Media Contact: Information Service
For Immediate Release: February 15, 1954
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In moving to take over the management of Alaska Native Industries Cooperative Association, Seattle, Wash., during recent weeks, the Department of the Interior has acted to protect the financial interests of the United States and the operating interests of stores of the native villages of Alaska, Secretary Douglas McKay said today.

The Department's action, which was approved by a substantial majority of the 33 native village corporations making up the membership of ANICA, is intended purely as a temporary measure. After the Department has gained possession of ANICA, it will operate the Association only for a short period until audits of the former management can be completed and a new management, satisfactory both to the members and the Government, is selected.

Efforts to take over the management of ANICA, a purchasing organization owned by the 33 native village stores in partnership and financed in part by Federal loans to these stores, were initiated several weeks ago after prolonged negotiations with the former manager whose contract with the Association expired December 31, 1952.

Throughout 1953 the former management was continued on a month-to-month basis until it became clear that no new contract could be consummated with the former manager which would adequately protect the financial interests of the United States and that continuation of the uncertain status of ANICA management would be seriously detrimental to the operations of the member corporations. When the former manager refused, after notification, to surrender the assets and premises of ANICA, the matter was referred to the Department of Justice for appropriate action.

ANICA 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.

The Federal Government has a direct financial interest in the operations of ANICA since it made loans to the native villages which were used in part to finance the Association. As security for these loans, the Government took an assignment of the interests of the respective members in ANICA. In acting to take over the ANICA management, the Department is exercising its prerogatives under the terms of these assignments. The native villages are currently indebted to the United States for about $500,000.