

Bringing banks into Indian Country

By Oscar Johnson

"This is a unique moment in time to reverse 300 years of deterioration in our economic well being. However, this opportunity won't last forever," insists Indian business advocate, Patrick Borunda.

This was the message the Executive Director of the Oregon Native American Business and Entrepreneurial Network (ONABEN) gave a dozen tribal representatives at the Sovereign Lending workshop in Eugene, Oregon. Borunda also had a message for the scores of banking officials who sponsored and attended the event about their role in reversing that deterioration.

"(U.S. banks) have been happy to take the deposits coming from the revenue of (Native) resources being harvested; they've been happy to lend in order to further exploit those resources; and they've been willing to make a profit for the way those lands have been exploited," said Borunda. He added, however, "they have been unwilling to lend to tribes that own those lands. . . . You've already reaped the benefits and now it's time to enable the tribes to reap some of those benefits as well."

Borunda was the keynote speaker for the June 2 workshop which was part of a series of forums spearheaded by the Federal Reserve Bank of San Francisco (FRBSF) in conjunction with the Affiliated Tribes of Northwest Indians Economic Development Corporation. His opening remarks underscored crucial Native interests in the financier-dominated workshop aimed at bringing tribal and bank officials together to brainstorm on more effective ways to increase access to loans and credit in

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"We recognized there was a lot of economic opportunity in Indian Country that wasn't being addressed," said Craig Nolte, Community Affairs Advisor for FRBSF's Seattle branch. He said the forums began in Washington state last Jan. and will continue in Oregon, Utah and Idaho throughout June.

Nolte and fellow financiers hope the workshops will be springboards for sub-regional, Native/banking task forces that will hash-out and implement new ways to capitalize on such opportunities. After each all-day workshop representatives from tribes and financial institutions are expected to volunteer for a task force that will meet regularly at different reservations in their locale.

At the Eugene workshop attendees discussed obstacles most often interfering in tribal/bank relations. While Native representatives cited cultural differences and a well-founded mistrust of non-Indian banks, bankers acknowledged their own cultural ignorance but cited high risks associated with extending loans to Indian borrowers.

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Near the close of the workshop eager financiers volunteered for the local task force that would put the day's ideas into play.

Chief among those ideas was a Uniform Commercial Code with standard rules for transactions between tribes and their members with banks. Bankers argued that in some cases tribal sovereignty can be too great a financial risk.

Sovereign rights, such as those prohibiting banks from freely repossessing vehicles within reservation boundaries or limiting the resale of foreclosed mortgaged homes to Native buyers can discourage lending to Natives who live on reservations. But formal agreements between banks and tribes waving such rights could improve the lending potential in Indian Country, financiers said.

However, Grand Ronde Small Business Development Manager, Elaine Moore, suggests that although closer tribal/bank relations are essential to the well being of Indian Country, it is not necessary to rush into such bank lead solutions. Moore has worked in accounting and business in Indian Country for more than two

decades and is also on the board of directors for ONABEN. She said that although bank loans will always be needed, the days when most tribes — especially the Grand Ronde alliance — were at the mercy of financial institutions are over.

"Now that they see the potential that tribes like Grand Ronde have, they want to have more of a partnership with us. It wasn't like that in the 50's," Moore said. "I'm not sure the tribes realize how well they sit right now."

As Native lobbyists continue to decry attacks on the source of the new found advantages of gaming revenues, business experts such as Borunda and Moore are calling for more reliable, long term approaches to economic development than the fleeting favoritism of fickle financiers.

Stressing the urgent need to invest in Indian business development in his opening address, Borunda noted "we're already seeing the closure of gaming in British Columbia." The SBA (Small Business Administration) Small Business Advocate of the Year estimates that "gaming won't last forever — perhaps only two to three more years."

Moore expressed a wish that could pose an answer to many of the burning questions and concerns about financing in Indian Country. The idea could make everybody happy. Everybody, that is, except non-Indian bankers.

"Currently, we don't have a loan program at a tribal level like the Warm Springs Reservation does," Moore said. "My wish is that Grand Ronde would have its own credit union or bank. It is one of our long-time goals that I really think we ought to look into."



Patrick Borunda, ONABEN Executive Director articulates the urgent need for economic development in Indian Country at the Sovereign Lending Conference in Eugene. Photos by Oscar Johnson



Elaine Moore, Small Business Development Manager explains the concerns that Native Entrepreneurs have when approaching banks to would-be lenders.