

9/24

MEMORANDUM OF INFORMATION FOR THE FILE

DATE

3/2/70

EXECUTIVE

PR 7-3

FG 24-6

PR 10

FI 2

LETTER, MEMO, ETC.

TO:

Chuck Colson

FROM:

Don Haggren

SUBJECT:

Presidential Phone List

Kingman, Woody

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

FILE NO. _____

1/3/70

EXECUTIVE

446-11-4/Krogh, Egil

418

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4117

No. of
entry

No. of
pages

Date of
entry

Material entered

1

6

1/13/70

Memo from Tom Kauper (Justice Dept)
to Bud Krogh on authority to control
interest rates paid by banking institutions

EXECUTIVE

FI 2
PU 2-3
FG 22

①

January 7, 1970

MEMORANDUM FOR

HONORABLE GEORGE P. SHULTZ
SECRETARY OF LABOR

I'm sure you saw this editorial but will send it to you anyway. This is the kind of thing I had in mind when I talked to the President.

Daniel P. Moynihan
Counsellor to the President

Attachment - Cy New York Times editorial, 28 Dec 69 "Next Steps in Banking"

DPM/crm

bcc: John Heimann

RECEIVED
JAN 8 1970
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Next Steps in Banking

The American people have long had a basic mistrust of great concentrations of economic power. The term "antitrust" has been in the language since the latter part of the nineteenth century, and the active use by Government of its power to keep a tight rein on agglomerations of corporate wealth has been accepted as a matter of course for many years.

It is essential to maintain this diffusion of power, especially in banking, where the emergence in the last few years of the one-bank holding company has threatened to lead to giant financial-industrial conglomerates, similar to the old *zaibatsu* combines in Japan.

The one-bank holding company bill reported last summer by the House Banking Committee—and accepted in principle by the Administration—would generally have maintained the separation between commerce and banking that has been traditional in the United States. However, the full House amended that bill to circumscribe bank holding companies far more rigidly than had been initially contemplated. Bank holding companies would be specifically prohibited from engaging in a number of activities—among them, certain types of leasing—that long have been accepted as necessary and proper adjuncts to the business of banking.

This attempt by Congress arbitrarily to carve up the financial markets between competing financial institutions would be too severe a limitation on banking. The Senate should ease it. A general injunction that bank holding companies should be confined to businesses "functionally related to banking"—combined with vigorous enforcement of the existing anti-trust laws—certainly would prevent any undue concentration of power in the hands of the bankers.

In the decade ahead, the nation will be confronted with massive financial needs for housing, public facilities of all kinds and urban transportation, as well as for business investment. Once it has completed action on the bank holding bill, Congress will have to give attention to other measures designed to keep the banks creative and competitive in filling these requirements.

As New York's Superintendent of Banks Frank Wille noted recently, what is needed before more legislation is pushed through is a comprehensive look at the total subject of financial regulation and structure. We agree with Mr. Wille that "we have had enough legislative patchwork on banking matters at the Federal level."

The Administration, whose senior echelon is loaded with ex-bankers, is poorly equipped to sort out the conflicting claims of competing companies for broadened franchises in finance. Mr. Wille, a Republican, as well as Senator Proxmire and Representative Reuss, both Wisconsin Democrats, have proposed a Presidential commission on the financial structure.

Over the next two or three years such a group could undertake a bipartisan and professional examination of the conflicting and overlapping interests of the public, the businesses involved and the regulators.

This is a constructive suggestion. It is more than a half-century since the Aldrich Commission drew up the blueprint that resulted in the Federal Reserve. The time has come for a new look at the proper course for the future.

EXECUTIVE

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COI-9

(24)

Orig. + Dan Hofgren
1/19 10 A M.

Congratulations to the participants in the Eighth Inter-American Savings and Loan Conference, and warmest wishes for the success of your deliberations.

Creetings to the participants in the Eighth Inter-American Savings and Loan Conference, and warmest wishes for the success of your deliberations.

The encouraging development of thrift and home-ownership institutions throughout Latin America over the past decade has provided new opportunities and incentives for countless citizens of this Hemisphere.

The questions to which your meeting is addressed are as pertinent in this country as they are throughout our Sister Republics. Together, I believe that we can work efficiently and effectively to stimulate greater resourcefulness, creativity and energy among our people, and to marshal the fullness of both our fiscal and human resources toward the kind of society that offers true freedom of opportunity, equality and human dignity to every citizen.

Savings and loan institutions are a most vital vehicle in the attainment of this goal. On behalf of the citizens of the United States, I join with all the leaders and the people of the Americas in the hope that the results of your sessions will be another milestone in the history of Inter-American cooperation and another step forward in uplifting the quality of human life.

Savings and loan institutions

15/ Richard Nixon

in the attainment of this goal. I know that throughout the Americas. Statement to be handcarried to Meeting by WH Staff Mbr -- Daniel Hofgren. -- following your efforts to examine

how this growing industry can further extend its contributions to the

RN:Hasek:sar

CC: Ma. R.M. Woods, M.A. Passman, Margita White, Dan Hofgren (FYI), Mr. Vaky (FYI), E. Hasek, CF

Req'd by: The Orgn. thru Mr. Hofgren

Approved by: James Keogh & State Dept.

Event: Jan. 24, 1970

Due: ASAP --

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JAN 20 970
CENTRAL FILES

January 19, 1970

INFORMATION

MEMORANDUM FOR JOHN EHRLICHMAN

cc: Ken Cole
Peter Flanigan
Martin Anderson

FROM: Ed Harper

SUBJECT: RATIONALIZATION OF FEDERAL FINANCING ACTIVITIES

In accordance with your telephone request of January 5, I invited the following individuals to attend a meeting on the subject of rationalizing Federal Financing: Peter Flanigan, Patrick Moynihan*, Herb Stein, Bruce MacLaury (Treasury), Maury Mann, Tom Whitehead and myself.

The various proposals for rationalizing Federal Financing, such as the URBANK Proposal and the Federal Financing Bank, really involve two functions: Federal financing operations, and state and local financing operations.

There was general philosophical agreement among the Troika representatives attending about the desirability of imposing some kind of discipline on Federal Financing Activities. There was little firm agreement beyond this point and specifically about the following items:

1. The desirability of institutionalizing the discipline in something such as a Federal Financing Bank.
2. The timing of the creation of such an institution.
3. The amount of increased efficiency which might result from such an institution.

* Moynihan was not able to attend.

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EXECUTIVE ①

January 21, 1970

412.
415-4
BE4/Housing
Industry
41120
41124

MEMORANDUM FOR JOHN EHRLICHMAN

Apparently at the President's meeting with the home builders on Tuesday he asked Chuck Colson to see whether anything could be done to prevent any change in regulation Q and report back to him. As you probably know regulation Q was changed at 4:30 p.m. Tuesday afternoon by the Federal Reserve Board. The ~~the~~ action increased the amounts that banks can pay on savings deposits. It is Colson's understanding that corresponding changes will be made by the FDIC and the Federal Home Loan Bank Board. According to Colson it is Dr. Burns' judgment that these changes will balance each other out and should not have a especially adverse impact on the housing market.

You may wish to pass this along to the President.

Kenneth R. Code

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THE WHITE HOUSE
WASHINGTON

January 22, 1970

4

EXECUTIVE

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INFORMATION

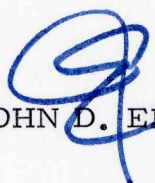
Bank Interest Rates

MEMORANDUM FOR THE PRESIDENT

Attached is a memo to me from Ken Cole which answers your question on bank interest rates.

RECOMMENDATION

I recommend that you read the attached memo.


JOHN D. EHRLICHMAN

JAN 23 1970

RECEIVED

THE WHITE HOUSE

WASHINGTON

January 21, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

Apparently at the President's meeting with the home builders on Tuesday he asked Chuck Colson to see whether anything could be done to prevent any change in regulation Q and report back to him. As you probably know regulation Q was changed at 4:30 p.m. Tuesday afternoon by the Federal Reserve Board. The ~~re~~ action increased the amounts that banks can pay on savings deposits. It is Colson's understanding that corresponding changes will be made by the FDIC and the Federal Home Loan Bank Board. According to Colson it is Dr. Burns' judgment that these changes will balance each other out and should not have an especially adverse impact on the housing market.

You may wish to pass this along to the President.


Kenneth R. Cole

EXECUTIVE

FG65

FJ2

January 23, 1970

Dear Congressman Patman:

Thank you for your letter of January 19.

The report that the President is thinking of a commission to study some critical financial issues is correct. Such a study has long seemed desirable to the President's advisers, and this judgment was reached quite apart from the one-bank holding company legislation.

You are entirely right in thinking that I continue to be in favor of regulation of one-bank holding companies. I feel, however, that I must study more closely some of the criticisms being leveled against the House bill.

I look forward to a constructive relationship with you and your Committee.

With warm regards,

Sincerely yours,

**Arthur F. Burns
Counsellor to the President**

**The Honorable Wright Patman
Chairman
Committee on Banking and Currency
Washington, D. C.**

The Washington Merry-Go-Round

THE WASHINGTON POST Thursday, Jan. 29, 1970 E 23

IRS Drive on Foreign Banks Blunted

By Jack Anderson

The use of secret foreign bank accounts by shady Americans to stash away their ill-gotten, illegal and untaxed gains has become a major scandal.

Yet in the cloistered backrooms of the Treasury Department, the nation's most respectable bankers have brought quiet pressure upon the Nixon administration not to disturb these clandestine accounts.

The Internal Revenue Service was all set to support legislation which would require American citizens to keep records of their overseas banking transactions available for government inspection.

In fact, the IRS had already drafted a statement for Congress, but it was abruptly withdrawn just before it was supposed to be delivered before the House Banking and Currency Committee.

All copies were ordered destroyed, but this column has seen one.

"We desperately need information with respect to international transfers of funds," the IRS had intended to tell Congress, "not only relative to foreign banks involved but also with regard to nominees and agents."

This needed information, suggested the suppressed IRS statement, "could be required by regulations issued under authority of the proposed legislation."

But before the statement could be presented, some distinguished bankers slipped into Washington to confer with Treasury officials. They held two subdued sessions with Assistant Secretary Eugene Rossides and other top Treasury men.

Among those who gathered in the backrooms were executives from such banking giants as Chase Manhattan, Morgan Guaranty Trust, Manufacturers Hanover, First National City, and Bank of America.

They urged the Treasury Department to oppose any regulation of foreign bank accounts. Their appeal must have impressed Treasury officials, for they immediately ordered Internal Revenue to revise its testimony.

Obediently, the IRS prepared a new statement, which asserted blandly: "We feel confident that U.S. banks will cooperate with the Treasury Department in determining an effective but not unreasonably burdensome way to make the desired information available to the IRS."

The opposition of the Nixon administration may now make it more difficult to stop U.S. gangsters, gamblers, tax evaders and businessmen from concealing money in secret accounts in Switzerland, the Bahamas and other countries.

U.S. Banks Involved

But it won't deter House Banking Chairman Wright

Patman (D-Texas), who is accustomed to battling the banks. He intends to show that chiselers not only deposit their shady money in foreign banks but achieve the same results by transferring funds through the big U.S. banks to fictitious accounts in their foreign branches.

A Las Vegas gambler, for instance, sent huge sums to an account in a West German branch of Chase Manhattan. The IRS suspected the account was registered in a fictitious name, but Chase Manhattan refused to furnish any information on the grounds that the account was protected by German law.

Similarly, some of the scandal-tainted money from the Army PX kickbacks and backdoor deals was traced to a branch bank of Manufacturers Hanover in faraway India. The bank refused to cooperate, however, citing local law.

Henry Morgenthau Jr. was investigating the misuse of foreign bank accounts when he was fired by the Nixon administration as U.S. Attorney in New York City. He had uncovered evidence that U.S. businessmen were using secret Swiss bank accounts to cover up insider deals and to violate margin requirements on the U.S. stock market.

Patman suspects that the bankers may also have interceded with the Nixon administration to get rid of Morgenthau.

man, who resembles a serenely impish, stuffed owl, intends to question Morgenthau about this.

Big Push at Warsaw

The big U.S. push at Warsaw, now that the Chinese and Americans are sitting down together again, is for an exchange of journalists. The best way to break down the bamboo curtain, in the American opinion, is to open both countries to each another's newsmen.

The Chinese, meanwhile, were responsible for alternating the Warsaw talks between the two embassies. In the past, they had been held in an old Polish palace, and the conference room was duly bugged by the Poles who shared the transcripts with the Russians.

The American negotiators didn't mind if the Poles and Russians heard for themselves how unproductive the talks were, but the Chinese were more finicky about this comradely eavesdropping.

The Chinese, therefore, insisted upon meeting at the two embassies, which can be better protected against Polish tappers.

Note: The idea of an exchange of correspondents was first proposed by Leonard Marks, former U.S. information chief, who invited Red China to send correspondents to cover the 1963 presidential campaign in this country.

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MEMORANDUM

EXECUTIVE

(4)

THE WHITE HOUSE
WASHINGTON

February 2, 1970

FOR: John Ehrlichman

FROM: Peter M. Flanigan *PMF*

Re the history of the One-Bank Holding Companies Act, the President urged legislative restrictions on one-bank holding companies last spring. The Treasury proposed a bill to the House Committee. The Treasury bill was fought by Patman but finally came out of Committee in a satisfactory form over his objection. Certain industries, primarily the travel agency and data processing industries, lobbied hard and effectively on the floor with the result that the House of Representatives passed a very unsatisfactory bill. No matter what kind of a bill the Senate now passes in conference, Patman will no doubt keep most of the unsatisfactory terms of the House version. Mr. Barker is a lobbyist for the travel and data processing industries.

The position taken with regard to this legislation and the proposed Commission to study our financial structures has been agreed upon by Treasury, Burns, McCracken, and your humble servant. That position is that the Administration continues to be for reasonable legislation at the earliest practicable moment. The proposed Commission has a charter significantly broader than the question of one-bank holding company legislation. However, the Commission will no doubt give consideration to this area. The Administration would certainly understand if Sparkman's Banking and Currency Committee should decide to delay action on the one-bank holding company bill until it had the benefit of the Committee's thinking in this area.

Robert W. Baker

Nothing else sent to
Central Files as of 3/9/70
L.B.

RECEIVED
FEB 5 1970
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February 2, 1970

FOR: John Ehrlichman
FROM: Peter M. Flanigan
RE: Joint Economic Hearings

You had asked me to make sure that the Administration troops were prepared for these hearings and had a coordinated approach with regard to the defense of our economic policies.

The hearings are scheduled to start on Monday, February 16. We are currently expecting that in addition to the three CEA members, Mayo, Kennedy, Shultz and Stans will be asked to testify.

It would appear unnecessary to brief these individuals on the general questions relating to fiscal and monetary policy. The fiscal policy is clearly set forth in the Economic Message. The President has indicated his belief as to the proper course of monetary policy.

However, there are, several specific questions on which preparation is necessary. One such question is the attack on why we abandoned guidelines, as set forth in the Okum study. Another area where care is required is that in discussing possible unemployment we do not use the kind of "buzz words" that will come back to haunt us in the fall should there be a substantial rise in unemployment.

To prepare for questions of this type, I have asked CEA to get together answers and other pertinent information to a list of specific questions. McCracken will then call a brain-storming session of the principals who will be expected to testify. At this session the various replies to specific questions will be discussed, and additional ideas as to other sensitive points will be explored. As additional preparatory work for this meeting, I have had last year's transcript of the Hearings reviewed by Whitehead. Whitehead has also talked to Rumsfeld to get his input as to how best to be prepared for the Hearings.

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FEB 12 1970
CENTRAL FILES

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 2925

Date: Wednesday, January 28, 1970

Time: 4:30 P.M.

FOR ACTION: ✓ Peter Flanigan 2/3

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Monday, February 2, 1970

Time: 2:00 P.M.

SUBJECT: Mr. Ehrlichman's request for information regarding
One-Bank Holding Companies.

ACTION REQUESTED:

_____ For Necessary Action

_____ For Your Recommendations

_____ Prepare Agenda and Brief

_____ Draft Reply

X For Your Comments

_____ Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.


K. R. COLE, JR.
For the President

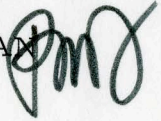
MEMORANDUM

THE WHITE HOUSE

WASHINGTON

January 29, 1970

MEMORANDUM TO STAFF SECRETARY

FROM: PETER FLANIGAN 

RE: LOG NO. 2925

I have suggested to Tod Hullin that Barker talk to Tom Cole who knows the party line on this subject.

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RECORDS

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FEB 23 1970
CENTRAL FILES

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

JANUARY 27, 1970

FOR PETER FLANIGAN

RE: ONE-BANK HOLDING COMPANIES

Attached is a memo from Bob Barker relative to one bank holding companies. John indicated that he had discussed this subject with you and would most appreciate your comments on the attached memo.

Many thanks.

A handwritten signature in dark ink, appearing to be 'Tod R. Hullin', written over the printed name.

Tod R. Hullin

WILKINSON, CRAGUN & BARKER

LAW OFFICES

ERNEST L. WILKINSON
JOHN W. CRAGUN (1906-1969)
GLEN A. WILKINSON
ROBERT W. BARKER
CHARLES A. HOBBS
ANGELO A. IADAROLA
PAUL S. QUINN
LEON T. KNAUER
RICHARD A. BAENEN
JERRY C. STRAUS
HERBERT E. MARKS

DONALD C. GORMLEY, *Counsel*

FRANCES L. HORN
PIERRE J. LAFORCE
GORDON C. COFFMAN
RICHARD A. ZIMMERMAN
HUGH J. YARRINGTON
KENNETH F. TWOROGER
DOUGLAS W. MORRISON

1616 H STREET, N. W.
WASHINGTON, D. C. 20006

NATIONAL 8-4400

CABLE ADDRESS
"WILCBAR"

January 24, 1970

MEMORANDUM

TO: John Ehrlichman, Assistant to the President
on Domestic Affairs

FROM: Robert W. Barker

Re: Bank Holding Company Legislation -
President's Economic Report

On March 24, 1969, the President, in a message to the Congress, called for legislation to regulate one bank holding companies. His message said in part:

"Left unchecked, the trend toward combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. This must not be permitted to happen; it would be bad for banking, bad for business, and bad for borrowers and customers."

The House Committee on Banking and Currency, after extensive hearings on various proposals to amend the Bank Holding Company Act of 1956, passed on November 5, 1969, a bill, H.R. 6778, which, among other things, eliminated the loophole enjoyed by one-bank holding companies under the 1956 legislation. (One-bank holding companies are not now subject to the same restrictions and regulations as two-bank holding

January 24, 1970
Page Two

establish certain criteria which determined the activities in which bank holding companies could engage. This afforded a degree of protection for hundreds of thousands of small businesses, (H.Rept. 91-387, p. 24), which found themselves in dramatically uneven competition with bank holding companies. The bill was passed with strong bipartisan and overwhelming support.

A leader in the effort to give H.R. 6778 more safeguards for small businesses was Congressman Ben Blackburn of Georgia. The specific industries immediately affected are travel agency, insurance, data processing and equipment leasing, together with the accountancy profession. The vote on final passage of the bill in the House was 351 to 24.

H.R. 6778 has been referred to the Senate Committee on Banking and Currency. It was to have been tentatively scheduled for hearings by the Committee, along with several other proposals to amend the Bank Holding Company Act of 1956, during the latter part of February or the first of March.

There is some clear indication that very recently an effort is being made by those within the banking community who favor no restriction on the activities of the bank holding companies to kill any legislation by having all hearings deferred during this session of Congress, and in lieu thereof,

January 23, 1970
Page Three

establishing a Presidential commission to study the over-all problems of the supervision by and the interrelationship of Federal agencies dealing with financial institutions. (See Wall Street Journal, Friday, January 22, 1970, p. 4).

While it is undoubtedly in the public interest to have a Presidential commission or some other appropriate body review and evaluate the supervision by the federal government of the financial institutions, this should not be done at the expense of killing this much-needed legislation -- which the President himself advocated last March, was overwhelmingly adopted by the House of Representatives and has the support of a large section of the business community throughout the United States.

While certain industries and professions are most immediately concerned with the rapid encroachment of banking interests into their industries, the principle of cartelization and concentration of economic power affect all independent business and our economy in general. The rapid and massive development of one bank holding companies is fully documented and the need for some form of regulation is conceded by almost everyone, including the Treasury Department. Thus, there is a need for action now -- because one bank holding companies are completely unregulated. The need for the commission study and the need for the proposed legislation are two separate things.

One should not be conditional on the other.

January 23, 1970
Page Four

Therefore, it is our hope, as a spokesman for the travel agency industry and the data processing industry (several thousand small businesses), that the President will not endorse this course of action nor advocate such in his economic message. Rather, we strongly urge that he restate his forceful endorsement of the current need for this type of legislation and, perhaps at the same time, advocate the establishment of a Presidential commission and other appropriate body, to review separate and apart from this legislation, the overall question of federal supervision of financial institutions.

We would also strongly urge that any such commission include one or more representatives of small business enterprises which are affected by bank competition, or the potential therefor, and which are also bank customers seeking loans.

We could provide the names of one or more highly qualified officials of travel agencies or data processing businesses for your consideration.

EXECUTIVE

(3)

HE9-4
FID

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FG6-11-1/Burress, Dick

THE WHITE HOUSE

WASHINGTON

February 11, 1970

MEMORANDUM FOR JOHN D. EHRLICHMAN

FROM: Richard T. Burress *RB*
SUBJECT: Senate-House Conference
Water Pollution Control Act Amendments
S. 7 - H. R. 4148

Reference is made to my memorandum dated February 9, 1970.

In view of the fact that the Treasury Department letter has been disseminated to all members of the Conference and made a matter of public knowledge, it would be difficult, if not impossible, to now withdraw it even if this was determined to be the best route to follow. Therefore, a possible course of action would be to low-key this matter from this point forward.

The House Conferees that oppose this provision probably will take the position that inasmuch as no hearings were held, and this is a matter properly before the Banking and Currency Committee, the provision should be deleted from S. 7 and then considered by the appropriate Committee. They also may argue that this is the type of proposal that should be studied by the President's Commission on Financial Structure and Regulation.

If this should happen and we are asked to comment on the proposed procedure, we could indicate that we have no objection to Congress proceeding in this manner.

CC: Ken Cole ✓

Nothing else sent to
Central Files as of 3-9-70

①+
EXECUTIVE

FG 267

FG 36-5

FI 2

February 19, 1970

Dear John:

Thank you for your February 4 letter concerning the establishment of a Presidential commission on financial structure and regulation.

Your offer of cooperation in expediting the commission's work is most welcome. I hope to announce the members of the commission soon, and at that time I shall request the chairman to meet with you to discuss the commission and its work.

With warm regard,

Sincerely,

RN

Honorable John J. Sparkman
Chairman
Committee on Banking and Currency
United States Senate
Washington, D. C.

bcc: Mr. Flanigan
bcc: Mr. BeLieu
bcc: Mr. Timmons

sent
2.27

RN:WET:jas
3

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FEB 28 1970
CENTRAL FILES

EXECUTIVE
FG 267

February 19, 1970

FI2

Dear Wallace:

Thank you for your February 4 letter concerning the establishment of a Presidential commission on financial structure and regulation.

