

DOCUMENT WITHDRAWAL RECORD [NIXON PROJECT]

DOCUMENT NUMBER	DOCUMENT TYPE	SUBJECT/TITLE OR CORRESPONDENTS	DATE	RESTRICTION
1	memo	Preston Martin to Peter Flanigan	10-5-71	D

FILE GROUP TITLE

WHCF: Subject Files

BOX NUMBER

9

FOLDER TITLE

Ex 11 2 Banks - Banking [648]

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G. Withdrawn and return private and personal material.
H. Withdrawn and returned non-historical material.

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 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.

THE WHITE HOUSE
WASHINGTON

cc. to JE
FYI ?

EXECUTIVE

BE 2-2

FG 12

CO 28

FI 2

October 19, 1971

MEMORANDUM FOR: DR. CHARLS WALKER^X
FROM: GEORGE CRAWFORD
SUBJECT: BANK MERGER

I understand that the Royal Trust Company of Canada, the largest Canadian trust company with \$10.7 billion in assets, would like to enter the American market through purchase of the International Bank of Miami, an eight year old institution with \$47 million in assets. The Miami bank has 400 shareholders, and the merger would be effected not through the purchase of shares by Royal Trust but rather through the "phantom bank" route; creation of a new "phantom bank" owned by Royal Trust and to be merged with the Miami bank.

I further understand that approval by the Controller of the Currency is required to charter the "phantom bank"; that the parties have been awaiting this approval since last June; and that now approval is being delayed solely on a question of policy: whether we use the approval as a bargaining chip in negotiations with Canada on other matters. The justification for doing this is the difficulty which Citibank has had with Canadian officials in expanding operations of its Canadian subsidiary. Treasury is researching to see if other American banks have had difficulties in Canada.

A tough posture with regard to Canadian desires is no doubt necessary to secure fair treatment for American banks and businesses in Canada. However, in this case it appears that disapproval of the deal -- or even further delay -- would only have the effect of hurting the owners of the American banks without preventing Canadian entry into our market, since Royal Trust Company would not need our Controller's permission, or any other official American sanction, to buy another American bank through purchase of stock as opposed to the "phantom bank" route.

In other words, we can kill this deal (and hurt the American interest at stake) but we can't stop Royal Trust from coming into our market. If this is true, and I would like to know if it is not, use of this deal as a bargaining chip is not realistic, and further delay would seem highly counterproductive. Do you agree?

BROUGHT FORWARD

EXECUTIVE

FI2

Previously filed

10/23/71

Date

Name

Cong. Thomas N. Downing

Organization

EXECUTIVE

FI2

New File Symbol

11/17/71

Date

FINAL ACTION

Mr. Cook's letter to
Cong. Downing

cc/

October 23, 1971

Dear Senator:

This will acknowledge and thank you for your October 19 letter regarding directives from Federal agencies to holders of government contracts encouraging them to deposit funds in minority banking institutions. You may be assured the views you expressed will be brought to the President's attention and also shared with those whose area of responsibility would cover this matter. You will hear further at the earliest possible date.

With warm regards,

Sincerely,

Eugene S. Cowen
Deputy Assistant to the President

Honorable Harry F. Byrd, Jr.

United States Senate

Washington, D. C. 20515

bcc: w/incoming to Leonard Carmichael for DRAFT REPLY

bcc: w/incoming to Peter Flanigan - FYI

bcc: w/incoming to Robert Brown - FYI

WET:EF:VO:amb

RECEIVED
OCT 26 1971
CENTRAL FILES

October 26, 1971

FI2

BE4

HV2

FG12

FG21

ms
Dear Mr. Scott:

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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.

Charles G. Rodman, President, The Grand Union Company and Lester A. Burcham, Chairman, F. W. Woolworth Co., have agreed to be Co-Chairmen of a drive among the nation's largest retailers along with Capital Formation, Inc. which is taking the lead to ensure a correspondingly successful response among private corporations.

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.

Green Copies used for Name File
White Copies used for Company Name File

RECEIVED
OCT 28 1971
FBI FILES

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I am confident that the private industry response from other firms such as yours will be excellent. Capital Formation will be following up on this letter to assist your staff.

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 in the next few weeks.

Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. J. L. Scott
President
Albertson's, Inc.
1623 Washington
Boise, Idaho 83707

LG:dzm

October 26, 1971

Dear Mr. Borman:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Paul Borman
President
Borman's Inc.
12300 Mark Twain
Detroit, Michigan 48227

LG:dzm

October 26, 1971

Dear Mr. Danzansky:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Joseph B. Danzansky
President
Giant Food, Inc.
6900 Sheriff Road
Landover, Maryland 20785

LG:dzm

October 26, 1971

Dear Mr. Miner:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Roy B. Miner
President
Cook United, Inc.
16501 Rockside Road
Cleveland, Ohio 44135

LG:dzm

October 26, 1971

Dear Mr. FitzGerald:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Daniel M. FitzGerald
Chairman
Wickes Corporation
515 North Washington
Saginaw, Michigan 48607

LG:dzm

October 26, 1971

Dear Mr. Fazio:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Carl Fazio
Chairman
Fisher Foods, Inc.
5300 Richmond Road
Cleveland, Ohio 44146

LG:dzm

October 26, 1971

Dear Mr. Coan:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Hilliard J. Coan
President
First National Stores, Inc.
5 Middlesex Avenue
Somerville, Massachusetts 02143

LG:dzm

October 26, 1971

Dear Mr. Boyce:

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Sincerely yours,

Leonard Garment

Mr. Ernest F. Boyce
President
Colonial Stores, Inc.
2251 North Sylvan Road
East Point, Georgia 30344

LG:dzm -4

October 26, 1971

Dear Mr. Toppel:

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Sincerely yours,

Leonard Garment

Mr. Harold Toppel
Chairman
Pueblo International, Inc.
375 Park Avenue
New York, New York 10022

LG:dzm

October 26, 1971

Dear Mr. Reynolds:

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Sincerely yours,

Leonard Garment

Mr. Quentin Reynolds
President
Safeway Stores, Inc.
201 Fourth Street
Oakland, California 94604

dzm

October 26, 1971

Dear Mr. Aders:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Robert Aders
Chairman
Kroger Company
1014 Vine Street
Cincinnati, Ohio 45202

dzm

October 26, 1971

Dear Mr. Friedland:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Jack M. Friedland
President
Food Fair Stores, Inc.
3175 J.F.K. Boulevard
Philadelphia, Pennsylvania 19101

:cjs

October 26, 1971

Dear Mr. Park:

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 in one year. This is an essential part of 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 would appreciate it if you would inform me of your corporation's decision on this matter and let me know of the progress made in the next few weeks.

Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. John R. Park
President
Acme Markets, Inc.
124 North 15th Street
Philadelphia, Pennsylvania 19102

:dzm
-4

October 26, 1971

Dear Mr. Perkins:

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Sincerely yours,

Leonard Garment

Mr. Donald S. Perkins
Chairman
Jewel Companies
1955 West North Avenue
Melrose Park, Illinois 60160

LG:dzm -1

October 26, 1971

Dear Mr. Krysiak:

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Sincerely yours,

Leonard Garment

Mr. F. Bruce Krysiak
President
National Tea Company
1000 North Crosby Street
Chicago, Illinois 60610

LG:dzm

October 26, 1971

Dear Mr. Thompson:

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Sincerely yours,

Leonard Garment

Mr. John P. Thompson
Chairman
Southland Corporation
2828 North Haskell
Dallas, Texas 75204

LG:dzm -4

October 26, 1971

Dear Mr. Goldberg:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Avram J. Goldberg
Stop & Shop Companies, Inc.
393 D Street
Boston, Massachusetts 02110

LG:dzm

October 26, 1971

Dear Mr. Awes:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Gerald A. Awes
Chairman and Executive Commissioner
of the Board
Lucky Stores, Inc.
1701 Marina Boulevard
San Leandro, California 94577

LG:dzm

-4

October 26, 1971

Dear Mr. Thomas:

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Sincerely yours,

Leonard Garment

Mr. Bert L. Thomas
President
Winn-Dixie Stores, Inc.
5050 Edgewood Court
Jacksonville, Florida 32203

LG:dzm

74

October 26, 1971

Dear Mr. Duryea:

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Sincerely yours,

Leonard Garment

Mr. Revenol Duryea
President
Allied Supermarkets, Inc.
8711 Meadowdale Avenue
Detroit, Michigan 48228

LG:dzm

7

October 26, 1971

Dear Mr. Davidson:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Davre J. Davidson
Chairman
A.R.A. Services, Inc.
25th and Lombard Streets
Philadelphia, Pennsylvania 19146

LG:dzm

-y

October 26, 1971

Dear Mr. Crosson:

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Thank you for your attention and cooperation.

