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Chickasaw Trust Funds

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IN THE SENATE OF THE UNITED STATES.

MAY 20, 1896.—Ordered to be printed.

Mr. JONES, of Arkansas, from the Committee on Indian Affairs, submitted the following:

REPORT:

[To accompany S. 1529.]

The Committee on Indian Affairs, to whom was referred the bill (S. 1529) for payment of arrears of interest on Chickasaw trust funds, having had the same under consideration, beg leave to submit the following report:

After very careful examination the committee find that in the year 1832 the Chickasaw Nation of Indians owned and possessed a large and valuable tract of country, which is now embraced within the territorial limits of the States of Mississippi, Tennessee, and Alabama. That on the 20th day of October, 1832, a treaty was concluded between the United States and said Indians. That by article 1 of said treaty the Indians ceded their entire holdings to the United States. (See article 1, treaty 1832; p. 382, 7 Stat. L.) That by article 2 of same treaty the United States agreed to have all of said lands surveyed and offered for sale, as other Government lands are surveyed and sold. By article 3 of same treaty the United States agreed to pay over to the Chickasaw Nation the proceeds of such sale, less the cost of survey and sale. By article 11 of same treaty (see p. 385, 7 Stat. L.) it was agreed that at least three-fourths of the proceeds of the ceded lands should be placed in the Treasury of the United States to the credit of the Chickasaw Indians, there to remain as a perpetual trust fund for said Indians, and to be invested in interest-bearing stocks.

In 1834 another treaty was entered into between the United States and said Indians, in which it was agreed that, in order that the Indians might be kept informed as to the sales of their lands, the United States should, at the close of the first sales and every six months thereafter, cause to be stated a complete account, showing sales and legal charges against the funds. This agreement is contained in the eleventh article of the treaty of 1834, and is as follows:

And that they may be advised of these matters it is stipulated that the Government of the United States, within six months after any public sale takes place, shall advise them of the receipts and expenditures and of balances in their favor; and also, at regular intervals of six months, after the first report is made, will afford them information of the proceeds of all entries and sales.

The Government neglected to carry out this promise at least for more than thirty years. It seems that, notwithstanding this failure, the
Indians had some knowledge of the amount of money that should be to their credit. The interest arising therefrom being much less than it should be, they concluded that there was something wrong in the amount of principal that ought to be to their credit. For that they complained, and in 1852 another treaty was concluded between the United States and these Indians, and, in order to settle the question as to the correctness of their accounts, it was provided as follows:

**ARTICLE 4.** The Chickasaws allege that in the management and disbursement of their funds by the Government they have been subjected to losses and expenses which properly should be borne by the United States. With the view, therefore, of doing full justice in the premises, it is hereby agreed that there shall be, at as early a day as practicable, an account stated, under the direction of the Secretary of the Interior, exhibiting in detail all the moneys which from time to time have been placed in the Treasury to the credit of the Chickasaw Nation, resulting from the treaties of 1832 and 1834, and all the disbursements made therefrom. And said account, as stated, shall be submitted to the Chickasaws, who shall have the privilege, within a reasonable time, of filing exceptions thereto, and any exceptions so filed shall be referred to the Secretary of the Interior, who shall adjudicate the same according to the principles of law and equity, and his decision shall be final and conclusive on all concerned. (Sec. 10 Stat. L., p. 974.)

From the above it will be seen that the question in dispute was to be submitted to the Secretary of the Interior, adjusted, and when so adjusted the Indians, if not satisfied, were allowed to file exceptions to the account, then the Secretary was to make his final decision.

For causes unnecessary to mention, sixteen years elapsed before this action was completed. In 1868 the accounts were stated, to which the Indians filed exceptions. So it remained until 1883, when the Secretary referred the question at issue to the United States Court of Claims for determination.

