

Dear Tribal Leader,

As you know from my previous letters, the management of Indian trust assets has been the focus of years of reform work at the Department of the Interior (Interior). In the past decade, Interior has directed tens of millions of dollars toward fixing the root causes of persistent problems. There are plenty of people who declare Interior's trust reform efforts are ineffective, but we are seeing results that show otherwise. **We want to let you know how these trust reform results can have a direct, beneficial affect on your tribe and your individual account holders.**

For the first time, beneficiaries have access to current trust information through highly-trained Fiduciary Trust Officers, a toll-free call center, and enhanced information technology systems. Tribal accounts are now being managed locally by Fiduciary Trust Officers so you have a more convenient resource for your tribal investment questions. Individual account statements with more detailed information are now being delivered to account holders in areas that have been converted to the enhanced Indian trust systems. We also have implemented funds receivable technology that is being utilized at Indian Affairs offices across the nation. The title and realty modules of the Trust Asset and Accounting Management System (TAAMS) have been implemented in nearly three-quarters of Bureau of Indian Affairs offices across the nation, and all remaining offices are targeted to be converted by September 2007.

The "information technology conversions" will be beneficial to tribes because the systems will allow tribes to receive immediate information, when requested, on:

- Current title status;
- The number of tracts your tribe owns;
- The percent of ownership in each tract of land your tribe owns;
- The number of tracts your tribe has encumbered (i.e. leased);
- Where each tract is located;
- The acreage of each tract, and the cumulative acreage of all tracts owned by your tribe;
- The amount to be received through each lease;
- The effective and expiration dates of each lease.

Tribes in BIA regions that have been fully converted to the integrated technology will receive this information on monthly account statements. This information is also available through Fiduciary Trust Officers, or via the Trust Beneficiary Call Center, 1-888-678-6836. This is a vast improvement. In the past it could take weeks or months to obtain this information because many different people had to gather it from a variety of sources, and information in the older title and accounting systems may not have been current at the time of the request. We hope these improvements are helpful to your budgeting, leasing, economic development and other endeavors.

Ongoing constraints and efforts for the future:

In spite of this important progress, we are still constrained by structural issues that require significant policy changes. As most of you know all too well, the most obvious of these is "fractionation," or the intricate division of trust land ownership into smaller and smaller undivided interests as generation after generation passes the land down to their heirs. Currently, Interior is managing more than 300,000 trust accounts. Of these, an astounding 52% earn \$10 or less in income each year. Between 1985 and 2000, Interior processed 30 million transactions; 26

million of these were for less than \$1. These miniscule amounts are often a result of the fractionation of trust land. Fractionation leads to a cascading number of obstacles in trust management and in making the land productive for Indian beneficiaries.

A number of tribes have implemented creative and successful land consolidation projects, and Interior's land consolidation office has purchased thousands of interests on behalf of tribes, but to date, most of these programs have simply slowed the problem. For over a century, people have been trying to solve this dilemma; it is far past time to make some wide sweeping changes that will stop further fractionation and help restore the economic value of these lands to tribes and individuals.

This fall, the Senate Committee on Indian Affairs staff published suggested ideas and concepts that we hope serve as discussion points for productive legislation. These ideas included proposals for an initiative to foster land consolidation and a proposal for moving to an owner-managed trust system. According to Associate Deputy Secretary James E. Cason, in a recent letter, the "initiative to enable Indian owner-managed trusts rests upon the belief that Indian tribes and individuals will be able to manage their land assets with a greater satisfaction in the results than those obtained by an overarching Federal management system. This initiative is similar to the current right that tribes have to withdraw their trust funds for self-management, and exercise the decision-making responsibilities for setting priorities—and investment strategies—for those funds." Under this proposal, individual Indians and tribes would have the ability to manage and control their land and cash assets while retaining the current tax benefits of trust status. The government would continue the prevention of involuntary alienation of Indian land. Also included in the proposals was an initiative to end the long-running *Cobell* litigation and a number of similar lawsuits filed by tribes.

Mr. Cason added, "The Administration hopes the proposed initiatives serve as a platform for thoughtful discussion with Indian Country. This is a rare opportunity for forward thinking leaders in Indian Country to reconsider the status quo to make sure that we not only settle current and future litigation, but that we also foster a new era in trust management designed to address the structural problems that lead to litigation. We are hopeful that people in leadership positions in both Indian Country and the Federal Government can look at some of the possibilities for the future of the trust—keeping history in mind, but not letting it stand in the way of real progress and justice." I agree, and hope these ideas form the basis for a productive conversation between the administration and Indian Country.

Thank you for your time. If you would like to discuss any of these ideas further, please don't hesitate to contact me.

Ross O. Swimmer
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U.S. Department of the Interior