Sincerely yours,

Leonard Garment

Mr. Albert J. Crosson
President
Arden-Mayfair, Inc.
2500 South Garfield Avenue
Los Angeles, California 90022

LG:dzm
-4

October 26, 1971

Dear Mr. Zissu:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Frederick Zissu
Chairman and President
Vornado, Inc.
174 Passaic Street
Garfield, New Jersey 07026

LG:dzm
-4

October 26, 1971

Dear Mr. Perlmutter:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. Milton Perlmutter
President-Treasurer
Supermarkets General Corporation
301 Blair Road
Woodbridge, New Jersey 07095

:cjs
-1

October 26, 1971

Dear Mr. Kane:

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 in one year. This is an essential part of 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 yours,

Leonard Garment

Mr. William J. Kane
President
Great Atlantic & Pacific Tea
420 Lexington Avenue
New York, New York 10017

dzm -1

LOCAL DEVELOPMENT CORPORATION

Under Section 502 of the Small Business Investment Act of 1958, the SBA can provide \$9 of financing for fixed assets for every \$1 which the local community raises to assist small business. In ten years, the SBA has created or preserved 100,000 jobs through this program across the country, but only 4 per cent of the jobs have been in urban areas. Capital Formation has organized a development corporation and is participating in a group of cooperating development corporations to generate 75 to 100 projects and 3,500 to 4,000 jobs for Blacks and Puerto Ricans in New York City. This could be an important demonstration project for the nation.

To date, we have completed one deal, a wood molding company-effecting 130 jobs, \$800,000 of financing, and \$520,000 of disposable income into the minority community.

MANAGEMENT TRAINING

Capital Formation is promoting a Management Training Institute for minority entrepreneurs. To close the ownership gap between haves and have-nots, management training is as important as providing money.

INCENTIVES

To bring the talents of the private sector into the war on poverty is an important goal. If the private sector can bring its tremendous resources both human and financial into the field, the poor will benefit through new housing, new jobs, better education, better health services and increased ownership opportunities. But the only way to get the private sector to approach the challenge on the appropriate scale is to provide business with a reasonable rate of return on their investment.

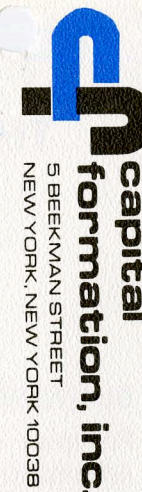
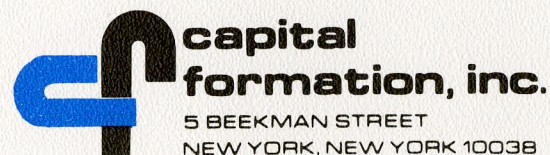
Capital Formation has initiated an action-oriented education program in both the poor and business communities to develop specific incentives to attract the resources of the private sector.

M. E. S. B. I. C.

Capital Formation is in the process of establishing a Minority Enterprise Small Business Investment Corporation. This vehicle provides a new source of substantial equity and debt financing for prospective minority owned businesses with the projected capitalization of \$250,000, the government will lend the M.E.S.B.I.C. \$500,000 and the lending institutions an additional \$1.5 million.

PUBLICATIONS

- Business Spinoffs-Partnership for Profit
- Ready or Not, an analysis of twenty Black and Puerto Rican companies
- Position Papers, Symposium on Minority Economic Development
- Large-Scale, Rapid Training Management Institute for Minorities
- Minority Business Compendium and Category Index
- Community Control and Incentives
- Commitment is a Red Herring — The need for incentives to attract the private sector.



LOUDER

THAN WORDS

5 BEEKMAN STREET
NEW YORK, NEW YORK 10038
(212) 349-3650

WHAT IS CAPITAL FORMATION?

Capital Formation is an action foundation whose major purpose is to stimulate minority business development. Mayor John V. Lindsay called Capital Formation, "one of the most resourceful, imaginative approaches to urban problems created by private individuals."

Capital Formation found that many of the techniques which are utilized in the business community have never been applied to ghetto economic development. Furthermore, government and private programs were not designed effectively to incorporate the special needs of the minority businessman.

Capital Formation, in operation over two years, has taken a leadership role in either stimulating or promoting the establishment of:

- a \$400,000 investment partnership, the profits of which are being applied to ghetto economic development.
- more aggressive investment management for foundations.
- the use of foundation investment portfolios for social purposes.
- a cooperating group of Local Development Corporations to provide jobs for minority groups in hard core areas.
- Business Spinoffs of Black and Puerto Rican-owned companies.
- \$100 million Minority Bank Deposit Program.
- An Incentive Program to attract broad-scaled private sector participation in eliminating poverty.
- the need for an effective Merchandising Program to obtain corporate and government contracts for minority businesses.

THE SUPPLY... THE DEMAND...

THE PROGRAMS

BUSINESS DEVELOPMENT

For more than ten years the Small Business Administration has had the authority to guarantee loans which banks make to small businesses. During 1968, the top six banks in New York City, with assets in excess of \$69 billion, loaned Black and Puerto Rican businesses less than \$1 million. In 1969, these banks were lending at the rate of \$6 — \$10 million to minority businesses.

In its first two years of operation, Capital Formation, working with 877 different businesses, submitted 260 loan applications totaling \$5.3 million; 169 clients have received \$2.5 million, with \$900,000 in loans pending.

Capital Formation is staffed by a team of professional business analysts who aid minority entrepreneurs in developing their business plans, in locating financing, and in management programming. We help establish new businesses and expand existing ones. The business range from small retail and service outlets — the first Black-owned appliance store in Harlem, a Puerto Rican mod boutique — to more substantial opportunities — \$1 million community-based food coop in the South Bronx, a high-fashion dress designer, a plastic injection molding company. We work closely with the major financial institutions in the city — banks, insurance companies, and Wall Street investment houses.

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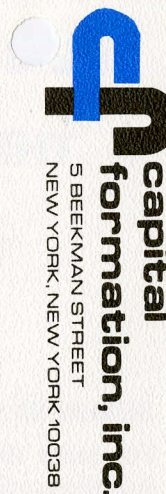
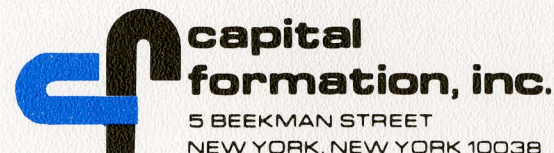
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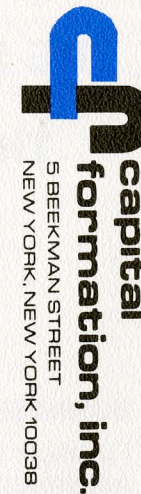
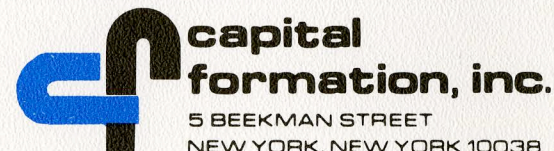
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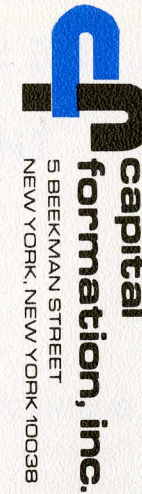
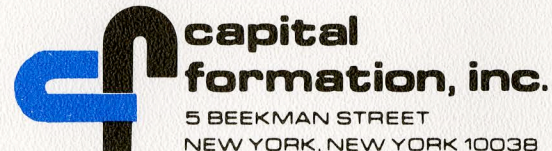
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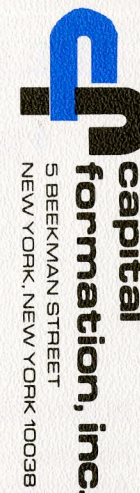
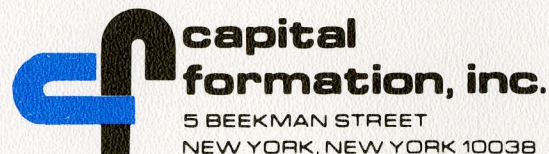
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By William G. Cushing

Washington Post Staff Writer

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The announcement of GM's participation in the program, sponsored jointly by private and government agencies, is calculated to cast a national spotlight on the plan and spur other large corporations to make similar deposits.

