

TRUST MATTERS



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Fractionation Update

The Inter Tribal Monitoring Association (ITMA) released their report on fractionation in December 2008. The 15 recommendations from that report were reviewed in detail with tribal leaders at the ITMA meeting and workshop that was held April 2009 in Albuquerque, New Mexico. ITMA is now categorizing the 15 recommendations and incorporating them into detailed action plans that will be published in the next few weeks.

ITMA is working with BIA, OST and other government offices and tribes to produce the most effective solutions to fractionation. Mary Zuni, ITMA's Executive Director, noted that many issues overlap and are best considered collectively.

Eliminating the Appraisal Backlog

Historically, backlog has been defined as any complete and valid appraisal request that is 91 days or older. The backlog also includes any appraisal report review request, received from a tribal appraisal program, that is 31 days or older. (OAS is currently working on redefining "backlog.")

In February 2009, OAS initiated a project to eliminate the backlog by July 1. The Deputy Chief Appraiser established a number of backlog teams (comprised of staff from OAS offices throughout the organization) that go on site to agency locations with large backlogs. This allows OAS review appraisers to become geographically competent at those locations. Appraisers can then perform appraisal reviews from their home locations.

Appraisal offices throughout the country have geared up and are energized about meeting the backlog challenge. The Northwest Regional Office, for example, created a "gold star" to visualize their progress.

The star is comprised of pieces of a puzzle with agency names printed on them. Once the work load for that agency is completed, the white portion is torn off showing a bit of gold. End result, the backlog is completely eliminated when they can see the whole gold star. The entire staff put their minds together to come up with this visual. They all signed the board and look forward to seeing *gold*.



Staff at the Northwest Regional Office (L-R): Philip Graf, Rena Sanford, Tom McCorquodale, Dawn Cordts-Buendia, Laura Manion, Ernest Flechsig

While many things have contributed to the creation of the backlog over past years, OAS is aggressively taking steps to not only *eliminate* the backlog but to institute more efficient and effective practices and processes to *avoid* future backlogs. These steps include developing alternative appraisal methodologies and techniques, like mass appraisal systems and market studies.

In addition, OAS is developing and implementing indefinite-delivery/indefinite-quantity contracts for appraisal services that will result in a more effective and efficient acquisition process. These contracts are being awarded on a reservation-by-reservation basis. In conjunction with this effort, OAS is analyzing each and every new appraisal request—whether from the Bureau of Indian Affairs, tribes, or third party entities—to determine the appraisal product that will best serve a client's needs.

OAS has a number of other projects on the burner. These are exciting times!

Impacting Speed of Disbursements

The lockbox, established just over three years ago, is the place where payments for trust land use are remitted. When a payer includes a coupon (the stub on the invoice that is detached and returned) with a payment to the lockbox, then auto-match and auto-pay are activated. These functions, within the collection system, ensure accuracy and increase the speed with which income is paid to beneficiaries.

While the use of coupons has risen, there is still room for improvement in two areas:

- invoices with coupons need to be provided to payers before their due date
- payers need to remit coupons with their payments

Please help spread the word to increase the rate of coupon use, which in fiscal year 2008 was 64.8 percent. That was the first year there were more payments submitted with coupons than without. Remember, increased use of coupons results in faster payments to beneficiaries! After all, OST employees know it's all about the beneficiaries.

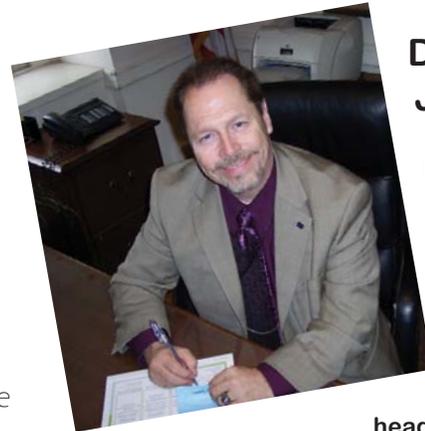
Stable Indian Trust Asset Value

The turbulence in the financial markets has created concern and unease among many investors, including Indian trust beneficiaries. Fortunately, the financial trust assets of tribal and Individual Indian Money account holders have not been adversely affected by the current economic environment.

