



United States Department of the Interior

OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Washington, D.C. 20240

JUN 30 2006

Dear Tribal Leader,

One of my continuing priorities is to disseminate timely information about the Department of the Interior's management of the Indian trust and the status of trust reforms underway. To that goal, I wanted to give you an update on many of our reform projects.

Additional resources for beneficiaries:

Providing information to beneficiaries and ensuring that staff is available to answer questions has been paramount to our reform work. We are currently expanding the ways beneficiaries can get information about their accounts. This past quarter, we extended the hours for the toll-free Trust Beneficiary Call Center to include Saturday mornings. Beneficiaries can now call the Call Center at 1-888-678-6836, Monday through Friday from 7 am to 6 pm, and on Saturdays from 8 am to noon MT.

We have also produced a number of informational brochures for trust beneficiaries. These include a general information brochure about the Office of the Special Trustee for American Indians (OST), a brochure on how tribes can withdraw their funds from trust, and a card that explains the Whereabouts Unknown program. We continue to work on new materials, and have just produced a quarterly account statement insert that explains the new American Indian Probate Reform Act (AIPRA) and a brochure about Individual Indian Money (IIM) accounts. We have included copies of both the AIPRA statement insert and the new IIM Account Information brochure with this letter.

This summer, Fiduciary Trust Officers are planning many outreach events for beneficiaries. At these events, Interior staff will be available to answer questions, distribute information, and help search for people who might have trust assets but are on the Whereabouts Unknown list. For information on an outreach event in your area, contact your Fiduciary Trust Officer. (See enclosed list of phone numbers.)

Reform implementation:

Consistent with the Fiduciary Trust Model, Interior has successfully converted the entire Southern Plains Region to new technology, and is reengineering Indian trust business processes. Staff throughout the Southern Plains Region is managing the trust more efficiently and effectively. These reforms will have a positive impact on beneficiaries in the following ways:

- Current title information will enable beneficiaries to get timely, accurate data about their trust assets.
- Funds from land transactions are being distributed to beneficiary accounts faster through the new lockbox and other automated processes.
- Records are being stored safely, and imaged for efficient retrieval and use.
- Beneficiaries have Fiduciary Trust Officers, and trained staff at the Trust Beneficiary Call Center available to them. These staff members serve as primary contact resources.
- Beneficiaries with trust assets in this region are receiving account statements that include more comprehensive information about those assets—including location, size, and the duration of the lease or "encumbrance" for the asset.

As well, BIA has significantly reduced the backlog of pending probates in the Southern Plains Region, and is processing current probates more efficiently. BIA has converted multiple computer leasing systems to the Trust Asset and Accounting Management System (TAAMS) that manages current land title and leasing information. TAAMS and the Trust Funds Accounting System (TFAS) allow us to submit bills to lessees for collection and

track their payments to account holders. We are continuing to improve these new processes, and fine-tune remaining trust management issues in this region.

Simultaneously, BIA is bringing these systems to the Great Plains Region, and beginning to introduce them in the Rocky Mountain Region and some areas of the Northwest. We plan to have all regions nationwide converted to the new systems and processes by the end of calendar year 2007.

These programs are available to contracting and compacting tribes:

Interior has long supported tribal sovereignty, self-governance, and self-determination efforts, and continues to encourage tribes to assume the management of eligible programs through self-governance compacts or self-determination contracts.

We are working to ensure that our trust reform activities—including upgraded technology, processes, and improved systems—are available to tribes that contract and compact Interior trust programs. Enclosed is a new brochure that explains the trust programs and support that may be available to contracting and compacting tribes. The brochure also includes the current trust reform conversion schedule so tribes can see when their agency and region will be converted to the new systems and processes. OST looks forward to working with tribes that contract or compact programs in the spirit of the government-to-government relationship.

New National Indian Programs Training Center is open:

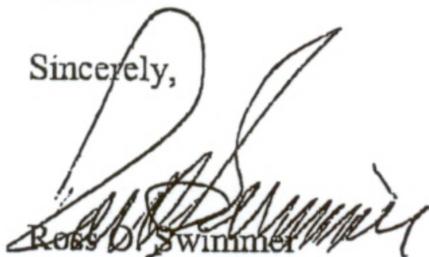
Another benefit to tribes is the new National Indian Programs Training Center, located in Albuquerque, NM. The new facility, dedicated to former Secretary of the Interior Manuel Lujan, Jr., is a central education center for Interior's Indian Affairs programs—including trust programs, social services, law enforcement, and education. Courses and training programs offered at the new center may be available to tribal staff. For information, call the new center at (505) 563-5400.

