

Native Americans

PHOTOCOPY
PRESERVATION

Reed
What's the deal
in this

12-22-99

copied
Reed
Podesta

Mary Smith
Will (insert)
John W. A.
McNulty.

~~Reed~~

NATIVE MAN

12-22-99

U.S. Mishandled Funds for Indians, Federal Judge Says

By JOHN J. FIALKA

Staff Reporter of THE WALL STREET JOURNAL.
WASHINGTON—A federal judge said the Interior and Treasury departments have mishandled a federal banking system for individual Indians, a finding that could cost the government billions of dollars.

"It would be difficult to find a more historically mismanaged federal program," concluded U.S. District Court Judge Royce C. Lamberth, who took the unusual step of saying he will retain jurisdiction over the complex case for the next five years to make sure reforms are carried out. He blamed the government for "a centurylong reign of mismanagement" that appears to have left many Indians without knowledge of how much money the government actually owes them. The judge held that U.S. officials failed to fix the system even after Congress passed reforms five years ago.

The case, which involves 300,000 to 500,000 trust-fund accounts, some of them dating back to the last century, will now go into a second trial, to be scheduled sometime next fall. The departments of Interior and Treasury, which handled the accounts, will be required to estimate how much money is missing from oil revenues, agricultural rents, timbering fees and other income that should have been paid to Indians for use of their private lands. The funds were supposed to be tracked by Interior Department's Bureau of Indian Affairs and invested by the Treasury Department.

"The neatest part of all this is that they've got to go back to the very beginning," said Eloise Cobell, a member of the Blackfeet Indian tribe who brought the class-action suit after noticing discrepancies in the bureau's accounts to the tribe.

Judge Lamberth rejected the Indians' request to appoint a special master to take over management of the trust-fund accounts, saying he would give the government "one last opportunity" to reform the system. He warned that he would use the court's "contempt powers" to ensure that officials' promises translate into action.

Dennis Gingold, the lead attorney for Ms. Cobell and four other Indians who brought the case, said PricewaterhouseCoopers, which has been retained by the Indians, is trying to develop a "macro picture" of how much money the government should owe the Indians.

The government has maintained that the damages from the case will be much less than the billions of dollars estimated by the Indians' lawyers, since there was no evidence of large-scale fraud. "I don't see how we could have done any better, given the circumstances," said Kevin Gover, the head of the Bureau of Indian Affairs, referring to the judge's decision.

"The bottom line here is the judge has given us a chance to fix it. He's not assuming anything, he's going to keep an eye on it. We welcome that," said Mr. Gover. He said the government will develop a statistical sample of individual Indian accounts that will be large enough to use as a base for estimating how much money will be needed to comply with the defendants' demand for an accurate accounting.

Handwritten note:
Lamberth
12-22-99