GM's deposit, the first large commitment of corporate funds to the program, developed by the Advisory Council on Minority Business Enterprise, the Treasury Department and the National Bankers Association, is expected to enrich Washington's banks—United Community National Bank and Industrial Bank of Washington—by about \$167,000 each.

The \$100 million target

figure, according to Capital Formation Inc., a New York firm administering the program, represents a one-third increase in the total deposits of minority banks, and is intended to encourage through the banking system the creation and development of minority businesses and additional job opportunity. A commitment of about \$65 million in funds from the private sector will be teamed with \$35 million in government deposits under the plan.

Dr. Edward D. Irons, executive director of the Washington-based National Bankers Association, the association of minority banks, said yesterday "The \$5 million by itself is just a beginning. Its significance lies in the stature of the firm that's giving it. We hope this will stimulate other business and members of the private sector to follow through and do the same kind of thing."

Irons pointed out that the effect of the GM action on Washington's two minority banks would be hard to determine, but "this starts the pattern that can improve their lending capacity," he said.

Samuel L. Foggie, vice president and cashier (treasurer) of the smaller D.C. bank, United Community (\$8.8 million in deposits), said the GM deposit "gives us the opportunity to further the economic development of our community." Industrial Bank's deposits are \$22.3 million.

The GM funds would represent about 7 per cent of the private sector total under the program. GM's deposit balances in the banks will consist of various combinations of low interest certificates of deposit, time accounts, and tax and loan accounts.

The major goal of the national program is to grant up to \$50 million of new loans in minority communities.

GM Will Place \$5 Million In Minority Bank Deposits

By William G. Cushing
Washington Post Staff Writer

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ADDITIONAL MINORITY BANKS RECENTLY OPENED

Atlantic National Bank
415 Saint Paul's Boulevard
Norfolk, Virginia 23510
(703) 623-6155
Raleigh M. Eager, President

Banco del Pueblo
427 North Sycamore Street
Santa Ana, California 92701
(714) 558-3333
Anthony L. Maxwell, President

Pan American National Bank
4314 Bergenline Avenue
Union City, New Jersey 07087
(201) 865-4367
Jose Mazurieta, President

North Milwaukee State Bank
2741 West Fond du Lac Avenue
Milwaukee, Wisconsin 53210
(414) 374-7750
Felmers O. Chaney, President

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REPORT

\$100 MILLION NATIONAL MINORITY BANK DEPOSIT PROGRAM

PREPARED BY: **CAPITAL FORMATION, INC.**
5 Beekman Street
New York, New York 10038

A public foundation dedicated to stimulating minority
economic development

Samuel S. Beard, Chairman

Richard C. Kennard, Jr., President

Angela Cabrera, Vice-President

\$100 MILLION NATIONAL MINORITY BANK DEPOSIT PROGRAM

On October 2, 1970, Secretary of Commerce, Maurice Stans, and Treasury Under Secretary, Charls Walker, along with Capital Formation, the National Bankers Association, and President Nixon's National Advisory Council on Minority Business Enterprise, co-announced a program to increase deposits in the nation's 33 minority banks by \$100 million.

PRESIDENT NIXON'S NATIONAL ADVISORY COUNCIL

President Nixon's National Advisory Council on Minority Business Enterprise (NAC) is committed to the program's goal. The membership list includes:

Lester A. Burcham, Chairman, F. W. Woolworth
Walter A. Haas, Jr., President, Levi Strauss
Paul A. Johnston, President, Glen Alden
Donald S. MacNaughton, Chairman, Prudential Insurance Co.
William G. Miller, President, Textron
James M. Roche, Chairman, General Motors
Sam Wyly, Chairman, University Computing Company, and many others.

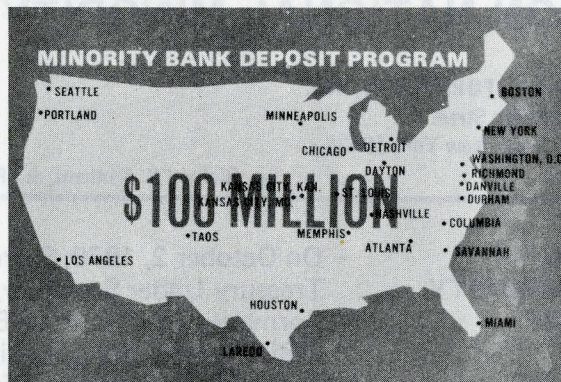
The NAC committed its membership first, to make deposits themselves in the minority banks and then, to approach other corporations requesting similar deposits. To date, NAC members have \$10.9 million on deposit in minority banks, \$6.6 million of which relates directly to the program.

THESE DEPOSITS HAVE HELPED

- A group of contractors complete a \$20,000,000 low-income housing project.
- Fund a professional office for doctors, costing over one-half million dollars.
- Provide loans to thousands of Blacks, Puerto Ricans, and Mexican-Americans to purchase homes, cars, and earn college degrees.
- Help a Black businessman in Kansas City become the first of his race to land a school bus contract.
- Assist a Black-owned company operating two supermarkets in Boston grow into a \$3 million corporation in two years.
- Enable a thriving Harlem men's clothing store to open another store further downtown.

**\$50,000,000 IN
NEW LOANS FOR
THE MINORITY
COMMUNITY**

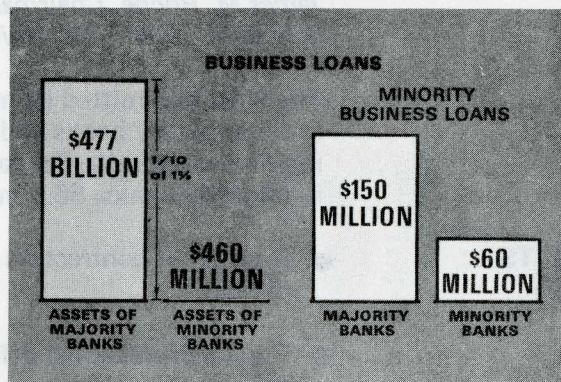
Currently, the minority banks have over 72,000 loans outstanding in their communities. The Bank Deposit Program will enable the minority banks to provide an additional 22,000 business, mortgage, and consumer loans totalling \$50,000,000.



"On behalf of General Motors Corporation, I am pleased to be able to participate in the National Minority Bank Deposit Program. . . Our action indicates our confidence in the potential of minority banks. In addition, I am a stockholder in one of the minority banks, which expresses my personal confidence in the banks."

James M. Roche
Chairman of the Board
General Motors Corporation

**\$60 MILLION IN
BUSINESS LOANS**



With less than 1% of the nation's bank assets, minority-owned banks are writing 30% of the national total which banks are lending to minority businesses.

Minority banks, across the country, are playing effective roles in the economic development of their communities. They are more sensitive to the needs of their depositors and are able to offer them services previously not available in the ghetto areas. Although most people are not aware of the impact of minority banks, the facts are indicative.

