

Part nineteen of serial: the land and money settlement and the corporation as a vehicle

(Ed. Note: This is the nineteenth in a series of excerpts from the Alaska Native Land Claims book. It is the hope of the Tundra Times and Alaska Native Foundation that the publication of the series will further the understanding and implementation of all parties involved and affected by the claims Settlement Act. The book was released by the ANF in 1976 and was also made possible by a Ford Foundation grant. Robert D. Arnold edited the text. Authors include: Janet Archibald; Margie Bauman; Nancy Yaw Davis, Robert A. Frederick, Paul Gaskin; John Havelock, Gary Holthaus, Chris McNeil; Thomas Richards, Jr., Howard Rock and Rosita Worl.)

Land

To assure that 40 million acres would be available for selection by Natives, the Secretary of the Interior was to set aside land around villages and elsewhere before the land freeze was lifted. Such withdrawal would protect these lands over the three-year period in which village corporations could make their selections and the four-year period in which regional corporations could make their selections. Land already in private ownership could not be chosen. Land in national parks or lands set aside for national defense purposes could not be chosen either, except for the surface of lands in Naval Petroleum Reserve No. 4, in northwest Alaska.

Of the 40-million-acre settlement, 22 million acres were earmarked for selection by villages. As with the money distribution, the number of acres to which a village was entitled was to be determined by enrollment. With some exceptions noted below, entitlements would be determined as follows:

Enrollment	Entitlements
25 through 99	3 townships (69,120 acres)
100 through 199	4 townships (92,160 acres)
200 through 399	5 townships (115,200 acres)
400 through 599	6 townships (138,240 acres)
600 or more	7 townships (161,280 acres)

Whatever their size, villages in southeastern Alaska could choose only a single township (23,040 acres), a limitation justified in the act by the earlier cash award of the Tlingit-Haida settlement. A limiting factor for other villages in the foregoing table was land which was in national forests or wildlife refuges, lands chosen by the State but not yet patented to it, and Naval Petroleum Reserve No. 4. In such areas, selections would be limited to three townships (69,120 acres), and other township entitlements, if any, would have to be made elsewhere.

The village corporations would own only the surface estate to lands they selected. Their ownership would not include the minerals below the ground. The rights to the minerals — the subsurface estate — would belong to regional



Alaska Pipeline Service Company

The subsurface estate of lands selected by village corporations would go to regional corporations.

corporations. This would be true for all 22 million acres selected, except for village selections made in Petroleum Reserve No. 4 or in wildlife refuges.

If villages on revoked reserves voted to acquire title to their former reserve they would obtain fee simple title not only to its surface, but also to its minerals. They would forego, however, other benefits under the act.

