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from the desk of ...  
J. Scelzo

4/12

Bob Moss -

Thought you might  
be interested in one  
of our endeavors.

JS

Morton, FYI. Mobil Corp  
seems to have a hand in AINB.

# American Indian National Bank

Washington, D.C.  
Albuquerque, New Mexico



↑  
file

## 1981 Annual Report

## Financial Highlights

	1981	1980	1979
<b>For the Year</b>			
Interest Income .....	\$ 3,543,104	\$ 1,619,360	\$ 1,426,537
Income Before Security Transactions and Income Taxes .....	808,345	342,328	413,705
Federal & State Income Taxes .....	149,113	-0-	-0-
Net Income .....	630,539	457,957	421,541
<b>At Year End</b>			
Shareholders' Equity .....	\$ 2,178,081	\$ 1,547,542	\$ 1,037,585
Assets .....	29,276,145	22,446,126	16,009,049
Deposits .....	26,496,481	20,680,225	14,867,141
U. S. Government & Agency Securities .....	18,748,826	11,210,799	7,741,481
<b>During the Year</b>			
Average Deposits .....	\$24,439,000	\$15,343,000	\$14,777,424
Average Assets .....	27,362,000	16,794,000	15,503,306
Return on Average Assets .....	2.3%	2.7%	2.7%
Net Interest Margin (1) .....	7.9%	7.9%	7.5%
Return on Average Stockholders Equity .....	34%	35%	77%

(1) Net interest income as a percent of average earning assets.

## Board of Directors

Joe M. Sampson, Sr.\*  
Chairman of the Board  
Secretary  
Yakima Indian Nation

Conley Ricker\*  
Chief Executive Officer

Lionel de Montigny, M.D.\*  
Director of Community Development  
Indian Health Service

Lucille Echo Hawk  
Director of Policy Analysis  
Council of Energy Resource Tribes

Charles A. Horsky  
Attorney  
Covington & Burling

Barbara Lynch Hughes\*  
Marketing Officer—Metropolitan Division

Peter MacDonald\*  
Chairman  
Navajo Tribal Council

Fred H. Massey, Jr.  
Attorney  
Export-Import Bank of the U. S.

Alan R. Parker\*  
Counsel  
Karl A. Funke & Associates, Inc.

Homey J. Secakuku\*  
Chairman  
Unitah and Ouray Business Committee  
Ute Indian Tribe

Francis Somday\*  
Executive Director  
Colville Confederated Tribes

Charles E. Trimble  
President  
The Charles Trimble Company

W. Richard West, Jr.  
Vice Chairman of the Board  
Partner  
Fried, Frank, Harris, Shriver & Kampelman

William F. Yallup\*  
Tribal Councilman  
Yakima Indian Nation

\*Member of Executive Committee



▲ Board of Directors standing from left to right: Lucille Echo Hawk; Fred H. Massey, Jr.; Charles E. Trimble; Joe M. Sampson, Sr., Chairman of the Board; Conley Ricker, Chief Executive Officer; W. Richard West, Jr., Vice Chairman of the Board; Alan R. Parker and Barbara L. Hughes. Seated from left to right: William F. Yallup; Peter MacDonald; Homey J. Secakuku and Dr. Lionel de Montigny. Not shown are Charles A. Horsky and Francis Somday.

## Message:

### Message to Our Shareholders, Customers and Friends

In 1981, the Bank established its third consecutive year of significant progress toward becoming an effective and viable Indian-owned financial institution. Several important achievements for the year are highlighted as follows:

- Earnings for the year increased to \$630,539 compared to earnings of \$457,957 one year ago—an increase of 38%.
- Shareholders equity increased to \$2,178,081 from \$1,547,542 one year ago—an increase of 41%.
- Average deposits increased to \$24,439,000 from \$15,343,000—an increase of 59%.
- Total capitalization (including equity and subordinated debt) increased to \$2,428,081 from \$1,547,542 one year ago—an increase of 57%.

The increase in the Bank's capitalization was derived primarily from retained earnings of \$630,539 plus the placement of a \$250,000 subordinated capital note with Minbanc Capital Corp. of Washington, D.C. The placement of a subordinated capital note with an outside investor marks the first time in the Bank's history that debt capital has been raised. Minbanc Capital Corp. is

an investment company registered under the Investment Act of 1940 for the purpose of providing subordinated debt capital to the nation's minority banks. We are most pleased to have entered into a relationship with Minbanc Capital Corp., and we look forward to an even more significant relationship as our capital needs expand.

The increase in the Bank's earnings is due to primarily two factors:

1. The average increase in deposits of \$9,096,000 was invested in high yielding U.S. Government Treasury and Agency securities and in loans to tribes, enterprises and non-profit organizations in Washington, D.C.
2. Although the cost of funds increased in 1981, the Bank was able to maintain its net interest margin of 7.9%.

The year 1981 marked the third consecutive year of continued earnings resulting in the elimination of the Bank's tax loss carry-forward that had accumulated during initial years of operations. As a result the Bank paid federal and state income taxes in 1981 for the first time in the Bank's history amounting to \$149,113.

The 59% increase in average deposits for 1981 over 1980 resulted from an increasing number of Indian tribes, enterprises, Indian organizations and individuals recognizing the financial strength and capabilities of the American Indian National Bank, and the increasing utilization of the Bank's depositary and loan services. Deposit building

activities are centered in two Bank Divisions: the National Marketing Division, servicing Indian tribes and Indian enterprises nationwide; and the Metropolitan Division which provides banking services for non-profit and other organizations in the Washington, D.C. metropolitan area. Also important to deposit building is the Bank's Money Desk which originates Certificates of Deposit and other time-money from the Bank's customers and prospects.

Further, the Bank has been successful in broadening its national and regional deposit base, with the subsequent investment of these deposits in loans and high yielding, short-term government securities, thereby generating capital as a basis for further expansion. A continuation of this strategy is foreseen in 1982. The formation and generation of equity capital is essential to provide the foundation on which the Bank can expand its operations into the western United States and other parts of the country where Indian tribes and people are located.

Although the formation and retention of equity capital is significant to the Bank's progress and its overall fulfillment of its mission, the acquisition and training of qualified personnel equally is important in order to extend the Bank's services to Indian communities where they are so vitally needed. We are pleased to have added several highly qualified people to the Bank staff. In 1981, Jerry Ryburn joined us as Vice President. He has twelve years of banking experience in commercial and re-

Shown are Conley Ricker, Chief Executive Officer; Joe M. Sampson, Sr., Chairman of the Board; and W. Richard West, Jr., Vice Chairman.



tail lending, branch office management, and overall operations. Mr. Ryburn will be relocating to Albuquerque, New Mexico, where he will be responsible for the Albuquerque Representative Office and for expanding the Bank's loan services to the southwest. Assisting him will be Bernadine Martin, who also joined the staff in 1981, and has been managing successfully the Albuquerque Representative Office in the interim. Most recently, Patrick C. Kinney joined the Bank as Comptroller to strengthen the Bank's accounting, operations, and investment management services. Mr. Kinney has eighteen years experience in successful bank operations, including a position in which he was senior operations officer and comptroller of a large re-

gional bank. By attracting and training qualified people we are building the foundation for an even more successful banking operation in the future.