Your offer of cooperation in expediting the commission's work is most welcome. I hope to announce the members of the commission soon, and at that time I shall request the chairman to meet with you to discuss the commission and its work.

With warm regard,

FROM: BILL TIMMONS

Sincerely,

RN

Honorable Wallace F. Bennett
United States Senate X
Washington, D.C.

bcc: Mr. Flanigan
bcc: Mr. Timmons
bcc: Mr. DeLieu

sent
2-27

RN:WET:jas

5

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FEB 28 1970
CENTRAL FILES

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

February 20, 1970

EXECUTIVE

FJ11-4

FJ2

CO145

FG17

FG6-1

FG33-4

MEMORANDUM FOR MR. JON ROSE

Subject: Secret Foreign Bank Accounts

The attached schedule came this morning from Treasury. It carries the same timing which I talked to you about the other day. It has two potential problems, as follows

- if we adhere to it, it would allow only 24 hours for the development of comments by other departments such as Justice, which have a deep interest in the subject matter and have already testified on the Senate side;
- it anticipates discussions between Assistant Secretary Rossides, Chairman Mills and Representative Byrnes prior to the clearance of the testimony by your office.

The background on this, you will recall, includes strong feelings of need for additional information on secret bank accounts by agencies with law enforcement and tax responsibilities, such as SEC, Justice and IRS. The competing objective is to try to minimize unnecessary administrative burdens on the banking institutions and to be able to proceed to negotiate with the Swiss and other governments. The State Department has a strong interest also.

I strongly recommend that you urge Treasury to get its draft testimony completed in time for circulation to the interested agencies by Monday night, February 23, and that we get comments back here to the Bureau by Thursday, the 26, so that your office can have Friday and Saturday to review the draft statement.

Bill
C. William Fischer
Deputy Director, Office
of Legislative Reference

Enclosure

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EXECUTIVE

F12

PR11

February 24, 1970
Tuesday - 5:00 p.m.

MEMORANDUM FOR MR. H. R. HALDEMAN

FROM: Dwight L. Chapin

RE: The Omnibus Savings Act

Jim Keogh is preparing a very brief (one minute) statement for the President to read to the cameras regarding the Omnibus Savings Act. This should be filmed Thursday morning prior to the Pompidou Farewell.

The alternative would be to film it late tomorrow afternoon if the President so desires.

DECISION

Film the message Thursday, February 26 _____

Film late afternoon Wednesday, February 25 _____

DLC:ny

RECEIVED
FEB 28 1970
CENTRAL FILES

EXECUTIVE

3/4/70

FG 267

FI 2

TO: TOM COLE

FROM: PETER FLANIGAN

Thank you for your various memoranda concerning the one bank holding situation. I think we all agree that the Administration should not be stuck with the blame for holding up this legislation. However, for a number of reasons, including Chris Walker's commitment, it seemed necessary for the President to send a non-committal letter to Senators Sparkman and Bennett thanking them for their interest in the proposed Commission on Financial Structure and promising to keep them advised of its progress.

I do not believe this letter could provide the basis for an attack on us as delaying the one bank holding company legislation, unless its content is violently distorted. If you would be interested in seeing a copy of the letter which was sent to the Senators, I am sure you can obtain it from the Central Files.



EXECUTIVE
FI9
FG 131
FI2

CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

March 9, 1970

Dear Mr. President:

You have asked me to explain on a single page how the Federal Reserve System affects the money supply. I have taken you literally on this, and I am enclosing a very brief explanation on the attached page. If you should want a fuller explanation, let me know and I shall send one along promptly.

As you may recall, we discussed recent changes in the money supply at the Quadriad meeting on March 3rd. The discussion ran in terms of monthly figures. It is necessary, however, to study the weekly figures to see what has occurred during the past month. As you will see from the attached table, there has been an increase in the broad monetary aggregates since February 11th. Let me add that the Board's liberalizing action took place only on February 10 -- the first meeting of the Federal Open Market Committee over which I presided.

Sincerely yours,

Arthur F. Burns

The Honorable Richard M. Nixon
The President of the United States
The White House
Washington, D. C.

Attachments

EXECUTIVE
ST51-2
FI2

March 11, 1970

TO: DAN HOFEREN

FROM: PETER FLANIGAN

Re your memo of March 6, I don't believe these decisions need to be made at the White House. People can make up their own minds on this.

Regarding your last sentence, I presume Governor Ferre has now decided to bring up his problem with the State Department (haha).

March 12, 1970

MEMORANDUM FOR CHARLS WALKER

You will remember my request that you send me at your very earliest possible convenience a report on the effort to get the banks, insurance companies and pension funds to respond both in the mortgage and in the interest field. After the first report, which I need very promptly if the President is to believe that this is going to be an effective program, I would like to have very regular reports on no longer time frame than twice a week. While I realize this may appear burdensome, I assure you it is necessary if we are to convince the President that this is a meaningful program.

**Peter M. Flanigan
Assistant to the
President**

BB/

THE WHITE HOUSE
WASHINGTON

March 13, 1970

EXECUTIVE

FIS-4

F12

FG124

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FG34

FG38

LE

(4)

Dear Mr. Speaker:

As you know, in recent months new housing starts have fallen sharply. If we are to provide the new homes that the American people need, we must do even more at the Federal level to increase the current number of housing starts.

Savings and loan associations are a basic source of home mortgage financing. To provide these associations with funds, the Federal Home Loan Bank System in 1969 increased its advances to its member savings and loan associations by \$4.6 billion. The Federal Home Loan Bank System itself borrowed this money at a high interest cost, and this cost has been passed on to the savings and loan associations. The associations, in turn, must then pass this high cost on to the homeowners taking out mortgage loans.

Savings and loan associations are at a point where they are reluctant to increase these high interest rate advances from the Federal Home Loan Bank System. As a result the shortage of mortgage funds in the hands of these associations has inhibited homebuilding.

On March 5 Mr. ^{Bright} Patman introduced HR 16330 and Mr. ^{Williams} Widnall introduced HR 16331 to provide the Federal Home Loan Bank System with \$250 million to subsidize advances to savings and loan associations. Chairman Preston Martin of the Federal Home Loan Bank Board advises me that as a result of these advances the associations will provide financing for an additional 240,000 housing units in the near future.

I urge the Congress to pass this legislation with minimum delay so that the American people can have the benefit of these vitally needed additional houses.

* Sparkman, John J.

* Bennett, Wallace

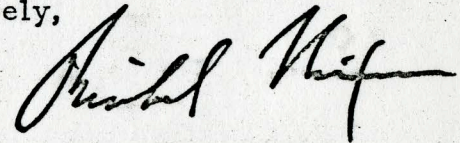
* Scott, Hugh

* Ford, Gerald R.

* Mansfield, Mike

In addition, on March 12 I submitted to the Congress a request for a Supplemental Appropriation that would add \$50 million to the 1970 authority available for entering into interest subsidy contracts under the Homeownership and Rental Housing Assistance Programs. These programs enable the Department of Housing and Urban Development to provide subsidies for housing for low- and moderate-income individuals by reducing interest rates paid on mortgages. The Secretary of Housing and Urban Development advises me that a backlog of applications for this type of subsidy exists and therefore the result of this \$50 million will be a substantial increase in housing starts in the near future. I also urge prompt action on this Supplemental request.

Sincerely,



Honorable John W. McCormack
Speaker of the
House of Representatives
Washington, D. C.

Delivered by MH messenger, 3/14/70

March 25, 1970

MEMORANDUM FOR

THE PRESIDENT

Secretary Kennedy has just learned that the Irving Trust has reduced the prime rate from 8 1/2% to 8%. Secretary Kennedy is confident that the other banks will follow.

Peter M. Flanigan

UNITED STATES GOVERNMENT

Memorandum

The Department of the Treasury
Washington

EXECUTIVE

FI 5-4

FI 2

HS

FG 124

FG 33-4

March 25, 1970

DATE:

to the Secretary

Dear Wright:

I appreciate very much your letter of March 16 and your willingness to expedite the enactment of H. R. 16330. Its prompt enactment will add an important impetus to the broad program to speed the flow of funds into the depressed housing market.

This Administration continues to support the enactment of the bank holding company legislation which it submitted to the Congress on March 24, 1969. As you know, H. R. 6773, which was passed by the House of Representatives on November 5, 1969, differs substantially from the Administration proposal. Nevertheless, it is still our hope that satisfactory bank holding company legislation can be enacted at the earliest practicable date.

With warm regard,

Sincerely,

RICHARD NIXON

Honorable Wright Patman
Chairman
Committee on Banking and Currency
House of Representatives
Washington, D. C.

TO: ROSE MARY WOODS

THRU: JOHN NIDECKER

FROM: BILL TIMMONS

RN:WET:TREASURY:EF:(cleared w/Flanigan):jas

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MAR 26 1970
CENTRAL FILES

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

EXECUTIVE

FI 8

FI 2

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(3)

THE WHITE HOUSE

WASHINGTON

March 25, 1970

MEMORANDUM FOR

THE PRESIDENT

The first major bank to follow the^x Irving Trust was the^x Bank of America. Shortly thereafter^x Morgan Guaranty, which was followed by three major California banks. It is interesting that four out of the first six big banks were from California.

Peter M. Flanigan

EXECUTIVE

FI 5-4

HS

FG 36-5

FG 124

FI 2

March 25, 1970

Dear Mr. Chairman:

John Sparkman
X

Last Thursday's actions on housing legislation by the Senate Banking and Currency Committee represent a good beginning on a number of important measures to alleviate the current pressures in the mortgage market. I endorse most of the provisions voted by the Committee and urge their prompt approval by both Houses of the Congress.

One provision of the Senate Committee's presently intended bill is exceedingly undesirable and, if not deleted, will delay the enactment of other urgently needed provisions into law. This provision is an adaptation of S. 3503, introduced on February 25.

The stated purpose of this provision is "to reduce mortgage interest rates charged to middle-income families" through the establishment of an extended financial chain that generates low interest rate mortgages at savings and loan associations. In attempting to accomplish this laudable objective, however, the provisions would have the Federal Reserve divert its attention from its responsibilities of maintaining and defending the integrity of the dollar and take on the job of providing up to \$3 billion of new funds a year to the Federal Home Loan Banks at relatively low interest rates.

There are at least three reasons why this provision should be stricken from the present bill.

1. Direct Federal Reserve lending to the Home Loan Banks would be back-door financing of

the worst sort. This Administration is all for helping low- and moderate-income families to obtain housing at costs they can afford, and to do this we have requested a significant expansion in housing subsidies as authorized by the Congress. If the Congress wants to go beyond these programs, it should face the issue squarely by voting the needed subsidies in the Budget and then taking whatever additional steps are needed to secure the funds by cutting other expenditures or raising taxes.

2. The provision distorts the management of monetary policy and could thereby be self-defeating. Special interest considerations and subsidies are not an appropriate role for the Federal Reserve. Moreover, if the Federal Reserve were to provide the funds for housing called for by this provision, it would either have to offset this with other actions -- such as selling Treasury securities in the open market -- or become an irresponsible engine of inflation. Interest rates would then only be driven higher, private sources of mortgage credit would be curtailed, and housing would be hurt.

3. Other steps undertaken and recommended by the Administration deal far more effectively with the basic problem. These include: continuing extensive direct support of the mortgage market by FNMA, GNMA, and the Home Loan Banks; our efforts to have major lending groups voluntarily switch part of their funds into the mortgage market this year; a \$250 million subsidy for the Home Loan Banks which the Senate Committee has adopted and which will have a very large multiplier effect on the mortgage market; and the various other measures in the Senate Bill, and in the Housing Bill we submitted last week. These measures are consistent with our general efforts to bring inflation under control and will go a much longer way toward solving the basic problem of the mortgage market than would the proposed provision to distort the purposes of the Federal Reserve.

I should also emphasize that this provision is an intolerable invasion in the Federal Reserve in two

ways. It introduces the Federal Home Loan Banks and possibly the Treasury into the basic decision-making processes of the Federal Reserve. Moreover, it opens the Federal Reserve to a direct tap by a particular sector of the economy. If housing is to be so favored, how would other sectors like small business and state and local governments be denied?

I assure you that when the \$250 million authorization to subsidize Home Loan Bank advances has been enacted, I will immediately request the necessary appropriations and press for swift Congressional action.

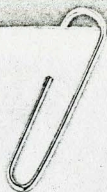
Sincerely,

Honorable John Sparkman
Chairman
Committee on Banking and Currency
United States Senate
Washington, D. C.

RN:BNH:sr

BB/

(A)



THE WHITE HOUSE
WASHINGTON

March 27, 1970

EXECUTIVE

FI5-4

FI2

BEH/Insurance

LA9

FG12

FG221

INFORMATION

MEMORANDUM FOR

THE PRESIDENT

Herewith a report on the voluntary campaign to induce banks, insurance companies and pension funds to increase their purchases of mortgages.

John Secretary Kennedy has induced Robert Hunter, formerly President of Philco Ford; Mr. Thompson from the National City Bank and Mr. Achenbach from Chase to spend the next two months pushing this campaign. A schedule of this campaign has been developed and is currently underway. Treasury expects to have an initial assessment of progress by mid-April.

The American Bankers Association has set a goal of an additional billion dollars in home mortgages for 1970. This would represent a gross purchase of approximately \$14 billion by the banks for an increase of 10% in 1970 over 1969. The banks claim they increased their residential mortgage holdings by 8% in 1969 over the previous year while S & L's increased their's 7%, mutual savings banks, 4%; and life insurance companies, 1%.

The Life Insurance Association estimates increased residential mortgage purchases of a half billion dollars which is somewhat disappointing.

No hard information on independent pension funds has yet been developed but is on the schedule for the task force.

P. M. Flanagan
Peter M. Flanagan
Assistant to the
President

* Voluntary Investment in Mortgage Program
* VIMP

E

EXECUTIVE

4/17/70

712

April 14, 1970

ACTION

Letter to Investment Bankers
Arranging Financing for
National Housing Partnership

MEMORANDUM FOR THE PRESIDENT

The National Housing Partnership is a private organization which provides leadership and equity financing for housing construction for low and moderate income families. The private financing for the project is being arranged by a number of prominent investment banking firms in New York without compensation. As this is a fine example of voluntary action, the National Housing Partnership has suggested (Tab C) that the President send a letter of encouragement and appreciation to the heads of these firms (Tab B). You have endorsed this effort, which is strongly supported by Secretaries Romney and Kennedy.

The letter has been approved by Secretary Romney, Secretary Kennedy, Len Garment, Peter Flanigan, Don Rumsfeld, Jim Keogh, Henry Cashen and Bill Timmons.

RECOMMENDATION

That you approve the letter (Tab A) to investment banking firms arranging the National Housing Partnership financing.

_____ Approve

_____ Disapprove

John D. Ehrlichman

ms
April 16, 1970

EXEC.
FG 177

FI 2

PR10

Dear Mr. Regan:

It was gratifying to learn that you are contributing your services to market the public issue offered by the National Corporation for Housing Partnerships and The National Housing Partnership.

For a long time I have been deeply concerned about our nation's critical need for more and better housing for families of low and moderate income. This need should be particularly amenable to solution through a kind of "creative partnership" between government and the private sector of our economy. And I believe that The National Housing Partnership is the kind of cooperation that can lead us to solutions for our housing problem. I commend you and your associates for your generous volunteer effort in behalf of your fellow citizens.

With my best wishes,

Sincerely,

RICHARD NIXON

RICHARD NIXON

green copies used for Name File
white copies used for Chron File

Mr. Donald T. Regan
President
Merrill, Lynch, Pierce, Fenner
and Smith Incorporated
70 Pine Street
New York, New York 10005

X
Louis F. OBERDORFER

CARTER BURGESS
X

RN:Melencamp:map

April 24, 1970

INFORMATION

Dr. Burns' speech regarding the Federal Reserve and the Banking System

MEMORANDUM FOR THE PRESIDENT

Attached is a copy of a speech by Arthur Burns to the bankers which David Rockefeller mentioned to you. Arthur got in some good licks, telling the bankers the public was disenchanted with their industry and that they should concern themselves more with building public support. He suggested the bankers pursue policies more compatible with the government's efforts at economic stabilization, specifically suggesting they consider reforming lending techniques to help in the battle against inflation.

With regard to the things bankers like to hear, Arthur suggested that the regulatory policy should be reconsidered to be more consistent with the principles of the free market. As an example he suggested the relaxation of the limitation on interest payable by banks and the granting of greater freedom to innovate new services and procedures.

Finally, Dr. Burns suggested that the Federal Reserve has to explore means of achieving a more equitable impact of a tight monetary policy on the housing industry.

In general, the speech is informative, straightforward and constructive.

Peter M. Flanigan



CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

EXECUTIVE

SP/FG131

FG131

F08

FI 2

April 24, 1970

Dear Mr. President:

I am enclosing a copy of a brief address that I
will be making next week at a gathering in Chile
of central bankers from North and South America.

Sincerely yours,

Arthur F. Burns

The Honorable Richard Nixon
The President of the United States
The White House
Washington, D. C.

Enclosure

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JUL 7 1970
CENTRAL FILES

EXECUTIVE

Holt*

FL 2)

April 27, 1970

TO: Peter Flanigan
FROM: J. Bruce Whelihan*
RE: Proclamation of "Investors Day"

Ron Ziegler would like to know your reaction to the attached request that the President proclaim an "Investors Day." While the original request was made for today, I am sure the group requesting the proclamation would appreciate any favorable action.

I know nothing about Investors in America, Inc., or Ron's relationship with its president, Nick Papolos.*

Attachment.

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MAY 2 1970

CENTRAL FILES

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 27, 1970

MEMORANDUM FOR DWIGHT CHAPIN

SUBJECT: Presidential Participation in Major Minority Bank Programs

The Post Office Department and the Veterans Administration are planning to announce on Wednesday, April 29 the initiation of a program for depositing a portion of their funds in 25 minority-owned banks in various parts of the United States (see attachments). A conservative estimate of the total deposits to be made by the two agencies in the 25 banks on an annual basis is \$72,600,000.

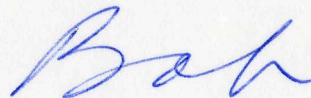
The reaction of the minority-owned banking community has been very enthusiastic. At a meeting on Saturday, April 25, attended by Herb Klein, Franklyn Nofziger, James Keogh, William Safire and Dwight Chapin, there was general agreement that there should be Presidential participation in this major announcement.

Also attached is a plan for the public announcement of this minority bank program.

Recommendation

There should be remarks by the President on the program and a reiteration of the concrete commitment to the minority enterprise effort.

Concurrence: Leonard Garment



Robert J. Brown

Attachments

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PROPOSED PLAN FOR PUBLIC ANNOUNCEMENT
OF THE MINORITY BANK PROGRAM

Post Office Department Program

On April 29 the Post Office Department will announce the initiation of action that will enable local Postmasters to establish bank accounts with approximately twenty-five minority-owned banks in various parts of the United States. These accounts will vary in size relative to the bank's size and will usually consist of postal stations (or post offices) located in the general area of the minority-owned banks. The total aggregate average daily deposit to these minority-owned banks will be approximately \$225,000, if all of the banks on the list of approximately twenty-five take part in the program. This will result in an annual debit to these banks of more than seventy million dollars. The estimated value of the float is approximately \$560,000.

The general reaction from the minority-owned banking community regarding this program has been very enthusiastic.

Implementation of the program and the first deposits will occur in approximately six weeks following the announcement. During this time the banks will have to demonstrate compliance with normal United States Treasury requirements for Federal Accounts.

Veterans Administration Program

The Veterans Administration is initiating a program whereby four minority-owned banks will be the recipients of deposits amounting to approximately \$2,600,000 annually, of monies to be spent in the local community for Veterans Administration programs.

Approximate total deposits of the two agencies - \$72,600,000.

1. Principals

- a. The President
- b. Postmaster General Blount and/or Assistant Postmaster General Hargrove, Assistant Postmaster General Ronald Lee
- c. Veterans Administration Administrator Johnson

- e. Mr. W. R. Hudgins, President-Elect of the National Banks Association and President of the Freedom National Bank, New York
- f. Dr. Edward Irons, Head of the Howard University School of Business and Executive Director of the National Bankers Association
- g. American Bankers Association Urban Affairs Representative Peter McNish
- h. Mr. Anthony L. Maxwell, President of the Pan American Bank of East Los Angeles (Mexican-American)
- i. Mr. Ugo Lisi, Senior Vice President and Head of the Banco de Ponce in New York (Puerto Rican)
- j. George Pantos, Office of Minority Business Enterprise

2. Proposed Program

- a. Introduction by Mr. Ziegler of Bob Brown who will introduce principals in attendance
- b. Remarks by the President concerning this program, such remarks to include reference to encourage other government departments and agencies to participate in programs to assist minority-owned banks and other enterprises, then exit
- c. Questions from the Press, to be answered by the principals in attendance

FINANCIAL SUMMARY/MINORITY BANK REACTION

Total Proposed Average Daily Deposits	\$ 226,500 (approx.)
Total Proposed Annual Deposits	\$70,015,000 (approx.)
Estimated - Available Float (2.5 day)	\$ 566,250 (approx.)

The following reactions by various minority banks were given to inquiries of interest made by the Regional Controllers. The type and mechanics of Postmasters' accounts were discussed.