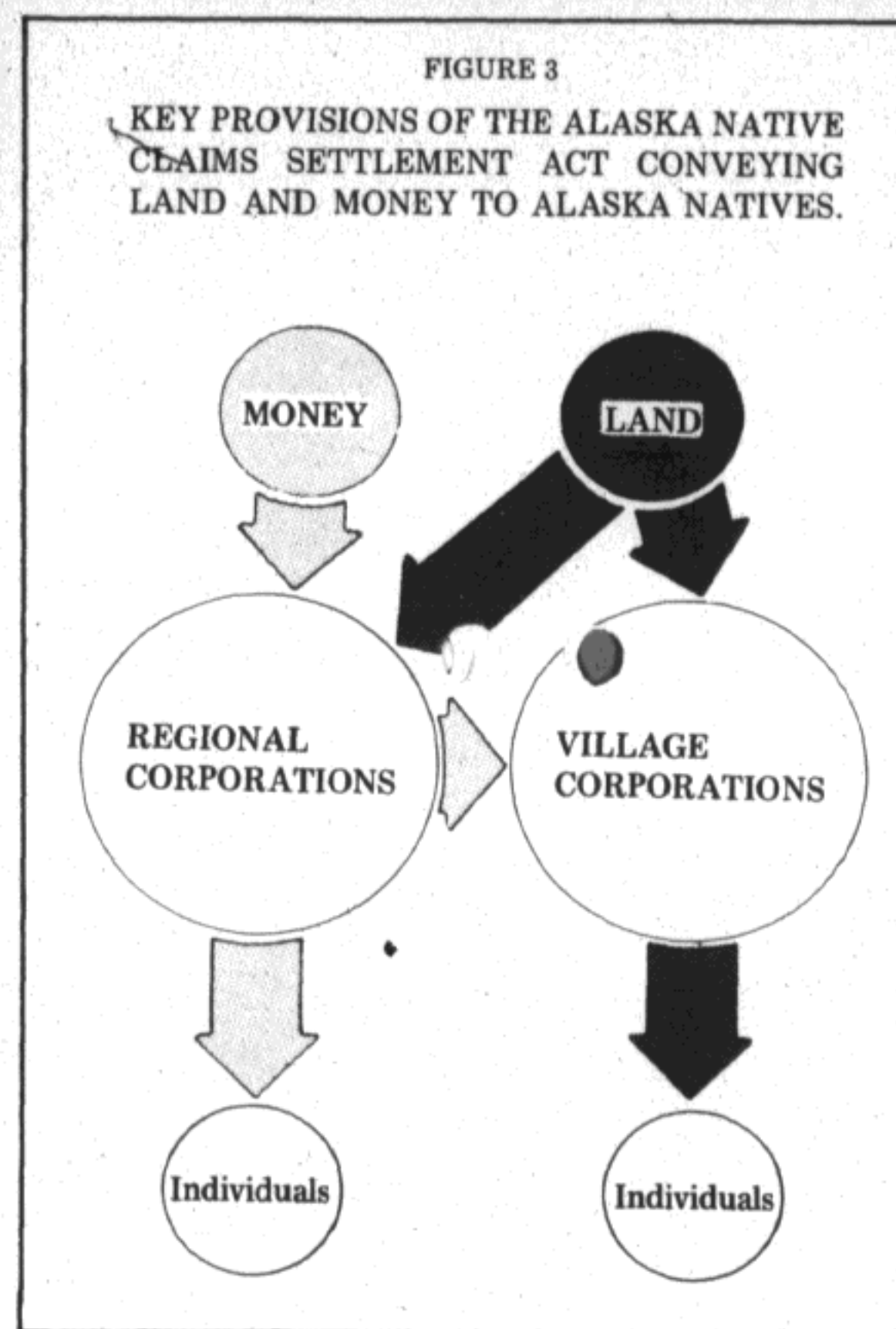
Once villages obtained their lands, they would transfer some tracts to individuals — Native or non-Native, some to organizations, and some to municipal, state, or federal governments, and retain the remainder.

Sixteen million acres of land would be selected by regional corporations on the basis of land area within their regions, rather than population. Under a complicated land-loss formula, these lands would be chosen by whichever of 11 regional corporations had small enrollments but large areas within their boundaries. Owing to the earlier Tlingit-Haida settlement, the southeastern region would not be among the corporations eligible for this provision.

The remaining two million acres would be set aside for grants of title of lands to special Native corporations organized in the non-Native cities of Sitka, Kenai, Kodiak, and Juneau (which had been historic Native places); for grants to groups of Natives or to individual Natives residing away from villages; for Native allotments which were filed for before the passage of the act; and for cemeteries and historic sites.

Compensation for claims given up was to come from two sources: Congressional appropriations and mineral revenues from State and federal lands. The act established the Alaska Native Fund in the U.S. Treasury and authorized the appropriation of \$462.5 million to be paid into it over an 11-year period. It also provided for the payment of \$500 million into the Fund from revenues obtained from certain mineral resources from federal and State lands in Alaska. Such payments (chiefly based on oil and gas), by the State and federal governments would continue until the total amount was reached. Until production of oil would begin on the North Slope, revenues from mineral resources were expected to be negligible.

