UNIVERSITY OF PENNSYLVANIA

SIXTY YEARS OF INDIAN AFFAIRS

Political, Economic, and Diplomatic 1789-1850

A DISSERTATION

IN HISTORY

PRESENTED TO THE FACULTY OF THE GRADUATE SCHOOL IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

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Chapter XXII

THE INDIAN TRUST FUNDS

Since the first white settlements in America, the Indians had been accustomed to receive presents and annuities of different kinds from the British government, the colonies, and subsequently the United States. The purpose of these gifts was to pacify the natives, to win their friendship, and to get their lands. By 1825 and thereafter for many years, as a result of the removal policy, the sums paid to the different tribes by the United State government were quite large. Not realizing the value of money, the Indians merely squandered it, with the result that the revenue they received almost immediately found its way into the pockets of the designing white traders. Therefore, the red men were generally reduced very quickly to dire need. Accordingly they were judged to be incapable of handling such large sums of money without supervision. During the second quarter of the nineteenth century, the federal government consequently adopted the policy of setting aside rather large sums of money to be held in trust for the Indians. As a rule they were given only the annual interest to save, spend, or squander. In some cases even this was added to the principal for a number of years until the annual increment therefrom would be sufficiently large to be of some real economic benefit to the Indian tribes. The funds might be either permanent or temporary, as determined by treaty. Specific provision was made for orphans, for incompetents, and for educational and tribal purposes.[1]

Whoever examines these treaties with care is apt to be convinced of the sincerity of the government in its attempt to help the Indians and especially to preserve them from destitution. But the federal government helped to bring about this dependence on itself by creating these funds, and many of the Indians have never extricated themselves from this support.

[1] Stock Letter Book, No. 1, pp. 1-5, Office of Indian Affairs.

First Indian Trust Fund

The first Indian trust fund came into existence as a result of the ambiguities of the colonial charters. Massachusetts claimed a large part of the land of New York. The issue was submitted to the Continental Congress, but was not settled until December 16, 1786, as the result of a meeting of commissioners at Hartford. To New York was conceded the jurisdiction over the lands in question but to Massachusetts was given the right of pre-emption of the Indian title to the soil west of a meridian drawn through Great Sodus Bay and a part of Seneca Lake from Lake Ontario to the Pennsylvania line, excepting a strip a mile wide along the Niagara River. This tract was estimated to embrace about 6,144,000 acres. In addition there was granted to Massachusetts a tract of 230,400 acres, known as the "Boston Ten Towns."[2]

In 1788 the large tract was sold by Massachusetts to Oliver Phelps and Nathaniel Gorham; when they failed to pay for the entire tract, a large part was resold in 1791 to Robert Morris.[3] The Indians possessed the right to occupancy, so that their lands could not be lawfully taken from them until they had ceded them by treaty. The Senecas were the only natives claiming rights within the great purchase, and Phelps, Gorham, and Morris were the only persons except those who derived their title from them who possessed authority to buy.

Robert Morris became quite eager to secure complete control of his pre-emptive purchase by getting the tribes concerned to relinquish their claims by means of a treaty cession. Since only the national government could negotiate with the Indians, Morris began to press the federal authorities to move them. In the spring of 1797 Jeremiah Wadsworth was appointed to secure such a treaty with the Seneca tribe and on September 15 it was properly signed and forwarded to the President. The chiefs agreed to sell to Morris and to his heirs certain of their lands in the State of New York for the sum of $100,000, "to be by the said Robert Morris vested 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 behoof of the nation of Indians. . . ."[4] There was not another treaty providing for such a fund until after the lapse of several years.

[2] Hough, *Indian Tribes in New York, Sen. Ex. Doc*, 48th Cong, 2nd sess, II, Part 2, 540 n

[3] *Ibid*, p 540

Chickasaw and Choctaw Funds

The treaty of October 20, 1832, with the Chickasaw Indians agreed to create a perpetual fund for the use of that nation out of the proceeds from the sale of the land then ceded. This was to be invested in safe and valuable stocks by the government, with the provision that only the annual interest therefrom was to be used for tribal purposes. The sum to be thus reserved was to equal three-fourths of the whole net proceeds of the sales of the lands; and as much more as the nation might determine if the allowance of one-fourth was too much to supply its immediate needs. However, the treaty provided that if the reasonable wants of the Chickasaws required more than one-fourth of the receipts from this source for ready valuable tribal purposes, arrangements could be made with the approval of the President and Senate to draw upon the perpetual fund. But such sums obtained would have to be replaced later. While the reserved funds were designated as perpetual, it was neverthless agreed that should the American government become satisfied at the end of fifty years that the Chickasaws had made sufficient improvement in education and civilization generally to be capable of managing so large a sum of money to advantage and with safety, the whole or any part of the money thus set apart could be withdrawn and used as the Indians might think proper for the benefit of the whole tribe.[5]

Again in 1834 an even larger fund was created for the Chickasaws. The agreement of that year stated that every six months after the first land sale the federal authorities should advise the Indians of all entries, sales, receipts, expenditures, and "balances in their favor." After deducting the cost of surveying and selling, and additional expenses, the United States government was to invest the remaining funds within a period of not more than twenty years. The interest therefrom was to be paid annually to the Indians.[6]

In this treaty a provision was made, also, for the investment in

[4] *A. S P, I. A*, I, 627

[5] *Laws and Treaties*, II, 359-360.

