



4-18-1958

Letter from Glenn Emmons to Senator Langer Regarding the Credit Program for the Three Affiliated Tribes of the Fort Berthold Reservation, April 18, 1958

Glenn Emmons

[How does access to this work benefit you? Let us know!](#)

Follow this and additional works at: <https://commons.und.edu/langer-papers>

Recommended Citation

Emmons, Glenn, "Letter from Glenn Emmons to Senator Langer Regarding the Credit Program for the Three Affiliated Tribes of the Fort Berthold Reservation, April 18, 1958" (1958). *William Langer Papers*. 780.

<https://commons.und.edu/langer-papers/780>

This Book is brought to you for free and open access by the Elwyn B. Robinson Department of Special Collections at UND Scholarly Commons. It has been accepted for inclusion in William Langer Papers by an authorized administrator of UND Scholarly Commons. For more information, please contact und.common@library.und.edu.



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON 25, D. C.

Fort Berthold
IN REPLY REFER TO:

Credit

APR 18 1958

Hon. William Langer
United States Senate
Washington 25, D. C.

Dear Senator Langer:

In accordance with our promise to Mr. Chumbris, we are enclosing copy of a letter of even date to the Chairman of the Three Affiliated Tribes of the Fort Berthold Reservation, which you will find self-explanatory.

Copies of our letters of December 26, 1956, and December 20, 1957, to the Chairman, and of our wire of even date to the Area Director, Aberdeen, South Dakota, also are enclosed.

Sincerely yours,

Commissioner

Enclosures



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON 25, D. C.

Credit

APR 18 1958

Hon. William Langer
United States Senate
Washington 25, D. C.

Dear Senator Langer:

In accordance with our promise to Mr. Chumbris, we are enclosing copy of a letter of even date to the Chairman of the Three Affiliated Tribes of the Fort Berthold Reservation, which you will find self-explanatory.

Copies of our letters of December 26, 1956, and December 20, 1957, to the Chairman, and of our wire of even date to the Area Director, Aberdeen, South Dakota, also are enclosed.

Sincerely yours,

(SGD) GLENN L. EMMONS

Commissioner

Enclosures

RESOLUTION NO. _____

WHEREAS, the Three Affiliated Tribes of the Fort Berthold Reservation is an Indian Chartered Corporation as defined by the Indian Reorganization Act of June 18, 1934, and

WHEREAS, by Resolution 56-46 adopted June 13, 1956, the Tribal Business Council authorized the continuance of the position of reservation credit officer (CS-9) and stated:

"The authority to continue the payment of the salary and expenses of the credit officer position can be withdrawn by the Tribal Council of the Three Affiliated Tribes by giving 60-days notice prior to the end of any fiscal year. To the Commissioner of Indian Affairs through a properly adopted resolution of the governing body of the tribe", and

WHEREAS, the tribal budget for the fiscal year 1958 adopted by Resolution 57-93 of July 17, 1957, failed to include provision for payment of the salary and expenses of the reservation credit officer, although the Commissioner was not notified as required by Resolution 56-46, and

WHEREAS, the Tribal Business Council desires that this position be continued at tribal expense for the fiscal year 1958, and

WHEREAS, a moratorium on new loans to new borrowers was declared by the Tribal Business Council February 2, 1956, which was lifted by Resolution 57-59 to permit emergency farm and ranch loans to be made during the period April 10, 1957 through May 10, 1957, now therefore

BE IT RESOLVED by the Tribal Business Council of the Three Affiliated Tribes that:

1. The tribal budget for the fiscal year 1958 be amended to provide not to exceed \$7,500 from applicable tribal funds for payment of the salary and expenses of the reservation credit officer for the fiscal year 1958,
2. The Commissioner of Indian Affairs is authorized to continue to pay the salary and expenses of the reservation credit officer beyond 1958 from applicable tribal funds, until such time as the Council decides whether it desires to continue the operation of a tribal credit program or whether the program will be terminated as suggested in Assistant Secretary Ernst's letter of April 8, 1958. In the event the Council decides to terminate the program, authority for payment of the salary and expenses of the reservation credit officer shall cease to be effective thirty days after approval of an appropriate resolution providing for termination.

3. The moratorium on new loans to new borrowers is lifted, and loans may continue to be made by the Tribes to and including June 15, 1958.

Certification

I, the undersigned, as Secretary of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 10 members of whom _____ constituting a quorum were present at a meeting thereof duly and regularly called, noticed, convened and held this _____ day of _____, 1958; that the foregoing resolution was duly adopted at such meeting by the affirmative vote of _____ members; and that said resolution has not been rescinded or amended in any way.

Dated this _____ day of _____, 1958.

Signature, Secretary, Three Affiliated Tribes
of the Fort Berthold Reservation.

Recommended for approval:

Date _____

Superintendent

Date _____

Area Director

AGREEMENT

The undersigned members of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation pledge that they will see that the attached resolution is presented to, and insofar as they are able, acted upon by the Tribal Business Council not later than May 10, 1958. The undersigned state that the attached resolution has been drafted at their request, and pledge themselves to vote for the adoption thereof.