GATEWAY NATIONAL (St. Louis)	"Very Enthusiastic"
SWOPE PARKWAY NATIONAL (Kansas City, Mo.)	"Extremely Enthusiastic"
LIBERTY BANK OF SEATTLE (Seattle)	"Very interested"
BANK OF FINANCE (Los Angeles)	"Very Enthusiastic"
INDEPENDENCE BANK OF CHICAGO (Chicago, Ill.)	"Delighted"
SEAWAY NATIONAL BANK OF CHICAGO (Chicago, Ill.)	"Extremely interested"
FIRST PLYMOUTH NATIONAL (Minneapolis)	"Definitely anxious"

COLUMBIA, SOUTH CAROLINA

Presently banking at: South Carolina National Bank

Suggested transfer to: Victory Savings Bank

Approximately \$60,000 monthly deposits

DURHAM, NORTH CAROLINA

Presently banking at: Wachovia Bank and Trust Company

Suggested transfer to: Mechanics and Farmers Bank

Approximately \$4,000 monthly deposits

MEMPHIS, TENNESSEE

Presently banking at: Union Planters Bank

Suggested transfer to: Tri-State Bank of Memphis

Approximately \$50,000 monthly deposits

NEW YORK

Presently banking at: Chase National Bank

Suggested transfer to: Freedom National Bank

Approximately \$54,000 monthly deposits

BRONX, NEW YORK

Presently banking at: First National City Bank

Suggested transfer to: Freedom National Bank

Approximately \$50,000 monthly deposits

Final Copy

on	Minority Bank	City Served	Assets	Year Org.	Field Report	Proposed dpst. (000)	Stations Affected	Amt.	Action Delay/Date
on Fuccillo	Unity Bank & Trust P.O. Box 336 Boston, Mass. 02119	Roxbury, Mass.	9,179,000 as of 6/30/69	1968	Solid. Boston P.O. has sml savings acct in Unity	11.0 (5.2 Svgs.)	Roxbury Roxbury Cr. Cathedral Grove Hall	3.4 1.4 5.2 1.9	No delay effec. 8/6/68
York Carroll	Freedom Natl Bank of NY 275 West 125th St. New York, N. Y. 10027	New York, N.Y. (Harlem)	36,645,000 as of 6/30/69	1964	Strong, many large accts, constant rate of growth, 2 offices, lrgst of the Minority banks.	44.7	College Colonial Pk Lincolnton Mnhtrn. Vil. Hamilton- Grange	7.7 5.5 6.6 18.0 6.9	No delay
ss/Funt	Banco de Ponce 114 E. 116th St. New York, N.Y.	New York, N.Y. (Harlem)	264,687,000 as of 6/30/69	1917	Sound old-line instit. Has San Juan's PM acct. & other PM's	18.6	Hellgate Triboro	10.6 8.0	No delay
	Banco Popular de Puerto Rico 20 W. 48th Street New York, N.Y. 10031	New York, N.Y. (mid-town)	496,736,000 as of 6/30/69	1893	Sound old-line Instit. Has several PM accts.	30.0	Nearest mid-town office	30.0	No delay
anta Eason	Citizens Trust Co. P.O. Box 4485 Atlanta, Ga. 30302	Atlanta, Ga.	26,000,000 as of 6/30/69	1921	Strong; steady growth well managed	14.1	Martek Morris Brown Gate City Station E	4.8 3.0 1.6 4.7	No delay
	The Carver State Bank 918 Montgomery St. Savannah, Ga. 31401	Savannah, Ga.	3,373,266 as of 6/30/69	1947	Old - Line Conservative Recent name change	5.0	Wright- Square	5.0	No delay
	Mechanics & Farmers Bk P.O. Box 1932 Durham, N. C. 27702	Durham, N.C. & Raleigh, N.C.	21,320,000 as of 6/30/69	1908	Well though of locally-conservative	2.0	Northgate Parkwood Shepard Wellons Vil. Va. Hosp. Hayti Lakewood	City Avg. 20.0	No delay
	Victory Savings P.O. Box 425 Columbia, S.C. 29202	Columbia, S.C.	2,499,055 as of 12/31/68	1921	Highly respected mgmt., Conservative	5.4	Capital St.	5.4	No delay

Region	Minority Bank	City Served	Assets	Year Org.	Field Report	Proposed Cost (\$000)	Stations Affected	Action Delay/Date
Memphis Mr. Miles	Citizens Savings Bank & Trust Co. 345 4th Ave. N Nashville, Tenn. 37219	Nashville, Tenn.	5,811,400 as of 6/30/69	1904	Good Quality Old Line	5.0	Stahlman North South	No delay
Chicago Mr. Howard	Independence Bank of Chicago 7936 S. Cottage Gr. Ave. Chicago, Ill. 60619	Chicago, Ill.	15,521,009 as of 6/30/69	1964	Becoming more aggressive-has been steady solid institution	6.0	Grand Cr.	No delay
	Seaway Natl Bank of Chicago 645 E. 87th St. Chicago, Ill. 60619	Chicago, Ill.	20,015,361 as of 6/30/69	1965	Very aggressive rapid growth-good earnings record	18.5	Auburn Pk So. Chi. So. Shore	No delay
Minneapolis Mr. Hagen	1st Plymouth Natl Bank P.O. Box 11128 Minneapolis, Minn. 55411	Minneapolis, Minn.	2,153,206 as of 6/30/69	1969	new, aggressive lgre depositors, in rebldg. area	2.2	Highland Upper Nicollet	No delay
St. Louis Mr. Hederman	Gateway Natl Bank 3412 Union Blvd. N St. Louis, Mo. 63115	St. Louis, Mo.	9,572,570 as of 6/30/69	1966	President active in local politics Normal steady growth	7.5	Nagel	No delay
	Swope Pkwy Natl Bank 4920 Swope Pkwy Kansas City, Mo. 64130	Kansas City, Mo.	6,001,487 as of 6/30/69	1968	Normal steady growth trend	7.1	Parkway Sunny Slope Contract	No delay
Wichita Mr. Froelke	Douglass State Bank P.O. Box 1460 Kansas City, Kansas 66117	Kansas City, Kans.	8,600,000 as of 6/30/69	1947	As good as any sm bank in area-trains personnel for other banks	3.5	10 Contract stations	No delay
Seattle Mr. Halterman	Liberty Bank of Seattle 2320 E. Union Seattle, Wash.	Seattle, Wash.	3,057,731 As of 6/30/69	1968	Highly thought of Very aggressive	6.1	Broadway Capital Hill 23rd & Elmore	No delay
	Freedom Bank of Fin. 728 NE Killingsworth Portland, Oregon 97211	Portland, Ore.	1,156,035 as of 9/17/69	1969	Stable, aggressive lge accts being taken	1.5	Piedmont	No delay

Region	Minority Bank	City Served	Assets	Year Org.	Field Report	Proposed Cost. (000)	Stations Affected	Amt.	Action Delay/Date
Dallas Mr. Patterson	Riverside Natl Bk P.O. Box 8385 Houston, Texas 77004	Houston, Tex.	5,808,000 as of 6/30/69	1963	Aggressive recently become profitable at rapid rate	6.9	Southmore Sta.	6.9	No delay
San Francisco Mr. Bolfing	Bank of Finance P.O. Box 18617 Los Angeles, Cal. 90018	Los Angeles, Cal.	12,062,105 as of 6/30/39	1964	Prev. problms being resolved. many new lge accts, new strong & experienced Pres.	9.4	Hancock Simmaron Wagner Bdwy. Manch. Green Dockweiler	1.0 1.2 1.4 1.2 1.6 3.0	No delay
	Pan American Natnl of E. Los Angeles P.O. Box 63228 Los Angeles, Cal. 90063	E. Los Angeles, Cal.	8,922,000 as of 6/30/69	1969	Several minorities represented in this area	13.0	East Los Angeles	13.0	No delay
Washington Mr. Cosby	Industrial Bank of Wash. 2000 11th St., N.W. Washington, D.C. 20019	Washington, D.C.	19,676,000 as of 6/30/69	1934	Solid, aggressive respected	10.6	Brightwood Columbia hts. Petworth	3.9 4.5 2.2	No delay
	United Com. Natl Bank p.o. Box 5005 Washington, D.C. 20019	Washington, D. C.	6,755,000 as of 6/30/69	1964	New, aggressive solid growth trend	7.9	Philatelic Unit		effective 1/10/70
	Consolidated Bank & Trust P. O. Box 10046 Richmond, Va. 23240	Richmond, Va.	12,015,228 as of 6/30/69	1903	Respected by local banks, considered conservative.	5.5	East End Central Civic Ctr	.5 2.7 3.3	No delay

May 4, 1970

Founded on the essential principles of self-help and mutual assistance for the common good, the credit union movement grows yearly in strength throughout the world. And credit unions continue to serve the needs and interests of both their members and nations. By fostering a systematic savings and cooperation in achieving financial goals, they significantly further the self-reliance of economic independence so vital to all constructive progress.

As CUNA International furthers its admirable and worthwhile mission of building better citizenship, you earn the gratitude and respect of countless people all around the world.

RICHARD NIXON

Sent Air Mail/Special to: Mr. R. C. Robertson
President, CUNA International, Inc.
International Headquarters
1617 Sherman Avenue
Madison, Wisconsin 53701

RN:Hasek:ck

cc: Rose Mary Woods/M. A. Passman/M. White/E. Hasek/CF

EVENT: MAY 10, 1970

Requested by Organization.

Approved by James Keogh.

Credit Union National Assn. Inc.

George E. Myers

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MAY 5 1970
CENTRAL FILES

May 21, 1970

EXECUTIVE

FI3

FI2

FG215

FG33-11

③

Bureau of the Budget
ROUTE SLIP

TO

Mr. Jonathan Rose

Take necessary action ☐

Approval or signature ☐

Comment ☐

Prepare reply ☐

Discuss with me ☐

For your information ☐

See remarks below ☐

THE COMMISSION
INTERSTATE
REPRESENTATIVES

request by Chairman

H.R. 17333, a bill

FROM Jefferson D. Burrus DATE May 21, 1970
Office of Legislative Reference H.R. 17333

Committee from its

amend the Investment

of 1940, the Securities

4.

H.R. 14737, a bill

in the House of

1737 to the Committee

on a similar predecessor

Stuckey, by memorandum

as are made to the

Commission adheres.

same as those found

and in support of

REMARKS

Mr. Fischer asked me to forward to you this attached memorandum and appendix received from the SEC late this morning for our clearance. At noon SEC advised us that the House Interstate and Foreign Commerce Committee must have the memorandum by the end of this afternoon for its executive session Friday. SEC wants to have clearance if at all possible. Since you indicated in your memo of May 16 that you were in substantial agreement with the Commission we shall make as careful an examination of the memo and bill as time permits in an effort to avoid letting it go on a time does not permit clearance basis. Mr. Fischer will call you on it late this afternoon.

RECEIVED
JUN 18 1970
CENTRAL FILES

these two bills on November 12, 1969 and on December 11, 1969 before the Subcommittee on Commerce and Finance and the Commission has submitted extensive material for the record and has responded to questions from

May 24, 1970

MEMORANDUM FOR

LEN GARMENT

As you know the President signed the bill which enables the Hopi Indians to sell tax-exempt bonds in order to help build their Industrial Park. While the President approved this action, he is in disagreement with the use of tax-exempt bonds, and is hopeful that we will be able to find another way to help the Hopis build their Industrial Park without issuing tax-exempts.

As a priority project, would you work with Ed Harper to develop quickly an alternative means of funding. Harper advises that there are several alternatives:

1. The Economic Opportunity Act, Title 1D.
2. Research and Development Funds in OEO.
3. The new opportunity funding corporation.
4. From 100% technical assistance demonstration grants in the economic development administration, and from regular economic development administration matching grants.

We need to move quickly on this so that the Indians can obtain their funds without having to sell bonds.

As a part of this, we should work with the Secretary of the Interior to ensure that he does not authorize the sale of such bonds unless he first clears it with us.

Also, when we have the best alternative means of funding developed, we should first consult with Senators Goldwater and Fannin to ensure their support before proceeding with arrangements.

Please keep me posted on your progress on this.

KEN COLE

action memo

ET.
EXECUTIVE

June 10, 1970

FGI 7-7

FI 2

BE 2-1

MEMORANDUM TO ELIZABETH HANFORD
X

From: Jon Rose

Attached is a memorandum furnished me by the FBI relating to the establishment of the consumer fraud file. I am aware that your office has been proceeding with discussions with the LEAA regarding the establishment of a consumer fraud data bank. With respect to criminal fraud, the FBI thinks that it possibly could be helpful in establishing such a bank. However when one moves into the area of civil fraud, the LEAA seems to be more promising. Could I and someone from your office get together fairly soon and decide where we are going to go with this project?

JR:ms

RECEIVED
JUN 18 1970
GENERAL FILES

June 15, 1970

MEMORANDUM FOR

THE PRESIDENT

Regarding residential housing, the current Congressional schedule should have the Emergency Housing legislation available for signing by July 1. If the schedule is met, Preston Martin at the Federal Home Loan Bank Board estimates new starts at an annual rate of 1,500,000 in the third quarter and 1,575,000 in the fourth quarter, with 1970 starts totalling 1,400,000, or the same amount as 1969. This is a conservative schedule and gives no effect to the other titles of the emergency housing legislation which have a longer-term significance.

The full effect of this upturn in starts will only begin to be shown by the Fall. However, starts lag new building permits by two to three months, and permits lag loan commitments by two to three months. Therefore, before the Fall there should be a significant increase in housing permits, and the upturn in loan commitments which started in April should make clear the course of housing.

An interesting factor growing out of the downturn in housing demand is that the index of residential construction costs which rose 7.2% in 1968 and 6.7% in 1969 is expected to go up 6.2% this year.

Peter M. Flanigan



PRESTON MARTIN
CHAIRMAN

FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

July 6, 1970

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

EXECUTIVE

4/124

412

413

415-4

The President
The White House
Washington, D. C.

Dear Mr. President:

The Federal Home Loan Bank Board and the Federal Home Loan Bank System inaugurated a new vehicle to meet the Nation's critical housing needs this month. The Federal Home Loan Bank System made the first "Secondary Market" series of purchases of FHA and VA mortgages from member savings and loan associations and mutual savings banks.

We are confident the purchase will bring those savings and loans not now making FHA and VA loans into this vital market.

The twelve Regional Banks will continuously accumulate and hold mortgages under the program. From time to time a \$200 million to \$300 million pool can be formed out of this inventory to sell mortgage-backed bonds guaranteed by the Government National Mortgage Association.

Home mortgage rates rose minutely during May after declining during April but stabilized below the March peak. Insured savings and loan associations had their fourth consecutive month of savings inflow in May and increased their mortgage lending and future lending commitments significantly. Improved savings flows and the availability of Federal Home Loan Bank advances to support lending were mainly responsible.

Acting through the ^XFederal Savings and Loan Insurance Corporation, the Board also approved a supervisory merger of the \$10.8 million First Federal Savings and Loan Association of Baltimore, Maryland into the \$60.4 million Vermont Federal Savings and Loan Association, also of Baltimore.

RECEIVED
JUL 27 1970
CENTRAL FILES

EF
EXECUTIVE

FI 2

FG 12

July 11, 1970

MEMORANDUM FOR CHARLS WALKER

x

FROM: PETER FLANIGAN

As Jon Rose mentioned to you on the telephone, attached is the memo concerning the one bank holding legislation. Would you please handle this reply directly.

Many thanks.

RECEIVED
JUL 18 1970
CENTRAL FILES

BB/sm

7/17/70

EXECUTIVE
FI 2

(2)

2
Original to
Hearman Wamers
This is from
Bureau of
Hearman Wamers
document
9/17/70

Presidents of Federal Reserve Banks are appointed by the boards of directors of the respective Banks with the approval of the Board of Governors of the Federal Reserve System in Washington. As President of the Federal Reserve Bank of Chicago, Robert P. Mayo will succeed Charles J. Scanlon who resigned effective April 15, after 36 years of service in the Chicago Reserve Bank, to become a Vice President of General Motors and Coordinator of its pension funds.

The directors of the Federal Reserve Banks of Chicago are:

Emerson G. Higdon, Chairman	President, The Maytag Company, Newton, Illinois
William H. Franklin, Deputy Chairman	President, Caterpillar Tractor Co., Peoria, Illinois
Franklin J. Lunding	Chairman of the Finance Committee, Jewel Companies, Inc., Melrose Park, Illinois
Melvin C. Lockard	President, First National Bank, Mattoon, Illinois
Floyd F. Whitmore	President, The Okey-Vernon National Bank, Corning, Iowa
Edward B. Smith	Chairman of the Board, The Northern Trust Company, Chicago, Illinois
Howard M. Packard	Chairman of the Finance Committee, S. C. Johnson & Son, Inc., Racine, Wisconsin
Joseph O. Waymire	Indianapolis, Indiana
William H. Davidson	President, Harley-Davidson Motor Company, Milwaukee, Wisconsin

RECEIVED
JUL 18 1970
CENTRAL FILES

①+

EXECUTIVE

ME1/H⁷

FI 2

DRAFT LETTER OF July 17, 1970

Dear Mr. Harris:

Your outstanding contribution to the emergency preparedness of the Government and of our country's banking industry has recently come to my attention. I understand that as Deputy Assistant Director of the Office of Defense Mobilization, and later as Defense Planning Coordinator of the Federal Reserve Board, you were largely responsible for developing and implementing the programs which have brought the emergency preparedness of the nation's banking system to a level unexcelled by any other sector of the economy.

It is a special pleasure to take this opportunity to thank you for your contribution to the nation's preparedness posture. I hope you will enjoy the health and happiness you so richly deserve during the years ahead.

With best wishes,

Sincerely,

RICHARD NIXON

Sincerely,

Mr. Inais D. Harris
3950 Tunlaw Road, N. W.
Washington, D. C. 20007

Richard M. Nixon

cc: E. R. Heiberg III, OEP
Washington, D. C. 20007
RN:OEP:TO'H:blm - 1

RECEIVED
JUL 21 1970
CENTRAL CITY

July 20, 1970

TO: GEORGE SHULTZ
FROM: PETER FIANIGAN

Attached is the record of money supply plus time deposits since Arthur Burns was sworn in as Chairman. While there have been aberrations in the weekly figures, the overall trend is very clear.

The average weekly increase in this five-month period is just under \$1 billion, resulting in a rate of annual increase of approximately 12 percent. Even if the increase of the last two weeks is excluded, the annual rate of increase for that period would have been just under 9 percent.

Attachment

(4)

EXECUTIVE

UT1-1

FI3

FI2

BE4

F-9118

July 23, 1970

pp1

✓

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR BRYCE HARLOW

Regarding your query on the item about subscription television in Carl Shipley's letter (attached), we have taken the position that H.R. 16418 is overly restrictive. The White House has taken no formal position on this matter, but we have let Springer know that we think the bill is overly restrictive and it would be best for everyone concerned if the matter never got to the floor. It is my understanding that it is highly unlikely that it will get to the floor. For your information, the Justice Department and the Office of Management and Budget are on record as opposing the bill.

Should you want further information on this point, I would be happy to provide it. In general, my feeling is that pay TV is something that the FCC can quite well handle without the intervention of the Congress, that there is no particular reason to restrain pay TV, but there is little political hay to be gained from either promoting it or opposing it -- and there are some political dangers.

^x REPUBLICAN NATIONAL COMMITTEE

Clay T. Whitehead
Special Assistant
to the President

Attachment

cc: Mr. Whitehead
Central Files

CTWhitehead:jm

RECEIVED
JUL 23 1970
CENTRAL FILES

gah/

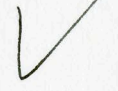
EXECUTIVE
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729

①

THE WHITE HOUSE
WASHINGTON

INFORMATION
Money Supply and
Interest Rates

July 23, 1970



MEMORANDUM FOR

THE PRESIDENT

1. The July 15 figures (most recent published) on "money supply" indicate an annual rate of growth since the week of February 11 (Burns' swearing in) of:

Money Supply	+ 7%
Money Supply + Time Deposits	+12%
Money Supply + Time Deposits - large CD	+ 9%

(See Tab A for weekly figures.)

2. It can be misleading to look either at only one of the above indices or at a limited time frame. As an example, it has been contended that money supply did not grow at all during June. As indicated below, this is correct for the most limited description of money supply, but incorrect for the probably more meaningful description of money supply to include time deposits less large CD's. It is even less correct for the broadest description of money supply.

June '70 Growth in Money Supply

Money Supply	-1.2%
Money Supply + Time Deposits - large CD's	+3.7%
Money Supply + Time Deposits, large CD's, deposits in savings banks and S&L's, Treasury bills and commercial paper	+5.0%

THE WHITE HOUSE

WASHINGTON

-2-

3. The result of the growth in money supply has been a sharp decline in interest rates. Shown below is the improvement in recent interest levels as compared to the 1970 highs:

	<u>High</u>	<u>Most Recent</u>	<u>Improvement</u>
Federal Funds	8.98% (Feb)	7.17% (7/22)	1.81%
3-Month Treasury Bills	7.93% (1/16)	6.39% (7/22)	1.54%
New Corporate Aaa	9.30% (6/19)	8.58% (7/17)	.72%
U.S. Governments ¹	7.55% (5/29)	6.96% (7/17)	.59%
Seasoned Municipals	7.12% (5/29)	6.60% (7/17)	.52%

1) 20-year constant maturities


Peter M. Flanagan

A

WEEKLY FIGURES ON MONEY SUPPLY

<u>Week Ending</u>	<u>Money Supply</u> (Billions of Dollars)	<u>Money Supply + Time Deposits</u>	<u>Money Supply + Time Deposits - Large CDs</u>
Feb. 11	198.5	389.9	379.4
18	199.5	391.5	380.9
25	199.9	392.4	381.5
Mar. 4	200.6	393.6	382.6
11	200.0	393.3	382.1
18	199.9	394.0	382.6
25	200.2	395.1	383.8
Apr. 1	206.8	402.8	390.6
8	204.7	401.9	389.4
15	203.7	401.2	388.4
22	202.5	400.7	387.8
29	201.7	400.6	387.6
May 6	203.9	403.0	390.0
13	203.5	402.7	389.7
20	205.1	404.8	381.8
27	203.8	403.8	390.8
June 3	204.0	404.1	391.1
10	203.4	403.9	390.9
17	203.9	404.5	391.7
24	202.1	403.1	390.1
July 1	204.5	406.8	392.7
8	205.6	410.1	394.9
15	204.4	410.4	394.4

WEEKLY FIGURES ON MONEY SUPPLY + TIME DEPOSITS

<u>Week Ending</u>	<u>Money Supply + Time Deposits</u> (Billions of \$)	
Feb. 11	\$390.4	← <i>Burn soon in.</i>
18	391.6	
25	392.6	
Mar. 4	393.6	
11	393.3	
18	394.0	
25	395.0	
Apr. 1	402.8	← <i>International monetary crisis.</i>
8	401.9	
15	401.3	
22	400.7	
29	400.5	
May 6	402.9	← <i>Treasury financing</i>
13	402.7	
20	404.8	
27	403.8	
June 3	404.1	
10	403.9	
17	404.4	
24	403.1	
July 1	406.8	← <i>Reg. Q loosening due to Penn. Central problem</i>
8	410.1	

July 21, 1970

MEMORANDUM FOR

THE PRESIDENT

Attached at Tab A is the record of money supply plus time deposits since Arthur Burns was sworn in as Chairman. While there have been aberrations in the weekly figures, the overall trend is very clear.

The average weekly increase in this five-month period is just under \$1 billion, resulting in a rate of annual increase of approximately 12 percent. Even if the increase of the last two weeks is excluded, the annual rate of increase for that period would have been just under 9 percent.

Peter M. Flanigan

Attachment

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JUL 30 1970
CENTRAL FILES

goh

4

EXECUTIVE

44 2
71 2
76 21

Steelman, Allen W.

THE WHITE HOUSE
WASHINGTON

July 23, 1970
3:20 p.m.

Jon --

Allen Steelman called and I ~~he~~ gave him the message that it had been decided that the White House should not get involved and that the press release should be issued in the name of Stans and Wyly. *Sam*

He said Sam Wyly was told by John Ehrlichman that the White House would do it.

Mr. Steelman asks that you call him at 703-693-9481 (out-of-town retreat number)

AUG 7 1970
CENTRAL FILES

filed
yes

119
EXECUTIVE

FE5

FE2

FG 39-9

DE5

July 31, 1970

ACTION
Economy

MEMORANDUM FOR
THE PRESIDENT

Current Situation

The recent Penn Central bankruptcy, the crisis at Lockheed, and financial problems facing other major companies have produced widespread concern about a "liquidity" crisis. This concern apparently prompted a recent suggestion by Dr. Burns, appearing before the Joint Economic Committee, that "there may be a role for federal (loan) guarantees in helping basically sound firms that experience temporary financial distress to find access to funds, where the alternative might be a degree of financial dislocation inimical to the national interest."

In actuality, any crisis which might have existed was most severe immediately after the Penn Central collapse. As a result of that collapse commercial paper has contracted about 10% from its all time high of \$40 billion, but bank accommodations have expanded more than enough to replace that amount. That the crisis is receding is clearly indicated by the strong improvement in interest rates in the past month.

