



Winnipeg (March 17, 2010) – Alan Park, Chief Executive Officer of Tribal Whi-Chi-Way-Win Capital Corporation, said today he is grateful to the Aboriginal caucus of the Conservative party for injecting some common sense into a growing controversy over federal subsidies to banks and credit unions lending to Aboriginal entrepreneurs.

"Finally somebody in Ottawa gets it," Mr. Park said in reaction to an APTN report that the caucus has petitioned Indian and Northern Affairs Minister Chuck Strahl to grant a level playing field to Aboriginal Financial Institutions (AFIs)..

In a letter to the minister, MP Rod Bruinooge, the caucus chairman, asked the minister to extend the same subsidies to AFIs, APTN said in a report dated March 12.

Indian and Northern Affairs Canada quietly extended \$15.5 million in loan loss guarantees to a select group of five banks and credit unions to encourage lending to small and medium business in First Nations communities.

However, the non-Aboriginal banks and credit unions have been slow to open up lending to these communities. The five institutions wrote just \$3.2 million in five loans last year. Based on the AFI experience of loan losses of 6.37% in this market; that means only \$203,840 of the \$15.5 million given to the banks has been utilized.

"The federal Loan Loss Reserve initiative is wasteful and injurious to AFIs, who simply can't compete with subsidized institutions," Mr. Park said. "There is now \$15.296 million in unused funds earmarked for Aboriginal business sitting in private bank accounts doing nothing, except collecting interest for the government."

For further information:

Gord McIntosh, 613-724-1478, [gord\[at\]110percent.ca](mailto:gord[at]110percent.ca)

The APTN report is listed below:

By Jorge Barrera

APTN National News

OTTAWA -- APTN National News has learned Indian Affairs Minister Chuck Strahl is facing dissent within his own party over his department's decision to freeze out aboriginal banks from a lucrative loan guarantee program described by critics as giving big banks and credit unions a "golden brick road" into the aboriginal business sector.

The department is currently facing court action from one of the aboriginal banks for offering

up to \$15.5 million in loan guarantees to five non-aboriginal banks and credit unions. The Manitoba-based Tribal Wi-Chi-Way Win Capital Corporation has also filed complaints with Treasury Board and the Auditor General of Canada.

Indian Affairs has so far refused to budge on the issue, saying the program doesn't take anything away from so-called Aboriginal Financial Institutions.

APTN National News, however, has obtained a letter written by the chair of the Conservative Party's Aboriginal Caucus asking Strahl to change his mind.

"I respectfully request that Aboriginal Financial Institutions be included in the Loan Loss Guarantee Program," wrote Winnipeg South Conservative MP Rod Bruinooge, Conservative Aboriginal Caucus chairman, in a letter dated February 24. "Aboriginal businesses are typically unable to receive funding from mainstream business lenders, making AFI's their only source of loans. This caucus strongly believes that AFIs are therefore integral to the success and survival of Aboriginal businesses, and the ultimate well being of the Aboriginal community as a whole."

Strahl's cabinet colleague Health Minister Leona Aglukkaq sits in the Aboriginal caucus, along with Senators Patrick Brazeau and Gerry St. Germain, Saint Boniface MP Shelley Glover and Desnethe-Mississippi-Churchill River MP Rob Clarke.

Indian Affairs last spring announced five firms had been accepted into the pilot loan program: Desjardins Group, Business Development Bank of Canada, Assiniboine Credit Union, Affinity Credit Union and First Nations Bank. While its main shareholders are aboriginal, 20 per cent of the First Nations Bank is owned by the Toronto-Dominion Bank.

According to a briefing note from the National Aboriginal Capital Corporation Association only five loans worth a total of \$3.2 million have been advanced by mid February under the program by the selected financial firms.

The briefing note said one of the loans was worth \$2 million and the remainder ranged between \$250,000 and \$375,000.

"Consequently, 80 per cent of the loans provided under (the program) were within long standing AFI mandates," the briefing note said.

The aboriginal banks are mandated to offer loans up to \$250,000, with special circumstances allowing for a bit more. Indian Affairs excluded the aboriginal banks from the program partly because the department was looking for firms that could offer loans in the \$250,000-to-\$5-million range.

Several aboriginal banks, however, have the capacity to offer loans above \$250,000.

Alberta Indian Investment Corporation, Burns Lake Native Development Fund, Clarence Campeau Development Fund, Indian Business Corporation, NWT Métis-Dene Development

Fund, Northern Enterprise Fund, Saskatchewan Indian Equity Fund, Tribal Wi-Chi-Way-Win Capital Corporation and Ulnooweg Development Group are all able to offer loans above the \$250,000 threshold, according to the briefing note.

Aboriginal banks have issued over \$100 million worth of loans in 2008-2009, according to the briefing note. In 2009, 81 per cent of their loans were reported as current.

"These (non-native) credit unions and banks have never shown any interest (in financing aboriginal businesses) until the government provided them a risk free golden brick road," said Alan Park, CEO of Tribal Wi-Chi-Way Win Capital Corp., during an interview in January.

At the time, Park said aboriginal lenders had become a success story, turning the initial \$200 million injected by the federal government into \$1.3 billion worth of investments.

Park said his firm began with \$7 million from the government in 1993 and has since issued \$34 million in business, farm and aboriginal youth entrepreneur loans, with minimal losses.

Aboriginal financial institutions were created on recommendations from the Royal Commission Report on Aboriginal Peoples. There are currently about 57 aboriginal financiers providing loans to on-reserve enterprises that cannot obtain funds from regular banks.

[jbarrera\[at\]aptn.ca](mailto:jbarrera[at]aptn.ca)