The undersigned also agree to take every possible step to have the Council determine not later than June 15, 1958 whether a tribal credit system will be continued, in which event the salary and expenses of the reservation loan examiner will continue to be paid from tribal funds at tribal expense, or whether the program will be terminated as suggested in Assistant Secretary Ernest's letter of April 8, 1958.

Date _____

Through: Area Director, Aberdeen

Chairman

Three Affiliated Tribes of the Fort Berthold Reservation

Dear Sir:

On the morning of April 13 Councilmen, Samuel Mathews, Bill Dean, and Pete Star, accompanied by Mr. Cristhopher U. Sylvester of Senator Young's Office, discussed credit matters of the tribes with representatives of the Branch of Credit. In the afternoon the same councilman and Charles Fox and Ben Youngbird, accompanied by Mr. Peter H. Chambers of Senator Langer's Office, discussed credit matters further.

The tribes' credit program has been under discussion for sometime. The policy of the Bureau is to require tribes that have funds available, to pay the salary and expenses of reservation credit employees if the tribes wish to conduct credit programs. Your tribes have been paying the salary and expenses of the credit officer assigned to the Fort Berthold Reservation. Resolution 36-46 adopted June 13, 1956, authorized continuance of the position at tribal expense and provided that the authority could be withdrawn by the council by giving sixty days notice to the Commissioner prior to the end of the fiscal year. The tribal budget for 1958 adopted by Resolution 37-93 of July 17, 1957, failed to include provision for payment of the salary and expenses of this position. By your letter of July 18, 1957, you stated that the action of the council of July 17, 1957, "definitely

rescinds Resolution 56-46". As was pointed out to you in our letter of December 20, 1957, which was read to the councilmen, Resolution 57-93 made no mention of the rescission of Resolution 56-46. We pointed out that the Bureau would be justified in proceeding to pay the salary and expenses of the position during the 1958 fiscal year under authority of Resolution 56-46, and until such time as the authority was withdrawn in accordance with the procedures set forth in the resolution. We stated, however, that we would not want to do this unless the council was in agreement. We pointed out that the tribes would have to decide whether they wished to continue a tribal credit program and pay for the salary and expenses of the reservation credit officer to assist in its administration. If the tribes did not wish to do so, then it would be necessary to take action to liquidate the program. We also pointed out that if, at some future date, the tribes should not have funds available to pay for the position, consideration would be given at that time to paying for the position from applicable Government funds the same as for any other reservation where tribal funds were not available. The date of February 16 was established for decision to be made by the tribes. This was action was appealed to the Secretary, and during February you and Mr. Little Soldier discussed this matter with representatives of this Office, and we understand, with the Assistant Secretary. You left the impression that the

tribes were not anxious to continue a tribal credit program, and that a system of loans direct from the Government was preferred. By letter of April 3, the Assistant Secretary suggested that a resolution be adopted to terminate the tribes' lending operations and return the \$150,000 borrowed from the United States and the tribal funds used in the credit program to the United States Treasury. A direct loan program could then be instituted "in those cases that are fully justified and when the loans cannot be secured from other sources."

The decision with which the council is now faced is; (a) whether it wishes to continue a tribal credit program and pay for the salary and expenses of a reservation credit officer, or (b) whether it wishes to follow the ^{suggestions} instructions in the Assistant Secretary's letter of April 3 and terminate the tribal credit program. In the latter case, a system of loans direct from the United States would be instituted. Direct loans may be made for the same purposes as loans by the tribes. The chief differences between tribal loans and direct loans are that where tribal funds are being used, loans may be made to members of less than one-quarter degree of Indian blood, provided that such members do not receive more than their proportionate share of tribal funds. Loans also may be made to members who are able to receive financing elsewhere, provided approval of such loans will not result in denial of loans to members who are not able to receive

financing elsewhere. Applicants should, of course, be urged and encouraged to obtain financing from the same institutions serving other citizens. Loans direct by the United States from revolving credit funds may not be made to Indians of less than one-quarter degree of Indian blood, nor may loans be made to Indians who are able to receive financing from the same institutions serving other citizens. (see 47 IAN 1.2F). The councilmen advised that they wished more time within which to make a decision regarding termination of the tribal credit program. In the meantime, however, they stressed that members are urgently in need of financing for spring operations. The discussions centered largely around how these needs could be met.

The councilmen were advised that if the council will adopt a resolution agreeing to pay for the salary and expenses of the reservation credit officer for the fiscal year 1953, and will lift the moratorium placed on new loans by the tribes, there was no reason why justified credit needs of the members could not be met this spring by tribal loans. There were only five councilmen present, however, and a quorum of seven is required for a meeting. The council consists of ten members. Therefore, it was not possible for them to adopt a valid resolution. The councilmen present requested assistance in drafting an appropriate resolution, copy of which is enclosed, and they agreed in writing, copy of which also is enclosed, to see that this resolution is placed before the council and duly adopted. In

view of this agreement, the Area Director is being authorized to approve loans by the tribes to members who are in need of credit assistance in order to undertake spring operations. The Superintendent may approve loans where the indebtedness of the applicant to the tribes does not exceed \$1,500; the Area Director will have authority where the indebtedness does not exceed \$20,000; and loans in excess of this amount will require approval of the Commissioner.

