

DOCUMENT WITHDRAWAL RECORD [NIXON PROJECT]

DOCUMENT NUMBER	DOCUMENT TYPE	SUBJECT/TITLE OR CORRESPONDENTS	DATE	RESTRICTION
1	note	"Senator Saxbe's office" w.att.no. 2	n.d.	D
2	letter	William M. Hoiles to Eugene S. Cowen	8-3-71	D

FILE GROUP TITLE

WHCF: Subject File

BOX NUMBER

8

FOLDER TITLE

Ex FI 2 Banks - Banking [5 of 8, August - September 1941]

RESTRICTION CODES

- A. Release would violate a Federal statute or Agency Policy.
B. National security classified information.
C. Pending or approved claim that release would violate an individual's rights.
D. Release would constitute a clearly unwarranted invasion of privacy or a libel of a living person.

- E. Release would disclose trade secrets or confidential commercial or financial information.
F. Release would disclose investigatory information compiled for law enforcement purposes.
G. Withdrawn and return private and personal material.
H. Withdrawn and returned non-historical material.

sm

THE WHITE HOUSE
WASHINGTON

1543 (5)
EXECUTIVE

FI 2

FG-120

Palmer, Richard

August 5, 1971

MEMORANDUM FOR: PETER FLANIGAN

FROM: EUGENE S. COWEN *EC*

William M.
Bill Hoiles, Senator Saxbe's Administrative Assistant, discussed with me a matter involving the Northern Ohio Bank. I told him that the regulations at the White House required that we submit this to you for further handling. Please see the attached letter and take whatever action you believe is necessary.

Aug 2 10 22 AM '71
RECEIVED

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

A RESTRICTED DOCUMENT OR CASE FILE HAS BEEN REMOVED FROM THIS FILE FOLDER. FOR A DESCRIPTION OF THE ITEM REMOVED AND THE REASON FOR ITS REMOVAL, CONSULT DOCUMENT ENTRY NUMBER 1-2 ON EITHER THE DOCUMENT WITHDRAWAL RECORD (GSA FORM 7279 OR NA FORM 1421) OR NARA WITHDRAWAL SHEET (GSA FORM 7122) LOCATED IN THE FRONT OF THIS FILE FOLDER.

EXECUTIVE

FI 2

FG 17

FG 6-15

August 9, 1971

MEMORANDUM FOR:

JOHN D. EHRLICHMAN

FROM:

LEWIS A. ENGMAN

SUBJECT:

Justice Department Suggestions
for Statewide Branch Banking

I have checked out the report in "The Banker's Bulletin" that the "Nixon Administration has given its backing to a move aimed at making statewide branch banking the law throughout the nation." (See Tab A.)

The basis for the report is a Department of Justice memorandum suggesting state legislation affecting the structure of banking markets. (See Tab B.) The memorandum was sent to OMB on March 8, 1971 over the signature of the Deputy Attorney General in response to a November 16, 1970 request for proposals for suggested state legislation. In addition to state branch banking, Justice made four other suggestions, ranging from a new model State Explosives Act to re-examination of existing restrictions on prescription drug advertising. (See Tab C.)

OMB (through a Tom Graves who reports to Dwight Ink) apparently did check out the branch banking suggestion with Treasury, the Federal Home Loan Bank Board, and the Federal Reserve Board, but then forwarded the Justice suggestions without further clearance to the Council of State Governments. Graves insists that they were not forwarded as "Administration" proposals. The Council of State Governments in turn forwarded the suggestion as a "Research Paper and Policy Statement by the Department of Justice" to the members of its Committee on Suggested State Legislation. (See Tab D.)

A similar proposal concerning state branch banking was forwarded last year, and, in fact, Justice has been making state legislative suggestions through OMB to the Council of State Governments "without formal Administration clearance for at least twenty years." Ink advises me that he

RECEIVED

AUG 11 1971

CENTRAL FILES

Memorandum - John D. Ehrlichman

Page 2

August 9, 1971

was unaware of the practice and that he has taken steps to assure that in the future no such recommendations will be forwarded without some kind of clearance procedure, either through OMB or the Domestic Council.

As you know, statewide branch banking is a highly controversial subject. I seriously question whether the Administration should take a position on the subject, but if it were to do so, it is by no means clear that the Justice recommendations should be adopted.

Recommendation: It would appear that the Justice Department should advise "The Banker's Bulletin" that its memorandum paper sets forth a suggestion of the Department of Justice only for consideration by the states, and does not necessarily reflect the views of the Administration.

_____ APPROVE _____ DISAPPROVE _____ SEE ME

Enclosures

Cc: Ken Cole

A

THE BANKER'S BULLETIN

70 PINE STREET • SUITE 5208 • NEW YORK, NY 10005

AUG 5 1971

July 27, 1971

The Nixon Administration has given its backing to a move aimed at making statewide branch banking the law throughout the nation.

Banker's Bulletin has learned exclusively that the highly influential Council on State Governments is forwarding to all legislatures a Department of Justice proposal to revise banking laws so as to eliminate all geographic restrictions on branching within the states.

The position paper originally was prepared more than a year ago by staff members of the Justice Department's antitrust division. Its disclosure (by this reporter) led to a furor among banking industry leaders and a series of acrimonious letters and meetings between Justice Department officials and the Independent Bankers Association of America.

The proposal then disappeared into the clearing mechanisms of the Bureau of the Budget, which serves as an inter-agency coordinator for all Administration position papers. IT APPEARED THAT THE ADMINISTRATION HAD DECIDED TO SQUELCH THE BRANCHING PROPOSALS IN AN EFFORT TO AVOID A CERTAIN CONTROVERSY.

But, now the antitrust division's policy paper has been revised (to make the branching position still stronger) and has cleared the Administration for submission to the states.

The Council on State Governments, although an unofficial entity, has a high degree of influence since it serves as a source of information to state legislators on issues of national importance which should be settled at the state level if the Federal system is to function correctly.

It is understood that the Council was reluctant to enter the branching controversy. The group reportedly agreed to forward the position paper only as a Department of Justice proposal and not a legislative recommendation bearing the official endorsement of the Council.

However, the fact that legislators will be receiving the document directly from the Council (along with other proposals for action) will make the distinction over the endorsement a difficult one for the average state house lawmaker.

Much of the new emphasis in the antitrust division's "research paper" supporting its branching position is devoted to attacks on any "home-office protection" restrictions on branching.

The agency contends that "the tendency of restrictions of this type is to increase concentration as competitors within the insulated areas respond to normal growth pressures."

The Justice Department does concede that "essentially unrestricted branching and merging have resulted in significant increases in banking concentration in some states with relatively broad branching laws." However, the document argues that this generally has occurred at the state level while "at the local level, the more important market for most bank customers, such liberalized de novo branching has generally decreased concentration and increased competition."

The Administration offers a five-point program for suggested legislative action at the state level:

1. Carefully re-examine the bases for existing restrictions upon entry into new banking markets by qualified banks;
2. Explore the enactment of new legislation which maximizes the ability of banks to more freely respond to market forces;
3. Consider specifically:
 - (a) eliminating geographic limitations within the state upon the operation of branch offices opened de novo and perhaps upon branches acquired through merger,
 - (b) eliminating home office protection statutes, particularly in developed areas, or where such statutes protect only large banks, and
 - (c) authorizing bank holding companies which could bring new services and competition to local banking markets;
4. Provide regulatory agencies with sufficient legal flexibility to make basic decisions affecting the evolution of banking market structures; and to apply different standards on de novo branching to areas marked by disparate economic conditions and market structures; and
5. Provide statutory standards which recognize that the convenience and needs of banking markets are usually best served by maintaining competition at the highest possible level.

The Administration position unquestionably will intensify debates over branching in the state capitols although in many areas the issue may not be met head-on until early 1973, AFTER THE PRESIDENTIAL ELECTIONS OF NOVEMBER, 1972.

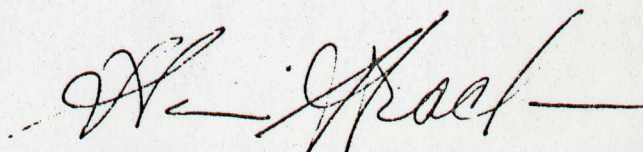
For some states (those that meet annually or in even years) the branching question will be raised anew in an election year. This will make it more difficult for proponents of wider branching because of legislators' preference to avoid touchy issues just prior to campaigns.

OTHER THINGS TO WATCH THIS SUMMER:

The FDIC's tough line on mergers instituted by Frank Wille is getting stiffer and probably will continue to take shape with each new action by the agency. FDIC just turned down an Indiana merger where one of the banks is only \$3 million in assets and also has warned the Board of Governors of the Fed that permitting Georgia-Pacific Corp. to sell its \$3.8 million bank in West Virginia to another local institution would create a monopoly. Georgia-Pacific has to get out of the banking business to comply with the Holding Company Act of 1970 and FDIC apparently believes that liquidation of its subsidiary bank would produce the same competitive results as the proposed merger.

Watch for Mr. Wille to draw some tough new rules as FDIC processes its backlog of mergers including a couple of sizable proposals.

The antitrust division's effort to establish new Sherman Act law in its test case against the owners of competing banks in Owensboro, Ky. will become moot as a result of the defendants' decision to dispose of shares in one of the banks. Department staff members are convinced that they need a court precedent in the chain banking field because of large numbers of "abuses" in small localities where competing financial institutions are jointly owned.



B

State Legislation Affecting the Structure of Banking Markets

The Department of Justice believes that it would be desirable for individual states to reexamine the operation of existing state legislation which affects the structure of banking markets -- particularly those laws which govern the opening of branch banks and the establishment of new banks and holding companies. The Department has become aware of the operation of state laws in this area as a result of its antitrust enforcement activities and it believes that, in certain instances, such laws are unnecessarily restrictive in terms of today's needs and are detrimental to the states' interest in promoting banking competition. This matter is of concern to the federal government, not only because of the competitive issues, but because the McFadden Act (12 U.S.C. §36) makes state branch banking regulations binding on nationally chartered banks as well as state chartered banks. See First National Bank of Logan v. Walker Bank & Trust Co., 385 U.S. 252 (1966). Similarly, the Bank Holding Company Act of 1956 (12 U.S.C. §1842(d)) specifically preserves any state law limitation on holding company expansion.