Reduced federal funding has adversely impacted our nation's Indian tribes to a greater degree than generally anticipated. To offset these reductions which already are causing increased unemployment on Indian reservations, reservation-based economies must be developed further and strengthened. A viable and effective Indian-owned financial institution is essential for Indian economic development and job creation. With the help of the directors, officers, staff, and the many friends and customers of the Bank, the American Indian

National Bank has made tremendous progress toward fulfilling a meaningful role in Indian economic development.

Sincerely yours,

*Conley Ricker*

Conley Ricker  
Chief Executive Officer

*Joe M. Sampson, Sr.*

Joe M. Sampson, Sr.  
Chairman of the Board

*W. Richard West, Jr.*

W. Richard West, Jr.  
Vice Chairman of the Board

## Albuquerque Representative Office

Established in 1977, the Albuquerque Representative Office allows the Bank to provide more efficient financing and loan servicing assistance to the Navajo Nation, the 19 Pueblo Tribes and to the Indian organizations and tribes in the four-state area of New Mexico, Arizona, Utah and Colorado. The staff originates loans in its market area, processes loan applications and provides customers with information about loans. Further, the Representative Office acts as a liaison between individual Indian tribes and pueblos and the main office of the Bank.

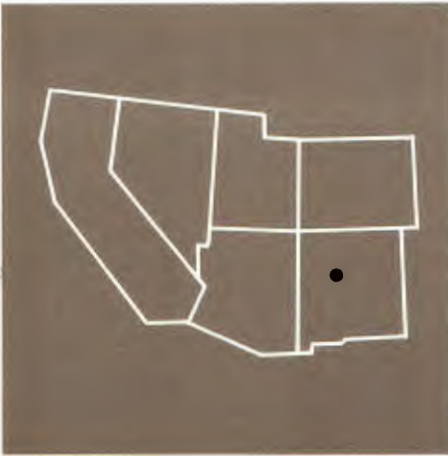
Activities in 1981 include the establishing of a major line of credit to the All Indian Pueblo Council to accommodate interim financing on U.S. Government receivables. Initial funding was provided to the Pueblo Insur-

ance Agency, a wholly owned Indian enterprise and to several other Indian organizations. The installment loan portfolio which consists of loans originated and serviced by the Albuquerque Office was expanded during 1981.

The Navajo Advisory Council was founded in 1980 with the mission of assisting the Bank in providing services to the Navajo Nation, its institutions and enterprises with the view toward increased communication and economic development on the Navajo reservation. One of the principal financings undertaken by the Albuquerque Representative Office in 1981 was to arrange for the financing of more than \$250,000 of equipment purchases for the Navajo Tribal Utility Authority.

Discussing utilization of the Bank's letter of credit depository services provided by the Washington, D.C. Office are Howard Bitsui, Executive Director of Chapter Development; Bobby J. White, Director, Financial Services Department; Bernadine Martin, Albuquerque Representative Office; James Nahkai, Tribal Councilman and member of the Tribal Council Budget and Finance Committee; and Eldon W. Hansen, Group Director/Controller, Information Management, Navajo Tribe.





### Navajo Advisory Council

Members of the Navajo Advisory Council are listed as follows:

Joe L. Bergen  
Treasurer, Financial Manager  
Navajo Tribal Utility Authority

Bobby Charlie  
Councilman  
Navajo Tribal Council

Eldon W. Hansen  
Group Director/Controller  
Information Management  
The Navajo Tribe

Dean Jackson  
President  
Navajo Community College

Dwayne Jordan  
Executive Director  
Navajo Energy Development Authority

William Morgan, Jr.  
Executive Director  
Division of Administration and Finance  
The Navajo Tribe

James Nahkai  
Councilman  
Navajo Tribal Council

Michael Nelson  
President  
Michael Nelson & Associates, Inc.

Edward Richards  
General Manager  
Navajo Forest Products  
Industries

Robert Salabye  
Councilman  
Navajo Tribal Council

Bobby J. White  
Director, Financial Services Department  
The Navajo Tribe

Standing from left to right are Navajo Advisory Council members William Morgan, Jr.; Dean Jackson; Joe L. Bergen; Dwayne Jordan and Eldon W. Hansen. Seated from left to right are Deborah M. Chavez of the Albuquerque Office; Robert Salabye, Advisory Council member; and Bernadine Martin, also of the Albuquerque Office.



## Loans

One of the unique characteristics of the American Indian National Bank is that the main office is located at a vast geographical distance from the primary market that the Bank was chartered to serve. To meet this challenge, it has been necessary to become innovative in the structuring of tribal and tribal enterprise financing to provide funding for worthwhile projects while at the same time protecting the Bank's assets. Other than the customary protection provided by adequate financial statements, repayment ability and collateral, the Bank has begun to develop specialized lending techniques to enable Indian tribes and enterprises to leverage assets and income streams to generate funding for much needed economic development.

Indian tribes and their enterprises may leverage certain assets to obtain bank financing even though Indian lands in general may not be mortgaged since the land is held in trust by the United States Government for Indian people. Techniques for leveraging assets include the assignment of interest income on tribally owned Certificates of Deposit which are managed by the Bureau of Indian Affairs for Indian tribes, the assignment of ground lease rental income from the leasing of lands for grazing and agricultural purposes, and the assignment of lease rental income arising from the lease of tribally owned property to the United States Government for such agencies as the Bureau of Indian Affairs and the Indian Health Service. These lending tech-

niques are a significant development in helping Indian tribes leverage their assets to obtain much needed funding for future economic development.

Gross loans as of December 31, 1981, increased by \$739,000 which is a 21% increase from year end 1980. Of this increase, a significant amount represents loans to Indian businesses and enterprises as well as to Washington, D.C. based non-profit organizations as a result of our community reinvestment efforts. In the past year the Bank funded 281 new loan advances for a total volume of \$4.7 million.

The overall quality of the loan portfolio continued to improve during 1981. At the end of 1981 there were no loans on interest non-accrual status and the amount of loans past due declined to 1.6% of loans outstanding

from 4% one year ago. Through aggressive collection efforts, and because of the higher quality of loans being booked, the reserve for possible loan losses increased to \$243,000 at year end, amounting to 6.2% of net loans. The loan loss reserve is well in excess of the industry average for banks of comparable size.

Representative loans and commitments to the Indian tribes, tribally owned enterprises, and Indian organizations during 1981 include the financing of water well drilling equipment for the Colville Confederated Tribes (shown below), equipment financing for the Navajo Tribal Utility Authority, a seasonal line of credit for the Warm Springs Forest Products Industries, and the financing of computer equipment for the Council of Energy Resource Tribes.

