reserved for Indians only?

Mr. BRUCE. The situation may come where the tribes are trying to attract an industry to come on the reservation because of the need for the jobs or some other benefit. We would not want to foreclose that opportunity to the tribe.

For example, say the tribe was going to bring on a reservation an industry that is going to provide jobs. In order to get that industry on the reservation the tribe will have to make a loan to it. This provision is primarily there to make or allow the tribes to make the loans to industries so they can attract them to the reservation.

Mr. SWALLOW. Mr. Chairman, may I refer to section 102? It says any investments. Not only would it permit the tribe to make loans, but it would permit them to buy stock, take an equity position in the company and eventually we hope enable them to sit on the board of directors of a company. We cannot do this right now.

Mr. BRUCE. There are instances, Mr. Chairman, where the private businessman will make a deal to sell portions of a company to the tribe so it becomes managed more and more by the tribe. And they get a larger and larger percentage. At first it would be a non-Indian corporation, but at the end it would be Indian owned.

Senator ABOUREZK. All right.

Section 209, S. 1013, title 12 United States Code 371, provides a number of restrictions on banks as indicated in this section. Presumably, these restrictions are designed to safeguard bank assets. Since the loans being made are guaranteed, a bad loan does not harm the individual bank. Thus, it is really not necessary that loans meet the limitations and restrictions shown in this section.

What is the significance of permitting a loan only 20 percent of which is guaranteed under this proposed law to be made without regard to the restrictions? Shouldn't it be restricted to loans which are 90-percent guaranteed?

Mr. SWALLOW. Mr. Chairman, some of the financial institutions do not like to get a heavy concentration of a loan in case of a depressed economy. We felt this would ease the situation.

The bank was restricted by its own regulations up to a certain percentage of its assets.

Senator ABOUREZK. In section 212, S. 1013, this section describes the procedures to be followed in the event lenders suffer losses on insured loans. It provides that a lender may be reimbursed for a loss on any one loan in an amount of 90 percent; provided that no reim-

bursement may be made for losses in excess of 15 percent of the aggregate of insured loans made by the lender.

What does the term aggregate of insured loans made by one lender mean? Total of insured loans should change from time to time. Thus, at any point in time it would not be known what the 15-percent limitation is.

Mr. BRUCE. The aggregate would be the outstanding balance at the time. Lets take a bank in one of the towns on either Roosevelt or Pine Ridge with which you are familiar.

We would find that bank an acceptable institution for an insured program, and we would authorize that bank to make insured loans up to a limit of \$1 million. The Indians would then come into the bank and apply for an insured loan and if the bank found those loans to be acceptable under the guidelines we would issue it and would make the loan without further reference to the Department. If there was a default, we would pay up to 90 percent of the loan or 15 percent of the total aggregate of the bank's outstanding insured loan in total.

As I understand this, it is more or less an incentive to the bank to watch its actions, to be sure it is not making irresponsible loans.

Senator ABOUREZK. I wonder if you might clarify the conflict in those two percentages? If on one hand the law says the bank may be reimbursed on any one loan in the amount of 90 percent, what if he has already been reimbursed for 15 percent of his losses and yet a loan comes in, and the law says he can be reimbursed for that loan up to 90 percent?

Mr. BRUCE. That is the limitation. If we get a lender—quite frankly in that situation, Mr. Chairman, he has not been a good steward of his loaning program. You have described a situation where he would be in tight because he has not made the proper kinds of loans.

As I would see it, he would probably be out in the cold under that situation.

Senator ABOUREZK. In other words, the interpretation you have of this section is that when any lender has been reimbursed for 15 percent of all of his loans—

Mr. BRUCE. In the aggregate under this program.

Senator ABOUREZK. Then there is this 15-percent limitation placed on each institution. And if he had been reimbursed for 15 percent of his aggregate loans under this program and if he made a loan beyond that, he would not be able or even be entitled to reimbursement.

Mr. KYL. He stands in jeopardy.

Mr. SWALLOW. Our staff people too, Mr. Chairman, we hope would keep records of this and be aware of the limitations if they are approached.

Senator ABOUREZK. Okay.

If the individual loans can be guaranteed for up to 90 percent of their value, why is it the insurance provision is needed, why would any lender choose the insurance over the guarantee?

Mr. BRUCE. There are two complimentary programs. The insurance program would work in connection with small individual loans to the Indians while the guaranteed program would be bigger loans.

As I pointed out, with the insurance program we give a bank a limit on the amount of money he could lend. The Indian can walk in and if the loan is acceptable, the bank could make the loan. If the loan is large, the banker would look at the loan and say it looks good

to me, but this is such a large amount I better see if he could get a guarantee for it.

He would then send that to the Bureau, and ask them if they could guarantee it, and the Bureau would then guarantee or not guarantee.

Senator ABOUREZK. Section 106, S. 1013, this section gives the Secretary of the Interior the authority to change the terms of repayment on loans made from the funds; including full relief from repayment. It also provides the Secretary authority to change requirements for security backing up the loans. The Department of the Interior states this provision is essential for the efficient administration of the revolving fund, that is page 23, Senate hearing on S. 2036, but does not say why this is essential.

Presumably, Interior desires this authority so that it can adjust repayment terms, add 5 years to the repayment schedule. It should be noted, however, that such actions limit the revolving nature of the fund. If this provision is used unwisely, it could deplete the fund. S. 1341 provides some semblance of control over this provision by requiring that the Secretary of the Interior report to the Congress all actions taken under this section.

Why does the Department need this authority, and how is it to be used?

Mr. SWALLOW. Senator, with regard to the cancellation provision and compromising of debts, the Limitation Act of 1932 permitted the Government to cancel and compromise debts against individual Indians or tribes of Indians. This did not make provision for loans to cooperatives which we talked about earlier or loans to credit associations. We felt this needed updating and at the same time would give our Secretary the same authority that the Secretary of Agriculture has or the Administrator of the SBA or other lending institutions. If there were events that depleted the tribe's assets, this would permit him the opportunity to adjust the loan or interest rate.

Senator ABOUREZK. In most instances this is an alternative?

Mr. KYL. In most instances this is an alternative to total loss. You have to have managerial capability to protect the loans. The bill says "which he terms to be uncollectable in whole or in part, or which is uncollectable only at an unreasonable cost, or when such action would in his judgment be in the best interest of the United States."

Mr. BRUCE. One example, Senator, was when we discovered we couldn't collect at 6-percent interest but we might be able to at 4.

Senator ABOUREZK. Mr. Gerard would like to pose a question.

Mr. GERARD. Mr. Kyl, I would like to go back to section 109, S. 1013, that has to do with authorizing a limited form of State jurisdiction on foreclosures.

Am I correct in assuming that Public Law 280 was amended a few years ago, to provide a consent provision on State assumption of civil and criminal jurisdiction in Indian country?

Mr. BRUCE. That is correct, Mr. Gerard. However, for the purposes of this act, it would be controlling.

Mr. GERARD. Doesn't this provision permit a unilateral imposition of State jurisdiction as opposed to the consent feature in Public Law 280?

Mr. BRUCE. That's right.

Senator ABOUREZK. Thank you.

Senator Bartlett.

Senator BARTLETT. Mr. Chairman, thank you very much, Secretary Kyl, gentlemen.

I would like to ask about the Indian business development program that has been conducted by the BIA which apparently was a tribal program. Could that be explained to me as to how it worked and how successful or unsuccessful it was?

Mr. SWALLOW. Senator, in this regard we stated previously that under this proposed bill, we would establish rules and regulations which we hoped would be better for the operation of the program. Our latest figures indicate that we started with \$3.4 million to approximately 80 agencies and the maximum was \$50,000 to each agency, where the new bill would permit \$50,000 to one individual.

We received applications totaling 780 for about \$1 million. We started 237 new businesses, expanded 142. We created 2,800 Indian jobs and this generated \$9.7 million from the private sector, where it permitted the Indian to go to the bank and get a guaranteed loan. And it involved \$6.7 million from other governmental agencies, mostly SBA.

From the figures I have, 14 businesses did fail and this represents about a 3.7 loss on businesses and 3 percent of funds.

In this regard, Mr. Chairman, we stated previously that we have to beef up our staff and we need help from the private sector in providing management assistance to Indians. In various meetings I have attended in the Dakotas and the Northwest, the Indians stated they were not provided with this expertise, because we did not have the staffing to do it.

Mr. KYL. Mr. Chairman, Mr. Bartlett, while we did have 14 businesses failing, 3.7 percent loss of businesses, 3 percent loss of funds, we have been told by the SBA this is the most successful program we had in any agency of Government and the cost per job created was the lowest of any agency of Government.

Senator BARTLETT. Were any Oklahoma enterprises involved in that?

Mr. BRUCE. We don't have it broken down, Senator, but if you would like we could check that.

Senator BARTLETT. This is a grant program, is it not?

Mr. BRUCE. Yes. This was a grant program. Most of those grants were small. Amazingly enough, of the 14 failures a good percentage of those, over half, were large grants made to tribes. Most of the small grants to individuals were successful.

I happened to be with the chairman's committee when they went out to Rosebud and I think by mistake they stumbled into the worse situation we could have in the whole country. They had a big loss there, if I recall.

Senator ABOUREZK. As I recall, I don't think they had such a big loss, if my memory serves me correctly, I think it was the way the program was administered.

Mr. BRUCE. Well, that printing program—

Senator ABOUREZK. Yes, that was a gigantic failure.

Mr. SWALLOW. An independent committee would screen these applications and approve them, and avoid this conflict.

Senator ABOUREZK. That was the case at Rosebud, but they had a committee made up of largely BIA employees on the reservation.

Mr. KYL. That is one of the lessons we have learned.

Senator BARTLETT. I can be furnished then with the grants establishing enterprises in Oklahoma?

Mr. KYL. Yes, sir.

Senator BARTLETT. How much is authorized in this bill to be available for Indian business grants?

Mr. KYL. It is open ended in the bill, sir.

Senator BARTLETT. Would it be advisable to have an authorization target. I would assume there would be supporting data from that which you gave me, that would indicate what would be a desirable level of funding. We are talking about money that is granted.

Mr. KYL. At the present time, sir, we have \$11 million in applications pending. I don't know that all of those have been subject to total review. The Bureau estimates that is a pretty good ball park figure of what we need to carry out the program.

Senator FANNIN. The chairman has suggested \$5, \$10, \$15 million in subsequent years. This would give us guidelines. Is this money available either primarily or only for the business itself or is it available to the tribe for establishing an industrial park, including water facilities would be needed, such as water, sewer and so on?

Mr. SWALLOW. Senator, it would be available to the tribes and individuals for businesses only.

Senator BARTLETT. For money to set up a business?

Mr. SWALLOW. Yes.

Senator BARTLETT. Now, with EDA probably going out of business, this is a program that my administration, when I was Governor, worked very closely with in Oklahoma, and in Utah it was very successful.

Is there a program available to Indians to provide moneys for buildings, moneys for sewer, water, and industrial parks and those things that are necessary, and if so, where or what programs?

Mr. KYL. Mr. Chairman, I have to give you a rather indefinite response on that. We know what the law says, including the fact that Indian groups are covered by the act. But actual funding has lagged. With limited spending, categorical priorities are very strict.

There are a multitude of purposes that can be fulfilled through loans, and grants. Most are not funded at this time. Indians can participate in that program. They are included in the legislation.

Senator BARTLETT. Would you suggest this legislation be broadened to provide moneys for such purposes as EDA provided grants and loans for the facilities needed in a business?

Mr. KYL. I believe the gentleman from Oklahoma is familiar with the proposal to take the \$25 million included under EDA programs and presenting that in bloc fashion to Indians with a very broad applicability of those funds to be determined by the tribe. I am hopeful that bill will come up very shortly and receive favorable consideration.

Senator BARTLETT. And that would cover this area we are talking about?

Mr. KYL. It would, sir.

Senator BARTLETT. It would be for a good broad area?

Mr. KYL. Yes, sir, the responsibility for the expenditure, setting of priorities, would be in the hands of the Indian tribe.

Senator BARTLETT. I believe you mentioned that you hope to have the management know-how available to the Department to—before I ask that, let me ask this.

The chairman asked me to ask you to furnish to the committee up-to-date data on nationwide grants that have been operated under the Indian business development fund.

Senator ABOUREZK. The information was furnished in the hearing last year, will you update that information?

Mr. KYL. We have that up to date and will be happy to transmit it.

[Subsequent to the hearing Mr. Kyl submitted the following:]

6-1073

BUREAU OF INDIAN AFFAIRS
INDIAN BUSINESS DEVELOPMENT PROGRAM (IBDP)
STATUS AS OF JUNE 1973

Item	Aberdeen	Albuquerque	Anadarko	Billings	Jamez	Minneapolis	Muskogee	Navajo	Phoenix	Portland	Sacramento	Central Office ^a	Total Central & Field Offices	Commissioner's Reserve Allocation	Grand Total
Initial Allocation (000\$)	424.2	236.8	202.8	283.1	250.0	137.9	131.9	250.0	442.3	225.3	86.1	127.6	2800.00	600.0 ^b	3400
Applications received (No)	167	39	50	69	69	41	39	49	70	72	70	20	780		
Amount of IBDP Funds (000\$)	1778.7	726.7	283.4	914.6	1327.1	470.4	354.7	898.9	1888.3	916.4	1104.2	140.6	10800	8.4 ^c	3400
Amount of IBDP Funds Expended (000\$)	560.9	332.5	196.3	319.3	257.3	221.7	110.0	343.0	528.3	232.1	91.0	147.2	3391.6		
Impacts:															
Business Assisted	74	29	31	27	31	25	24	22	46	27	13	20	369		
New	43	17	24	22	15	14	15	10	36	16	5	8	225		
Expanded	31	12	7	5	16	11	9	12	10	11	8	12	144		
Business In Operation	46	25	27	21	27	23	17	21	43	25	12	19	301		
New	24	12	17	16	12	13	10	10	33	15	5	8	174		
Expanded	22	13	10	5	15	10	7	11	10	10	7	11	127		
Total Employment (my)	202	148.3	70	74.5	215	69	44	735	173	66	29.5	111	2287.6		
Total Indian Employment (my)	198	145.3	58	71	212	67	34	574	157	45.5	26.5	95	1683		
Total Employment Created (New Enterprises)	118	60.5	40	46.5	178	27	25	683	97	25.5	8	30.5	1339		
Annual Payroll Generated (000\$)	590.0	(797.6)	219.4	341.8	383.7	370.1	169.7	1316.9	540.6	230.7	241.4	489.6	5691.6		
Business Failed	28	9	6	4	2	2	7	1	3	2	1	1	68		
New	17	4	9	6	3	1	4	0	3	1	0	0	48		
Expanded	11	0	0	0	1	1	3	1	0	1	1	1	20		

^a Includes Choctaw, Cherokee, Micosukee, Seminole, and Seneca Agencies.

^b Reallocated to agencies based on additional requirements for IBDP funding.

^c Balance represents the amount expended for required newspaper advertisements concerning the grant fund.

