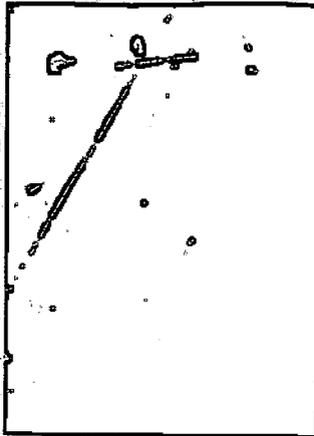


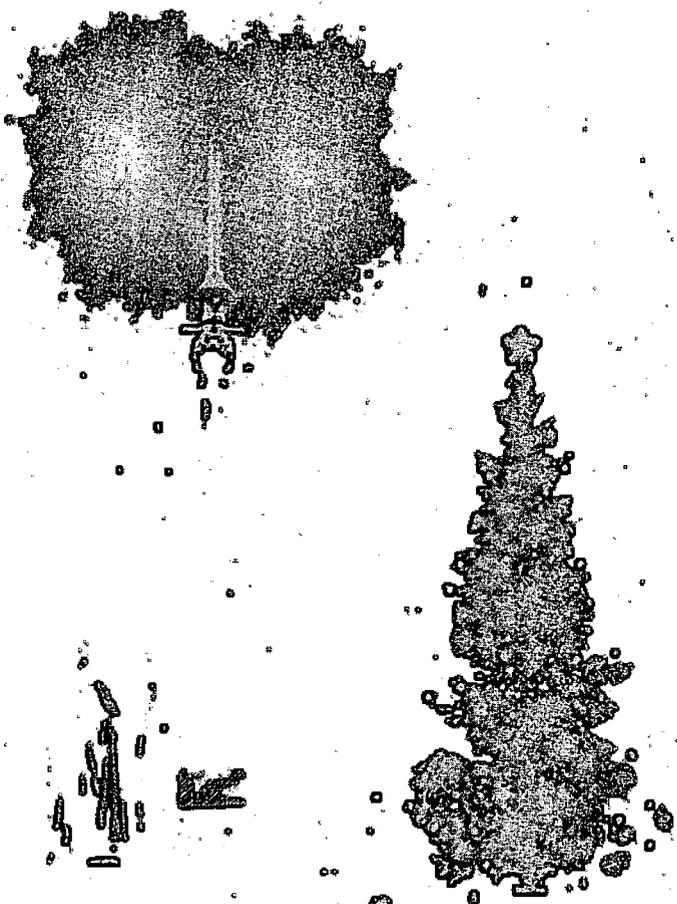
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TRUSTS *and* ESTATES

1138



DECEMBER 1954



Season's Greetings

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Box 17 File 6821-54-224

W. W. Massey, Assistant Vice President of Union Bank of California, Los Angeles, has announced that he will be the FPRR president of Union Bank of California, Los Angeles, for 1965.

UNCLE SAM, TRUSTEE

(This article is taken from a letter by Fred H. Massey, Acting Assistant Commissioner, Bureau of Indian Affairs, written in response to an inquiry by TRUSTS AND ESTATES as to the management of funds held in trust by the United States Government for various American Indian groups. While Mr. Massey's letter does not attempt to treat the subject exhaustively, it illuminates the methods and volume involved in this particular task of trusteeship and is of especial interest at this time when legislation concerning the status of the American Indians has been discussed in the public press.)

THE PRINCIPAL FUNDS OF INDIAN tribes on deposit in the Treasury of the United States* earn simple interest at various rates ranging from three to five per cent, depending on the rate authorized by the Act under which the fund was established. Interest is computed on daily balances in the Treasury of the United States and the amounts earned are credited to separate accounts from the principal funds usually on a semi-annual basis.

Complete tabulations of the total amount of Indian tribal funds held in trust by the United States are made annually. The following illustration shows the balance on June 30, 1953:

Principal Funds

On deposit in the U. S. Treasury (balances earning interest).	\$73,730,845
In the hands of Government Disbursing Officers. (No longer earning interest.)	3,932,072
Total Principal Funds	\$77,662,917
Interest Funds. (Interest funds do not earn interest.)	5,319,809
Total Tribal Trust Funds	\$82,982,726

On April 30, 1954, the balance of undisbursed tribal trust funds was \$86,431,618, involving 592 separate trust funds belonging to approximately 165 different tribes or bands of Indians.