Trust assets invested by the Office of Special Trustee for American Indians (OST) are limited by law to fixed income securities issued by the U.S. Government and its agencies. They are among the highest quality instruments available.

In September 2008, the U.S. Government took control of Fannie Mae (Fannie) and Freddie Mac (Freddie), which are U.S. Government agencies known as "Government Sponsored Enterprises" (GSEs). Because they are chartered by the U.S. Government, their financial backing by the government is *implied*, but not guaranteed, as Treasury securities are. However, the takeover increased investor confidence in the safety of fixed income debt issued by Fannie and Freddie because the government has assured their long-term viability as an integral part of its plan to stabilize the housing crisis.

OST invests trust funds in fixed income securities issued by Fannie and Freddie and other government agencies because such securities offer higher income than comparable Treasury securities with almost the same safety of principal. As a result, OST's trust funds have avoided the kinds of losses many other parts of investment markets have experienced in the past year. Interest rates have declined as the economy has slowed, but the principal value of Indian trust assets has remained secure.



Dr. Barham Joins Staff

Dr. James P. Barham is a new Director with the Office of the Special Trustee for American Indians (OST). JP

heads up OST's Office of External Affairs.

Prior to OST, JP was with the U.S. Department of Homeland Security where he served as the Chief of Communications, Office of Fraud Detection and National Security. A retired military veteran, JP entered OEA with more than 30 years of federal service in the areas of public affairs and communications.

JP is a graduate of the New England Institute of Hypnotherapy and a graduate of Concordia University, where he earned a Doctorate of Philosophy degree in 2003. Additionally, JP is a Certified Clinical Hypnotherapist who specializes in forensic hypnosis and pain management.

JP looks forward to working with OST as it moves ahead with reforms. He is especially interested in enhancing OST's relationships within Indian country.

Advisory Board Passes Probate Resolution

The Advisory Board of the Special Trustee convened on March 26, 2009, in Washington, D.C. At one point, they met with the team of senior managers of the Office of the Special Trustee for American Indians (OST) to learn about progress on reforms. The agenda also included a brief meeting with Secretary Salazar. After that meeting, it was back to the business at hand, part of which was a discussion of an expedited probate process. The Board passed a resolution to study the development of a simpler probate administration system and to form a committee, chaired by Advisory Board member Professor David English, to work with the Department on this initiative.

Over 5000 Outreach Events in Fiscal Year 2008

Fiduciary Trust Officers (FTOs) are always thinking about what will help the Indian trust beneficiaries at their agencies. The Office of the Special Trustee for American Indians' FTOs are local, primary points of contact for beneficiaries. There are 51 FTO positions across the country, typically co-located with Bureau of Indian Affairs' offices.

Outreach events are one of the ways FTOs serve their beneficiaries. Events provide training; enable beneficiaries to get answers about their trust assets and issues; and offer OST an opportunity to search for



First financial training class at the Standing Rock tribal headquarter's building. Cash vs. credit: What's in your wallet?

Whereabouts Unknown (WAUs), Indian trust account holders for whom the OST does not have current contact information. Last year, FTOs participated in more than 5,000 outreach events. They worked with tribal leaders, non-profit organizations, educational institutions and other government agencies.

Recently, the Standing Rock Sioux Tribe and the First Nations

Development Institute (FNDI) offered financial and entrepreneurial training, in cooperation with OST's Standing Rock Agency. The FNDI is a Native nonprofit organization that has created financial training materials suitable for individuals at all levels of experience. The sessions were open to local people interested in improving their personal financial skills and setting financial goals or building a business. Presenters for this series included staff from the Sitting Bull College, who explained the college's new multi-week curriculum for entrepreneurs, and FNDI's Shawn Spruce, a certified financial literacy trainer.

"This is the second series of financial training offered in the Great Plains Region" said FTO Ed Grant. "When the first workshops were held in September at the Fort Berthold Agency, we received feedback that everyone, not just tribal members on the reservations, could use training like this."