Total request for IBDP funds (based on all applications received)..... \$10.8 Million
 Total amount of IBDP monies expended..... 3.4 Million
 Average IBDP monies expended per man-year of employment.....\$1500
 Average additional capital generated per man-year of employment.....\$7100
 Average annual failure rate (3 year experience)..... 6%

Senator BARTLETT. You mentioned you hoped to have management know-how available to the tribes. Do you not believe that has not become a surety rather than a hope?

Mr. SWALLOW. Yes, sir. We know this is one criterion for the success of any business, and we emphasize providing management expertise to the Indians.

Senator BARTLETT. I share the chairman's concern here. I am emphasizing it as more important than financing or grants. We had a program in Oklahoma, that in all but one case involved Indians, called the Okie Co., started by larger companies sponsoring a smaller company, and the total employment of four companies with five plants is now 549 people which puts the total outside of the small business category, at a \$3 million pay rate.

There was very little outside financing used. Some from Government programs, but it mainly was a success, and started in 1968 and 1969, and I believe this company is still operating and expanding, one is 274 and the other is 175.

This was done primarily with management know-how and very little other money. With this, the Bureau of Indian Affairs has in Chicago, that I am familiar with, I don't recall the fellow's name, Bob something from Chicago, he was an industrial development specialist who works with companies in Chicago to aid them in locating plants on reservations or Indian areas.

You have another operation, I understand, in San Francisco. You have people here in Washington, D.C. I had talked with some of them here in Washington. I was advised they were advised not to take trips and not to work in this area.

My own feeling is that jobs or job opportunities, business management, business ownership, is the way to solving many of the Indian problems. It would seem to me this function of the BIA should be broadened and stimulated. It is my understanding there are no plans for expansion. Would you care to comment?

Mr. KYL. Yes, sir. I don't think that assumption is correct. I know there is a definite effort to establish business on Indian reservations.

Senator FANNIN. I hope you include other tribal areas. This is an attitude, I hope will be changed with the Department of the Interior and BIA, which is set up and should be for all Indians. And this appears in legislation from time to time and we hope that the Bureau will, and the Department of the Interior will, join us in this.

Mr. KYL. In that regard, sir, we have technical matters which must be disposed of by legislation or in court, and we do have one court case which deals exactly with that.

It is my judgment we will have to have some legislation, if the Bureau of Indian Affairs is to be enlarged.

Senator BARTLETT. I think the Bureau's responsibility has been narrowed by legislation. Most of the legislation dealing with Indians describes the area to be dealt with as Indian tribes on reservations.

Senator ABOUREZK. I wonder if the Senator would yield?

I know of no legislation which restricts the BIA dealing with Indians, do you know of any?

Mr. KYL. The matter is kind of a contrary thing. There are specified provisions in statutes which give the guidelines to BIA in the absence of other law. The jurisdiction of the Bureau is indeed narrow. Of

course, the gentleman from Oklahoma realizes that his Oklahoma Indians are by and large federally recognized tribes even though they do lack the reservation designation.

Senator BARTLETT. Maybe you did not understand what I was talking about. We have some 30 odd recognized tribes. We have the most, I think, in any State, and, of course, they have been dealing with the BIA for a long time. What I was referring to and where we had difficulty, has been specific legislation, such as the bill that was reported out by this committee the other day as it was submitted.

It had language that would pertain only to reservation Indians. This is the bill on land use. In programs such as the OEO, EDA, those programs were for reservation Indians only. This is the attitude I wish to change. So when the bills are reviewed by the Bureau of Indian Affairs, they will want to change it to include all federally recognized tribes and Indians in those tribes.

I was not aware of any objections on the part of the Bureau. I felt that there may have been some oversight or carryover of previous habits. I hope that can be brought in line with our thinking in Oklahoma. I would like to have my attorney, David Russell, be in touch with you, Mr. Secretary, right away, to see what legislation you think is necessary.

Now, to get back where we were, I wish we could have a report on just what the Bureau plans and what the attitude is on personnel offices. It would seem logical to me to have an office in New York as well as in Chicago. I don't know how available the office in San Francisco was. Yet as a State we had contact with most businesses or plants that might be interested in Indian areas.

I would like as a part of the record what the plans are for locating businesses, for providing management know-how in a specific way. I think it is vital to success in this area. I think in addition to the Indian business grants and other areas that can work very closely with it, is professional industrial people located in proper places such as Chicago, New York City, perhaps some others, because this is where many of the companies are located that would be interested in minority enterprises, in helping sponsor them and being involved.

Mr. KYL. Within the present budgetary constraints there are insufficient funds available to offer individual management assistance to Indians desiring of going into business. For such assistance, the Bureau relies mainly on SBA, OMBE, VISTA, and VITA (volunteer agencies), all of which offer services designed to provide this kind of aid. Some funding, \$2,500, was provided for professional business management and know-how by private consultants in fiscal year 1973 and a similar amount is planned in fiscal year 1974. Assistance to tribes interested in attracting businesses to reservations is provided by in-house staff located in the area and certain agency offices.

Senator BARTLETT. I did not mean it in any critical way, but I believe there needs to be changes from what there has been. I would emphasize that quality of personnel is vital to success. I would rather see less very highly qualified people than more lesser qualified.

It is a unique area in which I have had experience. Right or wrong, I have very strong feelings. I also have strong feelings that it can be a very successful effort, particularly in the Indian fund area, management area.

Mr. BRUCE. Senator, one of the objections we have had on these securing of businesses for the reservation, is that we tend to go out and find the businesses and then try to find the reservation for them. The Indians say they would like to tell us which businesses they want to contact the business themselves and bring it to us.

Mr. KYL. The situation is not totally different from that which the former Governor is aware of where there is competition among communities.

Senator BARTLETT. We worked it wherein we were in agreement with the companies who would select several areas in the State where the per capita income was very low. The unemployment was very high and the areas where the plants were located were rural areas, other than the one that was predominantly Negro, which was in Oklahoma City. It took the job to the person, second, by doing it or having the company that is willing to locate in a certain area or a reservation and having several areas in mind, it provides a normal competition that exists in locating a plant which, I think, is very helpful. Because there needs to be local support for a plant in the community, whether it is a community—I can't speak about reservations, because we do not have them. I would assume it would require that same kind of support from the tribal leaders and perhaps others in the area.

Mr. KYL. There is one thing I want to interject here. I know there are many opportunities, outside of smokestack manufacturing. Such things, I think, ought to be pushed. They do mean jobs and money for the tribe.

I am speaking, for example, of the Park proposal of the Zuni's or that of the mountain units, where there is a tremendous tourist attraction.

As a matter of fact, they have more ruins in pretty good condition—I have visited some of the spots now preserved by the Federal Government, and the Utes have enough to make those ruins like efficiency apartments.

Senator BARTLETT. My office and I are going to be working with a company and hopefully several companies, on the location of what we call Okie-type companies, not only in Oklahoma, but in other States. We just had a meeting about this, that is why I was late getting here, and I would like to have someone from the BIA, in addition to Marvin Franklin, monitor this with us.

We will be having a meeting in the latter part of June. We think that could grow into something the BIA and the Department of Commerce can take over. It has worked well in Oklahoma, there is no reason it won't work well elsewhere.

All of the companies follow basic guidelines. The main one of which is management know-how from different companies.

Just to give you an example of the involvement, when the company called NEOC started in Oklahoma City, which was all black, there were 18 employees of NEOC the first day and 20 personnel from General Electric. Then in several months the number of company personnel was down to two. It is a big commitment on the part of the management. I don't think it can be overstressed, it takes tremendous management know-how, availability and numbers. But it is workable.

Mr. KYL. We have some signs of improving in this. In the Southwest Indian Polytechnic Institute, we have the input of Indians who

will be employing such trained personnel, with the result that these people are now practically guaranteed a job as soon as they are graduated. The reason is that they are trained as the employing company needs them.

Senator BARTLETT. Mr. Secretary, I have seen in Oklahoma some Federal programs that either involve grants or loans that were dismal failures because the management knowledge was insufficient. I have seen others that had supposedly management knowhow, that failed miserably because knowhow was not sufficient.

I think there definitely needs to be a very well thought out plan for availability, management, knowhow and such knowledge to do the job. I think it is beyond what most people will imagine. That is why I am dwelling on this a little bit. We were very pleased in Oklahoma, that these activities did affect favorably the unemployment situation among Indians and also among blacks and disadvantaged whites. Those figures are hard to come by, disadvantaged whites, but the others are easier to identify.

The OEO had a report for the 4-year period I was in office, that showed Oklahoma had an increase in the percentage of blacks to the total labor force of 72 percent, the largest of any State. So, I think that this approach is a workable one, and I think it is one that the BIA should give much more emphasis to.

I think the records of the BIA will show that you worked closely with me. In Muskogee you had a very good representative, Mr. Tom McFadden. I think up here in Washington and around the country it needs to be expanded, and given definite direction.

Thank you.

Senator ABOUREZK. Thank you, Senator Bartlett.

I have one final question, would you provide the committee with a listing of the tribes, Indian groups in this country, whose claims have all been settled either by the Indian Claims Commission or the U.S. Court of Claims?

In other words, those who have no more claims against the Government.

Mr. BRUCE. There are a number of tribes who cannot bring any claims, that were disqualified because of the act.

Senator ABOUREZK. Or are not eligible. We want to know which tribes have no money coming in and those which do.

Mr. KYL. The sheets will show what dockets have been settled and all pending claims.

Senator ABOUREZK. The information we need is for tribes which have cleaned out their cases, and no longer have any money coming.

Mr. BRUCE. We furnished some of that information to the committee, about the time the Indian claims renewal came up. We will furnish it again.

[Subsequent to the hearing Mr. Bruce submitted the following:]



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
WASHINGTON, D.C. 20242

IN REPLY REFER TO:
Tribal Operations

June 6, 1973

Memorandum

To: Director of Community Services

From: Chief, Division of Tribal Operations

Subject: Summary of Indian Claims Commission Dockets

Statements are attached listing by Area Office the status of Indian Claims Commission dockets as of June 1, 1973. They are listed by category on seven separate statements.

1. Final awards which need judgment fund legislation before disposition can be made of the money. These range from a small award that is held in abeyance pending the tribe receiving an additional award to some for which disposition legislation appears to be near enactment.
2. Final awards for which legislation authorizing expenditure of the judgment funds has been enacted, but work remains to be done. The work consists primarily of preparing rolls, socio-economic programming and/or distributing the money.
3. Awards on appeal. Awards are not final until all appeal actions have been completed.
4. Claims cases in which title or liability has been found. Several of these cases are expected to be settled with awards within the current calendar year either on their merits or by compromise. Final settlements materially add to the work load of the Bureau.
5. Other pending dockets. This statement lists pending dockets not shown on statements 3 and 4. Trial has been had on the majority of the other pending cases. A few of them may be completed by compromise during this calendar year.
6. Final awards on which most of the Bureau's work has been completed. Funds to cover these awards have been appropriated,

legislation authorizing expenditure of the judgment funds has been enacted, and the bulk of the work has been completed.

7. Claims cases dismissed.

The statements are preceded by a recapitulation. A few Court of Claims cases are included in the statements for information only and are not included in the recapitulation.

Jed B. White
Chief, Division of Tribal Operations

Enclosures

INDIAN CLAIMS COMMISSION DOCKETS

As of June 1, 1973

	Amount	Number of Dockets
Awards for which funds have been appropriated	\$ 422,923,094.43	207 $\frac{1}{2}$
Awards awaiting appropriation	9,900,544.33 +	<u>7 $\frac{2}{2}$</u>
	\$ 432,823,638.76	
Dockets completed with awards		214 (35%)
Dockets completed by dismissal		<u>179 (29%)</u>
		393 (64%)
Total dockets completed		
Awards on which appeal time is running	\$ 8,259,775.35	8 $\frac{3}{4}$
Awards on appeal to Court of Claims	25,726,511.07 +	<u>7 $\frac{4}{4}$</u>
Awards on remand from Court of Claims	17,504,094.71	<u>5 $\frac{5}{5}$</u>
Total awards entered	484,314,019.89	
Dismissals on appeal to Court of Claims		5 $\frac{6}{7}$
Dismissals on remand from Court of Claims		<u>1 $\frac{7}{7}$</u>
		6 (1%)
Dockets in which title or liability has been found		103 (17%)
Dockets pending on title or liability		<u>89 (15%)</u>
		218 (36%)
Total dockets pending		611 (100%)
Total dockets		<u>611 (100%)</u>

+ Interest on certain amounts to date of payment to be computed later.

$\frac{1}{2}$ / Awards average more than \$2 million per docket.

$\frac{2}{2}$ / Dockets 175-B, 218, 231, 273, 323, 342-A, and 368-A.

$\frac{3}{3}$ / Dockets 15-K, 29-J, 123, 173-A, 217, 300, 304, and 305.

$\frac{4}{4}$ / Dockets 30, 30-A, 48, 48-A, 283, 295, and 350-F

$\frac{5}{5}$ / Dockets 73, 137, 151, 158, and 231.

$\frac{6}{6}$ / Dockets 204, 247, 350-B, 352, and 359.

$\frac{7}{7}$ / Docket 209.

STATEMENT NO. 1

Final awards which need judgment fund legislation.

