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GENERAL

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BE4/Banking
FG 12

JAN 10 1969

Mr. John A. Forlines, Jr.
President
The^{*}Bank of Granite
Granite Falls, North Carolina

Dear Mr. Forlines:

Because of the requirements of his increasingly demanding schedule the President-elect has asked me to thank you for your December 3 letter about the structure of the American banking industry. He wants you to know that he appreciates your very frank comments on the need to encourage a climate in which small community banks can compete freely, as well as your recommendation that small businessmen and small bankers be well represented in the government and in other national policy-ranking groups.

The incoming Secretary of the Treasury, Mr. David P. Kennedy, will be particularly interested in the information and the opinions included in your letter, and I have sent a copy of it to him and to the Chairman of the Federal Reserve Board, Mr. William McC. Martin.

Sincerely,

H. R. Haldeman

RECEIVED
JAN 21 1969
CENTRAL FILES

The Bank of Granite

GRANITE FALLS, NORTH CAROLINA 28630

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICES IN LENOIR, N. C. AND HUDSON, N. C.

JOHN A. FORLINES, JR.
PRESIDENT

December 3, 1968

ADDRESS REPLY TO:
GRANITE FALLS, N. C.

DEC 10 1968

VIP
X
Wine

Honorable Richard M. Nixon
President - Elect of The United States
Hotel Pierre
New York City, New York

Dear Mr. Nixon:

With all of your problems, I am reluctant to write to you at this time.

First of all, let me wish you the very best of everything as you undertake the tremendous task of building a better America. I am a Duke University graduate (class of 1939) and I have watched your career with great interest.

I am deeply disturbed about some of the things that are happening in the banking industry, particularly insofar as the concentration of deposits in the hands of a few large commercial banks is concerned. In North Carolina, we have seen a 40% decline in the number of banks in the past ten years, from 210 to 122. Approximately 80% of the deposits in our state are now held by six state-wide chain banks. Recently, apparently the Justice Department has discouraged further merger on the part of the three top banks (all with resources in excess of one billion dollars). However, The Comptroller of The Currency (all of these banks are now National Banks) seems to be encouraging them to branch further on a de novo basis, even though each of these banks now have over 100 banking offices in our state. We desperately need to create an economic climate in which small, aggressive community banks, like our bank, can compete on a favorable basis with these financial giants.

I was pleased to see this attached article recently in the Washington Press, but I am not overly optimistic about the outcome of such investigations. I am very much concerned, too, about the rash of one-bank holding companies being formed throughout the country. I am afraid the basic, traditional responsibility of banks to safeguard the deposits of the people is being pushed into the background by these large institutions which simply want to "be big" for bigness sake. Also, I am not sure that banks have any business branching into other avenues of business, as many are trying to do. Obviously, they will soon be competing directly with many of the customers they are serving, and this does not appear to be right and proper.

Honorable Richard M. Nixon

Page 2

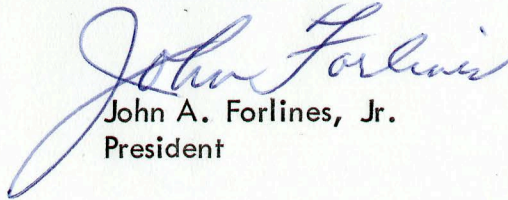
December 3, 1968

One other thing, and I very much hope you will give consideration to this in your new administration. I do not believe that small businessmen and small bankers are adequately represented, nationally, on policy making bodies and study groups. I know that some of the most thoughtful and most successful bankers I know are those in small, community institutions, yet their opinions are rarely sought on commissions and boards dealing with financial problems. Generally, it is the executives of the big banks who appear as the representatives of the financial community.

Let me hasten to say that I have nothing against large banks--there is a place for them in North Carolina and in our nation--but I do not think they should completely dominate our financial economy.

I trust you will understand my great concern for these matters. Again, my best wishes.

Sincerely yours,



John A. Forlines, Jr.
President

JAFjr/jh

2: The Securities and Exchange Commission, acting under authority granted by the outgoing Congress, will undertake a \$750,000 probe of the influence on stock prices of large-volume buying and selling by financial institutions. Stock trades by mutual funds, for example, today account for more than half the volume on the New York Exchange. More and more observers feel such activity exerts undue influence on over-all stock trading and prices.

3: The Federal Trade Commission will study the recent rash of corporate mergers, especially those which result in today's giant conglomerate companies. In general a conglomerate merger — between companies in unrelated fields — is not covered by present anti-trust laws. This year corporate mergers are expected to exceed 3400 for the first time, with most being of the conglomerate type.

The postwar covey of giant conglomerates which have resulted from mergers — companies like Litton Industries, Ling-Temco-Vought, and Gulf & Western — do not report earnings by divisions in most cases, leading to charges by some regulators that they deliberately undersell competitors in violation of present law. Also, most of the conglomerates are heavily in defense work, leading to some suspicion that they have undue political influence.

Congress Sets Merger, Bank Probes

By ROBERT DIETSCH
Scripps-Howard Staff Writer

WASHINGTON — Is the nation's economic and financial power being concentrated in too few hands?

Three federal investigations will begin early next year in an effort to answer this question — regardless of stands taken on the issue by the incoming Nixon administration. The new President's economic and financial advisers, however, certainly will be called to testify.

The probes will touch these areas of economic concentration:

—Corporate mergers are running at a record high rate.

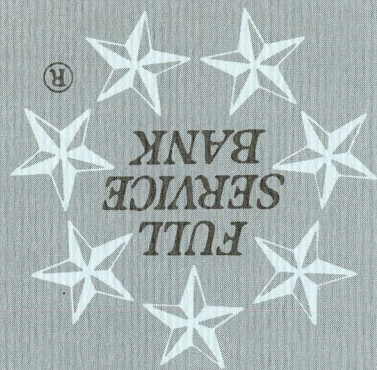
—Stock shares increasingly are being held by institutions, mostly mutual funds.

—Commercial Banks are enlarging their activities faster than at any time in the past 30 years.

Some liberals and consumer advocates already are complaining that these trends are resulting in excessive concentration of power in ever fewer corporate and individual hands.

These are the investigations planned:

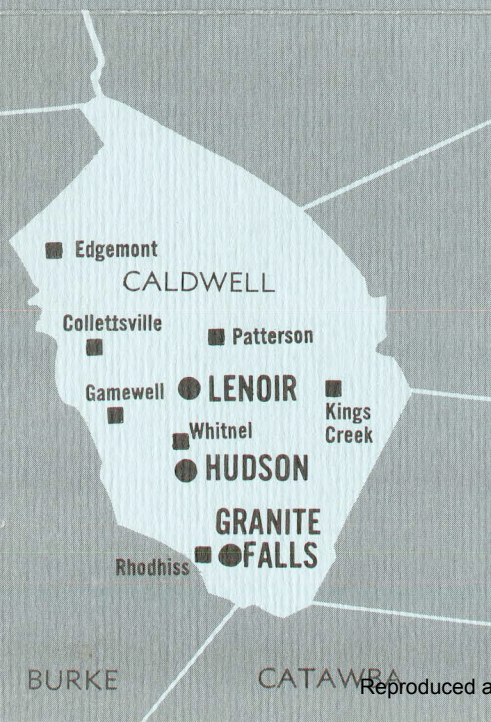
1: The House and Senate Banking committees, both chaired by Democrats, will look into the rapid growth of "one-bank holding companies." Taking advantage of a loophole in a 1966 law, almost 1000 banks have reorganized themselves into holding companies, with the bank one of several or many diverse subsidiaries.



THE Bank of Granite

JUNE 28, 1968

STATEMENT OF CONDITION



OFFICERS

John A. Forlines, Jr., President

LENOIR OFFICE
Berkley Willis, Vice President
and Manager

John T. O'Connor
Assistant Vice President
Dewitt H. Pritchard, Asst.
Vice President & Secretary

Bryce H. Sherrill, Cashier & Manager

GRANITE FALLS OFFICE
Cade Shaver, Cashier
Lamont D. Krimminger,
Assistant Vice President
Mrs. Frances S. Price,
Assistant Cashier
HUDSON OFFICE

DIRECTORS

Clarence E. Beach	R. Barton Hayes
John A. Forlines, Jr.	M. L. Moore, Jr.
Robert A. Gibbons	Thad T. Russell
Floyd C. Wilson	

COMPARATIVE STATEMENT OF CONDITION

Resources	June 28, 1968	June 30, 1967
Cash and Due from Banks	\$ 1,334,027.76	\$ 964,085.43
U. S. Bonds	1,884,439.60	1,794,057.10
State of North Carolina Bonds	569,673.20	474,342.70
Municipal and Other Bonds	2,983,188.95	2,462,471.23
Loans and Discounts	6,326,374.94	5,893,229.00
Banking Houses and Fixtures	257,933.77	215,257.52
Corporate Stock	1.00	1.00
Other Resources	94,757.71	59,378.28
TOTAL RESOURCES	\$13,450,396.93	\$11,862,822.26

Liabilities		
Capital Stock	\$ 330,000.00	\$ 275,000.00
Surplus	670,000.00	600,000.00
Undivided Profits	268,027.83	292,849.17
Reserves	127,020.52	97,918.16
Deposits	11,675,449.86	10,295,467.69
Other Liabilities	379,898.72	301,587.24
TOTAL LIABILITIES	\$13,450,396.93	\$11,862,822.26

THE Bank of Granite

LENOIR • GRANITE FALLS • HUDSON • NORTH CAROLINA

Member Federal Deposit Insurance Corporation

TABLES OF COMPARISON

January 15, 1968

Table #1
Total Resources

Dec. 31	
1967	\$13,056,782.79
1966	11,463,073.92
1965	9,913,234.86
1964	8,432,956.44
1963	7,808,419.02
1962	7,042,503.40
1961	6,373,538.30
1960	4,971,245.24
1959	3,492,712.88
1958	3,000,958.93
1957	2,918,752.48

Table #2
Total Deposits

Dec. 31	
1967	\$11,327,561.20
1966	9,938,005.19
1965	8,553,658.95
1964	7,213,339.19
1963	6,656,097.48
1962	5,988,059.85
1961	5,408,887.67
1960	4,059,103.55
1959	2,635,827.63
1958	2,486,965.42
1957	2,393,116.90

Table #3
Cash Dividends Paid

1967	\$38,500.00
1966	33,000.00 + stk. div.
1965	29,920.00
1964	28,600.00 + stk. div.
1963	26,000.00
1962	24,000.00 + stk. div.
1961	19,500.00
1960	18,000.00
1959	14,232.90
1958	13,500.00
1957	13,000.00

Table #4
Capital and Reserve Accounts at End of Preceding and Current Years

	1967	1966
Common Stock	275,000.00	275,000.00
Surplus	670,000.00	600,000.00
Undivided Profits	275,504.48	236,482.14
Reserves	217,236.77	175,208.52
	<u>\$1,437,741.25</u>	<u>\$1,286,690.66</u>

Table #5
Total Loans

1967	\$6,025,735.73
1966	5,616,628.82
1965	5,363,234.86
1964	4,613,649.46
1963	3,875,944.98
1962	3,084,798.48
1961	2,651,775.16
1960	2,122,998.62
1959	1,424,159.34
1958	1,287,846.67
1957	1,072,305.85



Table #6
Summary of Earnings

Disposition of Earnings

Dividends Paid	
Addition to Capital & Reserve Accounts	

1967	1966
\$288,103.89	\$232,544.29
98,553.30	84,976.41
<u>\$189,550.59</u>	<u>\$147,567.88</u>

\$ 38,500.00	\$ 33,000.00
151,050.59	114,567.88
<u>\$189,550.59</u>	<u>\$147,567.88</u>

Two

January 28, 1969

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GENERAL
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PU 2-1
FI 2

Dear Mr. Semmler:

President Nixon has asked me to acknowledge your letter and to thank you for sending him "The Full Life".

He appreciates your thoughtfulness in making this available to him.

With the President's best wishes,

Sincerely,

John R. Brown III
Staff Assistant
to the President

Mr. Elmer F. Semmler
307 Concord Avenue
Greensburg, Pennsylvania 15601

GNR:feb
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JAN 29 1969
GENERAL FILES

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GENERAL
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January 29, 1969.

+
Senator Roy M. Goodman
The Senate
State of New York
Albany, New York

Dear Roy:

Thanks for the material on depositing
city funds in ghetto area banks.

I've sent it to Pat Moynihan with my
suggestion that he contact you if he
wants to follow it up.

Best,

William Safire
Special Assistant to the President

P.S. I like it here; I'll stay.

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To : Moynihan

From: Safire

January 29, 1969.

Roy Goodman, who was then John Lindsay's Finance Administrator, arranged for ^{some} ~~some~~ of the City government's deposits to be placed in ghetto banks.

This seems to me a visible action that the Federal government might consider, and I attach some material he sent me on it.

I'm sure that Goodman, who is now a N. Y. State Senator, would be glad to develop some recommendations if you wanted.

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JAN 31 1969
CENTRAL FILES

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GENERAL

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FG 6-11-1/Ehrlichman,
John D.

2

February 1, 1969

Dear Bob:

Thank you for your letter of January 27.

It appears that I will be out of the city the week of February 24 and will not be able to get together with you.

However, I have noted the content of your letter and passed it along to the selection committee with an eye to representing your viewpoint.

I wish we could get together. I would like to visit with you. Perhaps next time.

Best personal regards.

Yours sincerely,

John D. Ehrlichman
Counsel to the President

Mr. R. B. Weber, President
+ Puget Sound Mutual Savings Bank
+ Second Avenue and Madison Street
Seattle, Washington 98104

2

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MAIN OFFICE:
SECOND AVENUE AND MADISON STREET • SEATTLE, WASHINGTON 98104
(AREA CODE 206) MUTUAL 2-9200

January 27, 1969

Mr. John Ehrlichman, Special Counsel
The White House
Washington, D.C. 20500

Dear John:

On Monday and Tuesday, February 24 and 25, the Board of Directors of The National Association of Mutual Savings Banks will be meeting in Washington, D.C. I would very much enjoy getting together with you for breakfast, lunch, or any time at your convenience on Monday, Tuesday, or Wednesday of that week.

The Directors of our National Association will be meeting with the Board of Governors of the Federal Reserve, the Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank, the Counsel of Economic Advisers, and officials of The Treasury Department. Since this is the first meeting of our Board with officials of the new Administration, it should be a very interesting session, and I would like to discuss with you several of the subjects of that meeting, together with some other industry problems. The Thrift industry has some concern about their standing with the new Administration. The two top Treasury posts have gone to commercial bankers, one of whom has a strong prejudice against thrift institutions. Neither of these men is attuned to the problems of or the contributions of Savings institutions to the general economy. As Congressman Patman has pointed out, this could pose a serious problem for the savings and housing markets.

I will appreciate your advising me if it will be possible for us to get together.

Personal regards,

R. B. Weber, President

RBW:vw

THE WHITE HOUSE OFFICE

GENERAL

ND18/CO165/ND8
FI 2

REFERRAL

To: Chairman of the Federal Deposit
Insurance Corporation

Date: February 6, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

Basic correspondence should be returned when
 draft reply, memorandum, or comment is re-
 quested.

REMARKS:

Description:

☒ Letter: _____ Telegram: _____ Other: _____

To: The President

From: Mrs. Delmar E. X Cooper, 7890 Crest Drive, Lakewood, Colorado 80215

Date: 2/1/69

Subject: Appeals for investigation of State Board's closure of local bank; son served in
 Viet-Nam.

By direction of the President:

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 FEB 6 1969
 CENTRAL FILES

John R. Brown III
 Staff Assistant
 to the President

abp

(White House File Copy)

mc/gh
February 7, 1969

GENERAL

FI 2

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Dear Mr. Martin:

Dr. Moynihan asked me to thank you for your letter of January 28, particularly for your thoughtfulness in enclosing material on the San Francisco Data Bank.

There are a number of ideas being presented currently for the development of better information systems, and I am sure they will be of interest to you as they come along.

Insofar as further lines of communication, Dr. Moynihan asks me to stand in for him since the area of your interest, economic development, and my responsibility here are substantially the same. If you think I can be of any help to you, please let me know.

Sincerely,

Leonard S. Zartman
Staff Assistant to the President

Mr. Fred J. Martin, Jr.
Governmental Affairs Manager
Greater San Francisco Chamber of Commerce /calif.
420 Montgomery Street
San Francisco, California 94104

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FEB 10 1969

CENTRAL FILES



GREATER SAN FRANCISCO CHAMBER OF COMMERCE

January 28, 1969

Mr. Daniel P. Moynihan
Special Advisor - Urban Affairs
The White House
Washington, D. C.

Mr. Moynihan, in view of your responsibilities in the White House -- and particularly in the light of the President's concern with involving the private sector in the solution to community problems -- I am enclosing material on a Community Data Bank. The development of this Bank is a project of the Greater San Francisco Chamber of Commerce, and we would solicit both your interest and comments.

As you may recall, we met as members of the Advisory Committee which Bob Finch assembled in December to advise him on the transition in the Department of Health, Education and Welfare. In addition, I had some contact with Chris DeMuth on your staff when he was in New York with the Nixon recruiting team.

What I would like to develop at this time are lines of communication which can be mutually beneficial. We believe that the San Francisco Chamber of Commerce, as the City's official economic development arm, has and can continue making substantial contributions towards solving pressing urban problems.

In that regard I look forward to hearing from you.

Sincerely,

Fred J. Martin, Jr.
Governmental Affairs Manager

FJM/sdr
enclosure

GREATER SAN FRANCISCO BUSINESS COMMUNITY DATA BANK

1. Background

As the officially designated economic development arm of the City and County of San Francisco, the Greater San Francisco Chamber of Commerce emphasizes action programs dealing with human and economic resource development and urban renewal problems confronting the City.

Since most local problems involve regional considerations in different political jurisdictions, the Chamber, by reason of its Charter and membership, has an area wide outlook encompassing the economic development of the entire nine-county Bay Area.