Because of the cutbacks in Federal funding, the Colville Confederated Tribes were no longer able to fund water well drilling operations on the Colville Reservation. Because water wells are needed for existing housing and new housing under construction, the Colville Tribe formed its own enterprise to provide water well drilling service for housing. To assist this enterprise the Bank made a \$220,000 ten-year loan which financed the purchase of a Chicago Pneumatic T650-WS high pressure rotary water well drill which is shown here. Since the water well equipment has been acquired the new enterprise has drilled 7 new wells and has a contract with the Indian Health Service for 22 additional wells.



Shown with a new IBM System 38 Computer financed by the Bank for Common Cause are Darrell D. Merkel, Vice President, Credit & Loan Administration, and Common Cause officers F. Robert Meier, Vice President, and Connie Greene, Treasurer. Common Cause is a Washington, D.C. based non-profit organization which monitors and supports social welfare issues through citizen action and political reform.





## Operations

In the Operations Division in 1981, significant advances were made in automating the Bank's systems and services. First, the conversion from manually prepared financial statements to computer generated statements was accomplished in early 1981. Second, a direct telephone communication "on-line" system with the Federal Reserve Bank of Richmond was established. The direct communication telephone system gives the Bank not only the ability to handle wire transfer of funds more effectively, but also provides the Bank with the capability of sending messages and wire transfers to any "on-line" member bank in the United States. Following conversion to direct telephone wire communications with the Federal Reserve, the Bank's teller machines also were converted to a direct telephone "on-line" system with

our data processing service. Utilization of this technology means a faster moving teller line for our customers and provides the Bank with check cashing security. To better serve our customers in the Operations Division, the Bank plans to be fully "on-line" with our data processing service company and the Federal Reserve by mid-year 1982.

The Bank's Money Desk managed by Dominic Salomone, Vice President & Cashier, had an excellent year in 1981. The amount of Certificates of Deposit was increased to \$12,710,000 by year end 1981, from \$8,201,000 in 1980 — an increase of 55%. Although the Certificates of Deposit increased significantly, the Bank was able to maintain its net interest margin in 1981 compared to 1980.

On the left is Mary Davidson operating the Bank's new direct telephone communications equipment with the Federal Reserve Bank of Richmond, and on the right is Denyse Baker who manages the Bank's daily cash position with the Federal Reserve.



### Internal Audit

In 1981, the Bank initiated an internal audit program under the supervision of the Audit & Examining Committee of the Board of Directors. With the assistance of our CPA firm, Main Hurdman, an ongoing audit program was implemented to provide greater protection for Bank depositors. Ms. Dorothy Sampson, Assistant Vice President and an employee of the Bank since 1975, was

designated as internal auditor with full responsibility for this important function. The internal audit activities in 1981 covered an internal audit of cash, the investment portfolio, payroll reconciliation, and loan documentations and compliance. Plans for 1982 call for the strengthening of the internal audit program as part of the Bank's overall plans for expansion.

### Letters of Credit

One of the principal services that the Bank provides is the designated depository account for request for advances under letters of credit covering government contracts, programs and grants. In 1981, the Bank collected over \$46 million for various tribes and organizations under the letter of credit system. One of the significant advantages of the system to Indian tribes and organizations is that funds are available to the

tribe or organizations within one business day after the Bank receives the customer's request-for-funds voucher. We anticipate that even more Indian tribes and organizations will utilize our service in 1982, since significant time savings are made possible by this system. Other advantages include the elimination of the possibility of lost checks and delayed mail delivery.

## Metropolitan Division

The Metropolitan Division is organized to provide specialized services to non-profit organizations, trade and professional associations, unions, religious, rural and other organizations located in the Washington, D.C. metropolitan area. Included in this Division's purpose is the commitment to serve other minorities in the nation's capital: Hispanics, Blacks, Asian Americans and other traditionally under-served groups.

Shown below is a ceremony paying tribute to General George Olmsted for his significant contribution toward the founding of the American Indian National Bank. From left to right are: Conley Ricker, Chief Executive Officer; Joe M. Sampson, Sr., Chairman of the Board; General George Olmsted and Marvin L. Franklin. Mr. Franklin was Assistant Secretary of Indian Affairs during the formation of the Bank eight years ago and, as Assistant Secretary, his support was essential in enabling the original organizers to obtain a national bank charter.



Pictured here is Ms. Barbara L. Hughes, Metropolitan Marketing Officer, receiving a copy of the Independent Sector's program plan from Dr. Robert Harlan, Executive Vice President. Independent Sector, a client of the Bank, is a nationwide membership organization with impact on philanthropy and voluntary action to preserve and enhance the nation's educational, scientific, health, welfare, cultural and religious life.

Organized and managed by Barbara L. Hughes, Marketing Officer, the Metropolitan Division provides assistance in structuring innovative financing (including government contract and grant financing), financial management and planning services, and credit counseling for employees of non-profit organizations. Among the Bank's continuing efforts to provide assistance were seminars on the use of letters of credit and cash management held at the Bank's headquarters in 1981.

In November, 1981, the Bank celebrated its eighth anniversary by paying tribute to Major General George Olmsted, Chairman and Chief Executive Officer of International Bank of Washington, D.C. General Olmsted was honored for his foresight and financial support which enabled American Indian people to found their own bank more than eight years ago. The shareholders, directors, officers and staff of the American Indian National Bank are most grateful to General Olmsted for the significant contribution he made toward the creation of the American Indian National Bank.

The Washington, D.C. Advisory Council was founded in 1979 to recommend to management the priorities, strategies and services needed to improve the Bank's effectiveness in the metropolitan market. In 1981 the Council held three luncheons with guest speakers. Featured were Arie Verrips, Executive Director of the American Public Gas Association; Richard Syron, Assistant to the Chairman of the Federal Reserve Board; and various officers of Bank client non-profit organizations. Addresses covered various subjects including energy development on Indian lands, the economic impact of the Federal Reserve monetary policy, and the viability of non-profits in the 1980's.

The successful expansion of our Metropolitan Division is evidenced by the 59% increase in average deposits for 1981, the extension of loans and lines of credit to non-profit organizations and their personnel, and the development of banking relationships with new client organizations through the placement of Certificates of Deposit.





### Washington, D.C. Advisory Council

Barbara Lynch Hughes  
Chairperson  
Marketing Officer — Metropolitan Area

Ronald Andrade  
Executive Director  
National Congress of American Indians

Michael M. Arnold  
Executive Director  
Human Resources Development Institute  
AFL-CIO

Joseph Bissell  
Assistant to the International President  
United Union of Roofers, Waterproofers and  
Allied Workers

Louis Bruce  
President  
Native American Consultants, Inc.

Gunilla Lindh-Foster  
GLF Consultants

Jose S. Garza  
President  
National Hispanic Coalition for Better Housing

W. Peyton George  
Attorney  
Miles & Stockbridge

James E. Hawkins  
President  
Alpha Associates

Stuart Jamieson  
Supervisor — Indian Desk  
Farmers Home Administration,  
USDA

Alfredo Navarro  
Business Systems, Inc.

