UNITED STATES
DEPARTMENT of the INTERIOR
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OFFICE OF THE SECRETARY
For Release to PMs December 14, 1967

Macfarlan -- 343-9431

NAVAJOS AUTHORIZED TO PURCHASE STOCKS FOR TRIBAL SCHOLARSHIP FUND

Secretary of the Interior Stewart L. Udall announced today approval of a program proposed by the Navajo Indian tribe to invest up to $10 million of tribal scholarship funds in selected stocks to increase the annual income available for education purposes.

The net annual income from the scholarship funds will be devoted to scholarships for needy Navajo youth, as has been done in the past with income from scholarship funds held in banks or the U.S. Treasury.

"Under this new program the Navajo tribe will advance another step in handling its own affairs and will move into management, with capable assistance, of funds which heretofore have been in trust status," Secretary Udall said.

"We expect that the investments in stocks will result in a larger annual net yield, thus providing more aid for advanced education of young Navajos than is available with the income from the deposits."

The Secretary gave his approval after the tribe agreed to changes that had been recommended by Commissioner of Indian Affairs Robert L. Bennett in an original stock investment proposal.

Udall wrote Raymond Nakai, Chairman of the Navajo Tribal Council, that it appears that under the agreements as amended "the tribe is properly protected." The Secretary commended the tribe for its action.

Under one agreement, the New York firm of Naess and Thomas will be investment counselor for the Navajos for investment of tribal scholarship funds.

Under a second agreement, Merrill Lynch, Pierce, Fenner & Smith, Inc., will handle the acquisition, disposition, and custody of securities of the scholarship fund.

The portfolio of stocks will be reviewed periodically by the Navajo tribal investment committee.

The tribe has had a $10 million scholarship fund for some time, with the money invested in banks and the Treasury. The bank deposits have been earning the maximum legal yield of 5½ percent, compounded quarterly. The deposits in the Treasury have earned 4 percent annually.

The shift to investment of up to $10 million in stocks is based on tribal belief that a balanced portfolio of stocks, including fixed-income blue chip securities and also growth stocks, will result in greater annual net income.

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