FTOs in Oklahoma supported will-preparation services that included trust and non-trust assets. The sessions were open to Indian trust beneficiaries from any tribe. The Oklahoma City University (OCU) Law School Clinical Program, the Oklahoma Bar Foundation, and the



More than 80 seniors and juniors attended the financial training session held at the Sanding Rock High School.

Cheyenne-Arapaho Tribes offered the program. OCU law school student interns with knowledge of wills, probates and trust law provided the service under the direction of a licensed and bonded supervising attorney. Their efforts were overseen by Casey Ross-Petherak, an attorney and assistant director of the school's Native American Legal Resource Center. The students received coursework credit. Sessions in spring were held at locations near the Anadarko and Concho Agencies. Additional fall dates are being arranged for agencies located throughout the Southern Plains Region.

"Many of the beneficiaries who had wills drafted at the first session said they were thankful for the opportunity. They told me that without this service, they wouldn't know where else to go. It's difficult for them to find *affordable* local lawyers who are knowledgeable about Indian trust law," noted Henry Ware, a FTO at the Concho Agency.

Choose the Debit Card for Your Disbursements



Receiving the Paybefore Award (L-R): Rob Winter (Trust Services), Rien Heymering (Trust Accountability), Margaret Williams (Trust Accountability), Bryan Marozas (Field Operations)

The debit card program of the Office of the Special Trustee for American Indians (OST) is a 2009 winner in the “Best Government Funded Prepaid Program” category of the Paybefore Awards. This annual competition recognizes excellence—worldwide—in the prepaid card industry. OST’s program was selected by a panel of five industry experts who served as judges for this year’s competition.

Instead of receiving disbursements by check, Individual Indian Money (IIM) account holders may choose to have their funds provided electronically through automatic transfers to a personal debit card account at Chase Bank. OST’s website has been updated with a section devoted to information about the debit card option. Visit www.doi.gov/ost/debitcard to access detailed information.

Electronic transfer to a Chase debit card account is fast, convenient and safe. There is no risk of checks being misplaced, stolen or lost in the mail. There is no cost to enroll

for the service and the funds in a debit card account are immediately available to the account holder to make payments or purchases wherever MasterCard® or debit cards are accepted.

The debit card option is available even if you do not have an account at any other financial institution. If you do have an account at another financial institution, consider the direct deposit option first.

To find out how easy it is to get a Chase debit card account and receive your funds electronically, visit www.doi.gov/ost/debitcard or contact the Fiduciary Trust Officer (FTO) at your local servicing agency. To find your FTO, click on the map at www.doi.gov/ost/fto. You may also call the Trust Beneficiary Call Center (TBCC), toll free, at 1-888-678-6836. The TBCC operates six days a week—Monday through Friday from 7 a.m. to 6 p.m. and Saturday from 8 a.m. to noon, Mountain Time.

Touring OST’s Albuquerque Facilities

Early in April, members of Senator Tom Udall’s staff in New Mexico toured the Albuquerque facilities of the Office of the Special Trustee for American Indians (OST). The tour, which lasted several hours, was preceded by a slide presentation that provided an overview of operations and staffing.

Later that month, several tribal members and representatives also took the opportunity to tour OST’s Albuquerque facilities after meeting with OST managers. OST was pleased to host the Confederated Salish and Kootenai Vice Chairman and tribal council members, the Confederated Tribes of the Warm Springs Reservation Chairman and council members, and the Sac & Fox Nation Principal Chief and a realty specialist.

Do you have special issues to discuss with OST management? Would you like a closer look at where and how your trust funds are managed? OST extends an open invitation to tour its Albuquerque operations. To schedule a visit, please contact your Fiduciary Trust Officer or Regional Trust Administrator, or call Rick Fielitz or Pat Gerard at 505-816-1313.

“The OST tour was well worth our time. Acting Special Trustee Donna Erwin and the other senior managers were very professional and provided us with a detailed and insightful look at the OST programs.”

*Ernest T. “Bud” Moran,
Vice-Chairman,
Confederated Salish
and Kootenai Tribes*