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>14 X</u>	<u>Statue of Legislation</u>
<u>ABEIDDEEN AREA</u>							
Fort Berthold	350-A, E, & H	6/13/69	\$1,850,000.00	12/26/69	7050	X	S 1335- 3/22/73 Awaiting request for report; H.R. 7368 introduced 5/1/73
Ponca - See Andarko Area							
Sioux, Cheyenne River	114	6/18/69	1,300,000.00	12/26/69	7046		P. R. 4593 introduced
Sioux, Yankton	332-B	9/8/72	4,750,000.00	10/31/72	7499		Research underway.
Winnibago	243, 244, & 245	9/3/70	4,600,000.00	1/8/71	7144		Awaiting tribal response to proposal sent to field. Tribe may request intro. of Bill of its own drafting.
<u>AMADARKO AREA</u>							
Delaware	27-A & 241	11/24/71	435,873.86	3/21/72	7496		Draft of proposal Bill submitted to field
Delaware	289	2/24/71	1,497,246.11	12/15/71	7431		Draft of proposed Bill submitted to field
Iowa	135	12/10/69	633,193.77	3/21/72	7492		H.R. 2679-1/24/73 H.R. 4508-2/2/73 S.42-1/4/73 S 949-2/21/73 (Report prepared.)
Ponca	322	9/8/71	1,878,500.00	5/27/72	7287		H.P. 3606 (322&324) 2/5/73. Report prepared in OMB. S. 1909 (322 & 324) 5/30/73

STATEMENT NO. 1 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>date of Award</u>	<u>Amount</u>	<u>Appropriated</u>	<u>Account Symbol</u>	<u>Status of Legislation</u>
<u>ANADARKO AREA</u> (Cont'd)						
Ponca	323	8/22/72	1,004,589.49 +		7184	Proposed draft Bill being delayed at request of Oklahoma Poncas pending legis. on 322 & 324
Ponca	324	8/27/65	2,458.30	5/13/66	7484	See Ponca 322.
Sac & Fox	153	2/4/70	10,601,282.66	7/6/70	7160	H.R. 2878 1/24/73 report done S 990-2/26/73 H.R. 5810 3/19/73
Sac & Fox	219	9/29/67	899,408.54	10/21/68	7439	Recommended inclusion by amendment of H.R. 2878 H.R. 5809 3/19/73
Sac & Fox	135	12/10/69	965,560.39	3/21/72	7388	Recommended inclusion by amendment of H.R. 2878
Shawnee	334-B	5/19/71	300,000.00	12/15/71	7438	Draft of proposed Bill being prepared for submission to field.
<u>BILLINGS AREA</u>						
Flathead	Ct. Cl. 50233 (#8 & 9)	11/11/71	552,169.72	12/15/72	7403	Funds being held in treasury at request of tribe, no immediate action contemplated

STATEMENT NO. 1 (Continued)

Tribe	Docket Number	Date of Award	Amount	Appropriated	Account Symbol 14 X	Status of Legislation
<u>MINNEAPOLIS AREA</u>						
Chippewa, Miss. and L. Sup.	18-T	5/31/72	\$ 529,000.00	10/31/72	7096	Memo. of 6/15/72 to area recommending long-range investment pending other Miss.-Lake Sup. awarded
Ottawa, Cr.R.	40-K	3/27/68	932,620.01	10/21/68	7441	S. 558 - 1/26/73 report not yet requested.
Ottawa - Chippewa	18-E & 58	3/15/72	10,109,003.55	10/31/72	1786	Research underway; Submission of proposed Bill may await action on 40-K
<u>MUSKOGEE AREA</u>						
Creek, Okla.	167	5/26/71	50,000.00	12/15/71	7383	H.R. 7960-5/24/73 rept.; not yet requested. (167-273)
Creek, Okla.	273	3/14/73	400,000.00		7476	See Creek 167
Creek (1816)	275	8/23/72	1,346,000.00	10/31/72	7497	H.R. 7959-5/21/73; Report not yet requested.
<u>NAVAJO AREA</u>						
Navajo	Ct. Cl. 49692	11/10/66	500,195.20	5/29/67	7363	H.R. 7391-5/1/73, Report will be resubmitted.
<u>PHOENIX AREA</u>						
Apache, Western	22-D	9/12/72	4,900,000.00	10/31/72	7363	Submitted to field
Apache, Tonto	22-J	9/12/72	685,800.00	10/31/72	7378	Proposal submitted to field.

STATEMENT NO. 1 (Continued)

Tribe	Docket Number	Date of Award	Amount	Appropriated	Account Symbol 14X	Status of Legislation
<u>PHOENIX AREA (Cont.)</u>						
Paiute, Northern Area I	87:	11/4/65	\$ 935,000.00	10/21/68	7432	S. 1211-3/14/73
Area II		11/4/65	15,790,000.00	10/21/68		
Area III		7/3/61	3,650,000.00	9/30/61		
Washoe	288	12/2/70	4,959,350.00	5/25/71	7372	Tribe plans to submit Bill for intro.
<u>PORTLAND AREA</u>						
Chinook	234	11/4/70	48,692.05	10/31/72	7199	Research underway.
Colville-Yakima	161,222, 224	4/5/65	3,446,700.00	4/30/65		Disposed of on basis of 1961 Act
Kiwiaillus	263	6/7/72	6,026.69	10/31/72	7135	Under research
Lummi	110	10/22/70	57,000.00	10/31/72	2220	Under research
Nez Perce	175-B	11/1/72	1,387,911.00		7246	Under research
Samish	261	10/6/71	5,754.96	3/21/72	7406	Under research
Skagit, Lower	294	10/13/71	74,856.50	3/21/72	7456	Under research
Stillaguamish	207	1/8/70	48,570.00	7/6/70	7053	Under research
Suquamish	132	10/22/70	42,170.49	10/31/72	7214	Under research
Swinomish	233	7/6/72	29,000.00	10/31/72	7369	Under research
<u>SACRAMENTO AREA</u>						
Cabazon	148	6/16/71	100,000.00	12/15/71	7384	Tribe acted on structure of Bill which is being drafted to conform with their wishes

STATEMENT NO. 1 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Appropriated</u>	<u>Account Symbol 14X</u>	<u>Status of Legislation</u>
<u>CENTRAL OFFICE</u> Cherokee, N.C.	232-A thru L	9/11/72	\$ 1,855,254.50	10/31/72	7317	Tribe considering programming v. per capita
Seneca	342-A	11/22/72	5,466,615.04		7326	Under research
Tonawanda	368-A	11/22/72	"		"	"
Tuscarora	321	2/21/73	91,428.80		"	Under research
Total Indian Claims Commission			\$97,474,642.06			
Total Court of Claims			1,052,364.92			

STATEMENT NO. 2

Final awards for which legislation authorizing disposition of the judgment funds has been enacted, but on which there is work to be done.

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol 14X</u>	<u>Disposition Legislation</u>
<u>ABERDEEN AREA</u>						
Chippewa, Pembina	18-A, 113, 191	4/24/64	\$ 237,127.82	6/19/68	7076	7/29/71 (85 Stat. 158)
Sioux, Sisseton & Wahpeton	142	7/25/67	5,097,575.00	6/17/68	7055	10/25/72 (86 Stat. 1168)
Sioux, Medawakanton & Wahpakoota	359	7/25/67	776,464.50	6/19/68	7057	10/25/72 (86 Stat. 1168)
Sioux, Medawakanton & Wahpakoota	359	7/25/67	776,464.50	6/19/68	7057	10/25/72 (86 Stat. 1168)
Sioux, Medawakanton	360	7/25/67	1,129,359.00	6/19/68	7078	10/25/72 (86 Stat. 1168)
Sioux, Medawakanton	361	7/25/67	64,680.00	6/19/68	7078	10/25/72 (86 Stat. 1168)
Sioux, Medawakanton & Wahpakoota	362	7/25/67	4,338,517.00	6/19/68	7079	10/25/72 (86 Stat. 1168)
Sioux, Yankton	332-A	1/18/69	1,250,000.00	10/31/72	7499	10/6/72 (86 Stat. 782)
<u>ALBUQUERQUE AREA</u>						
Pueblo de Acoma	266	6/17/70	6,107,157.00	1/8/71	7143	10/6/72 (86 Stat. 769)
<u>ANADARKO AREA</u>						
Delaware	72 & 298	9/10/69	9,194,364.99	12/26/69	7033	10/3/72 (86 Stat. 762)
Kickapoo	145	4/21/66	11,511.53	10/27/66	7486	10/6/72 (86 Stat. 781)
Kickapoo	193	2/29/68	540,000.00	7/9/68	7066	10/6/72 (86 Stat. 781)
Kickapoo	316	9/29/67	771,441.26	6/19/68	7106	10/6/72 (86 Stat. 781)
Kickapoo	316-A	9/24/70	125,209.61	5/25/71	7370	10/6/72 (86 Stat. 781)
Kickapoo	317	2/11/70	340,250.00	7/6/70	7113	10/6/72 (86 Stat. 781)
Kickapoo	318	6/11/69	273,250.00	12/26/69	7044	10/6/72 (86 Stat. 781)

STATEMENT NO. 2 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Appropriated</u>	<u>Account Symbol 14X</u>	<u>Disposition Legislation</u>
<u>BILLINGS AREA</u>						
Assiniboine	279-A	6/30/69	\$3,103,506.40	1/8/70	7256	10/25/72 (86 Stat. 1171)
<u>JUNEAU AREA</u>						
Tlingit & Haida	Ct. Cl. 47900	1/19/68	7,546,053.80	7/9/68	7121	7/30/70 (84 Stat. 431)
<u>MUSKOGEE AREA</u>						
Creek (1814)	21	9/10/62	3,913,000.00	4/30/65	7109	9/21/68 (81 Stat. 855)
Creek, Okla.	276	8/17/65	1,037,414.62	10/27/66	7432	9/21/68 (81 Stat. 859)
Miami	124-C & 255	12/3/68	66,966.00	7/22/69	7010	6/2/72 (86 Stat. 199)
Miami	124-D, E, F, 256	12/3/68	1,373,000.00	7/22/69	7004	6/2/72 (86 Stat. 199)
Miami	131	11/26/69	3,826,660.20	1/8/71	7141	6/2/72 (86 Stat. 199)
Miami	253				7123	"
Miami, Okla.	251-A	1/9/69	10,000.00	7/22/69	7021	6/2/72 (86 Stat. 199)
Osage	105, 106, 107, 108	9/15/70	13,250,000.00	1/8/71	7174	10/27/72 (86 Stat. 1295)
Piankeshaw (Teoria)	289	2/24/71	1,501,294.35	12/15/71	7429	7/31/70 (84 Stat. 688)
<u>PHOENIX AREA</u>						
Havasupai	91	8/6/69	1,240,000.00	12/26/69	7051	9/29/72 (86 Stat. 741)
Yavapai-Apache	22-E & F	3/13/69	5,100,000.00	7/22/69	7037	10/6/72 (86 Stat. 768)

<u>Tribe</u>		<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol 14X</u>	<u>Disposition Legislation</u>
PORTLAND AREA							
Shoshone, Lemhi	326-I	3/8/71	\$4,500,000.00	5/25/71	7401	9/29/72 (86 Stat. 743)	
Skagit, Upper	92	9/23/68	385,471.42	10/21/68	7444	6/23/71 (85 Stat. 83)	
Snohomish	125	3/30/67	136,165.79	5/29/67	7360	6/23/71 (85 Stat. 83)	
Snoqualmie & Skykomish	93	9/23/68	257,698.29	10/21/68	7445	6/23/71 (85 Stat. 83)	
Total Indian Claims Comm.			\$70,806,439.28				
Total Court of Claims			7,546,053.80				

STATEMENT NO. 3

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Awards on Appeal Amount</u>	<u>Date Appealed</u>	<u>Appealed by</u>	<u>Appealed on issue of</u>
<u>ABENDEEN AREA</u>						
Fort Berthold	350-F	8/2/72	\$ 8 809,057.00	11/21/72	Claimant	Interest
<u>AVAPARKO AREA</u>						
Apache - See Phoenix Area						
<u>PHOENIX AREA</u>						
Apache, Chiricahua	30 & 48	8/25/71	521,796.00	11/26/71	Defendant	Acres & Value
Apache, Chiricahua	30-A & 48-A	8/25/71	15,967,300.00	11/26/71	Defendant	Acres & Value
Mohave	283 & 295	12/29/71	428,358.07	10/5/72	Claimant	Acres, Value, & Offsets

STATEMENT NO. 4

Dockets in which title or liability has been found.

<u>Tribe or Claimant</u>	<u>Docket No.</u>	<u>Date of Opinion</u>	<u>Remarks</u>
<u>ABERDEEN AREA</u>			
Chippewa "Plains-Ojibwa" (Pembina)	113, 191, 221, & 246	6/30/70	Title
Fort Berthold	350-C	3/30/71	Title
Fort Berthold	350-D	6/17/70	Title
Sioux Nation	74	12/2/70	Title. Appealed 5/26/72.
Sioux (Blackhills)	74-B	11/30/70	Title
Sioux, Yankton	332-C	12/14/70	Title. Appealed 8/29/72
<u>ALBUQUERQUE AREA</u>			
Apache, Lipan	22-C	6/9/67 Ct. Cl.	Title
Pueblo de Nambe	358	11/9/65	Title
Pueblo de Taos	357	9/8/65	\$297,684.47, Less offsets.
Pueblo de Taos	357-A	9/8/65	Title
Pueblo de Taos	357-B	9/8/65	Title
Pueblos de Zia, Jemez and Santa Ana	137	9/15/71	Awards \$766,936.08 remanded.
Pueblo de San Ildefonso	354	5/9/73	Title
Pueblo de Santa Clara	355	5/9/73	Title
Pueblo de Santo Domingo	356	5/9/73	Title
<u>ANADARKO AREA</u>			
Apache	-	See ALBUQUERQUE AREA & PHOENIX AREA	
Caddo	226	1/22/60	\$383,475.55, Less offsets.
Delaware	27	5/23/73	Title
Delaware	27-E, & 202	4/4/73	Title

STATEMENT NO. 4 (Continued)

<u>Tribes or Claimant</u>	<u>Pocket No.</u>	<u>Date of Opinion</u>	<u>Remarks</u>
<u>ANADARKO AREA (Cont'd)</u>			
Kickapoo	315	4/4/73	
Potawatomi	15-C, 29-A, & 71	9/20/72	Title or interest in 6 tracts. Title
Potawatomi	15-D, 29-B & 310	4/4/73	Interest in a tract.
Potawatomi	15-I, 29-G, & 308	5/23/73	Title
Potawatomi, St. Joseph	75-M & 146	12/23/64	\$2,320,370.70, Less offsets.
Potawatomi	15-P, 29-N, & 306	4/4/73	Interest in a tract.
Potawatomi	15-Q, 29-D, & 309	4/4/73	Interest in a tract.
Potawatomi	29-A	9/20/72	Title
Potawatomi	29-D	4/4/73	Title
Sac & Fox	158	5/12/69	Award \$3,530,578.21 remanded.
Sac & Fox	231	5/12/69	Award \$ 943,799.79 remanded.
Shawnee	64-A	5/23/73	Title
<u>BILLINGS AREA</u>			
Shoshone - Goshute	-	See PHOENIX AREA	
<u>MINNEAPOLIS AREA</u>			
Chippewa, Bay Mills	18-F	11/19/69	Title
Chippewa, Bay Mills	18-R	11/29/69	Title
Chippewa, Boise Fort	18-D	6/27/69	Title
	18-U	3/ /71	\$3,250,000.00, Less offsets.
Chippewa, L. Sup. & Miss.	18-S	8/13/68	Title

STATEMENT NO. 4 (Continued)

<u>Tribe or Claimant</u>	<u>Docket No.</u>	<u>Date of Opinion</u>	<u>Remarks</u>
<u>MINNEAPOLIS AREA (Cont'd)</u>			
Chippewa, Minn.	18-C	7/21/71	\$9,005,000.00 Less offsets.
Chippewa, Pillager	144	10/10/68	Title
Chippewa, "Plains-Ojibwa"	-	See ABERDEEN AREA	
Chippewa, Saginaw	13-E	4/4/73	Title
Chippewa, Saginaw	13-F	5/23/73	Title
Chippewa, Saginaw	57	4/1/70	Title
Ottawa - See MUSKOGEE AREA			
Potawatomi - See ANADARKO AREA			
Sac & Fox - See ANADARKO AREA			
Sicoux - See ABERDEEN AREA			
Stockbridge - Munsec	300-A	4/28/71	Liability
Stockbridge - Munsec	300-B	8/11/70	Title
United Chippewa - Ottawa - Potawatomi	-	See MUSKOGEE AREA	
<u>MUSKOGEE AREA</u>			
Creek, Okla	169	12/14/70	Liability.
Creek	272	12/8/71	Title
Kaskaskia	313	4/4/73	Title
Ottawa	133-C	5/23/73	Title
Ottawa	302	4/4/73	Title
Seminole	73 & 151	10/22/70	Award \$12,262,780.63 remanded.
Seneca - Cayuga	341-A & B	12/29/71	Title
Wen (Peoria)	314-A	4/4/73	Interest in 3 tracts.
Wyandotte	139	4/4/73	Title

