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Nowhere Near the Reservation

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Why Are Indian Funds in N. Y.?

By JULIAN MORRISON

The Interior Department has deposited \$10 million of Navajo Indian trust funds in a Buffalo, N. Y. bank despite a Department regulation requiring that banks near the Indian's reservation be given deposit priority, it was learned today.

The department reportedly broke a May 6 agreement with the Navajos in depositing another \$9 million of their money in three Phoenix, Ariz., banks after Navajo officials had asked that the money be put in three other banks.

The deposits were made without consultation with the Navajos, who had requested Interior Secretary Stewart Udall to withdraw their funds from the Treasury, but only "with the cooperation of tribal personnel", so that the money could earn more than the 4 per cent Treasury interest rate.

An Interior spokesman said last night that, "It is up to this individual tribe to say what banks they want their money put in."

But J. Maurice McCabe, Director of the Administration division of the Navajo tribal government, said his people were not told of the Buffalo bank deposits until they had been made.

The Indians reportedly

were especially anxious to have the deposits made in Western banks with whom they have had advantageous dealings in the past.

The background of the story is this:

The Navajo tribe, beginning last February, began urging the Bureau of Indian Affairs to transfer the bulk of its \$70 million trust fund — which comes from oil, gas, timber and uranium royalties — into higher yield Treasury bills or commercial banks' certificates of deposit.

In June, Secretary Udall finally agreed to do this, and since that time has invested \$42.4 million in "Treasury Bills" which yield 5½ per cent interest.

(The department spokesman said that, in addition to the Navajo, the Senecas, Ozarks, and one Sioux tribe, they have put their own funds in commercial banks since June.)

On July 21, the Secretary — who is trustee for the tribe — bought ten \$1 million certificates of deposit from the Marine Trust Co. of Western New York, each paying 5½ per cent interest, and another \$2 million in certificates of deposit from the Liberty National Bank on Buffalo, a second Buffalo bank, carrying the same interest.

Why Mr. Udall chose these two banks is not known.

One long-time observer of the Interior Department's conduct of Indian affairs observed yesterday that "the Navajos are a big tribe, but they don't live anywhere near Buffalo."

Mr. McCabe would not discuss the deposits of \$9,000,000 in tribal funds in three Phoenix banks, but said the matter would come up at a tribal meeting today.

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Altho Mr. McCabe has reported that Department officials promised to drop plans for the deposits in the Phoenix, he was informed Monday afternoon that they had, in fact, been made.