To discharge these responsibilities more effectively, the Chamber is developing a Community Data Bank designed to provide pertinent, timely information and systems models required for its action programs.

2. Concept

A principal content of the Data Bank will be business and industrial profiles providing information concerning the local establishment. Initial emphasis is being placed on San Francisco, and plans are being developed for subsequent expansion to cover regional economic activity and land use. The information would be processed and retrieved in a variety of aggregations by data element and geographical division. Time series and subject models will be employed to exploit electronic data processing capabilities for multi-variate analysis and scientific program planning. The resources of business, government and education will be shared to collect data from primary sources, store, process and retrieve the data in various arrays as needed by the user.

Costs will be minimized by avoiding duplication of effort and by sharing and exchanging information among authorized users. Available university and business-donated computer time will be used on appropriate projects and models. If necessary, other computer requirements will be purchased from service bureaus. Donated consultant services from business and education agencies have been assured. Systems design and computer programming will be simplified by the adoption or modification of proven related systems now in use. Every effort will be made to avoid the long, expensive task of writing systems and programs from their inception. Personnel costs will be minimized by employing a small professional

staff with general administrative support from the Chamber and other organizations. Appropriate organizations would be requested to maintain subject models for the regional data bank.

3. Operation

It is proposed that the Chamber's Data Bank will become part of the Community Improvement Foundation, and be operated as a Community Data Bank dedicated to human and economic resource development and urban renewal. The Community Data Bank would be a non-profit business-like activity supporting the many private, governmental, and non-profit agencies which need the information for projects related to the purposes of the Foundation. The Data Bank would become self-supporting through the sale of its services to authorized users. This would help to meet research and operating costs and to develop the capability to donate services to urgent, unfunded human resource and civic betterment projects. Effective safeguards will be established to avoid competition with business and to assure protection of confidentiality in personal privacy, business proprietary interests, and governmental matters. The basic business/industry file will be developed and continually updated to include donations and sharing of public information from governmental and private agencies. Annual surveys of representative samples of business and industry will be made to provide additional detail for analysis and interpretation.

Selected leaders of education, business, government, and non-profit activities will provide policy guidance to the Community Improvement Foundation to assure that operation of the Data Bank meets its stated goals.

4. Planning Priorities

The Chamber is currently engaged in a research and planning program to develop the Data Bank. It has been discussed with more than seventy leaders of public and private enterprise involved in urban and industrial problems. They agreed that the lack of timely and valid information at lower aggregations poses critical problems which must be solved immediately. They stated that public officials and private business executives alike need quality information and that information required for employment, education, economic development and business programs is most vital. Planning provides for meeting these priority requirements as an initial step and other requirements on a file-by-file development.

5. Action Programs

As a result, the Chamber has several action programs underway and is seeking the advice and participation of selected leaders in business, education, and government. They will comprise a council of experts working to make this effort meaningful for business and the Bay Area community at large.

One of the developmental programs underway for this Data Bank is a comprehensive survey of business and industry to be conducted during January-March 1969. This is a collaborative effort in which the resources of the Chamber are shared with donations from the business and educational communities and the Concentrated Employment Program (CEP) of the Economic Opportunity Council of San Francisco. Other sources are considering additional support to be given this survey so that it may be of optimum value to them.

In effect, the 1969 survey will update and expand the 1968 Chamber report on a survey of San Francisco manufacturing establishments to include a representative sample of local business and industrial establishments throughout the Bay Area. The 1969 survey will also include information concerning employment practices and information needed by CEP and other concerned agencies.

6. Support

To date, all leaders consulted voiced unanimous support of the concept of the Community Data Bank. They offered valuable suggestions to aid in its development and improve the annual survey. Several have written their suggestions and concepts of models and matrices. Others have requested that they be given specific problems on which to work.

Other leaders of business and industry are being called upon to support the Data Bank. The cooperation of each business establishment will also be solicited for completion of the 1969 annual survey.

7. Benefits

It is planned that the business and industry file will be of such content and timeliness as to meet most of the data needs of the many agencies and activities who are at grips with urban problems. Many of the surveys now being made of business and industry can

be referred to the Data Bank, conserving the time of the busy executive for action programs for profit and civic betterment.

Through participation with various governmental bodies and the cooperation of business in the sharing of information, it is likely that a more effective coordination and integration of governmental and business urban improvement programs could be realized.

The Data Bank and the 1969 Annual Survey, together, present a creative, innovative opportunity to Greater San Francisco businessmen: To make the Bay Area profitable for business and the best of places for people to live.

December 13, 1968



GREATER SAN FRANCISCO CHAMBER OF COMMERCE

December 19, 1968

TO: Board of Directors

FROM: David A. Marcelle, Systems Manager

SUBJECT: Progress Report on Chamber EDP Systems and Data Bank.

1. Chamber Administration. The application of electronic data processing to Chamber management was initiated in mid-May of this year. A Membership Management System is now successfully under test and membership administration will be automated next month. Basic work has been done to automate other functions such as accounting in the immediate future. These, and other applications to be developed, can serve as models for other Chambers and similar organizations. This effort is supported and sustained largely through volunteer programmers and donated computer time.

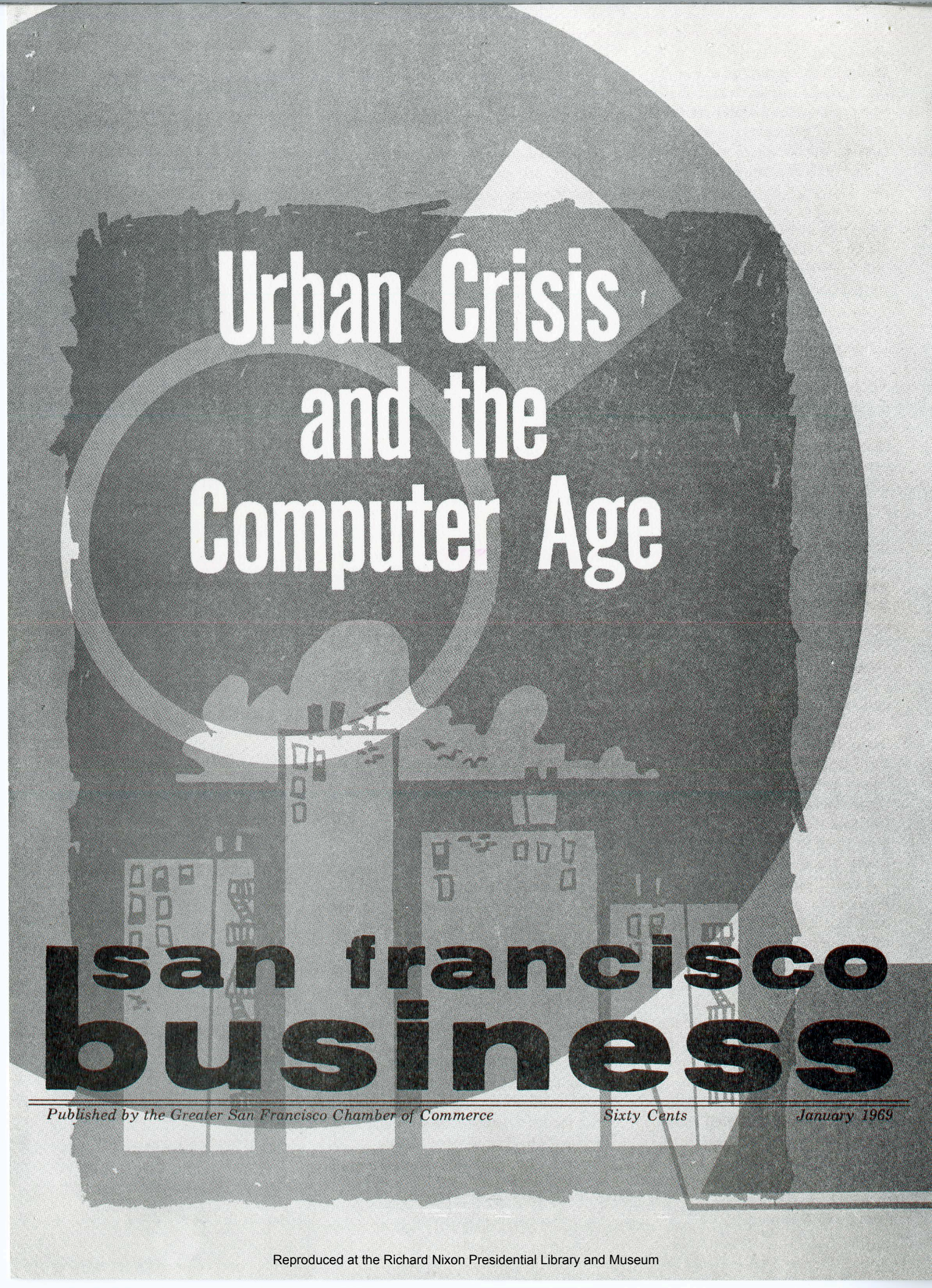
2. Data Bank. Meanwhile, discussions with over 70 leaders in business, education, government and private non-profit enterprises led to a coordinated action program to develop a Community Data Bank. The Data Bank will support Bay Area business activity, human and economic resource development and urban renewal programs by providing authoritative, timely information initially to the level of the local business establishment and ultimately, to lot/block land use. A summary report on the Data Bank is in Enclosure 1.

3. Survey of Business and Industry. A survey of Bay Area business and industry will be conducted from January to March, 1969, when primary sources of basic business data will also be developed. This is a collaborative effort sharing the donated resources of business and education and funds from the Concentrated Employment Program (CEP) with the Chamber's systems effort. One immediate benefit from the survey is

a June, 1969, report to CEP and others on employment practices in San Francisco for use in various human resource development programs. Another benefit is the development of the initial business and industry file of the Data Bank.

4. Prospectus. The application of EDP to internal Chamber management is expected to result in effective and economical programming of routine tasks. This should permit us to retain a small, action oriented staff and have the computer do the recurring routine tasks. The development of a quality business and industry file of the Data Bank should permit the Chamber to speak, well-armed with hard facts behind it, and thus be a more effective voice of Greater San Francisco business. Finally, through the services of the Data Bank, the many public and private agencies concerned with human/economic resource development and urban renewal could be supported by better information on Bay Area business and industry.

DAM:be



Urban Crisis and the Computer Age

San Francisco business

Published by the Greater San Francisco Chamber of Commerce

Sixty Cents

January 1969

ALEX VRACIU

An ambitious new dimension is in-the-making for the San Francisco Bay Area. Called a Community Data Bank, this new dimension is essentially a computerized and analytical system of pinpointing, accurately and in-depth, those economic development problems and issues commonly associated with today's urban crisis.

The Community Data Bank is designed to provide factual information about the community for public and private activities. And while it lays no claims as a panacea, it will perform as a catalytic, information system for the Bay Area. It is further designed to become self-supporting as a non-profit community enterprise within a relatively short time.

The Data Bank, under development since June of 1968, will get its baptismal this month when a research staff begins a business-industrial survey for the Concentrated Employment Program of the Economic Opportunity Council of San Francisco. It will be an in-depth survey of human resources and business information data, including such items as existing hiring practices, future employment needs, future skill levels, and existing job training programs.

Current plans call for gradual expansion, step-by-step, to encompass land use, demographic, sociometric and economic forces of the nine-

county Bay Area. Periodic updating will assure timeliness of data.

The Data Bank is based on the premise that adequate measurement is essential to effective management of any large-scale social action program—to report what is being accomplished and what needs to be done, to aid rational planning decisions, and to provide feedback about plan and performance that will aid in improving both. Guesswork is not enough. Hard data is necessary to form a firm base for decision-making.

The Greater San Francisco Chamber of Commerce—recognizing its potential—is currently pioneering the establishment of the human resources information system as an extension of its computer profile of business and industry. This Data Bank would provide a statistical base from which diverse agencies could clarify objectives, better coordinate their activities, and avoid fragmentation of effect.

Research with more than 70 local,

regional and state leaders of public and private enterprise now at grips with urban-industrial problems has verified unanimously that there is a real shortage of pertinent and timely data for decision-making purposes. In addition, a lack of comparability often exists in data sources, thus creating difficulty for users of available data. Not only is there an information gap, but a vital need exists for identifying and processing available, pertinent information from many public and private sources.

Much of the present information is gathered and analyzed for a one-time study, proposal, thesis or other purpose, with no plans made for continuity of effort upon its conclusion. It is often summarized at such a lofty, generalized level as to make it meaningless in application to the problems of the local neighborhood.

The unsolved problems are deep-rooted. It is recognized that a web of correlations exists among the "urban problems" (education, occupation, income, housing, welfare, health, crime, family, opportunity for youth). This has created a crucial need for development of a system which permits a ready-access, quickly identifiable, open-end approach to today's complex urban problems.

Through the Chamber's various action projects, it has been learned

that the urban crisis, as with business and economic problems, is regional in nature. The solution to neighborhood and city problems invariably transcends political jurisdictions, and requires detailed analysis and consideration of economic, demographic and other forces at play—at least within transportation distance of the problem neighborhood.

One objective of the Data Bank is to locate and maintain timely public information of business and industry to the level of the local establishment, and on land use, to the level of the lot-block. The basic business-industrial file would be continuously updated. This information could then be aggregated by block, street, zip code, census tract, local neighborhood and other geographical sub-division by data element. Annual surveys would be taken of special information and applied against the basic record of business and industry to reveal the private world of work in a variety of economic and social perspectives. Time series and subject models for employment, vocational training-education opportunities, economic-business development, and urban renewal would be maintained and made available to authorized users.

Resources of business, government and education will be shared to minimize costs and maximize results. Available university and business-contributed computer time will be utilized on appropriate projects and models. Contributed consultant services from business and education have been assured. Systems design and computer programming will be simplified by the adoption or modification of proven, related systems now in use. Every effort will be made to avoid the arduous, expensive task of writing systems and programs from their inception. Appropriate organizations would be requested to maintain subject models for subsequent regional data bank usage.

The Community Data Bank is organized to be responsible to the Chamber-affiliated Community Im-

provement Foundation and a policy-steering committee comprised of concerned top leaders in business, education, government and private sectors. Jointly, they will monitor the development of the Data Bank to assure attainment of its goals and execution of its policy.

It should be noted that in no way will the Data Bank be operated to be in competition with business; conversely, it should assist all information-gathering activities by providing needed, viable data. Of added interest, effective safeguards will be established to assure protection of confidential information in personal privacy, business proprietary interests, and governmental matters.

No less important, it is ultimately hoped to spare business management from being subjected to repeated survey-information inquiries by many well-meaning agencies. Due to common data needs, an efficiently operated and periodically-updated Data Bank could serve all or most urban renewal programs. Valid human resources survey-information inquiries could then be referred to the Data Bank for processing and thus eliminate some of the needless surveys of business now being conducted.

From collaborative effort to date, it appears that the employment, vocational education, and opportunity-for-youth sectors offer the more-immediate opportunities for research. We are confident that further exploration with leading Bay Area organizations, foundations, and academic institutions concerned with the urban crisis will bring forth a mobilization of resources in the investigation of urban problems and the development of action programs directed toward their solution.

Certainly, additional collaboration and the seeding of new approaches would do much to answer the often-asked question of why business and education do not more effectively join forces to properly prepare people for the changing world of work.

BROUGHT FORWARD

GENERAL

FI 2

Previously filed

2/11/69

Date

NAME HARRY J. VOLK

ORGANIZATION UNION BANCORP

GENERAL

FI 2

New File Symbol

3/7/69

Date

FINAL ACTION

another telegram
referred to Treasury

Mr

BROUGHT FORWARD

GENERAL

FI 2

Previously filed

2/11/69

Date

NAME

E. D. McCarthy

ORGANIZATION

Spokane Wash.

for Chas. E. Stuart.

GENERAL

FI 2

New File Symbol

3/6/69

Date

FINAL ACTION

E. D. McCarthy

for Mr. John E. Helichman.

44-1
GENERAL

February 20, 1969

2
F86-11-1/w. Whelihan, J. Bruce

F I 2

Dear Greg:

An article in the February 7 edition of the Philadelphia Inquirer, purporting to be an interview with me, has been called to my attention, and possibly yours, as it misrepresents my views towards banking and the Irving Trust Company.

In the article it was suggested that I felt a career in banking was similar in excitement and about as interesting as working in Siberia. I am confident that you are aware this is not my view.

I remain extremely grateful for the opportunities extended me during my brief association with the bank. Specifically, I would not be where I am today had the bank not considered and granted my request for a leave of absence last July.

My very best wishes,

Sincerely,

J. Bruce Whelihan
Staff Assistant

Mr. Greg Sullivan
Vice President
Irving Trust Company
One Wall Street
New York, New York 10005

RECEIVED
MAR 3 1969
CENTRAL FILES

February 25, 1969

Dear Mr. Patman:

Thank you for your February 20 letter to the President regarding the forthcoming hearings on the Bank Holding Company Act.

We appreciate your suggestions which are receiving careful attention.

With warm regard,

Sincerely,

William E. Timmons
Deputy Assistant to
the President

Honorable Wright Patman
House of Representatives
Washington, D. C.

cc:

Secretary Kennedy - FYI

Richard Burrese - FYI - sub. 2-26

mc
BROUGHT FORWARD

GENERAL

FI 2

3/6/69

Previously filed

Date

NAME

E. D. McCarthy

ORGANIZATION

Spokane Wash,

for Mr. John Ehrlichman.

GENERAL

FI 2

3/25/69

New File Symbol

Date

FINAL ACTION

C. Robert Ogden
North Coast Life Ins. Co.
Spokane, Wash, for
Mr. Ehrlichman.

THE WHITE HOUSE OFFICE

GENERAL

FI 2

REFERRAL

To: The Secretary of the Treasury

Date: March 7, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

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

REMARKS:

Description:

☐ Letter: ☒ Telegram: Other:

To: The President

From: Harry J. Volk, Chairman, Union Bancorp, Los Angeles, California

Date: 3/3/69

Subject: Urging that longer experience with one-bank holding companies be obtained before restrictive legislation is proposed; refers to previous wire and reply from the Under Secretary of the Treasury.