On or about the 20th of December, 1887, the Court of Claims filed its findings with the Secretary of the Interior, which findings the Secretary adopted as his award, as required by the fourth article of the treaty of 1852, which will fully appear in letter of the Secretary of the Interior to the Honorable Secretary of the Treasury, dated December 20, 1887, a copy of which, together with letter of the Commissioner of Indian Affairs to the Secretary of the Interior, and letter of the Secretary of the Treasury to the Speaker of the House of Representatives, are hereto attached, marked Exhibit A, as a part of this report. From this it appears that the Court of Claims found (which finding was adopted by the Secretary of the Interior) that the Chickasaw general fund and the Chickasaw incompetent fund had been subjected to erroneous reductions on the books of the United States, as follows:

**Chickasaw general fund:**

- Payments of transportation and demurrage to S. Buckner (charged against the trust fund prior to December 31, 1840) .................. $58,399.00
- Payments to conductors of emigration (charged prior to December 31, 1840) .................................................. 26,563.68
- Payment to assignees of William M. Gwin (charged prior to March 12, 1850) .................................................. 56,021.49

**Chickasaw incompetent fund:**

- Payments from incompetent fund (charged prior to December 31, 1840) .................................................. 99,290.41

Total .................................................................................. 240,164.58

Notwithstanding that the Court of Claims and the Secretary of the Interior found that the sum of $240,164.58 had been wrongfully disbursed by the United States, and charged to and deducted from the
trust funds of the Chickasaw Nation, expressly stipulated to be kept invested in interest-bearing securities, in the following language: "The issue presented is one of unauthorized disbursement by a trustee of trust funds expressly stipulated to be held invested in interest-bearing securities," Congress by act approved March 2, 1889, appropriated only $184,143.09 on the principal, and referred the remainder of $56,021.49 back to the Secretary for further investigation.

In due time the Secretary reaffirmed his finding, and returned the item of $56,021.49 back to Congress, which sum was appropriated by the act approved March 3, 1890. By the two acts the full sum of $240,164.58 has been paid, leaving the interest still due.

The question now is, Does the Government owe the interest claimed in the bill? The natural inquiry would be: Was the $240,164.58 on interest at 5 per cent, as claimed in the bill, when the United States paid it out and wrongfully charged it to and deducted it from the interest-bearing trust funds of the Chickasaw Nation?

As above stated, the United States Court of Claims, to whom the question was referred, decided that this was an unauthorized disbursement of a trust fund by a trustee, said trust fund being expressly stipulated to be held invested in interest-bearing securities. This judicial finding would ordinarily be sufficient within itself, but the claim is much strengthened by the fact that the records of the Indian Office show that investments commenced for the benefit of the Chickasaw Nation May 11, 1836. (See letter of Honorable Commissioner of Indian Affairs, dated January 27, 1894, to the Secretary of the Interior, in reply to letter of the Hon. O. H. Platt, United States Senator.) This will be found in answer to the second interrogatory of Senator Platt, a copy of said letter being hereto attached as part of this report, marked Exhibit B.

The payment of the interest claimed in the bill under consideration has been recommended by the Department at least half a dozen times, as will appear in office letter dated February 10, 1896, in reply to inquiry of Hon. R. F. Pettigrew, United States Senator, and the present chairman of this committee, the concluding part of which states:

In view of the fact that the Chickasaws were deprived of the interest that would have accrued on their moneys improperly disbursed from their funds, it is recommended that the bill receive the approval of the Department.

A copy of said letter is hereto attached as a part of this report, marked Exhibit C.

The claim is further strengthened by the fact that your committee find that Congress has made regular annual appropriations to meet the interest on Chickasaw Indian trust funds and others, reaching as far back as 1845, a list of which is hereto attached as a part hereof, marked Exhibit D.

So if, as stated by the Indian Office, the said sum of $240,164.58, the amount wrongfully disbursed, as found by the Court of Claims and the award of the Secretary of the Interior, was partly invested and bearing interest at the time it was paid out, and thereby charged to and deducted from the said trust funds, and if the remainder was required to be invested, it seems to your committee conclusive that had the $240,164.58 been let alone and allowed to remain in the Treasury, as agreed by the treaties, interest would have been computed and paid on that amount to the Indians. But said sum having been paid out wrongfully, as stated by the Court of Claims, they have been deprived of the interest illegally and unjustly.
There is no dispute as to the rate of interest that the Government has been and still is paying on the Chickasaw trust fund. The rate was fixed at 5 per cent by act of Congress January 9, 1837.

**EXHIBIT A.**

**DEPARTMENT OF THE INTERIOR,**

Washington, December 20, 1887.