In many states, banking markets are insulated against the entry of new competitive forces by state legislation

which prohibits or severely limits the opening of new offices ("de novo" branching) by proven successful competitors, or otherwise prevents them from entering new areas through merger or the formation of bank holding companies.

These restrictions take a variety of different forms. In 15 states branch banking is prohibited altogether. 1/ In 16 other states limited branch banking is permitted within the local markets, 2/ but within at least 5 states some additional limitations are imposed on de novo entry into markets where existing banks have home offices or branches. 3/ In addition, multiple bank holding companies are prohibited by statute in 12 states 4/ and restricted

1/ Arkansas, Colorado, Florida, Illinois, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, North Dakota, Oklahoma, Texas, West Virginia, and Wyoming.

2/ Alabama, Georgia, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New Mexico, New York, Ohio, Pennsylvania, Tennessee and Wisconsin.

3/ Michigan, New Hampshire, New Jersey, New York and Oregon.

4/ Georgia, Illinois, Indiana, Kansas, Louisiana, Michigan, Mississippi, Nebraska, Oklahoma, Pennsylvania, Vermont, and West Virginia.

in four others. 5/ Thus, as a result of these various arrangements, there are only 13 states which have state-wide de novo branching and freedom of holding company entry. 6/

These various legislative limitations on entry stem primarily from a widespread fear of overbanking, prevalent in the period following the Bank Holiday of 1933; like other bank regulatory legislation of the period (including the Federal Reserve Act of 1933 and the Glass-Steagall Act of 1932), these laws were designed to deal with the conditions that contributed to the failure of many banks at the time of general economic depression. Restrictions on market extension through branching were designed to protect expansive banks against the dangers of over-extension and to protect the market positions of local banks against substantial competitive inroads. These restrictive laws also reflected the same kinds of general policies which Congress adopted to limit competition generally in the economy and thereby preserve failing businesses during the Depression.

5/ Kentucky, New Hampshire, New Jersey, and Washington.

6/ Alaska, Arizona, California, Delaware, Hawaii, Idaho, Maine, Maryland, Nevada, North Carolina, Rhode Island, South Carolina, and South Dakota. Four other states which permit free holding company entry allow only restricted statewide branching. (Connecticut, Oregon, Utah and Virginia).

Conditions have changed substantially since the 1930's. The risk of bank failures on a significant scale has in large part been dissipated by national economic policies and by state and federal regulatory activities, and the serious social impact of bank failure has been greatly reduced by nearly universal federal insurance of bank deposits. 7/ In these circumstances, it now seems appropriate for the states to critically re-examine the laws controlling the structure of their banking markets in the light of today's economic conditions and needs. Some states have recently taken steps to liberalize legislative schemes which have tended to unduly insulate local banking markets from new sources of competition and thereby inhibit the improvement of banking services. 8/

The basic goal in any such re-examination of the laws governing entry to banking markets should be to promote technical progress, efficiency, and innovation, while allowing banks to offer their services to customers at the lowest possible cost.

7/ Smith & Greenspun, Structural Limitations on Bank Competition, 32 Law and Contemp. Probs. 40, at 43-44.

8/ See N.Y. Bank Law, Art. 3, Sec. 105 (Supp. McKenney's, 1969-70); N.J. Stat. Ann. §17:9A-19 (Supp. 1969-70); Va. Code Ann. §6.1-39 (1966).

Competition has become a much more important consideration in banking policy in recent years. This may be seen in the Congressional deliberations on the Bank Holding Company Acts of 1956, 1966 and 1970 and the Bank Merger Acts of 1960 and 1966. It is strongly emphasized in the Supreme Court decisions involving bank mergers. Thus, in its 1963 Philadelphia National Bank decision, the Supreme Court stressed that the fact that banking was a fundamental industry, although highly regulated, made competition more important rather than less important. In its 1970 Phillipsburg National Bank decision the Court again stressed this point, and particularly emphasized the importance of maintaining competition among commercial banks in smaller communities, where the commercial choices available to the customer are necessarily more limited than in large metropolitan areas. Likewise, the President's Council of Economic Advisers has in 1970 emphasized the importance of competition in regulated industries - including commercial banking - as a means of promoting efficiency in operations and satisfying consumer demands. We think these national policies in favor of competition should be given careful consideration by individual states in any re-examination of their branch banking laws.

Competition in banking has traditionally focused primarily upon providing customers greater convenience and offering new services. In recent years, however, price competition has become a more important factor, where it is not in effect prohibited by state or federal regulation. 9/ Since pricing behavior in banking markets appears to be directly related to market concentration, 10/ increased concentration in banking markets tends to have a dampening effect on the salutary development of competitive pricing behavior and other competitive developments.

9/ The phenomenon of free checking accounts has introduced real price competition in many areas. See Weiss, Commercial Bank Price Competition: The Case of "Free" Checking Accounts, New England Economic Review, Sept., Oct. 1969.

10/ See the report of Almarin Phillips, Bank Mergers, Branching and Holding Companies in the Commonwealth of Pennsylvania, in the Pennsylvania Banking Law Commission's Statement of Issues Involved in Suggestions for Changes in Laws Governing Mergers, Branches and Holding Companies and Commission's Tentative Conclusions and Reports of Commission Economic Consultant, January 1967 at 16-17.

Usually, the legislative insulation of banking markets from new competition is accomplished by flat prohibitions on branching or by geographical restrictions on the areas in which banks may operate branch offices. These latter limitations typically prevent outside banks from entering specific areas by branching de novo or merging . 11/ Geographic restrictions on entry into new markets are often supplemented by "home office protection" statutes, which prohibit the opening of de novo branches in communities where the main office of another bank is located. The tendency of restrictions of this type is to increase concentration as competitors within the insulated areas respond to normal growth pressures. Because entry by outside banks is restricted, increased internal concentration through mergers among competitors may seem desirable as a means of providing service benefits which appear to outweigh increases in concentration. We suggest, however, that actual de novo entry of new competitors may often more

11/ See, generally, Smith & Greenspun, *supra*. A unique example is the Virginia scheme (Code of Virginia, Section 6-26) which limits de novo branching, yet allows operation of any office acquired by merger. Since an acquiring bank does not succeed to the de novo branching rights of an acquired bank and may thus be precluded from opening further offices in its new territory, many of the state's largest institutions have expanded via formation of bank holding companies, rather than by direct mergers.

effectively provide the structural alterations in a banking market which are needed in order to eliminate a noncompetitive atmosphere, or to meet unsatisfied banking needs. Where the communities affected are large and growing, geographic restrictions may substantially limit desired consumer options with respect to both price and service.

Opponents of broader access to banking markets have generally advanced two types of arguments: (1) protection against overbanking and (2) the prevention of undue concentration in broader banking markets as a result of unchecked growth through merger and de novo branching by the larger banking institutions. As noted above, policy grounds for the traditional fears of overbanking are largely unrealistic. Moreover, a premise central to industry concern about over-banking has been questioned in a recent study undertaken for the New York State Banking Department, 12/ concluding that while previously insulated banks were forced to share deposit growth with new entrants after the passage of broader branching laws, their profitability was not

12/ Kahn and Carlo, The Competitive Impact of New Branches, December 1969.

adversely affected to a significant extent. Given the potential benefits of eliminating absolute prescriptions on new entry into banking markets, it would appear that any lingering concern in this area could be satisfied by reliance upon state or federal regulatory approval requirements that would exist under new state law.

While the traditional fears of overbanking seem largely unjustified, essentially unrestricted branching and merging have resulted in significant increases in banking concentration in some states with relatively broad branching laws. ^{13/} Such increases in concentration have generally been at the state level. At the local level, the more important market for most bank customers, such liberalized de novo branching has generally decreased concentration and increased competition. Furthermore, the presence of larger banks in local markets may have benefited customers by providing more sophisticated services, larger loans, and easier

^{13/} See: Our Changing Banking Structure, Remarks of FRB Governor Mitchell before the Maine Bankers Association, June 14, 1968.

access to offices over a broad area. Nevertheless, dangers do remain when a few banking organizations occupy a substantial portion of the state market. Such organizations may have the power of preventing the creation or development of rival banking groups through early branching in potentially desirable locations or through other anticompetitive practices.

This danger when it does exist can best be dealt with by careful state regulation of de novo branching on a case by case basis. Such state regulation should be concerned with overly extensive de novo branching by a banking organization in local markets where it is already a dominant factor. It would be complimentary to present laws requiring federal regulatory approval, and antitrust scrutiny, for mergers and acquisitions involving banking institutions. 14/

If regulatory agencies can thus facilitate growth in procompetitive directions, the benefits which derive from new entry into banking markets may be achieved without adverse concentration effects throughout a region or state. Such an approach would better serve

14/ See, e.g., the Bank Merger Act, particularly 12 U.S.C. §1828(c)(5) and the Bank Holding Company Act, 12 U.S.C. §1842(c).

the public interest than the inflexible laws which currently limit new banking competition in a considerable number of the states.

In light of competitive issues such as those herein discussed, the Department suggests that the states, as appropriate:

1. Carefully re-examine the bases for existing restrictions upon entry into new banking markets by qualified banks;

2. Explore the enactment of new legislation which maximizes the ability of banks to more freely respond to market forces;

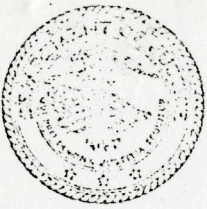
3. Consider specifically:

- (a) eliminating geographic limitations within the state upon the operation of branch offices opened de novo and perhaps upon branches acquired through merger,
- (b) eliminating home office protection statutes, particularly in developed areas, or where such statutes protect only large banks, and
- (c) authorizing bank holding companies which could bring new services and competition to local banking markets;

4. Provide regulatory agencies with sufficient legal flexibility to make basic decisions affecting the evolution of banking market structures; and to apply different standards on de novo branching to areas marked by disparate economic conditions and market structures; and

5. Provide statutory standards which recognize that the convenience and needs of banking markets are usually best served by maintaining competition at the highest possible level.