By direction of the President:

John R. Brown III
Staff Assistant
to the President

rah

RECEIVED
MAR 10 1969
CENTRAL FILES

The White House
Washington

1969 MAR 3 PM 1 55

WA141REB PD TO RESTRICT ACTION ADVERSE TO THE PUBLIC INTEREST.
PROPOSED LE LOS ANGELES CALIF 3 1251P ESTARTMENT WITH RESPECT TO
THE PRESIDENT OF ONE-BANK HOLDING COMPANIES MEETS NEITHER OF THESE
CR THE WHITE HOUSE IN WE URGE THAT LONGER EXPERIENCE WITH
HAVE RECEIVED A LETTER FROM CHARLES ED WALKER, UNDER SECRETARY OF
THE TREASURY, STATING THAT YOU HAD ASKED HIM TO REPLY TO MY TELEGRAM
3 OF FEBRUARY 20, WITH RESPECT TO INTRODUCING LEGISLATION TO RESTRICT
CORPORATE OWNERS OF ONE BANK IN THEIR ACTIVITIES. MR WALKER IS A
PROPONENT OF SUCH LEGISLATION. WE WOULD SUGGEST THAT LEGISLATION IS
2 NECESSARY OR DESIRABLE ONLY IF IT IS INTENDED TO PROMOTE THE PUBLIC

HARRY J VOLK CHAIRMAN UNION BANCORP LOS ANGELES.

THE WHITE HOUSE OFFICE

GENERAL

REFERRAL

FI 2

To: The Secretary of the Treasury

Date: February 11, 1969

ACTION REQUESTED

- ☐ Draft reply for:
☐ President's signature.
☐ Undersigned's signature.

☐ Memorandum for use as enclosure to reply.

☐ Direct reply.
☐ Furnish information copy.

☒ Suitable acknowledgment or other appropriate handling.
☐ Furnish copy of reply, if any.

☐ For your information.

☐ For comment.

NOTE

Prompt action is essential.

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

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

REMARKS:

Description:

Letter: ☒ Telegram: ☐ Other: ☐
 To: The President
 From: Harry J. Volk, President, Union Bancorp, Los Angeles, California
 Date: 2/10/69
 Subject: **Protesting proposed legislation that would limit affiliates of one-bank holding companies to financial operations.**

By direction of the President:

rah

John R. Brown III
Staff Assistant
to the President

RECEIVED
FEB 12 1969
CENTRAL FILES

49430
The White House
Washington

1969 FEB 10 PM 10 02

WA258 EK PD

LOSANGELES CALIF FEB 10 852P EST

THE PRESIDENT

THE WHITE HOUSE

WALL STREET JOURNAL REPORTED THIS MORNING THAT NIXON
ADMINISTRATION IS PRIMED TO SUBMIT LEGISLATION THAT
3 WOULD LIMIT AFFILIATES OF ONE-BANK HOLDING COMPANIES
TO FINANCIAL OPERATIONS. I FIRMLY BELIEVE THAT SUCH
LEGISLATION WOULD BE CONTRARY TO THE PUBLIC INTEREST,
2 WOULD BE RESTRICTIVE OF THE FREE ENTERPRISE SYSTEM AND

WOULD TO A DEGREE REPRESENT REGULATION SIMPLY FOR
REGULATION'S SAKE. IF ANY EVIDENCE COULD BE ADVANCED
DEMONSTRATING THAT THE OWNERSHIP OF A NON-FINANCIAL
CORPORATION BY A ONE-BANK HOLDING COMPANY IN ANY WAY
ESTABLISHES RELATIONSHIPS WHICH WOULD WEAKEN THE BANK OR
OPEN AVENUES OF FRAUD OR COLLUSION, NEW LEGISLATION WOULD SEEM
3 DESIRABLE. HOWEVER, IF AS MANY BELIEVE, PRESENT LAWS
AND REGULATIONS WITH RESPECT TO BANKING AND ITS AFFILIATES
AND WITH RESPECT TO CONCENTRATION OF ECONOMIC POWER ARE
2 ADEQUATE, NO NEW LEGISLATION IS EITHER NEEDED OR DESIRABLE.

I AND MY ASSOCIATES URGE THAT THE ADMINISTRATION NOT
RECOMMEND NEW LEGISLATION LIMITING ONE-BANK HOLDING
COMPANIES UNTIL ADEQUATE TIME IS GIVEN TO HEAR ALL
POINTS OF VIEW. NO URGENCY PRESENTLY EXISTS AND I AM
HOPEFUL THAT ADDED CONSIDERATION WILL BE HAD BEFORE A
PRESIDENTIAL MESSAGE ON THIS IMPORTANT SUBJECT IS SENT
TO CONGRESS.

IT MIGHT WELL BE IN ORDER TO REFER THE ENTIRE QUESTION OF
ONE-BANK HOLDING COMPANIES TO THOSE CONGRESSIONAL COMMITTEES
PRESENTLY STUDYING THE POSSIBLE CONCENTRATION OF POWER

Date	Name
11/18/73	Harry J Volk

THROUGH THE CONGLOMERATE TYPE OF ORGANIZATION

HARRY J VOLK PRESIDENT UNION BANCORP LOS ANGELES.

GENERAL

HU2/ST14

FI 2

File 2

THE WHITE HOUSE
WASHINGTON

March 8, 1969

TO: BOB BROWN

FROM: HUGH SLOAN *Hub*

I would appreciate your recommendation on how you think best to handle this.

~~*Handwritten scribbles*~~

The Pres can't take part in anything like this

R

*File: K K. PHONGO
TO Turn Down*

PLIED TO THE INDIANA
ARTER FOR THE FIRST
TATED BANK IN GARY IND.
NCE IN BLACK
K TO HELP THE BLACK
WHO HERETOFORE HAS

ATE OF OUR HEARING

AREA TECHNICAL

IF YOU WOULD APPEAR

F OUR

APPLICATION. SINCERELY PLEASE REFER TO ATTORNEY LOUIS A BLACHER
AT 134 SOUTH LASALLE ST CHICAGO ³¹² 726-6676

THE PROSPECTIVE DIRECTORS OF THE BANK OF THE CENTURY.

Res

GENERAL

FI 2

March 14, 1969

Dear Congressman Patman:

I appreciate your letter of March 11, and I shall look forward to our meeting on March 22 when we may be able to discuss at some length the highly important questions that you have raised. I shall be at your office at 9:00 AM on that date.

With kind regards,

Sincerely yours,

Arthur F. Burns
Counsellor to the President

The Honorable Wright Patman^x
House of Representatives
Washington, D. C. 20515

copy to:
Bryce Harlow

AFB:ccm

RECEIVED
MAR 20 1969
CENTRAL FILES

WRIGHT PATMAN, TEX., CHAIRMAN
WILLIAM A. BARRETT, PA.
LEONOR K. (MRS. JOHN B.) SULLIVAN, MO.
HENRY S. REUSS, WIS.
THOMAS L. ASHLEY, OHIO
WILLIAM S. MOORHEAD, PA.
ROBERT G. STEPHENS, JR., GA.
FERNAND J. ST GERMAIN, R.I.
HENRY B. GONZALEZ, TEX.
JOSEPH G. MINISH, N.J.
RICHARD T. HANNA, CALIF.
TOM S. GETTYS, S.C.
FRANK ANNUNZIO, ILL.
THOMAS M. REES, CALIF.
NICK GALIFIANAKIS, N.C.
TOM BEVILL, ALA.
CHARLES H. GRIFFIN, MISS.
JAMES M. HANLEY, N.Y.
FRANK J. BRASCO, N.Y.
BILL CHAPPELL, JR., FLA.

HOUSE OF REPRESENTATIVES
COMMITTEE ON BANKING AND CURRENCY
NINETY-FIRST CONGRESS
2129 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

WILLIAM B. WIDNALL, N.J.
FLORENCE P. DWYER, N.J.
SEYMOUR HALPERN, N.Y.
W. E. (BILL) BROCK, TENN.
DEL CLAWSON, CALIF.
ALBERT W. JOHNSON, PA.
J. WILLIAM STANTON, OHIO
CHESTER L. MIZE, KANS.
BENJAMIN B. BLACKBURN, GA.
GARRY BROWN, MICH.
LAWRENCE G. WILLIAMS, PA.
CHALMERS P. WYLLIE, OHIO
MARGARET M. HECKLER, MASS.
WILLIAM O. COWGER, KY.
J. GLENN BEALL, JR., MD.

PAUL NELSON,
CLERK AND STAFF DIRECTOR
225-4247

March 11, 1969

Dr. Arthur Burns
Counsel to the President
The White House
Washington, D. C.

Dear Dr. Burns:

As you have probably noted in the press in recent weeks, the problem of the proper role of banking in the overall economy of the United States has again raised serious concern in many quarters.

This issue, however, is much broader than simply plugging loopholes in existing banking legislation. It concerns the fundamental question of the proper relationship between the business of banking and all other businesses and is, in essence, a very important part of the whole problem of the conglomerate movement which is now changing the entire structure of the American economy.

Banks play a fundamental role in the growth of the American economy, providing vital, and in some cases unique, services for tens of millions of entities, ranging from the individual and his family to the largest industrial and commercial corporations. Because our economy cannot function properly without a sound, efficient and objective banking system, which will allocate credit and provide other banking services on a fair and equitable basis, it is, in my opinion, imperative that we continue to maintain the separation of banking activities from other businesses, as we have by law for the last 40 years.

No other business activity, with its tremendous power over the credit flow of the Nation, can potentially exert the pressure and influence, as well as take predatory actions, against other businesses, including their own customers, that banks could if permitted to enter nonbank-related activities. This is clearly a form of unfair competition since nonbank competitors of banks would not be free to offer banking services in competition with banks because of restrictions on entry into the banking business.

Some of the abuses that are likely to result from this expansion by banks into nonbanking businesses can be summarized as follows:

- (1) Unsound lending decisions by banks feeding unwarranted amounts of credit to nonbank subsidiaries of the holding company.
- (2) Loan discrimination by banks in favor of enterprises owned by the holding company and against companies which compete with the subsidiaries of the holding company.

Dr. Arthur Burns

-2-

March 11, 1969

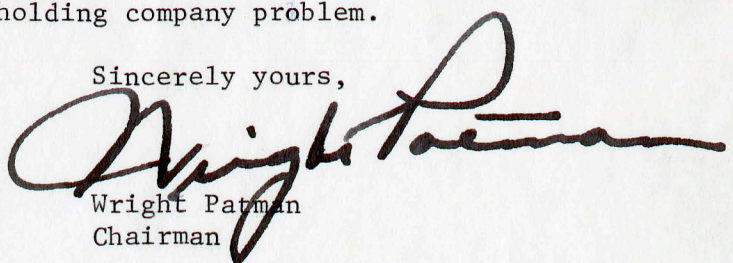
- (3) Banks' forcing borrowers, particularly small businesses, to purchase nonbanking services and goods from other subsidiaries of the holding company in order to obtain banking services, thus further tightening control and forcing a greater concentration of economic power.

In addition, there seems to be a trend toward combining the operations of very large banks with large insurance companies, thus eliminating independent sources of credit for thousands of businesses and creating huge concentrations of liquid assets in the hands of a relatively few financial institutions. For example, the First National City Bank of New York has already announced the takeover of the Chubb Corp., a large insurance holding company; and there have been reports that the Chase Manhattan Bank may merge with Travelers; Morgan Guaranty with Aetna Life; and Manufacturers Hanover with Continental Insurance.

Because of the importance of this issue, it would be very helpful if you, as one who has considerable knowledge of the workings of our economic system and the value of fair competition within it, could provide me with your comments and views on this subject. I would also be interested in hearing from you at your earliest convenience on whether you might be available to testify before the Committee when hearings are scheduled on bills relating to the bank holding company question and related matters beginning April 1.

Enclosed is a copy of a statement by me on the Floor of the House on February 17, 1969, accompanying my introduction of H.R. 6778, a bill to amend the Bank Holding Company Act of 1956 and related banking laws. Also enclosed is a copy of the staff report recently published on the bank holding company problem.

Sincerely yours,



Wright Patman
Chairman

Enclosures

GENERAL

FI 2

FG 11-8

March 15, 1969

Dear Mr. Richard:

The President has asked me to acknowledge your letter.

Your interest in submitting your views in support of the legislation you mention is appreciated and you may be sure they have been carefully noted.

Sincerely,

John R. Brown III
Staff Assistant
to the President

X
Mr. Daniel W. Richard
Post Office Box 293
Eagar, Arizona 85925

map

4

OTTO ОТЕРКА
X

RECEIVED
MAR 19 1969
CENTRAL FILES

352a

ack
3/11/69

P.O. Box 293
Eagar, Ariz.
85925

Mar. 7, 1969

President Richard Nixon,
The White House
Washington, D.C.

Dear Mr. President:

When are you going to secure justice for Mr. Otto Otepka and reinstate him as State Dept. Security Officer? When are you going to clean up the State Department and fight subversion? You made campaign promises you would do these things!

Regarding the above much needed actions, I am hopeful you will urge the passage of H.R. 6787, introduced by Congressman John Rarick, which will protect government officials who supply information to Congressional committees.

Maybe this legislation could be used to prosecute the leftists who persecuted Mr. Otepka.

Sincerely,

cc: Senators
Representatives

Daniel W. Richard

nb
GENERAL

FI 2

March 15, 1969

Dear Mr. Rose:

The President has asked me to acknowledge your letter.

Your interest in submitting your views in support of the legislation you mention is appreciated and you may be sure they have been carefully noted.

Sincerely,

John R. Brown III
Staff Assistant
to the President

X
Mr. Bennett S. Rose
Box 1080
Anderson, South Carolina 29621

map

4

RECEIVED
MAR 19 1969
CENTRAL FILES

21 352a

ack
3/15/69

WHITE HOUSE
MAIL ROOM

1969 MAR 12 PM 4 27

Box 1080
Anderson, South Carolina 29621
March 3, 1969

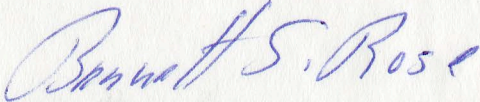
JR-1

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

Dear President Nixon:

We are glad to see the Nixon-Rarick bill, H.R. 6787, introduced and hope
that it will be passed!

Sincerely,


Bennett S. Rose

BSR:k

cc: Senator Ernest F. Hollings
Senator Strom Thurmond

GENERAL

FI 2

March 15, 1969

Dear Mr. Thackrey:

The President has asked me to acknowledge your letter.

Your interest in submitting your views in support of the legislation you mention is appreciated and you may be sure they have been carefully noted.

Sincerely,

John R. Brown III
Staff Assistant
to the President

Mr. James D. Thackrey
13852 Dall Lane
Santa Ana, California 92704

map

4

RECEIVED
MAR 19 1969

352a

17
Oct 3/15 met

13852 DALL LANE
SANTA ANA, CALIFORNIA 92704

JRI

Dear Mr Nixon:

I hope you will actively support Congressman Rarick's bill HR 6787. I understand you introduced a similar bill in your days as a strongly patriotic Senator. Your support of this bill will help make us Americans feel you are with us in spite of the appointments you've been making.

Sincerely
James D Shackrey

ms
GENERAL

FI 2

FG 11-8

March 15, 1969

Dear Dr. Parker:

The President has asked me to acknowledge your letter.

Your interest in submitting your views in support of the legislation you mention is appreciated and you may be sure they have been carefully noted.

Sincerely,

John R. Brown III
Staff Assistant
to the President

X
Dr. Thomas Parker
110 South Calhoun Street
Greenville, South Carolina 29601

map

4

ОТТО ОТЕРКА
X

RECEIVED
MAR 19 1969
CENTRAL

78 352a
Jr-1
ack
3/15
map

THOMAS PARKER, M. D.
110 SOUTH CALHOUN ST.
GREENVILLE, SOUTH CAROLINA

March 11, 1969

President Richard Nixon
The White House
Washington, D. C.

Dear President Nixon:

When you were seeking office, you promised that you would see that justice was done to Otto Otepka, with whose case you are thoroughly familiar.

What have you done about his case, and his restoration to a place worthy of his former status in the State Department?

It is good to see that HR 6787, which is designed to protect officials of government who supply information to congressional committees, has been reintroduced into Congress by Mr. Rarick of La. This is the same bill which you introduced as S 1390 in 1951. I trust that you will put the weight of the administration behind this bill to secure its passage.

Yours very truly,

Thomas Parker

Thomas Parker, M.D.

TP:fc

THE WHITE HOUSE OFFICE

GENERAL

REFERRAL

ND10/FI 16

To: The Secretary of Defense

Date: March 17, 1969

FI 2

FI 6

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

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

REMARKS:

Description:

Letter: ☒ Telegram: ☐ Other: ☐

To: The President
From: Col. H. A. Warren, USAF, Executive Officer, Military Federal Credit Union,
Date: 3/14/69 Bergstrom Air Force Base, Austin, Texas
Subject: Opposes opening of Federally chartered full-service bank on the base; requests help and cooperation.

By direction of the President:

John R. Brown III
Staff Assistant
to the President

(White House File Copy)

cc/

March 18, 1969

(1)

F

Dear Mr. Chrisman:

The President has asked me to thank you for your recent letter stating your concern about the increasing involvement of banks in the insurance industry. A thorough airing of public issues, before final decisions are made, is in the public interest and it is always helpful for the President to have the views of various segments of our economy.

Secretary of the Treasury David Kennedy has been asked to review your letter and give full consideration to your views.

The President hopes that you will convey to the members of your Association his best wishes for their continued prosperity and his thanks for the services they are rendering to the people and the economy of the United States.