ROSTER OF BANKS

CALIFORNIA: Los Angeles

Bank of Finance
2651 South Western Avenue
Los Angeles, 90018
Chairman: Dr. Edward H. Ballard
Founded, 1964 (213) 735-1031

Pan American National Bank
of East Los Angeles
3626 East First Street
Los Angeles, 90018
Vice-President: Paul R. Hernandez
Founded, 1969 (213) 264-3310

FLORIDA: Miami

The Bank of Miami
110 East Flagler Street
Miami, 33131
President: Rafael L. Corona
Founded, 1969 (305) 371-9081

GEORGIA: Atlanta

Citizens Trust Company
212 Auburn Avenue
Atlanta, 30302
Exec. Vice-President: Charles M. Reynolds
Founded, 1921 (404) 659-5959

GEORGIA: Savannah

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

ILLINOIS: Chicago

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

The Independence Bank of Chicago
7936 South Cottage Grove Avenue
Chicago, 60619
President: Alvin J. Boutee
Founded, 1964 (312) 487-4700

KANSAS: Kansas City

Douglass State Bank
1314 North 5th Street
Kansas City, 66101
President: H. W. Sewing
Founded, 1947 (913) FI 2-7060

MASSACHUSETTS: Roxbury

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

MICHIGAN: Detroit

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

MINNESOTA: Minneapolis

First Plymouth National Bank
2000 Plymouth Avenue North
Minneapolis, 55411
President: John Warder
Founded, 1969 (612) 521-2251

MISSOURI: Kansas City

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

MISSOURI: St. Louis

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

NEW MEXICO: Taos

Centinel Bank of Taos
South Sante Fe Road, Box 1708
Taos, 87571
President: Orlando Baca
Founded, 1969 (505) 758-4202

NEW YORK: New York City

Banco Credito y Ahorra Ponceno
1 Union Square
New York City, 10003
Acting Manager: Hugo Ruiz
Founded, 1969 (212) 924-7070

Banco de Ponce
164 East 116th Street
New York City, 10029
Senior Vice-President: Ugo Lisi
Founded, 1957 (212) 831-2200

Banco Popular de Puerto Rico
20 West 48th Street
New York City, 10036
Asst. Vice-President: A. Salazar, Jr.
Founded, 1961 (212) 757-1700

Freedom National Bank
275 West 125th Street
New York City 10027
President: William R. Hudgins
Founded, 1964 (212) 866-8700

NORTH CAROLINA: Durham

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

OHIO: Dayton

Unity State Bank
1806 West 3rd Street
Dayton, 45417
President: John Grunder
Founded, 1970 (513) 268-6601

OREGON: Portland

Freedom Bank of Finance
2735 N.E. Union Avenue
Portland, 97211
President: V. F. Booker
Founded, 1969 (503) 282-2216

SOUTH CAROLINA: Columbia

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

TENNESSEE: Memphis

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

TENNESSEE: Nashville

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

TEXAS: Houston

Pan American National Bank
220 Main Street
Houston, 77002
President: Arnaldo Garcia
Founded, 1970 (713) 224-8250

Riverside National Bank
P. O. Box 8385
Houston, 77004
President: Dr. Carl M. Carroll, Jr.
Founded, 1963 (713) 526-3971

TEXAS: Laredo

Bank of Commerce of Laredo
1215 San Bernardo Avenue
Box 1359
Laredo, 78040
President: Honore Ligarde
Founded, 1966 (512) 722-7611

VIRGINIA: Danville

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

VIRGINIA: Richmond

Consolidated Bank & Trust Co.
First & Marshall Streets
Richmond, 23219
President: V. W. Henley
Founded, 1903 (703) 643-9187

WASHINGTON: Seattle

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

WASHINGTON, D. C.

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

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

WISCONSIN: Milwaukee

North Milwaukee State Bank
2741 West Fond du Lac Avenue
Milwaukee, 53210
President: Felmers O. Chaney
Founded, 1970 (414) 374-7750

**MAJOR CORPORATE
DEPOSITORS
INCLUDE**

Avco
Atlantic Richfield
Equitable Life Insurance
Merrill, Lynch, Pierce Fenner
& Smith
Chrysler
IBM
General Motors
Glen Alden
University Computing
Olin
Metropolitan Life Insurance
Prudential Insurance
Standard Oil

Sears Roebuck
American Oil
Montgomery Ward
Rheingold
General Mills
Ford Motor
Houston Post
State Farm Life Insurance
TWA
James Talcott
Price Waterhouse
F. W. Woolworth
...AMONG MANY
OTHERS

"Atlantic Richfield Company will deposit \$1,000,000 in minority-owned or managed commercial or saving banks in cities from coast-to-coast to help provide funding for minority businesses in those areas. By this action, we hope to tangibly encourage new business enterprise by minority residents in each of these areas."

We feel that the deposits will have a substantial multiplier effect, helping to foster economic growth in both businesses and the communities involved. It is important, that major companies help finance minority self-reliance and economic advancement through some deposits in banks serving these minority groups."

Robert O. Anderson, Chairman
Atlantic Richfield Company

**TYPES OF
DEPOSITS**

The major thrust of the Bank Deposit Program is to establish an effective business relationship between major corporations and the minority banks, based on mutual needs. For example:

- An oil company makes a deposit in a local bank, and the bank locates entrepreneurs and finances local service stations.
- A retailer makes a deposit, and the bank extends consumer credit to local residents.
- A construction company makes a deposit, and the bank finances a new home.

Doing business with the minority banks offers corporations — professional banking services, an approach to a major market, and a significant role in community development.

Demand Deposits: A demand deposit is most beneficial when it is of relatively long duration, because it can be loaned directly to the minority community.

Time Deposits: The banks are offering interest-bearing notes at competitive rates.

Tax and Loan Deposits: Payroll withholding taxes, social security deposits, etc. stay in the minority banks an average of 10 to 15 days. While these deposits cannot be loaned to the community, they help the bank to cover their administrative costs.

Deposits are insured by the FDIC up to \$20,000 per account.

For further information on what you can do, please contact the local banks (see the roster on the insert) or Capital Formation, Inc.:

**CONTACT CAPITAL
FORMATION OR
THE LOCAL BANKS**

Thomas Jones, Program Director
Capital Formation, Inc.
5 Beekman Street
New York, New York 10038
Telephone No. (212) 349-3650

EXECUTIVE

October 26, 1971

FI 2

HU 2

PR 7

PR 13

Dear Mr. Funderburg:

Your very kind letter of October 15 has crossed my desk, and I wanted you to know how pleased I was to receive your generous comments about the Administration's role in helping to increase deposits in minority banks.

I understand there has been an increase in such deposits of \$155 million, or 40 percent, in the year ending September 30, 1971. Federal Departments and agencies had promised to try for a goal of \$35,000,000 in these deposits and I have just been told that deposits now total \$36,000,000 with another \$8,000,000 in firm commitments for the near future.

Of course, I am deeply heartened by this splendid achievement, and much credit for the success of this program is due to the superb cooperation of your Association's member banks. Together with the private sector, and State and local government, we have made an encouraging start in this field, and I am certain that together, we shall continue to make that kind of concrete, forward progress in enhancing greater economic opportunities for every segment of our society.

With warm regards,

Sincerely,

RICHARD NIXON

Mr. L. Owen Funderburg
President, National Bankers Association
President, Gateway National Bank
Union at Palm
St. Louis, Missouri 63115

RN:MSmith:mvm

32

RECEIVED
NOV 4 1971
CENTRAL FILES

1. Dave ✓
2. File
Letter

October 25, 1971

MEMORANDUM FOR BRAD PATTERSON

Subject: National Bankers Association Letter

Ed Gannon at Treasury called about this today, to see if we could get the exchange released today or tomorrow -- because Charls Walker is testifying tomorrow morning *at 10:00* before Banking and Currency. I located the edited reply downstairs in our letters section, but gather it needed to go back through you for whatever the appropriate checks might be. Since I couldn't reach you, and probably whoever you'd have had to run it by wouldn't have been available either, I'm leaving it here for you to handle in the morning.

The hearing, incidentally, is not on this subject; but since Reuss has apparently been giving us a hard time on it, Gannon thought it might be useful to have this out when Walker testified. I've told Gannon that I'd be leaving it on your desk tonight, and suggested that he get in touch with you in the morning to see what the prospects are. (Clean typed copy for signature is under the edited draft copy.)

RKP

Raymond K. Price, Jr.

Attachment

Copy to: Roland Elliott (Red tag).

STANDARD FORM 63
RECEIVED AUGUST 1983
STANDARD FORM 63

5010-108-01-10-00000-1 303-300

83-108

RECEIVED BY

DATE

TIME

Per Anne Higgins:

This letter was probably sent out
by Ray Price's office on the day
it was done. ^{signed} It was signed - Richard
Nixon.

MESSAGE

☐ RETURNED YOUR CALL ☐ WISHED AN APPOINTMENT
☐ MIGHT CALL AGAIN ☐ Barbara Flynn TO SEE YOU
☐ PLEASE CALL → CODE/EXT. PHONE NO.