Payments from the Alaska Native Fund would be made



only to regional corporations. They, in turn, would retain part of the funds and pay out part to individual Natives and village corporations.

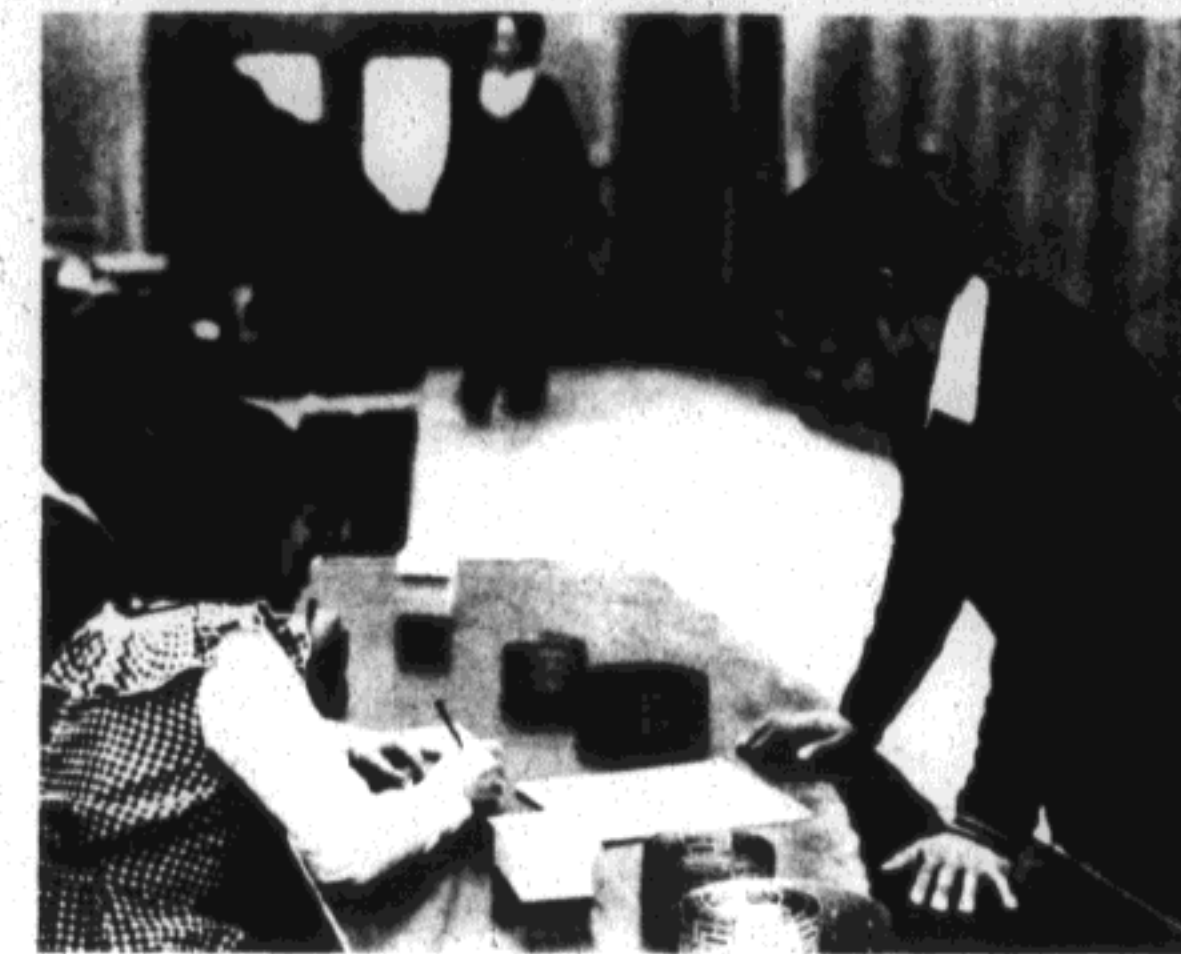
The amount of money each regional corporation would receive was to be based upon its proportion of enrolled Natives to the total number enrolled. During the first five years, at least 10 percent of the claims money and other income received by a regional corporation was to be distributed directly to individuals — its stockholders — and at least 45 percent of such money was to be distributed to village corporations within its boundaries.