Michael Oberlitner  
Director, Indian Industrial  
Development Office  
Department of Commerce

Thomas Rhodenbaugh  
Associate Director  
Institute for Economic Development

Joseph F. Scelzo  
Director, Business Coordination  
Mobil Oil Corporation

Liliane Webb  
Consultant

Harold O. Wilson  
Executive Director  
Housing Assistance Council

## National Marketing Division

Shown are Lawrence A. Dinneen, Executive Vice President of Arctic Slope Regional Corporation, and Sarah Ridley, Associate Marketing Officer, during a visit to Anchorage, Alaska. Arctic Slope Regional Corporation is one of the Bank's major Alaska shareholders.



Organized to develop banking relationships on a national basis with Indian tribes and enterprises, the National Marketing Division not only originates loans for economic development, but also provides investment and depository services. Specialized services include advances from U.S. Government agencies under prearranged letters of credit, the proceeds of which are deposited into special depository accounts for wire transfers to local and regional banks.

Managed by Associate Marketing Officer, Sarah Ridley, the National Marketing Division

organized a one week visit to the seven tribes under the jurisdiction of the Anadarko Oklahoma Agency of the Bureau of Indian Affairs. The purpose of the visit was to provide a series of investment counseling seminars to members of the seven Anadarko area tribes as more fully described on page ten. To continue the expansion of the Bank's services in Oklahoma, field trips were made to the Tulsa, Oklahoma area where several presentations were made to members of the Native American Coalition of Tulsa, including the Native American Chamber of Commerce. The Tulsa based organization is the only Native American Chamber of Commerce in the United States.

In addition to the Oklahoma field trips, a visit was made to Anchorage, Alaska, site of the National Congress of American Indians Convention, to offer the Bank's services to Alaska Native corporations and people. A visit also was made to Bismarck, North Dakota to appear before the Minority Contractors Association of North Dakota.

Results of this Division's activities in 1981 include new depository and loan relationships with a growing number of Indian tribes and a beginning banking relationship with many Indian organizations, including several Indian community colleges.

## Board of Directors

*"An effective Board of Directors is an essential resource for an expanding commercial bank that is striving to provide financial services and funds for developing Indian reservation-based economies. The Bank's Board of Directors is developing rapidly into such an effective resource, even though all of the Bank's outside Directors have full time careers and professions which place extraordinary demands upon them. The officers and staff extend our appreciation to each member of the Board for his or her contribution toward the Bank's results in 1981."*

Conley Ricker  
Chief Executive Officer

Shown below are various Board members at work for AINB:

In October of 1981, the Executive Committee of the Bank's Board of Directors hosted a reception and dinner to inform representatives of the northwest tribes of the Bank's expanding capability to provide financial services. Shown below is Chairman Joe M. Sampson, Sr., Secretary of the Yakima Tribal Council outlining the Bank's financial progress for the first nine months of 1981. Seated at the far left is Francis Somday, Executive Director of the Colville Confederated Tribes and a member of the Bank's Board of Directors, and seated at the far right is Gilbert King George, Chairman of the Muckleshoot Tribe.



Shown here is Dr. Lionel de Montigny, Assistant Surgeon General and Director of Community Development for Indian Health Service. Dr. de Montigny, a member of the Bank's Board since 1976 and a member of the Bank's Executive Committee, is explaining to assembled tribal representatives advantages of utilizing the Bank's letter of credit services for IHS contracts.



William F. Yallup is shown here describing the advantages of utilizing the services of the American Indian National Bank to the representatives of the northwest tribes. Mr. Yallup is a member of the Yakima Tribal Council and has been a Director of the Bank since 1976. Mr. Yallup also serves on the Bank's Executive Committee and is Chairman of the Bank's Personnel Committee.



Alan R. Parker, Chairman of the Bank's Strategic Planning Committee, is explaining to the assembled group at the Yakima reception for northwest tribes the future plans of the Bank to form a bank holding company which will enable the Bank to service Indian tribes and people in the northwest or southwest. Expansion of the Bank into the western states through a bank holding company is subject to Congressional legislation and regulatory approval.



▲ **W. Richard West, Jr., Vice Chairman**, is shown here meeting with **Ted Strong, Comptroller of the Yakima Indian Nation**. Mr. West has been a member of the Board since 1975, and served as its Chairman from 1977 through March of 1981. The Yakima Indian Nation is one of the Bank's major shareholders and has a significant overall banking relationship with the Bank.

▶ **Charles E. Trimble (center)** represented the Bank at an Indian Economic Development Task Force assembled at the First National Bank of Chicago in Chicago, Illinois. Mr. Trimble has been a Director of the Bank since 1975 and serves as Chairman of the Bank's Audit & Examining Committee.



▼ **Lucille Echo Hawk** is pictured here making a presentation on the Bank's financial and depository services to the Three Affiliated Tribes of the Fort Berthold Reservation. From left to right are **Tillie Walker, Secretary**; **Austin H. Gillette, Chairman**; **Ms. Echo Hawk**; and **August Little Soldier, Vice Chairman**.



## Special Project:

### Anadarko, Oklahoma Investment Seminar

In 1981, the Anadarko Area Office of the Bureau of Indian Affairs for the first time permitted auction lease sales on allotted trust lands on Indian reservations under the jurisdiction of the area office. These trust lands are on or near the oil and gas rich Anadarko Basin. The tribes involved are the Kiowa, Comanche, Apache, Caddo, Wichita, Delaware and Fort Sill Apache.

Under the terms of the sale, leases are sold by the acre for a one time payment and for a 20% production royalty to individual leaseholders. The results of three auctions held in 1981 have generated almost \$80 million to individual Indian people who hold long term leases on the allotted trust lands.

To assist in the management and investment of these substantial funds, the Bank organized a series of investment seminars held in October 1981, at the Anadarko Agency. The purpose of the seminars was to inform tribal members of the various types of savings and investment vehicles available from commercial banks, and to explain the advantages of compounded interest on the investment of such large sums. Representing the Bank in conducting

the seminars and individual meetings with tribal officials were Jerry Ryburn, Vice President; Dorothy Sampson, Assistant Vice President; and Sarah Ridley, Associate Marketing Officer. Covered in the seminars was information on (1) the advantages of preserving capital for income and growth; (2) types of interest computations, including simple interest and compounded interest; and (3) various savings and investment instruments available, including Certificates of Deposit, Money Market Certificates, and the Small Savers Certificate. Also covered in seminars were alternatives to commercial banks (money market funds, savings and loans associations, and credit unions), and an explanation of the advantages of U.S. Government securities in both safety and yield.

The result of the seminars was two-fold. Substantial new account and loan relationships were developed with several of the Indian tribes under the jurisdiction of the Anadarko Agency, and the tribes perceived that the American Indian National Bank was most effective in providing valuable investment and management assistance to their tribal members.

Shown above is Dorothy Sampson, Assistant Vice President, conducting an Investment Management Seminar at the Anadarko Area Office for the benefit of tribal members who have received payments for the leasing of allotted trust lands for oil and gas exploration. Seated on the right is Jerry Ryburn, Vice President.