The Bureau also acts as a depository for funds belonging to individual Indians, Indian enterprise or business groups and Indian tribes for various reasons. These funds are credited to Indian Money Accounts for the owners and are carried in official checking accounts of Indian Service Special Disbursing Agents with the Treasurer of the United States and do not earn in-

*Not all funds that belong to Indian tribes are held in trust for them by the United States.

terest. On April 30, 1954, there was approximately \$48,500,000 on deposit with Indian Service Special Disbursing Agents for individual Indians and Indian groups involving between 75,000 and 80,000 separate accounts. A tabulation taken several years ago showed 79,430 at that time.

Tribal funds held in trust by the United States are disbursed only under authority of Congress. Permanent legislation has been enacted for the use of tribal trust funds of a number of Indian tribes. Congressional authorization for the use of other tribal trust funds is contained in annual or supplemental appropriation Acts. Tribal trust funds are disbursed by the Government for the benefit of the Indians. The purposes for which disbursements are made vary as to tribes and are based on the needs of the various tribes. Tribal trust funds are used to operate tribal enterprises such as sawmills for the manufacture of lumber and lumber products, for medical care, education, welfare, resources management and for other purposes. Tribal funds are frequently used to make per capita payments to individual members of the tribe. In some cases a tribe's funds may be advanced to its officials who then disburse the money for some specific purpose or project. The Bureau encourages tribal governing bodies of Indian tribes to develop and approve programs for the disbursement of their funds. Permanent legislation for the use of tribal funds in practically all cases provides that such funds may be used for such purposes as the tribe may request and the Secretary of the Interior approves.

Apparently the trustee relationship of the United States to Indian tribes began with the inception of our constitutional form of government. Section 8 of the Constitution of the United States gives Congress the power to regulate commerce with the Indian Tribes and the Act of July 22, 1790, 1 Stat. 138, was the first to exercise this authority. Section 4 of that Act provided that any sale of land by any Indian or any nation or tribe of Indians, in order to be valid must be executed at some public treaty held under the authority of the United States. Subsequent Acts changed and amended this provision in various ways. Under these laws the United States through an agreement with the Seneca (September 15, 1797, 7 Stat.

101), approved the sale of tribal rights to certain land for \$100,000, which was to be invested in the stock of the bank of the United States, and held in the name of the President of the United States for the use and behalf of said nation of Indians. The first treaty made by the United States with an Indian Tribe, Treaty with the Delawares, September 17, 1778, guaranteed to the Indians certain territorial rights, thus, in effect, establishing the United States as a trustee of Indian rights. Since those days numerous treaties and Acts of Congress have established and continued the United States as a trustee of Indian rights in property and funds.

The only trust funds invested through the Bureau are those accepted for deposit from individual Indians or Indian tribes or other groups. All investments are handled and supervised under the various Area Directors of the Bureau. Investments are made only in United States Government Securities. Purchases of bonds are made for individual Indians and groups (Individual Investments) upon their request and the interest earned is credited to their individual accounts. Investments of this type are mostly in United States Savings Bonds although some Indian groups have sufficient funds to warrant investments in long-term Treasury Bonds. Long-term Treasury Bonds are purchased with funds which are in excess of reasonable needs for disbursements and withdrawals from these accounts.



INDIANS CREATE TRUST WITH BANK Sam Burch, left, chairman of the Southern Ute Tribal Council, with E. Martin Larsen, vice president of Central Bank & Trust Co., Denver, signing the papers establishing a trust fund for the Ute tribe. Trust funds for two tribes were set up by their tribal councils when the first cash payments came following the Ute land claims judgment of the federal courts in 1950. The initial balances of the two funds are \$43,000 and \$60,000 respectively, but the Southern Utes alone have \$7,000,000 of which \$2 million will be spent in the current fiscal year on the tribe's rehabilitation program.

Revenue from Group Investments is added to the individual depositors on basis of the balances to the credit of each account during the earning period. All bond purchases are made through the United States Treasury Department for the Bureau and the bonds are held here for safekeeping. The records of the Bureau show that on April 30, 1954, the following balances were on deposit with the various Area Offices:

Indian Money Accounts (Deposits by individuals and groups of Indians.)	\$48,463,195
Undistributed Interest	187,058
Other Special Deposits*	11,556,227
	<hr/>
	\$60,206,480
Individual Investments	\$13,093,388
Group Investments	19,602,850
Cash	27,510,241
	<hr/>
	\$60,206,480

*This item shares in revenue from Group Investments which is credited to a special fund.