SIR: I have the honor to inclose herewith for presentation to Congress, in accordance with the provisions of section 2 of the act of July 7, 1884 (23 Stat. L., 254), copy of a letter of the 17th instant from the Commissioner of Indian Affairs, with the estimate of appropriation noted therein, in the sum of $240,164.58 required to fulfill treaty stipulations with the Chickasaw Nation of Indians under the fourth article of the treaty with the Chickasaws of June 22, 1852, as per certified copy of the findings of the United States Court of Claims, also herewith inclosed. The amount named in the estimate is the principal sum found due to said Indians by the court, without interest.

The court remarks in its findings on the subject of interest that:

"In an action between individuals interest would also be allowed, for the issue presented is one of unauthorized disbursement by a trustee of trust funds expressly stipulated to be held invested in interest-bearing securities.

"We refrain, however, from expressing any opinion on this subject, as the question must necessarily be taken to the legislative department of the Government, which alone has power to grant relief, which will consider the equities of the case, and which will decide whether it is one wherein the doctrine should be waived that, as the sovereign does no wrong and is ever ready and willing to pay just debts, the Government pays no interest."

The findings of fact and the opinion of the Court of Claims in the case have been adopted as the decision of the Department in the matter.

I have the honor to be, very respectfully,

L. Q. C. Lamar, Secretary.

**DEPARTMENT OF THE INTERIOR, OFFICE OF INDIAN AFFAIRS,**

Washington, D. C., December 21, 1887.

SIR: I have the honor to acknowledge the receipt of your communication of the 19th instant, returning the papers in the matter of the claim of the Chickasaw Nation v. The United States, under the fourth article of the treaty of June 22, 1852 (10 Stat. L., 374-376), with advice that, after a careful consideration of the case, you have concluded to adopt as the decision of the Department in the matter the findings and opinion of the Court of Claims thereon, as set forth in the certified copy of opinion filed April 25, 1887.

In this communication this office is instructed to report the case to the Department, with such brief statement of the history relating thereto as may be necessary, to the end that it may be presented for the action of Congress.

In reply, I have to state that under treaties made with the Chickasaw Nation in 1832 and 1834, a large trust fund was created for their benefit from the net proceeds of sale of their lands lying east of the Mississippi River.

This fund was deposited in the United States Treasury prior to the year 1839, subject to reductions on account of certain charges for specific expenses authorized by said treaties. Prior to 1852 the Chickasaw Indians had complained that errors existed in the accounts of their trust funds kept at the Treasury Department, and that in consequence of such errors the balance had been represented as much less than its actual amount; therefore, the semianual payments of interest which they had received on their trust funds were less than they were entitled under the said treaties to receive, and they requested that the matter be corrected. The alleged errors of account were divided into two classes: First, those pertaining to charges for disbursements from the Chickasaw general fund, and, second, those pertaining to the orphan and incompetent funds.

Prior to 1858 the United States failed to perform the duties imposed by the above treaty stipulations. In 1858 an account was stated, under direction of the Secretary of the Interior, and submitted to the said nation. In 1859 the Chickasaws filed their exceptions to this account with the Interior Department. It remained on file until
1883, at which time it was transmitted to the Court of Claims, under the provisions of the second section of the act of March 3, 1883. The agent of the United States, under the direction of the Secretary of the Interior, in 1869, investigated the cases of alleged illegal disbursements of the orphan and incompetent funds, and closed his report in that year. This report remained on file until its transmission to the Court of Claims in 1883.

On the 23d day of May, 1887, the Court of Claims caused its findings of facts and conclusions of law in the case to be filed in this Department, showing that the Chickasaw general fund and the Chickasaw incompetent fund had been subjected to erroneous reductions on the books of the United States, as follows:

Chickasaw general fund:
- Payments of transportation and demurrage to S. Buckner (charged against the trust fund prior to December 31, 1840) $58,299.00
- Payments to conductors of emigration (charged prior to December 31, 1840) $26,563.68
- Payment to assignees of William M. Gwin (charged prior to March 12, 1850) $56,021.49

Total $140,884.17

Chickasaw incompetent fund:
- Payments from incompetent fund (charged prior to December 31, 1840) $99,280.41

Total $240,164.58

In order that the matter may be laid before Congress I have caused to be prepared an estimate of appropriations required to pay the award made under the treaty. The question of interest has not been considered in preparing the estimate, in view of the absence of instructions from the Department in the premises. I submit herewith said estimate, together with the certified copy of the findings of the Court of Claims.

