

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

ELOUISE PEPION COBELL, et al.,)
)
 Plaintiffs,)
)
 v.) Case No. 1:96CV01285
) (Judge Lamberth)
 DIRK KEMPTHORNE, Secretary of the Interior,)
 et al.,)
)
 Defendants.)
 _____)

**NOTICE OF FILING OF THE TWENTY-SIXTH QUARTERLY REPORT
FOR THE DEPARTMENT OF THE TREASURY**

The Department of the Treasury has prepared its *Twenty-Sixth Quarterly Report on Actions Taken By the Department of the Treasury to Retain IIM-Related Documents Necessary For an Accounting* and submits it to the Court in accordance with this Court's Order of December 21, 1999.

A copy of the report is attached hereto.

Dated: June 1, 2006

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that, on June 1, 2006 the foregoing *Notice of Filing of the Twenty-Sixth Quarterly Report for the Department of the Treasury* was served by Electronic Case Filing, and on the following who is not registered for Electronic Case Filing, by facsimile:

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/s/ Kevin P. Kingston
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DEPARTMENT OF THE TREASURY
BUREAU OF THE PUBLIC DEBT
WASHINGTON, DC 20239-0001

June 1, 2006

MEMORANDUM FOR: ROBERT D. McCALLUM, JR.
ASSOCIATE ATTORNEY GENERAL
U.S. DEPARTMENT OF JUSTICE
CIVIL DIVISION

FROM: PAUL G. WOLFTEICH 
CHIEF COUNSEL
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DEPARTMENT OF THE TREASURY

SUBJECT: TWENTY-SIXTH QUARTERLY REPORT
COBELL v. KEMPTHORNE

Included with this cover memorandum is the "Twenty-Sixth Quarterly Report on Actions Taken by the Department of the Treasury to Retain IIM-Related Documents Necessary for an Accounting" (the "Report"). The Report has been prepared by the Department of the Treasury pursuant to the Court Order and Opinion in *Cobell v. Babbitt* (D.D.C. CV No. 96-1285), filed December 21, 1999.

The Report includes information concerning the Financial Management Service ("FMS"), the Bureau of the Public Debt ("BPD"), and certain Departmental Offices ("DO"). The Report was prepared based on information provided by a number of program offices from the above-described organizations. The preparation of the Report included circulation of drafts of the Report to program offices that are responsible for the actions described in the Report. Comments were received from those offices and incorporated in the Report. Senior officials of FMS, BPD and DO reviewed the Report before it was submitted to the Department of Justice.

The Department of the Treasury stands ready to respond to any questions or concerns the Court may have after reviewing the Report.

**TWENTY-SIXTH QUARTERLY REPORT ON ACTIONS TAKEN
BY THE DEPARTMENT OF THE TREASURY TO RETAIN
IIM-RELATED DOCUMENTS NECESSARY FOR AN ACCOUNTING**

Cobell, et al. v. Kempthorne, et al.

June 1, 2006

This is the Department of the Treasury's ("Treasury") Twenty-Sixth Quarterly Report, pursuant to the Court's December 21, 1999 Order ("Order") in the above-captioned case. It covers activities occurring over a three-month period from March 1, 2006 through May 31, 2006. The Order requires Treasury to report on the steps it has taken since the last quarterly report to rectify a single breach of its trust responsibilities, namely the destruction of IIM trust materials after their age exceeded six years and seven months. Cobell, et al. v. Babbitt, et al., 91 F.Supp. 2d 1, 50, 59 (D.D.C. 1999).

Treasury continues to preserve IIM-related documentation pursuant to the Court's August 12, 1999 Order, which defines the trust records that Treasury must retain.

Richard L. Gregg retired as Commissioner of Financial Management Service (FMS) on May 30, 2006. Kenneth R. Papaj was appointed Commissioner of FMS, and Judith Tillman was appointed Deputy Commissioner of FMS, effective May 31, 2006.

Effective June 1, 2006, FMS is implementing the Treasury Check Information System (TCIS). TCIS will be the central repository for information about U.S. Treasury checks (i.e., issued, paid, cancellation and claims information, and index information with which to retrieve original checks and check copies). TCIS will replace FMS' Check Payment and Reconciliation (CP&R) System with respect to information about U.S. Treasury checks received after May 23, 2006 and entered into TCIS beginning June 1, 2006. The CP&R System will remain the central repository for information about U.S. Treasury checks from approximately March 1987 to the inception of TCIS on June 1, 2006.

Like CP&R, TCIS is designed to be reliably searched by check symbol and serial number rather than by payee name. The new systems FMS put in place in April 2000 pursuant to Treasury's July 6, 1999 Stipulation will continue to provide the capability to search by payee name, or other unique identifier, for information about checks issued by Interior's Office of Trust Funds Management under symbol "4844."

TCIS differs from CP&R in two significant respects: TCIS is accessible to authorized users at FMS and at paying agencies via either the Internet or a dedicated line, and TCIS stores, and allows FMS Financial Processing Division users to view, electronic images of check claims documents. CP&R is accessible only through a dedicated line, and CP&R provides no electronic access to check claims documents, which are stored in hard-copy files. TCIS is accessed via the Internet with Public Key Infrastructure certificates or via existing dedicated communication lines that are currently being used by a limited number of trusted Federal business partners to access CP&R. All data and images accessed through the Internet or dedicated line are encrypted.

As of June 1, 2006, no new issued, paid, cancellation or claims information will be added to the CP&R System, but no existing data in CP&R will be deleted from CP&R. Any CP&R data that is needed to reconcile check records in TCIS will be *duplicated* in TCIS. FMS will retain all of the electronic check information in CP&R and TCIS indefinitely pursuant to paragraph 6.b. of Treasury's July 6, 1999 Stipulation, which states: "Treasury will preserve...check information from...checks in electronic form (i.e., check symbol, check serial number, date and amount)."