OF (Organization)

☐ YOU WERE CALLED BY ☐ YOU WERE VISITED BY

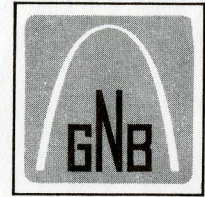
TO:

OF CALL
MEMORANDUM

GATEWAY NATIONAL BANK

UNION AT PALM

ST. LOUIS, MISSOURI. 63115 AREA CODE 314 EV 9-3000



CHARTER NO. 15521

October 15, 1971

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

Dear Mr. President:

Member Banks of the National Bankers Association are fulfilling an important function as conduits of capital and credit to Black and other minority communities in America. Our ability to do so has been enhanced as a result of a deposit solicitation program of the association.

Your response and leadership, as well as that of other governmental agencies and private industry has contributed immeasurably to the success of the program. In recognition of this, the delegates who attended our annual convention recently held in Washington, went on record expressing appreciation to you and others through the following resolution which was unanimously adopted:

RESOLVED that the National Bankers Association hereby expresses its appreciation to the White House, State and local governmental agencies, American industry and Capital Formations, Inc. for their meaningful response to the Deposit Solicitation program of this association in behalf of its Member Banks. These efforts are beginning to reflect themselves through increased deposits and thereby providing resources which can be channeled into effective economic development of minority communities,

RESOLVED also, that the members of the association, in recognition of the purposes for which this effort is conducted, hereby reaffirm our commitment to meet

The President of the United States

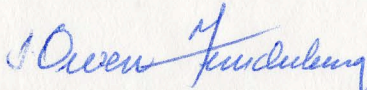
Page 2

October 15, 1971

our responsibility to use these deposits to the maximum extent possible for the growth and development needs of our respective communities and to urge that this important effort be continued, expanded and made a permanent program.

Your schedule permitting, the officers of our association would welcome the opportunity to meet with you personally to report specifically on how these funds have been utilized in our respective communities, and to discuss the possibility of expanding the program and making it permanent.

Sincerely,



I. Owen Funderburg, President
National Bankers Association

IOF:dmc

October 27, 1971

Central Files
letter signed
and sent
out by
Bush Patterson

MEMORANDUM FOR: NEAL BALL

FROM: JOHN CAMPBELL

SUBJECT: Len Garment's proposed letter to
the National Bankers Association

Attached at Tab A is correspondence from the President of the National Bankers Association and at Tab B is a proposed Presidential reply, along with Len Garment's cover memorandum. Ken Cole wanted me to check with you first to see if you concur with the release of this exchange of letters. Please advise by the close of business Wednesday, October 27.

Attachment

RECEIVED
NOV 2 1971
CENTRAL FILES

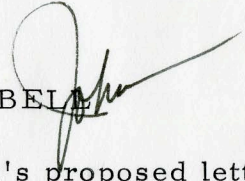
MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 27, 1971

MEMORANDUM FOR: NEAL BALL

FROM: JOHN CAMPBELL 

SUBJECT: Len Garment's proposed letter to
the National Bankers Association

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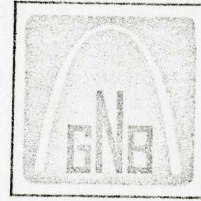
Attachment

Ken Ball - 

A

GATEWAY NATIONAL BANK

UNION AT PALM
ST. LOUIS, MISSOURI. 63115 AREA CODE 314 EV 9-3000



CHARTER NO. 15521

October 15, 1971

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

Dear Mr. President:

Member Banks of the National Bankers Association are fulfilling an important function as conduits of capital and credit to Black and other minority communities in America. Our ability to do so has been enhanced as a result of a deposit solicitation program of the association.

Your response and leadership, as well as that of other governmental agencies and private industry has contributed immeasurably to the success of the program. In recognition of this, the delegates who attended our annual convention recently held in Washington, went on record expressing appreciation to you and others through the following resolution which was unanimously adopted:

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RESOLVED also, that the members of the association, in recognition of the purposes for which this effort is conducted, hereby reaffirm our commitment to meet

The President of the United States

Page 2

October 15, 1971

our responsibility to use these deposits to the maximum extent possible for the growth and development needs of our respective communities and to urge that this important effort be continued, expanded and made a permanent program.

Your schedule permitting, the officers of our association would welcome the opportunity to meet with you personally to report specifically on how these funds have been utilized in our respective communities, and to discuss the possibility of expanding the program and making it permanent.

Sincerely,

A handwritten signature in cursive script, reading "I. Owen Funderburg".

I. Owen Funderburg, President
National Bankers Association

IOF:dmc

B

THE WHITE HOUSE

WASHINGTON

October 26, 1971

MEMORANDUM FOR THE PRESIDENT

ACTION: Letter to the National Bankers Association

On October 2, 1970, Secretary Stans and Under Secretary Charls Walker jointly announced a program of encouraging the placement of more deposit money in minority banks -- by Federal government agencies, private corporations and State and local governments.

The first year's target was \$100,000,000: \$35,000,000 by federal agencies; \$65,000,000 by private corporations.

Targets have been met. The Federal agencies alone have already deposited \$36,000,000; there are firm commitments of an additional \$8,000,000 and we will probably exceed \$50,000,000 shortly. Private corporations will probably be right on their target also.

The National Bankers Association passed a resolution of thanks to you; it got no publicity. They have now put it in a letter. (Tab A)

As a method of ensuring some deserved attention to this resolution, I recommend you sign this response (Tab B) and authorize Ron Ziegler to make the exchange public.

Concurrences: Ray Price
Charls Walker

THE WHITE HOUSE

WASHINGTON

October 26, 1971

Dear Mr. Funderburg:

Your very kind letter of October 15 has crossed my desk, and I wanted you to know how pleased I was to receive your generous comments about the Administration's role in helping to increase deposits in minority banks.

I understand there has been an increase in such deposits of \$155 million, or 40 percent, in the year ending September 30, 1971. Federal Departments and agencies had promised to try for a goal of \$35,000,000 in these deposits and I have just been told that deposits now total \$36,000,000 with another \$8,000,000 in firm commitments for the near future.

Of course, I am deeply heartened by this splendid achievement, and much credit for the success of this program is due to the superb cooperation of your Association's member banks. Together with the private sector, and State and local government, we have made an encouraging start in this field, and I am certain that together, we shall continue to make that kind of concrete, forward progress in enhancing greater economic opportunities for every segment of our society.

With warm regards,

Sincerely,

Mr. I. Owen Funderburg
President, National Bankers Association
President, Gateway National Bank
Union at Palm

St. Louis, Missouri 63115

Reproduced at the Richard Nixon Presidential Library and Museum

BB1

EXECUTIVE (2)
FI2
FI
FG12
FG6-3
FG6-16

October 26, 1971

MEMORANDUM FOR: SECRETARY CONNALLY
CHAIRMAN McCRACKEN
DIRECTOR SHULTZ

FROM: PETER M. FLANIGAN

Attached hereto is a memorandum regarding the Federal Financing Bank Bill on which I would like your recommendation at the Troika meeting on Thursday. For your guidance, Messrs. Stein, Volcker, and Laffer (T-2) recommend Option 1. Mr. Stein also recommends Option 2, and Mr. Laffer recommends an exemption under Option 2 for the Postal Service only. I recommend Option 1.

I also attach a copy of the latest draft of the Bill for your convenience.

RECEIVED
NOV 1 1971
CENTRAL FILES



THE SECRETARY OF THE TREASURY
WASHINGTON

OCT 27 1971

MEMORANDUM FOR THE PRESIDENT

EXECUTIVE
FIS
FG12
FI2
✓

Subject: November Refunding

THE PRESIDENT HAS SEEN...
NY

For your information, I plan to announce on October 27 our plans for refunding the \$7.9 billion of Treasury notes and bonds that mature on November 15. The public holds \$3.8 billion of these securities and \$4.1 billion are held by the Federal Reserve Banks and Government investment accounts.

The market has been good and we have a wide range of options for this refinancing. The maturities we are most likely to offer are:

- a short note (e.g., 18 months)
- a long note (e.g., 7 years)
- a long bond (e.g., 15 years)

Given the favorable market circumstances and the problems of debt structure, these are strong reasons for a sale of a relatively long bond, thus using for the second time the authority provided by the Congress last spring to sell up to \$10 billion of bonds at rates above 4-1/4%. If long bonds were offered for cash sale, we would not expect to sell over \$750 million. If they were offered in an advance refunding, however, a larger amount might be sold. We will, in either event, want to avoid overloading the market.