[6] *Ibid.*, II, 422.

stock of such moneys as might arise from the sales of reservations of land which belonged to the Chickasaws incapable of managing their own concerns. These sums were to remain as a part of the general Chickasaw fund in the hands of the government until the chiefs in council should recommend the payment of the same to the claimants or their rightful representatives.[7]

In its watchful supervision the federal government did not forget the orphans of the tribe. According to the previous treaty the lands which were assigned to the orphans were to be sold by the federal authorities, should this be deemed advantageous to the parties interested. If these reservations were vended at public auction, the income therefrom was to remain in the possession of the United States unless the President directed the same to be "invested in stocks for the benefit of the parties interested, . . . until said persons marry or come of age, when the amount shall be paid over to those who are entitled to receive it," provided it was "to their interest and advantage." [8]

In 1837, according to treaty stipulations, the national government invested $500,000 for the Choctaws in State of Alabama five per cent bonds which were held in trust by the Secretary of the Treasury for the benefit of the whole tribe.[9]

Chippewa, Ottawa, and Potawatomie Funds

By a treaty of September 26, 1833, the United States had contracted to apply $150,000 to the erection of mills, farmhouses, and blacksmith shops; also to make agricultural improvements, to purchase farm implements and livestock for the farmers, and to employ and support such physicians, millers, farmers, blacksmiths and other mechanics as the President of the United States should think proper to appoint.[10] Despite these stipulations, the above sum was invested in 1837 in State of Maryland six per cent stock. There is no direct authority in the treaty for this procedure, although on December 14, 1836, a letter was addressed by the Commissioner of Indian Affairs to the Secretary of War proposing to place the money in some safe and productive stock. On January

[7] *Ibid.*, pp. 418-419; Stock Letter Book, No 1, p. 92.

[8] *Laws and Treaties*, II, 420.

[9] *Ibid.*, II, 487; Stock Letter Book, No. 1, p. 71.

[10] *Laws and Treaties*, II, 403.

11 of the following year authority was given by the latter to the then Commissioner of Indian Affairs to direct the investment, and the funds were disposed of as previously stated. The $150,000 provided for in the treaty was a very large sum for such purposes. While the money, as we have seen, was not disposed of as specified, its investment was judicious. This furnished a permanent tribal fund; and the interest which accrued was added to the principal and reinvested for several years thereafter, so as to enlarge the fund. By 1845 this sum had increased to $171,757.[11]

By the third article of the treaty of 1833 the federal government had agreed to give $70,000 for the purpose of education and the encouragement of the domestic arts, to be applied in such manner as the President of the United States might direct. The Indians expressed a desire to create a perpetual fund for the purpose of education and the encouragement of domestic manufactures; they therefore requested the President to make such investment for the nation as he might think best.[12]

The fifth article of the treaty of March 28, 1836, appropriated $300,000 for the payment of Chippewa, Ottawa, and Potawatomie debts, and provided if that amount should exceed the debts, the residue should be paid over to the Indians in the same manner that annuities were required by law to be paid.[13] When this treaty was ratified on May 27, 1836, the Senate added a supplemental article thereto authorizing an investment as follows: "Any excess of the funds set apart in the fifth and sixth articles shall, in lieu of being paid to Indians, be retained and vested by the Government in stock under the conditions mentioned in the fourth article of this treaty." [14]

The Chippewa, Ottawa, and Potawatomie tribes were united in 1846 and thus became the Potawatomie Nation. In that year the United States negotiated a treaty with the united bands in which a large cession was made. For this tract of land the federal government agreed to pay $850,000; $50,000 was to be paid them as soon as the agreement was ratified. The remainder, after deducting the

[11] Stock Ledger Book, No 1, p 93, Office of Indian Affairs.

[12] *Laws and Treaties*, II, 403. [13] *Ibid.*, p 452

[14] *Ibid.*, p. 456. The sixth article provided a fund for the half-breeds The fourth article set aside $1,000 as a permanent fund to be invested by Treasury Department.—*Ibid.*, pp. 451-452.

cost of removal and subsistence, was held in trust for the Indians at five per cent for thirty years. After the expiration of thirty years if their number was reduced below 1,000 souls, the annual interest was to be paid *pro rata.*[15]

Menominee Fund

By an amendment of the Senate to the treaty of September 3, 1836, the United States agreed that the sum of $76,000 should be allowed the Menominee Indians, "and this sum shall be invested in some safe stock, and the interest thereof . . . shall also be so invested until such time as in the judgment of the President, the income of the aggregate sum can be usefully applied to the execution" of the terms of the agreement or to some other purpose beneficial to the tribe.[16]

Cherokee Fund

Although the treaty with the Cherokees in 1835 was in many ways disgraceful, especially the manner in which it was negotiated, it did contain a few redeeming features. The tenth article and one of the supplementary clauses authorized the President to invest as a permanent fund the following amounts in some safe and most productive stocks of the country for the benefit of the "whole Cherokee Nation who have removed or shall remove" beyond the Mississippi:

> The sum of two hundred thousand dollars in addition to the present annuities of the nation to constitute a general fund the interest of which shall be applied annually by the council of the nation to such purposes as they may deem best for the general interest of their people. The sum of fifty thousand dollars constitute an orphans' fund the annual income of which shall be expended towards the support and education of such orphan children as are destitute of the means of subsistence. The sum of one hundred fifty thousand dollars [devoted to education] in addition to the present school fund . . . the interest of which shall be applied annually by the council of the nation for the support of common schools and such a literary institution of a higher order as may be established in the Indian country.[17]

[15] *Ibid*, pp 557-559.