Current Loan Guarantee Authority:

The government has a significant amount of loan guarantee authority under existing law. In addition to the increasing number of federal loan guarantee programs in specific fields such as housing, agriculture, shipbuilding, certain aircraft purchases, and the construction of state and local facilities, the federal government has the following general authority to guarantee business loans:

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AUG 7 1970
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August 5, 1970

EXECUTIVE

7I 3

7I 2

MEMORANDUM FOR CHAIRMAN BUDGE

FROM: JONATHAN C. ROSE

RE: Proposed Changes in the Regulation of Compensation
of Sales and Management Personnel of Investment
Companies

The attached letter contains a criticism of some of the proposed changes in the regulation of investment companies (point 2). May I have a memorandum from your office on the objections Mr. Shipley raises so that I might appropriately respond. Does your office favor the proposed changes?

A prompt response will be greatly appreciated.

Attachment

EXECUTIVE

August 5, 1970

ND 12/FG 25-4

FG 25-4

FI 2

FG 288

FG 36-5

Dear Duke:

Both the currency question described in the economic letter you forwarded to me and the Coast Guard Reserve issue merit careful attention. I appreciate your interest in letting me have these comments, and I think that both of them call for a few words of explanation.

The pending currency measure is now before the Senate Banking Committee, as you may know. We have consistently opposed inclusion of provisions which would alter existing procedures for obtaining access to individual and company records, and I hope that the completed legislation will reflect our recommendations.

On the Coast Guard matter, what the Federal Economy Act of 1970 recommended was discontinuance of the Coast Guard Selected Reserve Training Program. We are not suggesting elimination of the Coast Guard Reserve, and we have made certain that the increasing number of Coast Guard Ready Reserve and Standby Reserve personnel could cover the Coast Guard's reserve mobilization responsibilities in the event of any emergency.

With warm regards,

Sincerely,

RN

Joseph R. Hodes

Ripon Society

Mr. John Wayne
5451 Marathon Street
Hollywood, California 90038

P. S. Your July 28 letter was on my desk when we returned to Washington - needless to say, I am grateful for the views you have expressed.

cc: Treasury - Mr. R. Beach, Treasury - Deputy Asst. Secretary Dickey

RN: N.M. blm

AUG 7 1970

CENTRAL FILES

These are stiff words, but it is clear beginning to raise their voice

③
EXECUTIVE

412

H412

44 21-17-1

4421

chn/104
August 6, 1970

MEMORANDUM FOR

BOB BROWN

There is apparently some kind of proposal floating around here to get \$100 million worth of private capital into Black banks.

As I understand it, a proposition has been advanced that such a program should be announced by the President from the Rose Garden.

Can you please advise me as to just what this program is and what its status is.

Thank you very much.

161

KEN COLE

*Phone Bob
Blum*

THE WHITE HOUSE
WASHINGTON

July 16, 1970

MEMORANDUM FOR:

JOHN D. EHRLICHMAN

FROM:

KEN COLE

Last week you asked me about a program to encourage the private sector to invest \$100 million in Black banks. Apparently during your meeting with Sam Wyly, he raised this issue and was curious as to its status and chances for announcement.

Initially, I reported to you that there was only a public program and that it had already been announced. Therefore, there was no need for concern. After further checking, I discover that there is in fact a recommendation for a private program. It is being sponsored by the Advisory Council on Minority Business Enterprise. They are recommending that the President announce in a Rose Garden ceremony a program to encourage the private sector to invest \$100 million in 25 Black banks around the country.

There are several problems:

- A. It is doubtful that the private sector can raise \$100 million. Since it is almost certain that we will fall short of our goal, the question arises as to why we should have a goal that we can't meet.
- B. Even if we can meet the goal, it is my understanding - from Rocco Siciliano - that the Black banks couldn't use the money anyway because they don't have enough support capital.

Rocco's point here is that \$50 million would be a much better target since the Black banks could probably use it and the private sector could probably raise it.

I've talked at some length with Peter Flanigan about the program, he agrees with the points made by Siciliano but feels that if we were to talk about a \$50 million figure, it is totally without sex appeal and, therefore, would do the President very little good to announce. Peter recommends that we go along with the \$100 million program but that the President not put his prestige on the line by announcing it. He will get sufficient benefit if it's announced by the Department of Commerce and the Office of Minority Business Enterprise.

This whole thing is still being worked on, but I'm in agreement with Flanigan and intend to proceed along those lines unless you feel otherwise.

AGREE _____ DISAGREE _____

What is holding it up,
is the question
Wyly asks — What is?

elm

MEMORANDUM OF INFORMATION FOR THE FILE

DATE *August 10, 1970*

EXECUTIVE

FG18

FI2

FG12

FG6-11-1/Ruwe, L. Michael

Barr, Joseph M.

Jauchim, C. R.

Baker, Robert C.

National Savings & Trust Co.

LETTER, MEMO, ETC.

TO: *John Ehrlichman*

FROM: *Ken Cole*

SUBJECT:

*Past Office's account with
American Security Bank*
X

etc
CORRESPONDENCE FILED CENTRAL FILES - ~~CONFIDENTIAL~~ FILE

EXECUTIVE

412
IS
BE4/Insurance

dm

August 17, 1970

MEMORANDUM FOR JOHN BROWN

FROM: PETER PLANIGAN

Governor^x Dewey, representing several insurance companies, has spoken to me some months ago about a proposed anti-trust division ruling prohibiting interlocking of directors or officials of banks from being directors of insurance companies. Because this interlocking exists to a large degree and because banks and insurance companies are not directly competitive, Dewey is anxious that this action, which he considers punitive, not be taken.

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AUG 19 1970
CENTRAL FILES

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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INFORMATION

August 20, 1970

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EXECUTIVE (3)

CD 79
FI 2

P27
44131

MEMORANDUM FOR DR. KISSINGER

FROM: Ernest B. Johnston (for Fred Bergsten)

SUBJECT: Arthur Burns and the Japanese Money Market

In the letter at Tab A Arthur Burns says he would like to continue the discussion he had with you earlier this month. He also encloses a message from Tokyo giving his visit credit for a liberalization move recently undertaken by the Bank of Japan.

The Bank has decided to allow U.S. branch banks to borrow funds from the Tokyo call money market. The branches will operate under somewhat more restrictions than do Japanese banks, but even so the American branches can now borrow money for month-ending window dressing operations, which they could not previously do. The prime effect of this will be to ease the lives of branch bank managers rather than cause any real economic change, but it does have some symbolic value.

LIMITED OFFICIAL USE

1980



CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

EXECUTIVE
BE 4 / Insurance
712
76 131

76 17

September 12, 1970

H
Dear Mr. President:

As you will recall, you asked me during our talk in San Clemente to look into the problem of interlocking directors of insurance companies and banks.

Last week I had a thorough discussion with Herb
x Brownell about this. It appears, for the time being at least, that the Justice Department is not pressing the matter. If there are further developments, I shall let you know.

Sincerely yours,

A handwritten signature in dark ink, appearing to be "A. F. Burns", written in a cursive style.

Arthur F. Burns

The Honorable Richard Nixon
The President of the United States
The White House
Washington, D. C.

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SEP 21 1970
CENTRAL FILES

THE WHITE HOUSE
WASHINGTON

September 14, 1970
2:00 P. M.

FI 8

FI 2

LG/Philp.

FGLB

MEMORANDUM FOR THE PRESIDENT

FROM: ALEXANDER P. BUTTERFIELD A

SUBJECT: Reduction of Prime Rate

One of the largest banks in Philadelphia has just reduced its prime rate from 8% to 7-1/2%.

Arthur Burns will have some interpreted materials on this at the 4:30 p.m. QUADRIAD meeting.

RECEIVED
SEP 14 1970

Sample letter file

EXECUTIVE

September 21, 1970

FI 2

FI 5-4

FG 124

CAPITAL SECURITIES
MANAGEMENT INC.

Dear Mr. Smylie: T.S.

The President has asked me to reply to your letter of August 21 concerning the Federal Home Loan Bank Board's recently proposed regulations dealing with conflicts of interest involving savings and loan associations insured by the Federal Savings and Loan Insurance Corporation.

A copy of the proposed regulations, which were published in the Federal Register on July 30, 1970, is enclosed.

The regulations were proposed after approximately 10 months of FHLBB staff review of industry practices which included participation by the presidents of the twelve Regional Federal Home Loan Banks. Their purpose is to minimize objectionable conflicts of interest by expanding the coverage of existing regulations in this area and by fostering increased participation by savers, the equity owners, in the affairs of mutual associations. More specifically, the proposed regulations would now apply to all insured institutions rather than just to federally chartered associations, and would require that more detailed notice of meetings and additional financial information be available to savers. The regulations also would prohibit certain undesirable practices regarding proxies and proxy solicitation.

I have been assured that the Federal Home Loan Bank Board will take every action which it believes to be required in the public interest and will not take any action which may have an adverse

effect on the ability of the savings and loan industry to meet the Nation's critical housing needs.

Thank you for giving us the benefit of your views on this matter.

With best regards,

Sincerely,

Peter M. Flanigan
Assistant to the
President

Mr. T. S. Smylie
Capital Securities Management Incorporated
3700 Greenway Plaza Drive
Houston, Texas 77027

PMF:FHA:JR:abp

THE WHITE HOUSE OFFICE

REFERRAL

To: Eugene A. Gulledge
FHA

Date: August 31, 1970

ACTION REQUESTED

- ☒ Draft reply for:
____ President's signature.
____ Undersigned's signature.
☒ **Flanigan's signature**
____ Memorandum for use as enclosure to reply.
____ Direct reply.
____ Furnish information copy.
____ Suitable acknowledgment or other appropriate handling.
____ Furnish copy of reply, if any.
____ For your information.
____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

☒ Letter: _____ Telegram: _____ Other: _____

To: The President

From: T. S. Smylie, Jr.

Date: Aug. 21, 1970

Subject: Proposed revision of changes in regulations in Federal Home Loan Bank laws

By direction of the President:

Peter M. Flanigan
Assistant to the President

BBJ

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EXECUTIVE
FI 8
FI 2
FG 6-3

September 21, 1970

MEMORANDUM FOR THE PRESIDENT

X
The Morgan Guarantee Trust Company cut the prime rate from 8 percent to 7-1/2 percent this morning. Indications are that the rest of the banking community will follow within a day. In fact, the ^XManufacturers Hanover Trust Company has scheduled a meeting for this afternoon. This is good news. It confirms the evidence that the decline in interest rates is spreading throughout the money and capital markets.

The cut in the prime rate opens up the widest gap ever between high grade corporate issues and the bank loan rates, i. e., one full percentage point. We can expect increased use of bank funds by corporations at the expense, primarily, of the commercial paper market. Interest rates should come down here and (to a lesser extent) in the corporate bond market.

The cut in the prime rate is the result of two major forces: (1) the decline in the costs of funds to banks, in particular the cost of certificates of deposit (CDs) and of federal funds, and (2) sluggishness in the demand for bank loans.

Herbert Stein

Herbert Stein
Acting Chairman

EXECUTIVE

FI2

FI5-4

FG124

Smylie, T.S.

③

THE WHITE HOUSE
WASHINGTON

Sept. 29, 1970

Mr. Liebold:

Mr. Flanigan's assistant asked me to return this to you with a request that you reply directly. He feels that a response from you would be more appropriate.

Thanks very much.

Marie Smith

Marie Smith
Secretary to
Jonathan C. Rose

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SEP 30 1970
CENTRAL FILES



FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

OFFICE OF THE
GENERAL COUNSEL

September 15, 1970

Honorable Peter M. Flanigan
Assistant to the President
The White House
Washington, D. C. 20500

Dear Mr. Flanigan:

This is in response to your request, directed to the Department of Housing and Urban Development, for information regarding a letter to the President from Mr. T. S. Smylie, Jr., Houston, Texas, concerning the Federal Home Loan Bank Board's recently proposed regulations dealing with conflicts of interest involving savings and loan associations insured by the Federal Savings and Loan Insurance Corporation.

These proposed regulations were published in the Federal Register on July 30, 1970, and the comment period expires today. I am enclosing a copy of these proposals for your convenience.

The regulations were proposed after approximately 10 months of FHLBB staff review of industry practices which included participation by the Presidents of the 12 Regional Federal Home Loan Banks. The purpose of the regulations is to minimize objectionable conflicts of interest by expanding the coverage of existing regulations in this area and by fostering increased participation by savers, the equity owners, in the affairs of mutual associations. More specifically, the proposed regulations would now apply to all insured institutions rather than just to federally chartered associations, and would require that more detailed notice of meetings and additional financial information be available to savers. The regulations also would prohibit certain undesirable practices regarding proxies and proxy solicitation.

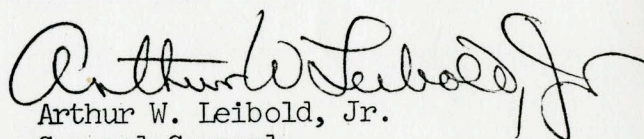
I should like to assure you that the Board will take every action which it believes to be required in the public interest and will not take any action which may have an adverse effect on the ability of the savings and loan industry to meet the Nation's critical housing needs.

Honorable Peter M. Flanigan
Page Two

Please be assured also that Mr. Smylie's comments will be fully considered by the Board prior to any final action on the proposed regulations.

I am glad to have had the opportunity to respond to your inquiry. Please let me know if there is any further information you wish.

Sincerely,


Arthur W. Leibold, Jr.
General Counsel

Enclosure

cc: Mr. Eugene A. Gullledge
Asst. Secretary-Commissioner
HUD

FEDERAL HOME LOAN BANK BOARD

No. 70-61

Date: July 21, 1970

[12 CFR Parts 544 and 545]

Federal Savings and Loan System

PROPOSED AMENDMENTS RELATING TO CERTAIN
BYLAW PROVISIONS AND TO CERTAIN CONFLICT
OF INTEREST SITUATIONS

RESOLVED that the Federal Home Loan Bank Board considers it advisable to amend Parts 544 and 545 of the Rules and Regulations for the Federal Savings and Loan System (12 CFR Parts 544 and 545) for the purpose of changing the normal date of the annual meeting of Federal savings and loan associations; for the purpose of revising the procedure for notice of annual and special meetings of such associations; for the purpose of clarifying the procedure for amendment of the bylaws of such associations; and for the purpose of deleting certain regulatory provisions relating to conflicts of interest, in view of a companion regulatory proposal to include the substance thereof in Subchapter D of Chapter V of Title 12 of the Code of Federal Regulations (12 CFR Chapter V, Subchapter D). Accordingly, the Board hereby proposes to amend said Parts 544 and 545 as follows:

1. Amend § 544.5 by amending sections 1, 3, and 11 of the prescribed bylaws set forth in said section to read as follows:

1. Annual meetings of members. The annual meeting of the members of the association for the election of directors and for the transaction of any other business of the association shall be held at its home office at 2 o'clock in the afternoon on the third Wednesday in March of each year, if not a legal holiday, or if a legal holiday then on the next succeeding day not a legal holiday. The annual meeting may be held at such other time on such day or at such other place in the same community as the board of directors may determine. At each annual meeting, the officers shall make a full report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year. Annual meetings of the members shall be conducted in accordance with Roberts' Rules of Order.

FEDERAL HOME LOAN BANK BOARD

No. 70-61

Page Two

3. Notice of meeting of members. (a) Notice of each annual meeting shall be given in accordance with regulations made by the Federal Home Loan Bank Board.

(b) Notice of each special meeting shall be published once a week for the two consecutive calendar weeks (in each instance on any day of the week) immediately prior to the week in which such special meeting shall convene, in a newspaper printed in the English language and of general circulation in the city or county in which the home office of the association is located and mailed postage prepaid at least 15 days and not more than 30 days prior to the date on which such special meeting shall convene to each of its members of record at his last address appearing on the books of the association. Such notice shall state the name of the association, the purpose or purposes for which the meeting is called, the place of the special meeting and the time when it shall convene. A similar notice shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which such special meeting shall convene.

11. Amendment. These bylaws may be amended at any time by a two-thirds affirmative vote of the board of directors, or by a vote of the members of the association. Each and every amendment shall be subject to the approval of the Federal Home Loan Bank Board, and shall be ineffective until such approval shall be given: Provided, That, without the approval of the Federal Home Loan Bank Board, section 1 of the bylaws may be amended so that the time of day for convening the annual meeting may be fixed at any hour not earlier than 10 a.m. or later than 9 p.m., and a section providing for a bonus may be added or repealed as provided in the rules and regulations for the Federal Savings and Loan System. These bylaws may also be amended by regulations made by the Federal Home Loan Bank Board.

FEDERAL HOME LOAN BANK BOARD

No. 70-61

Page Three

2. Amend § 544.6 by revoking paragraph (g) thereof and by revising the language of said section which precedes paragraph (a) to read as follows:

§ 544.6 Amendment to bylaws.

This section constitutes approval by the Board of any one or more of the following amendments to the bylaws of any Federal association, but any such bylaw amendment adopted by a Federal association shall not be effective at any time after the withdrawal of the Board's approval thereof by amendment of this section to revoke any such bylaw amendment, and this section constitutes approval by the Board of an amendment repealing any provision of such association's bylaws providing for a bonus other than a bonus under the provisions of § 545.3 of this chapter, upon the valid adoption of any such amendment by such association's directors or members as provided in its bylaws, effective when so adopted: Provided, That the approval given by this section to the bylaw amendment set forth in paragraph (e) of this section shall be applicable only to a Federal association which has a charter in a form which is not inconsistent with the provisions of § 545.3 of this chapter and which, at the time such bylaw amendment becomes effective, does not have in its bylaws any other provision providing for the payment of a bonus on savings accounts of such association:

3. Revise paragraph (a) of § 545.6-5 to read as follows:

§ 545.6-5 Purchase of loans.

(a) General provisions. A Federal association may purchase any loan that it may make, unless expressly prohibited by other provisions of this part, and may also purchase any insured loan secured by a home or combination of home and business property located outside of its regular lending area at an investment not exceeding the sum of (1) \$40,000 for each single-family dwelling, (2) an amount per dwelling unit within the limits set forth in section 207 (c)(3) of the National Housing Act, with such increases therein as may be made from time to time by the Federal Housing Commissioner in accordance therewith, and (3) the

FEDERAL HOME LOAN BANK BOARD

No. 70-61

Page Four

percentage of value acceptable to the insuring agency of such part of the property as is not attributable to dwelling use. If a Federal association increases its savings accounts as a part of the purchase of any loan, it shall obtain such approval as is required by the rules and regulations for insurance of accounts.

* * * * *

4. Revoke § 545.6-8.

5. Revise § 545.6-10 to read as follows:

§ 545.6-10 Initial loan changes.

Borrowers may be required to pay the necessary initial charges in connection with the making of a loan, including the actual costs of title examination, appraisal, credit report, survey, drawing of papers, closing of the loan, and other necessary incidental services and costs in such reasonable amounts as may be fixed by the board of directors; such necessary initial charges may be collected by the association from the borrower and paid to any persons, including any director, officer, employee, or other affiliated person (as defined in § 563.33 (a) of this chapter) rendering such services. Upon the closing of the loan, the association shall furnish the borrower a loan settlement statement showing in detail the charges or fees the borrower has paid or obligated himself to pay to the association or to any other person in connection with such loan; and a copy of such loan settlement statement shall be retained in the records of the association.

6. Revoke paragraph (g) of § 545.6-18.

7. Revise § 545.10 to read as follows:

A Federal association may invest in an office building or buildings, and appurtenances, for the transaction of such association's business, or for the transaction of such business and for rental: Provided, That no such investment may be made without the prior approval of the Board if the total amount of investment exceeds the aggregate amount of the association's general reserves and surplus.

FEDERAL HOME LOAN BANK BOARD

No. 70-61

Page Five

8. Revoke § 545.23.
9. Amend § 545.27 to read as follows:

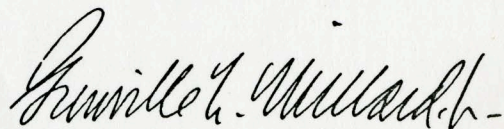
§ 545.27 Notice.

A Federal association shall give notice of each annual meeting of members in accordance with Part 569 of this chapter. In addition, a notice of the place of the annual meeting and of the time when it shall convene shall be posted in a conspicuous place in each office of such Federal association during the 14 days immediately preceding the date on which such annual meeting shall convene.

(Sec. 5, 48 Stat. 132, as amended; 12 U.S.C. 1464. Reorg. Plan No. 3 of 1947, 12 F.R. 4981, 3 CFR, 1943-48 Comp., p. 1071)

RESOLVED FURTHER that interested persons are invited to submit written data, views, and arguments to the Office of the Secretary; Federal Home Loan Bank Board, 101 Indiana Avenue, N. W., Washington, D.C., 20552, by September 15, 1970, as to whether this proposal should be adopted, rejected, or modified. Written material submitted will be available for public inspection at the above address unless confidential treatment is requested or the material would not be made available to the public or otherwise disclosed under § 505.6 of the General Regulations of the Federal Home Loan Bank Board (12 CFR 505.6).

By the Federal Home Loan Bank Board



Grenville L. Millard, Jr.
Assistant Secretary

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Date: July 21, 1970

[12 CFR Parts 563, 569 and 571]

Federal Savings and Loan Insurance Corporation

PROPOSED AMENDMENTS RELATING TO CONFLICTS OF INTEREST,
ANNUAL REPORTS, AND PROXIES

RESOLVED that the Federal Home Loan Bank Board considers it advisable to amend the Rules and Regulations for Insurance of Accounts (12 CFR Chapter V, Subchapter D) by amending Parts 563 and 571 and by adding a new Part 569 for the purpose of regulating certain transactions among insured institutions, affiliated persons of such institutions and members of such institutions; for the purpose of requiring that annual reports and notice of annual meetings be sent to security holders of insured institutions; for the purpose of regulating proxies and proxy solicitation respecting voting rights in insured institutions; and for the purpose of clarifying the policy of the Board regarding conflicts of interest. Accordingly, the Board proposes to amend said Rules and Regulations for Insurance of Accounts as follows:

1. Amend Part 563 by adding, immediately after § 563.32 thereof, new §§ 563.33, 563.34, and 563.35, to read as follows:

§ 563.33 Transactions with affiliated persons.

(a) Definitions. For the purposes of this section --

(1) Affiliated person. The term "affiliated person" means:

(i) Any director, officer, employee, or controlling person of an insured institution or any attorney regularly serving the institution in the capacity of attorney at law;

(ii) Any member of the immediate family of any of the persons enumerated in subdivision (i) of this subparagraph;

(iii) Any partnership in which any of the persons enumerated in subdivisions (i) and (ii) of this subparagraph are general or limited partners; and

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Two

(iv) Any corporation in which 10 percent or more of the stock is directly or indirectly owned or controlled by any of the persons enumerated in subdivisions (i), (ii), or (iii) of this subparagraph, acting either individually or in concert.

(2) Controlling person. The term "controlling person" means any person who, directly or indirectly or acting in concert with one or more other persons, owns, controls, or holds (with the power to vote) more than 25 percent of the voting shares of an insured institution or proxies representing such shares.

(3) Immediate family. The term "immediate family" means (i) father, mother, son, daughter, brother, sister, grandparent or grandchild (whether by the full or half blood or by way of adoption) and (ii) husband or wife, or the husband or wife of any of the persons enumerated in subdivision (i) of this subparagraph.