C



OFFICE OF THE DEPUTY ATTORNEY GENERAL
WASHINGTON, D.C. 20530

MAR 8 1971

Honorable George P. Shultz
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Shultz:

In response to the November 16, 1970 letter from the Office of Management and Budget requesting proposals for suggested State legislation, the Department of Justice suggests for your consideration:

1. Model State Explosives Act (new);
2. Repeal of "In-State Preference" Laws on Public Procurement (new);
3. Enactment of State banking laws designed to promote competition in banking (revised and updated from 1970 submission);
4. Reexamination of the necessity of continuing prohibitions on prescription drug advertising to protect the public health (same as 1970 submission); and
5. Repeal of requirements that aliens sign declarations of intention to become citizens in order to exercise certain privileges under State law (same as 1970 submission).

A model State Explosives Act and statements outlining each of the proposals are attached.

Sincerely,

Richard G. Kleindienst
Deputy Attorney General

Attachments

D

The Council of State Governments



IRON WORKS PIKE • LEXINGTON, KENTUCKY 40505

July 1, 1971

AREA CODE 606
TELEPHONE: 252-2291

TO: Members, Committee on Suggested State Legislation
FROM: Leo F. Kennedy, Secretary

Enclosed are copies of the following items which were not available for mass distribution at the June 10-11, 1971 meeting in Denver:

- 4-A Sale of Drugs by Established Name
- 4-B Delivery of Drugs by Mail
- 40 Beverage Container Legislation: Necessary Legislative Considerations
- 41 Landlord-Tenant Code
- 42 State Departments of Transportation
- 43 Checklist of Key Provisions for State Land Use Planning Legislation
- 45 The Detail or Transfer of State Government Employees To International Organizations
- 46 Absentee Voting
- 47 Model Act Relating to Civilian Use of Former Armed Forces Health Technicians
- 48 Research Paper and Policy Statement by the Department of Justice on the Structure of Banking Markets [Branch Banking]
- 49 Research Paper and Policy Statement of the United States Department of Justice Regarding State Restrictions on the Advertising of Retail Prescription Drugs [revised draft]
- 49 State Restrictions on the Advertising of Retail Prescription Drugs [original draft]

Item 44 on coastal zone management was withdrawn before the meeting.

LXS

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MEMORANDUM OF INFORMATION FOR THE FILE

DATE 8/13/71

EXECUTIVE

ME3/A*

FI 2

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LETTER, MEMO, ETC.

TO: Thomas W. McMahon, Jr.

Minbanc Capital Corp.
Urban Affairs Committee

FROM: The President

SUBJECT: msg to the, *American Bankers Assn

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

FIR
BEA

SEP 01 1971

August 26, 1971

Dear Mr. Purnell:

Mr. John Ehrlichman has asked this office to reply to your letter of August 13, 1971, in which you requested his assistance in getting increased amounts of Federal deposits in your bank.

In keeping with your request, we have requested that two Federal agencies explore avenues of assisting you.

Thank you for contacting us.

Sincerely,

Robert J. Brown
Special Assistant
to the President

✓
Mr. J. C. Purnell
President

✓
Liberty Bank of Seattle
2320 East Union Street
Seattle, Washington 98122

✓ bcc: Tod Hullin

RECEIVED
SEP 9 1971
CENTRAL FILES

August 26, 1971

MEMORANDUM FOR

Mr. Edward Gannon
Assistant to the
Under Secretary
Department of the Treasury

SUBJECT: Obtaining Additional Federal
 Deposits for a Seattle Bank

Ed, the attached letter and other documents indicate that the Liberty Bank in Seattle, Washington, needs help. We would appreciate any assistance that your department can provide it.

As always, thanks for your assistance and cooperation.

Robert J. Brown
Special Assistant
to the President

Attachment

bcc: Tod Hullin

August 26, 1971

MEMORANDUM FOR

Mr. James T. Blair
Special Assistant
to Assistant Postmaster General
Finance and Administration Department
U. S. Postal Service

SUBJECT: Obtaining Additional Federal Deposits
for a Seattle Bank

The attached letter and other documents indicate that the Liberty Bank in Seattle, Washington, needs help. We would appreciate any assistance that your corporation can provide it.

As always, thanks for your assistance and cooperation.

Robert J. Brown
Special Assistant
to the President

Attachment

bcc: Tod Hullin

MEMORANDUM *

THE WHITE HOUSE

WASHINGTON

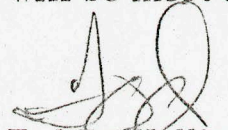
August 18, 1971

FOR BOB BROWN

Attached is a letter which Mr. Ehrlichman has received from a Black banker in Seattle requesting our efforts to increase government deposits in his bank.

John has asked that I forward this to you and request that you respond in his behalf.

Bob, as always, your help will be most appreciated.



Tod R. Hullin

Attachment



August 2, 1971

J.C. PURNELL
President

AUG 13 1971

The Honorable John D. Erlichman
Assistant to the President
For Domestic Affairs
in Washington, D. C.

Dear Mr. Erlichman:

Thank you for your efforts in our behalf in obtaining deposits.

Enclosed for your information is our latest report of Government Deposits including Federal, State and local accounts. As you are aware, we have a seemingly endless need for improvement in this field and would appreciate any continuing support you are in position to offer.

It is fully realized that the demands upon your time are inconceivable. However, my responsibility to our community dictates that all avenues possible be pursued to aid and correct the adverse conditions with which we are confronted.

Again, thank you for past assistance. We sincerely hope you will feel inclined to tender further considerations within your province.

Sincerely,

J.C. Purnell
President

JCP:ps

Encl.

FEDERAL FUNDS

Post Office Dept.	\$ 41,712.14
Army & Air Force	
Exchange Service	100,000.00
Total	\$ 141,712.14

STATE OF WASHINGTON

Robert S. O'Brien, Treas.	\$ 200,000.00
Wash. State Liquor	
Control Board	21,283.60
Total	\$ 221,283.60

CITY OF SEATTLE

E. Lorentzen, Treas.	133,337.74
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KING COUNTY

King County Treas.	100,000.00
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OTHER RELATED DEPOSITS

Seattle King County Economic Opportunity Board	\$ 150,323.35
S.O.I.C. Accounts	21,867.91
Seattle Urban League Accounts	151,731.62
Seattle Urban League/C.I.D. Revolving Bond Account	275,000.00
Total	\$ 598,922.88

CERTIFICATES OF DEPOSITS

Ministers & Missionaries Benifit Board of American Baptist Conv.	\$
Pacific Northwest Annual Conference of the Methodist Church	15,000.00
American Friends Service Committee	15,000.00
Washington State Nurses Association	6,000.00
The Domestic & Foreign Missionary Society of the Protestant Episcopal Church in the U.S. of A.	15,000.00
Metropolitan Seattle Lutheran Council	6,000.00
First Christian Church of Olympia	2,000.00
The American Lutheran Church	15,000.00
Dominican Sisters	29,000.00
Board of Pensions of the U. S. Methodist Church, Res. Pension Fund	15,000.00

Montgomery Ward Foundation		\$ 30,000.00
Seattle Community College		15,000.00
Seattle Baptist Union		7,750.00
Wheat Ridge Foundation		10,000.00
American Baptist Foreign Missionary Society		10,000.00
Northwestern Mutual Insurance		5,000.00
Sears Roebuck Foundation		20,000.00
State Farm Life Insurance Co.		20,000.00
Honeywell, Minneapolis		50,000.00
Epiphany Parish of Seattle		3,000.00
Atlantic Richfield Co.		20,000.00
Presbyterian Economic Development		101,000.00
I.B.M.		50,000.00
Seattle Urban League/ C.I.D.	Bonding	175,000.00
Seattle Urban League/ C.I.D.	for	
Reveling Bond Account	Safeco	100,000.00
	Total	\$734,950.00

OTHER LOCAL & NATIONAL DEPOSITS

Washington National Gas Co.	\$ 10,000.00
Western International Hotels	10,000.00
Seattle Times	5,000.00
Boeing	15,000.00
Equitable Life Assurance Co.	29,188.84
Prudential Ins. Co.	25,000.00
New York Life Ins. Co.	10,000.00
Childrens Orthopedic Hospital	25,470.35
Restaurant Ass'n. of Washington	41,662.90
Total	\$171,322.09

TREASURY TAX & LOAN DEPOSITS

Approximately 15 to 30 day float

General Motors	\$ 150,000	- last received - 7/09/71
IBM	100,000	- " " - 8/04/71
Kraftco	250,000	- " " - 6/14/71
Chrysler Motor Co.	150,000	- " " - 5/27/71
Pacific Northwest Bell	75,000	- " " - 4/14/71
U.S. Plywood	650,000	- " " - 7/23/71

John
RDC

H

August 30, 1971

done
C.F.

*FI2
FG112
FG12*

MEMORANDUM FOR: MIKE GRAETZ

FROM: JIM LOKEN

Attached is a copy of the internal Eximbank memorandum we discussed. The industry statistics were given Eximbank on a confidential basis. I have obtained permission from Eximbank and the industry to release the data on a confidential basis to an unidentified federal agency for a nonspecified purpose which I described as being for the benefit of the industry. I would appreciate your office abiding by these limitations.

RECEIVED
AUG 31 1971
CENTRAL FILES

elm

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 8/30/71

EXECUTIVE

FI2

FG112

FG12

LETTER, MEMO, ETC.