With all good wishes,

Sincerely,

15/
Kenneth R. Cole, Jr.
Special Assistant
to the President

Mr. Charles B. Chrisman
President, National Association
of Insurance Agents, Inc.
96 Fulton Street
New York, N. Y. 10038

KRC:cap/bk

RECEIVED
MAR 18 1969
CENTRAL FILES

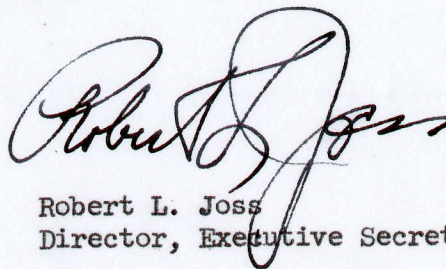


THE SECRETARY OF THE TREASURY
WASHINGTON

MAR 10 1969

MEMORANDUM TO THE HONORABLE KENNETH R. COLE, JR.
SPECIAL ASSISTANT TO THE PRESIDENT

In accordance with your request of February 28, 1969, there is attached a draft Presidential reply to the letter received from Mr. Charles B. Chrisman, President, National Association of Insurance Agents, Inc.



Robert L. Joss
Director, Executive Secretariat

Attachment

1969 MAR 11 AM 11 22

RECEIVED
WHITE HOUSE OFFICE OF
THE SECRETARY

Dear Mr. Chrisman:

Thank you very much for your letter of February 27, 1969. It is very helpful to me to have the views of various segments of our economy on current issues. I agree completely with you that thorough airing of public issues before final decisions are made is in the public interest.

I am asking Secretary of the Treasury David M. Kennedy to review your letter and to give full consideration to your views in connection with any legislative proposals which may affect the involvement of banks in the insurance business. I am informed that the Bank Holding Company Act of 1956 permits bank holding companies to own insurance companies under certain circumstances. Under the Bank Holding Company Act of 1969 which I have recommended to the Congress bank holding companies would continue to be permitted to do so, ~~although under somewhat less rigid standards.~~ I have recommended no changes in the laws pertaining to banks themselves engaging in insurance activities.

I have noted your concern about prospective borrowers from banks being coerced in the placement of their insurance. In this connection I should like to point out that the proposed Bank Holding Company Act of 1969 would make any such coercion unlawful.

Please convey to the members of your Association my best wishes for their continued prosperity and my thanks for the services which they are rendering to the people and the economy of the United States.

Sincerely,

Richard Nixon

Mr. Charles B. Chrisman, President
National Association of
Insurance Agents, Inc.
96 Fulton Street
New York, New York 10038

THE WHITE HOUSE OFFICE

REFERRAL

To: SECRETARY KENNEDY

Date: February 28, 1969

ACTION REQUESTED

- ☒ Draft reply for:
☒ President's signature.
☐ Undersigned's signature.

☐ Memorandum for use as enclosure to reply.

☐ Direct reply.
☐ Furnish information copy.

☐ Suitable acknowledgment or other appropriate handling.
☐ Furnish copy of reply, if any.

☐ For your information.

☐ For comment.

00565

NOTE

Prompt action is essential.

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

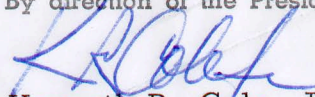
Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

☒ Letter: ☐ Telegram; Other: ☐
To: The President
From: Charles B. Chrisman, President, National Assoc. of Insurance Agents, Inc.
Date: February 27, 1969
Subject: Involvement of banks in the insurance industry through the holding company device.

By direction of the President:


Kenneth R. Cole, Jr.
Special Assistant
to the President

NATIONAL ASSOCIATION OF INSURANCE AGENTS, INC.

96 FULTON STREET • NEW YORK, N. Y. 10038 • 212—WORTH 2-0212

CHARLES B. CHRISMAN, President



CHRISMAN INSURANCE AGENCY
333 MAIN STREET
P. O. BOX 591
PIKEVILLE, KENTUCKY 41501

February 27, 1969

The President
The White House
Washington, D. C.

My dear Mr. President:

I feel a special urgency at this time to voice the very deep concern of our 36,000 member agencies and, I am sure, of hundreds of thousands of other agents throughout the country, about the increasing involvement of banks in the insurance industry through the holding company device.

This urgency has developed from the realization that certain persuasive forces within the banking industry are seeking to influence the passage of legislation which will aid them in this involvement.

We are deeply alarmed by some of the implications of this trend, not the least of which is that the purpose of a bank to extend credit could give it a forceful opportunity to coerce a borrower in placement of his insurance. This constrictive channeling of business cannot serve the best interests of the insurance-buying public nor of the insurance industry itself.

We have always attached great significance to the Congressional mandate of 1916, wherein national banks were restricted to the sale of insurance only in the small communities of up to 5,000 population. This attitude of an earlier Congress was reemphasized by the Congress in 1958 and as recently as 1967-68 was held by the courts to be valid.

We who provide our experience and knowledge of the market, as well as our finances, to meet the personal and commercial needs for security are truly frightened by the prospect of banks eliminating competition in the sale of insurance. Most particularly are we concerned about the entrance of bank conglomerates and congenics into the business of insurance.

All of us recognize the firm resolve of your office and of your Administration to promulgate meaningful legislation in the public interest. The public press has voiced your awareness of the problems in point and we applaud and rely upon your dedication to grasp the full and complete impact of

The President

-2-

February 27, 1969

this most important economic development in the lives of our people. Our association, therefore, requests only an opportunity to offer its views as an aid toward the right decision.

The officials and representatives of independent insurance agents are ready to submit their views, opinions and knowledge to any and all governmental agencies and legislative committees before final action is taken on legislation affecting this involvement of the banking industry in insurance.

Such thorough airing of the issues involved will, I know, be in the best interest of the public whose interest we all serve.

Respectfully,

Charles B. Chrisman

HAND DELIVERED

ffcl

feel

GENERAL
F12

March 21, 1969

Dear Mr. Volk:

I thank you for giving us the benefit, through
Rose Mary Woods, of your views concerning
+ One-Bank Holding Company legislation, and
I want to assure you that your views have been
brought to the President's attention.

Sincerely yours,

Arthur F. Burns
Counsellor to the President

Mr. Robert H. Volk
President
+ Union Bank Corporation
Los Angeles, California

cc: Rose Mary Woods

AFB:ap

RECEIVED
APR 1 1969
CENTRAL FILES

The White House
Washington

1969 MAR 19 AM 12 52

WA015 AW PDF

LOS ANGELES CALIF 18 530P PST

ROSEMARY WOODS

THE WHITE HOUSE

DEAR ROSE, HOPE YOU CAN GIVE THE PRESIDENT THE FOLLOWING MESSAGE
CONCERNING "ONE BANK HOLDING COMPANY" LEGISLATION NEITHER I
NOR MY FATHER FEEL THAT SUCH IS EITHER NECESSARY OR IN THE
PUBLIC INTEREST. HAVE DISCUSSED IN DETAIL WITH ATTORNEY GENERAL
MITCHELL, SECRETARY FINCH AND BOB HALDEMAN STRONGLY URGE THAT
ADMINISTRATION TAKE THE POSITION THAT CURRENT LAW IS SUFFICIENT

TO PROTECT AGAINST POTENTIAL ABUSE AND ENTIRE MATTER BE REVIEWED
BY ATTORNEY GENERAL IN CONNECTION WITH CURRENT STUDIES OF
CONGLOMERATES APPRECIATE ANYTHING YOU COULD DO TO BRING THE CONTENT
OF THIS WIRE TO THE PRESIDENTS PERSONAL ATTENTION SINCERELY
ROBERT H VOLK PRES UNION BANK CORP.

Burns

THE WHITE HOUSE
WASHINGTON

3/19/69

John Ehrlichman
Should you please
see that this
telegram from Bob
Volk reaches the
proper person.

Thanks.
Rosp

(Hold) for
the material
referred to
in the
letter.

file

UNION BANCORP

Union Bank Square

445 So. Figueroa Street, Los Angeles, California 90017

ROBERT H. VOLK
PRESIDENT

March 13, 1969

The Honorable Robert Haldeman
Assistant to the President
White House
Washington, D.C.

Dear Bob:

I certainly appreciate the time you took last Thursday to visit concerning my problem as president of a "one-bank holding company."

I expect to have the material which we discussed in your hands, as well as those of Dr. Arthur Burns and Attorney General Mitchell, by the middle part of next week.

Perhaps sometime when I am in Washington we could have dinner or visit under more relaxed circumstances. I am obviously not an office-seeker but I am most interested in the success of this administration and anxious to make such contributions as time would permit and you would feel appropriate.

With kindest personal regards,

Sincerely,



ROBERT H. VOLK
President

RHV/dlm

RECEIVED
MAR 18 1969
FBI

GENERAL

FI 11

FI 2

March 24, 1969

Dear Mr. Secretary:

This will acknowledge the receipt of your letter of March 11th to the President with the enclosed copy of Senate Joint Memorial No. 103 and Senate Joint Memorial No. 105, passed by the First Regular Session of the Fortieth Legislature of the State of Idaho.

Please be assured that your courtesy in the transmittal of these Joint Memorials is very much appreciated.

Sincerely,

John R. Brown III
Staff Assistant

Honorable Pete T. Cenarrusa
Secretary of State
State of Idaho
Boise, Idaho

INTERIOR:

RAH

3
GENERAL

FI2

FG124

March 25, 1969

Dear Bob:

Thanks for your letter of the 14th.

I was sorry to hear about the move of the Federal Home Loan Bank from Spokane, and I appreciate your concern for offices being moved from the Spokane area. You can be assured this is not due to indifference to eastern Washington.

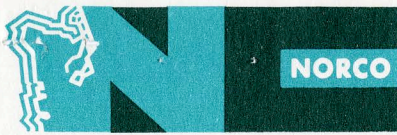
Again, thank you for writing -- it is always good to hear from fellow Washingtonians.

Yours sincerely,

John D. Ehrlichman
Counsel to the President

Mr. C. Robert Ogden, President
X North Coast Life Insurance Company
Paulsen Building
Spokane, Washington 99201

RECEIVED
SEP 25 1969
CENTRAL FILES



MAR 17 1969

3
NORTH COAST

Life Insurance Company

PAULSEN BUILDING SPOKANE, WASH. 99201

March 14, 1969

Mr. John D. Ehrlichman, Counsel
to the President
The White House
Washington, D.C.

Dear John:

Your letter of March 5 arrived at about the same time that the public announcement was made of the move of the Twelfth Region Federal Home Loan Bank from Spokane to Seattle. This rejoinder is sent along only in the plaintive hope that somebody back there will give Spokane an even break.

The community leadership here did not raise much fuss last December when the National Park Service decided to locate its District Headquarters in Seattle rather than in Spokane, although Spokane is a much closer drive to all of the National parks in the northwest. Again there was not a great deal of ruckus in January when the loan guaranty office of the Veterans Administration was closed and moved to Seattle. However, the move of the Twelfth Region Federal Home Loan Bank from Spokane to Seattle has set a good many of the community leaders here wondering whether anybody in Washington, D.C. knows there is anything in the state of Washington other than the coastal strip.

Eastern Washington supported Mr. Nixon, and western Washington did not. Obviously, we don't have enough votes in eastern Washington to carry the whole state. I hope this series of events doesn't indicate an indifference to us. It was hard enough to organize and finance the successful campaign I carried out in eastern Washington, and things like this don't make it any easier for the future. I certainly would appreciate it, John, if you would file these thoughts in the back of your head and see if somewhere along the line eastern Washington can't be remembered.

With best regards,

Sincerely,

Bob

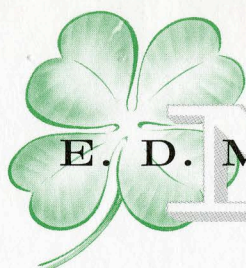
C. Robert Ogden,
President

CRO/df

E

ack

MAR 14 1969



3
E. D. McCARTHY Inc.

COMMERCIAL REAL ESTATE

Phone (509) HU 9-4332 • Northtown Office Bldg. • Spokane, Washington 99207

March 11, 1969

Mr. John D. Ehrlichman
Counsel to the President
The White House
Washington, D.C.

Dear John:

I most appreciate your letter of March 6th.

It doesn't look very good for Spokane; however, I think the enclosed letters should be perused and placed in your files at least.

From what little I know about it, there would be serious question that "there has been increasing discontent among many Twelfth Region members regarding the Spokane location". We are aware that there was some feeling on the part of the Board.

I appreciate your help on this matter.

Kindest personal regards,

E. D. MC CARTHY, INC.

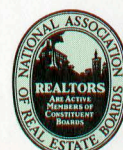
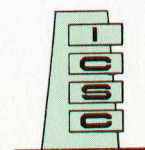
E. D. McCarthy, CSM
President

EDM:cdb
Enclosures

P.S. -- I am saying a prayer for your boss each evening!

*The memo
to Seattle
was confirmed
was*

MEMBER . . .



THE WHITE HOUSE

WASHINGTON

March 5, 1969

Dear Bob:

Prompted by your request I asked Dr. Paul W. McCracken, Chairman of the Council of Economic Advisors, to examine the proposed change of the home office of the Federal Home Loan Bank for the Twelfth Region from Spokane to Seattle. His response to me was as follows:

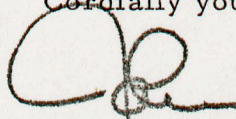
"In June 1968 the stockholders of the Twelfth Region Federal Home Loan Bank voted to reconsider the present Spokane location of the home office. The Federal Home Loan Bank Board in July decided not to change the present location.

There has been increasing discontent among many Twelfth Region members regarding the Spokane location. About one half of the member associations are located on the coastal strip. The Washington State Savings and Loan League voted to change the location.

On February 14, 1969, the directors of the Twelfth Region Federal Home Loan Bank voted unanimously to request permission from the head Federal Home Loan Bank Board to relocate in Seattle. Chairman Thomas F. Meagher from Spokane opposed this request. However, since he was presiding he did not vote. The Federal Home Loan Bank Board has received this resolution and it appears that a decision will be made within two to three weeks."

I hope this will explain the reasons for the move.

Cordially yours,



John D. Ehrlichman
Counsel to the President

Mr. C. Robert Ogden
President
North Coast Life Insurance Company
Spokane, Washington 99201

XERO
COPY

XERO
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XERO
COPY

4-1

March 5, 1969

Mr. Robert L. Rand, Acting Chairman
Federal Home Loan Bank Board
101 Indiana Avenue N. W.
Washington, D. C. 20520

Dear Bob:

Your answer of February 20th to my letter of February 7th was of course written before our meeting with Senator Magnuson and our other congressional representatives. Nonetheless and at perhaps the risk of being repetitious in some respects I feel impelled to comment further upon the threatened loss of the Spokane bank to Seattle.

The only effort to rationalize this upsetting idea has been based upon two highly tenuous and extremely fragile premises:

1. A resolution passed by the stockholder's in June of last year urging that your Board undertake a survey of possible alternate sites for the bank "including Seattle". This resolution was formally acted upon by your Board and formally rejected for sound and persuasive reasons which need not be repeated here. Worthy of reiterating is the fact that when the initiative was taken by your office with the bank to bring about the transfer to Seattle the "guts" of the resolution urging a general survey was as far as I have been able to find out completely ignored. Nonetheless, this resolution which by then had been a dead issue for several months has been repeatedly cited as one of the two reasons upon which the projected move has been based.

2. A resolution adopted by the Spokane bank's Board of Directors in Seattle at a special meeting called as a consequence of the initiative taken at the Washington level which could only be interpreted as an open invitation to such action. It merits comment that there were four new members on this Board attending only their second meeting since taking office and it also merits comment that there will be four additional new faces on this Board the first of the coming year. To lean so heavily upon the action of a group whose makeup is so transient is decidedly questionable.

Mr. Robert I. Rand
Page 2
March 5, 1969

One is impelled to wonder what the Board's position would be should some future group of Directors elect to move the bank to, say, Portland.

There is nothing to gain by going over once more the tired argument about accessibility other than to say that the argument just does not stand up under the light of truly objective scrutiny.

When all these things are weighed in an impartially judicious fashion and in light of the further fact that in spite of all the blandly repeated assurances to the contrary there would be absolutely no real benefit accruing either to the bank or to its members I submit that it would be impossible to justify approval of the proposed move. This is particularly so when it would materially increase the bank's overhead operating expenses both initially and for the duration.

As a public interest director and Chairman of the Board of Directors of the Spokane Bank I desire to register a vigorous protest against the whole idea and further ask that this be entered in the minutes of the Federal Home Loan Bank Board at such time as it may act formally upon the resolution adopted by our Board of Directors February 14th, last, in Seattle.

With assurances of my highest personal esteem, I am,

Sincerely yours,

Thos. F. Meagher

TFM:sab

encs

mc ✓
GENERAL
FI2
③

March 6, 1969

Dear Earl:

Prompted by your request, I asked Dr. Paul W. McCracken, Chairman of the Council of Economic Advisors, to examine the proposed change of the home office of the Federal Home Loan Bank for the Twelfth Region from Spokane to Seattle. His response to me was as follows:

"In June 1968 the stockholders of the Twelfth Region Federal Home Loan Bank voted to reconsider the present Spokane location of the home office. The Federal Home Loan Bank Board in July decided not to change the present location.

There has been increasing discontent among many Twelfth Region members regarding the Spokane location. About one half of the member associations are located on the coastal strip. The Washington State Savings and Loan League voted to change the location.

On February 14, 1969, the directors of the Twelfth Region Federal Home Loan Bank voted unanimously to request permission from the head Federal Home Loan Bank Board to relocate in Seattle. Chairman Thomas F. Meagher from Spokane opposed this request. However, since he was presiding he did not vote. The Federal Home Loan Bank Board has received this resolution and it appears that a decision will be made within two to three weeks."

I hope this will explain the reasons for the move.