STATEMENT NO. 4 (Continued)

<u>Tribe or Claimant</u>	<u>Docket No.</u>	<u>Date of Opinion</u>	<u>Remarks</u>
<u>MUSKOGEE AREA (Cont'd)</u>			
Wyandotte	141	5/23/73	Title
<u>NAVAJO AREA</u>			
Navajo	229	6/29/70	Title
<u>PHOENIX AREA</u>			
Gila River	236-A	4/28/71	Liability.
Gila River	236-B	4/28/71	Liability.
Hopi	196	6/29/70	Title
Mohave	295-A	6/30/70	Liability.
Papago	102	11/16/71	Liability.
Papago	345	9/10/63	Liability.
Pima - Maricopa	236-C	11/1/72	Liability.
Pima - Maricopa	228	12/17/70	Title
Shoshone, Western	326-A	4/29/70	Liability.
Shoshone, Western	326-K	10/11/72	\$26,154,600.00, less offsets.
Shoshone - Goshute	326-J	10/16/62	Title
<u>PORTLAND AREA</u>			
Makah	60-A	5/20/70	Title
Nez Perce, Joseph Band	186	3/26/71	Liability
Misqually	197	6/25/69	Title
Puyallup	203	4/25/66	Title
Shoshone - Goshute	-	-	See PHOENIX AREA

STATEMENT NO. 4 (Continued)

<u>Tribe or Claimant</u>	<u>Docket No.</u>	<u>Date of Opinion</u>	<u>Remarks</u>
<u>PORTLAND AREA (Cont'd)</u>			
S' Klallam (Clallam)	134	10/0/70	\$400,820.00, less offsets.
Squaxin	206	6/30/69	Title
Steilacoom	208	9/12/62	Title
Warm Springs	198	10/10/63	Title
<u>CENTRAL OFFICE</u>			
Oneida Nation	301	8/8/71	Title
Seminole, Florida	73-A	3/24/71	Liability
Seneca, N.Y.	342-B, C, & 368	5/3/72	\$101,000.00, less offsets.
Seneca, N.Y.	342-F	5/3/72	\$2,650.00, less offsets.
Seneca, N.Y.	342-I	5/3/72	\$79,320.00, less offsets.
Senecas & Six Nations	84 & 300-B	8/11/70	\$47,585.97, less offsets.
Six Nations	89	5/23/73	Title

STATEMENT NO. 5

Pending dockets (Other than those listed on Statements 3 and 4).

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>ABERDEEN AREA</u>		
Chippewa - Cree	See: BILLINGS AREA	
Fort Berthold	350-G	
Sioux, Crow Creek	115	General Accounting
Sioux, Eastern or Mississippi	363	General Accounting
Sioux, Lower Brule	116	Includes Accounting
Sioux, Pine Ridge	117	General Accounting
Sioux, Rosebud	118	General Accounting
Sioux, Standing Rock	119	General Accounting
<u>ALBUQUERQUE AREA</u>		
Apache	See: ANADARKO AREA and PHOENIX AREA	
Apache, Jicarilla	22-K	General Accounting
Apache, Mescalero	22-G	General Accounting
<u>ANADARKO AREA</u>		
Apache	See: ALBUQUERQUE AREA and PHOENIX AREA	
Apache, Fort Sill	49	
Delaware	27-B	Trial held.
Delaware, Kaskasia, Kickapoo, Ottawa, Peoria, Piankashaw, Potawtomi, Shawnee, and Wea	338	Trial held
Potawatomi	See: MINNEAPOLIA AREA	
		Dismissal of 9/24/71 appealed 12/21/71

STATEMENT NO. 5 (Continued)

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>ANADARKO AREA (Cont'd)</u>		
Potawatomi, Citizen	128	Trial held
Potawatomi, Citizen	216	Trial held
Potawatomi, Citizen	311	Trial held
Potawatomi, Prairies	15-E	Trial held
Potawatomi, Prairie	15-L	Trial held
Potawatomi, Prairie	15-N	Trial held
Potawatomi, Prairie	15-O	Trial held
Potawatomi, Prairie	15-R	Trial held
Sac & Fox	209	Dismissal remanded by Ct. Cl.
Shawnee	64	Trial held
Shawnee	335	Trial held
<u>BILLINGS AREA</u>		
Blackfeet	279-C	Accounting
Chippewa-Cree	221-A	Trial held
Chippewa-Cree	221-B	Trial held
Chippewa-Cree	221-C	General Accounting
Fort Belknap	250-A	Trial held
Fort Peck	184	General Accounting
<u>JUNEAU AREA</u>		
Miscellaneous	287	

STATEMENT NO. 5 (Continued)

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>JUNEAU AREA (Cont'd)</u>		
St. Paul's Island	352	Dismissal on appeal
St. Paul's Island	369	Dismissal on appeal
Tlingit and Haida	278-B	
<u>MINNEAPOLIA AREA</u>		
Chippewa, Minnesota	18-H	Trial held
Chippewa, Minnesota	18-J	Trial held
Chippewa, Minnesota	18-M	Trial held
Chippewa, Minnesota	18-P	Trial held
Chippewa, Minnesota	19	General Accounting
Chippewa, Minnesota	188	Trial held
Chippewa, Red Lake	189	Trial held
Chippewa, Red Lake	189-A	General Accounting
Chippewa, Red Lake	189-B	General Accounting
Chippewa, Red Lake	189-C	General Accounting
Chippewa, Saginaw	13-A	
Chippewa, Saginaw	13-G	Trial held
Chippewa, Saginaw	13-K	Trial held
Chippewa, Saginaw	59	Trial held
Oneida		
Ottawa		
Ottawa-Chippewa		
Potawatomi		
	364	

See: CENTRAL OFFICE

See: MUSKOGEE AREA

Ottawa-Chippewa

See: ANADARKO AREA

STATEMENT NO. 5 (Continued)

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>MINNEAPOLIS AREA (Cont'd)</u>		
Potawatomi, Michigan and Wisconsin	28	General Accounting
Potawatomi, Michigan and Wisconsin	29-C	Trial held
Potawatomi, Michigan and Wisconsin	29-E	Trial held
Potawatomi, Michigan and Wisconsin	29-I	Trial held
Potawatomi, Michigan and Wisconsin	29-K	Trial held
Potawatomi, Michigan and Wisconsin	29-L	Trial held
Potawatomi, Michigan and Wisconsin	29-M	Trial held
Potawatomi, Michigan and Wisconsin	29-P	Trial held
Sioux, Eastern or Mississippi	See: ABERDEEN AREA	
<u>MUSKOGEE AREA</u>		
Choctaw, Oklahoma	249	
Creek, East of the Mississippi	280	
Creek, Oklahoma	277	
Miami, Indians	124-B	Trial held
Miami, Indiana	124-H	Trial held
Miami, Indiana	130	Trial held
Miami, Oklahoma	252	Trial held
Miami, Oklahoma	254	Trial held
Ottawa, Michigan	40-F	Trial held
Ottawa, Michigan	40-I	Trial held
Ottawa, Oklahoma	133-B	Trial held
Ottawa-Chippewa	See: MINNEAPOLIS AREA	
Seneca	See: CENTRAL OFFICE	
Wea (Peoria)	314-A	Trial held
Wea (Peoria)	314-B	Trial held
Wyandotte	120	Trial held
Wyandotte	140	Trial held
Wyandotte	212	Trial held
Wyandotte	213	Trial held

STATEMENT NO. 5 (Continued)

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>NAVAJO AREA</u>		
Navajo	69	General Accounting
Navajo	299	Trial held
Navajo	353	Trial held
<u>PHOENIX AREA</u>		
See: ANADARKO AREA and ALBUQUERQUE AREA		
Apache	182	
Apache, Chiricahua	22-H	
Apache, San Carlos	283-B	General Accounting
Mohave	87-A	Trial held
Paiute, Northern	235	
Papago	236-D	
Pima-Maricopa	236-E	
Pima-Maricopa	236-F	
Pima-Maricopa	236-G	
Pima-Maricopa	236-I	
Pima-Maricopa	236-N	
Pima-Maricopa	291	
Quechan (Ft. Yuma)	320	General Accounting
Shoshone-Bannock		
See: PORTLAND AREA		
<u>PORTLAND AREA</u>		
Colville	178-A	
Colville	181-C	
Klamath	100-B	General Accounting
Nez Perce	179-A	Possible compromise
Shoshone-Bannock	326-C	General Accounting
Shoshone-Coshute	326-B	General Accounting

STATEMENT NO. 5 (Continued)

<u>Tribe or Claimant</u>	<u>Docket Number</u>	<u>Remarks</u>
<u>SACRAMENTO AREA</u>		
Mission, Pala, Rincon	80-A	Trial held
Mission, Soboba	80-A	
Mission, various bands	80-B	General Accounting
Mohave		
		See: PHOENIX AREA
<u>CENTRAL OFFICE</u>		
Seneca, New York	342-G	General Accounting

STATEMENT NO. 6

Final awards on which most of the Bureau's work has been completed.