Your letter makes particular reference to a trust fund of \$6,250,000 held for the Ute Indians. The Act of September 27, 1950, ch. 1052, 64 Stat. 1044, 1064, appropriated funds for the payment of a judgment by the United States Court of Claims of \$31,938,473, in favor of the Confederated Bands of Ute Indians. The judgment was divided under the Act of August 21, 1951, ch. 338, 65 Stat. 193, among three groups of Ute Indians known as the Uintah and Ouray Utes of the Uintah and Ouray Reservations in Utah, the Southern Ute Indians of the Southern Ute Reservation in Colorado, and the Ute Mountain Utes of the Ute Mountain Reservation in Colorado and New Mexico. The net share of the Ute Mountain Utes after payment of attorneys fees was \$6,266,695. It is assumed you have reference to this group.

The share of the Ute Mountain Utes in the proceeds of the judgment is still on deposit in the Treasury of the United States to the credit of the tribe. The amount has not changed since no disbursements or payments have been made for the tribe from the balance. This undisbursed balance earns simple, not compound, interest at 4 per cent per annum. This is carried in a separate account from the principal fund, as stated, and does not earn interest.

It is hoped that this information will give some idea of the nature of Indian trust funds held by the United States Government.

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Bank Gets Trust for Apaches

Oil and gas lease money belonging to the Jicarilla Apache tribe members under the age of 18 will be handled through a trust agreement with the First National Bank of Albuquerque. The money will be invested and the income reinvested. Each child will receive 25% of his share when he becomes 18 and a similar amount in each of the next three years.

The money covered by the agreement is part of a per capita distribution from leases on reservation land, and is expected to be augmented by future distributions. The trust agreement marks a new policy on the part of the Bureau of Indian Affairs, and its consummation required a short course in banking for the Apaches, which was taught through an interpreter by the bank's vice president, J. L. Threadgill.

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California Trust Division Committees Named

Committee appointments of the California Bankers Association Trust Division for the 1954-55 period have been announced by Chairman Garnett J. Brooks, senior vice president of Beverly Hills National Bank & Trust Co. The chairmen are:

Fiduciary Insurance — T. J. Carlile, assistant vice president, Anglo California National Bank, San Francisco; *Legislation* — S. B. Burnham, vice president, Union Bank & Trust Co., Los Angeles; *Statutory Compensation for Executors and Attorneys* — Bradley B. Brown, vice president and senior trust officer, American Trust Co., San Francisco.

(This article is taken from a letter response by the Mayor, Bureau of Indian Affairs, to an inquiry for information in trust by the Mayor, for various purposes as to the matter.)
 CARLILE SAM, JR.
 Mr. Mayor,

FPRA president and assistant vice president of [Bank Name] & Trust Co., Los Angeles, has announced the following chairmen for 1955: *Convention General Chairman*—W. W. Delamater, vice president, Tradesmens Land Title Bank & Trust Co., Philadelphia; *Program Chairman*—C. Arthur Hemminger, director of advertising and public relations, First National Bank, St. Louis; *Chairman, Trust Development Departmental*—Howard J. Johnson, vice president, American National Bank & Trust Co., Chicago; *Program Chairman, Trust Development Departmental*—Halsey G. Bechtel, Jr., trust officer, Central Trust Co., Cincinnati; *Clinic Chairman*—Jack Morris, vice president, First National Bank, Montgomery, Ala.; and *Trust Departmental Editor for the Bulletin* — Nelson Friedman, assistant vice president, Cleveland Trust Co.

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Maine Fiduciaries Elect Walker

At the annual meeting of the Corporate Fiduciaries Association of Maine, held on November 17, the following officers were elected: *President*—Winthrop B. Walker, vice president, Canal National Bank, Portland; *Vice President*—Horace S. Stewart, Jr., trust officer, Merchants National Bank, Bangor; *Secretary-Treasurer*—Philip R. Powers, trust officer, National Bank of Commerce, Portland.

The guest speaker of the occasion was F. W. Elliott Farr, vice president, Girard Trust Corn Exchange Bank, Philadelphia, whose afternoon address was on "Insurance Stocks" while in the evening he discussed "Bank Stocks."

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