## Annual Meeting — 1981

In 1981, the Bank hosted its annual shareholder's meeting in Albuquerque, New Mexico. This was the first time that the annual meeting was held outside of Washington, D.C., in an effort to be more accessible to Indian tribes and people. Approximately 250 shareholders, tribal leaders, representatives of Indian-owned enterprises and guests assembled at the Albuquerque Hilton Inn on March 25, 1981, to elect the Board of Directors and

officers, and to conduct customary bank business. Prior to the election, directors and officers discussed the results of the past calendar year and outlined the future course of direction for the coming years.

As part of the annual meeting, the Bank hosted a luncheon for all attendees. Mr. Peter MacDonald, Chairman of the Navajo Tribal Council and a Director of the Bank since its inception in 1973, was the luncheon speaker. His remarks were widely covered by both the television and newspaper media.

At the Annual Shareholders Meeting, Mr. W. Richard West, Jr. requested that he be permitted to step aside as Chairman of the Board of Directors in order to devote more time to the practice of Indian law. Mr. West served with distinction as Chairman from 1977 to March 1981, and subsequently was elected Vice Chairman. Shown above is Mr. Peter MacDonald presenting a gift to Mr. West in recognition of the contribution that Mr. West has made toward the bank's financial and operational success.



Mr. MacDonald challenged Indian tribes, organizations and people to utilize the services of the American Indian National Bank as a means of building an Indian-owned financial institution which could direct capital and financing to Indian reservations to help offset the inevitable unemployment resulting from reduced Federal funding. He reviewed the financial progress of the Bank over the past three years, including the generation of substantial earnings, the increase in deposits and capital, and the increased legal lending limit per tribe or Indian organization. As a successful Indian-owned enterprise, the Bank has reached a level in size and resources that will enable it to be effective in financing Indian enterprise development.

In early 1981, Mr. MacDonald correctly forecasted that the overall budget cuts by the Administration would impact the tribes far more adversely than anticipated. Now that the impact of such budget cuts are more widely realized, the concentration of deposits in an Indian financial institution was stressed by Mr. MacDonald as a means for Indian tribes and people to help themselves and invest in their future.

The address was very well received and laid the foundation for several new substantial banking relationships as Indian tribes and organizations begin to realize that an Indian-owned financial institution can be of tremendous assistance in developing reservation-based economies.



Shown above is Mr. MacDonald addressing approximately 250 guests at the Eighth Annual Shareholders Meeting in Albuquerque, New Mexico. Seated from left to right are: Joe M. Sampson, Sr., Chairman of the Board; Leonard Tomaskin, Chairman of the Yakima General Council; Harry Early, Governor of Laguna Pueblo; Mr. MacDonald; and W. Richard West, Jr., Vice Chairman of the Board.

**To the Board of Directors  
and Shareholders of  
American Indian  
National Bank**

We have examined the statement of condition of American Indian National Bank as of December 31, 1981 and 1980, and the related statements of income, changes in shareholders' equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of American Indian National Bank as of December 31, 1981 and 1980, and the results of its operations and changes in its shareholders' equity for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

**Main Hurdman  
Certified Public Accountants**

Washington, D.C.  
January 29, 1982

**Statement of Condition**

American Indian National Bank

December 31, 1981 and 1980

<b>Assets</b>	1981	1980
Cash and due from banks .....	\$ 1,813,917	\$ 1,426,647
Time deposits with other banks .....		1,500,000
Investment securities		
U.S. Treasury .....	998,431	3,067,617
U.S. Government agencies .....	17,750,395	8,143,182
State and municipal obligations .....	803,727	
Total investment securities .....	19,552,553	11,210,799
Federal funds sold .....	3,000,000	4,500,000
Loans (net of unearned discount and reserve for possible loan losses) .....	3,928,399	3,280,885
Bank premises and equipment, net .....	108,996	96,983
Other assets .....	872,280	430,812
	<u>\$29,276,145</u>	<u>\$22,446,126</u>
 <b>Liabilities and Shareholders' Equity</b>		
Deposits		
Demand .....	\$ 8,354,658	\$ 8,918,618
Time .....	18,141,823	11,761,607
Total deposits .....	26,496,481	20,680,225
Other liabilities .....	351,583	218,359
Subordinated note .....	250,000	
Total liabilities .....	27,098,064	20,898,584
Shareholders' equity		
Capital stock (\$5.00 par value; 500,000 shares authorized; 230,120 shares issued and outstanding) .....	1,150,600	1,150,600
Surplus .....	1,019,120	1,019,120
Undivided profits (deficit) .....	8,361	(622,178)
Total shareholders' equity .....	2,178,081	1,547,542
	<u>\$29,276,145</u>	<u>\$22,446,126</u>

The accompanying notes are an integral part of these financial statements.



## Statement of Income

American Indian National Bank

Years ended December 31, 1981 and 1980

	1981	1980
<b>Operating income</b>		
Interest and fees on loans .....	\$ 466,392	\$ 393,998
Income on Federal funds sold .....	595,389	401,990
Interest on investments		
U. S. Treasury securities .....	143,605	138,191
U. S. Government agencies .....	2,242,449	647,449
State and municipal obligations .....	20,627	
Interest on time deposits with other banks .....	74,642	44,187
Other operating income .....	47,913	65,240
Total operating income .....	<u>3,591,017</u>	<u>1,691,055</u>
<b>Operating expenses</b>		
Salaries .....	493,787	364,063
Pension and other employee benefits .....	67,601	42,692
Interest on deposits .....		
Certificates of \$100,000 or more .....	1,233,340	223,643
Other .....	376,831	252,262
Occupancy and equipment costs .....	111,289	92,208
Provision for loan losses .....		5,000
Other operating expenses .....	499,824	368,859
Total operating expenses .....	<u>2,782,672</u>	<u>1,348,727</u>
Income from operations before income taxes, and securities gains (losses) and extraordinary credit .....	808,345	342,328
Income taxes .....	356,639	133,759
Income before securities gains (losses) and extraordinary credit .....	451,706	208,569
Securities gains (losses), net of applicable income taxes (benefits) of (\$13,199) and \$53,189 .....	(15,494)	62,440
Income before extraordinary credit .....	436,212	271,009
Extraordinary credit — Tax benefit of net operating loss carryforward .....	194,327	186,948
<b>Net income</b> .....	<u>\$ 630,539</u>	<u>\$ 457,957</u>
Earnings per share		
Income before securities gains (losses) and extraordinary credit .....	\$1.96	\$ .91
Securities gains (losses) .....	(.07)	.28
Extraordinary credit .....	.85	.81
Net income .....	<u>\$2.74</u>	<u>\$2.00</u>

The accompanying notes are an integral part of these financial statements.