Opening up of the tribes' credit program to take care of the present emergency situation does not mean that loans will be approved to all applicants. The Credit Committee should recommend loans for approval only if there is a reasonable expectation that the loans will be repaid. Farm plans will be required on all loans of more than \$1,000 which are not fully secured.

The councilmen stated that there were about ten cases where the loans to the borrowers had been declared in default and placed in liquidation, and where ^{the council} ^{there} desired to make [?] borrowers loans for spring operations in order to give them another chance. They stressed that by giving the borrowers another opportunity, it might be possible to salvage more for the tribes on the loans in process of liquidation. Information was requested on whether such loans could receive approval. The councilmen indicated that in some instances, the borrowers would be willing to mortgage their trust land to the tribes as security.

Councilmen

The ~~delegates~~ were advised that each such case will have to be determined on its individual merits. If the loans for spring operations can be made on a reasonably sound basis, and if the potential loss to the tribes will not be greater by making the additional loans, there would be no objection to approval in such cases. To take a theoretical case of what we have in mind, assume that a borrower is indebted to the tribes for \$4,000 which the tribes have little prospect of being able to collect. The borrower needs \$500 for spring operations. If something can be worked out whereby repayment of the additional \$500 can be reasonably assured, and if the loan will improve the chances for eventual payment of the \$4,000, the tribes probably would be justified in making the additional \$500 available. The council should recognize, however, that such loans entail a great deal of risk. Ordinarily the tribes would not be justified in making additional loans to members indebted to the tribes for previous loans which are in process of liquidation, but there may be extenuating circumstances which would justify loans being approved for spring operations to all or part of the ten borrowers mentioned. We do not have information available at this Office to determine whether or not the loans could receive approval.

Attention of the councilmen was called to the fact that at December 31, 1957, the tribes had \$227,270 on deposit at the Agency. So far as we know, these funds are not producing an income for the tribes. The tribes are indebted to the United States for \$150,000 on

which the interest rate is 1 percent. It is suggested that the council give consideration to whether it will have need for all of the funds on deposit. It may wish to repay some of the idle funds on the indebtedness to the United States in order to reduce the interest expense.

The attention of the councilmen was called to the provision of section 5 of the commitment order of the tribes' loan agreement with the United States, with which some of the councilmen indicated they were not familiar. This provision is being quoted at the request of some of the councilmen.

"By acceptance of this commitment order the corporation shall agree that any applicable funds which the corporation receives in settlement for tribal lands to be flooded due to reservoir construction, will be used to repay any indebtedness to the United States under this loan agreement, even though such indebtedness may not be due in accordance with the terms of promissory notes executed for advances. The Commissioner of Indian Affairs shall determine the applicability of funds for this purpose."

If the council decides upon continuation of the tribes' credit program, attention should be given to working out improved procedures for handling loans. This and other matters regarding the tribes' credit operations were discussed in detail in our letter ^{to you} of December 26, 1956. Representatives of the Aberdeen Area Office will be glad to work with you, the Superintendent, and the Reservation Credit Officer on these matters.

The matter of educational loans was discussed. Although we believe the tribes should have authority to make educational loans, we urge that they be kept to a minimum and be made only as a last resort to keep Indian boys and girls in school. The council may wish to give consideration to establishment of a scholarship grant program with tribal funds. Tribal grants, used in conjunction with Federal educational grants, should make it possible to reduce the number of educational loans considerably. We do not believe it is fair to the young Indian people to place them heavily in debt in order to obtain an education. Payments on their loans begin to fall due shortly after the boys and girls finish school, and at a time when they are getting married and assuming additional responsibilities. Such debts may discourage them from making progress in the pursuits for which they received an education. We believe the boys and girls should be relieved of such burden insofar as it is possible to relieve them.

We are glad to have had an opportunity to discuss these matters with the councilmen, and hope that the arrangements worked out will enable the tribal members, where justified, to receive financial assistance on a loan basis for their spring operations. We also hope that the decision the council makes, i.e. (a) for continuation of the tribal credit program, or (b) *termination* ~~liquidation~~ of the program and financing of members with loans direct from the United States, will prove to be the right decision.

Sincerely yours,

Commissioner



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS
WASHINGTON 25, D. C.

Credit

Through: Area Director, Aberdeen

Chairman

Three Affiliated Tribes of the
Fort Berthold Reservation

APR 18 1958

Dear Sir:

On the morning of April 15 Councilmen Samuel Mathews, Bill Dean, and Pete Star, accompanied by Mr. Christopher U. Sylvester of Senator Young's Office, discussed credit matters of the tribes with representatives of the Branch of Credit. In the afternoon, the same councilmen and Charles Fox and Ben Youngbird, accompanied by Mr. Peter N. Chumbris of Senator Langer's Office, discussed credit matters further.

