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U.S. House of Representatives
Committee on Natural Resources
Washington, DC 20515

October 28, 2011

The Honorable Larry Echo Hawk
Assistant Secretary for Indian Affairs
Department of Interior
MS-4141-MIB
1849 C Street, N.W.
Washington, D.C. 20240

Dear Assistant Secretary Echo Hawk:

As Ranking Member of the House Natural Resources Committee, I write to inquire about Interior's responsibility to protect shareholders in Alaska Native Corporations (ANCs) and specifically shareholders in the 13th Alaska Native Regional Corporation, which was created to benefit Alaska Natives who live outside of Alaska but reportedly has run out of money and has not provided required financial reports to shareholders since 2006. The president of the Alaska Federation of Natives, Julie Kitka, recently wrote a letter asking the Interior Department to help reorganize the 13th regional corporation, citing the Bureau of Indian Affairs' "trust responsibility to look out for the Alaska Natives who are so disenfranchised."¹ I am interested in BIA's view of its responsibility to Alaska Native shareholders and what, if anything, you intend to do about the troubled 13th regional corporation.

As you know, the Alaska Native Claims Settlement Act of 1971 (ANCSA) established Alaska Native Corporations in resolving Alaska Native claims to over 360 million acres of land. Alaska Natives gave up these claims and in exchange Congress awarded ANCs about 44 million acres of land, nearly \$1 billion, and rights to Alaska state oil royalties. Each Alaska Native living in Alaska at the time of the settlement was entitled to shares in one of 12 regional corporations as well as a smaller village corporation, of which there are around 200. The 13th regional corporation was added four years later to include Alaska Natives living outside of Alaska.

¹ Andrew Jensen, "13th corp seeks land as way out of insolvency," Alaska Journal of Commerce, September 1, 2011.

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ANCs were intended not only to resolve aboriginal land claims, but also to provide a lasting source of income and economic development for Alaska Natives. Many of the regional corporations are highly profitable and provide jobs, scholarships, and other benefits to their Alaska Native shareholders. The 13th regional corporation, unfortunately, appears to have fallen well short of ANCSA's original promise.

The 13th regional corporation has reportedly lost the more than \$50 million it received from the settlement. In 37 years, its more than 5,000 shareholders have received almost no dividends or other benefits. Shareholders naturally want answers about how this happened, but the corporation has not provided annual audited financial reports since 2006, which is explicitly required by ANCSA. The board of directors last formally communicated with shareholders in 2008, when it blamed previous leadership for the corporation's financial problems. Board members have reportedly ignored repeated shareholder requests for additional information.²

Despite this apparent lack of communication and despite not holding "a proper shareholder election in years," the board of directors, including corporation President Mike Rawley, is still acting on the corporation's behalf.³ Rawley is reportedly working on a plan in which the 12 other regional corporations would manage a land allocation for the 13th and share revenue from the land (the 13th, unlike other regional corporations, received no land under the settlement because its shareholders resided outside the state). There are no plans for financial disclosures to shareholders until revenues come in. "We'll do an audit when we can pay for it," Rawley told the Alaska Journal of Commerce. "That's the state of affairs there. We have no other accounting available, and we have no revenues or operations." Alaska's Division of Banking and Securities investigated the 13th after receiving shareholder complaints, but reportedly has declined to disclose its findings and is withholding judgment as the corporation's board attempts to reorganize.⁴

As you know, under the Rules of the House of Representatives, the Natural Resources Committee has an ongoing responsibility to oversee the laws, regulations, and programs affecting Native Americans. This includes oversight of Alaska Native Corporations, and how they are serving the needs of the Native Alaskan people. A key responsibility facing the Committee is to ensure that Alaska Native shareholders are protected against mismanagement and malfeasance that could reduce their annual dividends and opportunities for economic advancement. In order to better understand what has befallen the 13th regional corporation, and what to date has been done in response by federal or state regulators, I hereby request that you provide a written response to the following questions and provide the following requested documents:

² Jill Burke, "Ailing 13th Regional Corp. shrouded in mystery," Alaska Dispatch, December 11, 2009, and Jill Burke, "The 13th Regional, Alaska's 'ghost corporation,'" Alaska Dispatch, January 18, 2011.

³ Andrew Jensen, "13th corp seeks land as way out of insolvency," Alaska Journal of Commerce, September 1, 2011.

⁴ Jill Burke, "The 13th Regional, Alaska's 'ghost corporation,'" Alaska Dispatch, January 18, 2011, and Andrew Jensen, "13th corp seeks land as way out of insolvency," Alaska Journal of Commerce, September 1, 2011.

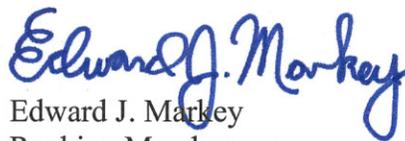
1. What are BIA's statutory and regulatory responsibilities concerning Alaska Native Corporations? For each of the last five years, please provide me with a description of how BIA performed these responsibilities, as well as copies of any relevant reports, audits or other materials that document these activities.
2. What responsibility does BIA have to ensure that ANCs are meeting their legal obligations, including obligations to their shareholders? For each of the last five years, please provide me with a description of how BIA ensured that these obligations were met, as well as copies of any relevant reports, audits or other materials that document these activities. What are the responsibilities of other governmental entities in this respect and how does BIA work with those entities? For each of the last five years, please provide me with a list of meetings, phone calls, correspondence or other materials related to BIA's work with other governmental entities in this area.
3. What does BIA do when it hears reports of mismanagement or malfeasance at an Alaska Native Corporation? For each of the last five years, please provide me with a list of any such reports received or obtained by BIA, along with a description of BIA's response and the resolution of the matter, if any.
4. Should Alaska Native shareholders contact BIA if they have complaints of mismanagement or malfeasance at their ANC? If not, where should they go?
5. Does the Interior Department believe it's acceptable that the 13th regional corporation has not complied with the disclosure requirements established under ANCSA, including those relating to annual reporting to shareholders and annual audits by an independent accounting firm? If so, explain why. If not, what actions has BIA taken on this matter? Please describe any such actions in each of the last five years.
6. Does BIA intend to assist with reorganization of the 13th, as requested in the letter from Julie Kitka, the president of the Alaska Federation of Natives? If not, why not? And if so, please provide me with a description, including a timeline and description of each planned action by BIA.
7. What specifically does BIA intend to do to assist shareholders in the 13th regional corporation seeking to obtain company financial information and restore shareholder accountability for the board of directors? If no such assistance is planned, why not?

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8. Are there any penalties under ANSCA or under any other federal law for an Alaska Native Corporation that fails to comply with the corporate governance, financial disclosure or audit requirements established under the Act? If so, what are they, and has the 13th regional corporation, or its officers and directors, been penalized for noncompliance?
9. Please provide copies of all correspondence between the BIA or BIA employees and the 13th regional corporation and its representatives that relate in any way to the corporation's reporting to its shareholders, its corporate governance, or audits of the corporation's books and accounts.

Thank you for your assistance in responding to this inquiry. I ask that you please respond in full by November 16, 2011. Should you have any questions, please contact Reece Rushing of the House Natural Resources Committee Democratic staff at 202-226-4627.

Sincerely,



Edward J. Markey
Ranking Member
Committee on Natural Resources