## Statement of Changes in Shareholders' Equity

American Indian National Bank

Years ended December 31, 1981 and 1980

	Capital Stock	Surplus	Undivided Profits
Balance (deficit), January 1, 1980 .....	\$1,124,600	\$ 993,120	\$(1,080,135)
Net income .....			457,957
Proceeds from sale of capital stock .....	26,000	26,000	
Balance (deficit), December 31, 1980 .....	1,150,600	1,019,120	(622,178)
Net income .....			630,539
Balance, December 31, 1981 .....	<u>\$1,150,600</u>	<u>\$1,019,120</u>	<u>\$ 8,361</u>

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Financial Position

American Indian National Bank

Years ended December 31, 1981 and 1980

	1981	1980
<b>Source of funds</b>		
Operations		
Net income .....	\$ 630,539	\$ 457,957
Add charges (deduct credits) not requiring expenditure of funds		
Provision for loan losses .....		5,000
Depreciation and amortization .....	26,443	20,249
Other .....	931	4,096
Funds provided by operations .....	657,913	487,302
Proceeds from issuance of subordinated note .....	250,000	
Proceeds from sale of common stock .....		52,000
Increase in		
Deposits .....	5,816,256	5,813,084
Other liabilities .....	133,224	114,036
Decrease in		
Cash and due from banks .....		1,662,917
Time deposits with other banks .....	1,500,000	
Federal funds sold .....	1,500,000	
Loans .....		54,455
Cost reimbursement due from the U.S.		
Department of Interior .....		22,839
Other real estate .....		14,000
	<u>\$9,857,393</u>	<u>\$8,220,633</u>
<b>Use of funds</b>		
Purchases of furniture and equipment .....	\$ 39,387	\$ 54,969
Increase in		
Cash and due from banks .....	387,270	
Time deposits with other banks .....		875,000
Investment securities .....	8,341,754	3,469,318
Federal funds sold .....		3,700,000
Loans .....	647,514	
Other assets .....	441,468	121,346
	<u>\$9,857,393</u>	<u>\$8,220,633</u>

The accompanying notes are an integral part of these financial statements.

## Notes to Financial Statements

### 1—Bank Operations

American Indian National Bank is a national banking association operating under a charter from the Comptroller of the Currency of the Department of the Treasury of the United States. By its Articles of Association, the Bank restricts the sale of its capital stock to persons who are either American Indians or are primarily interested in or so closely related to an Indian Tribe that such person's relationship with the Bank would be in the best interest of the Bank. As of December 31, 1981, Indian ownership of the Bank included the Confederated Tribes and Bands of the Yakima Indian Nation, the Ute Tribe of the Uintah and Ouray Reservation, and the Colville Confederated Tribes, which owned 51%, 22% and 13%, respectively, of the Bank's outstanding stock.

The Bank served as administrator of the Indian Cattlemen Assistance Project under which funds granted by the Economic Development Administration to the American Indian Agricultural Credit Consortium, Inc. were used to provide long-term low-interest loans to help restore and maintain the herds of Indian cattlemen who suffered storm losses in 1975 and subsequent drought problems. The Bank received a service fee of one-half of one percent per annum on the unpaid balance of the loans. Fees in the amount of \$26,870 for the year 1980 have been reflected in the accompanying statements. No fees were earned in the current year as the project was transferred to the consortium in early 1981.

### 2—Summary of Significant Accounting Policies

The accounting and financial reporting policies of American Indian National Bank are in accordance with generally accepted accounting principles and conform to general practices within the banking industry. The following is a description of the more significant of these policies.

#### Investment Securities

Investment securities are stated at cost, adjusted for amortization of premiums and accretion of discounts computed by the straight-line method from purchase date to maturity.

#### Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation and amortization. For financial reporting purposes, depreciation is computed on the straight-line method over the estimated useful life of the asset. Amortization is charged over the term of the respective lease, or the estimated useful life of the improvement, whichever is shorter. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income for the period. Charges for maintenance and repairs are expensed as incurred; significant renewals and betterments are capitalized.

#### Loans

Interest and discount on real estate and commercial loans is accrued as earned on the outstanding principal balances. Discount on installment loans is taken into income by use of the sum-of-the-months-digits method which recognizes interest in direct proportion to the outstanding principal.

Loans are placed on a "non-accrual" status and the recording of interest income suspended when the collection or realization of such interest is doubtful.

In general, a loan is considered delinquent when interest and/or principal remains unpaid for 30 days after the due date.

#### Reserve for Possible Loan Losses

For financial reporting purposes, the loan loss provision charged to operating expense represents the amount necessary, in management's judgment, to maintain an adequate reserve. Such determination was made by management after a detailed evaluation of the loan portfolio considering current economic conditions and certain other factors directly relating to the credit conditions of the borrowers.

#### Income Taxes

Deferred income taxes are provided in amounts sufficient to give effect to timing differences between financial and tax reporting. The Bank accounts for the investment tax credit as a reduction of income tax expense in the year in which such credits are allowable for tax purposes.

### 3—Investment Securities

Investment securities held at December 31, 1981 and 1980 consisted of:

	1981		1980	
	Book Value	Market Value	Book Value	Market Value
U. S. Treasury securities				
Due within				
1 year . . . . . \$			\$3,067,617	\$3,058,695
Due after 1 year but within				
5 years . . . . .	998,431	971,875		
	<u>\$998,431</u>	<u>971,875</u>	<u>3,067,617</u>	<u>3,058,695</u>
U. S. Government agencies				
Due within				
1 year . . . . .	8,786,732	8,822,885	5,835,399	5,774,125
Due after 1 year but within				
5 years . . . . .	8,963,663	8,878,000	2,307,783	2,127,500
	<u>17,750,395</u>	<u>17,700,885</u>	<u>8,143,182</u>	<u>7,901,625</u>
State and municipal obligations				
Due within				
1 year . . . . .	452,508	457,066		
Due after 1 year but within				
5 years . . . . .	251,219	255,113		
Due after				
5 years . . . . .	100,000	96,250		
	<u>803,727</u>	<u>808,429</u>		
	<u>\$19,552,553</u>	<u>\$19,481,189</u>	<u>\$11,210,799</u>	<u>\$10,960,320</u>

It is management's intention to hold those securities having a market value which is less than book value, until maturity so that no loss is anticipated in connection with such securities.

Investment securities with a book value of \$16,121,900 at December 31, 1981 and \$10,130,877 at December 31, 1980, were pledged to secure public deposits and for other purposes as provided by law.

### 4—Loans

A summary of loans as of December 31, 1981 and 1980 follows:

	1981	1980
Real estate . . . . .	\$1,414,067	\$1,182,638
Agricultural and commercial . . . . .	2,271,257	1,817,037
Loans to individuals for household, family and other consumer expenditures . . . . .	586,918	502,575
All other (including overdrafts) . . . . .	3,018	33,996
	<u>4,275,260</u>	<u>3,536,246</u>
Less		
Unearned discount . . . . .	103,682	103,271
Reserve for possible loan losses . . . . .	243,179	152,090
	<u>\$3,928,399</u>	<u>\$3,280,885</u>

Agricultural and commercial loans in the aggregate amount of \$405,262 at December 31, 1981, and \$554,374 at December 31, 1980, were partially (90%) guaranteed by a U. S. Government agency.