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>14X Disposition Legislation</u>
<u>ALBUQUERQUE AREA</u>						
Apache, Jicarilla	22-A	4/21/71	\$9,150,000.00	5/25/71	7411	5/16/72 (86 Stat. 139) Per Capita-Programmed.
Apache, Mescalero	22-B	4/27/67	8,500,000.00	5/29/67	7373	3/12/68 (82 Stat. 47) Programmed.
Pueblo de Laguna	27	12/11/70	900,000.00	5/25/71	7361	11/23/71 (85 Stat. 485) Programmed.
<u>ANADARKO AREA</u>						
Cheyenne-Arapaho	329-A & B	10/18/65	15,000,000.00	10/31/65	7408	10/31/67 (81 Stat. 337) Per Capita.
Delaware	337	8/5/63	1,627,244.64	10/7/64	7425	9/21/68 (82 Stat. 861) Per Capita.
Iowa	79	2/28/66	11,394.67	10/27/66	7449	12/14/67 (81 Stat. 583) Programmed.
Iowa	79-A	5/21/69	1,377,207.27	12/26/69	7058	6/23/71 (85 Stat. 82) Programmed.
Iowa	138	3/22/65	1,372,267.50	4/30/65	7136	12/14/67 (81 Stat. 583) Programmed.
Iowa	153	2/4/70	2,783,700.00	7/16/70	7082	6/23/71 (85 Stat. 82) Programmed.
Iowa	158	5/12/69	1,340,435.00	7/16/70	7169	6/23/71 (85 Stat. 82) Programmed.
Iowa	209	5/12/69	168,555.00	7/16/70	7169	6/23/71 (85 Stat. 82) Programmed.
Iowa	231	5/12/69	286,516.40	7/16/70	7169	6/23/71 (85 Stat. 82) Programmed.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>Disposition Legislation</u>
<u>ANADARKO AREA (Cont'd)</u>						
Kaw	33	5/15/52	\$1,600,220.02	4/22/55	7162	8/9/55 (69 Stat. 559) Per Capita.
Kaw	35	9/17/51	798,000.00			
Kiowa, Comanche and Apache	32	7/18/57	2,067,166.00	5/20/59	7125	9/21/59 (73 Stat. 598) Per Capita.
Kiowa, Comanche and Apache	258 & 259	1/29/68	6,000,000.00	6/19/58	7110	9/28/68 (82 Stat. 880) Per Capita.
Otoe-Missouria	11	2/17/56	1,156,034.35	5/19/56	7172	5/9/58 (72 Stat. 105) Per Capita.
Otoe-Missouria	11-A	4/14/64	1,750,000.00	6/9/64	7065	10/14/66 (80 Stat. 911) Per Capita.
Pawnee	10	7/6/62	7,316,097.70	5/17/63	7030	8/21/64 (78 Stat. 585) Per Capita with small amount programmed.
Potawatomi, Citizen	71-A	2/26/59	2,112,185.60	9/8/60	7256	9/5/61 (75 Stat. 474) Per Capita with small amount programmed.
Potawatomi, Citizen	96	8/27/68	797,508.99	7/22/69	7026	9/16/70 (84 Stat. 838) Per Capita.
Potawatomi, Citizen	111	8/8/55	233,154.36	7/27/56	7176	7/17/59 (73 Stat. 220) Per Capita.
Potawatomi, Prairie	15-B	8/8/55	126,306.24	7/27/56	7176	7/17/59 (73 Stat. 220) Per Capita.
Potawatomi, Prairie	15-J	2/26/59	1,176,789.30	9/8/60	7256	9/6/61 (75 Stat. 474) Per Capita.
Sac and Fox of Mississippi	138	3/2/65	1,096,533.42	4/30/65	7129	8/31/67 (81 Stat. 193) Per Capita and Programmed.
Sac and Fox of Mississippi	143	5/19/65	1,789,201.45	10/31/65	7129	8/31/67 (81 Stat. 193) Per Capita.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>Disposition Legislation</u>
<u>ANADARKO AREA (Cont'd)</u>						
Sac and Fox of Missouri	195	3/10/65	\$192,000.00	4/30/65	7122	8/31/67 (81 Stat. 193) Per Capita.
Sac and Fox	220	4/14/66	692,564.15	6/19/68	7054	9/19/70 (84 Stat. 845) Part Per Capita; part programmed.
Shawnee	334	5/29/61	1,269,338.02	9/30/61	7416	8/20/64 (78 Stat. 555) Per Capita.
<u>ABERDEEN AREA</u>						
Omaha	138	4/14/64	1,750,000.00	6/9/64	7064	11/2/66 (80 Stat. 1114) \$270 Per Capita; balance programmed.
Omaha	225-A, B, C, & D	2/11/60	2,900,000.00	4/13/60	7022	9/14/61 (75 Stat. 508) \$750 Per Capita; balance programmed.
<u>BILLINGS AREA</u>						
Arapaho, Northern	329-D	6/27/63	3,230,000.00	1/6/64	7118	8/8/58 (72 Stat. 541) 85% Per Capita and 15% programmed.
Blackfeet & Gros Ventre	279-A	8/23/68	8,679,814.92	10/21/68	7442	3/18/72 (86 Stat. 64) Per Capita.
Cheyenne, Northern	329-C	11/27/63	4,360,886.19	1/6/64	7120	9/1/64 (78 Stat. 768) Programmed, family plan.
Crow	54	5/29/61	10,242,984.70	9/30/61	7415	6/20/36 (49 Stat. 1543) programmed, family plan.
Flathead	61	8/5/66	4,431,622.18	10/27/66	7371	4/22/67 (81 Stat. 13) Programmed.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>Disposition Legislation</u>
<u>BILLINGS AREA (Cont'd)</u>						
Shoshone, Wind River	63	4/22/57	\$433,013.60	6/21/57	7186	8/8/58 (72 Stat. 541) 85% Per Capita and 15% Programmed.
Shoshone, Wind River	157	2/24/65	120,000.00	4/30/65	7145	8/8/58 (72 Stat. 541) 'Per Capita.
Sioux, Fort Peck	279-A	8/23/68	1,161,354.41	10/21/68	7443	6/19/70 (84 Stat. 313) Per Capita.
<u>MINNEAPOLIS AREA</u>						
Chippewa, Red Lake 18-A, 113 & 191	18-A	4/24/64	1,797,761.74	6/9/64	7073	10/13/64 (78 Stat. 1093) Programmed.
Chippewa, Mississippi	18-B	7/27/65	1,671,262.18	10/31/65	7081	9/27/67 (81 Stat. 230) Programmed.
Chippewa, Pillager and Lake Winnibigoshish	18-B	7/27/65	2,260,942.90	10/31/65	7390	9/27/67 (81 Stat. 230) Programmed.
Emigrant New York (Oneida)	75	8/11/64	1,333,472.65	5/29/67	7324	9/27/67 (81 Stat. 229) Per Capita.
<u>MUSKOGEE AREA</u>						
Cherokee Nation of Oklahoma	173	9/14/61	14,364,476.15	9/30/61	7424	10/9/62 (76 Stat. 776) Per Capita.
Chickasaw Nation of Oklahoma	23	7/14/50	902,008.11	1/6/51	7495	5/24/49 (63 Stat. 76) Per Capita.
Chickasaw Nation of Oklahoma	269	7/17/59	190,934.78	3/31/61	7495	9/28/68 (82 Stat. 883) Per Capita.
Choctaw Nation of Oklahoma	16	7/14/50	2,587,835.47	1/6/51	7484	5/24/49 (63 Stat. 76) Per Capita.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Appropriated</u>	<u>Account Symbol 14X</u>	<u>Disposition Legislation</u>
<u>MUSKOGEE AREA (Cont'd)</u>						
Creek, Loyal	1	10/19/51	\$600,000.00	6/5/52		8/1/55 (69 Stat. 431) and 8/29/67 (81 Stat. 177)
Miami (as of 1918)	67 & 124	6/30/60	4,647,467.67	5/17/63	7430	Per Capita. 10/14/66 (80 Stat. 909)
Miami of Indiana	124-A	5/31/61	64,738.80	9/30/61	7418	Per Capita. 10/14/66 (80 Stat. 909)
Miami of Oklahoma	251	5/31/61	349,193.59	9/30/61	7417	Per Capita. 10/14/66 (80 Stat. 909)
Quapaw	14	5/7/54	927,668.04	8/26/54	7156	Per Capita. 7/17/59 (73 Stat. 221)
Osage	9	3/1/55	864,107.55	8/4/55	7169	Per Capita. 6/28/06 (34 Stat. 539)
Ottawa of Oklahoma	303	2/11/65	406,166.19	4/30/65	7098	Per Capita. 8/11/67 (81 Stat. 166)
Peoria	65	11/13/68	1,139,532.91	7/22/69	7025	Per Capita. 7/31/70 (84 Stat. 688)
Piankeshaw (Peoria)	99	2/11/70	-3,270,400.00	7/6/70	7099	Per Capita. 7/31/70 (84 Stat. 688)
Seminole Nation of Oklahoma	150	6/4/58	34,053.66	9/29/59	7139	Per Capita. 10/17/68 (82 Stat. 1148)
Seminole Nation of Oklahoma	248	12/23/64	63,680.00	5/13/66	7139	Programmed. 10/17/68 (82 Stat. 1148) Programmed.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>14X Legislation</u>
<u>MUSKOGEE AREA (Cont'd)</u>						
Wea (Peoria)	314	7/29/63	\$876,477.30	5/13/66	7483	7/31/70 (84 Stat. 688) Per Capita.
Wea (Peoria)	314-C	1/28/70	349,750.00	7/6/70	7062	7/31/70 (84 Stat. 688) Per Capita.
Wea (Peoria)	314-D	11/26/69	1,209,900.00	1/8/71	7142	7/31/70 (84 Stat. 688) Per Capita.
Wea (Peoria)	314-E	7/18/67	33,262.92	6/19/68	7100	7/31/70 (84 Stat. 688) Per Capita.
<u>PHOENIX AREA</u>						
Chemchuevi	351 & 351-A	1/13/65	996,834.81	4/30/65	7111	9/25/70 (84 Stat. 868) Per Capita.
Hualapai	90 & 122	6/18/68	2,950,000.00	10/21/68	7440	9/16/70 (84 Stat. 838) Per Capita.
Painte, Southern	88, 330 & 330-A	1/18/65	7,253,165.19	4/30/65	7108	10/17/68 (82 Stat. 1147) Per Capita.
Quechan	319	8/5/65	520,000.00	10/31/65	7397	9/28/68 (82 Stat. 881) Per Capita.
Ute, Uintah	44 & 45	6/13/60	7,700,000.00	9/8/60	7257	8/28/54 (68 Stat. 868) Per Capita.
Ute, Confederated	327	2/18/65	7,908,586.16	4/30/65	7095	8/1/67 (81 Stat. 164), 6/7/68 (82 Stat. 171) Per Capita.
Ute, Uncompahgre	349	2/18/65	300,000.00	4/30/65	7094	9/25/70 (84 Stat. 845) Per Capita.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Packet Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Approved</u>	<u>Account Symbol</u>	<u>Disposition Legislation</u>
<u>PORTLAND AREA</u>						
Chehalis	237	10/7/63	\$754,380.00	6/9/64	7067	10/24/67 (81 Stat. 335) Per Capita.
Coeur d'Alene	81	5/6/58	4,342,778.03	8/27/58	7195	7/17/59 (73 Stat. 221) \$1,100 Per Capita - balance programmed.
Colville	181	3/1/60	1,000,000.00	4/31/60	7024	4/21/61 (75 Stat. 45) 9/26/61 (75 Stat. 639) Programmed.
Colville	181-A & B	9/7/67	3,500,000.00	6/19/68	7101	9/28/68 (82 Stat. 882) Programmed.
Colville	178	9/17/70	5,545,598.00	1/8/71	7195	3/9/72 (86 Stat. 56) Per Capita.
Duwamish	109	12/11/63	62,000.00	6/9/64	7049	10/14/65 (80 Stat. 910) Per Capita.
Kalispel	94	3/21/63	3,000,000.00	5/17/63	7034	8/10/64 (78 Stat. 387) Programmed.
Klamath	100	1/31/64	2,500,000.00	6/9/64	7052	10/1/65 (79 Stat. 907) Per Capita.
Klamath	100-A	9/2/69	4,162,992.80	12/26/69	7040	10/1/65 (79 Stat. 987) Per Capita.
Koosenei	154	4/25/60	425,000.00	9/8/60	7255	12/23/63 (77 Stat. 472) Programmed.
Mackleshoot	98	10/18/63	80,377.00	5/29/67	7299	9/28/68 (82 Stat. 882) \$50 Per Capita - balance programmed.
Nez Perce	175	8/25/61	3,550,000.00	12/15/71	7428	4/24/61 (75 Stat. 45) 12/11/70 (84 Stat. 1408) Programmed.

STATEMENT NO. 6 (Continued)

Tribe	Docket Number	Date of Award	Amount	Appropriated	Account Symbol	Disposition Legislation
<u>PORTLAND AREA (Cont'd)</u>						
Nez Perce	175-A	6/17/60	4,157,605.06	9/8/60	7258	4/24/61 (75 Stat. 45) Programmed.
Nez Perce	179	4/29/70	1,119,071.78	7/6/70	7156	12/11/70 (84 Stat. 1408) Programmed.
Nez Perce	180-A	7/5/60	3,000,000.00	9/30/61	7258	4/24/61 (75 Stat. 45) Programmed.
Nooksack	16	2/9/62	49,383.50	4/30/65	7097	10/14/66 (80 Stat. 906) Per Capita.
Paiute, Malheur Reservation	17	12/4/59	\$567,000.00	4/13/60	7023	8/20/64 (78 Stat. 563) Per Capita.
Quileute and Hoh	155	4/17/63	112,152.60	1/6/64	7114	10/14/66 (80 Stat. 905) Programmed.
Quinalt and Queets	242	4/17/63	205,172.40	1/6/64	7115	5/27/65 (79 Stat. 118) Programmed.
Skokomish	296	5/24/63	373,577.00	1/6/64	7117	10/14/66 (80 Stat. 913) Programmed.
Shoshone-Bannock & H, 366, & 367 331 & 331-A	326-D, E, F, G, & H, 366, & 367 331 & 331-A	2/13/68	15,700,000.00	6/9/68	7112	12/18/71 (85 Stat. 737) Programmed.
Spokane	331 & 331-A	2/21/67	6,700,000.00	5/29/67	7460	6/10/68 (82 Stat. 175) Per Capita.
Tillamook (Siletz)	239	6/17/58	416,240.85	8/27/58	7197	9/9/59 (73 Stat. 477) Per Capita.
Tillamook, Nehalem Band	240	8/27/62	72,162.50	5/17/63	7031	8/30/64 (78 Stat. 639) Per Capita.
Tillamook, Tillamook Band	240	8/27/62	97,025.00	5/17/63	7031	8/30/64 (78 Stat. 639) Per Capita.
Umatilla	264, 264-A & B	2/11/66	2,450,000.00	5/13/66	7485	5/21/70 (84 Stat. 253) Programmed.

STATEMENT NO. 6 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date of Award</u>	<u>Amount</u>	<u>Appropriated</u>	<u>Account Symbol 14X</u>	<u>Disposition Legislation</u>
<u>PORTLAND AREA (Cont'd)</u>						
Yakima	47 & 64	11/14/68	2,100,000.00	7/22/69	7033	9/25/70 (84 Stat. 865) Programmed
Yakima	47-A	6/25/65	61,991.40	10/31/65	7399	9/25/70 (84 Stat. 865) Programmed
Yakima	62	8/31/65	49,000.00	10/31/65	7399	9/25/70 (84 Stat. 865) Programmed
<u>SACRAMENTO AREA</u>						
Indians of California	31 & 37	7/20/64	29,100,000.00	10/7/64	7426	9/21/68 (82 Stat. 860) Programmed
Mission Indians	80 & 80-D					
Pitt River	347					
Shasta	333					
Yana	215					
Yokiah	176					
<u>Total.</u>						<u>\$ 272,802,282.77</u>

STATEMENT NO. 7

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>ADERDEEN AREA</u>			
Ft. Berthold	350-B	11/11/71	(on appeal)
Omaha	85	12/19/51	4/23/52
Omaha	225	10/6/53	11/27/63
Sioux, Lower Brule	78	10/27/61	2/15/65
Sioux, Cheyenne River	192	3/29/57	11/27/63
Sioux, Santee	104	10/17/52	1/26/53
Sioux, Yankton	332	9/30/60	11/27/63
Sioux Nation	74-A	1/30/62	(Closed administratively)
<u>ALBUQUERQUE AREA</u>			
Apache Nation	22	6/8/64	9/18/64
Pueblo de Conchiti	136	3/27/59	6/29/59
Pueblo de Isleta	211	5/5/59	1/21/64
Pueblo de Pecos	174	12/11/59	1/21/64
Ute, Southern	328	7/14/71	8/10/71
<u>ANADARKO AREA</u>			
Apache, Fort Sill	49	9/24/71	
Cheyenne-Arapaho	329	12/10/68	
Cheyenne-Arapaho	348	2/13/64	8/14/64
Delaware	27-C	11/26/68	4/12/71
Delaware	27-D	8/31/54	8/31/54
Iowa	135-A	5/8/61	10/11/63
Iowa	339	3/22/65	1/14/66

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>ANADARKO AREA (Continued)</u>			
Kaw	34	5/15/52	3/4/55
Kaw	36	2/14/50	9/20/63
Kaw	38	12/19/55	3/23/56
Kickapoo	194	3/25/57	11/27/63
Potawatomi	6	2/15/49	9/18/63
Potawatomi	15	12/27/57	9/18/63
Potawatomi	15-A	6/5/52	9/26/53
Potawatomi	15-E	11/3/59	1/6/65
Potawatomi	15-G	11/3/59	1/6/65
Potawatomi	15-H	6/4/57	6/17/58
Potawatomi	29	7/13/49	9/18/63
Potawatomi	29-F	6/4/57	11/13/57
Potawatomi	29-H	5/8/53	9/28/53
Potawatomi	101	9/14/64	6/30/67
Potawatomi	307	5/11/59	11/27/63
Potawatomi	312	12/22/66	6/30/69
Sac & Fox	135-A	5/8/51	10/13/63
Sac & Fox	209	5/12/69	(Remanded) 11/12/71)
Sac & Fox	232	3/2/65	2/9/66
Shawnee	334-A	3/22/63	2/16/65
Shawnee	336	11/23/68	6/7/71

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>BILLINGS AREA</u>			
Arapaho	82	8/15/51	10/11/63
Assiniboine	62	12/12/52	12/29/54
Blackfeet & Gros Ventre	279	12/10/68	
Blackfeet & Gros Ventre	279-B	8/16/65	6/30/69
Fort Belknap	250	11/20/62	11/21/66
Fort Berthold	350	12/10/68	
Fort Berthold	350-B	3/30/71	
Fort Peck	183	6/8/54	9/21/55
Flathead	156	2/24/71	3/19/71
<u>JUNEAU AREA</u>			
Chitina	187	3/15/72	6/20/72
Cambell	284	3/22/72	6/28/72
Misshah	287	9/7/72	12/11/72
Palmer (Eklutena)	370	3/15/72	6/20/72
Sungnak	286	8/16/72	11/20/72
St. Paul's Island	352	3/24/72	(On appeal)
St. Paul's Island	369	3/24/72	(On appeal)
Stevens Village	199	6/4/57	
Tattick	200	3/15/72	11/27/63
Tee-Hit-Ton	171	6/14/68	6/20/72
Tlingit & Haida	278	6/7/72	10/1/69
Tlingit & Haida	278-A	6/7/72	9/8/72
Unalakleet	285	8/16/72	9/8/72
			11/20/72

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>MINNEAPOLIS AREA</u>			
Chippewa	7	1/24/49	6/12/67
Chippewa	8	1/24/49	6/12/67
Chippewa	13	7/13/49	9/18/63
Chippewa	13-B	3/9/50	9/18/63
Chippewa	13	2/19/54	6/30/67
Chippewa	13-D	3/19/50	9/18/63
Chippewa	13-H	4/22/54	8/31/54
Chippewa	13-I	5/14/53	9/28/53
Chippewa	13-J	9/19/56	5/28/58
Chippewa	13-L	11/29/62	6/30/67
Chippewa	13-M	6/30/58	10/28/58
Chippewa	13-N	4/9/69	4/7/71
Chippewa	18	7/13/49	9/18/63
Chippewa	18-G	4/1/71	4/9/71
Chippewa	18-H	9/20/72	
Chippewa	18-I	11/29/62	6/30/67
Chippewa	18-K	5/23/73 *	6/30/67
Chippewa	18-L	4/4/73 *	
Chippewa	18-N	11/20/64	
Chippewa	18-Q	6/20/57	
Chippewa	20	11/12/57	2/7/66
Menominee	129	4/24/52	9/18/57
Omeida	159	12/5/62	9/18/63
Orcida	290	6/30/67	5/22/52
Ottawa	40	7/13/49	1/31/62
Ottawa	40-A	3/9/50	5/13/71
Ottawa	40-B	2/19/54	9/20/63
Ottawa	40-C	11/6/59	9/20/63