Cordially yours,

John D. Ehrlichman
Counsel to the President

Mr. E. D. McCarthy
President
McCarthy Inc.
Northtown Office Building
Spokane, Washington 99207

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 4, 1969

FOR: John D. Ehrlichman
FROM: Charles E. Stuart
RE: Relocation of District Office of Home Loan Bank from
Spokane to Seattle, Washington

Several of your friends have written protesting the relocation of the home office of the Home Loan Bank from Spokane to Seattle.

I asked Dr. McCracken, whose group concerns itself with the activities of the Home Loan Bank, to draft a reply for your signature. He has done so. It is a non-committal answer.

If Mr. E. D. McCarthy and Mr. C. Robert Ogden are friends of the first order, you may wish to relate to them the information supplied by Dr. McCracken in his memorandum to you. I have circled that information in green. I do not believe it is privileged information and could therefore be quoted verbatim.

If you wish to respond with this substantive answer, I will compose a letter.

(Yes X)
(No)

attachments

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 28, 1969

MEMORANDUM FOR JOHN EHRLICHMAN

Subject: Proposed change of the home office of the Federal Home Loan Bank for the Twelfth Region from Spokane to Seattle, Washington

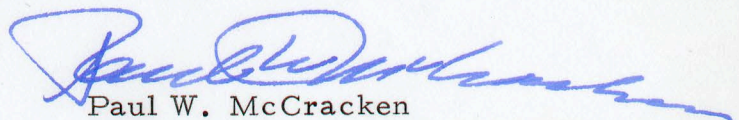
Clarke L. Fauver, Director, Office of Federal Home Loan Bank Operations, provided the following information regarding this proposed change.

In June 1968 the stockholders of the Twelfth Region Federal Home Loan Bank voted to reconsider the present Spokane location of the home office. The Federal Home Loan Bank Board in July decided not to change the present location.

There has been increasing discontent among many Twelfth Region members regarding the Spokane location. About one-half of the member associations are located on the coastal strip. The Washington State Savings and Loan League voted to change the location.

On February 14, 1969, the directors of the Twelfth Region Federal Home Loan Bank voted unanimously to request permission from the head Federal Home Loan Bank Board to relocate in Seattle. Chairman Thomas F. Meagher from Spokane opposed this request. However, since he was presiding he did not vote. The Federal Home Loan Bank Board has received this resolution and it appears that a decision will be made within two to three weeks.

I am enclosing a suggested letter to send in reply to Mr. C. Robert Ogden's letter to you of February 10.


Paul W. McCracken

Enclosure

3
FEB 26 1969

February 24, 1969

Honorable Robert L. Rand, Chairman
Federal Home Loan Bank Board
Federal Home Loan Bank Board Offices
Washington, D. C.

Dear Mr. Rand:

We are writing this to urge that your Board not approve the transfer of the Federal Home Loan Bank from Spokane to any other point. It is a financial institution that has accumulated great prestige in that city, which is the hub of the area it serves.

My colleague and I, who will sign this letter, both serve on the boards of member financial institutions whose home offices are in Spokane. Neither of us are residents of that city, but our frequent contacts cause us to realize the great pride Spokane has in this bank, and the great loss that community would feel if it were removed.

We believe that with objectivity we can attest to the fine service the Spokane Federal Home Loan bank has provided its members in the area served, and that Spokane will continue to give extraordinary attention to its needs.

We urge that prior to action you do consider the past five successful years this institution has had at its present location in Spokane as indicative of the future.

Sincerely,

ROBERT D. TIMM, Trustee
Fidelity Mutual Savings Bank
Route 6, Box 142, Olympia, Wash.

4
R. MORT FRAYN, Director
Lincoln First Federal Savings & Loan
Frayn Printing Co.
2518 Western, Seattle, Washington



ACME PERSONNEL SERVICE
PERSONNEL CONSULTANTS
SERVING THE GREATER WEST

FEB 22 1969

NATIONAL HEADQUARTERS

P. O. BOX 13366

Spokane, Washington 99213

February 19, 1969

BELLEVUE

POCATELLO

Mr. Robert L. Rand
Federal Home Loan Bank
Washington, D.C.

BILLINGS

PORTLAND

RE: Movement of the Federal Home Loan Bank
from Spokane to Seattle

BOISE

PORTLAND
EAST

Dear Mr. Rand:

BOTHELL

It is a definite economic disruption, at best, and no compensating reason has surfaced for considering this move.

POCATELLO

BURKET

Our firm operates over one half of the continent...from Oklahoma City to Honolulu. Our original office was and is Spokane. We have a large multi-level operation in Seattle. But we keep our national headquarters in Spokane for very IMPORTANT economic and social reasons.

SEATTLE

DENVER

FIRST: We would lose 80% of our valued staff in a re-location to Seattle. Reasons: price of housing, cost of living, and family ties. The two living areas are as different as Tucson and Dallas.

SEATTLE
NORTH

EVERETT

SECOND: You can truly bank on spending vast increases in payroll. A good estimate, based on 18 years of experience in BOTH cities, will show an increase in payroll on clerical salaries of 20% to 30%. One company which I know VERY well, did move to Seattle. We estimated their increased CASH PAYROLL cost would be up \$150,000 per year. It came closer to \$500,000. And this speaks only of cash outlay. You can bank, in addition, on a wide increase in regular turnover, as compared to Spokane.

SPOKANE

IDAHO FALLS

SPOKANE
EAST

KENT

Please understand, Mr. Rand, that I do business in both places. In fact, a lot more business is done in Seattle, due to the size of the market. Therefore, although my heart is in Spokane, my mind does not attend to any factionalism.

SPOKANE
NORTH

MEDFORD

MISSOULA

It would be a very very grave mistake to carry out any plans to move the Federal Home Loan Bank to Seattle...either now...or in the foreseeable future.

TACOMA

OLYMPIA

VANCOUVER

Most cordially yours,

ACME PERSONNEL SERVICE

PASCO

YAKIMA

Wm. D. Reiff, M.B.A.
Vice-President

PRESERVATION COPY

HIGH GRADE HELP * OFFICE * EXECUTIVE * SALES * TECHNICAL * INDUSTRIAL * MEN AND WOMEN

Stockholders voted to reconsider location (^{June} ~~July~~)
Board July - working subcommittee - leave as is.

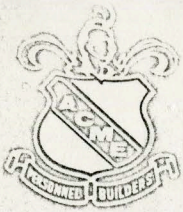
Increasing discontent among members on location
(not readily accessible) ($\frac{1}{2}$ along coast strip)
in Wash State League

Feb 14 - directors voted (unanimous) - requested permission
to relocate in Seattle. Chm (Spokane) opposed.

Status - FHCB Board - has denied the resolution
decision - 2-3 weeks

Drafting letter to agency involved

Clark L. Fawcett



ACME PERSONNEL SERVICE
PERSONNEL CONSULTANTS
SERVING THE GREATER WEST

NATIONAL HEADQUARTERS

P. O. BOX 13366

Spokane, Washington 99213

February 19, 1969

BELLEVUE

POCATELLO

Mr. Robert L. Rand
Federal Home Loan Bank
Washington, D.C.

PORTLAND

BILLINGS

RE: Movement of the Federal Home Loan Bank
from Spokane to Seattle

PORTLAND
EAST

BOISE

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Reasons: price of housing, cost of living, and family ties. The two
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NORTH

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And this speaks only of cash outlay. You can bank, in addition, on a wide
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SPOKANE

IDAHO FALLS

SPOKANE
EAST

KENT

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Therefore, although my heart is in Spokane, my mind does not attend to
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SPOKANE
NORTH

MEDFORD

TACOMA

MISSOULA

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the Federal Home Loan Bank to Seattle...either now...or in the foreseeable
future.

VANCOUVE

OLYMPIA

Most cordially yours,
ACME PERSONNEL SERVICE

YAKIMA

PASCO

Wm. D. Reiff, M.B.A.
Vice-President

HIGH GRADE HELP * OFFICE * EXECUTIVE * SALES * TECHNICAL * INDUSTRIAL * MEN AND WOMEN

THE WHITE HOUSE OFFICE

REFERRAL

To:

Dr. McCracken
Council of Economic Advisors

Date:

February 19, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

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

REMARKS:

for John Ehrlichman's signature per attached memo from Charles E. Stuart

Description:

☒ Letter: _____ Telegram: _____ Other: _____
To: John D. Ehrlichman, Counsel to the President
From: C. Robert Ogden
Date: February 10, 1969
Subject: Home Loan Bank for 12th Region

By direction of the President:

4-3

February 19, 1969

FOR: Dr. McCracken, Council of Economic Advisors
FROM: Charles E. Stuart, Staff Assistant to the Counsel
RE: Attached letter to John Ehrlichman from C. Robert Ogden

I understand that your group concerns itself with activities of the Home Loan Bank.

Will you please investigate this matter and prepare a draft of an appropriate reply for John Ehrlichman's signature.

Attachment a/s

4-2

mc ✓

④

GENERAL

FI2

FG124

Ogden, C. Robert
North Coast Life Ins. Co.

February 11, 1969

Dear Mr. McCarthy:

Your letter of February seventh to John Ehrlichman has been received.

John is now out of the country and will be so for at least another week.

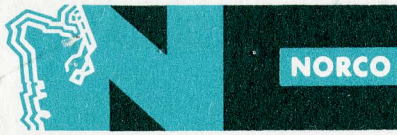
I shall call your letter to his attention when he returns.

Very truly yours,

Charles E. Stuart
Staff Assistant to the Counsel

Mr. E. D. McCarthy
President
E. D. McCarthy, Inc.
Northtown Office Building
Spokane, Washington 99207

5-2



NORTH COAST

Life Insurance Company

PAULSEN BUILDING SPOKANE, WASH. 99201

February 10, 1969

Mr. John Ehrlichman,
Counsel to the President
The White House
Washington, D.C.

Dear John:

At the suggestion of your secretary, Mrs. Hruska, to whom I spoke about this on the telephone last Friday, I am writing to you about the proposed change in the regional Home Loan Bank from Spokane to Seattle. The office of representative Catherine May, Republican of the Fourth District of Washington, told me that they did not feel anybody in the White House was aware of this situation. On the other hand, the office of Congressman Tom Foley, our Democrat from the Fifth Congressional District, says that "The Nixon Administration seems intent on pushing this through." If you do not know about this, I think you should because the Administration apparently is being charged with it, and there is considerable comment about it in Spokane.

By way of background, Spokane is the home office of the Federal Home Loan Bank for the Twelfth Region encompassing the eight states of Washington, Oregon, Idaho, Montana, Wyoming, Utah, Hawaii and Alaska. There are twelve of these regional Home Loan Banks, which loan monies to savings and loans in their regions. Each regional bank has a local Board of Directors made up of savings and loan and public representatives in the region. The whole operation comes under the Federal Home Loan Bank Board, a separate agency of the Federal Government, located in Washington, D.C.

The Federal Home Loan Bank Board there in Washington is a three man Board. The acting Chairman is Robert Rand, a California Republican, who assumed that post about last November upon the resignation of the former Chairman, John Horne. The Chairmanship is vacant. The other member is Mike Greenebaum, a Democrat of Chicago. I understand that the law establishes a Board of three members, one of whom is the Chairman, and there must be one representative from the minority party.

The Spokane home office once was a branch of the San Francisco region, and was located in Portland. It was moved to Spokane when this was made a separate region about four years ago. This move was arranged by Senator Magnuson, Democrat of Washington. The story that I get is that the location of this bank in Spokane at that time was opposed by some of the savings and loan people in Seattle, and the rumor now is that the Republicans among the savings

4-4

February 10, 1969
Mr. John Ehrlichman

-2-

and loan people are exercising their muscle to move this office from Spokane to Seattle now that the Republicans are in control of the Administration. The location of the bank in Spokane several years ago likely was a political action done when the Democrats were in control; however, it was a Chamber of Commerce project and probably supported by more Republicans than Democrats. At that time Spokane was an area of substantial unemployment, as you may remember. Payrolls were desperately sought by everyone here. This regional Home Loan Bank employs about 35 people in Spokane, which is a significant payroll here. I think you will admit that it would not be a significant payroll in Seattle. While Spokane has recovered some, even 35 jobs here are still very important. Having this Home Loan Bank in Spokane also gives some prestige to the community. The bank also planned to build a new building in downtown Spokane, removing a run-down collection of structures, and this had been hailed in the local press.

Arguments for moving this branch seem to be based on the location of Spokane. The argument is made that Spokane is hard to get to, and does not have a branch of the Federal Reserve Bank. Countering these arguments, I am told that member bank personnel rarely have to come to Spokane because the business is done by phone, and there are four other Home Loan Banks in cities without Federal Reserve branches. In other words, there are no really compelling reasons to move this branch bank.

The President of the local bank is John Kleeb, a competent professional executive who came from the San Francisco Home Loan Bank. John has told local people that Mr. Rand, from the Federal Home Loan Bank Board in Washington, called him and asked him to call a meeting of the local Board of Directors for February 14 to vote on a resolution to move the bank from Spokane to Seattle. There is considerable activity going on at the moment involving local people and various members of this Board to see how the vote will come out, including lobbying to move to Portland and various other places than Seattle.

Congresswoman May, and Congressman Foley, are both strongly opposed to the move. I am told by several of the local Democrats who are close to Senator Magnuson, that they expect he will strongly oppose it. Apparently he is on vacation at the moment, and hard to locate. As Chairman of the Senate Interstate and Foreign Commerce Committee, and the man whose influence put this bank in Spokane in the first place, I would suspect Senator Magnuson is someone who should not be crossed unless there is a strong reason for doing it.

As I understand the procedure, even if the local Regional Board adopts a resolution at its meeting on February 14 to move this branch from Spokane to Seattle or elsewhere, a final decision on the move will still have to be made by the Federal Home Loan Bank Board in Washington, D.C. I do not know when that Board meets, or how soon after February 14 the final decision might be made there. Naturally all of the people in Spokane would be very grateful if the Federal Home Loan Bank Board would leave this branch here.

4-5

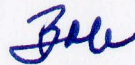
February 10, 1969
Mr. John Ehrlichman

-3-

I have not seen you during this campaign, and visited with Bob Haldeman only once, at a meeting in Olympia before the convention. This letter gives me an opportunity to congratulate you and Bob and all of the others who made such a great success of the campaign, in which at least I had the opportunity to play a small role as the Eastern Washington Chairman. You have gotten this Administration off to a wonderful start. Please know that if there is anything that I could do at all to be of any help, I should be most happy to try.

With best regards,

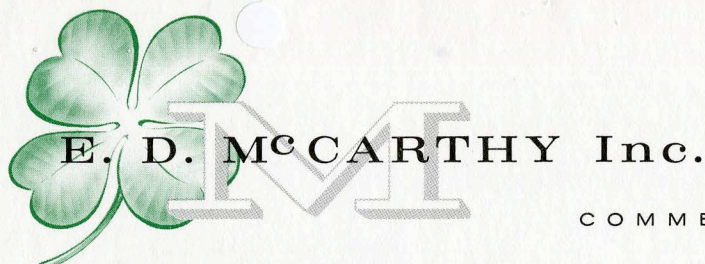
Sincerely,



C. Robert Ogden,
President

CRO/df

FEB 10 1969



COMMERCIAL REAL ESTATE

Phone (509) HU 9-4332 • Northtown Office Bldg. • Spokane, Washington 99207

February 7, 1969

Mr. John D. Ehrlichman
Counsel to President Richard M. Nixon
The White House
Washington, D. C.

Dear John:

You are going to rue the day you ever met me!

I have been asked by Tom Meagher, the Chairman of the Board of the Federal Home Loan Bank of Spokane to beseech you to do whatever you can to avoid the moving of the Federal Home Loan Bank of Spokane to Seattle.

I explained to him that this was not your baliwick, and also that you were a Seattleite; but he felt that the history of non-politics in these banks was such that I should mention to you that he thought politics were being played in the possible moving of the bank to Seattle.

From the standpoint of equity to the employees, etc. and also from the standpoint of the shortage due to the boom conditions in Seattle as against the relatively stable situation in Spokane, he felt that the bank should be kept in Spokane.

The enclosed letter to Catherine May explains the situation. If you could talk to the Chairman, Mr. Rand, or if you could get anyone else to, it would be most appreciated by Spokane I can assure you.

I hope that in the future I can help you rather than requesting you to help me!

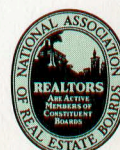
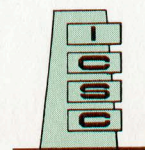
Kindest personal regards,

E. D. MC CARTHY, INC.

E. D. McCarthy, CSM
President

EDM:fc
Enclosure

5-3



Mr. John D. Ehrlichman

-2-

February 7, 1969

P. S. -

Incidentally, there is to be a special meeting of the District Board on the 14th of February which may decide the fate of the deal. As I understand it, this will be something like the Seattle branch of Sears, Roebuck telling Chicago that they wanted to move their store to Spokane and getting away with it!

In other words, Mr. Meagher feels that the business end of the deal is not being evaluated and that there is no legitimate reason for moving the bank from Spokane.

EDM

5-4

January 29, 1969

The Honorable Catherine B. May
Representative - Fourth District
State of Washington
House of Representatives
Washington, D. C.

Dear Catherine:

I am slated this year and next to be the Finance Chairman for the Republican Party in Spokane County.

I have just had lunch with Lyle Einhaus and he suggested that I write you concerning a situation that is occurring here in our area.

*→ You may or may not be familiar with the fact that about five years ago headquarters for the Federal Home Loan Bank for the twelfth district (Washington, Oregon, Idaho, Montana, Wyoming, Utah, Alaska and Hawaii) were moved from Salt Lake City to Spokane.