## 5—Reserve for Possible Loan Losses

Transactions in the reserve for possible loan losses are summarized as follows:

	1981	1980
Balance, beginning of the year	\$152,090	\$104,356
Provision for loan losses		5,000
Loans charged off	(22,562)	(76,584)
Recoveries on loans previously charged off	113,651	119,318
	<u>\$243,179</u>	<u>\$152,090</u>

## 6—Bank Premises and Equipment

Bank premises and equipment consisted of:

	Estimated Useful Lives	Cost	
		December 31,	
		1981	1980
Leasehold improvements	2-9 years	\$ 44,122	\$ 38,549
Furniture, fixtures and equipment	3-10 years	183,340	154,219
		<u>227,462</u>	<u>192,768</u>
Accumulated depreciation and amortization		118,466	95,785
		<u>\$108,996</u>	<u>\$ 96,983</u>

## 7—Income Taxes

Income taxes for 1981 include estimated taxes currently payable of \$142,964 and deferred income taxes of \$6,149. Investment and new jobs tax credits of \$18,346, including the carryforward of all credits from prior years of \$15,179, were applied to the reduction of income taxes in the current year.

In 1980, the Bank used \$423,343 of its net operating loss carryforward to eliminate its Federal income tax liability for that year. The remaining net operating loss carryforward of \$422,450 has been used to reduce the 1981 taxable income. The tax effect of this utilization has been included in income taxes for 1981 and 1980, with the tax benefit accounted for as an extraordinary item.

The deferred income taxes resulting from timing differences in the recognition of revenue and expenses for financial and tax reporting are as follows at December 31, 1981:

Discount accretion on securities	\$ 18,382
Capital loss carryover	(13,199)
Depreciation	966
	<u>\$ 6,149</u>

## 8—Deposits

At December 31, 1981, approximately 11% of the demand deposits and 35% of the time deposits were due to three American Indian Tribes and their related tribal entities, who accounted for approximately 3% of the demand deposits and 50% of the time deposits as of December 31, 1980. Also, at December 31, 1981 an additional 67% of the demand deposits and 27% of the time deposits are due to seventeen organizations and their related entities.

Demand and time deposits consisted of the following:

	December 31, 1981		
	Demand	Time	Total
Deposits of individuals, partnerships and corporations	\$7,663,760	\$17,112,617	\$24,776,377
Deposits of United States			
Government	552,271	1,029,206	1,581,477
Deposits of Commercial banks	34,850		34,850
Certified and official checks	103,777		103,777
	<u>\$8,354,658</u>	<u>\$18,141,823</u>	<u>\$26,496,481</u>
	December 31, 1980		
	Demand	Time	Total
Deposits of individuals, partnerships and corporations	\$8,340,505	\$10,682,401	\$19,022,906
Deposits of United States			
Government	461,714	1,079,206	1,540,920
Deposits of Commercial banks	24,850		24,850
Certified and official checks	91,549		91,549
	<u>\$8,918,618</u>	<u>\$11,761,607</u>	<u>\$20,680,225</u>

## 9—Pension Plan

The bank has a non-contributory retirement plan covering all full-time employees meeting certain age requirements. Total pension expense was \$2,622 for 1981 and \$521 for 1980, including administrative charges of \$1,486 and \$521. The Bank's policy is to fund pension costs accrued. The contributions required to be made to the plan during 1981 and 1980 were reduced significantly due to the non-vested portion of contributions made on behalf of employees who have terminated offsetting the amounts required to fund the plan. There is no unfunded prior service cost associated with the plan.

## 10—Subordinated Note

The bank issued a 10½% subordinated note to Minbanc Capital Corp. on March 31, 1981. Interest is payable quarterly through March, 1983, thereafter, equal quarterly payments of principal and interest in the amount of \$11,645 are due through March 31, 1991.

Under the terms of the Subordinated Note Agreement, the declaration or payment of dividends, and the purchase, redemption or retirement of capital stock (all referred to as "Restricted Payments") are subject to certain restrictions:

- As of the date of a Restricted Payment, net income for the preceding twelve month period must equal or exceed twice the aggregate debt service for such period.
- After giving effect to a Restricted Payment, shareholder's equity shall at least equal \$1,547,542, and the aggregate amount of such Restricted Payments shall not exceed 25% of net income for the preceding twelve month period.

## 11—Transactions with Affiliates

During 1981 and 1980, the Bank had transactions with various officers, directors and principal shareholders. In management's opinion, these transactions were entered into on substantially the same terms, including interest rates, collateral, etc. as comparable transactions with unrelated parties. At December 31, 1981, the Bank had an aggregate of \$408,231 in loans to and \$4,625,780 in deposits from such persons. While at December 31, 1980, loans to and deposits from such persons amounted to \$73,009 and \$3,435,407, respectively.

## 12—Commitments and Contingencies

The Bank leases its offices and banking premises in Washington, D.C. from the International Bank under a five-year lease expiring on June 30, 1983, which requires monthly payments of \$3,518 plus certain cost escalators. The accompanying statement of income includes rental expense of \$56,059 for 1981 and \$51,276 for 1980 applicable to this lease.

The representative office in Albuquerque, New Mexico is occupied under a lease agreement which expires in April 1982 with an option to extend the lease for three one-year periods. The lease requires monthly payments of \$576.

The Bank has an agreement, under which it will receive data processing services for a period of three years. This agreement which expires during June 1984, requires minimum monthly payments of approximately \$1,800 and is renewable for successive one-year periods.

In the normal course of business, there are outstanding various commitments and contingent liabilities, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying financial statements. The Bank does not anticipate any losses as a result of these transactions.

## 13—Earnings Per Share

Earnings per share were calculated on the basis of the weighted average number of shares outstanding during the year.

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## Officers and Staff

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Conley Ricker  
Chief Executive Officer

Katherine Manuelito  
Administrative Assistant

### **Business and Personal Lending**

Darrell D. Merkel  
Vice President—Credit &  
Loan Administration

Michael J. Foster  
Loan Specialist

Irene Lynch  
Loan Administrator

Julia M. Hynes  
Note Teller

Jacqueline Bissell  
Secretary

### **Marketing**

Barbara L. Hughes  
Marketing Officer—  
Metropolitan Division

Sarah Ridley  
Associate Marketing  
Officer  
National Marketing  
Division

Eunice J. W. Cothran  
Secretary

### **Main Office Operations**

Dominic J. Salomone  
Vice President & Cashier

Jerry Ryburn  
Vice President

Dorothy L. Sampson  
Assistant Vice President  
& Auditor

Blanche Brown  
New Accounts

Irene Herder  
New Accounts

Annabelle Toledo  
Receptionist/Secretary

Connie Robinson  
Teller

Josephine Morris  
Teller

### **Accounting Operations**

Patrick C. Kinney  
Comptroller

Mary Davidson  
Head Accountant

Denyse Baker  
Accountant

William W. Hull  
Head Bookkeeper

Holly Danielson  
Assistant Bookkeeper

Jolyn K. Freeman  
Assistant Bookkeeper

Mary Ellison  
Assistant Bookkeeper

Jack Ridley, Jr.  
Assistant Bookkeeper

Linda Smith  
Proof and Transit

### **Albuquerque Representative Office**

Bernadine Martin  
Acting Manager

Deborah M. Chavez  
Secretary

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### **Transfer Agent and Registrar**

First American Bank of Washington, NA.