The amount received by each village corporation was to be based upon its proportion of stockholders to the total number of stockholders in the region. Natives enrolled to regional corporations but not to villages would receive their proportionate share directly, which meant that their payments would be larger than if they were also enrolled to villages. They would not be granted land by village corporations, however, or otherwise benefit from activities these corporations carry out.

Chapter 22 the corporation as a vehicle

There was no mention of corporations in the first bills introduced in 1967 to settle Alaska Native claims. These bills would have resolved claims to tribes, bands, villages, communities, associations or other identifiable groups of Eskimos, Indians, and Aleuts." Beginning with the Governor's Task Force bill of 1968, however, business corporations were proposed as the means of carrying out the settlement, and after that time were fully accepted. Indeed, the theme of the 1971 convention of the ANF, the last held before Congress adopted the act, was "In the white man's society, we need white man's tools."

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Calista (J. Hout)

Tim Kaganak of Scammon Bay registers for stockholders' meeting.

Under the settlement act all of the money and virtually all of the land goes initially to business corporations. It is through these organizations that nearly all of the benefits flow to enrolled Natives. The business corporation is the vehicle of settlement.

The business corporation

The business corporation is organized to earn money. By having a number of people pool their financial resources, the corporation obtains money to purchase equipment and hire persons of specialized skills to carry out money-making activities. Those who put their dollars into the enterprise become stockholders who share in the ownership of the corporation. As owners, they may expect to earn dividends — shares in the profits of the corporation.