The tribes' credit program has been under discussion for some time. The policy of the Bureau is to require tribes that have funds available, to pay the salary and expenses of reservation credit employees if the tribes wish to conduct credit programs. Your tribes have been paying the salary and expenses of the credit officer assigned to the Fort Berthold Reservation. Resolution 56-46 adopted June 13, 1956, authorized continuance of the position at tribal expense and provided that the authority could be withdrawn by the council by giving sixty days notice to the Commissioner prior to the end of the fiscal year. The tribal budget for 1958 adopted by Resolution 57-93 of July 17, 1957, failed to include provision for payment of the salary and expenses of this position. By your letter of July 18, 1957, you stated that the action of the council of July 17, 1957, "definitely rescinds Resolution 56-46". As was pointed out to you in our letter of December 20, 1957, which was read to the councilmen, Resolution 57-93 made no mention of the rescission of Resolution 56-46. We pointed out that the Bureau would be justified in proceeding to pay the salary and expenses of the position during the 1958 fiscal year under authority of Resolution 56-46, and until such time as the authority was withdrawn in accordance with the procedures set forth in the resolution. We stated, however, that we would not want to do this unless the council was in agreement. We pointed out that the tribes would have to decide whether they wished to continue a tribal credit program and pay for the salary and expenses of the reservation credit officer to assist in its administration. If the tribes did not wish to do so, then it would be necessary to take action to liquidate the program. We also pointed out that if, at some future

date, the tribes should not have funds available to pay for the position, consideration would be given at that time to paying for the position from applicable Government funds the same as for any other reservation where tribal funds were not available. The date of February 16 was established for decision to be made by the tribes. This action was appealed to the Secretary, and during February you and Mr. Little Soldier discussed this matter with representatives of this Office, and we understand, with the Assistant Secretary. You left the impression that the tribes were not anxious to continue a tribal credit program, and that a system of loans direct from the Government was preferred. By letter of April 8, the Assistant Secretary suggested that a resolution be adopted to terminate the tribes' lending operations and return the \$150,000 borrowed from the United States and the tribal funds used in the credit program to the United States Treasury. A direct loan program could then be instituted "in those cases that are fully justified and when the loans cannot be secured from other sources."

The decision with which the council is now faced is (a) whether it wishes to continue a tribal credit program and pay for the salary and expenses of a reservation credit officer, or (b) whether it wishes to follow the suggestions in the Assistant Secretary's letter of April 8 and terminate the tribal credit program. In the latter case, a system of loans direct from the United States would be instituted. Direct loans may be made for the same purposes as loans by the tribes. The chief differences between tribal loans and direct loans are that where tribal funds are being used, loans may be made to members of less than one-quarter degree of Indian blood, provided that such members do not receive more than their proportionate share of tribal funds. Loans also may be made to members who are able to receive financing elsewhere, provided approvals of such loans will not result in denial of loans to members who are not able to receive financing elsewhere. Applicants should, of course, be urged and encouraged to obtain financing from the same institutions serving other citizens. Loans direct by the United States from revolving credit funds may not be made to Indians of less than one-quarter degree of Indian blood, nor may loans be made to Indians who are able to receive financing from the same institutions serving other citizens (see 47 IAW 1.2F). The councilmen advised that they wished more time within which to make a decision regarding termination of the tribal credit program. In the meantime, however, they stressed that members are urgently in need of financing for spring operations. The discussions centered largely around how these needs could be met.

The councilmen were advised that if the council will adopt a resolution agreeing to pay for the salary and expenses of the reservation credit officer for the fiscal year 1958, and will lift the moratorium placed on new loans by the tribes, there was no reason why justified credit needs of the members could not be met this spring by tribal loans. There were only five councilmen present, however, and a quorum of seven is required for a meeting. The council consists of ten members. Therefore, it was not possible for them to adopt a valid resolution. The councilmen present requested assistance in drafting an appropriate resolution, copy of which is enclosed, and they agreed in writing, copy of which also is enclosed, to see that this resolution is placed before the council and duly adopted. In view of this agreement, the Area Director is being authorized to approve loans by the tribes to members who are in need of credit assistance in order to undertake spring operations. The Superintendent may approve loans where the indebtedness of the applicant to the tribes does not exceed \$1,500; the Area Director will have authority where the indebtedness does not exceed \$20,000; and loans in excess of this amount will require approval of the Commissioner.

Opening up of the tribes' credit program to take care of the present emergency situation does not mean that loans will be approved to all applicants. The Credit Committee should recommend loans for approval only if there is a reasonable expectation that the loans will be repaid. Farm plans will be required on all loans of more than \$1,000 which are not fully secured.

The councilmen stated that there were about ten cases where the loans to the borrowers had been declared in default and placed in liquidation, and where the council desired to make the borrowers loans for spring operations in order to give them another chance. They stressed that by giving the borrowers another opportunity, it might be possible to salvage more for the tribes on the loans in process of liquidation. Information was requested on whether such loans could receive approval. The councilmen indicated that in some instances, the borrowers would be willing to mortgage their trust land to the tribes as security. The councilmen were advised that each such case will have to be determined on its individual merits. If the loans for spring operations can be made on a reasonably sound basis, and if the potential loss to the tribes will not be greater by making the additional loans, there would be no objection to approval in such cases. To take a theoretical case of what we have in mind, assume that a borrower is indebted to the tribes for \$4,000 which the tribes have little prospect of being

able to collect. The borrower needs \$500 for spring operations. If something can be worked out whereby repayment of the additional \$500 can be reasonably assured, and if the loan will improve the chances for eventual payment of the \$4,000, the tribes probably would be justified in making the additional \$500 available. The council should recognize, however, that such loans entail a great deal of risk. Ordinarily the tribes would not be justified in making additional loans to members indebted to the tribes for previous loans which are in process of liquidation, but there may be extenuating circumstances which would justify loans being approved for spring operations to all or part of the ten borrowers mentioned. We do not have information available at this Office to determine whether or not the loans could receive approval.