Very respectfully,

J. D. C. ATKINS, Commissioner.

The Secretary of the Interior.

TREASURY DEPARTMENT, January 5, 1888.

SIR: I have the honor to transmit herewith for the consideration of Congress copy of a communication from the Secretary of the Interior of the 20th ultimo, submitting an estimate for an appropriation of $240,164.58 to fulfill treaty stipulations with the Chickasaw Nation of Indians, under the fourth article of treaty of June 22, 1852, as per finding of the United States Court of Claims therewith.

Respectfully, yours,

C. S. FAIRCHILD, Secretary.

The Speaker of the House of Representatives.

EXHIBIT B.

DEPARTMENT OF THE INTERIOR, OFFICE OF INDIAN AFFAIRS,
Washington, January 27, 1894.

SIR: I have the honor to be in receipt, by your reference of the 19th instant, for report, of a communication addressed to you by Hon. O. H. Platt, United States Senate, dated the 17th instant, in which he calls for information, as follows:

"Referring to your letter of October 31, 1893, addressed to the Committee on Indian Affairs, relative to the bill providing for the payment of interest to the Chickasaw Indians upon certain items improperly charged against a trust fund, and within a few years refunded to the Indians, I should be glad to have a statement from you, or from the proper officer of your Department, showing by whom these charges against the trust fund were originally made; whether payments of interest upon the trust fund had been made before these items were charged against it, or whether they were charged against the proceeds of the sales of the land originally in determining the amount of the fund which should be held and bear interest; in other words, was a fund upon which interest had been paid diminished by the amount of these charges made against it?"
In reply to the first interrogatory, I have to say that the charges referred to against the Chickasaw fund were made by the Secretary of War and paid by the Secretary of the Treasury, who was made custodian of said fund by order of the President, in March, 1833, and who was charged with the duty of making investments by subsequent regulations, established in November, 1835.

In reply to the second interrogatory, the records of this office show that the sum of $99,280.41, named in Senate bill payments from "incompetent fund," was paid from invested funds of the incompetent Chickasaws. The payments of $68,299 to S. Buckner, $26,561.68 to conductors of emigration, and $66,021.49 to assignees of W. M. Gwin, also named in Senate bill, were made from the proceeds of the lands. Investments commenced for the benefit of the Chickasaw Nation May 11, 1836, as required by the treaties of 1832-1834, and under the following resolution of the Senate, dated January 20, 1836:

"Resolved, That the Senate do advise the President, and hereby consent, that he has the moneys arising from the sales of the Chickasaw lands, and which are or may be due to said nation of Indians, invested in stock in the manner and at the periods proposed by the Secretary of the Treasury in his communication to the President dated December 23, 1835, and by him transmitted with his message to the Senate under the same date."

The resolution of the Senate and letter of the Secretary of the Treasury referred to, together with other important correspondence bearing upon this matter, will be found in House Ex. Doc. No. 176, Fortieth Congress, second session, to which the attention of the Senate is invited.

Very respectfully,

D. M. BROWNING, Commissioner.

The SECRETARY OF THE INTERIOR.

EXHIBIT C.

DEPARTMENT OF THE INTERIOR, OFFICE OF INDIAN AFFAIRS,

Sir: I have the honor to acknowledge the receipt, by your reference of the 25th ultimo for report, of a communication from Hon. R. F. Pettigrew, inclosing S. 1529, "For the payment of arrears of interest on Chickasaw trust funds."

The Senator requests an opinion thereon; also to be informed if any previous action has been taken in relation to this matter, and if so, what?

In reply I have to state that this claim of the Chickasaw Nation has been the subject of reports to the Department on the following dates, namely: December 30, 1892; October 28, 1893, on Senate bill 1023; January 3, 1894, on House bill 1866, and January 27, 1894, in response to a letter from Senator Platt calling for information on the subject, a copy of which is herewith inclosed.