The future of reforms:

There are many more issues in the management of the trust that need attention and reform. We continue to work to improve the process of asset appraisals, and to tackle the appraisal backlog. We continue to improve the system of processing probates, and to tackle the backlog. We have a full staff of Indian Lands Surveyors in place, and they are beginning to work with tribes on prioritizing and tackling survey backlogs. We have also recently established an Indian Minerals Evaluation Office, based in Colorado, to coordinate and improve mineral evaluation information for sales of fractionated land in Indian Country.

We are dedicated to accomplishing the goals established in Interior's Fiduciary Trust Model, and look forward to continuing to work with you to get there. If you have any questions please contact me or your Fiduciary Trust Officer.

Sincerely,



Ross D. Swimmer
Special Trustee for American Indians

Enclosed:

- *Individual Indian Money Account Information brochure*
- *Trust Reform Systems and Services Available for Self-Determination and Self-Governance Tribes brochure*
- *American Indian Probate Reform Act (AIPRA) statement insert*
- *RTA and local office phone list.*

The American Indian Probate Reform Act (AIPRA)

This new law goes into effect on June 20, 2006. In general, the following information can help you understand how AIPRA may affect you.

For more information, contact the Trust Beneficiary Call Center, toll-free 1-888-678-6836.

What is AIPRA?

This law creates a uniform Federal probate code that determines how Indian trust assets are distributed to heirs after a beneficiary passes away. The probate provisions of AIPRA only apply if a tribe does not have a tribal probate code that is approved by the Secretary of the Interior, or a beneficiary doesn't have a valid will. The law is designated to preserve the trust status of Indian lands and to reduce the number of fractionated trust interests.

What does AIPRA change?

Often beneficiaries have trust assets in more than one state. In the past, this would complicate the distribution of assets as each of those trust assets was distributed according to state codes. AIPRA allows Indian trust assets to be distributed to heirs based on one Federal probate code, or tribal code, rather than multiple state codes. The law also helps facilitate the consolidation of fractionated trust assets by making it easier for people to transfer assets, and by implementing a single-heir inheritance rule. This single-heir rule only applies if an account holder owns a highly fractionated asset (less than 5% ownership) and dies without a will.

What is "fractionation?"



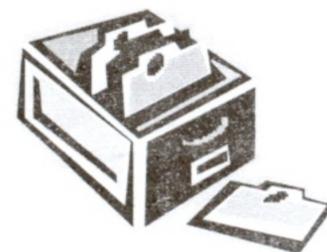
In the past, many Indians did not prepare wills. As a result, individual trust interests would pass to heirs in accordance with state inheritance laws and probate codes, resulting in multiple owners for one parcel of land. For example, a hundred years ago one 40-acre parcel of land could have been held in trust for one couple with three children. If each of those three children had three or more children for four generations, those 40 acres could now be owned by more than 300 people. The land is considered "undivided"—in other words each teaspoon of dirt from the land is owned by all 300 owners. If you divide a lease payment of \$1,000 year among 300 heirs, each beneficiary will receive a check for only \$3.33.

How does AIPRA affect fractionation?

AIPRA still offers an opportunity for individuals to determine how they want to distribute their trust assets. Through estate planning and will writing, beneficiaries can designate how they sell, gift, transfer or consolidate their interest in trust or restricted land.

Does every beneficiary have to write a will?

Having a will is not a requirement. If a beneficiary does not have a will, his or her trust assets will pass to his or her heirs based on either Federal or tribal laws. Having a valid, written will gives a beneficiary the ability to distribute trust property to whomever he or she wants.

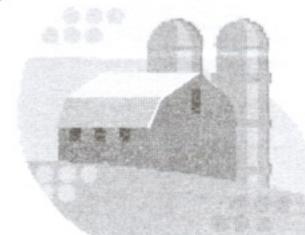


Will my assets go to my oldest child?

AIPRA's single-heir rule only applies in certain circumstances. When a trust beneficiary dies who has less than 5% ownership in a highly-fractionated trust asset, and he or she does not have a will, the fractionated asset will be inherited by a single heir. This is often the oldest child.

Do all tribes need a probate code?

Tribes are not required to have a probate code. However, AIPRA authorizes tribes to pass their own probate code, as long as it is approved by the Secretary of the Interior. AIPRA does not apply to Alaska Native Villages, the Five Civilized Tribes or the Osage Tribe.



How do I create an estate plan?

The Department of the Interior has been working with various non-profit legal organizations to provide education regarding the impact of AIPRA. These organizations can also assist you to write a will or plan for the distribution of your estate.