(b) Prohibited transactions. No insured institution may, directly or indirectly--

(1) Make a real estate loan to an affiliated person except as follows:

(i) A real estate loan may be made to an employee on the security of a first lien on a home (as defined in § 541.10-2 of this Chapter) or combination of home and business property (as defined in § 541.11-1 of this Chapter) owned and occupied by such employee, and, as an additional form of compensation, such loan may be on terms more favorable than prevailing market terms;

(ii) A real estate loan may be made to an affiliated person (other than an employee) on the security of a first lien on a home (as defined in § 541.10-2 of this Chapter) or on combination of home and business property (as defined in § 541.11-1 of this Chapter) owned and occupied by such affiliated person, but such loan may not be on terms more favorable than prevailing market terms; and

(iii) Real estate loans may be made to an affiliated person which is a service corporation if such loans, together with all other loans to and investments in service

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Three

corporations by the insured institution, do not exceed the limitations imposed on a Federal savings and loan association by § 545.9-1 of this Chapter. For the purposes of this subdivision, the term "service corporation" means a service corporation in which a Federal savings and loan association is authorized to invest pursuant to § 545.9-1 of this Chapter or a similar service corporation in which an insured institution other than a Federal savings and loan association is authorized to invest under the laws of the State in which it is located.

(2) Purchase or lease from, or sell to, an affiliated person any real property or any interest in real property, except as is otherwise provided in paragraph (c) of this section;

(3) Participate with an affiliated person in the purchase of any real property;

(4) Enter into any contract with an affiliated person for the improvement of any real property;

(5) Participate with an affiliated person in any loan;

(6) Purchase from an affiliated person any loan or participation interest in any loan;

(7) Pay an affiliated person, or knowingly permit him to receive from any other source: (i) any fee or other compensation of any kind in connection with the procuring of any loan from or by such insured institution;

(ii) any discount, rebate, or commission on any initial loan charge paid by a borrower (or any other person) in connection with the making of a loan; or

(8) Pay a greater rate of return on any savings account held by an affiliated person than that paid to other holders of similar savings accounts in such institution.

(c) Exception for office building. (1) Notwithstanding any prohibition contained in paragraph (b)(2) of this section, an insured institution may, with the prior written approval of the Corporation, purchase or lease from an affiliated person any office building or any portion thereof or any land on which to erect an office building.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Four

(2) Any request for such corporation approval shall be filed with a Supervisory Agent of the Corporation at the Federal Home Loan Bank of the district in which the institution is located.

§ 563.34 Selection of Depositary.

(a) Except with the prior written approval of the Corporation, no insured institution may deposit any of its funds with a depositary in which any affiliated person (as defined in § 563.33) is an officer, partner, director, trustee, or owner of 10 percent or more of the stock.

(b) Any request for such Corporation approval shall be filed with a Supervisory Agent of the Corporation at the Federal Home Loan Bank of the district in which the institution is located.

§ 563.35 Certain conditions prohibited.

(a) No insured institution or director, officer or employee thereof may require, as a condition to the granting of any loan or extension of any other service by the institution, that a borrower contract for any of the following with any specific company, firm, agency or person:

- (1) insurance;
- (2) building materials;
- (3) legal services; or
- (4) services of a real estate agent.

(b) The prohibition contained in subparagraph (3) of paragraph (a) of this section shall not be construed to apply to a requirement by the institution that a borrower pay an initial loan charge to reimburse the institution for legal services rendered to the institution by an attorney selected by the institution in connection with the processing and closing of a loan (such as title examination and drafting of the mortgage instrument).

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Five

2. Add a new Part 569 to read as follows:

Part 569 ANNUAL REPORTS AND PROXIES

§ 569.1 - Definitions.

§ 569.2 - Requirement of annual report; financial statements; notice of annual meeting.

§ 569.3 - Form and content of annual report.

§ 569.4 - Requirements as to proxies.

§ 569.5 - Requirements as to proxy soliciting material.

§ 569.6 - Mailing communications for security holders.

Authority: The provisions of this Part 569 issued under sec. 402, 403, 407, 48 Stat. 1256, 1257, 1260, as amended; 12 U.S.C. 1725, 1726, 1730. Reorg. Plan No. 3 of 1947, 12 F.R. 4981, 3 CFR, 1943-48 Comp., p. 1071.

§ 569.1 Definitions.

As used in this part --

(a) Security holder. The term "security holder" means any person having the right to vote in the affairs of an insured institution by virtue of (1) ownership of any security of the institution or (2) any indebtedness to the institution.

(b) Person. The term "person" includes, in addition to natural persons, institutions, corporations, partnerships, pension funds, profit-sharing funds, trusts, and any other group of associated persons of whatever nature.

(c) Proxy. The term "proxy" includes every proxy, consent, or authorization to exercise voting rights in the affairs of an insured institution. The consent or authorization may take the form of failure to dissent or object.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Six

(d) Solicit; solicitation. The terms "solicit" and "solicitation" refer to (1) any request for a proxy whether or not accompanied by or included in a form of proxy; (2) any request to execute or not to execute or to revoke a proxy; or (3) the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy. The terms do not apply, however, to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

(e) Officer. The term "officer" means a Chairman of the Board, Chairman of the Executive Committee, President, Managing Officer, Vice President (except as provided in the following sentence), Treasurer, Secretary, or any other person who participates in major policy-making functions of an insured institution. In some institutions (particularly institutions with officers bearing titles such as Executive Vice President, Senior Vice President, or First Vice President) some or all of the "Vice Presidents" do not participate in major policy-making functions and no such person is an "officer" for the purposes of this part.

(f) Affiliate. The term "affiliate" of a specified insured institution means any person which controls, is controlled by, or is under common control with, such institution.

§ 569.2 Requirement of annual report; financial statements; notice of annual meeting.

(a) Each insured institution having assets of \$10,000,000 or more shall annually mail a written report to every security holder (except security holders who are security holders solely by virtue of any indebtedness to the institution) containing, as a minimum, the financial and other information required by § 569.3. The annual report shall be mailed in time to be received by the institution's security holders 20 days before the institution's annual meeting or 60 days after the close of the fiscal year, whichever date is sooner.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Seven

(b) Each insured institution having assets of less than \$10,000,000 shall annually either mail to each security holder, or publish in a newspaper printed in the English language and of general circulation in the county in which the institution's home office is located, financial statements as prescribed in § 569.3, together with a notice of the time, date and place of the institution's annual meeting. Such mailing or publication shall occur at least 20 days before the institution's annual meeting or 60 days after the close of the fiscal year whichever date is sooner.

(c)(1) Not later than the date on which an insured institution first mails the annual report required by paragraph (a) of this section to its security holders, such institution shall mail three copies of such report to a Supervisory Agent of the Corporation at the Federal Home Loan Bank of the district in which the institution is located. Copies of the annual report will be available for public inspection at the office of the Supervisory Agent.

(2) Within 5 days after the mailing or publication of the financial statements and notice of meeting required by paragraph (b) of this section, each insured institution (with assets of less than \$10,000,000) shall send to a Supervisory Agent of the Corporation at the Federal Home Loan Bank of the district in which the institution is located a certification, on forms prescribed by the Corporation, that the mailing or publication has occurred, together with a copy of the material mailed or published.

§ 569.3 Form and content of annual report.

(a) Each annual report required under § 569.2(a) shall contain the items of information required by the following form. This form is not to be used as a blank form but as a guide in the preparation of the annual report. The report shall contain the numbers and captions of all items of information in the form but the text of any such item may be omitted if such item is inapplicable and the report so states. Except as otherwise noted, information shall be given as of the end of an insured institution's fiscal year or as of the latest practicable date subsequent thereto.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Eight

ANNUAL REPORT

For the fiscal year ended_____.

(Exact name of insured institution as specified
in charter)

(Address)

- Item 1. Annual Meeting State the time, date, and place of the next annual meeting of the security holders.
- Item 2. Securities Outstanding As to each class of permanent stock, guaranty stock, permanent reserve stock, or any similar type of capital stock or non-withdrawable capital issued by the institution, state the title of each class and the number of holders of record of each such class.
- Item 3. Financial Statements Set out, in columnar form, a statement of condition as of the close of the last fiscal year prepared in accordance with generally accepted accounting principles or as otherwise required by the Corporation. The accuracy of this statement shall be certified by the institution's Chief Financial Officer, Financial Vice President or other officer or employee having principal responsibility for the maintenance of the institution's accounts.
- Item 4. Availability of Other Information
- (a) Set forth a statement that security holders may obtain from the institution further information regarding the corporate structure of the institution; any material changes in the business of the institution during the last fiscal year; the principal holders of voting securities of the institution; the directors of the institution; and the aggregate remuneration of officers and directors of the institution from affiliated businesses.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Nine

(b) Describe the methods by which this information may be obtained by the security holders. At a minimum, these methods shall be as follows: the security holder may write to the institution, requesting the information, and receive copies of it by mail; and the security holders may obtain copies upon request by visiting the home office of the institution during normal business hours.

(c) State whether or not a material change in the business of the institution, as defined in § 569.3(b)(2) of the Rules and Regulations for Insurance of Accounts, has occurred during the last fiscal year and indicate which of the material changes therein defined has occurred.

Item 5. Signatures Provide the written, printed, or facsimile signature of the Chairman of the Board, the President, Managing Officer or other chief executive officer of the institution.

(b) The following information shall be made available under Item 4 of the annual report required by § 569.2(a):

(1) Corporate Structure A list or diagram of the relationship of the institution to all affiliates and, as to each affiliate named, an indication of the percentage of voting securities owned or other basis of control which establishes the affiliate relationship.

(2) Changes in Business A brief description of any material changes during the fiscal year in the business of the institution and its affiliates. The term "material change" includes:

(i) A change in control of the institution for which a report is required to be filed under § 563.18-1(a) or (b) of this Chapter;

(ii) The acquisition or disposition of a significant amount of assets by the institution or any of its affiliates, otherwise than in the ordinary course of business;

(iii) Any significant legal proceeding, other than routine litigation incidental to the business, to which the institution or any of its affiliates has become a party or to which any of their property has become subject;

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Ten

(iv) The termination of any such legal proceeding previously reported;

(v) (a) Any default in the payment of principal, interest, or a sinking or purchase fund installment, or (b) any other default not cured within 30 days with respect to any indebtedness of the institution or any of its affiliates which exceeds 5 percent of the total assets of the institution and its consolidated affiliates;

(vi) A material modification, whether through the issuance or modification of any class of securities or otherwise, in the constituent instruments defining the rights of holders of any class of securities of the institution or any of its affiliates (except accounts of an insurable type);

(vii) An increase or decrease in the outstanding amount of any class of securities of the institution (including accounts of an insurable type) which exceeds 5 percent of the amount of each such class of securities outstanding as of the end of the previous fiscal year; and

(viii) A revaluation in material amount of the assets of the institution or of any of its affiliates.

(3) Principal Holders of Voting Securities

(1) (Stock Institutions) If any person owns of record, or is known by the institution to own beneficially, more than 10 percent of the outstanding voting securities of a stock institution or any of its affiliates, the name of each such person, the approximate amount of such securities owned of record but not owned beneficially, the approximate amount owned beneficially, and the percentage of outstanding voting securities represented by the amount owned by him in each such manner.

(ii) (Mutual Institutions) (a) If any person or group of persons holds more than 10 percent of the proxies respecting voting rights in a mutual institution, the name of each such person or group of persons and the approximate amount of proxies held by each such person or group of persons.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Eleven

(b) If any person owns of record, or is known by the institution to own beneficially, more than 10 percent of the outstanding voting securities in any of the affiliates of the institution, the name of each such person, the approximate amount owned of record but not beneficially, the approximate amount owned beneficially, and the percentage of outstanding voting securities represented by the amount owned by him in each such manner.

(4) Directors of the Institution

(i) The name of each director of the institution, the date on which his present term of office will expire, his age, and a list of all other positions and offices with the institution presently held by him.

(ii) His present principal occupation or employment and the name and principal business of any corporation or other organization in which such employment is carried on.

(iii) (a) (Stock Institutions) As of the most recent practicable date, the approximate total amount of each class of voting securities of the institution or any of its affiliates, other than directors' qualifying shares, owned directly and beneficially by him.

(b) (Mutual Institutions) As of the most recent practicable date, the approximate percentage of all the proxies respecting voting rights in the institution held by him individually or as a member of a group or committee of proxy holders. State also the approximate total amount of each class of voting securities of any of the institution's affiliates owned directly and beneficially by him.

(5) Remuneration of Directors and Officers

(i) The aggregate personal remuneration paid by all affiliates of the institution during the last fiscal year for services in all capacities to all of the officers and directors of the institution as a group and without

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Twelve

naming them, but stating the number of persons so included. The amount of remuneration shall be net of any ordinary business expenses incurred in the production of the income, calculated in accordance with generally accepted accounting principles.

(ii) The amount set aside or accrued during the last fiscal year for all pension and retirement benefits to be paid by all affiliates of the institution to all directors and the three highest paid officers, as a group and without naming them, but stating the number of persons included.

§ 569.4 Requirements as to proxies. Every form of proxy solicited by any person with respect to voting rights in an institution shall conform to the following requirements:

(a) The proxy shall be revocable at will by the person giving it. The power to revoke may not be conditioned on any event or occurrence or otherwise limited;

(b) The proxy may not be part of any other document or instrument (such as an account card) and shall be clearly labeled "Revocable Proxy" in boldface type (at least as large as 18 point); and

(c) The proxy may not designate a corporation, partnership, or any person other than a natural person to act on behalf of the security holder.

§ 569.5 Requirements as to proxy soliciting material. No solicitation of a proxy with respect to any voting rights in an institution shall be made by means of any statement, form of proxy, notice of meeting, or other communication, written or oral, by or from any person which:

(a) solicits any undated or post-dated proxy;

(b) solicits any proxy that provides that it shall be deemed to be dated as of any date subsequent to the date on which it is signed by the security holder; or

(c) contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or that omits to state any material fact necessary in order to

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Thirteen

make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter that has become false or misleading.

§ 569.6 Mailing communications for security holders.

(a) An insured institution shall perform such of the following acts as may be requested in writing by any security holder, who shall first defray the reasonable expenses to be incurred by the institution in the performance of the act or acts requested:

(1) The institution shall mail or otherwise furnish to such security holder the following information as promptly as possible after the receipt of such request:

(i) A statement of the approximate number of holders of record of any class of securities, any of the holders of which have been or are to be solicited on behalf of the management, or any group of such holders that the security holder shall designate;

(ii) If the management of the institution has made or intends to make, through bankers, brokers, or other persons, any solicitation of the beneficial owners of securities of any class, a statement of the approximate number of such beneficial owners, or any group of such owners that the security holder shall designate; and

(iii) An estimate of the cost of mailing a specified proxy statement, form of proxy, or other communication to such holders, including insofar as known or reasonably available, the estimated handling and mailing costs of the bankers, brokers, or other persons specified in subdivision (ii) of this subparagraph.

(2)(i) The institution shall mail copies of any proxy statement, form of proxy, or other communication furnished by the security holder to such of the holders of record specified in subparagraph (1)(i) of this paragraph as the

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Fourteen

security holder shall designate. The institution shall also mail to each banker, broker, or other persons specified in subparagraph (1)(ii) of this paragraph, a sufficient number of copies of such proxy statement, form of proxy, or other communication as will enable the banker, broker, or other person to furnish a copy thereof to each beneficial owner solicited or to be solicited through him;

(ii) The institution shall mail any such material that is furnished by the security holder with reasonable promptness after receipt of such material, envelopes or other containers therefor, and postage or payment for postage.

(iii) Neither the management nor the institution shall be responsible for such proxy statement, form of proxy, or other communication.

(b) Notwithstanding the provisions of paragraph (a) of this section, no insured institution shall be required to mail any part of a security holder's material that is improper. If the improper part or parts cannot be separated from the whole of such material, the institution is not required to mail any of such material. A part of the security holder's material is deemed to be improper --

(1) If any proposal contained therein is impossible to accomplish or, under applicable law, is not a proper subject for action by security holders;

(2) If any proposal contained therein consists of a recommendation or request that the management take action with respect to a matter relating to the conduct of the ordinary business operations of the institution;

(3) If it appears that any proposal contained therein is submitted by the security holder principally for the purpose of enforcing a personal claim or redressing a personal grievance against the institution or its management, or principally for the purpose of promoting general economic, political, racial, religious, social, or similar causes;

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Fifteen

(4) If the management has mailed any proposal contained therein to the security holders prior to either of the two preceding annual meetings of security holders or any special meeting held subsequent to the earlier of such two annual meetings, and the security holder has failed without good cause to present the proposal, in person or by proxy, for action at the meeting;

(5) If substantially the same proposal has previously been submitted to security holders prior to any meeting of security holders held within the preceding five calendar years, it may be omitted from the proxy statement relating to any meeting of security holders held within the three calendar years after the latest such previous submission if:

(i) The proposal was submitted at only one meeting during such preceding period and received less than 5 percent of the total number of votes cast in regard thereto, or (ii) the proposal was submitted at only two meetings during such preceding period and received at the time of its second submission less than 10 percent of the total number of votes cast in regard thereto, or (iii) the proposal was submitted at three or more meetings during such period and received at the time of its latest submission less than 20 percent of the total number of votes cast in regard thereto;

(6) If, prior to the receipt of any proposal contained therein, substantially the same proposal has been received by the management from another security holder and is to be included in the institution's proxy soliciting material; or

(7) If any proposal contained therein is false, misleading, or slanderous in any material respect.

(c) The rights afforded to security holders of an insured institution by this section are cumulative to any other rights provided by law and shall not be construed in derogation of any such rights.

FEDERAL HOME LOAN BANK BOARD

No. 70-62

Page Sixteen

3. Revise § 571.7 to read as follows:

Section 571.7 Conflicts of Interest

(a) The Board has a paramount interest in the prevention and elimination of practices and conditions which adversely affect: the interests of members in insured institutions; the soundness of such institutions; the provision of economical home financing for the nation; and the accomplishment of the other purposes of Title IV of the National Housing Act, as amended.

(b) Among the practices and conditions which have such adverse effects are conflicts between the accomplishment of the purposes of Title IV set forth in paragraph (a) and the personal financial interests of directors, officers, and other affiliated persons of insured institutions. Conflicts of this type which have demonstrably resulted in such adverse effects are considered by the Board to be inherently unsafe and unsound practices and conditions. The Board accordingly holds that each director, officer, or other affiliated person of an insured institution has a fundamental duty to avoid placing himself in a position which creates, or which leads to or could lead to, a conflict of interest or the appearance of a conflict of interest having such adverse effects.

(c) The Board recognizes that it is impossible to define every practice or condition which falls within the broad concept of objectionable conflict of interest. The Board has nevertheless issued various regulations to limit or prohibit certain conflicts of interest to reflect its conclusion that the conflicts so limited or prohibited are especially inimical to the accomplishment of the purposes of Title IV. However, the omission by the Board to specifically limit or prohibit other conflicts of interest should not be interpreted as tacit approval thereof. The Board or its Supervisory Agents will continue to examine those conflict-of-interest situations which are not specifically limited or prohibited under the regulations and will, when circumstances so warrant, take appropriate action to prevent, circumscribe or eliminate such situations.

FEDERAL HOME LOAN BANK BOARD

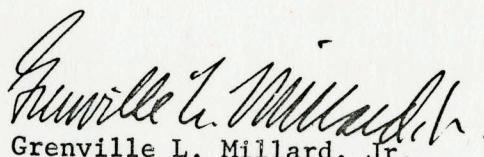
No. 70-62

Page Seventeen

(Secs. 402, 403, 407, 48 Stat. 1256, 1257, 1260, as amended; 12 U.S.C. 1725, 1726, 1730. Reorg. Plan No. 3 of 1947; 12 F.R. 4981, 3 CFR, 1943-48 Comp., p. 1071)

RESOLVED FURTHER that interested persons are invited to submit written data, views, and arguments to the Office of the Secretary, Federal Home Loan Bank Board, 101 Indiana Avenue, N.W., Washington, D. C. 20552, by September 15, 1970, as to whether this proposal should be adopted, rejected, or modified. Written material submitted will be available for public inspection at the above address unless confidential treatment is requested or the material would not be made available to the public or otherwise disclosed under § 505.6 of the General Regulations of the Federal Home Loan Bank Board (12 CFR 505.6).

By the Federal Home Loan Bank Board


Grenville L. Millard, Jr.
Assistant Secretary

FEDERAL HOME LOAN BANK BOARD

No. 70-63

Date: July 21, 1970

[12 CFR Part 544]

Federal Savings and Loan System

PROPOSED AMENDMENT RELATING TO BYLAWS FOR
CHARTER K ASSOCIATIONS

RESOLVED that the Federal Home Loan Bank Board considers it advisable to amend Part 544 of the Rules and Regulations for the Federal Savings and Loan System (12 CFR Part 544) for the purpose of codifying the prescribed bylaws for Federal savings and loan associations having a Charter K; for the purpose of changing the normal date of the annual meeting of such associations; for the purpose of revising the procedure for notice of annual and special meetings of such associations; and for the purpose of clarifying the procedure for amendment of the bylaws of such associations. Accordingly, the Board hereby proposes to amend said Part 544 by adding a new § 544.5-1 to read as follows:

§ 544.5-1 Prescribed form for associations having
Charter K.

A Federal association that has a Charter K shall operate under the following prescribed bylaws, unless and until such bylaws are amended in accordance with the procedure therein set forth:

-----FEDERAL SAVINGS AND LOAN
ASSOCIATION

-----, -----
1. Annual meetings of members. The annual meeting of the members of the association for the election of directors and for the transaction of any other business of the association shall be held at its home office at 2 o'clock in the afternoon on the third Wednesday in March of each year, if not a legal holiday, or if a legal holiday then on the next succeeding day not a legal holiday. The annual meeting may be held at such other time on such day or at such other place in the same community as the board of directors may determine. At each annual meeting, the officers shall make a full report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

FEDERAL HOME LOAN BANK BOARD

No. 70-63

Page Two

2. Special Meetings of members. Special meetings of the members of the association may be called at any time by the president or the board of directors, and shall be called by the president, a vice president, or the secretary upon the written request of members holding of record in the aggregate at least one-tenth of the share capital of the association. Such written request shall state the purposes of the meeting and shall be delivered at the home office of the association addressed to the president.

3. Notice of meetings of members. (a) Notice of each annual meeting shall be given in accordance with regulations made by the Federal Home Loan Bank Board.

(b) Notice of each special meeting shall be published once a week for the two consecutive calendar weeks (in each instance on any day of the week) prior to the date on which such special meeting shall convene, in a newspaper printed in the English language and of general circulation in the city or county in which the home office of the association is located, and mailed postage prepaid at least 15 days and not more than 30 days prior to the date on which such special meeting shall convene to each of its members of record at his last address appearing on the books of the association. Such notice shall state the name of the association, the purpose or purposes for which the meeting is called, the place of the special meeting and the time when it shall convene. A similar notice shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which such special meeting shall convene.

4. Meetings of the board of directors. The board of directors shall meet regularly without notice at the home office of the association at least once each month at the hour and date fixed by resolution of the board of directors, provided that the place of meeting may be changed by the directors. Special meetings of the board of directors may be held at any place in the territory in which the association may make loans specified in a notice of such meeting and shall be called by the secretary upon the written request of the president, or of three directors. All special meetings shall

FEDERAL HOME LOAN BANK BOARD

No. 70-63

Page Three

be held upon at least 3 days' written notice to each director unless notice be waived in writing before or after such meeting. Such notice shall state the place, time, and purposes of such meeting. A majority of the directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. All meetings of the members and of the board of directors shall be conducted in accordance with Robert's Rules of Order.