[16] *Ibid*, p 465 The fourth article provided for the payment of the annuities yearly, and also for the removal of the tribe from the ceded lands

[17] *Ibid*, pp. 443-444.

According to the eleventh article of the same treaty, the Cherokees agreed to commute their permanent annuity of $10,000 for the sum of $214,000, the same to be invested by the President as a part of the general fund of the tribe; and the school money of $50,000 which was provided by the agreement of 1819 and which had been placed by the government in securities was now added to the general school fund for the nation and to be invested by the federal government. By this treaty the government agreed to invest, for the orphans, for the nation, and for the advancement of education, over $600,000.

Shawnee Fund

By the treaty of August 8, 1831, the Shawnee Indians granted to the United States all their lands in the State of Ohio. The United States agreed to sell the lands thus ceded to the highest bidder. After deducting from the proceeds of such sales the sum of seventy cents per acre (exclusive of the cost of surveying, the cost of the grist mill, saw mill, blacksmith shop, and the sum of $13,000 which the government allowed them for improvements), it was agreed that any balance from the sales of the lands should "constitute a fund for the future necessities of the tribe . . ." [18] which should yield five per cent interest.

In consequence of this arrangement the federal government placed $30,341.50 in Maryland six per cent and Kentucky five per cent stocks. The interest on these investments was paid to the Shawnee tribe annually.[19]

Creek Fund

While the treaty with the Alabama Creeks of 1832 was disgraceful and its execution may be regarded as the most fraudulent and shameful in Indian history, yet the actual agreement itself was perhaps as honorable as any Indian treaty during the first half of the nineteenth century. The second article provided for the selection of twenty sections under the direction of the President for the orphans of the Creeks, and it might be divided and retained or sold for their benefit as the President might direct.[20] The lands were sold and the proceeds therefrom were invested in state stocks.[21]

[18] *Ibid*, p 333

[19] Stock Letter Book, No 1, p. 94.

[20] *Laws and Treaties*, II, 341.

[21] Stock Letter Book, No. 1, p 95

The treaty made no specific provision for the use of the fund, other than that it should be used at the direction of the President, which seems to have been wisely exercised in ordering the investment of the funds in state securities.[22] The interest was appropriated annually to the wants of the orphans.[23]

In moving West the Creeks suffered enormous losses of life and property. They therefore demanded payment for the losses involved. In 1838 the United States agreed to furnish them with $50,000 worth of livestock and in addition agreed to invest $350,000 in five per cent bonds for them; the interest thereon for the first year was to be paid in money, but thereafter, in money, stock animals, blankets, domestics, or such articles of a similar nature as the President of the United States might direct. It was further agreed that at the expiration of twenty-five years the said sum would be appropriated under the direction of the Chief Executive for the common benefit of the Creek nation.[24]

Kansas Fund

By the fifth article of the treaty of June 3, 1825, it was agreed "that thirty-six sections of good lands . . . shall be laid out under the direction of the President . . . and sold for the purpose of raising a fund, to be applied, under the direction of the President, to the support of schools for the education of the Kansas children" within the tribe.[25] The lands were sold and the proceeds were invested as in the case of the Creek orphans.[26]

Sauk and Fox Funds

Although the United States had always been eager to acquire additional lands, it seemed to be more desirous and determined to secure new Indian lands in the thirties than in any other decade in its history. After receiving a large cession from the Sauks and Foxes in 1832,[27] five years later the government demanded and

[22] *Ibid.*, No I, pp 95, 97; *Annual Report of the Commissioner of Indian Affairs, 1848-1850,* Doc. No 5, pp. 94-99

[23] Stock Letter Book, No 1, p 95

[24] *Laws and Treaties,* II, 524.

[25] *Ibid.*, II, 223 A similar provision was incorporated in the treaty with the Osages of the same year.—*Ibid.*, p 219

[26] Stock Letter Book, No 1, p 95, *Annual Report of the Commissioner of Indian Affairs,* Doc No. 5, pp 90-94.

