

THE SECRETARY OF THE INTERIOR
Washington

ORDER NO. 3267

SIGNATURE DATE: September 27, 2006

Subject: Cancellation and Compromise of Debts under the Indian Financing Act

Sec. 1 **Purpose.** The purpose of this Order is to clarify procedures for canceling, compromising, or otherwise modifying debts due the United States under programs administered in accordance with the Indian Financing Act of 1974, 25 U.S.C. 1451 *et seq.* (Pub.L. 93-262, 88 Stat. 77), as amended (the "IFA").

Sec. 2 **Background.** The IFA authorizes the issuance of loans, loan guarantees, and loan insurance for the benefit of Indian tribes, businesses, and individuals. In cases of debt owed to the Federal Government as a consequence of such loans, guarantees or insurance, the IFA provides plenary authority to cancel, compromise, or otherwise modify the debt. Under the IFA, there is no requirement to submit a proposed debt cancellation, compromise or modification to any other Federal agency or department, including the Department of Justice, for approval or concurrence. This Order clarifies that Departmental policy (205 DM 7), which currently requires approval or concurrence for all debts in excess of \$100,000, should not apply to debts arising under the IFA.

Sec. 3 **Authority.** The authorities for this Order are the IFA, including without limitation 25 U.S.C. 1465, 1491, 1492 and 1496; and Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat.1262).

Sec. 4 **Delegation.** Authority with respect to canceling, compromising, and modifying debts arising under the IFA is delegated to the Assistant Secretary - Indian Affairs in consultation with the Solicitor. This authority may be further delegated, but it may not be delegated below the level of the Deputy Assistant Secretary – Management (Office of the Assistant Secretary – Indian Affairs).

Sec. 5 **Expiration Date.** This Order is effective immediately. It shall remain in effect until its provisions are converted to the Departmental Manual, or until it is amended, superseded, or revoked, whichever occurs first. In the absence of any of the foregoing actions, the provisions of this Order will terminate and become obsolete on July 31, 2008.

/s/ DIRK KEMPTHORNE
Secretary of the Interior

SO#3267 9/27/06