### **Correspondent Banks**

Plaza National Bank, Albuquerque, NM  
Bank of North Dakota, Bismarck, ND  
Chase Manhattan Bank, New York, NY  
Riggs National Bank, Washington, D.C.  
Valley National Bank, Phoenix, AZ

### **Independent Public Accountants**

Main Hurdman, Certified Public  
Accountants, Washington, D.C.

### **Annual Meeting of Shareholders**

Wednesday, March 31, 1982, 9:00 a.m.  
Sheraton-Denver Airport Hotel  
Denver, Colorado

**American Indian National Bank Offices**

**Main Office**

1701 Pennsylvania Avenue, N.W., Suite 310  
Washington, D.C. 20006  
Phone (202) 965-4460  
Phone 1-800-368-5732 (April 6, 1982)

**Member**

Federal Reserve System

**Member**

Federal Deposit Insurance Corporation

**Albuquerque Representative Office**

2401 12th Street, N.W.  
Albuquerque, New Mexico 87102  
Phone (505) 842-1395



The Washington Post

# Washington Business

THE WEEK OF MONDAY, APRIL 6, 1981

## Success Comes To American Indian Bank

By William H. Jones

Washington Post Staff Writer

A District of Columbia bank held its annual meeting 10 days ago — in Albuquerque.

No, it wasn't a ploy to escape questions from professional annual-meeting gadfly Evelyn Y. Davis.

Rather, for officers and directors of the American Indian Na-

tional Bank of Washington, it was an opportunity to visit the institution's representative office in former Indian territory, at the Indian Pueblo Cultural Center, and to help promote a business that is owned by Indians and tribes.

The story that bank officers told in New Mexico reflects one of the most successful minority financial institution ventures in

the United States today, particularly when one considers that as recently as 1978 the bank was not making it, because of weak loan supervision that since has been corrected.

Moreover, American Indian National quietly has become one of the more aggressive institutions in the D.C. area, even though its name properly emphasizes a broader mandate.



American Indian National Bank executives, from left, are W. Richard West Jr., vice chairman; Joe Sampson, chairman; and Conley Ricker, chief executive officer.

Last year, when average D.C. bank deposits rose about 9 percent, American Indian was up 39 percent to a record \$20.7 million. Earnings rose 8 percent to \$457,957 from \$421,541 in 1979 (and from a steep net loss in 1978 of \$885,435). The bank earned 35 percent on average equity (stockholders' investment). Only one problem loan was on the books.

All of this was accomplished in a year during which American Indian National kept a lid of 12½ percent on its prime rate for top corporate customers compared with 20 percent for most banks last spring and 21 percent last fall. The bank itself paid as high as 18 percent to get money.

Not bad, says Chief Executive Officer Conley Ricker, "even though the bank is located 2,000 to 3,000 miles from our primary market and also is located on the third floor of a downtown Washington office building, making the bank generally inaccessible to street traffic."

American Indian National was started here in 1973, with a charter to serve the diverse tribes

across the country. It was promoted by retired Army general George Olmsted, who is board chairman of International Bank of Washington, a financial services holding company.

Washington was selected as the site of the bank's headquarters for two main reasons—it is neutral territory for all of the Indian tribes, and the federal government is a major source of money for tribal economic development.

At the annual meeting, bank director-organizer and Navajo Tribal Council Chairman Peter MacDonald challenged his audience to utilize more fully the services of American Indian National in order to achieve more economic self-sufficiency and less federal dependency.

In light of pending budget cuts planned by the Reagan administration, the bank assumes a more important role, he added. Proposed cuts in employment programs, elimination of the Commerce Department's Economic Development Administration (a source for several important Indian projects) and reduction of

school lunch programs would have an "adverse impact on every Indian family," according to MacDonald.

But by pooling resources and supporting the bank, Indians may assist in their economic independence, he said. Among MacDonald's suggestions: all Indian tribes should open accounts and establish banking relationships with the D.C. institution, helping build a source of capital for future Indian enterprises, such as shopping centers, stores, amusement centers and other commercial ventures.

If even a small portion of all tribal budgets were placed in American Indian National, that would mean that the bank could lend up to \$1 million to virtually any tribe for a worthwhile purpose.

Currently, the Washington bank's capitalization is more than \$2 million and that permits the bank to lend up to \$200,000 per customer.

That level was reached last week in another significant milestone for the bank, as Minbanc



Capital Corp. approved the first subordinated capital investment for a Washington minority-owned bank. Minbanc is a management investment company registered under federal statute to provide capital funds to minority banks that have been in operation for at least two years. Minbanc has been in business since 1971 and also has its headquarters in Washington.

In the case of American Indian National, the bank issued a \$250,000 note and Minbanc purchased it. The 10½ percent subordinated note will be paid back quarterly over the next decade. The proceeds were used to increase total capitalization.

The bank also increased its capital last year by selling 5,000 shares of common stock to Arctic Slope Regional Corp. of Barrow, Alaska. As of year's end, the bank had 378 stockholders with a majority of shares owned by the Arctic Slope group; the Yakima Indian Nation in Washington state; Ute Tribe of the Uintah and Ouray Reservation of Utah; Colville Confederated Tribes in Washington state; Koniag Inc. of Kodiak, Alaska; Colorado

River Indian Tribes in Arizona; Seminole Tribe of Florida; Afognak Native Corp. of Kodiak; the Crow Tribe of Montana; Miccosukee Tribe of Florida; the St. Croix Tribal Council of Wisconsin; the Shoshone and Bannock Tribes of Idaho and the Tule River Tribal Council of California.

Officers of the bank attributed their substantial deposit gains last year to success in attracting new tribal money and — Washington bankers take note — to specialized depository, lending and investment services for nonprofit and other “underserved” groups in this region.

For Indians, special services include loans for tribes and tribal enterprises, letters of credit and higher interest rates paid to tribes on certificates of deposit and other investments. The bank also organized, as the lead institution, a consortium of minority-owned banks to provide a line of credit to Mobil Oil Credit Corp. last year.

In the Washington area, Ricker and marketing officer - director Barbara Lynch Hughes have launched an aggressive push for

business under a new metropolitan division. American Indian National is going after trade association, small business and nonprofit sector accounts as well as “other traditionally underserved groups,” such as Hispanics and Blacks.

Although bank officials hope one day to be opening branches near to their customers in various states, mainly in the West, current federal laws prohibit interstate branching. The office in Albuquerque today is a loan production office, which processes business and personal loan applications but cannot accept deposits.

Until the laws are changed, American Indian wants to keep on growing as a Washington institution, building capital to lend for tribal business. Or, as the bank's annual report says, doing more business in the D.C. area has the objective of “building a stronger foundation of earnings and capital on which the bank can expand eventually into the western U.S.”

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Phone: (505) 842-1395