[27] *Laws and Treaties,* II, 349

secured 1,250,000 acres for which it agreed to pay nearly a half million dollars in the form of goods and money. Of this sum the United States agreed to invest $200,000 in safe state stocks and to guarantee to the Indians an annual income of not less than five per cent. The interest was paid to them each year in the manner of annuities and in money or goods as the tribe directed. A portion of the interest was applied to education.[28]

At the same time a treaty was negotiated with the Sauk and Fox Indians of Missouri in which these bands made large cessions to the United States, for which the federal government agreed to pay $160,000. The government invested $157,400 and guaranteed to the Indians at least five per cent thereon. The annual interest of $7,870 was spent in the following manner: for the support of a blacksmith's establishment, $1,000; for the support of a farmer, the supply of agricultural implements and assistants, and other beneficial objects, $1,600; for the support of a teacher and the incidental expenses of a school, $770. The balance of $4,500 was delivered at the cost of the United States to the said Sauk and Fox Indians, in money or merchandise at the discretion of the President.[29]

Sioux and Winnebago Funds

In 1837 the Sioux Indians ceded all of their lands east of the Mississippi and all their islands in that river to the land-hungry Americans. The government felt under obligations to remunerate the Indians for their lands; just as it paid Spain a nominal sum for Florida in 1819 and $20,000,000 for the Philippines in 1898, it now paid the Sioux Indians a small amount for this valuable cession.[30]

The government was now in the process of moving all natives east of the Mississippi to the west of that river as rapidly as possible. In 1837 a treaty was negotiated with the Winnebago tribe. These Indians ceded all their lands east of the Mississippi for the consideration of $1,500,000. Of this, $1,100,000 was to be invested in five per cent stocks. It was agreed that the annual interest of $55,000 should be spent as follows: for the purpose of education, $2,800; for the support of an interpreter for the school, $500; for the support of a miller, $600; for the supply of agricultural

[28] *Ibid.*, p. 495.

[29] *Ibid.*, pp 497-498.

[30] *Ibid.*, p. 493.

implements and assistance, $500; and for medical services and medicines, $600.

The foregoing sums were to be expended for the objects specified, for "the term of twenty-two years, and longer at the discretion of the President. If at the expiration of that period, or any time thereafter, he shall think it expedient to discontinue either or all of the above allowance, the amount so discontinued shall be paid to the said Winnebago nation. The residue of the interest, amounting to $50,000 shall be paid to said nation, in the following manner": $10,000 in provisions, $20,000 in money,[31] and the remainder in goods.

Only a few years elapsed before the ravenous Americans were pushing the Winnebago tribe on beyond the Mississippi. Demands were made upon the government to move this tribe from their present holdings. Therefore in 1846 a new treaty was negotiated in which the Winnebagos ceded all the lands which they held in America to the federal government, but the United States promised them in exchange for their cession 80,000 acres north of St. Peter's River. In consideration for this cession the United States promised to pay them $190,000, but retained $85,000 in trust at five per cent interest.[32]

Funds for Other Tribes

The Tuscarora Indians of the State of New York conveyed certain lands in 1838 to the United States and the proceeds from the sale of these lands were to be invested in safe stock for their benefit.[33] The United States also received a large cession of land from the Iowa Indians in 1838, for which it agreed to place $157,500 for them in five per cent stocks. A part of the income therefrom was to go to the support of education and agriculture.[34] Similar cessions were made by the Stockbridge and Munsee tribes in the territory of Wisconsin in 1839. According to agreements with these two tribes, the federal government was to invest $10,392.95 in five per cent stocks, $6,000 of which was to be invested for educational purposes and the remainder to be held and invested as a national fund.[35]

[31] *Ibid*, pp 499-500.
[32] *Ibid*., p 507
[33] *Ibid*, p 530
[34] *Ibid*, pp 565-566.
[35] *Ibid*., p. 519.

The agreement of May 20, 1842, with the Senecas of New York was somewhat different from previous treaties. New York was eager to get rid of her Indian tribes and demanded that the federal authorities act. After much effort a treaty of cession was successfully negotiated. The fourth article required an appraisement by arbitrators[36] of the value of the land within the Buffalo Creek and Tonawanda reservations and of the improvements on each, according to the principles agreed on.[37] The valuations were made the following year and the Senecas were allowed $75,000, which sum was invested in the six per cent United States loan of 1842,[38] according to the fifth article of the treaty.

Methods Used in Collecting and Investing Indian Funds

There were different methods used in collecting Indian funds. Thousands of acres of land were sold on the instalment plan and the revenue therefrom when received was often invested for the different Indian tribes. The Commissioner of Indian Affairs would frequently authorize an agent in a certain state or territory to collect the money due on the purchased lands by deferred payment and to deposit the same in certain designated banks to the account of the proper tribe and stipulated fund,—national, incompetent, education, or orphan.[39] In other sections purchasers, according to contracts, would send their checks directly to Washington, Baltimore, New Orleans, or New York.[40] People falling behind in their payments were apt to receive a visit from a special federal agent reminding them that the government expected and would compel payment. Those unable to meet their obligations were forced to give back their purchases to the government with entire loss to themselves.[41] Those who could meet their payments would usually

[36] The Ogden and Fellows Land Company had claims on the Seneca lands; therefore the Company had a representative on the arbitration commission.
[37] *Laws and Treaties*, II, 539.
[38] *Ibid*., p. 540; *Annual Report of the Commissioner of Indian Affairs, 1843-1847*, Doc. No. 2, p. 303.
[39] Stock Letter Book, No. 1, pp. 1-5. The agents were busily employed in this manner, for nearly all of the Indian lands held in trust were sold on the deferred payment plan.
[40] *Ibid*., No. I, pp 1-5, 7, 8, 71, 99.
[41] Register of Letters Received, Indian Trust Fund, Office of Indian Affairs. (No page numbers given.) Frequently though the government would wait two or three years for payments before taking extreme measures

pay by check. Since the central government had no national bank from 1836 to 1845 except the Independent Treasury system which lasted for one year only, it would deposit the check in one of the "Pet Banks" for collection. If honored, the sender would be given credit for the same.[42]