We have the alternatives of offering the new securities in exchange for the maturing securities, or of offering the new securities for sale for cash or a combination exchange and cash sale. In any event, it is likely that our offer will be designed to provide up to \$2 billion or thereabouts of net new cash.

It is also possible that we will decide that it is desirable to advance refund some of the heavy 1972 or 1974 maturities to lengthen the debt and lighten the refunding loads in those years.

EXECUTIVE

Hu 2-2

FI 2

October 23, 1971

MEMORANDUM TO:

KEN COLE
CHUCK PERRY

FROM:

JON ROSE *JR*

Attached is a draft letter forwarded by Charlie Walker and concurred in by Secretary Connally from the President to the American Bankers Association commending it for the dramatic increase in minority in bank employment. Would John or George have objections to the President sending such a letter?

November 1, 1971

MEMORANDUM FOR ROBERT FINCH

FROM: PETER FLANIGAN

I have gotten agreement from the Treasury that they will:

1. Indicate "no objection" if Mills introduces the bill Bob Volk wants on Members Day.
2. Introduce the bill after the signing of the Economic Plan Tax Package.
3. Tell California that we support this legislation and plan to introduce it in time.

I told that to Bob Volk on the 31st. He said that is fine and expressed his thanks.

EXECUTIVE

MS3/C *

FI 2

ku 2

19
STRAIGHT WIRE - NOVEMBER 8, 1971

Mr. Samuel S. Beard
Chairman

* x Capital Formation, Inc.
Five Beekman Street
New York, New York

As leaders and friends of Capital Formation gather in New York this evening, I want to extend my deepest appreciation for the splendid and overwhelming success of Capital Formation in encouraging bank deposits in minority banks across America.

A little more than a year ago, the Federal Government and private enterprise jointly embarked upon a project to increase deposits in the nation's minority banks by \$100 million. It has been most gratifying that when the program ended its first year on September 30, 1971, deposits in these banks had increased \$155 million, or forty percent. Not all of that increase can be attributed to our project, but we can be sure that our efforts have had a major impact and that Capital Formation deserves a very large share of the credit.

A major goal for this Administration and for those who have participated in this program is to build economic ownership in the Black, Indian, Mexican-American and Puerto Rican communities

MORE-----

11/8 4:15p

of our land, and this Bank Deposit Program represents the largest single transfer of economic resources into minority controlled economic institutions in the history of the country.

Although we cannot be fully content with our progress and many hopes must still be translated into reality, I believe that we can take heart at the results so far, and I send each of you my warmest congratulations for a job well done.

RICHARD NIXON

RN:Gergen:ck

cc: Rose Mary Woods/J. Warren/M. White/L. Garment/B. Patterson/
E. Hasek/CF

EVENT: NOVEMBER 8, 1971

Requested by Len Garment.

Approved by Ray Price.

ME3/A*

FI 2

November 15, 1971

Dear Mr. Stults:

You and your associates of the [★]American Banking Association can take great pride in the outstanding record achieved by the banking industry in its efforts to solve urban and social problems. The leadership demonstrated by your Urban Affairs Committee during the past four years has greatly enhanced the position of the minority community in the ownership of banks, stimulation of loans, and the promotion of employment.

As I noted in my letter of August 13 to Mr. Thomas McMahon, the establishment of the Minibanc Corporation to funnel much needed capital into minority banks was a highly imaginative step and one which ~~provided vital reinforcement in this Administration's~~ own efforts. Beyond this, your five-year program to foster an increase of \$1 billion in "soft loans" to minority borrowers is greatly encouraging, and corresponds with our accelerated endeavors to stimulate minority business enterprise.

Finally, in the area of minority employment, the Association has truly excelled. I understand from Secretary Connally, who administers the Equal Employment Opportunity Program for banks, that there has been an increase of 117% in such employment between 1966 and 1970. This, I am told, is the highest in the nation.

Indeed, you have set an example that many other industries could well follow, and I send you and every member of the Association my heartiest congratulations and best wishes for continued success in this important undertaking.

Sincerely,

RICHARD NIXON

Mr. Allen P. Stults
President
The American Bankers Association
1120 Connecticut Avenue, N. W.
Washington, D. C. 20036

RN:PF:RElliott:blf

EXECUTIVE

ME4

FI2

November 17, 1971

Dear Senator:

I would like to thank you for bringing to our attention the January 1972 dedication of the new bank building in Nixon, Texas. I will be pleased to ask that the request for a Presidential message to mark the occasion, which you received from Mr. F. W. Head, be given full consideration.

With cordial regards,

Sincerely,

Tom C. Korologos
Special Assistant
to the President

Honorable Lloyd Bentsen
United States Senate
Washington, D. C. 20510

bcc: w/incoming to Eliska Hasek for appropriate handling

TCK:EF:VO:nmb

November 17, 1971

Drew, Milton

Dear Tom:

Thomas R. Downing

Bill Timmons has asked me to respond further to your letter of October 19 concerning the Administration's efforts to increase deposits in minority banks.

As you know, the President and the Administration are very firmly committed to the idea of expanding minority business opportunities. This has been done primarily through the Office of Minority Business Enterprise in the Commerce Department. When looking into some of the possibilities in this area, it was felt that minority banks could play a very constructive role in mobilizing capital and putting it to work with minority businesses. After all, the persons involved in these operations have been and remain clear examples of what it means to work within the American free enterprise system rather than trying to destroy it.

I am informed that the Government has asked the 24 departments and agencies of government that deal with banks to try to increase their deposit relationships with minority banks. The three main guidelines for the agencies in following with this directive were: (1) convenience -- the agency or department would not be expected to use a bank in another community or one not conveniently located near its operation; (2) the minority bank would have to perform the same services as any other bank; and (3) the services would have to be performed at the same cost as the agency is currently experiencing.

Between September 30, 1970 and September 30, 1971, the 35 minority banks in the United States registered an increase in deposits of \$155.5 million. This is about a 40% increase on the average. Even with this sizable growth pattern, deposits in minority banks now represent 1/10th of 1% of total bank deposits in the United States.

RECEIVED
NOV 13 1971
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The goal of the Administration was to increase government deposits in minority banks by \$35 million. This is about 2% of the average deposit totals of the government agencies.

Our primary interest was to encourage the Labor Department and Office of Economic Opportunity to influence grantees under socially oriented programs to utilize minority banks whenever possible under the guidelines. For example, manpower training programs for hard-core unemployed under the Labor Department in most cities around the country and many of the OEO social programs in inner cities which are administered by non-profit organizations and which receive their entire funding from the Federal Government appear to be ideally suited for this purpose. These two agencies have been in touch with many of their grantees about the minority deposit program. This approach is apparently what gave rise to the inquiry from Mr. DeLoach.
Previews

I should point out that other government agencies such as the Defense Department have not been involved in a similar program influencing deposit relationships of contractors and grantees.

You might also be interested in knowing that the program which was launched in October, 1970, was wrapped up in October, 1971. There will, of course, be some follow-up activities, but most of the effort has been concluded.

Private corporations are beginning to make greater use of minority banks, and we expect that these banks will continue to grow as they meet the servicing requirements of business and industry.

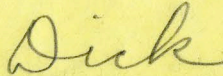
We in the Administration feel that this program has been very beneficial, has not increased the cost of operating the government and has resulted in very few complaints from the banking industry. As a matter of fact, the Urban Affairs Committee of the American Bankers Association endorsed the program before it was even launched.

I hope this answers your questions, but if there is any additional information you need, you may want to contact the Under Secretary

of the Treasury, Charles E. Walker, who has spearheaded this operation for the Administration.

With best wishes,

Sincerely,



Richard K. Cook
Deputy Assistant
to the President

Honorable Thomas N. Downing
House of Representatives
Washington, D. C. 20515

RKC:Commerce/Brownski:emu

5

October 23, 1971

Dear Tom:

This will acknowledge and thank you for your October 19 letter to the President regarding correspondence from Federal agencies directed to holders of government contracts encouraging them to deposit funds in minority banking institutions. You may be assured the views expressed in the letter you enclosed, as well as your own, will be brought to the President's attention and also shared with those whose area of responsibility would cover this matter. You will hear further at the earliest possible date.