A few months back, I was requested by the Federal Home Loan Bank of Spokane to make a study of the downtown area and suggest possible locations for a Federal Home Loan Bank building and to suggest either a lease program for this new space and/or work out as owner's advocate a suggested situation for the ownership of the building on the part of the Federal Home Loan Bank. The present quarters for the bank apparently are inadequate and will have to be changed in any event.

I have subsequently found out that there has been ever since the Bank was headquartered in Spokane, some agitation for it to be moved to Seattle.

At the Board Meeting of the Federal Home Loan Bank of the Twelfth District on the 24th of January, the Board was instructed to delay negotiation on new space until notified otherwise by the Federal Home Loan Bank Board of Washington, D. C., the membership of which is John E. Horne, Michael Greenebaum and Robert L. Rand.

* I find that I was wrong -- up until five years ago, Portland was a branch office of the San Francisco District Bank. When the Spokane district was spun off, the headquarters were moved to Spokane.

The Honorable Catherine B. May

-2-

January 29, 1969

Whether or not the Federal Home Loan Bank accepts the building that I am involved in is unimportant; but it is important that the headquarters remain in Spokane for those of us who have the interest of Eastern Washington foremost in our minds. Incidentally, the study that I made has never been analyzed by the Federal Home Loan Bank Board because the order to cease negotiations came before the Board got to this item on their agenda.

In other words, the merit of the new building was not under discussion and apparently the reason for the Board's request for a delay in negotiations revolved around this matter of whether the headquarters should be shifted to Seattle.

At any rate, I am enclosing a copy of the Federal Home Loan Bank of Washington, D. C. so that you may know the names of the people involved.

Robert L. Rand, we understand, is the Republican member of the Board and we assume he is slated for the Chairmanship under the new administration. We, of course, have no way of knowing whether this is fact or not.

NOW
ACTING
CHAIRMAN

At any rate, we would appreciate your contacting Mr. Rand if you feel as we do and use whatever influence you might be able to muster in behalf of keeping these headquarters on the eastern side of the mountains.

If there is any further information that you need, please let me know.

If for any reason, you feel that you cannot talk to Mr. Rand or someone else on the Board, I would appreciate your letting me know.

Kindest personal regards,

E. D. MC CARTHY, INC.

E. D. McCarthy, CSM
President

EDM:fc
Enclosure
cc: Mr. Lyle Einhaus

5-6

Washington Board

Federal Home Loan Bank Board

John E. Horne Chairman
Michael Greenebaum Member
Robert L. Rand Member

Jack Carter
Secretary

Robert F. Quigley
Comptroller

Lyndon R. Day
Director, Office of Federal
Home Loan Bank Operations

Harry S. Schwartz
Director, Office of Research
and Home Finance

S. Michael Elliott
Director, Office of
International Home Finance

Clarence S. Smith
Director, Office of Applications

Arthur F. Hermann
Director, Office of Public Affairs

Simon H. Trevas
Executive Assistant to the
Chairman

William B. Martin
Director, Office of Audits

Lawrence M. Walters
Director, Office of Examinations
and Supervision

Alan J. Moscov
General Counsel

OFFICE OF
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION
Jerry D. Worthy, Director

Alan C. Knowles
Fiscal Agent
Federal Home Loan Banks

John H. Haines
Chief Examiner
Twelfth District

Spokane Board

**Board of Directors
1968**

Thos. F. Meagher, Chairman
President, Lumbermen's
Supply Corporation,
Spokane, Washington

Ben H. Bond, Jr., Vice Chairman
President, Territorial Savings
and Loan Association,
Honolulu, Hawaii

Robert E. Doidge
President, Pioneer Savings
and Loan Association,
Salt Lake City, Utah

C. V. Hamilton
President, Home Federal Savings
and Loan Association of Nampa,
Nampa, Idaho

David D. Hill
President, Capitol Savings
and Loan Association,
Cheyenne, Wyoming

Robert D. Holmes
Public Affairs Consultant,
Portland, Oregon

Paul A. Johnson
President, First Federal Savings
and Loan Assn. of Great Falls,
Great Falls, Montana

C. W. Leaphart
Dean Emeritus, School of Law,
Montana State University,
Missoula, Montana

J. Alex Maxwell
President, Yakima Federal
Savings and Loan Association
Yakima, Washington

J. H. Pletsch
President, Jackson County
Federal Savings and Loan
Association,
Medford, Oregon

Walter Sczudlo
President, First Federal Savings
and Loan Association of
Fairbanks,
Fairbanks, Alaska

Dilworth S. Woolley
President, Redman Warehousing
Corp.,
Salt Lake City, Utah

**REPRESENTATIVE FEDERAL SAVINGS AND LOAN
ADVISORY COUNCIL**

Harold H. Cake
President, Equitable Savings
and Loan Association,
Portland, Oregon

Ben H. Bond, Jr., Alternate
President, Territorial Savings
and Loan Association,
Honolulu, Hawaii

5-8

Wc/

GENERAL
FI 2
FG 18

①

March 29, 1969

Dear Bill:

Thanks very much for your March 27 letter and enclosed draft of a communication to your colleagues.

Quite frankly, this tactic and language appear out of character for you. First, absolutely nothing constructive can be accomplished by distribution of the epistle. Second, you are on record supporting the Postmaster General's proposal, and a switch over bank deposits may allow some future opponent to capitalize on your reversed position. Third, I believe the banking institution in question is not in your district, permitting an adversary to inquire of your motive. Fourth, the redundancy, incomplete language, etc. of the draft appears to show the plan has not been carefully thought out.

In an effort to be helpful, give me a week to try to bring about a satisfactory solution. I'm not certain what can be done, but I'll try.

With warm regard,

Sincerely,

William E. Timmons
Deputy Assistant to the President

Honorable William E. X Brock, III
United States House of Representatives
Washington, D. C. 20515

Enclosure.

bcc: Paul Carlin w/incoming

RECEIVED
MAR 31 1969
CENTRAL FILES

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

COMMITTEE ON
BANKING AND CURRENCY
JOINT ECONOMIC
COMMITTEE

Did your effort
"insure" election?

March 27, 1969

exercised

Nixon-Agnew
ticket

Members may
think this
presumptuous!

Dear Colleague:

Having committed every possible personal effort to insure the election of this Administration, I've logically endeavored since that election to support its every effort. Even in the instance of the Postmaster General's new "non-political" program, I have endeavored to explain to my dedicated Republican workers across the State of Tennessee that this policy would in the long run be of great benefit to the nation and even to the Republican party.

only 1 example

I have come to a parting of the ways. The Postmaster General is not running a non-political operation, but rather is giving aid and comfort to those who have fought us so hard in the Democratic party. To cite two examples; he has refused to reverse the shifting of Post Office bank accounts following the election, from Republican institutions to those who supported the Democrats. With pious mien, Mr. Blount admits the shift was wrong and cites his new policy of not making such shifts as the justification of his refusal to correct a blatantly obvious abuse.

Too strong!

I find the situation to be intolerable. If Mr. Blount lacks the courage to change old ways, he obviously lacks as well the qualities necessary to effect his program. Under the circumstances I feel that his program will fail and I shall do all in my power to see that it does not achieve legislative authorization.

Very truly yours,

vindictive?

BILL BROCK

Democrat
folder

BB:jrm

Bill

The second paragraph will never be understood by members not aware of the background of this case.

April 1, 1969

Dear Jerry:

I appreciate your forwarding Mr. Asa G.
+ Dickerson's letter regarding his application
for a National Bank charter.

I'll certainly check on the status of his application
with our people over at Treasury and let you
know the outcome posthaste.

With best regards,

Sincerely,

WET

William E. Timmons
Deputy Assistant to
The President

Honorable Gerald R. + Ford
House of Representatives
Washington, D.C.

bcc: Jim Smith -- What can you do on this for me!!!

9

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APR 3 1969
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ghl/fje

①

GENERAL

F I 2

April 2, 1969

Dear Mr. Kennedy:

Before Bob Haldeman left for California this morning, he asked me to respond to your letter regarding your views on Bank Holding Companies.

Mr. Haldeman read your letter with great interest, and very much appreciates your taking the time to give him your views on this matter. He personally asked me to thank you for your letter.

Sincerely,

Jay Wilkinson
Staff Assistant

Mr. Kenfield E. Kennedy
+ Matlow-Kennedy Corporation
Suite 1750
Fifth and Figueroa Streets
Los Angeles, California 90017

JGW:jd - 2

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APR 4 1969
CENTRAL FILES

MATLOW-KENNEDY CORPORATION

Realtors

UNION BANK SQUARE

FIFTH AND FIGUEROA STREETS
LOS ANGELES, CALIFORNIA 90017

SUITE 1750

(213) 683-1700

March 31, 1969

Mr. H. R. Halderman
White House
Washington, D. C. 20501

Dear Bob:

First, let me congratulate you on your participation in the success of President Nixon's recent campaign. We read about you and hear about you from mutual friends, and it sounds like you are very, very busy.

The reason for my note is that recently the Times had an article about President Nixon's views on Bank Holding Companies or Bank Conglomerates, and it indicated a certain dissatisfaction with this type of business expansion by banks. We agree.

We recently had an experience with Union Bank in the area of leasing office space and real estate. They recently formed a real estate subsidiary and contacted several of us with job offers and the statement to the effect that they were going into our business in a big manner since they felt they had the inside track through their banking connections and financial knowledge and leverage. They came to us they said because we are "closers" (this is complimentary) before they looked elsewhere. They indicated that a small company (19 people) like ours will not be able to compete with them. This heavy handed approach really annoyed me and after reading the Times article I felt like telling someone.

I don't know if information like this is useful. If not, please excuse me and thank you for letting me relate the matter to you.

Very truly yours,

MATLOW-KENNEDY CORPORATION


Kenfield E. Kennedy

KEK/ks

GENERAL

FG 6-12

FTS

LG

FG 6-11-11 Moynihan
Daniel

April 3, 1969

Dear Francesco:

Thanks so much for your note. I, too, enjoyed the meeting with you and your colleagues. And I'm pleased by your comments about the possible effects of our get-together. Also, thanks for the brochure. It is among the better ones of that genre that I have seen.

Cordially,

D. Patrick Moynihan
White House
Washington, D.C.

Daniel P. Moynihan
Assistant to the President

Mr. Francesco Cantarella
Director Public Affairs Division
The Chase Manhattan Bank
1 Chase Manhattan Plaza
New York, New York 10015

DPM:CF:jf

3

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GENERAL FILES

2001
April 8, 1969

②
GENERAL

BE 4/ Banking
FI 2

Dear Mr. Forlines:

Your letter to Mr. H.R. Haldeman dated March 27 has been referred to my office for handling.

Attached are the President's statements concerning one-bank holding companies. I hope they prove helpful.

Cordially,

Lawrence M. Higby
Staff Assistance

Mr. John A.^X Forlines, Jr.
The Bank of Granite
Granite Falls
North Carolina 28630

Attachment

LH:pm

Sincerely yours,

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APR 14 1969
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GENERAL

FG18

FI 2

April 9, 1969

Dear Senator Saxbe:

Bryce asked me to thank you for sending the information concerning the Post Office Department's bank account in Columbus, Ohio. He did enjoy reading this and appreciates your sharing it.

With warm regard,

Sincerely,

Dale Crabb
Special Assistant to
the President

Honorable William B. Saxbe
United States Senate
Washington, D.C.

DG:EF:jms

cc/

Bank of America
NATIONAL CITY ASSOCIATION
WHITTIER

GENERAL
GENERAL
FE 12-1
PR 7-2/P
WH 2
FI 2

April 12, 1969

Dear Hubert:

This is just a note to thank you for your letters of March 31 and April 7.

I was glad to refer your March 31 letter of John Ehrlichman, Counsel to the President, who is checking into the possibility of acquiring a summer home in California. I am sure he will be in touch with you if things are worked out so that you and the Bank of America could be of assistance.

John Ehrlichman's office also is handling inquiries regarding the Presidential Library, and I am sending him a memo to let him know the dates of your visit.

Dwight Chapin handles the President's daily schedule. I will inform him of the plans for your Washington visit. I know, if at all possible, he will work something out so that you will have an opportunity to see the President.

With all good wishes,

Sincerely,

Rose Mary Woods
Personal Secretary
to the President

Mr. Hubert C. Perry
Vice President and Manager
Bank of America
Whittier, California 90608

RMW:sle

cc: Ehrlichman; Chapin

Reproduced at the Richard Nixon Presidential Library and Museum

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APR 14 1969
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McF

GENERAL

FI2

①

April 28, 1969

Dear Mr. Hawkins:

This will acknowledge your letter of April 24, 1969 concerning H. R. 6678. Your views on this subject have been noted, and I want you to know that the President appreciates your taking the time to send your thoughts on this matter.

Sincerely,

Harry S. Flemming
Special Assistant to the President

Mr. John C. Hawkins, President
XGreensboro Mutual Insurance Agency
XGreensboro Insurance Agency, Inc.
610 Summit Avenue, P. O. Box 20248
Greensboro, North Carolina 27420

9

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fig 1 of

May 5, 1969

(2)
GENERAL

FI 2

Dear Harold:

Thank you for your April 21 letter forwarding Mr. Browne's inquiry on the Department of the Treasury's proposals in the bank holding field.

To be of the utmost assistance, I have forwarded Mr. Browne's questions and your letter to the Treasury for thorough consideration. I trust you will receive full information as soon as possible.

Sincerely,

Bill

William E. Timmons
Deputy Assistant to
The President

Honorable Harold R.⁺ Collier
House of Representatives
Washington, D.C.

bcc: Secretary Kennedy - for suitable response
with cc to Mr. Timmons

WET:jj

William B.⁺ Browne

⁺Forest Agency, Inc

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MAY 8 1969
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HAROLD R. COLLIER
10TH DISTRICT, ILLINOIS

COMMITTEE:
WAYS AND MEANS

ADMINISTRATIVE ASSISTANT
MARIE HERSHEY

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

April 21, 1969

Mr. William E. Timmons
Deputy Assistant to the
President for Congressional Relations
The White House
Washington, D. C.

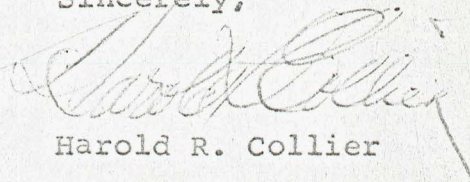
Dear Bill:

Enclosed herewith you will find a self-explanatory letter from a constituent regarding the President's proposal that federal authority be granted for banks to sell insurance.

I would appreciate your good offices and advice in connection with my response to Mr. Browne's inquiry.

With kind personal regards,

Sincerely,



Harold R. Collier

HRC:jkw
Enc.

W. B. BROWNE
R. P. McNAMEE
M. C. REEDY
J. F. ROWE
M. L. SCHNEIDER

Telephones
FOrest 9-8604
Chicago Phone 921-7171-2-3

FOREST AGENCY, INC.

INSURANCE

1107 Chicago Avenue
Oak Park, Illinois 60302

April 1, 1969

The Honorable Harold R. Collier
House Office Building
Washington, D.C. 20515

Dear Representative Collier:

I do not understand why our President chooses to encourage banks to compete in the field of insurance. As a tax payer and an independent insurance agent I support FSLIC and FDIC.

Savings and Loans have utilized their own loan granting position with the public's money to build very large insurance agencies. They are spared acquisition costs.

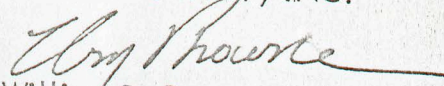
As you possibly know, Illinois is without an anticoercion law as a result of special interests doing their work well in Springfield.

Is there any reason to believe that the banks will not go the same route? The Independent Insurance Agent has been under a constant commission squeeze and is faced with rising operating costs. I believe former Comptroller of the Currency Saxon was responsible for initiating increased bank insurance activity.

I would appreciate any information you could give me explaining why our President feels this decision is best for the nation.

Thank you.

Yours very truly,
FOREST AGENCY, INC.


William B. Browne
President

Nixon seeks conglomerate

William J. Eaton
of Our Washington Bureau

WASHINGTON — President Nixon has asked Congress for law to keep industrial conglomerates out of banks.

At the same time, he proposed federal authority for banks to insure and perform a wide range of financial services for their customers. Mr. Nixon urged passage of

a bill that would require a few companies to dispose of banks or stop acquiring other industrial companies.

The bill would place congressional blessing on expanded services, however. That provision already has run into opposition from Rep. Wright Patman (D-Tex.), chairman of the House Banking Committee. Insurance companies, too, are expected to oppose that provision.

TREASURY Sec. David M.

Kennedy sent the administration's bill to Capitol Hill Monday with the hope that it will be approved this year to check what Mr. Nixon called a "disturbing trend" in banking.

The President referred to the rapid growth of one-bank holding companies in recent years through a loophole in the Bank Holding Company Act of 1956.

Treasury figures show nearly

800 such companies controlling bank deposits of more than \$100 billion were in existence or about to be formed at the end of 1968.

"Left unchecked, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy," the President said.

rate ban in banking

his must not be permitted to open."

The Treasury said that banks acquired by aggressive companies so far have been small banks divesting should be required by Congress. Nixon vigorously disagreed this point.

After the administration, however, acquisitions June 30, 1968, by one-bank companies would be approved by three

federal banking agencies and would have to be related to finance or insurance.

The bill would allow the Federal Reserve Board, the Federal Deposit Insurance Corporation and the controller of the currency to write guidelines for bank acquisitions, with each of the three retaining a veto. Each then would apply the guidelines to banks under its jurisdiction.

KENNEDY, who was board

chairman of the Continental Illinois National Bank & Trust Co. of Chicago before he joined the cabinet, has about \$1,200,000 worth of shares in the bank, being held in trust. Continental and others in Chicago have formed one-bank holding companies that would be affected by the proposed legislation.

Continental and most of the other Chicago banks affected

had indicated earlier they intended to stick to financially related fields.

The number of one-bank holding companies in the United States had increased from 117 in 1955 to 783 at the end of 1968, according to Patman.

