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NEBRASKA BANK TO PAY \$275,000 FOR ALLEGEDLY DISCRIMINATING  
AGAINST AMERICAN INDIANS, UNDER JUSTICE DEPARTMENT SETTLEMENT

WASHINGTON, D.C. -- A northwestern Nebraska bank, which unfairly charged American Indian borrowers higher interest rates for consumer loans, will pay \$275,000 under an agreement reached today with the Justice Department.

The settlement, filed in U.S. District Court in Rapid City, South Dakota, resolves an April 1996 Justice Department suit charging the First National Bank of Gordon, Nebraska, with violating the federal Equal Credit Opportunity Act and the Fair Housing Act of 1968.

Under the settlement, the bank will pay damages and waive loan costs to the victims of the discrimination -- American Indians who mostly reside on the Pine Ridge reservation in South Dakota.

"Every community needs fair access to credit, including American Indian reservations," said Acting Assistant Attorney General for Civil Rights Isabelle Katz Pinzler. "No one should be charged a higher rate for credit just because of the color of his or her skin."

Today's agreement stems from a matter referred to the Justice Department by the Office of the Comptroller of the Currency (OCC), the federal agency which supervises national banks such as the First National Bank of Gordon. The referral followed an OCC examination into the lending practices of the bank that uncovered discrepancies in treatment of American Indians.

After further investigation, the Justice Department determined that until at least March 1994, the bank charged its American Indian customers considerably higher interest rates than non-Indian customers, in violation of federal fair lending laws. Before that time, the bank did not use formal criteria for setting interest rates on consumer loans and instead gave broad, unreviewed discretion to its loan officers in setting rates.

Under the settlement the bank has agreed to:

create a \$175,000 fund which will be used to compensate American Indian bank customers who were victims of the alleged pricing discrimination;

set aside a total of \$100,000 to pay the fees or charges for documentation and credit bureau reports for consumer loans applied for by residents of the Pine Ridge Reservation;

conduct a personal, money management education program for persons on the Pine Ridge Reservation designed to inform people on how to establish and manage credit with the bank; and

take affirmative steps to increase the pool of qualified American Indian applicants for positions at the bank, particularly for positions as loan officers.

"The ability to gain credit is crucial to the economic growth of all communities, large and small," said Karen E.

Schreier, U.S. Attorney in South Dakota. "Today's agreement will ensure that every American Indian customer is treated fairly when seeking a loan, and will compensate those who have suffered discrimination in the past."

This is the second settlement reached by the Justice Department alleging lending discrimination against American Indians living on or near the Pine Ridge Reservation.

In January 1994, the Justice Department settled a suit against the Blackpipe State Bank of Martin, South Dakota, which allegedly refused to make secured loans where the collateral was located on a reservation and which placed credit requirements on American Indians which it did not place on whites. Under that agreement, the bank created a \$125,000 fund to compensate victims of the alleged discrimination.

Over the past five years the Justice Department has obtained 12 settlements totaling more than \$20 million with financial institutions that allegedly engaged in lending discrimination.

Today's agreement has been approved by the court.

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