TO:

Mike Graczy

FROM:

Jim Loken

SUBJECT:

Eximbank

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

EXECUTIVE

FGG-11-1/Harper, Edwin L.
F-12

THE WHITE HOUSE
WASHINGTON

September 2, 1971

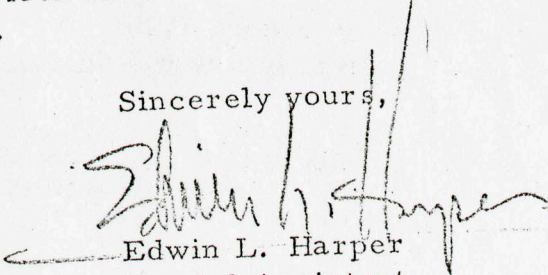
Dear Mr. Schwartz:

Thank you very much for your letter of August 27th inviting me to be a guest at your informal dinner program in New York. I am honored to have been invited and accept with pleasure.

My schedule is such that the last two weeks of September or the first week in October would be best for me. Our annual budget meetings, nearing the last half of October and the first half of November, effectively prevent my accepting out-of-town engagements.

Please give me a call when you identify a specific date on which you would like me to come. I look forward to meeting you and participating in your program.

Sincerely yours,


Edwin L. Harper
Special Assistant
to the President

Mr. William D. ^xSchwartz
60 Broad Street
New York, New York 10004

elm

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

CF (4)

EXECUTIVE

FI 2

FI 5

FG 999

FG 6-16

FG 12

September 14, 1971

MEMORANDUM FOR MR. FLANIGAN

From: Dave Gillogly, OMB *UKP*

Subject: Draft justification materials
for FFB bill

Enclosed is the draft of FFB support materials you requested. Because of the tight timing involved, you should be aware that this has had minimal staff review at OMB and Treasury and no policy level coordination at either agency. I will distribute OMB and Treasury copies promptly and let you know if changes are requested.

I am available to discuss any questions you may have after reviewing the material.

Enclosures

cc: Jim Loken

C^x
Federal Financing Bank

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CENTRAL FILE

Federal Financing Bank Proposal
Background and Justification Statements

In his January 29, 1971 budget message, the President stated:

"(...) Federal credit programs which the Congress has placed outside the budget--guaranteed and insured loans, or loans by federally sponsored enterprises--escape regular review by either the executive or the legislative branch. The evaluation of these extrabudgetary programs has not been fully consistent with budget items. Their effects on fiscal policy have not been rigorously included in the overall budget process. And their effects on overall debt management are not coordinated well with the overall public debt policy. For these reasons, I will propose legislation to enable these credit programs to be reviewed and coordinated along with other Federal programs."

The legislation which the President is now proposing to implement this policy--the Federal Financing Bank Act of 1971--will provide for or improve the review and coordination of all Federal and federally sponsored financing programs and provide a vehicle, the Federal Financing Bank, to achieve their more efficient and effective financing.

Policy objectives

The three basic policy objectives of the Act are:

- to promote greater cost and management efficiency in program financing;
- to lessen conflicts with Federal debt management; and
- to assure consistency of financing and credit program plans with the objectives of overall fiscal, economic, and credit policies--by facilitating Presidential control over them.

These are valid and desirable policy objectives even for credit programs that are otherwise controlled in the President's budget.

Principal features of the bill

The bill has three principal features--each of which will assist in attaining one or more of these policy objectives. Specifically, it:

- provides for a Federal Financing Bank to centralize the marketing for many of the Federal agencies' financing programs;
- provides for advance submission of financing plans and for Treasury approval of method and source of financing, timing, rates of interest, maturities, and all other terms and conditions of borrowing or loan guarantees, particularly when the facilities of the Federal Financing Bank are not used; and
- provides for submission of budget plans for credit programs previously excluded from Presidential review, and for limitation if overall fiscal requirements and credit demands so warrant.

Rationale for the policies underlying the FFB bill

Foremost among the reasons for the proposed bill is the phenomenal recent growth of Federal credit programs--almost all

of it outside the discipline of the Federal budget and fiscal policy. Most problems arising in the credit area either stem from this growth or have been aggravated by it.

The total volume of foreign and domestic loans to housing, agriculture, and other sectors which are made or guaranteed by Federal and federally sponsored agencies has increased from slightly under \$100 billion outstanding in 1960 to the current level of over \$200 billion and these borrowings are estimated to increase to over \$250 billion outstanding on June 30, 1972. Nearly four-fifths of this credit has been financed outside the Federal budget; more than 90% of the 1972 increase will be so financed.

Largely because of the growth of credit programs financed outside the budget, net new borrowings from the public by Federal and federally assisted borrowers is estimated in the 1972 budget to increase from \$20.5 billion in fiscal 1970 to \$40.6 billion in fiscal 1972. As a percentage of the total funds advanced in the credit markets (FRB flow-of-funds estimates), this Federal "preemptive" share will increase from 12% in fiscal 1969 and 23% in fiscal 1970 to roughly 30% in fiscal 1971 and 30 to 35% in fiscal 1972.

The steep upward trend in the Federal "preemptive" share appears destined to be self-perpetuating. As a growing percentage of the total credit supply is preempted for Federal

programs, and as the interest subsidy in these programs increases, the resulting pressures on market rates of interest lead to increased demands for new federally sponsored banks, guarantees, and subsidies for the remaining unassisted borrowers. The continued expansion of Federal credit at a rate faster than the growth of credit resources would create ever mounting difficulties for private borrowers, for State and local government financing, for the management and survival of many Federal programs, for debt management, for fiscal and monetary policy, and, indeed, for the entire economy. While the effect of such credit growth on inflation has not been adequately studied, it is reasonable to expect that there is a significant causal relationship.

There is not now any effective means of controlling the growth of Government assisted loans, since the loan outlays are subject to only minimal Federal budget discipline and since there are scores of individual programs administered by a number of uncoordinated Federal agencies using a wide variety of complex financing techniques.

The problems associated with the size and continued growth of Federal credit programs have been complicated by several related conditions.

- ° Central coordination of borrowing and loan guarantee activities is very difficult to achieve. In general,

each program administrator has assembled his own team of financing managers, resulting in duplication of effort and a shortage of adequate expertise. The proliferation of Federal credit instruments of diverse quality, terms, conditions, and timing complicates the marketing process unnecessarily and results in higher costs, disruptive financial flows, and interference with Federal debt management and fiscal policy. While many of the agency programs either placing or guaranteeing issues placed in the market only are subject to coordination with Treasury's financial management advisors, a large and growing number of these are not. Some of the coordination requirements are vague or incomplete, and none require advance submission of financing plans as required in the FFB bill.

- ° As is noted above, by far the greatest growth in Federal and federally-assisted credit since 1968 has been in program activities that were placed outside the discipline of the budget. Direct loan volume will show an almost negligible 2% growth during the 1968-72 period, while guaranteed and insured loan programs will grow \$44 billion (net) and 46%, and programs of federally-sponsored enterprises are expected to grow \$44 billion or 300%. (\$16 billion of the latter, of course, is due to the placement by Congress of these major lending agencies outside the budget in 1969.)

Given this situation, there can be little or no forward planning or coordination of Federal credit program financing with overall financial planning. The financing of these programs has had serious adverse impacts on financial markets and on the Federal budget. Because of the cumbersome nature of many of these securities, the limited markets in which they are sold, disruptions of the flow of investor funds during periods of tight credit, legal interest rate ceilings, and other factors it frequently becomes essential at the last minute to finance many of these programs directly in the budget or to resort to asset sales and other costly financial techniques. By the time it is recognized that the various federally-guaranteed obligations cannot be placed in the market on reasonable terms, program commitments have already been made.

Budget stringencies have frequently created pressures that perpetuate this situation. The stringencies--which always exist--create pressures to establish new Government backed financing agencies most of which would be outside the budget. Currently, such banks are being proposed for student loans, international development, small business, environmental facilities, community development, and other special purposes. Further proliferation of such special purpose banks, competing with each other and with the Treasury in the bond market,

will add to the problems of Federal debt management and uncontrolled expansion of Federal credit programs.

- ° The cost of financing Federal credit assistance programs is high. These costs are raising serious questions of management efficiency and interest costs of the various financing methods normally exceed Treasury borrowing costs by substantial amounts for budget agencies making direct placements or guaranteeing private placements, despite the fact that most of these issues are guaranteed by the Federal Government. Underwriting costs are often an additional cost factor due to the method of marketing.
- ° The limited markets for some of these issues, combined with cyclical credit flows among institutions and markets, aggravate program cash flow problems and pose special difficulties for Federal debt management.
- ° Tax inequities and excessive costs of borrowing have developed in programs financed in whole or in part through State and local borrowing. The financing of federally-assisted credit programs in the tax-exempt bond market has been increasing rapidly and is expected to account for more than 25% of the total supply of funds to State and local borrowers in the next few years. These demands add to pressures on tax-exempt bond rates resulting in greater inequities in the tax system and higher borrowing costs for State and local projects not receiving direct Federal credit assistance.

The Federal Financing Bank bill will not solve all of these problems but it will go a long way toward easing and rationalizing them. The discipline of improved management of Federal financial operations is urgent now but it will become even more critical for the years ahead.

Establishment of the proposed Federal Financing Bank would eliminate the need for additional special purpose banks and would help to assure an allocation of credit to these various purposes consistent with national priorities. Financing these programs through the Bank would assure greater flexibility and a broader market for the securities as well as coordination and planning in light of overall credit availability. The proposed Federal Financing Bank would be an intermediary between Federal credit assistance agencies and private investors. This will provide a focal point for explicit and early recognition of the volume and cost of the proposed level of Government assisted credit and its likely impact on financial markets in the light of total demands and supply of credit available in the economy.