The bill enacts as follows:

"For arrears of interest at 5 per cent per annum from December 31, 1840, to June 30, 1889 on $184,143.09 of the trust fund of the Chickasaw Nation, erroneously dropped from the books of the United States prior to December 31, 1840, and restored December 27, 1887, by the award of the Secretary of the Interior, under the fourth article of the treaty of June 22, 1852, and for arrears of interest at 5 per cent per annum from March 11, 1850, to March 3, 1890, on $56,021.49 of the trust fund of the Chickasaw Nation, erroneously dropped from the books of the United States March 11, 1850, and restored December 27, 1887, by the award of the Secretary of the Interior, under the fourth article of the treaty of June 22, 1852, $558,520.54: Provided, That the appropriation hereby made shall be a permanent and continuing appropriation, not subject to lapse or to be covered into the Treasury, and shall be paid from time to time upon requisitions signed by the Chickasaw governor and national secretary."

By reference to the Indian act approved March 2, 1889 (25 Stat. L., 983), it appears that the following appropriations were made for the benefit of the Chickasaw Nation:

"For reimbursement of the general fund of the Chickasaw Nation for moneys improperly disbursed from said fund, as ascertained by the Secretary of the Interior, as required by article 4 of the treaty with the Chickasaws dated June 22, 1852 (less payment of $56,021.49 to assignees of W. M. Gwin), $84,862.68.

"For reimbursement of the Chickasaw incompetent fund for moneys improperly disbursed from said fund, as ascertained by the Secretary of the Interior, as required by article 4 of the treaty with the Chickasaws dated June 22, 1852, $99,280.41, the two sums aggregating $184,143.09."
By reference to the Indian act approved March 3, 1891 (26 Stat. L., 992), the following appropriation appears, namely:

"For reimbursement of the general fund of the Chickasaw Nation for moneys improperly disbursed from said fund, as ascertained by the Secretary of the Interior, as required by article 4 of the treaty with the Chickasaws dated June 22, 1852, $56,021.49, being amount paid to assignees of W. M. Gwin, and omitted from the appropriation act of March 2, 1889, for reconsideration by the Secretary of the Interior."

By reference to office report of the 17th day of December, 1887, it is found that on the 23d day of May, 1887, the Court of Claims caused its findings of facts and conclusions of law in this case to be filed in this Department, which findings and conclusions were adopted as the decision of the Department, showing that the Chickasaw general and Chickasaw incompetent fund had been improperly disbursed from their fund, it is recommended that the bill receive the approval of the Department, showing that the Chickasaw general and Chickasaw incompetent fund had been subject to erroneous reductions on the books of the United States, as follows:

**Chickasaw general fund:**
- Payment of transportation and demurrage to S. Buckner (charged against the trust fund prior to December 31, 1840) $58,299.00
- Payments to conductors of emigration (charged prior to December 31, 1840) 26,563.68
- Payment to assignees of W. M. Gwin (charged prior to March 12, 1850) 56,021.49

**Chickasaw incompetent fund:**
- Payment from incompetent fund (charged prior to December 31, 1840) 99,280.41

**Total** 240,164.58

In view of the fact that the Chickasaws were deprived of the interest that would have accrued on their moneys improperly disbursed from their fund, it is recommended that the bill receive the approval of the Department.

The letter and enclosure are herewith returned.

Very respectfully,

D. M. BROWNING, Commissioner.

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**EXHIBIT D.**

In 1845 Congress made an appropriation as follows:

"To make good the interest on investments in State stocks and bonds for various Indian tribes, not yet paid by the States, to be reimbursed out of the interest when collected, $68,499.93." (5 Stat., 777.)

Congress made an appropriation June 27, 1846, as follows:

"To make good the interest on investments in State stocks and bonds for various Indian tribes not yet paid by the States, to be reimbursed out of the interest when collected, $19,534.09." (9 Stat., 34.)

In 1847 Congress made an appropriation—

"To make good the interest on investments in State stocks and bonds for various Indian tribes, not yet paid by the States, to be reimbursed out of the interest when collected, $19,534.09. To make good the interest on investments in State stocks and bonds for the Chickasaw tribe of Indians, not yet paid by the States, to be reimbursed out of the interest when collected, $14,963.26." (9 Stat., 145.)

In 1848 Congress made an appropriation—

"For amount to make good the interest on investments in State stocks for the Chickasaw Indians not yet paid by the States, to be reimbursed out of the interest when collected, $16,200." (9 Stat., 254.)