The following letter, written by T. H. Crawford, the Commissioner of Indian Affairs, to Harry Gilliam of Mississippi, a purchaser of Choctaw lands who had defaulted in one or two of his payments, is one of many such letters written to delinquents:

Sir:

Your letter dated 25th ultimo is received. Treasury drafts will be received at this place [Washington] in payment of any indebtedness on account of your purchase of Choctaw Orphan Reservations. I regret to hear of the failure of your crop in any event, but particularly if it should prevent your paying up the instalments due on your purchase, as non-payment by the several purchasers will so seriously militate against the interest of the parties concerned, viz: the orphans which the Government is bound to watch over perhaps with more solicitude than almost any other class of its wards, it is therefore confidently expected that this year the instalment of principal and arrears of interest falling due in May and June next will be promptly paid. As to the place at which the last payment is to be made, the Department cannot change the designation contained in the obligation itself, viz: Washington, D. C. Payments, however, have been made by others on this account by drafts on good houses in New York promptly met, which proved satisfactory. Nevertheless, I am not prepared to say how far I should be justified in authorizing payments to be made in that or any other way differing from the requirement on the face of your note which is in specie at the office of Indian Affairs in Washington. . . .

Although not requested by you it [may] be proper here to state the amount that will be due from you on 28 May next, viz:

Instalment of ⅓ due 28 May 1842	$539.26
2 years interest on unpaid installments (1078.52)......	129.43
Total due 28th May '43	$668.69

T. H. C.[43]

[42] Stock Letter Book, No 1, pp 7-8.

[43] *Ibid.*, pp. 5-6 This letter was written April 13, 1843. Gilliam was behind one instalment and two years interest.

Most of these payments were made in specie. Perhaps Jackson's hard money policy pronounced in his Specie Circular of 1836 was the cause. At any rate the government refused to accept anything but silver or gold in payment for lands. There were those who asked the national government to accept fiat money but were refused. In reply to such a request the Secretary of War, W. Wilkins, said that the Department could not accept "depreciated currency in payment of interest due on stock which is held in *trust* by the Sect. of War for the time being, solely for the benefit of various Indian tribes. I would, however, remark that the Dept. is willing to receive in part payment the *specie* provided for the payment of half the six months dividend." [44]

Frequently banking firms were asked to collect the interest due on the various stocks. On July 1, 1843, D. Thompson, cashier of the Bank of America, was requested to secure the interest due on various coupon bonds. It is so typical, that I shall quote the letter in full:

Sir:

I transmit herewith, for collection, the following coupons, which you will please collect and place to the credit of the Treasurer of the United States, in the name of the Secretary of War for the time being, to whom you will forward duplicate certificates of deposit under the following heads of accounts, viz:

Kentucky "Trust fund" interest for the Cherokees, treaty 1835.

94 coupons @ $25 each......................		$ 2,350.00
Chippewas and Ottawas	42 coupons @ $ 25 each	1,050.00
Chippewas and Ottawas	7 coupons @ $125 each	875.00
Senecas and Shawnees	6 coupons @ $ 25 each	150.00
Menomonies	27 coupons @ $ 25 each	675.00
Menomonies	10 coupons @ $125 each	1,250.00
Senecas	5 coupons @ $ 25 each	125.00
Shawnees	1 coupon @ $ 25 each	25.00

Alabama "Trust fund" interest for the Creek Orphans.

82 coupons payable at the Merchants Bank, N. Y......	@ $ 25 each	$ 2,050.00

[44] *Ibid.*, p. 99.

Cherokees

300 coupons payable as above	@ $ 25 each	$ 7,500.00
Missouri "Trust fund" interest for Cherokee Schools.		
10 coupons	@ $27.50 each	275.00
Senecas and Shawnees		
7 coupons	@ $27.50 each	192.50
Kansas Schools		
18 coupons	@ $27.50 each	495.00
Creek Orphans 28 coupons....	@ $27.50 each	770.00
All due 1st instant and amounts to..........		.$17,782.50[45]

Again on July 10, 1844, the Indian Office transmitted to the Cashier of the Bank of America 603 coupons amounting to $16,932.50 for six months interest on Kentucky, Alabama and Missouri State bonds, for Indian benefit, which he was requested "to collect and deposit the avails thereof in the Bank of America, New York, in the name of the Secretary of War, to the credit of the Treasurer of the United States and forward duplicate certificates of the deposit to this Department on account of Trust fund interest for the tribes of Indians named:

Kentucky

Cherokee (Treaty 1835)

	Interest	Total
94 coupons @ $25 each, 6 mo. int. due 1 July '44.	$2,350	
Senecas and Shawnees		
6 coupons @ $25 each for 6 mo. int. due 1 July '44.	150	
Menomonies		
27 coupons @ $25 each for 6 mo. int. due 1 July '44.	675	
10 coupons @ $125 each for 6 mo. int. due 1 July '44	1,250	
Senecas		
5 coupons @ $25 each for 6 mo. int. due 1 July '44	125	
Shawnees		
1 coupon @ $25 each for 6 mo. int. due 1 July '44	25	

[45] *Ibid.*, p. 21.