At least 34 of the country's largest banks have formed such companies or announced plans to do so. These companies have moved into 119 non-banking fields, Patman said.

GENERAL

LY.

FI2

May 13, 1969

Dear Mr. Becker:

This is to acknowledge receipt of your letter of May 12th which accompanied your "Proposal for an Urban Development Credit Guaranty Bank". This matter has been referred to Dr. D. P. Moynihan, Assistant to the President for Urban Affairs, who will study this proposal and make appropriate recommendations to the President.

Your interest in this matter is deeply appreciated and I want to assure you of the careful consideration which your proposal will receive.

Yours truly,

Stephen Bull
Staff Assistant

Mr. Eugene M. Becker
Assistant Secretary of the Army
The Pentagon, Room 2E 678
Washington, D. C. 20310

bcc: D. Moynihan

SB/bk

Mem/mem

THE WHITE HOUSE OFFICE

REFERRAL

GENERAL
FI2

To: The Secretary of the Treasury

Date: May 16, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

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

REMARKS:

Description:

_____ Letter: —X— Telegram: Other:

To: The President

From: Robert Kester, Chairman of Bd, Stewart R. Kester, Pres, Oceanside Bank,

Date: 5/15/69 101 S. Ocean Blvd, Pompano Beach, Florida

Subject: Protesting recent action by U. S. Comptroller of Currency in granting charter approval to Beach Natl Bank in same location as previously state-chartered Oceanside Bank which opened 5/6th--feel this threatens dual banking system.

/

By direction of the President:

John R. Brown III
Staff Assistant
to the President

rah

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MAY 17 1969
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The White House
Washington

1969 MAY 15 PM 6 03

WA438 MWH PDF

POMPANO BEACH FLO 15 130P EDT

THE PRESIDENT

THE WHITE HOUSE

MR PRESIDENT, RECENT ACTION BY U.S. COMPTROLLER OF CURRENCY
IN GRANTING CHARTER APPROVAL TO BEACH NATIONAL BANK POMPANO
BEACH FLORIDA IN SAME LOCATION AS PREVIOUSLY STATE CHARTERED
OCEANSIDE BANK WHICH OPENED FOR BUSINESS MAY 6TH WITH FEDERAL
DEPOSIT INSURANCE CORPORATION APPROVAL CONSTITUTES AN ARBITRARY
AND CAPRICIOUS ACT THREATENING A FUNDAMENTAL CORNER STONE THE

DUAL BANKING SYSTEM IN THE USA AND FURTHERMORE DEPRIVES ORGANIZERS
AND INVESTORS IN OCEANSIDE BANK OF SPECIFIC PROPERTY RIGHTS
WITHOUT DUE PROCESS AND FOR UNWARRANTED CAUSES IMMINENCE OF
OPENING BEACH NATIONAL BANK AND FEDERAL COURT SCHEDULES EXCLUDES
OUR OBTAINING RELIEF THROUGH COURTS AND WE THEREFORE URGENTLY
APPEAL TO YOUR OFFICE TO REQUEST A REVIEW AND HEARING PRIOR
TO OPENING OF BEACH NATIONAL BANK IN POMPANO BEACH

ROBERT KESTER CHAIRMAN OF THE BOARD AND STEWART R KESTER PRESIDENT
OCEANSIDE BANK 101 SOUTH OCEAN BLVD POMPANO BEACH FLA.

gh
May 22, 1969

GENERAL

FI 2

Pu 2-1

Dear Mr. Volk:

I am writing on behalf of Mr. Haldeman to thank you for your May 14 letter. He greatly appreciates your forwarding him a copy of "The Facts About One-Bank Holding Companies and Legislation Proposed For Their Regulation." In accordance with your request, he will bring this matter to the attention of the President.

With Mr. Haldeman's best wishes,

Sincerely,

John R. Brown III
Staff Assistant

Mr. Robert H. Volk⁺
President
* Union American, Inc.
445 South Figueroa Street
Los Angeles, California 90017
JRB/tad

1

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MAY 23 1969
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UNIONAMERICA, INC.

Union Bank Square

445 So. Figueroa Street, Los Angeles, California 90017 / Telephone 687-5432

May 14, 1969

The Honorable Robert Haldeman
Assistant to the President
White House
Washington, D.C. 20500

Dear Bob:

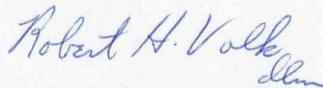
I am enclosing a formal statement which we have prepared in connection with one-bank holding companies.

I sincerely fear that the Administration is making an error in broad prohibitory legislation which would sterilize one-bank holding companies. In keeping with the philosophy of a Republican Administration, legislation should be directed at specific fears with respect to one-bank holding companies rather than to in effect broadly prohibit all activities.

I am enclosing an additional copy of the statement which I would appreciate your giving the President. In view of our prior acquaintance I would hope that he would be interested in my views on this particular subject.

With kindest personal regards,

Sincerely,

A handwritten signature in blue ink that reads "Robert H. Volk". The signature is written in a cursive style with a small flourish at the end.

Robert H. Volk
President

RHV/dlm
Encls. 2

**THE FACTS
ABOUT ONE-BANK HOLDING COMPANIES
AND LEGISLATION PROPOSED
FOR THEIR REGULATION**

FOREWORD

The following Statement has been prepared under the direction of Robert H. Volk, President, Union Bancorp; former partner, Adams, Duque & Hazeltine, Los Angeles, California; and Commissioner of Corporations, State of California, 1967-1969.

Dr. Robert R. Dockson, Dean, Graduate School of Business Administration and School of Business, University of Southern California, cooperated in its preparation as economic consultant to Union Bancorp.

All legal references in this Statement, particularly with respect to antitrust law, have been prepared after consultation with the following, as counsel to the Company: O'Melveny & Myers, Los Angeles, California; Wyman, Bautzer, Finell, Rothman & Kuchel, Beverly Hills, California and Washington, D.C.; Harold Marsh, Jr., partner, Hindin, McKittrick and Marsh, Beverly Hills, California, and Professor of Law, University of California at Los Angeles.

May, 1969

WHAT IS A ONE-BANK HOLDING COMPANY?

A one-bank holding company is simply a corporation which owns a sufficient number of the issued and outstanding shares of a bank to control the bank. Most one-bank holding companies own all of the issued and outstanding shares of their bank subsidiaries. Individuals and partnerships who own or control all or substantially all of the issued and outstanding shares of banks occupy the same status as one-bank holding companies. A one-bank holding company, therefore, as a shareholder of a bank, should not be confused with the bank itself. Restrictions placed upon the activities of the bank for the protection of depositors' funds are not altered by corporate ownership.

WHY A ONE-BANK HOLDING COMPANY?

The traditional concept of the American banking system, and indeed the legislation regulating that system, has had the paramount objective of safeguarding the funds of bank depositors. Congress, through Acts such as the Banking Act of 1933, the Federal Deposit Insurance Act, the Federal Reserve Act, the Glass-Steagall Act and others, has wisely restricted banks from activities which might place depositors' funds at undue risk and thus endanger the traditional concept of banking.

However, because of the demands for service placed upon banks in the modern business economy and the desire of banks to remain competitive and seek new sources of earnings for their shareholders, many banks in recent years have sought to institute new services which are not within the traditional concepts of banking business. Important protests concerning such activities by banks in these diverse areas have been heard not only from those engaged in those fields but also from members of Congress and bank regulatory authorities. Because it is believed that such activities may subject depositors' funds to undue risk, it is important that banks *per se* be restricted and regulated as to their basic soundness and the kinds of business in which they should engage. It is for this reason that many banks have sponsored one-bank holding companies which have acquired all of the issued and outstanding shares of the bank through an exchange of stock with bank shareholders. As a subsidiary of a one-bank holding company, a bank can limit itself to the historical and tested concepts of proper banking functions involving the protection of depositors' funds through adequate capital, adequate liquidity and sound operation. At the same time, however, the holding company can, through its own resources, engage in a variety of diverse businesses properly denied to the bank. Through such diverse businesses the holding company can provide new sources of strength and earning opportunities for its shareholders and indeed provide new sources of strength to the bank.

A comparison of the average price-earnings ratio of bank stocks with the price-earnings ratio of Standard and Poor's 425 Industrial Stock Index indicates that the price-earnings ratio for bank stocks has averaged over the past 10 years only 80 percent of that for industrial stocks. While these multiples approximated each other for the three-year period from 1962 through 1964, bank multiples declined beginning in 1965 to reach a low point of only 60 percent of the industrial multiples at the beginning of 1968.

The ability of banks to continue to supply money in an expanding economy is highly dependent upon the amount of capital in the banking system. Over the past ten years, retained earnings alone have generally been insufficient to supply the banks with the capital needed to meet the expanding economy and most banks have had to seek new capital through the sale of capital notes or additional equity securities. The difference between the price-earnings ratios for banks and industrials makes it clear that bank stocks are less attractive to the public investor, thus making it more difficult for banks to raise capital in the public market in competition with industrial stocks. If a one-bank holding company can, by participation in other businesses, add to the attractiveness of its stock in the public marketplace, then the one-bank holding company stock can be used to add capital to the bank more favorably and more readily than could the bank with its own stock.

It has been suggested that a method of improving the price-earnings ratio of banks would be to reduce the capital required of banks to support lending activities. While such a move would probably have the desired effect of making bank stock more acceptable in the capital market and thus facilitate the raising of capital by banks, it would have the corresponding effect of reducing the security for the protection of depositors' funds.

Accordingly, rather than detracting from or changing the traditional concept of American banking, a one-bank holding company preserves that concept by permitting the bank to operate along traditional banking lines. Yet the one-bank holding company can provide additional capital strength to the bank, greater service to customers and improved earnings by engaging in a variety of activities properly prohibited banks.

IS IT POSSIBLE THAT WITHOUT RESTRICTION OR REGULATION ONE-BANK HOLDING COMPANIES COULD CAUSE A SHIFT IN THE ECONOMY TO ONE DOMINATED BY A RELATIVELY FEW MAJOR POWER CENTERS SIMILAR TO THE "ZAIBATSU" OF PREWAR JAPAN?

Any such allegation fails to take into account the economic differences between prewar Japan and the United States and the framework of antitrust and regulatory laws presently in effect. For example, in prewar Japan there were no separate money

markets; rather, banks engaged in both the commercial banking and investment banking businesses, performing in addition to their banking functions the underwriting of securities. Such investment banking functions were wisely denied United States banks by Congress through the enactment of the Glass-Steagall Act and the Banking Act of 1933. These laws have created two separate and independent money markets, each free from the dominance of the other and there is no way that a bank, or even a one-bank holding company, can avoid the provisions of those Acts and enter the competitive public investment banking money market. This statutory framework alone is sufficient to prevent any concentration of economic power in the hands of a few major financial conglomerates as was the case with the Zaibatsu in prewar Japan.

Aside from the fact that this imaginary horror totally fails to take account of the actual economic power of banks in this country since 1933, the existing antitrust laws would seem to be the obvious answer to any such fear. If these laws are adequate to prevent insurance companies, mutual funds, enormous manufacturing enterprises and other aggregations of capital from accomplishing the complete domination of the economy, they certainly should be able to prevent this by one-bank holding companies. Indeed, competition among over 1000 one-bank holding companies would alone suffice to prevent any such concentration of economic power.

Therefore, it seems clear that the statutory separation of the money markets and the vigorous enforcement of existing antitrust laws are adequate to prevent any undue concentration of economic power. This should be particularly evidenced by the recent notice to the First National City Corp. by the Justice Department of its investigation into the proposed acquisition of Chubb Corp. (an insurance holding company) as well as the recent action by the Attorney General against Ling-Temco-Vought, Inc.

CAN A BANK OWNED BY A ONE-BANK HOLDING COMPANY LEND TO ITS AFFILIATES AT MORE FAVORABLE RATES OR ON MORE FAVORABLE TERMS THAN TO COMPETITORS?

The Federal Reserve Act severely limits the power of member banks who lend money to their affiliates. Affiliates include one-bank holding companies and all companies controlled by one-bank holding companies. A member bank may not make a loan or extend credit to an affiliate unless each loan is secured (1) 120 percent by marketable securities, (2) 110 percent by state and municipal obligations, or (3) 100 percent by United States Government obligations. This prohibition was extended in 1966 to all banks whose deposits are insured by the Federal Deposit Insurance Corporation.

Therefore, banks are barred from making the most common business loan, an

open line of credit, to their affiliates. Also, the Act prohibits banks from accepting common forms of collateral from affiliates, such as accounts receivable or real property. From the viewpoint of a one-bank holding company, the extension of credit on such terms by a bank to an affiliate involves the sterilization of funds, i.e., the funds of the affiliate necessary to secure the loan. It is obviously much more sensible money management for the affiliate to borrow from a bank independent of the one-bank holding company structure.

In any event, such a secured loan to an affiliate could hardly be considered to be a more favorable loan than the bank would make to a competitor.

COULD A BANK SUBSIDIARY OF A ONE-BANK HOLDING COMPANY REFUSE TO LEND MONEY TO COMPETITORS OF AN AFFILIATE?

Normally, such a refusal would create no difficulty, for the competitor might go elsewhere to procure a loan. However, if alternative sources of money were unavailable and the bank enjoyed a dominant position in the market, such a refusal would be subject to attack under Section 2 of the Sherman Act which prohibits any attempt to monopolize any part of the trade or commerce among the several States. In addition, Section 1 of the Sherman Act would prohibit concerted action involving a refusal to deal pursuant to an agreement between affiliated companies designed to injure the competitors of one company.

COULD A BANK LEGALLY REQUIRE A BORROWER, IN ORDER TO OBTAIN A LOAN, TO PURCHASE GOODS OR SERVICES FROM AN AFFILIATED COMPANY?

Such a situation involves what is known under the antitrust laws as a "tying arrangement" or a "tie-in." A tie-in forces the buyer to take something he doesn't want in order to obtain something he does.

Tying arrangements are generally illegal under the antitrust laws. Section 1 of the Sherman Act governs tying arrangements involving banking services and simply declares unlawful all contracts, combinations and conspiracies in restraint of trade. In early April, 1969, the Supreme Court in the United States Steel Corporation case held illegal an arrangement involving the advancement of funds by United States Steel to customers on the condition that such customers purchase their steel requirements from the United States Steel Corporation.

MAY A NONBANKING SUBSIDIARY OF A ONE-BANK HOLDING COMPANY REFUSE TO BUY GOODS FROM ITS SUPPLIERS UNLESS THEY WERE WILLING TO DO BUSINESS WITH THE AFFILIATED BANK?

This situation differs from a tying arrangement in that purchases, not sales, are the subject of the condition, and is commonly referred to as "reciprocal dealing" or "reciprocity." Such arrangements are generally illegal under the antitrust laws if they have a substantial effect on commerce. Recently in the case of F.T.C. v. Consolidated Foods Corp. the Supreme Court said, ". . . Reciprocal trading may ensue not from bludgeoning or coercion but from more subtle arrangements. A threatened withdrawal of orders if products of an affiliate cease being bought, as well as a conditioning of future purchases on the receipt of orders for products of that affiliate, is an anticompetitive practice. . . ."

IS THERE ANY DANGER THAT ENACTMENT OF LAWS RESTRICTING OR REGULATING ONE-BANK HOLDING COMPANIES WOULD END THE DUAL BANKING SYSTEM?

The provisions of the Bill proposed by Undersecretary of the Treasury, Charles Walker (introduced as H. R. 9385 and S 1664), vesting jurisdiction in multiple agencies, would create strong pressures for banks which are State banks to escape the regulation of the Federal Reserve Board and seek to become National banks under the jurisdiction of the Comptroller of the Currency. Recently, the California Superintendent of Banks has publicly stated: "When it becomes apparent to holding company managements that those holding companies under the jurisdiction of the Comptroller of the Currency are receiving prompt and courteous approval of their proposed acquisitions, while those holding companies under the jurisdiction of the Federal Reserve are encountering unsympathetic and overly restrictive interpretations of the guidelines and anticompetitive provisions of the law, the latter will decide to shift their banking assets by conversion from state charters to national charters, thereby decimating the state system. The result will be swift and sure."

WHAT ARE THE DEFECTS IN THE PROPOSALS TO REGULATE ONE-BANK HOLDING COMPANIES EMBODIED IN THE WALKER BILL (H.R. 9385) AND IN THE PATMAN BILL (H.R. 6778)?

1. The fundamental purpose of both of these legislative proposals is in effect to prohibit one-bank holding companies by denying to them any authorization to

engage in any type of activity other than what is essentially a banking function.

This is proposed to be done without any investigation to determine whether or not the one-bank holding companies which have been formed have engaged in any type of activity which is detrimental to the economy or to the public or whether there is any likelihood of such activity in the future. Furthermore, it is proposed to be done only three years after the Senate Committee on Banking and Currency came to the considered conclusion, after hearing extensive testimony, "that there was no substantial evidence of abuses occurring in one-bank holding companies."

No such evidence has been produced in the intervening three years, but the proponents of the inclusion of one-bank holding companies within the Bank Holding Company Act of 1956 have simply revived the proposal which was then rejected by Congress, in a climate of vague fears and resentments created by the activities of certain so-called "conglomerates" other than one-bank holding companies. It is significant that neither of the two proposals introduced contains any preamble reciting or attempting to document the alleged evils at which the legislation is aimed, presumably because no such documentation is possible.

This type of "shotgun legislation" should be contrasted with the years of careful study preceding, for example, the Public Utility Holding Company Act of 1935 and the Investment Company Act of 1940, and the extensive findings of fact set forth in the preambles to those statutes detailing the actual abuses which had occurred and which called for such drastic legislation. The present proposals, of course, go far beyond the regulation of public utility holding companies and investment companies contained in those statutes, since they amount in effect to a simple prohibition rather than the imposition of regulation to correct specific abuses. The explanation probably is that these proposals are based upon fear rather than fact and are not directed to specific abuses because no abuses have been demonstrated.