In 1851 an appropriation was made as follows:

"To make good the interest on investments in State stocks and bonds for the Chickasaw tribe of Indians not yet paid by the States, to be reimbursed out of the interest when collected, $22,200." (9 Stat., 615.)

In 1852 Congress appropriated:

"To make good the interest on investments in stocks of the State of Arkansas, held in trust by the Secretary of the Treasury for the Chickasaw Indians, not yet paid, to be reimbursed out of the interest when collected, $5,400." (10 Stat., 95.)

On the 28th of February, 1859, Congress appropriated:

"For arrears of interest, due January 1st, 1859, on 5 per cent bonds of the State of Indiana, held in trust for the Chickasaw Incompetents, by the Secretary of the Interior, $350." (11 Stat., 392.)
In 1860 Congress made an appropriation:

"To enable the Secretary of the Treasury to pay to the Chickasaw Indians interest on $100,000, part of their national fund which was paid into the Treasury in January, 1857, on account of the redemption of that amount of the State stock of Ohio, previously held by that Department, in trust for that fund, $21,000." (12 Stat., 110.)

On the 2d of March, 1865, Congress appropriated—

"For arrears of interest due 1st January, 1861, on $70,000, five per centum bonds of the State of Indiana, $7,000." (12 Stat., 238.)

On the 26th of July, 1866, Congress appropriated—

"For payment of interest on $1,690,300, nonpaying stock, held by the Secretary of the Interior in trust for the various Indian tribes, up to and including the interest payable July 1, 1866, $100,153.00." (14 Stat., 279.)

In 1870 Congress made an appropriation—

"For interest on certain stocks and bonds belonging to the Chickasaw national fund, $15,140.00.

"For interest on certain stocks and bonds belonging to the Chickasaw incompetents, $100.00." (16 Stat., 358.)

And the United States in a like manner has recognized its treaty obligations by making nineteen different appropriations for the payment of interest on the trust funds of the Chickasaw Nation, whether or not those funds were held in stocks or otherwise, to wit:

In 1871 Congress appropriated—

"For interest on the Chickasaw national fund, $15,140.00.

"For interest on the Chickasaw incompetents' fund, $200." (16 Stat., 669.)

On the 29th of May, 1872, Congress appropriated—

"For interest on the Chickasaw national fund, $15,140.

"For interest on the Chickasaw incompetents' fund, $100." (17 Stat., 188.)

On February 14, 1873, Congress appropriated—

"For interest on the Chickasaw national fund, $15,140.00.

"For interest on the Chickasaw incompetents' fund, $100." (17 Stat., 462.)

In 1874 Congress made an appropriation—

"For interest on the Chickasaw national fund, $25,220.00.

"For interest on the Chickasaw incompetents' fund, $100." (18 Stat., 174.)

In 1875 Congress appropriated—

"For interest on the Chickasaw national fund, $15,140.00." (18 Stat., 448.)

In 1876 Congress made an appropriation—

"For interest on the Chickasaw national fund, $15,140.00.

"For trust-fund interest due Chickasaw national fund, namely: On $168,000.00, Arkansas six per centum bonds, $10,080; $104,000 of Tennessee six per centum bonds, $6,240.00; $66,666.66 of Tennessee five and a quarter per centum bonds, $3,500.00.

On the 3d of March, 1877, Congress appropriated—

"For trust-fund interest due Chickasaw national fund, $19,820." (19 Stat., 293.)

On the 27th of May, 1878, Congress appropriated—

"For trust-fund interest due Chickasaw national fund, $19,820." (20 Stat., 86.)

In 1879 Congress made an appropriation—

"For trust-fund interest due Chickasaw national fund, $19,820." (20 Stat., 315.)

Since 1879 Congress has made ten annual appropriations of interest for the Chickasaw trust-fund, each in these words:

"For trust-fund interest due Chickasaw national fund, $19,820."

These ten appropriations were made as follows: In 1880 (21 Stat., 132); in 1881 (21 Stat., 501); in 1882 (22 Stat., 47); in 1883 (22 Stat., 450); in 1884 (23 Stat., 96); in 1885 (23 Stat., 333); in 1886 (24 Stat., 46); in 1887 (24 Stat., 466); in 1888 (25 Stat., 237); in 1889 (25 Stat., 1001).