5. Resignation of directors. Any director may resign at any time by sending a written notice of such resignation to the office of the association delivered to the secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when such resignation is accepted by the board of directors.

6. Powers of the board. The board of directors shall have power--

(a) To appoint and remove by resolution the members of an executive committee, the members of which shall be directors, which committee shall have and exercise the powers of the board of directors between the meetings of the board of directors;

(b) To appoint and remove by resolution the members of such other committees as may be deemed necessary and prescribe the duties thereof;

(c) To fix the compensation of directors, officers, and employees; and to remove any officer or employee at any time with or without cause;

(d) To extend leniency and indulgence to borrowing members who are in distress and generally to compromise and settle any debts and claims;

FEDERAL HOME LOAN BANK BOARD

No. 70-63

Page Four

- (e) To limit share payments which may be accepted;
- (f) To reject any application for share accounts or membership; and
- (g) To exercise any and all of the powers of the association not expressly reserved by the charter to the members.

7. Execution of instruments, generally. All documents and instruments or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by such officers, agents, or employees of the association or any one of them and in such manner as from time to time may be determined by resolution of the board of directors. All notes, drafts, acceptances, checks, endorsements, and all evidences of indebtedness of the association whatsoever shall be signed by such officer or officers or such agent or agents of the association and in such manner as the board of directors may from time to time determine. Endorsements for deposit to the credit of the association in any of its duly authorized depositories shall be made in such manner as the board of directors may from time to time determine. Proxies to vote with respect to shares or accounts of other associations or stock of other corporations owned by or standing in the name of the association may be executed and delivered from time to time on behalf of the association by the president or a vice president and the secretary or an assistant secretary of the association or by any other person or persons thereunto authorized by the board of directors.

8. Membership certificates. One of the officers or an employee designated by the board of directors shall manually sign and deliver a membership certificate to each person upon the initial payment on a share account of the association or upon the making of a real-estate loan by the association.

FEDERAL HOME LOAN BANK BOARD

No. 70-63

Page Five

9. Seal. The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation, the word "incorporated", or an emblem may appear in the center.

10. Amendment. These bylaws may be amended at any time by a two-thirds affirmative vote of the board of directors, or by a vote of the members of the association. Each and every amendment shall be subject to the approval of the Federal Home Loan Bank Board, and shall be ineffective until such approval shall be given, except that, without the approval of the Federal Home Loan Bank Board, section 1 of the bylaws may be amended so that the time of day for convening the annual meeting may be fixed at any hour not earlier than 10 a.m. or later than 9 p.m., and a new section providing for a bonus may be added as provided in the rules and regulations for Federal savings and loan associations. These bylaws may also be amended by regulations made by the Federal Home Loan Bank Board.

We the undersigned officers, respectively, of the _____ Federal Savings and Loan Association _____, do hereby certify that the foregoing is a true and correct copy of the bylaws of said association.

[SEAL]

(President)

(Secretary)

FEDERAL HOME LOAN BANK BOARD

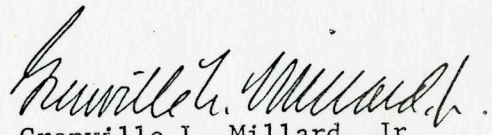
No. 70-63

Page Six

(Sec. 5, 48 Stat. 132, as amended; 12 U.S.C. 1464. Reorg. Plan No. 3 of 1947, 12 F.R. 4981, 3 CFR, 1943-1948 Comp., p. 1071)

RESOLVED FURTHER that interested persons are invited to submit written data, views and arguments to the Office of the Secretary, Federal Home Loan Bank Board, 101 Indiana Avenue, N.W., Washington, D.C. 20552, by September 15, 1970 as to whether this proposal should be adopted, rejected or modified. Written material submitted will be available for public inspection at the above address unless confidential treatment is requested or the material would not be made available to the public or otherwise disclosed under § 505.6 of the General Regulations of the Federal Home Loan Bank Board (12 CFR 505.6).

By the Federal Home Loan Bank Board


Grenville L. Millard, Jr.
Assistant Secretary



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

SEP 4 1970

ASSISTANT SECRETARY-COMMISSIONER

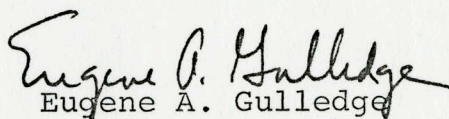
Honorable Peter M. Flanigan
Assistant to the President
The White House
Washington, D. C. 20500

Dear Mr. Flanigan:

We have referred Mr. T. S. Smylie's comments on proposed regulation changes to Mr. Preston Martin, the Chairman of the Federal Home Loan Bank Board. He will reply directly to you.

We are pleased to be of assistance in this matter.

Sincerely yours,


Eugene A. Gullledge

Assistant Secretary-Commissioner

Capital Securities Management Incorporated

INVESTMENT COUNSEL

*3700 Greenway Plaza Drive - Suite 715
Houston, Texas 77027*

Telephone: 713 / 623-6862

Cable: Investa, Houston

August 21, 1970

The President
The White House
Washington, D. C. 20515

Mr. President:

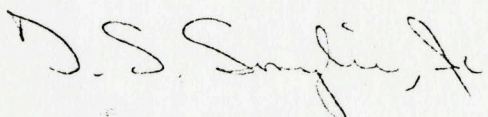
It has come to my attention that there is a movement afoot to change some of the regulations in the Federal Home Loan Bank laws. These proposals were published on July 28, 1970, and affect articles 544 and 545, USCA.

These changes are designed to stifle free enterprise which provides rewards for the individuals who are willing to stick their necks out to provide jobs and taxes by which our system of government lives. It is my purpose to register my complaint regarding the changes in these regulations at a time when we need all the free enterprise we can get to keep our nation on a solid basis.

I would appreciate it if you would take the time to look into these regulations and use your best efforts to keep these regulations from being enacted.

Thank you for your kind attention to this matter.

Respectfully yours,



T. S. Smylie, Jr.

kmp

TSS:kmp

EXECUTIVE

PA 4

712

October 10, 1970

MEMORANDUM FOR PRESTON MARTIN
CHAIRMAN, FEDERAL RESERVE LOAN BANK BOARD

You will remember we discussed a possible new bank in relation to the rebuilding of Pennsylvania Avenue. As the attached indicates, you will soon be hearing from the Pennsylvania Avenue Commission.

Peter M. Flanigan
Assistant to the
President

Enclosure

EXECUTIVE
ME 3/107

STRAIGHT WIRE - OCTOBER 15, 1970

FI 2

Mr. Don E. Sneed

President

~~National Bankers Association~~
~~c/o Stouffer's Riverfront Inn~~
 St. Louis, Missouri

Bankers Association at your Annual Convention, and to applaud

It is a pleasure to greet the members of the National Bankers
 your important role in the economic life of our nation.

Association at your Annual Convention, and to applaud your

particularly encouraged by the excellent programs you
 important role in the economic life of our nation.

have planned to enlarge upon your valuable contributions toward

I am particularly encouraged by the excellent programs you have

launched to enlarge upon your valuable contributions toward the

well-being of less-advantaged citizens, especially in our major

cities. As you plan for further growth and development in the

Seventies, I assure you of the fullest cooperation of my Administration,

and of my deep appreciation for your assistance and advice in meeting

our common goals.

RICHARD NIXON

cc: Mr. Alan Wade, Treasury Department

RN:Hasek:ck

cc: Rose Mary Woods (FYI)/M. A. Passman/M. White/E. Hasek/CF

EVENT: OCTOBER 16, 1970

Requested by Treasury Department

Approved by James Keogh.

Sent 10/19/70

APPROVED ORIGINAL COPY
 TO THE TELEGRAPH OFFICE
 ON 11/15 AT 8:30 PM
 RECEIVED

OCT 19 1970

CENTRAL FILES

EXECUTIVE

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(3)

October 19, 1970

MEMORANDUM FOR TOM WHITEHEAD

FROM: JONATHAN C. ROSE

Attached is a status report on the Telephone Bank Bill. Between the lines this one appears as dead as a smelt. I am only an amateur but with the opposition of Chairman Colmer, *William* and H. Allen Smith, I really don't see how one springs something loose from the Rules Committee.

Attachment

OCT 20 1970
CENTRAL FILE

EXECUTIVE

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(2)

October 20, 1970

Dear Mr. Hampton:

You were most thoughtful, and most kind, to prepare the information contained in your letter of October 14. Let me thank you for it.

A copy of your letter is being sent to Bob Brown for his information and response. It may be that he should participate in the meeting, which you propose.

If I may suggest it, the meeting should be held at some time in November.

With my appreciation and best wishes.

Sincerely yours,

George Grassmuck
Office of Counsellor Finch

Mr. Albert E. Hampton^x
Special Assistant
to the Chairman
Federal Home Loan Bank Board
Washington, D. C. 20552

GG:mln

cc: Mr. Robert Brown w/cy of incoming *Seur*

/

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OCT 21 1970
CENTRAL FILES



PRESTON MARTIN
CHAIRMAN

FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

October 14, 1970

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

Dr. George Grassmuck
Office of Robert Finch
White House
Washington, D. C. 20500

Dear Dr. Grassmuck:

In accordance with your recent request for information concerning the chartering of Federal Savings and Loan Associations with a minority orientation, we submit the following:

<u>Date Approved</u>	<u>Name of Institution</u>	<u>Location</u>
1/26/62	Franklin Federal Savings and Loan Assn.	Miami, Fla.
3/15/62	Washington Shores Federal Savings and Loan Assn.	Orlando, Fla.
4/ 2/63	Gulf Federal Savings and Loan Assn.	Mobile, Alabama
1/ 7/64	United Federal Savings and Loan Assn.	New Orleans, La.
1967	Community Federal Savings and Loan Assn.	Tampa, Fla.
1968	Independence Federal Savings and Loan Assn.	Washington, D.C.

In addition to the above listed associations which are in areas serving primarily a black population, a review of the associations serving the spanish speaking segment of our society reveals the following inventory.

Dr. George Grassmuck
Page 2
October 14, 1970

<u>Date Opened</u>	<u>Name of Institution</u>	<u>Location</u>
1959	Eastland Savings and Loan Assn. (State Chartered)	Los Angeles, Calif.
1961	Ponce de Leon Federal Savings and Loan Assn.	New York, New York
<u>Date Acted On</u>		
1970	Application <u>approved</u> Daniel D. Villanueva, et al	San Fernando, Calif.
1970	Application <u>rejected</u> Martin B. del Campo, et al	Oakland, Calif.
1970	Application <u>rejected</u> Enrique Escobar, et al	Rio Grande, Texas
1970	Application <u>pending</u> Reyes, et al	San Jose, Calif.

We also wish to indicate that the Bank Board is making available advice and counsel to those minority groups who evince an interest in establishing new savings and loan associations. One of the functions involves attending those meetings and conferences which are set up to deal with the creation of minority enterprises. We are ever mindful of the need to create new financial institutions yet keeping in mind that we want these associations to have the maximum opportunity to success.

We have found through research that the two primary areas of concern that must be overcome if an association is to be viable are (1) the achievement of a management capability, and (2) a positive cash flow (more deposits than withdrawals) to enable the institution to continue providing the financing for very much needed housing. The Bank Board has an active ongoing program of Management Assistance in which we relate to associations on an individual basis, visiting the premises and working with staff and Board of Directors. In addition when possible we effect a liaison relationship between the minority association and large well established institutions.

Dr. George Grassmuck

Page 3

October 14, 1970

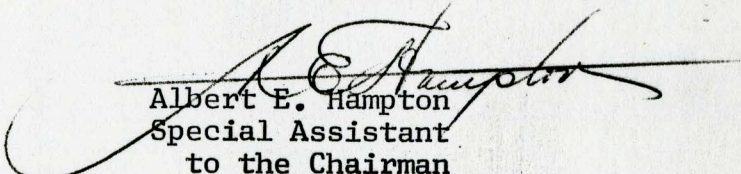
We have noted with much interest the "\$100,000,000 Deposit Program for Minority Banks" that is being spearheaded by George P. Shultz, Director, Office of Management and Budget. As the enclosed copy indicated the administration is urging the various departments of government to do business with the 25 minority banks in our country thereby increasing their ability to serve the commercial needs of the minority communities.

[I would like to stress that this same effort is needed on behalf of the 32 insured savings and loan associations so that they may accomplish their purpose of providing mortgage financing.]

In view of your interest in this matter, we at the Federal Home Loan Bank Board would urge your support in such an endeavor.

I would like to call on you within the next few days to see what can be done.

Sincerely yours,


Albert E. Hampton
Special Assistant
to the Chairman

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

6

OCT 2 1970

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

Subject: Deposit Program for Minority Banks

From the outset, this Administration has pledged itself to expanding the opportunities for minority business enterprises. A special focal point--the Office of Minority Business Enterprise--has been established in the Commerce Department to coordinate the government's activities in this field. Many departments and agencies are playing a part in this overall effort.

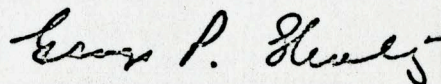
One area that we should not overlook is the vital role played by minority banks in this program. Minority banks are, by their very nature, small minority businesses. The majority of their customers are members of minority groups. Furthermore, these banks serve a useful function in the minority community in spreading the financial knowhow which is essential in any business enterprise.

Departments and agencies of government can and should help strengthen these minority banks by utilizing their services to a greater extent than has been the case up to now. Although some of these accounts may seem small in terms of total government operations and in terms of the total deposit structure of the banking industry, they are nevertheless meaningful accounts for developing minority institutions.

The purpose of this memorandum is to express to you the President's interest in seeing that this is done and to suggest that you instruct the constituent parts of your Department or Agency to increase their respective deposits of official funds in minority banks, where they determine that their servicing requirements can be met by minority banks without any appreciable increase in cost. By utilizing these minority institutions, government agencies can achieve a double impact with the use of federal funds--the agency can carry on its normal operations at little or no additional cost and more funds will be made available in minority communities.

Attached is a list of all known minority banks. If you or your staff offices wish more information about how deposits in minority banks can be and are to be increased, you should contact Under Secretary of the Treasury Charls Walker.

I know the President can count on your cooperation in helping to reach one of the important goals of this Administration: the strengthening of minority enterprise. Your participation in this particular effort will be of continuing interest to the President. I shall be in touch with you at a later time with a request for a report on action taken.



George P. Shultz
Director

Attachment

ROSTER OF BANKS

CALIFORNIA: Los Angeles

Bank of Finance
2651 South Western Avenue
Los Angeles, 90013
President: E. E. Tillmon
Founded, 1964 (213) 735-1031

Pan American National Bank
of East Los Angeles
3626 East First Street
Los Angeles
President: Anthony Maxwell
Founded, 1969 (213) 264-3310

FLORIDA: Miami

The Bank of Miami
110 East Flagler Street
Miami
President: Amado Vina
Founded, 1969 (305) 371-9081

GEORGIA: Atlanta

Citizens Trust Company
212 Auburn Avenue, N. E.
Atlanta
Vice-President: R. O. Sutton
Founded, 1921 (404) 525-3892

GEORGIA: Savannah

The Carver State Bank
918 Montgomery Street
Savannah, 31401
President: L. D. Perry
Founded, 1947 (912) 234-7752

ILLINOIS: Chicago

Seaway National Bank
645 East 87th Street
Chicago, 60619
Vice-President: Richard Lin
Founded, 1965 (312) 487-4800

The Independence Bank of Chi
7936 South Cottage Grove Ave
Chicago, 60619
President: David DeVries
Founded, 1964 (312) 487-4700

KANSAS: Kansas City

Douglass State Bank
1314 North 5th Street
Kansas City, 66101
President: H. W. Sewing
Founded, 1947 (913) FI. 2-70

MASSACHUSETTS: Roxbury

Unity Bank & Trust Company
416 Warren Street
Roxbury, 02119
President: Donald E. Sneed
Founded, 1968 (617) 445-0300

MICHIGAN: Detroit

First Independence National
234 State Street
Detroit, 40226
President: David Harper
Founded, 1969 (313) 964-2350

MINNESOTA: Minneapolis

First Plymouth National Bank

MISSOURI: Kansas City

Swope Parkway National Bank
49th & Swope Parkway
Kansas City, 64130
President: L. C. Squires
Founded, 1968 (816) UN. 1-4500

MISSOURI: St. Louis

Gateway National Bank
Union at Palm
St. Louis, 63115
Executive Vice-President: I.O.
Funderburg
Founded, 1965 (314) EV. 9-3000

NEW YORK: New York City

Banco Credito y Ahorra Ponceno
1 Union Square
New York City, 10003
Vice-President & Manager: Ivan
Irizarry
Founded, 1969 (212) 924-7070

Banco de Ponce
164 East 116th Street
New York City, 10029
Senior Vice-President: Ugo Lisi
(212) 831-2200

Banco Popular de Puerto Rico
20 West 48th Street
New York City, 10036
Regional Director: Luis Abudo
Founded, 1961 (212) 757-1700

Freedom National Bank
275 West 125th Street
New York, New York 10027
President: William R. Hudgins
Founded, 1964 (212) 865-6100

NORTH CAROLINA: Durham

Mechanics & Farmers Bank
110 West Parrish Street
Durham, 27702
President: John W. Wheeler
Founded, 1921 (919) 682-9338

OREGON: Portland

Freedom Bank of Finance
215 N. E. Killingsworth Street
Portland, 97211
President: V. F. Booker
Founded, 1969 (503) 288-6571

SOUTH CAROLINA: Columbia

Victory Savings Bank
919 Washington Street
Columbia, 29201
President: H. D. Monteith
Founded, 1921 (803) 252-4059

TENNESSEE: Memphis

Tri State Bank of Memphis
213 South Main Street
Memphis, 38102
Executive Vice-President: Jes
Turner
Founded, 1946 (901) 527-8478

TENNESSEE: Nashville

Citizens Savings Bank & Trust
345 4th Avenue-North
Nashville, 37219
President, M. G. Ferguson
Founded, 1904 (615) 256-7913

TEXAS: Houston

Riverside National Bank
P. O. Box 8385
Houston
President: Dr. Carl M. Carroll, Jr.
Founded, 1963 (713) 526-3971

VIRGINIA: Richmond

Consolidated Bank & Trust Co.
First & Marshall Streets
Richmond, 23219
President: J. Jay Nickens
Founded, 1903 (703) 643-9187

VIRGINIA: Danville

First State Bank
Union & Spring Streets
Danville, 24541
Vice-President: L. Wilson York
Founded, 1919 (703) 793-4611

WASHINGTON: Seattle

Liberty Bank of Seattle
2320 E. Union Street
Seattle, 98122
President: James I. Burton
Founded, 1968 (206) EA. 9-3434

WASHINGTON, D. C.

Industrial Bank of Washington
4812 Georgia Avenue, N. W.
Washington, D. C. 20011
President: B. Doyle Mitchell
Founded, 1934 (202) 291-5000

United Community National Bank
3940 Minnesota Avenue, N. E.
Washington, D. C. 20019
Vice-President: Samuel L. Fogg
Founded, 1964 (202) 396-1300

①
EXECUTIVE

412

BE4/Transportation

4488

November 2, 1970

MEMORANDUM FOR KEN COLE

FROM: PETER FLANIGAN

Attached is a letter from Secor Browne to the President of the ^xContinental Illinois Bank. It seems to me that this presents a good outline for answers to letters to the President if they come my way. I believe you asked to see one of these, so here it is.

Attachment: Secor Browne's letter to Mr. Tilden ^xCummings, Chicago, dated October 9, 1970.

RECEIVED
NOV 6 1970
CENTRAL FILES

OCT 9 1970

Don-
a good follow
for letter to
archives.
P.

Mr. Tilden Cummings
President
Continental Illinois National Bank
and Trust Company of Chicago
Chicago, Illinois 60690

Dear Tilden:

Thank you for your letter of October 2, 1970. I share your concern about current conditions and think that three things are necessary to pull the carriers out of the financial doldrums: an upturn in the general economy; some new and different approaches by the Board to rates, routes and mergers; and increased managerial authority exercised by the carriers themselves.

Since the mutual capacity reduction agreement is pending before the Board, I cannot comment specifically on its merits. It has generated a lot of controversy, and we are giving it top priority. My view is that over-capacity is one of the most important keys to the carriers' financial problems. For the past year I have been urging the carriers to reexamine their scheduling practices and to reduce capacity wherever warranted. In this connection, TWA has just announced the institution of "operation clean slate", a wholly new unilateral approach to scheduling on a system-wide basis. This is precisely what I have been talking about, and I hope other carriers will take heed of TWA's action.

In the year that I have been with the Board we have acted to relieve the financial strain on the carriers. We have not yet done any new route cases in the past year. We are in the midst of an expanded domestic passenger fare case, which is very broad in scope and should provide some clear guidelines for the future rate structure and level. We are establishing advisory groups from the financial, labor and consumer communities to provide the Board with external wisdom and fresh insights.

Mr. Tilden Cummings (2)

The Board itself cannot, and should not, assume full responsibility for all the problems. A number of correctable matters, including equipment purchasing, handling of labor problems, cost-cutting and scheduling, fall squarely within the ambit of managerial prerogative. I have carried this message personally to almost all carrier presidents in their home offices, as well as members of the financial community and other departments of government.

The partnership concept has worked thus far to construct the finest air transport system in the world, and I believe can continue to work to ensure the financial attractiveness of the industry as well.

Sincerely,

(Signed) Secor

Secor D. Browne
Chairman

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

CHICAGO, ILLINOIS 60690

TILDEN CUMMINGS
PRESIDENT

October 2, 1970

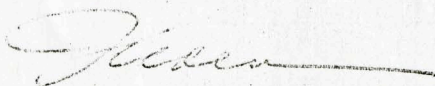
Dear Secor:

For many years Continental Bank has been an active and significant lender to the transportation industry. As such, we view with growing concern the deteriorating profits in some of its vital segments - a condition which threatens the ability of many companies to raise necessary capital for the equipment which enables safe and efficient levels of service to the public.

There is already ample evidence that the railroads are to the point of requiring a substantial reshaping of our national regulatory policies. While different in important respects, the airlines similarly warrant favorable consideration of means by which their integrity in the nation's financial markets can be preserved.

In this context, we are very much aware of the proposal before the Civil Aeronautics Board for mutual capacity reduction over certain routes by American Airlines, United Air Lines, and Trans World Airlines. This plan addresses itself constructively, in our view, to the serious matter of overcapacity and its harmful financial consequences. Therefore, we urge the Board to give the proposal full and favorable consideration.

Sincerely yours



The Honorable Secor D. Browne, Chairman
Civil Aeronautics Board
Universal Building
1825 Connecticut Avenue, N. W.
Washington, D. C. 20428

*Secor - you are much more knowledgeable
than I, or any of us here on the subject, but the
proposal of the airlines just seems to make*

ME3/UX

FI2

November 6, 1970

* As the Seventy-Eighth Annual Convention of the United States Savings and Loan League gets under way, I share your satisfaction with the performance of mortgage money markets in recent months. The return of a normal flow of savings into the housing sector holds much promise for our economy.