Chippewas and Ottawas

7 coupons @ $125 each for 6 mo. due 1 July '44..$	875	
8 coupons @ $25 each for 6 mo. due 1 July '44...	200	$5,650.00

Alabama

Cherokee (Treaty 1835)

300 coupons at $25 each for 6 mo. int. due 1 July '44.	$7,500
Creek Orphans	
82 coupons at $25 each for 6 mo. int. due 1 July '44	2,050
Missouri	
Cherokees (Schools 1819)	
10 coupons @ $27.50 each for 6 mo. int. due 1 July '44..	275
Senecas and Shawnees	
7 coupons @ $27.50 ea(ch) 6 mo. int. due 1 July '44	192.50
Kansas Schools	
18 coupons @ $27.50 ea(ch) for 6 mo. int. due 1 July '44.......	495.00
28 coupons at $27.50 ea. for 6 mo. int. due 1 July '44.................	770
	$1,732.50

A draft was also offered for $6,250,

being 6 months interest on $250,000 Tennessee 5 per cent interest, the proceeds of which you will please likewise deposit to the credit of the Treasurer of the U.S. and forward duplicate certificates of said deposit to this Dept. on account of "Trust fund" interest for Cherokees (Treaty 1835) .... $ 6,250.00

$23,182.50[46]

In addition to collecting funds for the federal government, certain bankers were authorized to buy stock for the Indians. The government had $75,000 in the Bank of America in May, 1844, to be held in trust and invested in safe and sound stock in order

[46] *Ibid.*, pp. 76-77.

to make it productive of an income for the use of the Seneca Indians under the third article of the treaty with them of May 20, 1842. It was thought best to place the full amount, if possible, in the federal loan of 1842, 6 per cent stock which ran for twenty years.[47] The purchasing agent succeeded in so investing $64,500. A draft was accordingly issued from the federal treasury on the Bank of Commerce, New York, in favor of the Bank of America for $74,938.75 to reimburse the buyer for the purchase of the said stock.[48]

There were times when the federal government advanced money to certain Indian tribes by taking a loan on the tribal trust fund as security. According to the eighteenth article of the treaty with the Cherokees of December, 1835, it was agreed that, in consequence of the unsettled affairs of the Cherokee people, and other causes likely to produce distress, the United States should advance an amount equal to the sum expected to be derived from their investments, for two years' annuity, and expended in provisions and clothing for the poor and destitute.[49] The sum of $75,000 was therefore advanced or rather appropriated, and it was embraced in the appropriation warrant of July 8, 1836, of $5,490,-367.90 to carry the treaty into effect. Of this advance there had been expended by 1844 the sum of $55,532.17, which left undrawn of the $75,000 a balance amounting to $19,467.83. Out of the interest which accrued on the unused money the United States was able to reimburse itself to the amount of $52,074.27.[50]

In 1844 the Shawnee Indians memorialized the Indian Office for their trust fund despite treaty stipulations. The request was for Congress to pass a law authorizing the Commissioner of Indian Affairs to pay a draft drawn by them for $9,600 in favor of the Superintendent of Indian Affairs at St. Louis, out of the money held in trust by the Department for the Shawnee Indians, and the balance of the fund to be paid over to them with their

[47] *Ibid*, pp 66-71. The original deposit was made by Ogden and Fellows in the bank of Commerce of New York.

[48] *Ibid.*, p. 71 For further examples of selling stock, see Register of Letters Received, B, Office of Indian Affairs (No page numbers in MS) Occasionally there was bad bookkeeping on the part of the government and as a result it would over-check the trust fund accounts, but this was rather seldom.—Stock Letter Book, No 1, p 34.

[49] *Laws and Treaties,* II, 446-447.

[50] Stock Letter Book, No 1, pp 52-53

next annuity. The seventh article of the treaty of August 8, 1831, provided for the sales of the lands ceded by the Shawnees and for the money thus derived to be invested in state securities.[51] The proceeds from these lands amounted to nearly $37,000 after the authorized deductions. This money was invested in state stocks as follows:

Maryland 6 per cent stock	$33,912.40
Kentucky 5 per cent stock	980.00
U. S. Treasury Loan, '41	2,000.00
Total	$36,892.40

The dividends on these sums as they were collected were paid over to the tribe on orders of the chiefs and head men, leaving to their credit on this account at the time of their petition a sum of only $85. The state of Maryland had failed to pay the interest on the money invested in the bonds of that state. If the government had been able to collect the profit due on the Maryland bonds, or even if Congress had made an appropriation which was asked for and which passed the Senate, there would not have been anything like a sufficient sum to pay the draft. The Indian Office would not attempt a disposal of the stocks in order to meet their wishes, for it would have been ruinous to the Indians. The needs of the tribe were not deemed so great as to make such a sacrifice necessary or wise;[52] therefore, the petition was refused.

Between 1835 and 1850 the federal government invested nearly all of the money which it held for the benefit of the Indians in state bonds. In some cases it invested in the railroad and canal securities of the different states but they were guaranteed by the state and therefore considered as state stocks.[53]

In 1845 the aggregate amount of the bonds held for all the tribes by the United States was $2,194,120.51 at an aggregate cost of $2,116,309.09.[54] This was not half of the Indian funds

[51] *Laws and Treaties,* II, 532.