With warm regards,

Sincerely,

William E. Timmons
Assistant to the President

Honorable Thomas N. Downing^X
House of Representatives
Washington, D. C. 20515

bcc: w/incoming to Leonard Garment for DRAFT REPLY
bcc: w/incoming to Peter Flanigan - FYI
bcc: w/incoming to Robert Brown - FYI

WET:EF:VOmmmb

RECEIVED
OCT 26 1971
CENTRAL FILE

THOMAS N. DOWNING
1ST DISTRICT, VIRGINIA
NEWPORT NEWS, VIRGINIA
E. M. TINY HUTTON
ADMINISTRATIVE ASSISTANT

COMMITTEES:
MERCHANT MARINE AND
FISHERIES
SCIENCE AND
ASTRONAUTICS

Congress of the United States
House of Representatives
Washington, D.C. 20515

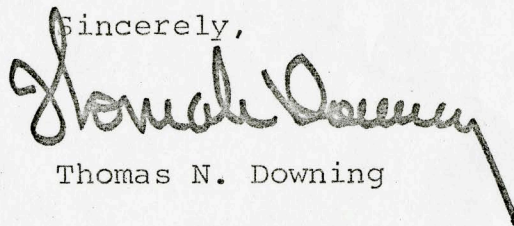
October 19, 1971

BT
The Honorable Richard M. Nixon
The President
The White House
Washington, D.C.

Dear Mr. President:

I am enclosing herewith correspondence from Mr. Milton L. Drewer, Jr., President of the Clarendon Trust Company of Arlington, Virginia, setting forth certain information which I find extremely disturbing. I think Mr. Drewer has made an excellent point in his letter, and I further think that some steps should be taken to terminate this type of persuasion.

Sincerely,



Thomas N. Downing

lmc

Encls ✓

EXECUTIVE

ME3/UX

FI 2

STRAIGHT VINE - NOVEMBER 19, 1971

Mr. Lewis S. Eaton

President

★ United States Savings and Loan League
c/o New York Hilton Hotel
New York, New York

It is a great pleasure to send my warmest greetings to the delegates of the Seventy-ninth Convention of the United States Savings and Loan League.

Nineteen seventy-one has been a record year for new housing starts. As a major source of funds for residential construction, the savings and loan industry can be justifiably proud of its important part in this achievement. At the same time, an unprecedented savings inflow, which is expected to total \$200 billion by the end of this year, promises further expansion for the critical housing sector of our economy.

The challenge before us today is to increase this momentum in our economy and to channel it toward achieving our national priorities. In this regard, I have been deeply encouraged by your splendid cooperation with our efforts to break the back of inflation. Your support for our new economic policy is in the finest American tradition of putting the national interest first.

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APPROVED FOR RELEASE BY
NATIONAL ARCHIVES

11/17 10:52

The decade of the 70s holds great promise, and I am confident that by working together it can be an exciting era for this country. My best wishes to you on this occasion and in the challenging years ahead.

RICHARD NIXON

cc: Mr. Glen Troop
Staff Vice President
United States Savings and Loan League
Suite 812
425 Thirteenth Street, NW.
Washington, D. C.

RN:Jenkins:nanb
cc: RMWoods/JWarren/MWhite/ENasek/DCook/HGashen/CF
Requested by: Organization
Approved by Ray Price
Event: November 19, 1971

Sent 11/19/71

70

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

EXECUTIVE

F86-11-1/

FINCH, ROBERT H.

F81-2

F12

F81

H42

SP7

November 23, 1971

MEMORANDUM FOR:

Guerra, Cipriano
Kirchner, Rodolfo

PAT O'DONNELL

FROM:

BILL (MO) MARUMOTO 10306

SUBJECT:

X San Antonio Savings and
Loan Association

The attached memo is self-explanatory. Fred Malek and I recommend that Bob Finch represent the President at the opening and perhaps include Henry Ramirez, Ray Telles, Tony X Rodriguez and Phil Sanchez. X

Attachment

THE WHITE HOUSE
WASHINGTON

KB- 12/11
Check Finches
office to see if
all accepted +.
Let me know
immediately if
all did not
Tel. did not
Pat accept

RECEIVED
DEC 30 1971
COMM-FBI

Hold for
attachment!

EXECUTIVE

BET

FI2

①

November 29, 1971

Dear Walter:

Thanks very much for sending along the press release regarding the funding of a local Minority Enterprise Small Business Investment Company by 34 Dallas banks.

You were most thoughtful to send along this information and I appreciate being apprised of this encouraging effort on behalf of minority businesses.

Again, thank you for thinking of me.

Sincerely yours,

John D. Ehrlichman
Assistant to the President
for Domestic Affairs

Mr. Walter W. Durham
President

UCC Venture Corporation
The UCC Tower, Suite 1008
7200 North Stemmons Freeway
Dallas, Texas 75247

FI 2
FI 5
FG 999
FG 217

December 2, 1971

Federal Financing Bill

MEMORANDUM FOR: PETER FLANIGAN

FROM: JIM LOKEN

SUBJECT: FFB Bill-- SBA Views

Tom Kleppe called this morning to say that his people have reviewed the latest draft of the FFB Bill and they continue to believe very strongly that "this idea just won't work worth a darn for SBA." SBA believes that Treasury has always been skeptical of SBA guarantee programs and accordingly Kleppe must strongly oppose giving Treasury any review approval authority with respect to these programs. Since the latest draft ~~is not~~ cannot cure these problems, SBA adheres to the opposing views if submitted last July. In addition, Tony Chase will prepare a memorandum setting forth additional ~~arguments~~ arguments. However, Chase is in Dallas this week and will not get to the memorandum until the first of next week.

Kleppe strongly urged that a meeting be held at which SBA can be heard orally prior to submission of this legislation to the Congress. Kleppe explicitly recognized that once the bill is in, the Administration must pull together, and thus he urgently desires a chance to be heard at this time.

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gan
December 1, 1971FI 2
FIS
FG 999
FG 224

Federal Financing Bank

MEMORANDUM FOR: PETER FLANIGAN

FROM: JIM LOKEN

SUBJECT: FFB Bill-- TVA reaction.

x
Lynn Seeber, an assistant to Red Wagner, called today to discuss TVA's reaction to the latest draft of the FFB bill. TVA recognizes that the OMB controls do not add to OMB's authority over TVA. In addition, TVA is apparently not concerned about the additional Treasury controls, recognizing that they will add little if anything to the current relationship between Treasury and TVA.

TVA is concerned about the potentially requirement that their bonds go through the FFB. TVA has an established relationship with two underwriting groups which TVA finds most satisfactory. In addition, Seeber noted that TVA bonds carry no explicit federal guarantee as the result of legislation during the Eisenhower administration which has helped to soften criticism from privately owned utilities that TVA had been competing unfairly on the basis of federal government subsidies. Seeber expressed the concern that if TVA bonds are routed through the FFB, the old charges of unfair government subsidies will revive. I pointed out that there is quite a difference between an outright federal subsidy, and the interest differential advantage which might flow to TVA as a result of Treasury financing. Seeber admitted that TVA's fears might be exaggerated, but he nonetheless said that TVA would like to pursue the possibility of an exemption for agency securities which do not carry any explicit federal guarantee.

I advised Ed Snyder of TVA's concern and suggested that Snyder get in touch with Seeber to discuss the matter further. Snyder commented that Treasury does view TVA bonds as among the securities which should be financed through the FFB to avoid proliferation and excessive financing expenses.

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gah/

EXECUTIVE

FI 2

FI 5

FG 999

FG 25

1

December 2, 1971

Federal Financing Bank

MEMORANDUM FOR: PETER FLANIGAN

FROM: JIM LOKEN

SUBJECT: FFB Bill-- DOT Reactions.

John Barnum called from California today to explain that after detailed review of the latest draft, DOT remains troubled by the proposed Treasury controls over certain DOT guarantee programs.

Barnum conceded that there are some guarantee programs of an on-going nature as to which Treasury and DOT could work out general criteria governing the terms and conditions of particular financings, although he would like to see a specific assurance that Treasury will not review day to day transactions.