Attention of the councilmen was called to the fact that at December 31, 1957, the tribes had \$227,270 on deposit at the Agency. So far as we know, these funds are not producing an income for the tribes. The tribes are indebted to the United States for \$150,000 on which the interest rate is 1 percent. It is suggested that the council give consideration to whether it will have need for all of the funds on deposit. It may wish to repay some of the idle funds on the indebtedness to the United States in order to reduce the interest expense.

The attention of the councilmen was called to the provision of section 5 of the commitment order of the tribes' loan agreement with the United States, with which some of the councilmen indicated they were not familiar. This provision is being quoted at the request of some of the councilmen.

"By acceptance of this commitment order the corporation shall agree that any applicable funds which the corporation receives in settlement for tribal lands to be flooded due to reservoir construction, will be used to repay any indebtedness to the United States under this loan agreement, even though such indebtedness may not be due in accordance with the terms of promissory notes executed for advances. The Commissioner of Indian Affairs shall determine the applicability of funds for this purpose."

If the council decides upon continuation of the tribes' credit program, attention should be given to working out improved procedures for handling loans. This and other matters regarding the tribes' credit operations were discussed in detail in our letter to

you of December 26, 1956. Representatives of the Aberdeen Area Office will be glad to work with you, the Superintendent, and the reservation credit officer on these matters.

The matter of educational loans was discussed. Although we believe the tribes should have authority to make educational loans, we urge that they be kept to a minimum and be made only as a last resort to keep Indian boys and girls in school. The council may wish to give consideration to establishment of a scholarship grant program with tribal funds. Tribal grants, used in conjunction with Federal educational grants, should make it possible to reduce the number of educational loans considerably. We do not believe it is fair to the young Indian people to place them heavily in debt in order to obtain an education. Payments on their loans begin to fall due shortly after the boys and girls finish school, and at a time when they are getting married and assuming additional responsibilities. Such debts may discourage them from making progress in the pursuits for which they received an education. We believe the boys and girls should be relieved of such burden insofar as it is possible to relieve them.

The councilmen raised a question whether, if the council decides to continue a tribal loan program, whether a loan to the tribes to purchase land and take title in the name of the United States in trust for the tribes would receive consideration. The councilmen were advised that such an application could not receive approval. If applications of all tribes desiring loans for this purpose were to be approved, it would take many times the amount of the total revolving fund. If a loan to the tribes for this purpose were approved, and the land purchased was leased to a non-Indian, there could be a question as to whether the loan was in violation of the purposes for which the revolving credit fund was established, because the land purchased with the loan was being utilized for the benefit of a non-Indian, rather than for the benefit of an Indian. Further, Article IX, section 2 of the tribal constitution provides that no part of tribal lands may be mortgaged, sold, or ceded. Thus the lands purchased with a loan could not be levied upon as security for the loan in the event of default. However, the policy of the Bureau is that loans to tribes for lending to individuals for the purchase of land will receive consideration, provided the application shows the individual borrower will operate the land. Unless other security is available for the loan, the land purchased with the loan would be mortgaged to the tribes as security under authority of 25 CFR 121.52 (formerly 25 CFR 241.52).

A question also was raised as to whether the old repayment cattle program could again be undertaken on the reservation. The councilmen were informed that loans to tribes to purchase livestock for relending on a "repayment in kind" basis will not receive consideration. There is nothing that can be accomplished under a repayment "in kind" credit program that cannot be accomplished by cash loans.

We are glad to have had an opportunity to discuss these matters with the councilmen, and hope that the arrangements worked out will enable the tribal members, where justified, to receive financial assistance on a loan basis for their spring operations. We also hope that the decision the council makes, i.e. (a) for continuation of the tribal credit program, or (b) termination of the program and financing of members with loans direct from the United States, will prove to be the right decision. Copy of this letter is being furnished each of the five councilmen with whom it was discussed.

Sincerely yours,

(SGD) GLENN L. EMMONS

Commissioner

Enclosures

Copies to: Area Director, Aberdeen
Fort Berthold Agency (thru: Area Dir., Aberdeen)
Hon. William Langer, U. S. Senate
Hon. Milton R. Young, U. S. Senate
Ben Youngbird
Samuel Mathews
Charles Fox
Bill Dean
Pete Star

AGREEMENT

The undersigned members of the Tribal Business Council of the Three Affiliated Tribes of the Fort Berthold Reservation pledge that they will see that the attached resolution is presented to, and insofar as they are able, acted upon by the Tribal Business Council not later than May 10, 1958. The undersigned state that the attached resolution has been drafted at their request, and pledge themselves to vote for the adoption thereof.