The significant improvement in both deposits and mortgage loans which your members are currently experiencing is highly encouraging. With the increasing availability of funds and lower interest rates, the efforts of savings and loan institutions provide new means and fresh impetus for the achievement of our urgent national housing goals.

In this task, and in all your endeavors, I wish you every success.

1st Richard Nixon

Statement for:

Mr. John H. Randolph, Jr., President
United States Savings and Loan League
c/o Fairmont Hotel
950 Mason Street
San Francisco, California 94106

MSG TO BE SENT TO MR. GEORGE BELL F/DISPATCH TO
WASHINGTON REP.

RN:Hasek:

CC: R.M. Woods/M.A. Passman/Margita White/E. Hasek, George Bell(FYI),
CF

Req'd by: The League thru Mr. Bell //Approved by: James Keogh
Event: Nov. 9-12, 1970 in SF, California

*Mr Bell dispatched
to local representative
11/6 5³⁰ pm*



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

EXECUTIVE

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(3)

November 9, 1970

TO:

FROM: Robert T. Cole

SUBJECT: Form 4683

Attached is a copy of the latest draft of Form 4683 (and attached instructions) to be completed by U. S. persons who indicate on their 1970 Federal tax returns an interest in or authority over one or more foreign accounts. I would appreciate if any comments you may have can be given to Ira Tannenbaum (184-5791) or to myself (184-5046) (or at Room 4004, Main Treasury) by the close of business today if possible, and by November 13 at the latest in view of our tight time schedule for getting the Form printed. Comments made today will be incorporated into the draft to be sent to and discussed with interested non-Government representatives.

Attachments

cc: ✓ White House - Mr. Flanigan
Treasury - Assistant Secretaries Cohen, Petty
and Rossides
Judge Pierce
Messrs. Bradfield, Cox, Englert,
Mullin and Schaffner
Internal - Commissioner Thrower, Deputy Commissioner
Revenue Smith, Assistant Commissioner Bacon
Service Messrs. Kinsel, Kuhar, Meehan, Shockey
and Spatz
Justice - Deputy Assistant Attorney General Ugast
Mr. John Keeney
SEC - Mr. Ira Pearce

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

November 12, 1970

from to
Safford 11/16
opposes to agreement
Timmons

EXECUTIVE

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(3)

~~MEMORANDUM FOR BILL TIMMONS~~

FROM: ~~TO~~ JOHN CAMPBELL *John*

SUBJECT: Introduction of legislation to establish a
District of Columbia Development Bank
X

The attached has been forwarded for the President's consideration. Krogh has concurred that it can be forwarded.

What are your recommendations as to forwarding the bill during this session? Are there reasons why we should send it this year, and what are the chances of it passing?

Could we have your comments by the close of business Thursday, November 12, 1970.

John -
Suggest this be held
until the 92nd Congress + maybe
included in State of Union Address.
Congress will resent it coming up
in 92nd lame duck session and there's
absolutely no chance of passage this year.
As it is, we will not get all our bills
out of the post election session.

- BT

November 18, 1970

INFORMATION

Operation Breakthrough Financing

MEMORANDUM FOR THE PRESIDENT

Attached for your information is a letter from Preston Martin, Chairman of the Federal Home Loan Bank Board, in which he indicated that they have made certain regulatory changes that would permit the Nation's savings and loan associations to finance some, if not all, of the ten Operation Breakthrough projects scheduled by the Department of Housing and Urban Development.

A consortium of six savings and loan associations will finance construction of the first Operation Breakthrough prototype site development, a 401-unit complex at the Sacramento Fairgrounds.

RECOMMENDATION

I see no need for you to read the attached letter.

John D. Ehrlichman

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November 16, 1970

Dear Mr. Chairman:

The President has asked me to express his appreciation for your letter of November second in which you indicated you had made certain regulatory changes that would permit the nation's savings and loan associations to aid in the financing of the Operation Breakthrough projects.

x
You're off to a fast and impressive start. Keep up the good work.

Best personal regards.

Yours sincerely,

John D. Ehrlichman
Assistant to the President
for Domestic Affairs

Honorable Preston Martin, Chairman
Federal Home Loan Bank Board
101 Indiana Avenue, N. W.
Washington, D. C. 20552

JDE:TRH:jlh



FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

PRESTON MARTIN
CHAIRMAN

November 2, 1970

The President
The White House
Washington, D. C.

Dear Mr. President:

In October the Board announced it would make regulatory changes that would permit the Nation's savings and loan associations to finance some, if not all, of the ten Operation Breakthrough projects scheduled by the Department of Housing and Urban Development.

The Board also started sale of \$315 million in mortgage-backed bonds with proceeds to be used for critically needed funds to support housing.

We released statistics during the month showing a decline in interest rates and continued mortgage lending at near-record volumes.

A consortium of six savings and loan associations will finance construction of the first Operation Breakthrough prototype site development, a 401-unit complex at the Sacramento Fairgrounds. The Federal Home Loan Bank System will issue a special 7.5 percent, two-year loan from the San Francisco Federal Home Loan Bank to the participating institutions helping them to finance the \$6.2 million project.

The Board recognizes the need for new financing methods to help savings and loan associations to better meet the needs of a changing environment in housing production. We are encouraging our System's Banks and the savings and loan industry to give special support to financing Breakthrough.

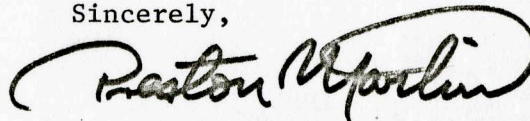
The President
Page Two

The newly created Federal Home Loan Mortgage Corporation began the Government National Mortgage Association-backed bond program with a \$140 million issue, an unprecedented 25-year maturity, and a yield of 8.60 percent. A two-year, \$175 million issue also was offered, at 7.10 percent. The bonds are issued against FHA and VA mortgages which have been pooled by the Mortgage Corporation as part of our long-term efforts to tap new sources of funds for housing.

Board efforts to stimulate housing finance contributed to mortgage lending totaling \$2.1 billion in September, with new commitments of \$1.6 billion. Mortgage activity was at a new peak while savings flows continued into the associations. At the same time, the average effective interest rate for homebuyers on conventional home mortgages declined from 8.52 percent to 8.49 percent. This was the first drop since April and only the second since November 1967.

The Board also approved measures during the month to liberalize credit for member savings and loan associations in specified areas of California, Oklahoma and Puerto Rico, declared disaster areas.

Sincerely,

A handwritten signature in dark ink, appearing to read "Preston Martin", with a large, sweeping flourish that extends to the right and loops back under the name.

Preston Martin
Chairman

7 gah/mb

EXECUTIVE (2)
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THE WHITE HOUSE
WASHINGTON

November 25, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

FROM: DICK COOK *DC*

My report on the One Bank Holding Company Senate/House conference at this morning's 7:30 a.m. staff meeting was inaccurate and based upon premature analysis of the actions taken yesterday.

The key compromise effected will enable the Federal Reserve Board to regulate bank holding companies with a sufficient degree of flexibility.

The compromise was reached as a result of a letter from Arthur Burns to the conferees.

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THE WHITE HOUSE
WASHINGTON

December 3, 1970

Dear Mr. President:

There is now pending before the Senate a bill of vital importance to the international economic, financial, and political interests of the United States. H.R. 18306 authorizes increased U.S. participation in four multilateral financial institutions: The International Monetary Fund, the World Bank, the Inter-American Development Bank, and the Asian Development Bank.

We and many other nations have given those institutions strong support in the past. They have earned this support by using their resources well in the service of a growing and prosperous world economy, a more stable international monetary system, and a more rapid growth of the developing countries. Their hallmark is shared contributions, impartial expertise, and the assurance of high standards of economic performance.

In asking the Congress to adopt this legislation, I have taken particular care to see that the financial obligations it entails are compatible with this Administration's fiscal programming. H.R. 18306 is a prudent and financially responsible combination of contingent liabilities, monetary transactions, and expenditures carefully spaced over a long period of time.

A large part -- almost \$900 million -- of the total authorization represents contingent liabilities and will enable the World Bank and the Inter-American Development Bank to borrow further in private markets to carry out important parts of their lending programs. This guarantee or callable capital subscription should not involve budgetary costs.

Another substantial portion of the authorization -- \$1.5 billion -- is a monetary transaction involving an increase in our IMF quota. This Fund quota increase will not result in budgetary costs.

As to the remaining authorizations in H.R. 18306, less than \$1.3 billion will require an actual expenditure of dollars; of which \$35 million will be spent in fiscal year 1971, \$70 million in fiscal year 1972 and \$155 million in fiscal year 1973, with the rest spread out over a number of additional years.

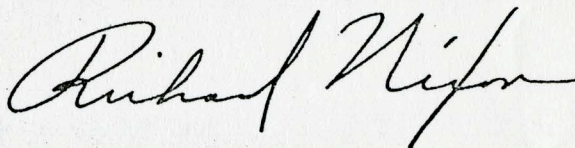
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Passage of the legislation now is essential

- to maintain United States leadership in international monetary affairs and to avoid a substantial and continuing loss in our share of allocations of Special Drawing Rights at the International Monetary Fund beginning on January 1, 1971;
- to enable other countries to subscribe to almost \$2 billion of World Bank capital stock and to carry out a policy of maintaining equity in Bank and Fund subscriptions which we have strongly advocated in the past;
- to allow us to participate fully with other developed countries in the peaceful development of Asia;
- to join with our Latin American neighbors in an effort to speed their economic and social progress.

This legislation has my full support. In my Foreign Assistance Message to the Congress of September 15, 1970, I proposed that the United States channel an increasing share of its development assistance through multilateral institutions as rapidly as practicable. H. R. 18306 is a critically important step in that direction, and I strongly urge prompt and favorable action on it by the Senate.

Sincerely,

A handwritten signature in dark ink, reading "Richard Nixon". The signature is fluid and cursive, with the first name "Richard" and last name "Nixon" clearly distinguishable.

The Honorable
Spiro T. Agnew
President of the Senate
Washington, D. C. 20510

galy

EXECUTIVE

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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OFFICE OF THE CHAIRMAN

File
Done

December 10, 1970

Dear Peter:

As indicated in the attached Memorandum, it will be necessary for the President to sign the mutual fund bill before he signs the take-over bill amendments, which we expect to be passed by the House shortly, in order to avoid the inadvertent repeal of certain provisions of the securities laws.

Sincerely, .

H. Budge

Hamer H. Budge

Honorable Peter M. Flanigan
Assistant to the President
The White House
Washington, D. C.

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12/22/70

Act and Section 3(a)(12) of the Securities Exchange Act.

EXECUTIVE

December 16, 1970

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PA2/Eisenhower, Dwight
FI3
FG12

MEMORANDUM FOR KEN COLE

FROM: PETER FLANIGAN

Regarding a signing ceremony on the One Bank Holding Company Bill (HR 86778), I have considerable reservations.

The One Bank Holding Company is clearly not a particularly exciting piece of legislation from the public point of view. The Eisenhower coin was hung on that Bill as an amendment. A signing ceremony might focus on the Eisenhower coin, but it certainly couldn't ignore the prime purpose of the Bill. As you know the Bill has been hard fought with opposition to the Administration's view point saying we are favoring the big banks in their efforts to set up zaibatus in the United States.

I am expecting the Broker Dealer Bill to be completed in the not too distant future. It seems to me that this bill that is designed to protect the small customer of brokerage houses, plus a reference to the Mutual Fund Bill which is designed to protect the small investors in mutual funds, has considerably more public appeal. I think it would be difficult to have a signing ceremony first on the One Bank Holding Company and then on a Broker Dealer Bill. Therefore, my recommendation would be against a signing ceremony on the One Bank Holding Company Bill and for a signing ceremony on the Broker Dealer Bill once it is completed.

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Campbell: check & see if we want a ceremony in the park. Holding coin. check

THE WHITE HOUSE
WASHINGTON

December 11, 1970

MEMORANDUM FOR KEN COLE

FROM: WILLIAM E. TIMMONS *WT*

SUBJECT: Public Signing Ceremony

Attached is a recommendation from Treasury for a public signing ceremony for the new Eisenhower coins.

I concur in the request for a ceremony with Mrs. Eisenhower present.

We would, of course, want to include others, such as Mansfield, Scott, Ford, etc. as well as the Director of the Mint, Secretary of Treasury, etc. if it's laid on.

What is your recommendation?

WASHINGTON

Date: 12/14

TO:

John Rose

FROM: John Campbell

For your information.

Comments:

What is Nixon's opinion re the attached?

cc: Dwight Chapin
John Nidecker

Here



OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

December 9, 1970

DEC 11 1970

MEMORANDUM TO: Honorable William E. Timmons
Assistant to the President

FROM: Mr. James E. Smith
Special Assistant to the Secretary

SUBJECT: Proposed Ceremony for Presidential
Signing of Eisenhower Dollar Bill

As you know, the House and Senate conferees finally reached agreement yesterday (December 8) on the Bank Holding Company Bill (H.R. 86778), to which the Senate had attached the Eisenhower coinage bill in the form desired by the Administration.

I am advised the conference report will probably be considered by both Houses during the latter part of next week. It occurred to me that the President might wish to have a ceremonial signing of this bill with Mrs. Eisenhower present. Should you think favorably of such a ceremonial signing, I would strongly recommend that the Congressional members of the Joint Commission on the Coinage be invited to attend. This group includes all of the "principal players" on the silver issue, as well as the key Congressional members involved in the House-Senate conference on the Holding Company legislation. The Congressional members of the Joint Commission on the Coinage are as follows:

Senate

Honorable John Sparkman
Senate Banking & Currency Committee

Honorable Wallace F. Bennett
Senate Banking & Currency Committee

Honorable John O. Pastore
United States Senate

Honorable Alan Bible
United States Senate

Honorable George Murphy
United States Senate

Honorable Peter H. Dominick
United States Senate

House of Representatives

Honorable Wright Patman
House Banking & Currency Committee

Honorable William B. Widnall
House Banking & Currency Committee

Honorable Ed Edmondson
U. S. House of Representatives

Honorable Robert N. Giaimo
U. S. House of Representatives

Honorable Silvio O. Conte
U. S. House of Representatives

Honorable James A. McClure
U. S. House of Representatives

-2-

I would appreciate being kept abreast of any developments.

eline

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

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EXECUTIVE

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OFFICE OF
THE ADMINISTRATOR

DEC 21 1970

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposed Message to the Ninth ^{XX} Inter-American Savings and
Loan Conference, Panama City, Panama, January 23-29, 1971

Last year, in your message to the Eighth Inter-American Savings and Loan Conference in Managua, Nicaragua, you noted the success of the Latin American savings and loan movement to date. This progress has continued. Growth in savings and numbers of homes financed has exceeded expectations of a decade ago when two small associations commenced their operations in Peru.

To help maintain this momentum, the Ninth Inter-American Savings and Loan Conference will be held in Panama City, Panama from January 23 to January 29, 1971. As in the past, the Conference will be jointly sponsored by A.I.D., the Inter-American Savings and Loan Union, and the National League of Insured Savings Associations. Interest in the Conference has reached sizeable proportions. Last year more than 1,000 persons attended from the United States and Latin America, and this year we expect that at least as many savings and loan and housing finance executives will be present.

Your message last year was reproduced as a Conference souvenir and was warmly received. We would appreciate a message from you to the Ninth Conference.

A proposed message is enclosed.

J. A. H.
John A. Hannah

Enclosure

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THE WHITE HOUSE
WASHINGTON

EXECUTIVE ②

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MCGOWAN, Robert

December 23, 1970

MEMORANDUM FOR MR. KEN COLE

Subject: Signing ceremony for one-bank holding company bill

Somehow the idea of the Eisenhower dollar being kicked off with a ceremony creating one-bank holding companies doesn't sit well.

My concern is one more of image than substance, however, and I defer to Bill Timmons on substance.

Bill

Bill Gifford

RECEIVED
DEC 26 1970
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THE WHITE HOUSE
WASHINGTON

Date: 12/23

TO: *Bill Safford*
FROM: JOHN CAMPBELL

Comments:

*Will you please
give Ken your
comments on the attached*

THE WHITE HOUSE
WASHINGTON

Ken Cole

December 22, 1970

MEMORANDUM FOR JOHN CAMPBELL

FROM: WILLIAM E. TIMMONS *WET*

SUBJECT: One Bank Holding Signing Ceremony

Re: your memorandum of December 22, I appeal the decision against a bill signing ceremony on the One Bank Holding Company bill, HR 6778, for the following reasons:

1. With respect to the Eisenhower dollar amendment to HR 6778, on several occasions last year the President personally wanted to so honor former President Eisenhower at a bill signing ceremony. Moreover, during the current holiday season, the entire Eisenhower family is available here in Washington for such a ceremony.
2. Contrary to Peter Flanigan's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with the Nixon Administration's efforts to bring under regulatory control One Bank Holding Companies.
3. The legislation calls for regulation of holding companies by the Federal Reserve Board. Board Chairman Arthur Burns was one of the key architects of the Senate-House conference compromise and we should not lose an opportunity for a public ceremony which will emphasize the continued friendly and cooperative relationship between the President and the Chairman of the Federal Reserve Board. I am certain, were he asked, Arthur Burns would want a bill signing ceremony on this bill.
4. This is the most significant legislation affecting financial institutions in many years.

With respect to the Broker-Dealer bill, I have no strong objection to a bill signing, however, it should be noted that a ceremony on this legislation will only serve to remind the public that the failure of several of our largest brokerage houses provided the impetus for the enactment of this bill. Recent feature articles in Time, Newsweek, and leading news-

papers have unnerved the typical small investor enough. Franklin Delano Roosevelt undoubtedly had a large bill signing ceremony when the Federal Deposit Insurance Corporation Act was signed only because the preceding bank failures throughout the nation were able to be blamed on the Hoover Administration.

cc: Peter Flanigan

Tom *make sure my revised opinion is noted* *Peter Flanigan*
Pete *File*

December 22, 1970

MEMORANDUM FOR JOHN CAMPBELL

FROM: WILLIAM E. TIMMONS

SUBJECT: One Bank Holding Signing Ceremony

Re: your memorandum of December 22, I appeal the decision against a bill signing ceremony on the One Bank Holding Company bill, HR 6778, for the following reasons:

1. With respect to the Eisenhower dollar amendment to HR 6778, on several occasions last year the President personally wanted to so honor former President Eisenhower at a bill signing ceremony. Moreover, during the current holiday season, the entire Eisenhower family is available here in Washington for such a ceremony.
2. Contrary to Peter Flanigan's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with the Nixon Administration's efforts to bring under regulatory control One Bank Holding Companies.
3. The legislation calls for regulation of holding companies by the Federal Reserve Board. Board Chairman Arthur Burns was one of the key architects of the Senate-House conference compromise and we should not lose an opportunity for a public ceremony which will emphasize the continued friendly and cooperative relationship between the President and the Chairman of the Federal Reserve Board. I am certain, were he asked, Arthur Burns would want a bill signing ceremony on this bill.
4. This is the most significant legislation affecting financial institutions in many years.

With respect to the Broker-Dealer bill, I have no strong objection to a bill signing, however, it should be noted that a ceremony on this legislation will only serve to remind the public that the failure of several of our largest brokerage houses provided the impetus for the enactment of this bill. Recent feature articles in Time, Newsweek, and leading news-

Jon:

Send to Charles
Walker for
direct reply?

FJ



National Association of
MUTUAL INSURANCE AGENTS

INDEPENDENT MUTUAL
INSURANCE AGENT

INVESTMENT BUILDING • WASHINGTON, D. C. 20005
AREA CODE 202 • 628-8618

WILLIAM A. STRINGFELLOW, C.P.C.U.
GENERAL MANAGER

November 13, 1970

PF
The President
The White House
Washington, D. C. 20500

Mr. President:

As you well know, H.R. 6778, the one bank holding company bill, is awaiting action by the House-Senate Conference Committee in the very near future.

On behalf of the more than 18,500 member agents of the National Association of Mutual Insurance Agents, we are writing you at this time to ask for your support in order to have H.R. 6778 strengthened in Conference. The small independent businessmen of this country need your support if they are to survive increased bank activity into non-banking areas, such as the general insurance agency business.

We respectfully request that you and your Administration support the following items that will be considered in Conference:

1. Delete the Conglomerate Exemption

The rationale of this bill is to keep banks in the business of banking; we therefore must oppose as being unfair the exemption of 60 conglomerate one-bank holding companies as well as 870 other one-bank holding companies from any regulation.

We urge the deletion of the conglomerate exemption.

2. Revert to the Language of Section 4c(8)

Section 4c(8) of the original Bank Holding Company Act of 1956 states that only acquisition "closely related" to banking should be allowed rather than the present lenient

The President
Page 2
November 13, 1970

language instructing the Federal Reserve Board to permit acquisitions "functionally related" to banking.

We urge the retention of the language of Section 4c(8).

3. Roll Back of the Effective Date

Any bank which has used the one-bank holding company loophole to diversify into non-banking activities should be brought under the same regulation for identical activity as the multi-bank holding companies.

We urge the adoption of an earlier effective date rather than that which is proposed in the Senate-passed bill (June 30, 1968). The effective date should be no later than January 1, 1965.

4. Maintenance of a Strong "Anti-Tying" Provision

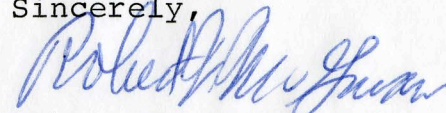
Banks must not be allowed to use credit as a means of extracting other business from a customer. Banks are in a peculiar position, because of the importance of credit both to businesses and to individuals, to unfairly compete with non-banking services in providing credit. The "anti-tying" provision provides a very important safeguard against such unfair competition.

We urge the retention of a strong "anti'tying" provision.

Your favorable consideration of the four items outlined above will be appreciated.

Enclosed is a copy of the Resolution unanimously approved by our Board of Directors and Delegates assembled in national convention on October 26, 1970 in Boston, Massachusetts. Also enclosed is a copy of the October 29, 1970 Journal of Commerce news story detailing our resolution on H.R. 6778.

Sincerely,



Robert V. McGowan
President

RVM/cc
Enclosures (2)

THE NATIONAL ASSOCIATION OF MUTUAL INSURANCE AGENTS

Investment Building, Washington, D. C. 20005 • 202/628-8618

NICHOLAS J. MATTHEWS
Director of Public Relations

R E S O L U T I O N

ONE-BANK HOLDING COMPANY BILL - H.R. 6778

WHEREAS, the National Association of Mutual Insurance Agents, comprising more than 18,000 members in 48 of our Nation's states, and

WHEREAS, insurance agents across our Nation represent typical small businessmen in all of our Nation's communities, and

WHEREAS, continuing entry of banks into the insurance business and other areas unrelated to banking operations has caused considerable concern among most private businesses affected, and

WHEREAS, this rapid expansion of banks into areas of commerce not related to banking threatens the economy of many private sectors of business, and

WHEREAS, involvement of banks in the marketing of insurance poses a direct threat to the independent agency system through the coercive powers available to the banks to influence the placement of insurance of an individual applying for a loan through a bank, and

WHEREAS, the present American Agency System provides both close contact and communication between insurance consumer and insurance producer as well as total responsiveness to the needs of the insurance-buying public, and

WHEREAS, the present holding company device, which is used by banks to escape regulation, provides banks the opportunity to control large amounts of insurance through only a few large firms rather than allowing insurance to be spread through virtually thousands of smaller, more competitive local agencies, and

WHEREAS, H.R. 6778, presently awaiting action by the U. S. House-Senate Conference Committee, must be strengthened prior to final Congressional action,

THEREFORE BE IT RESOLVED, that the House-Senate Conference Committee be urged to:

1. Delete the Conglomerate Exemption presently allowed in the Senate-passed bill,
2. Adopt the Section 4c(8) language as contained in the original Bank Holding Company Act of 1956,
3. Adopt an earlier effective date than the June 30, 1968 date proposed in the Senate-passed bill,
4. Adopt a strong anti-tying provision as contained in the Senate-passed bill, and

THEREFORE, BE IT FURTHER RESOLVED, that strong regulatory legislation be enacted this year by the Congress and signed into Law.