* Appeal time running as of June 1, 1973

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>MINNEAPOLIS AREA (Cont'd)</u>			
Ottawa	40-D	11/6/59	9/20/63
Ottawa	40-E	12/10/59	9/20/63
Ottawa	40-G	3/9/59	9/20/63
Ottawa	40-H	9/19/56	9/28/58
Ottawa	40-J	11/29/62	6/30/67
Ottawa	68	1/11/61	10/11/63
Ottawa	133	12/26/57	6/30/67
Ottawa-Chippewa	4	3/25/49	9/18/63
<u>MUSKOGEE AREA</u>			
Cayuga	230	9/21/71	1/6/72
Cherokee, Oklahoma	2	2/19/52	4/16/53
Cherokee, Oklahoma	3	11/15/48	6/27/51
Cherokee, Oklahoma	5	11/15/48	6/27/51
Cherokee, Oklahoma	24	4/3/52	5/27/53
Cherokee, Oklahoma	41	12/28/50	4/9/51
Cherokee, Oklahoma	42	12/28/50	4/9/51
Cherokee, Oklahoma	43	6/11/51	9/20/63
Cherokee, Oklahoma	190	9/25/63	5/5/71
Cherokee, Oklahoma	271	3/19/69	6/8/71
Cherokee, Oklahoma	297	3/19/69	6/8/71
Cherokee, Texas	26	12/28/53	5/25/54
Chickasaw	267	9/16/57	12/23/57
Chickasaw	268	4/20/62	11/27/63

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>MUSKOGEE AREA (continued)</u>			
Chickasaw	270	1/16/69	6/10/71
Chickasaw & Choctaw	39	10/23/49	1/31/50
Choctaw, Oklahoma	50	4/10/51	6/27/51
Choctaw, Oklahoma	51	3/2/50	1/26/53
Choctaw, Oklahoma	55	6/11/51	8/6/54
Choctaw, Oklahoma	56	7/14/50	5/21/51
Choctaw, Oklahoma	103	3/8/54	1/12/56
Choctaw, Oklahoma	201	2/12/57	6/5/57
Choctaw, East of Mississippi	52	2/7/57	2/11/57
Choctaw, Ridaught Band	346	8/23/63	5/17/71
Creek, Oklahoma	166	2/13/68	3/15/68
Creek, Oklahoma	168	3/18/63	11/2/66
Creek, Oklahoma	274	11/4/63	5/24/71
Creek, Oklahoma	292	2/18/59	11/27/63
Creek Freedmen	25	8/4/49	1/31/50
Creeks East of Mississippi	281	9/10/63	5/21/71
Kaskaskia (Peoria)	66	5/6/57	10/27/65
Miami	76	11/21/61	10/11/63
Miami	124-G	4/24/58	10/11/63
Natchez (Creek)	365	2/24/54	5/26/54
Osage	126	7/30/59	1/21/64
Osage	127	12/11/63	1/31/66
Pascaauga, Biloxi, & Mobillan	170	12/3/68	10/3/69
Seminole	53	4/22/52	9/28/53
Seminole	121	2/27/58	5/28/58
Seminole	152	8/22/62	10/11/63

STATEMENT No. 7 (Continued)

<u>Tribe</u>	<u>Pocket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>MUSKOGEE AREA (Continued)</u>			
Seminole	204	5/31/72	(On Appeal)
Seminole	205	11/7/63	1/14/66
Seminole	247	3/24/72	(On Appeal)
Seneca-Cayuga	341	9/4/58	3/13/59
Seneca-Cayuga	341-C	4/4/73*	3/13/59
Seneca-Cayuga	341-D	5/23/73*	3/13/59
Seneca-Cayuga	341-E	9/4/58	3/13/59
Yuchiæ (Creek)	172	5/16/55	1/31/66
<u>PHOENIX AREA</u>			
Apache, San Carlos	223	8/23/63	11/21/66
Colorado River	185	4/23/65	4/23/65
Colorado River	283-A	4/23/65	4/23/65
Hopi	210	5/31/57	11/27/63
Hualapai	70	5/1/61	10/11/63
Pima-Maricopa	236	2/26/69	
Pima-Maricopa	236-H	3/24/71	3/25/71
Pima-Maricopa	236-J	6/27/69	10/1/69
Pima-Maricopa	236-K	12/12/68	5/4/71
Pima-Maricopa	236-L	12/12/68	5/4/71
Pima-Maricopa	236-M	12/12/68	5/4/71
Quechan	86	8/22/58	11/25/58
<u>PORTLAND AREA</u>			
Colville	177	9/7/67	9/22/67
Coos Bay	265	7/11/52	10/14/52
Nahah	60	4/15/59	8/13/64

* Appeal time running as of June 1, 1973.

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
<u>PORTLAND AREA (Continued)</u>			
Nez Perce	180	12/4/57	2/14/64
San Juan	214	10/30/57	1/23/58
Shoshone-Bannock	326	7/3/68	
Skokomish	260	3/30/53	4/16/53
Suiattle-Sauk	97	12/18/52	1/12/56
Swinemish	293	6/25/71	10/12/71
Tillamook	238	11/17/54	12/29/54
Tulalip	262	1/13/53	11/27/63
Warm Springs	198-A	6/30/70	9/23/70
Yakima	47-B	10/11/72	11/20/72
Yakima	147	11/17/68	11/19/68
Yakima	160	11/17/68	11/19/68
Yakima	163	8/22/58	10/11/63
Yakima	165	7/19/65	1/31/66
<u>SACRAMENTO AREA</u>			
California, Indians of	12	4/28/49	1/28/66
Mission Bands of Indians	80-C	6/18/69	9/23/69
Mission, 29 Palms	149	12/31/58	5/5/59
Mission, Morongo	325	3/28/55	5/11/55
<u>CENTRAL OFFICE</u>			
Cherokee, North Carolina	282	2/20/59	1/26/64
Kent (Schaghticoke)	112	9/9/58	1/21/64

STATEMENT NO. 7 (Continued)

<u>Tribe</u>	<u>Docket Number</u>	<u>Date Dismissed</u>	<u>Date Reported to Congress</u>
CENTRAL OFFICE (Continued)			
Seneca	77	6/12/51	7/15/52
Seneca	342	10/31/60	2/14/64
Seneca	342-D	12/30/68	6/18/71
Seneca	342-E	5/3/72	
Seneca	342-H	8/30/63	11/21/66
Six Nations	344	3/1/63	11/21/66
Tuscarora	340	3/9/65	11/21/66

Senator ABOUREZK. That is all of the questions I have.

This committee will go to the Pine Ridge Reservation on June 16 and 17 for hearings initially inquiring into the Wounded Knee takeover, but there will be 2 days of hearings that will inquire into the relationship between the Government and the Indian people. It will be partially on the takeover and partially a seminar on Indian grievances and problems.

Following the hearings on June 12 of the Bureau of Indian Affairs and Indian health service authorization legislation, this committee will mark up the financing bills that we have discussed here today.

I want to thank you all very much for your testimony and forthrightness in answering questions.

Mr. KYL. We thank you very much, sir.

[The prepared statement of John H. Kyl, Assistant Secretary of the Interior follows:]

STATEMENT OF JOHN H. KYL, ASSISTANT SECRETARY OF THE INTERIOR FOR CONGRESSIONAL AND PUBLIC AFFAIRS, ON S. 1341, A BILL TO PROVIDE FOR FINANCING AND ECONOMIC DEVELOPMENT OF INDIANS AND INDIAN ORGANIZATIONS, AND FOR OTHER PURPOSES

Mr. Chairman, I am delighted to be here this morning to recommend enactment of one of the key pieces of legislation in the President's Indian program. This proposal emanates from the President's Indian Message delivered to the Congress on July 8, 1970. In that message the President sketched the nature of the problem with which this bill attempts to grapple.

Economic deprivation is among the most serious of Indian problems. Unemployment among Indians is ten times the national average; the unemployment rate runs as high as 80 percent on some of the poorest reservations. Eighty percent of reservation Indians have an income which falls below the poverty line; the average annual income for such families is only \$1,500. . . . It is critically important that the Federal government support and encourage efforts which help Indians develop their own economic infrastructure. To that end, I am proposing the "Indian Financing Act" . . .

The figures cited by the President have not improved significantly since that time.

The President in his 1970 message also called for more economic development planning by Indian tribes and asked the Secretary to work toward that end. Since that time many of the tribes have made real progress in economic development planning, and this bill will help provide the needed capital to bring these plans to fruition.

Mr. Chairman, as you know, this bill passed the House of Representatives last year, and I think the consensus is that the Senate would have passed it if time had not run out at the end of the Congress. We are pleased at the early priority which your Committee has accorded to this legislation this year.

This bill is highly intricate, Mr. Chairman, and I believe I could best be of assistance to you by confining my prepared remarks to three purposes: (1) highlighting the main provisions of the bill; (2) pointing out the major changes we have made in the proposal from the form in which we submitted it two years ago; and (3) correcting an omission in the drafting of the bill.

The first point to make is that S. 1341 is an amalgamation of two proposals from the last Congress. Titles I and II, which establish loan and loan guarantee programs, are the core of the Indian Financing Act as previously submitted. Title III, which provides for grants to Indian businesses, was a separate proposal in the last Congress. For convenience, we have taken the opportunity to link the two proposals this year.

Titles I and II, then, would accomplish two purposes. First, they would broaden the existing Bureau of Indian Affairs Revolving Loan Fund, which provides money for Indian economic development projects. The authorization for such loans would be increased from the present \$28.8 million to \$78.8 million. Second, these titles would provide for the guarantee of private loans to Indians, thereby greatly encouraging such loans. Up to \$200 million worth of private loans could be guaranteed under the proposal.

Title III would establish a program of small business grants to Indian

entrepreneurs. No grant could be larger than \$50,000, and no one could receive a grant unless he met two conditions: First, his project was practical enough that he had already obtained at least 60% of the needed financing from other sources; Second, he was *not* able to obtain elsewhere that portion of his needs for which he was seeking a grant, including the programs authorized by this legislation.

Mr. Chairman, I would now like to touch briefly upon the changes which we have made in submitting these two proposals to the Congress this year. First, in the previous proposals there were two methods for attracting private loan institutions into the Indian market, a loan guarantee program and a loan insurance program. The latter program, it was felt, might be attractive to certain lenders, who might want the aggregate of their Indian loans to be insured rather than each one to be guaranteed. On reflection, however, we have concluded that having two programs is unnecessarily complicated; and we have kept only the guarantee program in this year's proposal.

Second, also for reasons of convenience, we have telescoped the two funds in last year's proposal—the Revolving Loan Fund and the Loan Guarantee and Insurance Fund—into one fund. Careful provision has been made, however, to make sure that monies earmarked for loans are not sidetracked into use for guarantees.

The final major change is a matter of bookkeeping involving the rate of interest to be charged on loans made or guaranteed under Titles I and II. Last year's proposal set, as a ceiling rate, the rate of interest on municipal bonds or the rate paid by the Federal Government on obligations of like maturity that it had issued. This year's proposal allows the Secretary of the Treasury more discretion. He can set an interest rate comparable to that on similar loans in the private sector taking into consideration the prevailing rate for such obligations in the private sector and the risk assumed by the United States. This provision is offset, however, by the fact that the Secretary of the Interior is authorized to pay a subsidy on the Indian loan interest rate which would amount to 30% of the rate or 3% of the outstanding principal amount of the loan, whichever is less. This new subsidy provision is one that is now being used as a standard item by the Federal Government in legislation of this type and we believe it arrives at the same result as that we proposed in last year's legislation.

Finally, Mr. Chairman, I would like to address myself to an omission in the drafting of this proposal. What we left out was a quite important section for keeping our loan and loan guarantee fund solvent. We apologize for this error and suggest that the following new section 204 be added to the bill:

There are authorized to be appropriated such sums as may be necessary to reimburse the fund created by section 101 of this Act for losses incurred in connection with loans made or guaranteed pursuant to this Act.

This concludes my statement.

Senator ABOUREZK. The next witness is Nathan Littlesoldier, Secretary of the National Chairmen's Association.

As I understand it, Mr. Littlesoldier, you just want to introduce your statement and insert it in the record?

STATEMENT OF NATHAN LITTLESOLDIER, SECRETARY OF THE NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION

Mr. LITTLESOLDIER. Yes.

Senator ABOUREZK. At this time, sir, your statement will be received in the record and printed in full.

[The prepared statement of Mr. Littlesoldier follows:]

STATEMENT OF THE REPRESENTATIVE OF THE NATIONAL TRIBAL CHAIRMEN'S ASSOCIATION ON S. 1013 AND S. 1341, BILLS TO PROVIDE FOR FINANCING THE ECONOMIC DEVELOPMENT OF INDIANS AND INDIAN ORGANIZATIONS, AND FOR OTHER PURPOSES, AND S. 1015, A BILL TO ESTABLISH WITHIN THE DEPARTMENT OF THE INTERIOR THE INDIAN BUSINESS DEVELOPMENT PROGRAM TO STIMULATE INDIAN ENTREPRENEURSHIP AND EMPLOYMENT, AND FOR OTHER PURPOSES, BEFORE THE INDIAN AFFAIRS SUBCOMMITTEE OF THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, UNITED STATES SENATE

Mr. Chairman and Members of the Subcommittee, it is a pleasure to appear before you and present the views of the executive committee of the National

Tribal Chairmen's Association on S. 1013 and S. 1341, bills encompassing the Indian Financing Act of 1973, and S. 1015, the Indian Business Development Program.

We come here this morning to give the strong support of the executive committee of the National Tribal Chairmen's Association to the purposes and concepts of these bills, support that we believe is general throughout the Indian community.

As many others have pointed out the Indian people that live on reservations must deal with non-Indian businessmen because the Indian community has not been able to find adequate capital to create the Indian businesses that are needed today. Because of the fact that Indian money is spent with non-Indians, most of the money leaves the area where it is earned and goes into the non-Indian community for investment. This draining of funds from the Indian community deprives it of the turn-over that creates additional capital and jobs. It is imperative that capital be provided for the development of Indian businesses in the Indian community so that a viable economic system can be built that will generate needed capital and provide jobs for Indian people. We believe that these bills are a recognition by the Government of such need and will take a giant step toward that goal and we therefore consider their passage of utmost importance. We will first focus our attention on the Indian Financing Act of 1973 which is contained in S. 1013 and S. 1341. We have studied those two bills, which are very similar and provide for about the same program. However, we are somewhat confused by the rewrite of the Indian Financing Act. The provisions of S. 1013 have been actively considered by the Indian community since 1970, and many of its provisions came out of consideration of past bills that contained many of the same ideas and concepts. We are familiar with those provisions and feel that they, for the most part, reflect the views of the Indian community. There has been no consultation process on the provisions of S. 1431 and we are at a loss as to the reason for the complete rewrite of a very carefully considered piece of legislation without such consultation. We, therefore, wish to state our preference for the familiar and urge that this Subcommittee report of S. 1013 with amendments which we will discuss.