The Bank would remove the financing of federally-assisted programs from the municipal market, thus reducing the borrowing costs of all States and localities. Municipal borrowers under these federally-assisted programs would continue to receive the same low interest rates and other subsidies now provided. Shifting the financing of these assisted programs from the tax-exempt to the taxable bond market would raise no

legal or other questions regarding the principle of tax-exempt interest, since the Bank would be a Federal agency issuing its own taxable obligations in the private market and then lending to States and localities at interest rates equivalent to or lower than tax-exempt rates. In fact, the reduction in State and local interest costs, which will result from the removal of federally-assisted programs from the municipal bond market, may be viewed as an additional form of Federal aid with no strings attached.

Coverage of the bill

Arguments will be made that some programs are unique and have urgent priorities and, therefore, should be exempted from one or more provisions of the bill. This desire for maximum administrative freedom in promoting programs is understandable, perhaps commendable--but the policy cannot be successful if exemptions are permitted to erode credibility and provide precedents for each successive claimant. Moreover, the common benefit of all will best be served if the controls apply to all, and if wide access to the facilities of the FFB is accorded. Because the borrowing operations of Federal National Mortgage Association, the Federal Home Loan Bank System and the Farm Credit System are so large and well established as to approach the efficiency of Treasury borrowing,

these agencies would gain little advantage from FFB financing. Their exclusion extends only to access to the bank--and not to the Section 7 requirements for Treasury coordination of their borrowing or Section 16 requirements for Presidential review and possible limitation in view of fiscal and economic considerations.

Some institutions, including the Farm Credit System institutions and the Postal Service, might appear to warrant exemption because they are privately owned or have statutory independence. These arguments deserve consideration.

First and foremost, privacy and independence are not grounds for avoiding the Government's responsibility for making such adjustments in economic or financial structure as are necessary to maintain a viable economic system. Despite this Administration's strong desire to minimize intervention in the private sector, various components of this sector are regulated or controlled in many respects. At times, governmental intervention must be extended still further, as the President did in his New Economic Plan on August 15.

Some parts of our financial system -- more clearly private than the Federally sponsored credit enterprises -- are more comprehensively regulated than those which have enjoyed Federal sponsorship and support. Among these are banks and thrift institutions.

The Federal Government has several major ways to influence the course of the economy -- monetary policy,

fiscal policy, and regulation. When very large institutional groups are permitted to escape the discipline of all of these, effectiveness of the Government's actions can be seriously impaired.

Another response to the privacy argument is that no Administration or Congress is likely to permit such important institutions to fail. The investment community candidly assumes this to be the case; the assumption by investors that there is, implicitly, Federal guarantee of these institutions' securities is clear in the market's favored pricing of issues and in the grouping of these securities with Federal Government issues in the financial press. Moreover, no repayment of previous Government capital and support can ever erase the advantage of their original establishment as going concerns with Government capital. Some of these still retain Federal support of a variety of forms--such as through borrowing authority, tax exemption, and portfolio guarantee.

How the bank and other provisions will work.

At this time it is difficult to speculate on precisely how each borrowing or loan program will be affected. Each program has its own unique characteristics. The FFB, for instance, will need time to become established. Even when fully operative, not all agencies will be borrowing from it,

nor will the bank be buying all forms of guaranteed or insured credit. Some priority will no doubt be given to the purchase of Federally guaranteed tax-exempts.

Nor will credit activities all necessarily be tightly controlled at all times--either as to terms and conditions or program level; controls will be judiciously applied only as and when appropriate. In particular, where programs guaranteeing small loans are involved, Treasury approval requirements will obviously be on a class basis, adjusted periodically, rather than extended to individual loans.

Exhibit A

Impact of Federal and Federally-sponsored
borrowing on financial markets

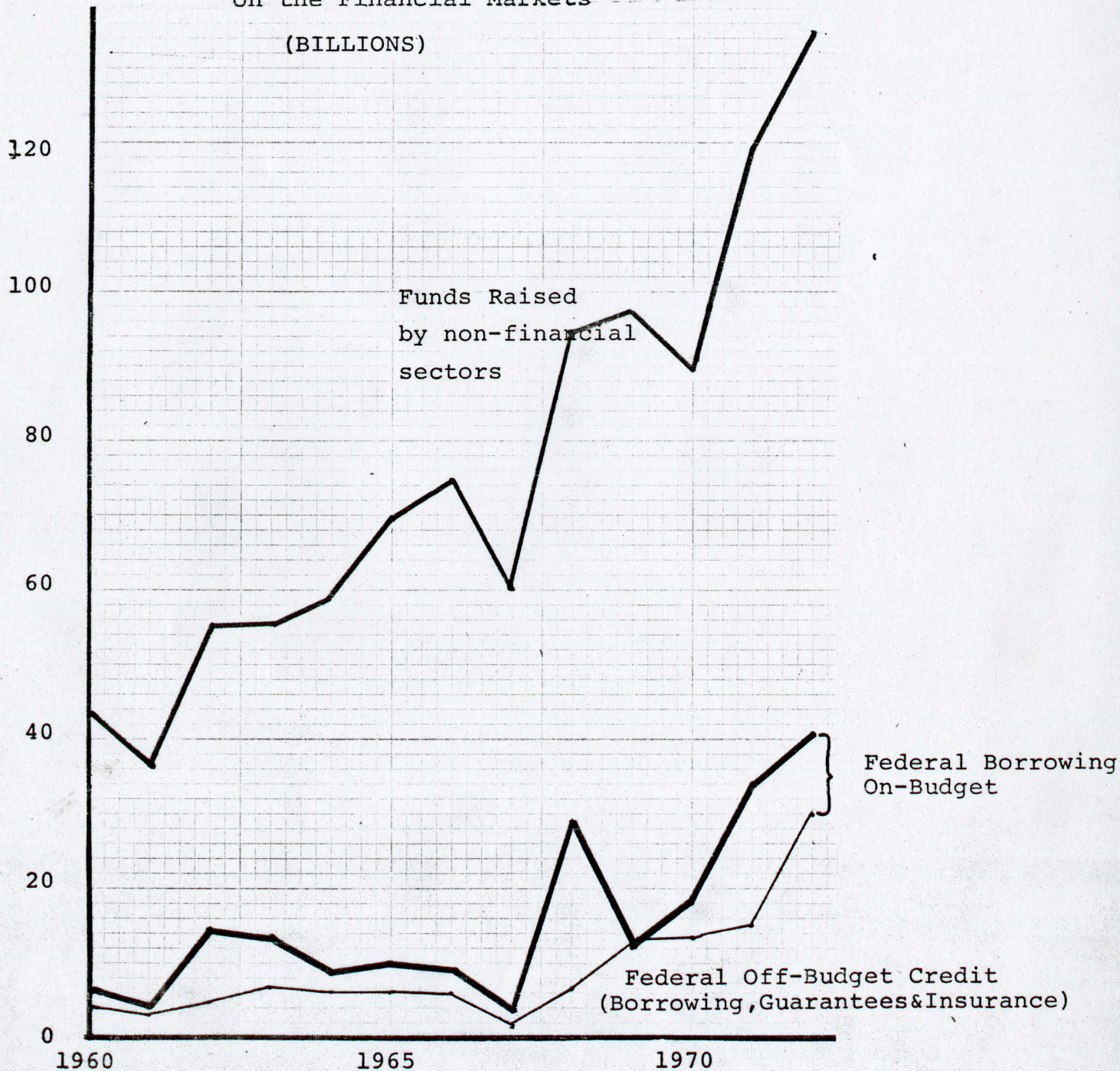
	<u>1960-1968 average</u>	<u>1969 actual</u>	<u>1970 actual</u>	<u>1971 Prelim.</u>	<u>1972 est. ^{1/}</u>
A. Borrowing of Federally sponsored agencies	0.8	5.4	10.7	1.2	9.2
B. Guaranteed and insured borrowing-- net after deducting loans held in Federal and Federally sponsored accounts	<u>4.0</u>	<u>7.4</u>	<u>2.3</u>	<u>15.0</u>	<u>20.7</u>
C. Subtotal--off-budget credit	4.8	12.8	13.0	16.2	29.9
D. Federal borrowing from public	<u>6.2</u>	<u>-1.0</u>	<u>5.4</u>	<u>19.5</u>	<u>10.6</u>
E. Total Federal impact	11.0	11.8	18.4	35.7	40.5
<u>Memo</u>					
F. Funds advanced in the credit markets	61.2	96.8	89.0	119.3	135.0
G. C as % of F	8%	13%	15%	14%	22%
H. E as % of F	18%	12%	21%	30%	30%

1/ Estimates from 1972 budget (upward revisions anticipated)

Note: See attached chart.

Impact of Federal and Federally Sponsored Borrowing on the Financial Markets

(BILLIONS)



Characteristics of Federal and Federally-sponsored Agency Borrowing
or Lending Activities With Respect to Federal Financing Bank Bill

Exhibit B

(Note: See attached legend for explanation of codes)

Agency and/or Program	1	2	3	4a		4b		4c	
	Legislative Status	Generic Differences	Type of Financing or Credit Activity	Coordinated Financing		Financing Efficiency		Budget Review	
				Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill
-- <u>Federally sponsored agencies</u> - <u>Privately owned capital - off-budget</u>									
Federal National Mortgage Assn.	a	a, g, i, k	c	2	1	5	2	7	1
Banks for Cooperatives	a	a, g, i, k	a (d, e proposed)	4	1	5	2	6	1
Federal Intermediate Credit Banks	a	a, g, i, k	a	4	1	5	2	6	1
Federal Land Banks	a	a, g, i, k	a	4	1	5	2	6	1
Federal Home Loan Banks	a	a, g, i, k	a	2	1	5	2	6	1
Federal Home Loan Mortgage Corp.	a	a, g, i, k	c	3	1	5	2	6	1
D.C. Development Bank	e	a, g, i, k	a	2	5	5	1	6	6

Characteristics of Federal and Federally-sponsored Agency Borrowing
or Lending Activities With Respect to Federal Financing Bank Bill

(Note: See attached legend for explanation of codes)