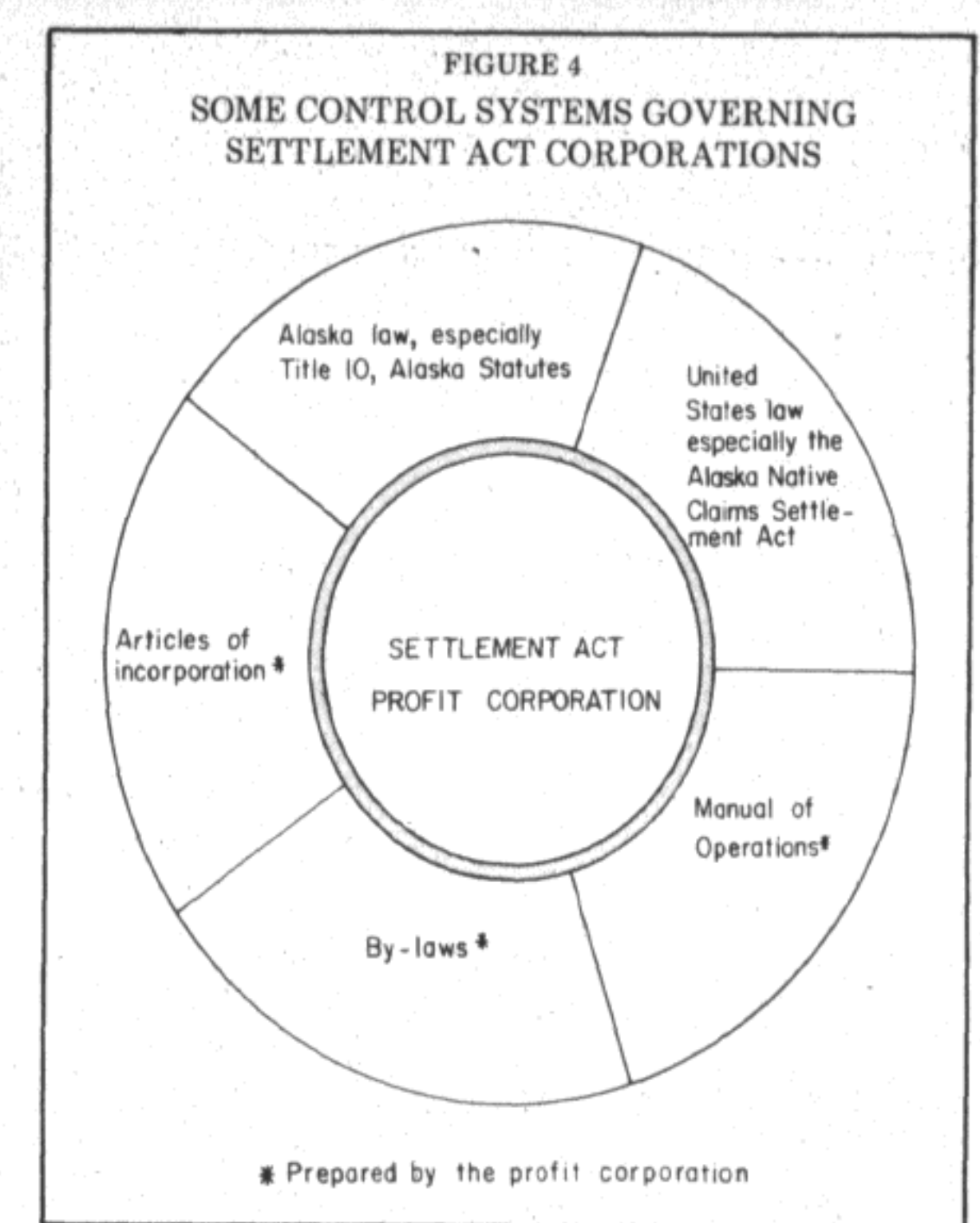
While the corporation is a business organization, people and laws treat it, in many ways, as if it were a real person. A corporation may buy or sell goods and services. It collects money and spends it. It makes agreements and it may break them. If it violates a law, it may be charged with a crime. If it is, the corporation is charged with the offense, as though it were a real person; its stockholders are not.

Control systems

Most of the control systems of a corporation are provided for in the State law that allows corporations to be established and in two sets of papers which State law requires: articles of incorporation and bylaws. State law sets out what corporations may do and what they may not do. And, as noted earlier, many of the laws that apply to persons also apply to corporations.

The articles of incorporation are a kind of agreement (which has been approved by the State government) on some rules of control among the people who first set up a corporation. They establish the basic relationship between the stockholders, who are the owners of the corporation, and the company and its management. Anything that the stockholders do not want changed without their say-so should be in the articles. The articles give the stockholders the right to elect directors. All of the rest of the basic control of the corporation is left to the directors whom the majority have chosen.

The bylaws contain most of the rules of control between the directors, who are usually not employees of the corpora-



tion, and the officers of the corporation, who are often employees. If the officers are employees, it is they who have responsibility for its day-to-day operation, subject only to broad policy direction from the directors. The bylaws establish the titles and responsibilities of each of the principal officers of the corporation. Bylaws can be amended by the directors at any time.

Law, articles of incorporation, and bylaws define the basic control system for a corporation. Within that framework, the board of directors provides more detailed directions for the management of the corporation. These directions are recorded in the minutes of the directors' meetings.

Other rules, dividing control of the corporation among officers and employees, are contained in operations manuals and in memoranda issued by the officers to employees.

These rules of control, taken together, set out the terms under which corporations are run, and identify who gets to make decisions about what.

A system of accountability

Another set of rules — a system of accountability — helps the people who own or manage the corporation to determine how successfully the corporation is performing.

Since the primary purpose of most business corporations is to make profits, their systems of accountability are organized to help determine whether they are. Their books of accounts will show the flow of dollars and things having dollar values in and out of the corporation.

Next week — the role of

stockholders and the

Alaska Native corporations

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