Media Contact: Information Service
For Immediate Release: March 8, 1954
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Louis C. Peters, former manager of the Alaska Native Industries Cooperative Association, against whom removal action was initiated by the Department of Justice, has offered to settle his dispute with the Government for $2,500, Secretary of the Interior Douglas McKay disclosed today.

Under the terms of the settlement, Peters would surrender his office and deliver all properties of ANICA and its premises to an authorized representative of the Department of the Interior. Peters would also relinquish all claims against either the United States or ANICA.

The proposed agreement would not release Peters from any claims which the United States or ANICA may lodge against him under his bond in the future.

The action by the Department of Justice against Peters in the Federal District Court in Seattle was begun at- the request of the Department of the Interior when Peters refused after prolonged negotiations to surrender the assets and premises of the Association. His former contract with ANICA expired December 31, 1952.

Secretary McKay said he has recommended that Peters' offer be accepted. He noted that an early end to the dispute will enable the Association to resume its normal business activities in the near future.

"The amount of the proposed settlement is far less than was originally demanded," the Secretary said. "It is less than the cost of a long, drawn-out litigation. Settlement on this basis would prevent the continued disruption of ANICA's affairs."

Acceptance of the terms of the agreement by the Secretary culminates efforts initiated early in January by the Department of the Interior to take over the management of ANICA temporarily, with the approval of a majority of its board of directors.

The action was necessary to protect loans totaling approximately $500,000 made by the United States to native villages in Alaska, and the interests of the native village corporations making up the membership in ANICA, The former manager, whose services the Department terminated, refused to surrender the premises and assets of ANICA to an authorized Department representative. Consequently, the matter was referred to the Department of Justice for appropriate action.

The agreement provides that Peters "... shall cease and desist from making any statements to the effect that the United States has liquidated or is in the process of liquidating ANICA, it being the intention of the United States to continue its financial and other assistance in the maintenance and strengthening of ANICA as an independently owned Alaskan native cooperative association."

As soon as audits of the former management can be completed, and a new management can be completed, and a new management satisfactory to the member villages and to the Government are selected and installed in the office, the operations of ANICA will be returned to its board of directors. The Secretary added that he hoped ways could be found to make the operations of ANICA of more service to the native people than they have been in the past.

The Secretary also announced that subject to the approval by the board of directors he is authorizing payments of salaries to former employees of ANICA through February 15. Such employees have not been paid since the half-month period ending January 15. Termination notices were sent to them to be effective January 21 but were not received until February 5.

Under the authorization two weeks severance pay also will be made to those entitled to such payments in accordance with past custom and practices of ANICA and will settle any claims employees may have against ANICA for sick and annual leave.

ANICA is a purchasing organization owned by 33 native village stores of Alaska in partnership and financed in part by Federal loans. It was organized in 1947 to purchase commodities for stores operated by some of the more remote Eskimo and Indian villages of Alaska and to market products such as furs for them. Prior to that time purchases for the village stores were handled by the Federal Government. Organization of ANICA was part of the Government's program to improve the economic conditions of the Alaska natives and to give them increased authority and responsibility for the management of their own affairs.