Agency and/or Program	1	2	3	4a		4b		4c	
	Legislative Status	Generic Differences	Type of Financing or Credit Activity	Coordinated	Financing	Financing	Efficiency	Budget	Review
				Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill
-- <u>Federally sponsored agencies</u> - <u>Federal Capital - off-budget</u>									
FAB - Economic assistance-- International Development Bank	e	c, e, i, j	a	3	1	5	1	4	1
Overseas Private Inv. Corp.	b	b, e, i, j	e, f	5	1	7	1	4	1
Agriculture - Rural Dev. Bank	e,f	c, g, i, j	a	3	1	5	1	2	1
DOT - AMTRAK	c	b, g, i, j	b, e, f	3	1	5	4	6	1
HEW - National Student Loan Assn.	e	c, g, i, j	a	3	1	5	1	6	1
HUD - Urban Development Bank	g	c, f, i, j	a	1	1	5	1	7	1
Treasury - Environmental Financing Authority	e	c, f, i, j	a	2	1	5	1	6	1
Export Import Bank	a	d, e, i, j	a,c,d,f	2	1	6, 8	1	5	1
NCUA - National Credit Union Bank	g	b, f, i, j	a	5	1	5	1	6	1
National Development Bank	g	c, g, i, j	a	3	1	5	1	6	1

Characteristics of Federal and Federally-sponsored Agency Borrowing
or Lending Activities With Respect to Federal Financing Bank Bill

(Note: See attached legend for explanation of codes)

Agency and/or Program	1	2	3	4a		4b		4c	
	Legislative Status	Generic Differences	Type of Financing or Credit Activity	Coordinated Financing		Financing Efficiency		Budget Review	
				Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill
<u>Federal Budget Agencies</u>									
Funds appropriated to the President									
AID - Economic assistance guarantees	a	d, e, 1	f	5	1	7	4	5	1
Agriculture									
FHA rural housing loan insurance	a	d, e, 1	c, d	2	1	5, 8	1, 3	1	1
FHA agricultural credit insurance	a	d, e, 1	c, d	2	1	5, 8	1, 3	1	1
REA Rural telephone bank	d	c, f, h	a	2	1	5	1	1	1
Commerce									
MARAD-ship mortgage insurance	a	d, e, 1	d, e	5	1	5, 7	1, 3	5	1
EDA	a	d, e, 1	e	5	1	7	4	5	1
Trade adjustment assistance	a	d, e, 1	e	5	1	7	4	5	1
Defense									
Military housing assistance- mortgage assumptions	a	d, e, j	b	5	1	5	4	2	1
Military credit sales- insured loans	a	d, e, 1	f	5	1	7	4	5	1
Defense production guarantees	a	d, e, 1	f	5	1	7	4	5	1
Health, Education and Welfare									
OE-sales of NDEA student loans	e	d, e, 1	c	5	1	8	3	2	1
OE-higher education facilities construction	a	d, e, 1	e, f	5	1	7	4	4	1
OE/NIH - student loan insurance	a	d, e, 1	f	5	1	7	3	4	1
HSMHA - medical facilities construction guarantees	c	d, e, 1	e, f	5	1	7	3	4	1

Characteristics of Federal and Federally-sponsored Agency Borrowing
or Lending Activities With Respect to Federal Financing Bank Bill

(Note: See attached legend for explanation of codes)

Agency and/or Program	1	2	3	4a		4b		4c	
	Legislative Status	Generic Differences	Type of Financing or Credit Activity	Coordinated	Financing	Financing	Efficiency	Budget	Review
				Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill
Housing and Urban Development									
GNMA - guarantee mortgage backed securities	a	c, e, l	e	3	1	7	4	4	1
GNMA (rollover of PC's)	a	c, e, j	a	2	1	5	1	2	1
GNMA - sale of mortgages	a	c, e, l	c	2	1	8	4	2	1
FHA - debentures for housing acquired under mortgage insurance program	a	c, d, e, j	b	5	1	6	4	4	1
FHA - sale of mortgages	a	c, d, e, l	c	5	1	8	4	2	1
FHA - insurance of mortgages	a	c, d, e, l	f	5	1	7	4	4	1
College housing - debt service subsidies (principal unguaranteed)	a	d, e, k	e, f	5	1	7	3	5	1
Public housing - guarantee of local housing authority obligations; U.S. pays debt service	a	d, e, l	e, f	5	1	7	3	5	1
Urban renewal - guarantee project notes of local RLA's	a	d, e, l	e, f	5	1	7	3	5	1
Department of Transportation									
Rail trustee certificate guarantees	c	d, e, l	e	5	1	7	4	4	1
Fastear	h	d, e, j	b	1	1	5	1	1	1
Washington Metropolitan Area Transit Authority - revenue bonds	e	b, g, i, j	b, e	3	3	5	1	5	1
Treasury									
Emergency loan guarantees (Lockheed)	d	d, e, l	f	1	1	7	4	4	1
Guarantees of SIPC obligations	c	d, g, l	e	5	5	7	4	4	4
General Services Administration	a	d, e, l	c	5	1	8	4	2	1

Characteristics of Federal and Federally-sponsored Agency Borrowing
or Lending Activities With Respect to Federal Financing Bank Bill

(Note: See attached legend for explanation of codes)

Agency and/or Program	1	2	3	4a		4b		4c	
	Legislative Status	Generic Differences	Type of Financing or Credit Activity	Coordinated Financing		Financing Efficiency		Budget Review	
				Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill	Before FFB Bill	After FFB Bill
Postal Service	c	c, g, j	b	3	1	5	1	3	3
Veterans Administration- Veterans loan guarantees	a	d, e, l	f	5	1	7	4	4	1
Small Business Administration									
Business loan guarantees	a	d, e, l	f	5	1	7	4	4, 5	1
SBIC loan and debenture guarantees	a	d, e, l	c, d, e, f	5	1	5, 7	3	4, 5	1
MESBIC loan guarantees	a, e, h	d, e, l	e, f	5	1	7	4	5	1
Tennessee Valley Authority	a	d, e, j	b	2	1	5	1	2	1

Legend - for attached chart of characteristics of Federal and Federally-sponsored agency borrowing or loan guarantee activities with respect to Federal Financing Bank bill

Col.1. Legislative status code

- a. Existing program - 1968 or earlier
- b. New (1969)
- c. New (1970)
- d. New (1971)
- e. Proposed - Administration sponsored
- f. " - Admin. support or no objection
- g. " - Admin. opposes, but has significant Congressional support (does not necessarily imply probable passage)
- h. " - No Administration position yet; significant Congressional support.

Col. 2 Generic differences

- Ownership
 - a. private capital only
 - b. mixed ownership
 - c. Federally-owned corporation
 - d. Federal agency
- Presidential control of agency admin.
 - e. Subject to full control
 - f. control moderately limited
 - g. control severely limited
- Federal support
 - h. access to customary budget resources
 - i. contingency authorities to borrow from U.S. or sell stock to U.S.
 - j. Federal guarantee of debt issues
 - k. implied Federal guarantee of debt issues
 - l. Federal guarantee or insurance of private debt.

Col.3 Type of financing or credit activity

- a. Borrowing from the public for relending to private borrowers.
- b. Borrowing from the public for other capital programs.
- c. Sale of direct loan assets (with guarantee).
- d. Guarantee (or insurance) of non-Federal borrowing -- through substitute issuance of separate Federal obligations.
- e. Guarantee (or insurance) of non-Federal borrowers issuing bond-type obligations.
- f. Guarantee (or insurance) of non-Federal borrowers making loan-type obligations.
- 4. Status of Agency Financing Activities - re-coordinated financing, financing efficiency, Presidential review of program plans -- before and after FFB bill.

Col. 4a. Coordinated Financing -- centralized coordination by Treasury

- (1) Approval by Treasury of method and source of financing, timing, rates of interest, maturities, all other terms and conditions. Advance submission of financing plans (except as controlled by statute). (Sec.7 of FFB bill).
- (2) Most of above--with some exceptions, particularly advance submission of financing plans.

Col.4(a)cont.

- (3) More limited than (2) above.
- (4) No coordination required, but agency coordinates voluntarily.
- (5) No coordination - agency makes own determinations (except as controlled by statute)

Col. 4(b) Financing Efficiency --re authority to borrow from most efficient source consistent with cost and Federal management objectives.

- (1) Authority to borrow from FFB (Sec. 6 of bill). (Retains all prior borrowing authorities, subject to Secs. 7 and 16 of the bill).
- (2) Cannot borrow from FFB (Sec. 6 of bill). (Retains all prior borrowing authorities, subject to Secs. 7 and 16 of the bill.)
- (3) FFB can buy guaranteed loans or issues -- may consider.
- (4) FFB could buy guaranteed loans or issues -- but is not likely to do so.
- (5) Can borrow in private capital markets only; or is authorized to borrow from Treasury subject to contingencies or budget constraints; will customarily borrow in private capital markets.
- (6) Can borrow from both private markets and Treasury, and does both.
- (7) Primarily a guarantor or insurer of non-Federal borrowers. Borrowing, if any, is only from Treasury, and is incidental to program.
- (8) Primarily a direct lender, but loan sales to private markets are substantial or frequent.

(see next page)

Legend

Col. 4(c) Presidential review of programs plans --
with respect to financing impacts on the economy

- (1) Budget program must be submitted to President; may limit when fiscal requirements and demands for credit indicate necessity. (Sec. 16 of FFB bill).
- (2) Financing controllable in normal budget review process.
- (3) Financing not controllable; on budget, but special provisions.
- (4) Guaranteed and insured loan programs not customarily controlled in budget process.
- (5) Guaranteed and insured loan programs controlled indirectly by statutory fractional reserve requirements or interest subsidy features (but not in context of overall Federal credit impact on the economy).
- (6) Off budget agency -- no program review conducted.
- (7) Off budget agency -- no program review conducted, but limited controls possibly available through cabinet department or independent agency under selected statutory authority.