The undersigned also agree to take every possible step to have the Council determine not later than June 15, 1958 whether a tribal credit system will be continued, in which event the salary and expenses of the reservation loan examiner will continue to be paid from tribal funds at tribal expense, or whether the program will be terminated as suggested in Assistant Secretary Ernst's letter of April 8, 1958.

Date April 16, 1958

Bob Youngblood
Tom Lane

Charles Fox

Robert Farrell

Samuel B. Matthews

RESOLUTION NO. _____

WHEREAS, the Three Affiliated Tribes of the Fort Berthold Reservation is an Indian Chartered Corporation as defined by the Indian Reorganization Act of June 18, 1934, and

WHEREAS, by Resolution 56-46 adopted June 13, 1956, the Tribal Business Council authorized the continuance of the position of reservation credit officer GS-9 and stated:

"The authority to continue the payment of the salary and expenses of the credit officer position can be withdrawn by the Tribal Council of the Three Affiliated Tribes by giving 60-days notice prior to the end of any fiscal year. To the Commissioner of Indian Affairs through a properly adopted resolution of the governing body of the tribe", and

WHEREAS, the tribal budget for the fiscal year 1958 adopted by Resolution 57-93 of July 17, 1957, failed to include provision for payment of the salary and expenses of the reservation credit officer, although the Commissioner was not notified as required by Resolution 56-46, and

WHEREAS, the Tribal Business Council desires that this position be continued at tribal expense for the fiscal year 1958, and

WHEREAS, a moratorium on new loans to new borrowers was declared by the Tribal Business Council February 2, 1956, which was lifted by Resolution 57-59 to permit emergency farm and ranch loans to be made during the period April 10, 1957 through May 10, 1957, now therefore

BE IT RESOLVED by the Tribal Business Council of the Three Affiliated Tribes that:

1. The tribal budget for the fiscal year 1958 be amended to provide not to exceed \$7,500 from applicable tribal funds for payment of the salary and expenses of the reservation credit officer for the fiscal year 1958,

2. The Commissioner of Indian Affairs is authorized to continue to pay the salary and expenses of the reservation credit officer beyond 1958 from applicable tribal funds, until such time as the Council decides whether it desires to continue the operation of a tribal credit program or whether the program will be terminated as suggested in Assistant Secretary Ernst's letter of April 8, 1958. In the event the Council decides to terminate the program, authority for payment of the salary and expenses of the reservation credit officer shall cease to be effective thirty days after approval of an appropriate resolution providing for termination.

3. The moratorium on new loans to new borrowers is lifted, and loans may continue to be made by the Tribes to and including June 15, 1958.

Certification

I, the undersigned, as Secretary of the Three Affiliated Tribes of the Fort Berthold Reservation, hereby certify that the Tribal Business Council is composed of 10 members of whom _____ constituting a quorum were present at a meeting thereof duly and regularly called, noticed, convened and held this _____ day of _____, 1958; that the foregoing resolution was duly adopted at such meeting by the affirmative vote of _____ members; and that said resolution has not been rescinded or amended in any way.

Dated this _____ day of _____, 1958.

Signature, Secretary, Three Affiliated Tribes
of the Fort Berthold Reservation.

Recommended for approval:

Date _____

Superintendent

Date _____

Area Director

Through: Area Director, Aberdeen

Chairman

DEC 26 1956

Three Affiliated Tribes of the
Fort Berthold Reservation

Dear Sir:

This will summarize discussions of council members with representatives of the Branch of Credit on November 29.

The chairman advised that a new credit committee to handle credit activities had recently been appointed. He stated that three of the members were also council members, and that two were not council members. These appointments led to a discussion of the role tribal politics plays in tribal credit operations and how difficult it is for the tribes to operate a sound credit program when tribal decisions on applications often are made on the basis of political expediency. The poor condition of the tribes' outstanding loans was brought to the attention of the tribes by our letter of October 17. Some of the council members present expressed themselves as believing that the poor condition of the tribes' outstanding loans was due largely to the fact that action on loans was dictated by tribal political considerations. They stated that Indian applicants would remind the tribal officials how they had voted and would make it clear that they expected favorable consideration of their applications because of the way in which they had voted. The council members present appeared unanimous in their belief that when tribal action is taken on applications, based on political considerations rather than thorough analysis from a business standpoint showing that the particular loan can be repaid, large losses to the tribes would result.

Another unfavorable factor in tribal credit operations is the attitude of members towards the tribal funds being used to make loans. Some members consider that they have an interest in the funds to the extent that they are entitled to a loan and that too much attention does not need to be given to repayment. Some members expressed themselves as believing that the tribal members do not have either the training or qualifications essential to operating a credit system on a sound businesslike basis.

For some time the tribes have been urged to adopt a "Declaration of Policies and Plan of Operation" to govern their future credit activities in order to overcome some of the difficulties which have arisen in the past and which have resulted in the present poor credit record. In connection with the development of a revised plan, it was suggested that the tribes give consideration to having the council select a credit committee, no member of which could be a member of the council. Although this would not entirely overcome the role tribal politics have played in tribal credit operations, it would help to eliminate some of the more serious abuses.

