4/95

BIA's investment Guidelines

INTERPRETIVE NOTES AND DECISIONS

Interest is only due on amounts actually held in trust for Indian tribe and not those funds which should have been so deposited; where tribe is entitled to damages resulting from United States' mismanagement of certain of Tribe's natural resources, Tribe is not entitled to interest on amounts which United States should have but did not deposit on behalf of Tribe into trust account representing rental and royalty payments on leased property. Navajo Tribe of Indians v United States (1985) 9 Cl Ct 227.

Individual Indians and not just tribes are entitled to interest on money held in trust by government. Short v United States (1987) 12 Cl Ct 36.

§ 161b. "Indian Money, Proceeds of Labor" fund; separate accounts for respective tribes; rate of interest

INTERPRETIVE NOTES AND DECISIONS

Individual Indians and not just tribes are entitled to interest on money held in trust for them by government. Short v United States (1987) 12 Cl Ct 36.

§ 162a. Deposit of tribal funds in banks; bond or collateral security; investments

(a) The Secretary of the Interior be, and he is hereby, authorized in his discretion, and under such rules and regulations as he may prescribe, to withdraw from the United States Treasury and to deposit in banks to be selected by him the common or community funds of any Indian tribe which are, or may hereafter be, held in trust by the United States and on which the United States is not obligated by law to pay interest at higher rates than can be procured from the banks. The said Secretary is also authorized, under such rules and regulations as he may prescribe, to deposit in banks to be selected by him the funds held in trust by the United States for the benefit of individual Indians: Provided, That no individual Indian money shall be deposited in any bank until the bank shall have agreed to pay interest thereon at a reasonable rate, subject, however, to the regulations of the Board of Governors of the Federal Reserve System in the case of member banks, and of the Board of Directors of the Federal Deposit Insurance Corporation in the case of insured nonmember banks, except that the payment of interest may be waived in the discretion of the Secretary of the Interior on any deposit which is payable on demand: Provided further, That no tribal or individual Indian money shall be deposited in any bank until the bank shall have furnished an acceptable bond or pledged collateral security therefor in the form of any public-debt obligations of the United States and any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, except that no such bond or collateral shall be required to be furnished by any such bank which is entitled to the benefits of section 12B of the Federal Reserve Act, with respect to any deposits of such tribal or individual funds to the extent that such deposits are insured under such section: Provided, however, That nothing contained in this Act [this section and notes], or in section 12B of the Federal Reserve Act, shall operate to deprive any Indian having unrestricted funds on deposit in any such bank of the full protection afforded by section 12B of said Federal Reserve Act, irrespective of any interest such Indian may have in any restricted Indian funds on deposit in the same bank to the credit of a disbursing agent of the United States. For the purpose of said Acts, said unrestricted funds shall constitute a separate and distinct basis for an insurance claim: Provided further, That the Secretary of the Interior, if he deems it advisable and for the best interest of the Indians, may invest the trust funds of any tribe or individual Indian in any public-debt obligations of the United States and in any bonds, notes, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States: And provided further, That the foregoing shall apply to the funds of the Osage Tribe of Indians, and the individual members thereof, only with respect to the deposit of such funds in banks.

(b) The Secretary of the Interior is authorized to invest any operation and maintenance collections from Indian irrigation projects and revenue collections from power operations on Indian irrigation projects in—

(1) any public-debt obligations of the United States;

(2) any bonds, notes, or other obligations which are unconditionally guaranteed as to both principal and interest by the United States; or

(3) any obligations which are lawful investments for trust funds under the authority or control of the United States.

The Secretary of the Interior is authorized to use earning from investments under this subsection to pay operation and maintenance expenses of the project involved.

(As amended Nov. 4, 1983, P. L. 98-146, Title I in part, 97 Stat. 929.)

end