Unanimously approved by the Board of Directors and delegates attending the 39th Annual Convention of the National Association of Mutual Insurance Agents: Monday, October 26, 1970, in Boston, Massachusetts.

The Journal of Commerce

AND COMMERCIAL

NEW YORK, THURSDAY, OCTOBER 29, 1970

One-Bank Holding Bill Confrontation

NAMIA Chief Pledges Battle On 1-Bank Bill

Special to Journal of Commerce

BOSTON, Mass. Oct. 28 — The new president of the National Association of Mutual Insurance Agents said that the future of insurance agency businesses in the United States rests with Congressional action on the one-bank bill and pledged the organization's efforts to press for a tough regulatory law.

Robert V. McGowan, made the pledge tonight in his inaugural address to 1,200 delegates attending the NAMIA national convention in Boston.

"The future of our 18,000 members and all other producers who operate within the independent American agency system will be determined when Congress reconvenes and considers . . . legislation to regulate one-bank holding companies."

Nixon Quoted

He quoted from President Nixon's Mar. 24, 1969, Special Message to Congress in introducing the administration's one-bank bill.

Mr. McGowan noted that the President said:

"Left unheeded, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. This must not be permitted to happen; it would be bad for banking, bad for business and bad for borrowers and consumers'."

Mr. McGowan continued, "At a time when individuals crave personal service, attention and understanding in their dealings with American business, the banks would snatch from the insurance agents the close contact and communication that have been established over the years between insurance buyer and producer, destroying a system which is totally responsive to the needs of the buyer."

He referred to a resolution unanimously adopted by the

convention delegates in an earlier session, and promised, "We will urge all one hundred United States senators and 435 congressmen to strengthen H.R. 6778 before final passage."

Four Actions Cited

He reiterated four actions Congress must take "to preserve the future of the insurance agent."

"Congress first must delete the conglomerate exemption if this bill is to regulate one-bank holding companies," he said. Second, the bill must revert to the language . . . of the original Bank Holding Company Act of 1956 so that banks can only acquire what is 'closely related' to banking.

"Third," he said, "the effective date of this legislation must be rolled back in order that banks are not able to use this device to diversify into non-banking activities; and, fourth, a strong anti-tying provision must be included to serve as an important safeguard against unfair competition."

Mr. McGowan explained that the conference committee report will be brought before the Senate and the House of Representatives for a final vote when the Congress reconvenes after the November elections.

elm
December 29, 1970

①
EXECUTIVE

412.
412
412-33.
419.

Smith, Jim

TO: THE STAFF SECRETARY
FROM: PETER FLANIGAN
RE: Log No. 4492

Re H.R. 6778, the One Bank Holding Company Bill, the Bill also includes provision for minting the Eisenhower Silver Dollar. There has been considerable talk about a signing ceremony -- concentrating on the Eisenhower Dollar portion and the presence of the Eisenhower family. While this is the minor portion of the Bill, apparently Mrs. Eisenhower has shown considerable interest in it.

If it is decided not to have a signing ceremony, the Signing Statement needs elaboration. This has been a hard-fought bill, generating considerable heat both in the industry and the Congress. In particular, the Signing Statement should make reference to the Eisenhower Dollar.

Attachments

RECEIVED
JAN 19 1971
CENTRAL FILES

12/22
**Brokerage Firm
 Insurance Bill
 Voted by House**

United Press International

The House yesterday approved a compromise bill that would set up a \$150 million insurance fund to give individual investors up to \$50,000 protection in the event of failure of a brokerage firm.

The measure, approved on a voice vote, would finance the insurance fund by assessing brokers up to 1 per cent of their gross revenues. This would be backed up by authority for the Treasury Department to loan up to \$1 billion to the fund.

The bill needs Senate approval.

ROSSLYN

**PRESTIGE OFFICE
 SPACE AVAILABLE**

Many Suite
 peter

**MEMORANDUM
 OF CALL**

TO: *JC*

☒ YOU WERE CALLED BY *Geo. Crawford* ☐ YOU WERE VISITED BY—

OF (Organization)

☒ PLEASE CALL → PHONE NO. CODE/EXT. ☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU ☐ RETURNED YOUR CALL ☐ WISHES AN APPOINTMENT

MESSAGE

*S. 3431 concerns
 "Protecting Investors
 in Take-Over Situations"*

RECEIVED BY

DATE

TIME *11:35*

STANDARD FORM 63
 REVISED AUGUST 1967
 GSA FPMR (41 CFR) 101-11.6

GPO : 1969-048-16-80341-1 332-339

63-108

RESERVATION 12/22

THE WHITE HOUSE
WASHINGTON

Date: 12/30

TO: Central Files
FROM: JOHN CAMPBELL

Comments:

no signing ceremony —
One Bank Holding Company
possible statement —
Broker dealer bill as of
A.M. 12/30

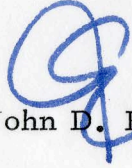
MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DECEMBER 29, 1970

FOR KEN COLE

The President has decided to have no signing ceremony on the one-bank holding company bill and will sign the clean air bill with Train, Ruckelshaus, Cahn, McDonald, their respective staffs and Whitaker and his staff present.


John D. Ehrlichman

RECEIVED
JAN 4 1971
CENTRAL FILE

THE WHITE HOUSE

WASHINGTON

December 29, 1970

Log #4492

Central Files

MEMORANDUM FOR THE STAFF SECRETARY

FROM:

WILLIAM E. TIMMONS *BT*

SUBJECT:

Enrolled Bill HR 6778 - Bank Holding
Company Act Amendments

Yes, I think we should have a signing statement. However,
I note the exclusion of the Eisenhower dollar and feel
this might alienate many of our Republican friends on
the Hill. I urge that appropriate remarks be included
pertaining to the Eisenhower dollar.

Highway Bill Signed

H. Brown
W. Brown
Jefford
Livingston
Timmons
Kerry
Cole

no statement
per Crawford
12/30/70

RECEIVED
JAN 5 71
GENERAL FILES

Statement on H. R. 6778

I am pleased to note that, in enacting bank holding company legislation, the Congress has followed my recommendation of March 24, 1969. I recommended at that time that federal regulation be extended to one-bank holding companies in order to maintain diversity and free competition, to insure the continued independence of the banking system, and to prevent banking from dominating commerce or being dominated by it.

In addition to accomplishing these purposes, the Congress has provided greater flexibility for the Board of Governors of the Federal Reserve System to permit banks to engage in activities related to banking which are not detrimental and which will be beneficial to local communities. I am sure that Chairman Burns and his associates on the Federal Reserve Board will use this new authority to enable bank holding companies to provide a full range of banking and related services to the extent that such services are desirable and beneficial.

MEMORANDUM

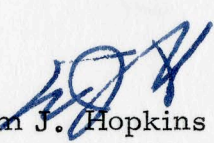
THE WHITE HOUSE
WASHINGTON

December 29, 1970

TO: JOHN CAMPBELL

OMB just phoned to say that Jim Smith at Treasury has phoned them regarding Treasury's desire to submit a signing statement on the Bank Holding Company Bill, H.R. 6778. They asked, therefore, that action on this Bill be deferred pending further word on such a statement.

The last day is January 2nd.


William J. Hopkins

Statement for the President
in Signing H. R. 6778

I am gratified to be able to sign H. R. 6778 which enacts into law two important legislative proposals of this Administration. ^{we} On March 24, 1969, this Administration proposed legislation to extend Federal regulations to one-bank holding companies. In the statement which I made ^{at that time} on March 24, 1969, urging the Congress to take prompt and appropriate action with respect to one-bank holding companies, I noted a disturbing trend toward erosion of the traditional separation of powers between the suppliers of money ^{the} (banks) and the users of money ^{the} (commerce and industry). I pointed out that if left unchecked, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. ^{Therefore} ~~and that this must not be permitted to happen.~~ I recommended ~~at that time~~ that Federal regulation be extended to one-bank holding companies in order to maintain the diversity and free competition in which the strength of our economic system is rooted, by insuring the continued independence of the banking system, and by preventing banking from dominating commerce or being dominated by it.

The basic elements of the legislation which this Administration recommended to the Congress were (1) to apply Federal regulation to one-bank holding companies, (2) to limit bank holding companies to engaging in activities related to banking, (3) to

prevent undue concentration through unregulated acquisitions of banks, (4) to prevent the use by banks of economic power to require their customers to engage in tied transactions, and (5) to provide greater flexibility for banks to make available services related to banking and beneficial to the public.

The legislation enacted by the Congress incorporates all of these elements and thus carries out in full the recommendations which we made. It is particularly gratifying that the Congress has provided greater flexibility for the Board of Governors of the Federal Reserve System to permit banks to engage in activities related to banking which are not detrimental and which will be beneficial to the public. I am sure that Chairman Burns and his associates on the Federal Reserve Board will use this new authority to enable bank holding companies to provide a full range of banking and related services to the extent that such services are desirable and beneficial to the public.

The second important recommendation which is enacted in H. R. 6778 is that pertaining to the coinage of the United States. It was recommended in 1969 that legislation be enacted which would provide for the elimination of silver from the half dollar coin and the minting of cupro-nickel half dollars of the same composition as dimes and quarters. These half dollars can now be minted in quantity and we will again have a circulating half dollar.

It was also recommended that authority be granted for the minting of a new dollar coin containing 40% silver which will bear the likeness of General Dwight David Eisenhower. The minting of 150 million of these coins honoring President Eisenhower has now been authorized. It is a personal pleasure to me to be able to sign legislation so honoring this great American with whom I was privileged to be associated.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

December 28, 1970

MEMORANDUM FOR: JOHN EHRLICHMAN

FROM: KEN COLE

Bill Timmons (Dick Cook) has supported a recommendation from Treasury for a public signing ceremony for the One Bank Holding Company bill (H. R. 6778) which has as an amendment the Eisenhower coin bill in the form desired by the President.

Timmons suggests the ceremony emphasize the Eisenhower coin with Mrs. Eisenhower present. Last day for action is January 2, this Saturday.

Flanigan is against a signing ceremony, stating that it is not a particularly important piece of legislation from the public point of view. Timmons responded to Flanigan's comments with the following:

- that in the past the President has expressed a desire to personally honor the former President with a bill signing.
- that contrary to Peter's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with our efforts to bring under regulatory control One Bank Holding Companies.
- The bill calls for regulation of holding companies by the FED. Arthur Burns was one of the key architects of the Senate-House conference compromise and we should not lose an opportunity for a public ceremony which could emphasize the continued friendly and cooperative relationship between the President and the Chairman of the FED. Timmons feels that, were he asked, Burns would want a signing ceremony on this bill.
- that this is the most significant legislation affecting financial institutions in many years.

George Shultz (Bill Gifford) agrees with Flanigan, noting that we could do something publicly later, involving Mrs. Eisenhower, Gettysburg and the first struck coins.

Given the priorities on the President's time and the bill's merits, I feel we should not have a signing ceremony, mainly because the bill affects institutions and has little impact on people, as well as little public interest.

MEMORANDUM

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WASHINGTON

December 28, 1970

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^{SUGGESTS}
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^{stating that}
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- that contrary to Peter's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with our efforts to bring under regulatory control One Bank Holding Companies.
- ^{bill} ~~that the legislation~~ calls for regulation of holding companies by the ~~Federal Reserve Board~~ ^{FED}. Arthur Burns was one of the key architects of the Senate-House conference compromise and we ^{could} ~~should~~ not lose an opportunity for a public ceremony which ~~will~~ ^{AS} emphasize the continued friendly and cooperative relationship between the President and the Chairman of the ~~Federal Reserve Board~~ ^{FED}. Timmons feels that, were he asked, Burns would want a bill signing ceremony on this bill.
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GIVEN

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Campbell

THE WHITE HOUSE
WASHINGTON

Date: 12/23

TO: KEN
FROM: JOHN CAMPBELL

Comments:

RE: FLANIGAN'S MEMO
ON SIGNING CEREMONY —
ONE BANK HOLDING COMPANY
GIFFORD AGREES NOTING
THAT WE CAN DO SOMETHING
LATER WITH THE COIN

SEE
HOWEVER, TIMMONS' REPLY
APPEALING A DECISION AGAINST
BILL SIGNING — ONE BANK HOLDING

HIS POINT ABOUT BURNS
IS A GOOD ONE

I'VE ASKED GIFFORD TO
GIVE HIS OPINIONS.

THE WHITE HOUSE
WASHINGTON

926-D

Date: 12/22

TO: Bill Gifford

FROM: JOHN CAMPBELL

Comments:

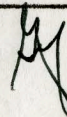
Cole agrees with Flanigan on One Bank Holding Company.

Cole needs to know your opinion on a signing ceremony for H. R. 19333 - Broker Dealer.

THE WHITE HOUSE
WASHINGTON

Date: 12/22/70

TO: John Campbell

FROM: BILL GIFFORD 

I agree with Mr. Flanigan.
We can do something public
with the coin later. Perhaps
involving Gettysburg, etc.

THE WHITE HOUSE
WASHINGTON

Sffrd?

December 22, 1970

MEMORANDUM FOR JOHN CAMPBELL

FROM: WILLIAM E. TIMMONS *WET*
SUBJECT: One Bank Holding Signing Ceremony

Re: your memorandum of December 22, I appeal the decision against a bill signing ceremony on the One Bank Holding Company bill, HR 6778, for the following reasons:

1. With respect to the Eisenhower dollar amendment to HR 6778, on several occasions last year the President personally wanted to so honor former President Eisenhower at a bill signing ceremony. Moreover, during the current holiday season, the entire Eisenhower family is available here in Washington for such a ceremony.
2. Contrary to Peter Flanigan's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with the Nixon Administration's efforts to bring under regulatory control One Bank Holding Companies.
3. The legislation calls for regulation of holding companies by the Federal Reserve Board. Board Chairman Arthur Burns was one of the key architects of the Senate-House conference compromise and we should not lose an opportunity for a public ceremony which will emphasize the continued friendly and cooperative relationship between the President and the Chairman of the Federal Reserve Board. I am certain, were he asked, Arthur Burns would want a bill signing ceremony on this bill.
4. This is the most significant legislation affecting financial institutions in many years.

With respect to the Broker-Dealer bill, I have no strong objection to a bill signing, however, it should be noted that a ceremony on this legislation will only serve to remind the public that the failure of several of our largest brokerage houses provided the impetus for the enactment of this bill. Recent feature articles in Time, Newsweek, and leading news-

papers have unnerved the typical small investor enough. Franklin Delano Roosevelt undoubtedly had a large bill signing ceremony when the Federal Deposit Insurance Corporation Act was signed only because the preceding bank failures throughout the nation were able to be blamed on the Hoover Administration.

cc: Peter Flanigan

THE WHITE HOUSE

WASHINGTON

December 22, 1970

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2. *that* Contrary to Peter Flanigan's discomfort with what opponents of this legislation might claim, this is good legislation, generally consistent with ~~the Nixon Administration's~~ *our* efforts to bring under regulatory control One Bank Holding Companies.
3. The legislation calls for regulation of holding companies by the Federal Reserve Board. ~~Board Chairman~~ *Timmons is* Arthur Burns was one of the key architects of the Senate-House conference compromise and we should not lose an opportunity for a public ceremony which will emphasize the continued friendly and cooperative relationship between the President and the Chairman of the Federal Reserve Board. *Timmons is* ~~It is certain,~~ *facts that* were he asked, Arthur Burns would want a bill signing ceremony on this bill.
4. *that* This is the most significant legislation affecting financial institutions in many years.

HR 19333
With respect to the Broker-Dealer bill, I have no strong objection to a bill signing, however, it should be noted that a ceremony on this legislation will only serve to remind the public that the failure of several of our largest brokerage houses provided the impetus for the enactment of this bill. Recent feature articles in Time, Newsweek, and leading news-

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cc: Peter Flanigan

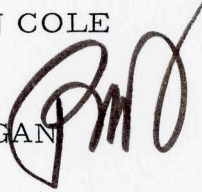
Bobbie

THE WHITE HOUSE

WASHINGTON

December 16, 1970

MEMORANDUM FOR KEN COLE

FROM: PETER FLANIGAN 

Regarding a signing ceremony on the One Bank Holding Company Bill (HR 86778), I have considerable reservations.

The One Bank Holding Company is clearly not a particularly exciting piece of legislation from the public point of view. The Eisenhower coin was hung on that Bill as an amendment. A signing ceremony might focus on the Eisenhower coin, but it certainly couldn't ignore the prime purpose of the Bill. As you know the Bill has been hard fought with opposition to the Administration's view point saying we are favoring the big banks in their efforts to set up zaibatus in the United States.

I am expecting the Broker Dealer Bill to be completed in the not too distant future. It seems to me that this bill that is designed to protect the small customer of brokerage houses, plus a reference to the Mutual Fund Bill which is designed to protect the small investors in mutual funds, has considerably more public appeal. I think it would be difficult to have a signing ceremony first on the One Bank Holding Company and then on a Broker Dealer Bill. Therefore, my recommendation would be against a signing ceremony on the One Bank Holding Company Bill and for a signing ceremony on the Broker Dealer Bill once it is completed.

THE WHITE HOUSE

WASHINGTON

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I am expecting the Broker Dealer Bill to be completed in the not too distant future. It seems to me that this bill that is designed to protect the small customer of brokerage houses, plus a reference to the Mutual Fund Bill which is designed to protect the small investors in mutual funds, has considerably more public appeal. I think it would be difficult to have a signing ceremony first on the One Bank Holding Company and then on a Broker Dealer Bill. Therefore, my recommendation would be against a signing ceremony on the One Bank Holding Company Bill and for a signing ceremony on the Broker Dealer Bill once it is completed.

HR 19333

Securities Investor Protection
Act of 1970

have yet to
Senate vote inference

auth to amend
SEC on
OR 5.3431 -
LOFA 12/25 add
to provide
additional
protection
for investors

Flanigan doesn't
object.

Can you check & see if we want a ceremony in the park holding coin. check

THE WHITE HOUSE
WASHINGTON

December 11, 1970

MEMORANDUM FOR KEN COLE

FROM: WILLIAM E. TIMMONS *BT*

SUBJECT: Public Signing Ceremony

Attached is a recommendation from Treasury for a public signing ceremony for the new Eisenhower coins.

I concur in the request for a ceremony with Mrs. Eisenhower present.

We would, of course, want to include others, such as Mansfield, Scott, Ford, etc. as well as the Director of the Mint, Secretary of Treasury, etc. if it's laid on.

What is your recommendation?

here

*sent to George Popper
12/14*

cc: Dwight Chapin
John Nidecker



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

December 9, 1970

DEC 11 1970

MEMORANDUM TO: Honorable William E. Timmons
Assistant to the President

FROM: Mr. James E. Smith
Special Assistant to the Secretary

SUBJECT: Proposed Ceremony for Presidential
Signing of Eisenhower Dollar Bill

As you know, the House and Senate conferees finally reached agreement yesterday (December 8) on the Bank Holding Company Bill (H.R. 86778), to which the Senate had attached the Eisenhower coinage bill in the form desired by the Administration.

I am advised the conference report will probably be considered by both Houses during the latter part of next week. It occurred to me that the President might wish to have a ceremonial signing of this bill with Mrs. Eisenhower present. Should you think favorably of such a ceremonial signing, I would strongly recommend that the Congressional members of the Joint Commission on the Coinage be invited to attend. This group includes all of the "principal players" on the silver issue, as well as the key Congressional members involved in the House-Senate conference on the Holding Company legislation. The Congressional members of the Joint Commission on the Coinage are as follows:

Senate

Honorable John Sparkman
Senate Banking & Currency Committee

Honorable Wallace F. Bennett
Senate Banking & Currency Committee

Honorable John O. Pastore
United States Senate

Honorable Alan Bible
United States Senate

Honorable George Murphy
United States Senate

Honorable Peter H. Dominick
United States Senate

House of Representatives

Honorable Wright Patman
House Banking & Currency Committee

Honorable William B. Widnall
House Banking & Currency Committee

Honorable Ed Edmondson
U. S. House of Representatives

Honorable Robert N. Giaimo
U. S. House of Representatives

Honorable Silvio O. Conte
U. S. House of Representatives

Honorable James A. McClure
U. S. House of Representatives

-2-

I would appreciate being kept abreast of any developments.

TIMMONS -OK
FLONIGAN -OIL
COLE -
ICEOSH -

Barker-Kelley
Central Files

I am signing today the Securities Investor Protection Act of 1970. This legislation establishes the Securities Investor Protection Corporation (SIPC), a private non-profit corporation, which will insure the securities and cash left with brokerage firms by investors against loss from financial difficulties or failure of such firms. Protection is provided up to an aggregate of \$50,000 per account, with a limit on coverage of cash of \$20,000.

In my message on Economic Policy and Productivity on June 17, 1970, I urged the formation of a corporation to afford protection to small investors, backed first by industry payments and then by funds from the U. S. Treasury. The bipartisan efforts of the Congress, the Administration, and the industry have now resulted in legislation.

Just as the Federal Deposit Insurance Corporation protects the consumer of banking services from the danger of bank failure, so will the Securities Investor Protection Corporation protect the consumer of investment services from the danger of brokerage firm failure.

This bill protects the consumer, not the broker, since only the customer is paid in the event of firm failure. This bill does not cover the equity risk that is always present in stock market investment, but it will assure the investor that the solvency of the individual firm with which he deals will not be cause for concern. This bill protects the small investor, not the large investor, since there is a limit on reimbursable losses. This bill assures that the widow, the retired couple, the small investor who have invested their life savings in securities will not suffer loss because of an operating failure in the mechanisms of the market place.

Virtually all brokers and dealers in the securities industry will be members of SIPC. These members will provide \$75 million from assessments, trust fund transfers and lines of credit from commercial banks within 120 days. The industry will continue to pay assessments based on a percentage of their gross revenues until the fund reaches \$150 million. If, contrary to expectations, this fund at any time should prove inadequate, SIPC may also call upon a \$1 billion line of credit from the U. S. Treasury. Any funds provided by the Treasury will be recovered from subsequent assessments.

This legislation contains a specific statutory mandate to the Securities and Exchange Commission to promulgate rules and regulations with respect to the financial responsibility and related practices of brokers and dealers. The SEC is given flexibility in establishing those rules and regulations.

The functioning of the securities industry is a key element in providing the means for continued growth of American business and the economy of this country. Protection for the consumer is essential, and has been provided here, as in the mutual fund bill which I recently signed. The government and the industry must work together on seeking prompt solutions to these problems. But while those problems are being defined and resolved, the consumer of investment services, the small investor, will be protected.