It was also suggested that the tribes might wish to consider making arrangements with some bank in the area to make loans to tribal members, and to use the tribal funds now being used in tribal credit operations as a guaranty fund to protect the bank against loss. The council was promised that draft of a proposed agreement would be furnished which might form the basis for negotiations with a bank in the area. Rough draft of a proposed guaranty agreement is enclosed. The enclosure is not intended as a finished product but is furnished merely to indicate what we had in mind.

Most of the council members present appeared to be in favor of a guaranty arrangement with a local bank, but expressed themselves as opposed to using tribal funds for this purpose. They thought that the tribes should receive a loan of revolving credit funds from the United States to enable them to enter into some sort of an agreement of this type. The council members were advised that the policy is if a tribe has tribal funds available which can be used for credit purposes, it is required to use its own funds before receiving a loan from the United States. There is no authority at the present time to make a loan to a tribe from the revolving credit fund to enable it to establish a guaranty fund with a bank, and even if there were such authority, so long as the tribe is unwilling to use its own money for this purpose, a loan from the revolving fund could not receive favorable consideration for this purpose.

The council presented a memorandum from the tribal credit committee of November 23 in which three matters were listed for discussion:

1. Request a longer repayment schedule for CF borrowers and more liberal extensions where justified.

The council members were informed that the maturity of loans to individuals exclusive of those for the purchase of land, for the purchase or construction of homes and other buildings, for land improvements, and for loans guaranteed or insured under the provisions of the Servicemen's Readjustment Act, in accordance with 47 IAM 506.15, shall not exceed one year. This policy provides an opportunity for individuals to make payments on their loans in accordance with their income. If an individual has a good year, payments should be made in accordance with the amount of income received. If an individual has a poor year, smaller repayments can be arranged. If a borrower demonstrates industry, managerial ability, and good faith, and makes reasonable repayments on his loan in accordance with his income, the unpaid balance may be extended or refinanced for an additional year. Successive extensions or refinancing for not to exceed one year may receive approval under the same conditions. This system makes it necessary that the operations of borrowers be analysed at least annually and should make for sounder operations than in the past.

The council members wanted to know whether land loans and loans for the purchase and construction of homes could be made on the same maturity basis as production loans. They were advised that the one year maturity provision is a requirement on production loans only, but if the tribes wish to adopt the same procedure on other types of loans, there would be no objection.

This discussion led into consideration of interest rates. At the present time the tribes are charging interest at the rate of 4 percent per annum. Attention was called to the fact that a higher rate might be justified on certain types of loans. The United States is charging 4 percent on loans to individuals for the purchase or construction of homes, for land purchases, and for land leveling; 5 percent on loans for the purchase of farm machinery, livestock equipment, etc.; and 6 percent on loans for operating items such as seed, feed, gasoline, etc. Opposition to any increase in interest rates was expressed because of the 2 percent sales tax levied by the tribes on sales of cattle and horses and sales of crops "which have produced as a result of revolving credit financing as authorized by a resolution enacted by the tribal business council on March 11, 1948, and which became effective June 1, 1948." Our records on this resolution are incomplete and we are writing the Aberdeen Office for full information regarding it, and the way in which this matter has been administered. As soon as we have more complete information regarding this act, we will write you further.

2. Request that members be allowed to participate in the tribes' lending program regardless if they have qualified for outside credit such as Farmers Home Administration.

The council members were advised that the policy of the Bureau is to approve loans only to Indians who are unable to obtain financing from the same lenders who are serving other citizens. The only exception to this policy is where a tribe is conducting lending operations entirely from tribal funds. The Three Affiliated Tribes are indebted to the United States for a \$150,000 loan from the revolving credit fund. Deviations from the general policy, therefore, could not be made in the case of loans to individuals by the Three Affiliated Tribes. If the tribes have more money available for loans at present than is needed to permit them to make loans to members who are unable to receive financing elsewhere, the tribes' loan from the United States should be repaid before loans are made to members who are in a position to receive financing elsewhere. Attention was called to the fact that under the provisions of section 5 of the commitment order approved April 30, 1948, repayment of the tribes' loan from the United States could be required.

Although there is a sizeable balance in the revolving fund at the present time, the total amount available would not begin to take care of the financing needs of the Indians if customary channels of credit were not used by them. During the calendar year 1956 additional loans from the revolving fund totaled \$1,837,450.00. During the calendar year 1955, the nearest comparable period, the Indians received an estimated \$55,725,000 in financing through customary channels. It is very important that all Indians who can receive financing through customary channels do so in order that financing through the Bureau and the tribes may be available to those who have no other source of financing available.

The council members asked whether an additional loan from the United States to the tribes could be considered. They were advised that if the tribes have need for additional funds which can be loaned on a sound basis to members who are unable to obtain financing elsewhere, an application for an additional loan from the United States will receive consideration.

3. Review in detail the new credit policy declaration as advocated by the Bureau.

A draft of the proposed declaration was not available at the time of the visit of the council members, and this is a matter

which should be worked out by the tribal officials with the Aberdeen Agency Offices.

We are glad to have had the opportunity to discuss credit matters with the council members and hope as a result of these discussions, there is a much better understanding on the part of all concerned.