Central file

September 13, 1971

MEMORANDUM FOR:

DAVE GILLOGLY

FROM:

JIM LOKEN

Mr. Flanigan suggested that I send the attached material to you concerning the impact of the Federal Financing Bank Act on the U. S. Postal Service. In particular, Mr. Flanigan would like your views as to whether the existing budgetary and fiscal controls on U. S. P. S. would be adequate to achieve the essential purposes of the Federal Financing Bank Act and how, those controls would be changed by the bill currently under consideration.

RECEIVED
SEP 15 1971
CENTRAL FILES

EXECUTIVE SPEAKERS BUREAU

September 28, 1971

Place under
rest of Fall

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EXECUTIVE

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FI 2

Dear Myles:

Unfortunately, we weren't able to deal face-to-face in my first official contact with your office. However, I do want to thank you for accepting the Bank of Ireland invitation, which I'm sure will turn out to be kind of an enjoyable event for you anyway. Charlie Walker was going to do it, but because of another commitment, he suggested you as the most appropriate individual. You're being Irish, from New York and having a banking and finance background, bears out his choice as being absolutely correct. I imagine they might also attempt to ply you with a touch of Irish whiskey.

Many thanks for your cooperation and I hope we can get together for a chat sometime soon.

Sincerely,

Patrick E. O'Donnell
Staff Assistant

Mr. Myles ^xAmbrose
Commissioner of Customs
Department of the Treasury
Washington, D.C.

cc/

EXECUTIVE

FI2
BE4
HU2

(2)

September 28, 1971

Dear Mr. Mitchell:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

President Nixon has endorsed this campaign, stating that "encouraging increased minority group business activity is one of the priority aims of this Administration."

Of the \$100 million goal, \$35 million has been set as the U. S. Government's share; \$65 million as the objective of private business.

The Executive Office of the President is assisting the Treasury and Commerce staffs to ensure that the various federal agencies do their part and collectively meet the federal goal.

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Twenty Six (26) letters attached
Green copies used for name file
White copies used for org.

RECEIVED
SEP 29 1971
CENTRAL FILES

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Charles S. Mitchell
Chairman
Cities Service (Delaware) Company
60 Wall Street
New York, New York 10005

Enclosures

LG:el

September 28, 1971

Dear Mr. Shumway:

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Sincerely,

Leonard Garment

Mr. Forrest N. Shumway
President
Signal Companies, Inc.
1010 Wilshire Boulevard
Los Angeles, California 90017

Enclosures

LG:

September 28, 1971

Dear Mr. Spahr:

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Leonard Garment

Mr. Charles E. Spahr
Chairman
Standard Oil Company (Ohio)
Midland Building
Cleveland, Ohio 44115

Enclosures

LG:el

September 28, 1971

Dear Mr. Atkins:

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Sincerely,

Leonard Garment

Mr. Orin E. Atkins
President
Ashland Oil, Inc.
1409 Winchester Avenue
Ashland, Kentucky 41101

Enclosures

LG:el

September 28, 1971

Dear Mr. Getty:

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Leonard Garment

Mr. George F. Getty II
Executive Vice President
Getty Oil Company
3810 Wilshire Boulevard
Los Angeles, California

Enclosures

LG:el

September 28, 1971

Dear Mr. Donnell:

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Leonard Garment

Mr. J.C. Donnell II
President
Marathon Oil Company
539 South Main Street
Findlay, Ohio 45840

Enclosures

LG:el

September 28, 1971

Dear Mr. Hess:

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Sincerely,

Leonard Garment

Mr. Leon Hess
Chairman
Amerada Hess Corporation
51 West 51st Street
New York, New York 10019

Enclosures

LG:el

September 28, 1971

Dear Mr. McGee:

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Sincerely,

Leonard Garment

Mr. D. A. McGee
Chairman
Kerr-McGee
133 Robert S. Kerr Avenue
Box 25861
Oklahoma City, Oklahoma 73125

Enclosures

LG:el

September 28, 1971

Dear Mr. Logan:

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Sincerely,

Leonard Garment

Mr. John O. Logan
President
Universal Oil Products Company
30 Algonquin Road
Des Plaines, Illinois 60016

Enclosures

LG:el

September 28, 1971

Dear Mr. Clark:

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Sincerely,

Leonard Garment

Mr. Emery T. Clark
Chairman
Clark Oil & Refining Corporation
8530 West National Avenue
Milwaukee, Wisconsin 53227

Enclosures

LG:el

September 28, 1971

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Sincerely,

Leonard Garment

Mr. Charles Murphy
President
Murphy Oil Corporation of Oklahoma
200 Jefferson Avenue
El Dorado, Arkansas 71730

Enclosures

LG:el

September 28, 1971

Dear Mr. Trapnell:

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Sincerely,

Leonard Garment

Mr. William H. Trapnell
Chairman
Commonwealth Natural Gas Corporation
200 South Third Street
Richmond, Virginia 23219

Enclosures

LG:el

September 28, 1971

Dear Mr. McLean:

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Sincerely,

Leonard Garment

Mr. John G. McLean
President
Continental Oil Company
30 Rockefeller Plaza
New York, New York 10020

Enclosures

LG:el

September 28, 1971

Dear Mr. Keeler:

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Sincerely,

Leonard Garment

Mr. W. W. Keeler
Chairman
Phillips Petroleum Company (Delaware)
Bartsville, Oklahoma 74003

Enclosures

LG:el

September 28, 1971

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I would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made between now and October 31, 1971.

Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Dr. Armand Hammer
Chairman
Occidental Petroleum Corporation
10889 Wilshire Boulevard
Los Angeles, California 90024

Enclosures

LG:el

September 28, 1971

Dear Mr. Dunlop:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Robert G. Dunlop
Chairman
Sun Oil Company
1608 Walnut Street
Philadelphia, Pennsylvania 19103

Enclosures

LG:el

September 28, 1971

Dear Mr. Hartley:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Fred L. Hartley
President
Union Oil of California
Union Oil Center
Los Angeles, California 90017

Enclosures

LG:el

September 28, 1971

Dear Mr. Jamieson:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. J. K. Jamieson
Chairman
Standard Oil of New Jersey
30 Rockefeller Plaza
New York, New York 10020

Enclosures

LG:el

September 28, 1971

Dear Mr. Warner:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Rawleigh Warner, Jr.
Chairman
Mobil Oil Company
150 East 42nd Street
New York, New York 10017

Enclosures

LG:El

September 28, 1971

Dear Mr. Granville:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Maurice F. Granville
Chairman
Texaco, Inc.
135 East 42nd Street
New York, New York 10017

Enclosures

LG:E1

September 28, 1971

Dear Mr. Brockett:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. E. D. Brockett
Chairman
Gulf Oil Company
439 7th Avenue
Pittsburgh, Pennsylvania 15219

Enclosures

LG:E1

September 28, 1971

Dear Mr. Miller:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. O. N. Miller
Chairman
Standard Oil of California
225 Bush Street
San Francisco, California 94120

Enclosures

LG:El

September 28, 1971

Dear Mr. Bridges:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. H. Bridges
President
Shell Oil Company
One Shell Plaza
Post Office Box 2463
Houston, Texas 77001

Enclosures

LG:El

September 28, 1971

Dear Mr. Swearingen:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. John E. Swearingen
Chairman
Standard Oil (Indiana)
910 South Michigan Avenue
Chicago, Illinois 60680

Enclosures

LG:el

September 28, 1971

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. T. F. Bradshaw
President
Atlantic Richfield Company
717 5th Avenue
New York, New York 10022

Enclosures

LG:el

September 28, 1971

Dear Mr. Freeman:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. N. W. Freeman
Chairman
Tenneco Corporation (Delaware)
100 West 10th Street
Wilmington, Delaware 19899

Enclosures

LG:el

FI2
HU2
BE4

September 30, 1971

Travelers Insurance Co.

Dear Mr. Wilkins:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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I write to tell you of the President's interest in this program and to solicit the cooperation of your company in doing

Fifty letters attached

Green Copies Used for name file
White Copies Used for copy

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CENTRAL FILES

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Roger C. Wilkins
Chairman
Travelers Insurance Company
Hartford, Connecticut 06115

Enclosures

LG:sks

September 30, 1971

Dear Mr. Pillsbury:

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Sincerely,

Leonard Garment

Mr. John S. Pillsbury, Jr.
Chairman
Northwestern National Life
Insurance
20 Washington Avenue
Minneapolis, Minnesota 55440

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Maclellan:

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I would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made between now and October 31, 1971.

Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Robert L. Maclellan
Chairman
Provident Life and Accident Insurance
Fountain Square
Chattanooga, Tennessee 37402

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Bloomfield:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Sincerely,

Leonard Garment

Mr. Coleman Bloomfield
President
Minnesota Mutual Life
Insurance Company
345 Cedar Street
St. Paul, Minnesota 55101

Enclosures

LG:el

September 30, 1971

Dear Mr. Lodd:

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Sincerely,

Leonard Garment

Mr. Joseph C. Lodd
President
Fidelity Mutual Life
Insurance Company
Parkway at Fairmount
Philadelphia, Pennsylvania 19101

Enclosures

LG:el

September 30, 1971

Dear Mr. Hurson:

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Sincerely,

Leonard Garment

Mr. Daniel L. Hurson
Chairman
Acacia Mutual Life Insurance Company
51 Louisiana Avenue, NW.
Washington, D. C. 20001

Enclosures

LG:el

September 30, 1971

Dear Mr. Peirce:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Sincerely,

Leonard Garment

Mr. Frederick M. Peirce
Chairman
General American Life Insurance
Company
1501 Locust Street
St. Louis, Missouri 63166

Enclosures

LG:el

September 30, 1971

Dear Mr. Bixby:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. J. R. Bixby
President
Kansas City Life Insurance Company
3520 Broadway
Kansas City, Missouri 64111

Enclosures

LG:el

September 30, 1971

Dear Mr. Friedner:

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Sincerely,

Leonard Garment

Mr. R. W. Friedner
President
Washington National Insurance Company
1630 Chicago Avenue
Evanston, Illinois 60201

Enclosures

LG:el

September 30, 1971

Dear Mr. Goodson:

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Sincerely,

Leonard Garment

Mr. James B. Goodson
President
Southland Life Insurance Company
Southland Center
Dallas, Texas 75201

Enclosures

LG:el

September 30, 1971

Dear Mr. Jeffers:

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Sincerely,

Leonard Garment

Mr. Dean W. Jeffers
President
Nationwide Life Insurance Company
246 North High Street
Columbus, Ohio 43216

Enclosures

LG:el

September 30, 1971

Dear Mr. Steele:

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Sincerely,

Leonard Garment

Mr. Allen M. Steele
Chairman and President
Life & Casualty Insurance of Tennessee
Life & Casualty Tower
Nashville, Tennessee

Enclosures

LG:el

September 30, 1971

Dear Mr. Conklin:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. George T. Conklin, Jr.
President
Guardian Life Insurance Company
of America
Park Avenue South at 17th Street
New York, New York 10003

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Austin:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. K. R. Austin
President
Equitable Life Insurance Company
of Iowa
604 Locust Street
Des Moines, Iowa 50306

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Hale:

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Sincerely,

Leonard Garment

Mr. Stanton G. Hale
President
Pacific Mutual Life Insurance
Pacific Mutual Building
Los Angeles, California 90054

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Lloyd:

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Sincerely,

Leonard Garment

Mr. John A. Lloyd
Chairman and President
Union Central Life Insurance Company
Post Office Box 179
Cincinnati, Ohio 45201

Enclosures

LG:cjs

September 30, 1971

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I write to tell you of the President's interest in this program and to solicit the cooperation of your company in doing

part of its regular banking business through minority-owned banks. Such banks are carrying 30% of the national total which banks are lending to minority businesses, have outstanding more than 7,500 home ownership and improvement loans as of October 1970, as well as thousands of student loans to young men and women who otherwise could not have completed college.

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I would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made between now and October 31, 1971.

Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Warren M. Pace
President
Life Insurance Company of Virginia
914 Capitol Street
Richmond, Virginia 23209

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Rugger:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Gerald K. Rugger
President
Home Life Insurance Company
253 Broadway
New York, New York 10007

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Samford:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Frank P. Samford, Jr.
President
Liberty National Life Insurance
3rd Avenue South and 20th
Birmingham, Alabama 35233

Enclosures

LG:

September 30, 1971

Dear Mr. Rust:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Sincerely,

Leonard Garment

Mr. Edward B. Rust
President
State Farm Life Insurance Company
State Farm Insurance Building
Bloomington, Illinois 61701

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Skutt:

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Sincerely,

Leonard Garment

Mr. V. J. Skutt
Chairman
United Benefit Life Insurance
Company
33rd and Farnam
Omaha, Nebraska 68131

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Brooks:

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Sincerely,

Leonard Garment

Mr. G. Daniel Brooks
Chairman
National Life & Accident Insurance
National Life Center
Nashville, Tennessee 37203

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Clark:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Earl Clark
President
Occidental Life Insurance Company
of California
Box 2101, Terminal Annex
Los Angeles, California 90054

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Sommet:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Jacques W. Sommet
President
Continental Assurance Company
310 South Michigan Avenue
Chicago, Illinois 60604

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Fey:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. John T. Fey
President
National Life Insurance Company
National Life Drive
Montpelier, Vermont 05602

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Noah:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Phil B. Noah
Chairman and President
Moody Avenue at Market
Galveston, Texas 77550

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Jackson:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Robert T. Jackson
President
Phoenix Mutual Life Insurance Company
One American Row
Hartford, Connecticut 06115

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Hatmaker:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. George E. Hatmaker
Chairman and President
Franklin Life Insurance Company
Franklin Square
Springfield, Illinois 62705

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Plumley:

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Sincerely,

Leonard Garment

Mr. H. Ladd Plumley
Chairman
State Mutual Life Assurance
Worcester, Massachusetts 01605

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Stanley:

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I would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made between now and October 31, 1971.

Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Edward L. Stanley
President
Provident Mutual Life Insurance
of Philadelphia
46th and Market
Philadelphia, Pennsylvania 19101

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Seay:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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I write to tell you of the President's interest in this program and to solicit the cooperation of your company in doing

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. William H. Seay
President
Southerstern Life Insurance Company
1807 Ross Avenue
Dallas, Texas 75221

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Soles:

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Sincerely,

Leonard Garment

Mr. W. Roger Soles
President
Jefferson Standard Life Insurance
Company
Post Office Box 21008
Greensboro, North Carolina 27420

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Bleicken:

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Sincerely,

Leonard Garment

Mr. Gerhard D. Bleicken
Chairman
John Hancock Mutual Life
Insurance Company
200 Berkerly Street
Boston, Massachusetts 02117

Enclosures

LG:sks

September 30, 1971

Dear Mr. Smith:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Olcott D. Smith
Chairman
Aetna Life and Casualty
151 Farmington Avenue
Hartford, Connecticut 06115

Enclosures

LG:sks

September 30, 1971

Dear Mr. Ferguson:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Francis E. Ferguson
President
Northwestern Mutual Life
Insurance Company
720 East Milwaukee Avenue
Milwaukee, Wisconsin 53202

Enclosures

LG:sk

September 30, 1971

Dear Mr. Roberts:

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Sincerely,

Leonard Garment

Mr. Henry R. Roberts
President
Connecticut General Life
Insurance Company
Hartford, Connecticut

Enclosures

LG:sks

September 30, 1971

Dear Mr. Martin:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. James R. Martin
President
Massachusetts Mutual Life Insurance
1295 State Street
Springfield, Massachusetts 01101

Enclosures

LG:sks

September 30, 1971

Dear Mr. Hull:

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Sincerely,

Leonard Garment

Mr. Roger Hull
Chairman
Mutual of New York
1740 Broadway
New York, New York 10019

Enclosures

LG:sks

September 30, 1971

Dear Mr. Collier:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Abram T. Collier
President
New England Mutual Life Insurance
551 Boylston Street
Boston, Massachusetts 02117

Enclosures

LG:sk

September 30, 1971

Dear Mr. Bates:

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Sincerely,

Leonard Garment

Mr. Edward B. Bates
President
Connecticut Mutual Life Insurance
140 Garden Street
Hartford, Connecticut 06115

Enclosures

LG:sks

September 30, 1971

Dear Mr. Magovern:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. John J. Magovern, Jr.
President
Mutual Benefit Life Insurance Company
520 Broad Street
Newark, New Jersey 07101

Enclosures

LG:sks

September 30, 1971

Dear Mr. Tyson:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Charles R. Tyson
President
Penn Mutual Life Insurance Company
Independence Square
Philadelphia, Pennsylvania 19105

Enclosures

LG:sks

September 30, 1971

Dear Mr. Greenough:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. William C. Greenough
Chairman
Teachers Insurance Annuity
Association of America
730 Third Avenue
New York, New York 10017

Enclosures

LG:sks

September 30, 1971

Dear Mr. Rood:

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Of the \$100 million goal, \$35 million has been set as the U. S. Government's share; \$65 million as the objective of private business.

The Executive Office of the President is assisting the Treasury and Commerce staffs to ensure that the various federal agencies do their part and collectively meet the federal goal.

Roger C. Wilkins, Chairman, The Travelers Insurance Company, has agreed to be Chairman of a drive among life insurance companies. Capital Formation, Inc., a non-profit foundation working in the field of economic development of low income areas, is taking the lead to ensure a successful response among other private corporations corresponding to the federal government's internal effort, and will be working along with the insurance industry as part of that responsibility.

I write to tell you of the President's interest in this program and to solicit the cooperation of your company in doing

part of its regular banking business through minority-owned banks. Such banks are carrying 30% of the national total which banks are lending to minority businesses, have outstanding more than 7,500 home ownership and improvement loans as of October 1970, as well as thousands of student loans to young men and women who otherwise could not have completed college.

Such leading American corporations as General Motors, Minneapolis Honeywell, Atlantic Richfield, American Oil, Glen Alden and IBM have already deposited over \$25 million as part of this campaign.

I am confident that the private industry response from other firms such as yours will be excellent. Mr. Wilkins and Capital Formation will be following up this letter to assist your staff in exploring what implementing steps can best be taken. I enclose background literature on this program and on Capital Formation, Inc.

I would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made between now and October 31, 1971.

Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Henry F. Rood
Chairman
Lincoln National Life Insurance Company
1301 South Harrison
Fort Wayne, Indiana 46801

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Allen:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. H. G. Allen
President
Bankers Life Company
711 High Street
Des Moines, Iowa 50307

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Safford:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. William C. Safford
President
Western & Southern Life Insurance
400 Broadway
Cincinnati, Ohio 45202

Enclosures

LG:cjs

September 30, 1971

Dear Mr. Mac Naughton:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Donald S. Mac Naughton
Chairman
Prudential Insurance Company
of America
Prudential Plaza
Newark, New Jersey 07101

Enclosures

LG:sks

September 30, 1971

Dear Mr. Fitzhugh:

In October of 1970, the Secretary of Commerce and the Under Secretary of the Treasury announced the start of a combined government-private program to increase deposits in minority-owned banks across the country by \$100,000,000 within a year. This is an essential step toward building an economic base in minority communities. When this program began, the 28 minority-owned banks had deposits of \$300,000,000, out of the \$477 billion in total deposits in the United States.

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Gilbert W. Fitzhugh
Chairman
Metropolitan Life Insurance Company
1 Madison Avenue
New York, New York 10010

Enclosures

LG:sks

September 30, 1971

Dear Mr. Smith:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. J. Henry Smith
President
Equitable Life Assurance Society
of the United States
1285 Avenue of the Americas
New York, New York 10019

Enclosures

September 30, 1971

Dear Mr. Meares:

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Thank you for your attention and cooperation.

Sincerely,

Leonard Garment

Mr. Charles W. V. Meares
Chairman
New York Life Insurance Company
51 Madison Avenue
New York, New York 10010

Enclosures

LG:sks