First, we note that the declaration of policy contained in section 2 of S. 1341 has been rewritten to delete the phrase "and where they will have the opportunity to be integrated socially, politically, and economically into American life", that appears in S. 1013. This phrase raised the old specter of termination in the minds of a sizable group of the Indian people and for that reason we recommend its deletion from S. 1013. Since the Administration's rewrite deletes the provision, they apparently have no objection to its deletion.

Sections 109 and 215 of S. 1013 contain language that permits the foreclosure and sale of land purchased with funds loaned under the programs authorized. It is true that the mortgage will only cover land purchased with a loan, and does not give authority to mortgage other tribal lands. These sections also give the Secretary authority to provide for some other form of security for repayment if he deems it appropriate. This language is opposed by many Indians, who feel that it is a threat to trust land. We recommend its deletion. There is also objection, almost unanimous objection, to making the foreclosure proceeding subject to the laws of the State where the land is located and the proceeding to be held in the State courts. Indians have generally found that they receive fairer treatment in Federal courts than in State courts. We strongly recommend the deletion of this provision.

We believe that the \$50 million authorization provided for in section 112 of S. 1013 is inadequate. We recommend that \$50 million be deleted and that \$200 million be inserted in lieu thereof. There are presently demands for revolving loan fund loans in excess of \$200 million pending with the Bureau of Indian Affairs. We believe that the fund should provide sufficient capital to at least fulfill existing loan demand.

We have found strong Indian opposition to the provision of the financing act that requires that title to land for an individual Indian outside of a reservation boundary can only be taken in trust if the person was not a previous owner of trust or restricted land. We recommend that the decision as to title status be left to the discretion of the Secretary so that he can look at the facts in each case and make a determination as to title status.

Our discussions with tribal members and leaders shows almost total opposition to the provision in section 111 of the S. 1013 that allows the Secretary to collect a delinquent loan from a claim distribution. Most Indians consider a

claim distribution as a right that they receive from the United States in satisfaction of the claim of their ancestors to land and that it should not be diminished by such things as the collection of debts. We support this view.

We wish to express our opposition to section 105 of S. 1013. This section requires the payment of interest on revolving loan funds that are appropriated to the Department of the Interior to carry on the revolving loan fund program. This will be a first as there is no interest now paid on revolving loan fund funds. The income from those funds are now used to cover losses and to build the fund. We Indians are proud of our record in connection with the revolving loan fund programs. We hope that this interest payment requirement will be dropped from the bill and that the interest can continue to be used to cover loan losses and to build up the revolving loan fund. If this provision is not deleted, it will be necessary to add language to the bill authorizing appropriations for replenishing the fund for losses it incurs as there is presently no such language in S. 1013.

We recommend that the limitation of aggregate of loans contained in section 217 be increased from \$200 million to \$800 million. This sum, when added to the \$200 million we have recommended for the revolving loan fund will total a billion dollars, the amount that it is estimated is needed to fulfill the capital needs of the Indian people.

Finally, it is our recommendation that the provisions of S. 1015 be added to S. 1013 as a new title IV, putting into one bill the entire program for economic assistance to the Indian community. We strongly support the Indian Business Development Program Act which is Congressional authorization of an experimental program that was carried on by the Bureau of Indian Affairs with such success. This totally new program has received a strong welcome from the Indian community and there is a unanimous call for its continuance. This program, in our judgment, offers the best possibility for creating badly needed Indian businesses.

This completes our statement of the executive committee of the National Tribal Chairmen's Association. I stand ready to answer any questions that you might have. Thank you.

Senator ABOUREZK. The National Congress of American Indians was scheduled to testify here today but they have not shown up. However, the record will be held open for 1 week to allow for the submission of their statement on this legislation.

The hearing is adjourned and we will reconvene tomorrow at 9 a.m. for further hearings on the Indian Self-determination and Educational Reform Act of 1973.

[Whereupon, the hearing was adjourned.]

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APPENDIX

[Under authority previously granted, the following statements and communications were ordered printed:]

MAY 9, 1973.

Hon. MIKE GRAVEL,
U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR GRAVEL: The Cook Inlet Native Association is enclosing further testimony for the hearings scheduled for June 25 and July 19 and 20, 1973, for the Indian Subcommittee. We would again appreciate it, if you testify on our behalf.

S. 1013 and S. 1341.—Bills to provide for financing the economic development of Indians and Indian organizations. The Cook Inlet Native Association favors S. 1013 over S. 1341.

S. 1015.—A bill to establish, within the Department of the Interior, the Indian Business Development Program, to stimulate Indian entrepreneurship and employment. The Association supports this bill.

S. 1345.—A bill to establish, within the Department of the Interior, the position of an additional Assistant Secretary of the Interior. CINA will support this bill, if this new position is one designated for Indian affairs.

In closing, I want to thank you for testifying on our behalf. We appreciate the opportunity to present testimony concerning legislation that will affect our future as Indians. Please keep us informed on these and other bills that affect us.

Sincerely,

ROBERT W. RUDE,
President, CINA.



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUN 25 1973

Dear Senator Abourezk:

You have requested a listing of those tribes whose constitution and bylaws has an expressed prohibition against mortgaging of tribal land; mortgaging of tribal lands without the consent of the Secretary of the Interior; and those whose constitutions have no expressed prohibition against mortgaging of tribal lands.

Three separate lists are enclosed. There are 79 tribes whose constitutions prohibit the mortgaging of tribal lands; 12 tribes may mortgage with the consent of the Secretary of the Interior. The constitutions of 92 tribes are without any prohibition against mortgaging. Of the 183 tribes listed, 114 are organized pursuant to the Indian Reorganization Act. They are identified by an asterisk.

In addition to the tribes listed, there are another federally recognized 79 tribes in the Lower Forty-eight that have no written governing document.

Should you have any further questions, we will be happy to respond.

Sincerely yours,

(s) William L. Rogers

Deputy Assistant Secretary of the Interior

Honorable James Abourezk
United States Senate
Washington, D. C. 20510

Enclosures

cc: Ralph Reeser
Forest Gerard

TRIBES WHOSE CONSTITUTION HASNO EXPRESS PROHIBITION AGAINST MORTGAGINGABERDEEN

Devils Lake	
Lower Brule	*
Sisseton-Wahpeton	
Standing Rock	
Turtle Mountain	

ALBUQUERQUE

Mescalero	*
Ute Mountain	*

ANADARKO

Absentee Shawnee
 Apache
 Cheyenne Arapaho
 Citizen Potawatomi
 Comanche
 Delaware
 Iowa of Oklahoma
 Kaw
 Kickapoo of Oklahoma
 Kiowa
 Pawnee
 Ponca
 Sac & Fox of Oklahoma
 Tonkawa
 Wichita

BILLINGS

Blackfeet	*
Crow	
Fort Peck	

CENTRAL

Miccosukee	*
Mississippi Choctaw	*
Seminole of Florida	*

MINNEAPOLIS

Hannahville	*
Lower Sioux	*
Prairie Island	*
Red Lake	
Sac & Fox of Iowa	*
Shakopee	*
Upper Sioux	

MUSKOGEE

Alabama Quassarte
 Eastern Shawnee
 Kialegee
 Osage
 Quapaw
 Thlopthlocco
 United Keetoowah

PHOENIX

Chemehuevi	*
Colorado River	*
Shoshone Paiute (Duck Valley)	*
Duckwater	*
Ely	*
Fallon	
Fort McDowell	*
Las Vegas	*
Lovelock	*
Papago	*
Quechan	*
Reno-Sparks	*
Salt River	*

PHOENIX (continued)

Summit Lake	*
Washoe	*
Winnemucca	*
Yavapai-Apache	*
Yerington	*

PORTLAND

Chehalis
Colville
Kootenai
Lummi
Nez Perce
Quinault
Umatilla
Yakima

SACRAMENTO

Agua Caliente	
Alturas	*
Cabazon	
Covelo	*
Dry Creek	
Fort Bidwell	*
Fort Independence	
Grindstone	*
La Jolla	
La Posta	*
Laytonville	
Mesa Grande	
Pala	
Pauma	
Pit River	
(X-L Ranch)	
Rincon	
San Manuel	
San Pasqual	
Santa Rosa (Kings County)	*
Santa Ynez	*
Susanville	*
Sycuan	
Trinidad (Cher-Ae Heights)	
Twenty-nine Palms	

TRIBES WHOSE CONSTITUTION HASEXPRESS PROHIBITION AGAINST MORTGAGINGABERDEEN

Cheyenne River Sioux	*
Crow Creek Sioux	
Flandreau Santee Sioux	*
Fort Berthold	*
Lower Brule	*
Oglala Sioux	*
Omaha	*
Santee Sioux	*
Winnebago	*
Yankton	

ALBUQUERQUE

Jicarilla Apache	*
Isleta	*
Laguna	*
Santa Clara	*
Zuni	*

ANADARKO

Caddo	
Iowa of Kansas and Nebraska	*
Kickapoo of Kansas	*
Sac & Fox of Kansas and Nebraska	*

BILLINGS

Fort Belknap	*
Northern Cheyenne	*

MINNEAPOLIS

Bad River	*
Bay Mills	*
Forest County	
Potawatomi	*
Keweenaw Bay	*
Lac Courte Oreilles	*
Lac du Flambeau	*
Minnesota Chippewa	*
Oneida of Wisconsin	*
Red Cliff	*
Saginaw Chippewa	*
Sokaogan Chippewa	*
St. Croix	*
Stockbridge-Munsee	*
Winnebago of Wisconsin	*

MUSKOGEE

Miami	-
Peoria	
Seminole of Oklahoma	
Seneca-Cayuga	
Wyandotte	

PHOENIX

Ak Chin	*
Cocopah	*
Fort McDermitt	*
Fort Mojave	*
Gila River	*
Goshute	*
Havasupai	*
Hopi	*
Hualapai	*
Kaibab	*
Moapa	*
Pyramid Lake	*
San Carlos	*
Te-Moak	*
Uintah & Ouray	*
Walker River	*
White Mountain	*
Yomba	*

PORTLAND

Burns Paiute	*
Fort Hall	*
Hoh	*
Lower Elwha	*
Makah	*
Muckleshoot	*
Nisqually	*
Port Gamble	*
Puyallup	*
Quileute	*
Shoalwater Bay	*
Skokomish	*
Squaxin Island	*
Suquamish	*
Warm Springs	*

SACRAMENTO

Colusa	*
Elem (Sulphur Bank)	*
Hoop Valley	*
Manchester	*
Stewarts Point	*
Tule River	*
Tuolumne	*

TRIBES WHO MAY MORTGAGE WITH
THE CONSENT OF THE SECRETARY OF THE INTERIOR

ABERDEEN

Rosebud Sioux *

ALBUQUERQUE

Southern Ute *

ANADARKO

Prairie Potawatomi

BILLINGS

Chippewa Cree *

Flathead *

CENTRAL

Chitimacha *

PHOENIX

Yavapai-Prescott

PORTLAND

Coeur D'Alene

Kalispel *

Spokane *

Tulalip *

Swinomish *

STATEMENT OF MARSHALL TOME BEFORE THE SENATE
SUBCOMMITTEE ON INDIAN AFFAIRS WITH RESPECT
TO PROPOSED LEGISLATION FOR THE FINANCING
AND DEVELOPMENT OF INDIAN BUSINESS
S. 1013, S. 1015 and S. 1341

The following testimony was scheduled for oral delivery before the Subcommittee on June 25, 1973. However, this witness was unaware that the date for such testimony was changed and did not know that the oral presentations were completed as of May 3, 1973; therefore, I respectfully request that my following testimony be included for the record.

My name is Marshall Tome and I am a member of the Navajo Tribe. My clan is Hask'aahabzo'ho. My census number is 22502. I reside at Window Rock, Arizona, where I am an assistant to Peter MacDonald, Chairman of the Navajo Tribal Council, and I also act as the Director of the Office of Operations.

My work involves many business activities. The problems of Navajo range and livestock, long a mainstay of the Navajo economy, are handled by my office. Navajos and outside businessmen interested in tourism, manufacturing, mining oil, power, gasification of coal and many smaller service business ventures, bring their proposals to my desk.

Many of the lucrative opportunities which are available within the confines of the Reservation are either

exploited by and for the benefit of non-Indians or simply not developed. The Navajo seldom enjoys the fulfillment which comes from the successful pursuit of self-enterprise common to others in this country. The Navajo Tribe has embarked upon a substantial training program in order to alleviate this situation.

The Navajo people appreciate very much receiving help from recent training programs which have given them new confidence in their skills and their ability to adapt to new conditions. Many Navajo people feel that they are ready to step forth, to work for themselves, and become the models of Indian business success which are so sadly missing in our communities.

The Navajo Tribal Government is, in itself, a very complex training program. It assists traditional tribesmen from remote areas to find the kind of work which they desire. It also employs young college graduates, and many young people with little education. There is nothing more gratifying than watching their growth and enthusiasm. Now the question must be asked...Where is their training taking them? Will there be opportunities in the business world for these people? Chairman MacDonald has assured them that the answer is yes, that our business development from now on will be Indian business. It is this promise that has kept our people alert and eager to learn.

If the promise is broken, the training will become merely an expensive and futile exercise, with artificial objectives, creating despair in those whose achievements have become useless; despair that will penetrate and destroy any subsequent attempts to get Indian businesses moving.

There are a great many Navajos with the ability, initiative and the opportunity to engage in successful business; but practically none have access to the money, the capital required.

The Navajo Nation needs Navajo businessmen. We urgently need private Indian enterprise in many businesses. One of my friends wants to operate a rock crusher. Most of our crushed rock is now purchased at great expense, from off the Reservation. This is a typical example of undeveloped opportunities. We need private service industries, food services, cleaners, tailors, shoe repairmen, newspaper publishers, builders and many others.

Can the Indian find the capital? Not at the present time on the Navajo Reservation.

My people would be very glad to hear that these three Senate bills have passed, that funds are at

last available so that we can begin to achieve our maximum talents in developing our Reservation and our country.

Marshall Tome
Marshall Tome

SUBSCRIBED AND SWORN to before me this 15th
day of June, 1973.

Jane S. Gopperheimer
Notary Public, D. C.

My commission expires:

4/30/76

June 1, 1973

STATEMENT OF ARTHUR LAZARUS, JR.,
ON S. 1013, S. 1015 and S. 1341,
BILLS TO PROVIDE FOR THE ECONOMIC
DEVELOPMENT OF INDIANS AND INDIAN
ORGANIZATIONS AND TO ESTABLISH AN
INDIAN BUSINESS DEVELOPMENT PRO-
GRAM, BEFORE THE SUBCOMMITTEE ON
INDIAN AFFAIRS OF THE SENATE COM-
MITTEE ON INTERIOR AND INSULAR
AFFAIRS.