[52] Stock Letter Book, No. 1, pp 53-55 T. H. Crawford, Commissioner of Indian Affairs, wrote this letter to W. Wilkins, Secretary of War.

[53] *Ibid.*, No. 2, p. 11

[54] *Annual Report of Commissioner of Indian Affairs, 1843-1847,* Doc. No. 1, pp. 476-479. In 1844 the aggregate amount of the bonds was $2,085,441.32 at an aggregate cost of $2,116,309.09.—*Ibid.*, Doc No. 2, pp. 344-347.

held by the federal government. Some of the states failed to pay interest due; therefore, treaty agreements were made whereby the government guaranteed to pay the Indians an income of 5 per cent on such money in lieu of investment. In 1845 the United States was paying 5 per cent interest on $3,380,100 according to treaty contracts in lieu of investing the money in state stocks; the proceeds alone on this latter fund amounted to over $171,000 annually.[55]

In the years 1841, 1842, and 1847 the federal government needed money; therefore it issued 5 per cent and 6 per cent bonds and sold them to the public. The administration had large sums of money which it held for the Indians and had promised to invest for them in safe and sound stocks. In order to fulfill that obligation and to secure the money which it needed, the federal authorities placed the money retained for the Indians in these bonds.[56]

In 1855 $251,330 was invested in these federal loans. Of these stocks $58,050 were in certificates of the loan of 1847, the interest on which for six months in 1853 was $1,741.50; $130,280 were in certificates of the loan of 1842, and the income for the same period on 63,000 coupon stocks was $3,908.40; and $1,890 worth of the coupons was payable at the same time, making a total of $7,539.90 due on federal loans in 1855.[57]

When the sum of $7,539.90 interest was collected, it was placed to the credit of the following trust fund accounts: [58]

	Stock	Loan	6 mo. int.	Total
Chippewas, Ottawas, and Potawatomies (Mills)	$ 1,921.93	1842	$ 57.66	$
Chippewas, Ottawas, and Potawatomies	1,791.83	1847	53.76	111.42
Chippewas, Ottawas, and Potawatomies (Education)	5,556.71	1842	166.70	
Chippewas, Ottawas, and Potawatomies	6,525.54	1847	195.77	362 47
Cherokee Schools (1819)	$ 5,800.00	1847	$	$ 174.00
Kansas Schools	4,444.66	1842	133.34	
Kansas Schools	1,540.06	1847	46.20	179.54
Menomonies	26,114.88	1842	783.45	
Menomonies	21,321.10	1847	639.63	1,423.08
Chippewas and Ottawas	4,588 97	1842	137.67	
Chippewas and Ottawas	2,274.47	1847	68.23	205.90
Creek Orphans	49,900.84	1842		1,497.02
Choctaws under Con[tracts] with Chickasaws	1,734.71	1842		52.04
Delawares (Education)	7,806.28	1842		234.19
Osages (Education)	24,679.56	1842		740.39
Stockbridges and Munsees	5,204.16	1842		156.12
Choctaws (Education)	60,893.62	1842	1,826.81	
Choctaws (Education)	18,026.97	1847	540 81	2,367.62
Chickasaws (Orphans)	433.68	1842	13.01	
Chickasaws (Orphans)	770.03	1847	23.10	36.11
Total	$251,330.00		$4,686.14	$7,539.90

[55] *Ibid*, Doc No 1, p 80
[56] *Ibid.*
[57] Stock Letter Book, No 2, p 1
[58] *Ibid*, p 2

Nearly all of the Indian trust funds were invested in the stocks of Kentucky, Missouri, Tennessee, Virginia, Indiana, Maryland, Pennsylvania, North Carolina, and Alabama.[59] It seems strange that none of this money was invested in New England State bonds prior to 1850. A partial explanation may be found in the fact that New England was not so heavily in debt and that most of the more influential Secretaries of War and of the Treasury hailed from the Southern states.

Some of the states were very conscientious in paying the interest as soon as it came due, while others were continually defaulting. Some of the Western states when admitted into the Union were allowed a certain portion of the proceeds from the sale of public lands. In order to meet their obligations due on the trust fund, some of these states would use their portion of such revenue to pay the interest on the invested stocks.[60] When-

[59] *Ibid*, pp 1-7, 9-11, 317
[60] *Ibid*, No. 1, pp 58-59

ever a state fell too far in arrears, considerable pressure would be brought to bear on the delinquent. When the state legislature was in session, the federal government would send petitions and agents to the state capitol to get an appropriation to pay the money due.[61]

The amount of interest due on the bonds of the delinquent states held in trust by the War Department on Indian account in 1845 [62] was as follows:

State of Pennsylvania up to 1st February, 1845	$ 5,937.50
State of Indiana up to 1st January, 1845	9,025.00
State of Maryland up to 1st January, 1845	11,939.08
State of Michigan up to 1st January, 1845	2,931.75
State of Arkansas up to 1st January, 1845	900.00
Total interest past due	$30,733.33

