

DEPARTMENT of the INTERIOR

news release

BUREAU OF INDIAN AFFAIRS

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NEW REGULATIONS PROTECT INDIAN CONSUMERS

New regulations governing retail business and credit transactions at trading posts on the Navajo, Hopi and Zuni Reservations have been published in the Federal Register, Commissioner of Indian Affairs Morris Thompson announced today.

The purpose of the new regulations is to protect Indian consumers against excessive interest rates, high prices and other abuses.

The regulations establish licensing requirements for doing business on the reservations, impose a 24 percent limit on interest for pawn loans and retail credit, forbid the use of trade scrip or similar substitutes for money, restrict contributions from traders to Navajo Tribal political candidates and provide for monitoring and control of prices charged, especially for basic commodities

The three reservations are located in close proximity in the Southwest. The Navajo, the largest of all reservations, includes a large area in Arizona and portions of New Mexico and Utah. The Hopi Reservation is entirely surrounded by Navajo land in Arizona and the Zuni Reservation is at the southeast corner of the Navajo Reservation in New Mexico.

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There was much involvement of the three tribes and the United Indian Traders' Association in the development of the new regulations. After proposed regulations were published in March, many comments were received. Extensive revisions were then made and reviewed at a July meeting attended by representatives of the tribes, DNA (a Navajo legal services organization) and the traders' association.

The regulations include some special provisions for the Hopi and Zuni Reservations. On these reservations, it is required, as a condition for doing business, that license applicants voluntarily submit themselves to tribal court jurisdiction in actions arising under tribal ordinances pertaining to business operations. Also, members of the two tribes are exempt from the regulations on their own reservations.

Under the new regulations, traders are prohibited from withholding the proceeds of goods purchased from Indians, or checks cashed for them, on the basis of existing credit obligations. Barter transactions are also banned, because it was thought that the development of a cash economy would create more competition and result in lower prices

A major change in the pawnbroking regulations is that a pawned item no longer becomes the property of the trader when it is not redeemed on time. When such an item is sold, any excess received by the trader over the amount owed and the costs of sale must be given to the borrower

The new regulations will be effective 30 days after publication.

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