DOT's main concern is with guarantee programs that involve a small number of transactions, each of which is likely to be of interest to the Treasury and is subject to the full range of Section 7 Treasury controls under the current draft. Barnum noted two problems. First, many of these loans are made under emergency conditions where timing is of the essence. Past DOT experience with the Treasury raises doubts whether Treasury would be willing and able to perform a mandatory review within the time constraints faced by DOT. Moreover, in this situation, DOT objects to adding another bureaucratic layer to the financing process. Second, DOT often concludes as a matter of transportation policy that it must approve terms and conditions more favorable to the borrower than a private banker would conceivably accept; Treasury is likely to interfere with these policy decisions. As an example, Barnum noted that AMTRAK has guaranteed railroad loans which do not provide for a lien on after acquired property, something a conservative commercial lender would never do.

Barnum has asked his staff to work on alternative drafting proposals to cure these difficulties. These efforts will go on while Barnum is in California, but Barnum wants any meetings to resolve these issues to await his return on Monday. I have urged Barnum and his staff to explore ways

RECEIVED
DEC 9 1971
CENTRAL FILES

to make the Treasury approval process more acceptable to DOT, rather than spending their time seeking blanket exemptions for DOT programs.

We now have the General Counsels from Commerce, HUD and DOT all struggling with the question of Treasury controls over agency guarantee programs. I wonder whether there should be a joint meeting of such legal staffs with Treasury experts, Dick Erb and myself. The risk is that everyone will gang up on Treasury. The benefit might be that each agency would stop thinking of its own selfish interests and all would address the difficult question of how to draft legislation which will meet our common objectives.

December 6, 1971

MEMORANDUM FOR GENERAL HAIG

FROM: PETER FLANIGAN

The President might be interested to know of the following strongly made statement by the head of a Montreal brokerage and banking house.

"The great majority of Canadian businessmen, and indeed, most Canadians, understand and sympathize with the economic moves taken by the United States. They are embarrassed by the whining opportunism of the Canadian Government's comments. Canadians recognize that the Administration had to take the actions that it did. They further recognize that, in the last analysis, their prosperity depends on America's prosperity and therefore they will benefit by these moves."

December 7, 1971

MEMORANDUM TO: PETER M. FLANIGAN

FROM: RICHARD D. ERB

SUBJECT: ^x BOC

Potential Problems

1. Obtaining support of two-thirds of the holders of capital notes (they appear to have nothing to lose if the bank is liquidated).

2. Obtaining support of two-thirds of the preferred stock holders. (If the bank is liquidated they stand to get \$17 million back. The current market value is in the \$5-7 range. With 304,465 shares outstanding, the market value is less (more) than the book value).

3. When year-end statements are issued at the end of January the condition of the bank will become known to the public or, if not then, probably in March when proxy statements are sent out. This increases the probability of a run. According to the statement on page (4) - "hundreds of millions of dollars in deposits that would be uninsured." Such depositors would probably act quickly.

4. Under the federal-state joint agency proposal, BOC is expected to sell new common stock to the public as soon as practicable and at the latest April 1, 1977. Although I don't have a balance sheet and income statement with which to project forward, my feeling is that even under the best of circumstances, it will be many years before BOC will be an attractive investment to the general public (although it could be to another bank or banks).

JAN 19 1972
CENTRAL FILES

December 13, 1971

MEMORANDUM FOR:

DICK ERB

FROM:

PETER FLANNIGAN

John Connally would like to have the Troika meeting after next concentrate on the quality of the reporting of unemployment statistics. I realize that this subject is one that is well massaged; however, I feel that it is worth further consideration.

Without having you bother the BLS, could you think a little bit about how you would suggest we would structure the gathering of this information.

December 14, 1971

MEMORANDUM FOR: PETER FLANIGAN
FROM: JIM LOKEN
SUBJECT: Federal Financing Bank Bill

Jim Smith advises that the Administration bill was introduced yesterday in the Senate as S. 3001 sponsored by Senators Sparkman and Tower. The bill will not be immediately introduced in the House because the House parliamentarian is uncertain whether it should be referred to Ways and Means as opposed to the Banking and Currency Committee, and Smith thinks we should get that problem squared away with Mills and Patman before proceeding further.

With regard to public relations, there was a slip-up at Treasury yesterday, but Jack Bennett will meet with "Treasury regulars" of the press today and plans briefings next week with investment bankers, the ABA, and state and local banking officials. Query whether Dick Erb ought to help Treasury prepare the materials for those briefings so that you can participate where advisable.

cc: Dick Erb

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DEC 15 1971

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DECEMBER 15, 1971

FOR JOHN WHITAKER

Vicki Keller will most probably end up with this,
but I thought you might like to know it came in.

Tod R. Hullin

Attachment

F

December 13 memo to E from Sec. Richardson
Re Comments on National Growth Bank Proposal

December 17, 1971

MEMORANDUM FOR: PETER M. FLANIGAN
FROM: GEORGE CRAWFORD
SUBJECT: PALLOT BANK MERGER

Attached are my memorandums to Charis Walker on this subject, and his to Secretary Connally.

The basic problem with using the merger as a bargaining chip is this: even though we can prevent this merger through Treasury disapproval, Treasury cannot prevent the Canadians from buying some other American bank with cash. (The Canadians do not want to buy the Pallot bank with cash, because they would have to write off its extensive good will all in one year under Canadian accounting rules.) In other words, preventing this merger will gore Pallot's ox without preventing Canadian entry into the American market. The Canadians will back off the Pallot deal if it does not go through before the end of this year; it has been holding a fire for a long time now.

Thursday, Pallot got an interview with Secretary Connally through Bob Strauss. I was there, and while not undermining the Secretary in the meeting, tried to make this point to him afterward, but I am not sure it was completely clear to him. He said he would make a decision very soon.

EXECUTIVE

FG124

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December 20, 1971

Dear Senator Ervin:

I would like to acknowledge and thank you for your December 14 letter to the President, in which you were joined by the entire North Carolina Congressional Delegation, regarding the move of the Fourth District Federal Home Loan Bank from Greensboro, North Carolina, to Atlanta, Georgia.

You may be assured that your views on this matter will be called to the attention of the President at the earliest opportunity.

With warm regards,

Sincerely,



William E. Timmons
Assistant to the President

Honorable Sam J. Ervin, Jr.
United States Senate
Washington, D.C. 20510

bcc: w/inc. to Peter Flanigan - for further appropriate handling.

bcc: to Tom Kerologos - FYI

WET:EF:mvm

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

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FG 6-16

DEC 20 1971

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Resolution S.J. Res. 176 - Housing,
flood insurance and banking amendments
Sponsor - Sen. Sparkman (D) Alabama

Last Day for Action

December 25, 1971 - Saturday

Purpose

Extends and amends certain housing, flood insurance, and other programs and authorizations.

Agency Recommendations

Office of Management and Budget	Approval
Department of Housing and Urban Development	Approval
Veterans Administration	Approval
Small Business Administration	Approval
Department of Commerce	Approval
Federal Home Loan Bank Board	Approval
Board of Governors of the Federal Reserve System	Approval
Department of Health, Education, and Welfare	Approval
Council of Economic Advisers	No objection
Office of Emergency Preparedness	No objection
Department of the Treasury	No recommendation <u>informally</u>

Discussion

S.J. Res. 176 is an interim measure which would extend and modify certain housing, flood insurance, banking and small business authorities. The Congress deferred until next year final action on major housing legislation, including the Administration's Housing Consolidation and Simplification Act of 1971 which provides for reform of HUD housing programs,

MEMORANDUM OF INFORMATION FOR THE FILE

DATE 12-22-71

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Rocketteller, David

LETTER, MEMO, ETC.

TO: Ken Cole

FROM: John C. Whitaker

SUBJECT: National Growth Policy

CORRESPONDENCE FILED CENTRAL FILES - CONFIDENTIAL FILE

EXECUTIVE

FG124

F12

LG/Greensboro

LG/Atlanta

THE WHITE HOUSE

WASHINGTON

December 30, 1971

MEMORANDUM TO: PETER FLANIGAN

FROM: RICHARD ERB RDE

SUBJECT: FHLB move from Greensboro,
N.C., to Atlanta, Georgia

Pres Martin will let us know if any major new developments on the subject arise. Right now they are making every effort to provide Congress with the factual basis for their decision to move the bank. The move is basically for operational and efficiency reasons.

Attachments

JAN 30 1972
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