Sincerely yours,

JOHN GLENN L. EMMONS

Commissioner

Enclosure

Copy to: Area Director, Aberdeen

Fort Berthold Agency
Thru: Area Dir., Aberdeen

625

AHuber:gsa 12/4/56

Credit chron

Mail chron

Holdup

DEC 20 1957

Through: Area Director, Aberdeen

Chairman

Three Affiliated Tribes of the
Fort Berthold Reservation

Dear Sir:

You have been informed at various times that the policy of this Bureau is to require tribes that have funds available, to pay the salaries and expenses of reservation credit employees if they wish to conduct credit programs. The Three Affiliated Tribes have been paying the salary of the Credit Officer assigned to the Fort Berthold Reservation. Resolution 56-46 adopted June 13, 1956, authorized continuance of the position at tribal expense, and provided:

"The authority to continue the payment of the salary and expenses of the Credit Officer position can be withdrawn by the Tribal Council of the Three Affiliated Tribes by giving 60 days notice prior to the end of any fiscal year. To the Commissioner of Indian Affairs through a properly adopted resolution of the governing body of the Tribe."

The tribal budget for the fiscal year 1958 adopted by Resolution 57-93 of July 17, 1957, failed to include provision for payment of the salary and expenses of the Reservation Credit Officer. On July 18, 1957, you advised the Superintendent that the Council had not provided for this position because:

"The Tribal Business Council regarded the Credit Officer GS-9 as a function of the Bureau of Indian Affairs and therefore payment of the salary should be borne by the Bureau of Indian Affairs. * * * Action taken by the Tribal Business Council July 17, 1957, definitely rescinds Resolution 56-46 adopted by the Tribal Business Council June 13, 1956, even though the aforementioned Resolution stated that it could be rescinded 60 days before the end of the fiscal year. We feel that the credit program was initiated to help our Indians and that is not being done, therefore the Tribal Business Council is not obligated to stick to the letter of Resolution 56-46."

711

Resolution 57-93 makes no mention of the rescission of Resolution 56-46, and the only information we have regarding the matter is that contained in your letter. It may be, of course, that the Council adopted another resolution copy of which has not come to our attention. In any event, it is very unfortunate that the Council does not feel it is obligated to abide by the procedures established by Resolution 56-46. One party to an agreement, of course, does not have the right to select those provisions to which it will agree and discard those provisions to which it may later not agree, without the consent of the other party.

This matter has been under discussion since your letter of July 18 was received, and you have been informed that unless the Tribes pay for the Credit Officer position the credit program of the Three Affiliated Tribes will have to be placed in liquidation. The Bureau would be justified in proceeding to pay the salary and expenses of the Credit Officer during this fiscal year from tribal funds under authorization of Resolution 56-46, and until such time as the authority to do so is withdrawn in accordance with the procedures set forth in that resolution. However, we would not want to do this unless the Council is in agreement.

You will appreciate that it would not be fair to other tribes that are paying for the services of Reservation Credit Officers to make an exception in the case of the Three Affiliated Tribes. Therefore, the Tribes will have to decide whether they wish to continue a tribal credit program and pay the salary and expenses of the Reservation Credit Officer to assist in its administration or whether they will continue to refuse to pay for such assistance, in which case it will be necessary to take action to liquidate the tribal credit program. If liquidation action is necessary, a Credit Officer will be retained on the reservation at Government expense to assist in liquidation of the program. The tribal loans were made under Secretarial regulations, consequently the Government has a responsibility for orderly liquidation. However, new loans will not be approved.

The Area Director of the Aberdeen Office is authorized to prescribe a date by which the Council must reach a decision. In the event the Council does not reach a decision by the date prescribed, or in the event it does not make provision for payment of the salary and expenses of the Reservation Credit Officer for the fiscal year 1958, the unpaid balance of \$150,000 on Contract I-32-Ind-6777 will be immediately due and payable, in accordance with section 5 of the contract order approved April 30, 1948, and as authorized by 25 CFR 21.10 (d), and section 8 (d) of the loan agreement contract. The

provisions of sections 8 (b), (e), (f), and (g) of said contract also will be invoked at that time.

We hope that the council will see fit to authorize continuance of payment of the salary and expenses of the Credit Officer position. We recognize the need of the tribal members for a source of credit which probably cannot be met other than by tribal loans. It would be particularly unfortunate if the tribal credit program were to be placed in liquidation right at a time when the Doane Agricultural Service has been employed to make a survey. Although we do not know what recommendations will be made by the service, financing undoubtedly will be required in order to effectuate them. However, the decision is for the Council to make, and it will have to accept the responsibility if it denies its members a source of tribal credit.

If at some future date the Tribes should not have funds available to pay for the Reservation Credit Officer position, consideration will be given at that time to paying for the position from applicable Government funds, the same as for any other reservation where tribal funds are not available.

Sincerely yours,

/S/ W. BARTON GREENWOOD

DEPUTY

Commissioner

CC: Area Director, _____
Supt., Ft. _____
Thru: Area Director, _____

Credit Chron.

Mail Chron.

Holdapp

AM:ber:gas 12-11-61