According to the returns sent to the Indian Office from the first comptroller of the Treasury Department, the federal government retained $21,654.12 out of the distributive share of the net proceeds of the sales of the public lands, under the distribution law of September 8, 1841, in lieu of the interest due on bonds held in trust on Indian accounts by the delinquent states.[63] The following is an itemized statement of the retention of such funds:

Maryland	$ 7,654.53
Pennsylvania	6,750.00
Michigan	3,849.59
Indiana	3,400.00
Total	$21,654.12

While the Distribution law of 1841 aided the federal government in the collection of unpaid obligations from the states by withholding funds due them, it was unable to collect all of such dues in that manner. It had to continue to bombard state legislatures with petitions and lobbyists for years to come.[64] The Indians could not be denied their income in such manner as this; therefore

[61] *Ibid*, No 2, p. 5.
[62] *Ibid*, No. 1, p. 97. By June of that year the interest past due had increased to $42,254 51 —*Ibid.*, p. 105
[63] *Ibid.*, p. 99.
[64] *Ibid.*, No. 2, p. 5.

the central government paid the interest overdue with the hope that it would be reimbursed later by the states.[65]

In the fifties, during Buchanan's administration, a large number of the Indian bonds were stolen from the Interior Department by one of the government employees, just when and how it has never been known. The federal government valued the stolen bonds at $787,000. The chairman of the Committee of Indian Affairs in the Senate opposed the refunding of the principal but favored the payment of interest due on the abstracted bonds.[66]

The government apparently made little effort to recover the stolen bonds before the year 1862. In July of that year Congress passed an act which stated that "all interest in said bonds is vested in the United States, and any recovery or reclamation of the same, or any part thereof shall be for the use and benefit of the United States." [67] At that time the government was too busy fighting General Lee to devote much attention to the recovery of the bonds.

This was not the only loss which the Indians sustained under the trusteeship of the federal government. When the southern states seceded in 1861, $850,000 had been invested in Southern stocks which ceased to bear interest.[68] Thus the Indians were robbed of $25,500 annual interest. As we have already seen there were Northern states which had been delinquent in paying interest too. By 1862 bonds invested in Northern securities which ceased to bear interest amounted $473,000. Thus, when the Indians probably needed the income most, they were being denied *lawful interest* on $1,323,000 worth of stock. In addition, the Southern states after the Civil War repudiated the Indian bonds along with the other repudiated bonds of the period.[69]

Conclusion

In conclusion, suffice it to say that the national government created trust funds for the Indians and agreed to invest the same in

[65] *Ibid*, No 1, p. 341.
[66] Indian Trust Fund, Letter A., pp. 1, 20, 21, 29, 30, Office of Indian Affairs It seems that the bonds had been stolen some time before the government was aware of their theft.
[67] Stock Letter Book, No 2, p. 334.
[68] Indian Trust Fund, Letter A, pp. 22-25.
[69] *Ibid.*, pp 22-25. The records of the Indian Office fail to show, with a few exceptions, the market value of the bonds.—*Ibid.*, p. 27.

sound and profitable stocks in order to protect and promote the moral, social, financial, and general welfare of the Indians against the degrading influences of designing whites. In the main the investments were sound, but occasionally mistakes were made. The good intentions of the federal government, however, cannot be questioned. The Indians were benefited substantially by the income from these investments between 1830 and 1857, and they were accordingly enabled to provide for the orphans and incompetents, create and improve schools, encourage and promote agriculture, and provide for the financial necessities of the different tribes. It was unfortunate, however, that the Indians were made to suffer because of stolen and repudiated bonds in the late fifties and early sixties; nevertheless, despite criticisms, no nation, so far as the writer is aware, ever agreed to invest such large sums of money for a race of an inferior character, inferior because the red man had been denied the opportunities of the Caucasian.

Chapter XXIII

INDIAN EDUCATION AND CIVILIZATION, 1825-1850

In 1825 federal force was substituted for Indian management. The real problem that faced the national government for the next twenty-five years, as previously demonstrated, was the proper timing of the removal of the individual tribes. However, despite the policy of force, which inflicted painful and cruel experiences, Indian education made some progress. Private individuals and organized missions spent considerable money for the betterment of the Indians. Although the federal government took the Indian lands and forced the tribes to move West, the central government continued to appropriate annually $10,000 as a special civilization fund.[1] In addition, through treaty stipulations, the United States gave increasingly large sums of money to promote Indian education.

In 1826 the report on Indian conditions reads in part:

> It is a lamentable fact, that hundreds of Indian children are turned away, annually, from those nurseries of kindness, for want of ability on the part of the superintendents to receive them. Numerous applications for assistance, and from the most respectable societies, are now on file in this office, to which it has not been possible to return any other answer than the fund appropriated by Congress is exhausted.
>
> It is . . . earnestly recommended that the sum be increased.

In order to meet the discouragement arising from the educated children being thrown back into uneducated Indian settlements, it was recommended that sections of land and agricultural and other implements be given them, by which they might earn their living and become an "intermediate link between our own citizens and our wandering neighbors, softening the shades of each, and enjoying the confidence of both."[2]

[1] See Chapter XV

[2] *A. S. P., I. A.*, II, No. 241, 671 See Fletcher, *Indian Education and Civilization*, p. 165.