Regional Fiduciary Trust Administrators (RTAs) and Local Area Offices

General Information: Trust Beneficiary Call Center, toll-free 1-888-678-6836

To contact a Fiduciary Trust Officer in your region, call the office nearest you, listed below:

Southern Plains & Southwest Regions

Regional Trust Administrator: Melvin Burch (505) 816-1465

Anadarko Agency, Anadarko, OK: (405) 247-6677 x 518
Concho Field Office, El Reno, OK: (405) 262-4857
Horton Agency, Horton, KS: (785) 486-2161
Pawnee Agency, Pawnee, OK: (918) 762-4473
Southern Plains Region, Anadarko, OK: (405) 247-1504
Laguna Agency, Laguna, NM: (505) 563-3564
Southern Ute Agency, Ignacio, CO: (970) 563-1013

Navajo & Western Regions

Regional Trust Administrator: Robert Craff (505) 816-1462

Eastern Navajo Agency, Crownpoint, NM: (505) 863-8463
Navajo Region, Gallup, NM: (505) 863-8485
Colorado River Agency, Parker, AZ: (928) 669-7130
Papago Agency (Tohono O'Odham), Sells, AZ: (520) 383-1071
Pima Agency, Sacaton, AZ: (520) 562-3608
Uintah & Ouray Agency, Fort Duchesne, UT: (435) 722-4332
Western Nevada Agency, Carson City, NV: (775) 887-3525 x 279

Great Plains & Eastern Regions

Regional Trust Administrator: Jim James (505) 816-1073

Fort Berthold, New Town, ND: (701) 627-4475
Great Plains Region, Aberdeen, SD: (605) 226-7361
Pine Ridge Agency, Pine Ridge, SD: (605) 867-1010
Rosebud Agency, Rosebud, SD: (605) 856-4965
Sisseton Agency, Agency Village, SD: (605) 698-4906
Standing Rock Agency, Fort Yates, ND: (701) 854-3419
Turtle Mountain Agency, Belcourt, ND: (701) 477-3828
Winnebago Agency, Winnebago, NE: (402) 878-2411
Eastern Region, Nashville, TN: (615) 564-6933
Rapid City, Rapid City, SD: (605) 341-4028

Eastern Oklahoma & Pacific Regions

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|----------------------------------------------------|-----------------------|
| Regional Trust Administrator: Vicki Forrest | (505) 816-1464 |
| Cherokee Nation, Tahlequah, OK: | (918) 453-5715 |
| Chickasaw Agency, Ada, OK: | (405) 257-2113 |
| Eastern Oklahoma Region, Muskogee, OK: | (918) 687-2317 |
| Osage Agency, Pawhuska, OK: | (918) 287-5790 |
| Palm Springs Field Office, Palm Springs, CA: | (760) 416-4167 x 264 |
| Southern Calif. to Pacific Region, Sacramento, CA: | (916) 978-6047 |
| Tulsa /Oklahoma City, Tulsa, OK: | (918) 687-2317 |

Rocky Mountain & Midwest Regions

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| Regional Trust Administrator: Catherine Rugen | (505) 816-1071 |
| Great Lakes Agency, Ashland, WI: | (715) 682-9788 |
| Minnesota Agency, Bemidji, MN: | (218) 751-4338 |
| Blackfeet Agency, Browning, MT: | (406) 338-7518 |
| Crow Agency, Crow Agency, MT: | (406) 638-4405 |
| Fort Belknap Agency, Harlem, MT: | (406) 353-2281 |
| Fort Peck Agency, Poplar, MT: | (406) 768-3288 |
| Northern Cheyenne Agency, Lame Deer, MT: | (406) 477-8289 |
| Rocky Mountain Region, Billings, MT: | (406) 657-6750 |
| Wind River Agency, Fort Washakie, WY: | (307) 332-3669 x 242 |

Northwest & Alaska Regions

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|---------------------------------------------------|-----------------------|
| Regional Trust Administrator: Tom Reynolds | (505) 816-1108 |
| Colville Agency, Nespelem, WA: | (509) 634-2317 |
| Flathead Field Office, Pablo, MT: | (406) 275-2825 |
| Fort Hall Agency, Fort Hall, ID: | (208) 238-2310 |
| Northern Idaho, Lapwai, ID: | (208) 843-2300 x 2788 |
| Northwest Region, Portland, OR: | (503) 231-6732 x 232 |
| Puget Sound Field Office, Everett, WA: | (425) 339-5167 x 403 |
| Taholah Field Office, Taholah, WA: | (360) 276-8215 x 536 |
| Umatilla Agency, Pendleton, OR: | (541) 278-3786 |
| Warm Springs Agency, Warm Springs, OR: | (541) 553-2409 |
| Yakama Agency, Toppenish, WA: | (509) 865-2255 x4116 |
| Seattle-Tacoma Agency, Seattle, WA: | (206) 220-7830 |
| Alaska Region, Anchorage, AK: | (907) 271-1610 |