I am pleased to submit, on behalf of a number of Indian tribes which I serve as counsel, this statement of views concerning the bills dealing with Indian economic development now being considered by this Subcommittee. My tribal clients which have authorized this statement include

The Navajo Tribe
The Nez Perce Tribe
Oglala Sioux Tribe
Pueblo of Laguna
Seneca Nation of Indians
Hualapai Tribe
Salt River Pima - Maricopa Indian Community

All of these tribes wholeheartedly support S. 1013 and S. 1015^{1/} and urge that this Subcommittee provide the impetus

^{1/} Another bill now being considered by the Subcommittee is S. 1341. This proposed legislation is essentially a hodge-podge of the provisions contained in S. 1013 and S. 1015 and does not improve on the economic development scheme contemplated by these bills. For example, the provisions of S. 1015

for the enactment of these bills into law at the earliest possible time. This memorandum suggests some amendments to S. 1013 and S. 1015 for the Subcommittee's consideration.

1/ (cont.) designed to promote Indian-owned enterprises through nonreimbursable grants are virtually emasculated by provisions in S. 1341 which would restrict all grants to that portion of the total cost of the economic enterprise which is determined by the Secretary of the Interior to be beyond the ability of the grant applicant to repay. In other words, grants might not be available to those enterprises most likely to succeed and, unless such enterprises could secure 100% financing or find alternate sources of initial capital, they might not even get off the drawing board. Moreover, while the Administration now supports S. 1341, the fact is very noteworthy that, at the hearings on S. 2036 and S. 2237 (bills which were initially sponsored by the Administration and were identical to S. 1013 and S. 1015) before this Subcommittee last year, the Administration not only expressed total support for these bills but certain officials of the Department of Interior vehemently opposed the concept of merging a loan program with a grant program in the manner contemplated by S. 1341.

S. 1341 is objectionable to my clients for many reasons in addition to the merger of the loan and grant provisions of S. 1013 and S. 1015. All of these objections cannot be noted here. One additional major objection, however, is that S. 1341 does not provide for the insured loan program which S. 1013 would establish. Under S. 1013, insured loans would be made by institutions approved by the Secretary in advance, while guaranteed loans would require individual certification. At the hearings before this Subcommittee last year, a number of officials of the Department of Interior indicated that the insurance provisions were designed to facilitate loans of less than \$100,000 by removing some of the red tape which larger guaranteed loans would involve. S. 1341 would provide for guaranteed loans only but retain the red tape regardless of the size of the loan sought by an applicant.

S. 1013To Provide for Financing The
Economic Development of Indians
and Indian Organizations and for Other Purposes.

The purpose of S. 1013 is to provide capital on a reimbursable basis "to help develop and utilize Indian resources, both physical and human, to a point where the Indians will fully exercise responsibility for the utilization and management of their own resources." The bill would attempt to accomplish this purpose by reviving and replenishing the revolving loan fund which was established by Congress in 1934^{2/} and which has never provided a sufficient credit supply to meet the numerous and dire economic needs of Indian tribes throughout the United States. S. 1013 would also increase the economic development credit supply by providing for loans from private sources to be guaranteed and insured by the United States.

Loans from the revolving loan fund (which would be increased by \$50 million) could be made, under S. 1013, for any purpose that will promote the economic development of both individual Indians and Indian tribes and organizations. Loans to individuals for educational purposes would be permitted specifically. Educational loans would not bear

^{2/} The fund was set up for the purpose of promoting tribal economic development pursuant to the Indian Reorganization Act of June 18, 1934, 48 Stat. 986, 25 U.S.C. §470.

interest while the borrower is attending school. All loans would be for a term of up to 30 years, and would bear interest at a rate to be determined by the Secretary of the Treasury taking into consideration the interest being paid on municipal bonds.

Section 108 of the bill provides that land purchased by a tribe, or by an individual Indian, with a loan from the revolving fund may be taken in trust under certain conditions. However, section 109 states that "title to property purchased with a loan from the revolving fund shall be pledged or mortgaged as security for the unpaid indebtedness to the lender." Such security should not be required under any circumstances in that it threatens Indians and Indian tribes with the loss of trust lands acquired pursuant to S. 1013. This threat, moreover, could be carried out long after the lands so acquired had become a source of livelihood to the affected Indians.

The security provisions are seriously objectionable for two additional reasons. First, many tribes do not have the power under their constitutions to mortgage tribal lands and, therefore, could not secure monies from the revolving loan fund to purchase badly-needed lands if the

mortgage provisions are mandatory in practice.^{3/} Second, and probably most important, the security requirements are the excuse for the foreclosure provisions contained in sections 109 and 215 of the bill.

The foreclosure sections provide that land purchased with a loan whether from the revolving fund, or whether the loan is guaranteed or insured, "title to which is taken in trust and pledged or mortgaged as security, shall be subject to foreclosure and sale, free of such trust or restrictions, in accordance with the laws of the state in which the land is located." Presumably, this means not only that state law would be applied to determine foreclosure rights and remedies, but that foreclosure proceedings would take place in state courts. This imposition of state jurisdiction is inconsistent with the clear federal policy, expressed by Congress in the 1968 Indian Civil Rights Act, to prohibit states from assuming jurisdiction over matters affecting Indian interests without the consent of the affected Indians.

The state jurisdictional provision in S. 1013 may be equated by many Indians with the 1953 law known to them infamously as "P.L. 280." This law was passed

^{3/} The bill does provide for waiver or modification of the requirement that title be pledged or mortgaged if the Secretary determines that repayment of the loan is otherwise reasonably assured. No standards are provided for making this determination, however. The bill gives no assurance that even an assignment of income from the purchased land would be considered sufficient assurance to justify a loan.

by Congress, as members of this Subcommittee no doubt know, during the height of the federal termination policy, and it unilaterally delegated to particular states civil and criminal jurisdiction over Indian reservations within their borders. The 1953 Act also provided a means whereby other states could assume jurisdiction over Indian reservations without the consent of the affected Indians. See 67 Stat. 588, 18 U.S.C. §1162; 28 U.S.C. §1360. However, in 1968, Congress passed the Indian Civil Rights Act which changed the prior procedure to require the consent of the Indians involved before a state would be permitted to assume broad jurisdiction over Indian country. See 25 U.S.C. §1322(a). The Supreme Court, moreover, has held that the action of Congress in establishing this procedure was designed to require Indian consent to state assumption of jurisdiction over a wide range of matters affecting Indian interests. See, e.g., McClanahan v. Arizona Tax Commission, 36 L. Ed. 2d 129, 139 (1973); Kennerly v. District Court, 400 U.S. 423 (1971).

The foreclosure provisions of S. 1013 are inconsistent with the policy reflected in the consent provisions of the Indian Civil Rights Act. These provisions should be revised to permit foreclosure, if such a remedy is necessary at all, in such a manner, and based upon such terms, as may be prescribed by the Secretary, with review in the federal courts being made available to any persons aggrieved by Secretarial action.

A number of other amendments to S. 1013 would be desirable, but these can be touched upon only briefly in this statement. For example, money judgments against the United States rendered by the Indian Claims Commission, or other tribunals, as compensation for past wrongs, should not be used as security for the payment of any loan installments that are in default, as now contemplated by section 111. Such a provision not only discriminates as between those tribes which have already received awards under the Indian Claims Commission Act and those tribes which have claims pending, but it potentially subjects funds in which there is a tribal community of interest to recoupment of a loan on which an individual has defaulted. Many additional meritorious amendments were suggested at the hearings^{4/} on S. 2036 and S. 2237 before this Subcommittee last year. Such amendments included the following: increase the overall funds to be made available for the purpose of guaranteeing and insuring loans as well as replenishing the revolving fund; increase the interest subsidies to be paid into the revolving fund under section 301; and clarify the limits in guaranteed and insured loans established by section 201.

^{4/} See Hearings before the Committee on Indian Affairs of Senate Subcommittee on Interior and Insular Affairs, 92d Cong., 2d Sess. (1972).

S. 1015
To Establish Within The Department of
the Interior the Indian Business Development
Program To Stimulate Indian Entrepreneurship
and Employment and for Other Purposes

This bill provides for legislative approval of the Indian Business Development Program which was implemented by the Bureau of Indian Affairs on its own initiative in 1970. The program was then funded from limited general development appropriations for 1970-71 and, accordingly, could not be operated on a large-scale basis. Nonetheless, the results of the program were considered highly successful and the program was discontinued at the end of the 1971 fiscal year only because the Bureau determined that sufficient specific legislative authority did not exist to continue its operations.

S. 1015 has a two-fold purpose of stimulating profit-making Indian enterprises and increasing employment opportunities for Indians in those enterprises. Consistent with this purpose, the bill would restrict all grants to businesses that are owned by Indians or Indian tribes and located on or near reservations. The bill would also limit grants to any one applicant to \$50,000, and would require that each applicant must get 60% of the necessary funds for an economic enterprise from sources other than a business development grant.

The seed money which would be authorized by the proposed legislation should provide the needed stimulus and encouragement for Indian individuals to own and operate their own businesses. The bill also should assist in fulfilling the general federal policy of strengthening Indian self-government by facilitating active tribal participation in developing an economic base that will support and sustain tribal life. With regard to tribal business operations particularly, however, the limitation which the bill places on the size of a grant allowable to one applicant may be unreasonable. The maximum allowable grant should depend on factors which are reasonably connected with the purpose sought to be achieved by the proposed legislation. One such factor might be the projected employment capability of the business enterprise.

STATEMENT OF THE LAW FIRM OF
WILKINSON, CRAGUN & BARKER ON S.1341
May 31, 1973

The law firm of Wilkinson, Cragun & Barker is pleased to submit this statement of its views on S.1341. This is done on behalf of the following tribal clients: the Arapahoe Tribe of the Wind River Reservation, Wyoming; the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana; the Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota; the Quinault Tribe of the Quinault Reservation, Washington; the Hoopa Valley Tribe of the Hoopa Valley Reservation, California and the National Congress of American Indians.

We support the basic aims of this legislation which we understand are to provide increased funds for economic development of Indians and Indian organizations through expansion of availability of credit and through business development grants to Indians and Indian tribes. It has long been agreed that the existing revolving loan fund of the Bureau of Indian Affairs is insufficient to serve Indian economic development credit needs. Increasing this fund by providing loan guarantee and insurance and business development grants would significantly alleviate this problem, we believe.

As noted below, while we support the basic objectives of this bill we believe that certain significant amendments must be made. If these amendments are adopted, we think the proposed legislation would be of great benefit to individual Indians, Indian tribes and other Indian organizations.

1. Revolving Loan Fund, Loan Guarantee
and Insurance

Taking the revolving loan and loan guarantee portions first, we question the wisdom of dropping the provisions contained in S.2036 of the 92nd Congress for insurance of loans by lending institutions "under an agreement approved by the Secretary [of the Interior] whereby the lender would be reimbursed for losses in an amount not to exceed fifteen percentum of the aggregate of such loans made by it, but not to exceed ninety percentum of the loss on any one loan." This provision, found in Section 201(b) of S.2036, should be restored to the proposed bill. As we view it, the provision for insurance would provide additional flexibility in the loan program and enable the Secretary of the Interior to make arrangements for all loans to be made by approved lending institutions without satisfaction, in each case, of the rigid requirements of the loan guarantee provisions for guarantee of individual loans.

Another highly objectionable feature of the present bill is the requirement in Section 103 that Indian tribes exhaust their own funds before receiving any loans under the revolving loan program. While we agree that poorer tribes should receive preference, we believe that requiring relatively more affluent tribes to destitute themselves before qualifying for loans would defeat the purpose of the bill to promote economic development. Many

tribes have substantial funds, which they need for operation of their tribal governments and many other purposes, and yet see their people endure extreme conditions of poverty on their reservations.

We disagree with the proposal in Section 105 that receipts from the revolving loan fund should be repaid to the Treasury as miscellaneous receipts. It seems to us that the provision in present law, that repayments of amounts loaned under the revolving loan fund program should be credited to the revolving loan fund and be available for the purposes for which the fund is established, is a much sounder approach and more equitable in the circumstances.

We strongly object to Section 114 of the bill which provides that title to property purchased with a loan from the fund shall be pledged or mortgaged to the fund as security on terms to be prescribed by the Secretary. We do not believe that such mortgaging of Indian property is necessary or wise. It is true that these provisions are no more stringent than those required by commercial lending institutions of non-Indian borrowers and that no tribe is required to mortgage trust property. However, the very nature of this bill recognizes that Indians are in an inferior economic position. The purpose of the bill is to alleviate this situation by making private and government financing more readily available. In view of this, it does not seem reasonable to contemplate that loans to Indians under the provisions of this bill be collateralized with

with tribal trust property or the threat of attachment of tribal judgment funds. In many cases tribal constitutions forbid the mortgaging of trust property, and indeed one of the primary goals of the United States as trustee for the Indians has been to protect Indian ownership of this property. With this in mind, it seems somewhat inconsistent that the bill should require that the Indians meet such stringent security requirements, and the requirement that trust property be pledged as security for any loan should be deleted.

A second objection is that the bill provides that not only may the land be mortgaged, but unlike all other trust property it may be foreclosed pursuant to the law of the state in which the property is located. We believe that both the mortgage and the foreclosure provisions should be removed. In the alternative, if these provisions remain in the bill, it is mandatory that any foreclosure proceedings be brought in federal court rather than state court, as the bill now provides.

Still another serious defect in the bill is the provision in Section 117 that per capita payments and judgment recoveries of Indians or Indian organizations may be attached to satisfy any default in payment. Judgments accrue from past wrongs and should not be diluted merely because a loan based upon the feasibility of a given project is in default. Moreover, a great many tribes have already had their Indian Claims cases concluded and this provision

would have the unfair effect of discriminating against those tribes whose claims have been delayed through no fault of their own.

We strongly believe that the total authorization of \$250 million (\$50 million for the revolving loan fund and \$200 million for the guarantee and insurance fund) is insufficient. This amount should be increased to an amount which would more reasonably accomplish the objectives of the bill. The Johnson Administration proposed a similar bill in which it recommended a \$500 million authorization. We believe that even that amount would not be sufficient to carry out the policies enunciated in the bill.

2. Indian Business Development Program

Title III of the bill concerns grants under an Indian Business Development Program. This program was a successful operation in the Bureau of Indian Affairs and of great assistance to some tribes and individual Indians in meeting cash requirements to start new businesses under a \$3.4 million appropriation for fiscal year 1971.

One specific provision in the proposed bill that deserves comment is that under Section 302(a) no grant in excess of \$50,000 may be made. Under the previous BIA program grants in excess of \$50,000 were made to Indian tribes. We question the need for and the wisdom of the restrictive limitation. We believe that under any such program the administrator should be given more flexibility than this unnecessarily low limitation would allow. We think you might consider providing a different limitation for grants to individuals than those made to tribes.