2. The vagueness of the definition of "control" in the Walker Bill, as including "the power directly or indirectly to direct or cause the direction of the management or policies of any bank," would create a situation in many instances where it would be impossible for a person to know whether or not he was subject to the requirements of the statute and subject to possible criminal penalties for its violation. The similar definitions of control in the Rules of the Securities and Exchange Commission under the Securities Act of 1933 and the Securities Exchange Act of 1934, from which this definition was apparently copied without any thought as to its applicability or workability, have always presented one of the most obscure areas for persons attempting to comply with the Federal securities laws. However, it has been workable in that area only because those statutes do not purport to make the existence of control in itself a crime, but only to require disclosure. Therefore, it is possible in practice to disclose the facts of a given relationship and to disclaim the existence of control in situations where it is impossible to arrive at any definitive answer under this vague definition. In contrast, the Walker Bill purports to make it a crime for a person to acquire such control, and thereby become a "one-bank

holding company," without having obtained the prior approval of the appropriate regulatory authority.

3. The Walker Bill purports to relax the definition of the areas in which a bank holding company (whether it is a one-bank holding company or a multi-bank holding company) may engage, by referring to activities which are "financial or related to finance in nature." In contrast, the Patman Bill would retain the present restriction applicable to multi-bank holding companies and make it applicable to one-bank holding companies. That restriction prohibits a bank holding company from engaging in any activity which is not "of a financial, fiduciary, or insurance nature" or "so closely related to the business of banking . . . as to be a proper incident thereto. . . ."

However, this purported enlargement to some extent in the Walker Bill, of the business activities in which a bank holding company may engage, is actually illusory, since that bill also requires that there be unanimous agreement among the Comptroller of the Currency, the Federal Deposit Insurance Corporation and the Federal Reserve Board that a particular activity is "related to finance in nature" before any bank holding company may engage in it. This provision gives a veto power to each of these separate agencies with respect to any proposed activity by a bank holding company and makes it highly unlikely that any such activities will ever be authorized. When one considers the difficulty of obtaining a decision from any one Federal agency, when inaction is the safest course for the personnel of the agency, the prospect of obtaining a unanimous agreement of this nature must be deemed to be very remote.

Furthermore, in order for the activity to be authorized even by unanimous agreement of these three agencies, there must be a finding not only that it is "related to finance" but also that it is "in the public interest when offered by a bank holding company or its subsidiaries." This is certainly an entirely new principle of regulation, to require that a private business demonstrate that a proposed activity is "in the public interest" before it is permitted to engage in it. This additional requirement in the Walker Bill makes the prospect of obtaining authorization for any non-banking activities on the part of a bank holding company practically non-existent.

Such discretion in the hands of a Hydra-headed administrative "troika" makes any appeal practically impossible on the basis of abuse of that discretion. Such concentration of discretionary power and effective denial of any review are inconsistent with the basic principles of American government.

4. The provision in the Walker Bill prohibiting a bank holding company or a subsidiary of a bank holding company from engaging in tie-in arrangements or requiring reciprocal dealing is wholly unqualified by any requirement that the arrangement have any effect on commerce or be detrimental to anyone. The sweeping nature and the absurdity of this prohibition is illustrated by the fact that it would make illegal a requirement by a bank owned by a bank holding company that its checking account customers buy their checks from the bank with its own coded

symbols thereon so that its computer may process them. The corresponding provision in the Patman Bill which is limited to a transaction whose effect may be to substantially lessen competition or tend to create a monopoly in any type of credit or property transactions or in any type of services is merely a statement of what the Sherman Act and the Clayton Act probably already prohibit.

5. The retroactive nature of both of these bills, to a date long before there was any warning of such legislation, is highly unfair and perhaps unconstitutional. While the United States Supreme Court eventually upheld the so-called "death sentence" of the Public Utility Holding Company Act of 1935 requiring public utility holding companies to divest themselves of previously acquired unrelated businesses and of public utilities which did not belong to an integrated system, this decision was based upon a statute in which Congress had made specific findings of the evils which resulted from the continued ownership of such businesses by those companies and specific declarations of the great public interest involved in their divestiture. As pointed out above, no such findings have been made or are proposed to be made in connection with this legislation. The reason for this is that no evidence has been or is available to support any such findings. In this situation, it is highly inequitable and punitive to attempt to make legislation retroactive to June 30, 1968, as proposed in the Walker Bill, or to the time when the first one-bank holding company was formed, as proposed in the Patman Bill.

WHAT ARE THE SPECIFIC DANGERS WHICH HAVE BEEN SUGGESTED REGARDING ONE-BANK HOLDING COMPANIES AND WHAT IS THE REMEDY?

In the discussions of proposed regulation or prohibition of one-bank holding companies, certain possible abuses which might be engaged in by such holding companies or their subsidiaries have been suggested as the reason why additional regulation is necessary. While there has been no demonstration that these abuses have in fact occurred in connection with any specific one-bank holding company, their theoretical possibility is nevertheless a legitimate subject for legislative concern. Any proposed legislation should direct itself to preventing such abuses rather than sterilizing one-bank holding companies. The specific problems or possible areas of abuse which have been pointed out are listed below with suggested statutory solutions to these problems.

1. It has been suggested that a bank affiliated with a one-bank holding company might discriminate in lending to its non-banking affiliates and thereby give such affiliates a competitive advantage over other companies without such a banking connection. In fact, as pointed out above, this practice is, as a practical matter, already impossible because the Federal Reserve Act requires that a loan by any bank to such an affiliate be secured with collateral equal to 120 percent of the loan in the form of marketable securities or in state and municipal securities equal to 110

percent of the loan, or in U.S. Government securities equal to 100 percent of the loan. However, in view of the fact that this objection still is made, a statute should be enacted completely prohibiting any loan by a bank controlled by a one-bank holding company to the holding company or to any affiliate of the holding company.

2. It has been suggested that a bank might require as a condition of making a loan to an unaffiliated corporation that such corporation purchase certain products from the non-banking affiliates of the bank which is controlled by a one-bank holding company. It has also been suggested that the non-bank affiliates of a one-bank holding company might refuse to do business with certain of their suppliers unless such suppliers patronize the banking affiliate of the holding company. While it would appear that such tying or reciprocal arrangements are already outlawed by the Sherman Act, this can be made perfectly clear by a provision such as that in the Patman Bill expressly prohibiting any such arrangements which may substantially lessen competition.

3. It has been suggested that the ability of persons to obtain control of a bank without regulatory supervision may lead to the acquisition of such control by persons who will threaten the financial solvency of the bank or otherwise injure the depositors or stockholders of the bank. This problem can be met by a statutory provision which requires regulatory approval before any person may acquire more than 10 percent of the outstanding securities of a bank or of a one-bank holding company if the bank or holding company has more than 750 shareholders. Such a provision is contained in the Bill introduced in the Senate by Senator Sparkman (S. 1211).

4. It has been suggested that a one-bank holding company, whether resulting from a takeover bid by an existing enterprise or formed by the previous shareholders of the bank, may in some fashion threaten the financial stability and solvency of the bank and thus endanger its depositors. The existing banking regulations, State and Federal, would seem to make this possibility most remote. The financial condition of the bank as a separate entity cannot be affected by the operations or condition of its shareholder or of the non-bank affiliates of such shareholder. However, there is nevertheless a fear that such a bank holding company might cause the bank to endanger its solvency by excessive dividend payments to the holding company. In order to remove this fear a bank controlled by a one-bank holding company should be prohibited by law from paying dividends in any year in excess of its net income for the previous fiscal year, or in excess of its average dividend for the preceding five years, whichever is greater, without prior regulatory approval.

Further, a bank controlled by a one-bank holding company should be required to have a board of directors at least 50 percent of the members of which are persons who are not affiliated with the holding company. These provisions, in addition to the existing regulations of a bank, should make impossible the kind of raiding of the assets of a bank which some people imagine may take place as a result of the acquisition of a bank by another corporation.

The foregoing suggestions are embodied in a draft bill which is attached to this statement. They would seem to answer conclusively all of the arguments which have been made against one-bank holding companies and to effectively remove all of the alleged dangers which might arise from the existence of one-bank holding companies.

CONCLUSION

As can be seen from the foregoing discussion, existing regulations in the Glass-Steagall Act, the Banking Act of 1933, the Federal Reserve Act, and others, as well as the Sherman Act and the Clayton Act, are certainly adequate, particularly if supplemented as suggested above, to protect against any of the fears or dangers which have been expressed with respect to the activities of one-bank holding companies.

Actually, one-bank holding companies are the answer to the preservation of the traditional banking system of America and provide a new foundation for the proper growth of banks to meet the challenges of our growing economy.

In this connection it is important that those charged with legislative responsibility move cautiously and carefully when changing an economic structure or imposing economic restrictions so as to measure the long-term effects and perhaps hidden side-effects of those regulatory steps. Legislative changes in the structure of our economy must be made with a full understanding of both the long- and short-term effects to insure that there are no side effects which would impede or endanger healthy economic growth.

Only through selective legislation directed specifically at problem areas will Congress respond to the needs and contribute to the growth of the nation's economy — yet avoid "throwing out the baby with the bathwater."

A BILL

To regulate single-bank holding companies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) "Affiliate" of a company means any other company which controls, is controlled by, or is under common control with, such company.

(b) "Bank holding company" shall have the same meaning provided for such term in Section 2(a) of the Bank Holding Company Act of 1956.

(c) A person has "control" over a company

(1) if the person directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, has power to vote 25 per centum or more of any class of voting securities of the company; or

(2) if the responsible agency determines, after notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the company.

(d) "Single-bank holding company" means any company (other than a bank holding company) that, directly or indirectly, controls a single bank or a company that is or becomes a single-bank holding company by virtue of this Act. Notwithstanding the foregoing, (A) no bank and no company owning or controlling voting shares of a bank shall be a single-bank holding company by virtue of such bank's ownership or control of shares in a fiduciary capacity, except as provided in paragraphs (1) and (2) of subsection (m) of this section, (B) no company shall be a single-bank holding company by virtue of its ownership or control of shares acquired by it in connection with its underwriting of securities if such shares are held only for such period of time as will permit the sale thereof on a reasonable basis, and (C) no company formed for the sole purpose of participating in a proxy solicitation shall be a single-bank holding company by virtue of its control of voting rights of shares acquired in the course of such solicitation.

(e) "Company" means any corporation, business trust, partnership or limited partnership, association, or similar organization, or any other trust, but shall not include any corporation the majority of the shares of which are owned by the United States or by any State.

(f) "Bank" means an institution that accepts deposits that the depositor has a legal right to withdraw on demand and which are insured by the Federal Deposit Insurance Corporation but shall not include any organization operating under section 25 or section 25(a) of the Federal Reserve Act, or any organization that does not do business within the United States.

(g) "State member bank" means any State bank which is a member of the Federal Reserve System.

(h) "District bank" means any State bank organized or operating under the Code of Law for the District of Columbia.

(i) "Person" means any company, or similar organization or individual. When two or more persons act as a syndicate or other group for the purposes of entering into or effecting any of the transactions described in section 4(a) hereof, such syndicate or group shall be deemed a "person" for the purposes of this Act.

(j) "Equity security" means any stock or similar security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right.

(k) "Net bank investment" means the shareholders' equity in a single bank and all capital notes, debentures, convertible capital notes and convertible debentures of such bank owned by a single-bank holding company or in respect of which a single-bank holding company is primarily or jointly and severally liable.

(1) "Responsible agency" means

(1) the Board of Governors of the Federal Reserve System, with respect to (i) a single-bank holding company which owns or controls a State member bank of the Federal Reserve System, or (ii) a State member bank of the Federal Reserve System;

(2) the Comptroller of the Currency with respect to (i) a single-bank holding company which owns or controls a national bank or a District bank, (ii) a national bank or (iii) a District bank;

(3) the Federal Deposit Insurance Corporation with respect to (i) a single-bank holding company which owns or controls a bank which is insured by the Federal Deposit Insurance Corporation but is not a member of the Federal Reserve System (except a District bank) or (ii) a bank which is insured by the Federal Deposit Insurance Corporation but is not a member of the Federal Reserve System (except a District bank).

(m) For the purpose of this chapter —

(1) shares held or controlled directly or indirectly by trustees for the benefit of (A) a company, (B) the shareholders or members of a company, or (C) the employees (whether exclusively or not) of a company, shall be deemed to be controlled by such company; and

(2) shares transferred after February 28, 1969, by any single-bank holding company (or by any company which, but for such transfer, would be a single-bank holding company) directly or indirectly to any transferee that is indebted to the transferor, or has one or more officers, directors, trustees or beneficiaries in common with or subject to control by the transferor, shall be deemed to be indirectly owned or controlled by the transferor unless the responsible agency making the determination called for by Section 1(c) hereof, after opportunity for hearing, determines that the

transferor is not in fact capable of controlling the transferee.

The application of this Act shall not be affected by the fact that a transaction takes place wholly or partly outside the United States or that a company is organized or operates outside the United States; Provided, however, That this Act shall not apply to any single-bank holding company organized under the laws of a foreign country that does not do any business within the United States and no banking subsidiary of which is principally engaged in the banking business within the United States.

SECTION 2. No bank controlled by a single-bank holding company shall (1) make any loan or any extension of credit to, or purchase securities under repurchase agreement from, any of its affiliates, or (2) invest any of its funds in the capital stock, bonds, debentures, or other such obligations of any such affiliate, or (3) accept the capital stock, bonds, debentures, or other such obligations of any such affiliate as collateral security for advances made to any person, partnership, association, or corporation.

SECTION 3. (a) (1) The prohibitions of this section apply to any transaction

(A) whose effect may be to substantially lessen competition or tend to create a monopoly in any type of credit or property transactions or in any type of services, and

(B) which is engaged in by a single-bank holding company, or any subsidiary of a single-bank holding company, which are referred to hereinafter in this section as institutions.

(2) An institution to whose transactions the prohibitions of this section apply may not in any manner extend credit, lease or sell property of any kind, or furnish any service, or fix or vary the consideration for any of the foregoing, on the condition, agreement, or understanding

(A) that the customer shall obtain some other credit, property, or service from the institution itself or from any affiliate of the institution; or

(B) that the customer shall not obtain credit, property, or services from a competitor of the institution itself or from a competitor of any affiliate of the institution.

(b) The district courts of the United States have jurisdiction to prevent and restrain violations of subsection (a) of this section, and it is the duty of the United States attorneys, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. The proceedings may be by way of a petition setting forth the case and praying that the violation be enjoined or otherwise prohibited. When the parties complained of have been duly notified of the petition, the court shall proceed, as soon as may be, to the hearing and determination of the case. While the petition is pending, and before final decree, the court may at any time make such temporary restraining order or prohibition as it deems just in the premises. Whenever it

appears to the court that the ends of justice require that other parties be brought before it, the court may cause them to be summoned whether they reside in the district in which the court is held or not, and subpoenas to that end may be served in any district by the marshal thereof.

SECTION 4. (a) It shall be unlawful for any person to acquire whether by tender offer, request or invitation for tenders of, exchange of securities, merger, consolidation or purchase, in the open market or otherwise, an equity security of

(1) a single-bank holding company with seven hundred and fifty or more shareholders, if the net bank investment of such single-bank holding company constitutes 25 per cent or more of the value of its total assets on an unconsolidated basis, or

(2) any bank with seven hundred and fifty or more shareholders, which would result in such person owning beneficially, directly or indirectly, more than 10 per cent of such equity security, or which, in the case of a person already owning beneficially, directly or indirectly, 10 per cent or more of such equity security would result in such person increasing his beneficial ownership of such equity security by more than 3 per cent of such equity security in any two-year period, without the prior approval of the responsible agency.

(b) Upon receiving from a person any application for approval under this section, the responsible agency shall give such person, within 90 days of the receipt of such application, written notice of the approval or disapproval of such application. In the event that any such person is given notice of the disapproval of any application filed hereunder, the responsible agency shall give the applicant notice of the date for commencement of a hearing by it on such application. Any such hearing shall be commenced not less than ten nor more than 30 days after the responsible agency has given written notice to the applicant of such disapproval. The length of any such hearing shall be determined by the responsible agency but it shall afford all interested parties a reasonable opportunity to testify at such hearing. At the conclusion thereof, the responsible agency shall by order grant or deny the application on the basis of the record made at such hearing.

(c) In every case the responsible agency, in determining whether or not to approve any application made hereunder, shall take into consideration the following factors:

(1) the character and financial and business history of the person proposing to make such acquisition, including prior competence and experience, if any, of such person in commercial banking and further including the past history of such person in making tender offers, exchange offers and acquisitions or the likelihood of future tender offers, exchange offers and acquisitions of equity securities of others by such person and the effect or potential effect, if any, thereof on any bank or any bank or banks owned

or controlled by a single-bank holding company and the future business prospects of any such bank or banks;

(2) whether, after giving effect to such acquisition, there would be any requirement for a substantial change in the dividend policy of, or any reasonable possibility of any adverse effect on the financial condition of, the single-bank holding company or bank whose equity security is the subject of such acquisition, as would in the judgment of the responsible agency result in such single-bank holding company or bank, or any bank or banks which are owned or controlled by such single-bank holding company, not possessing capital stock, surplus and undivided profits which are adequate in relation to the character and condition of its assets or prospective assets and other corporate responsibilities and, in the case of a bank, to its existing and prospective deposit liabilities; and

(3) whether approval of such transaction would be detrimental to the depositors or customers of, or the community served by, the single-bank holding company or bank whose equity security is the subject of such acquisition or any bank or banks which are owned or controlled by such single-bank holding company.

(d) The prohibitions in this section shall not apply to:

(1) the acquisition of any equity security of a bank by any person which is a company as defined in Section 2(b) of the Bank Holding Company Act of 1956 and which is registered with the Board of Governors of the Federal Reserve System pursuant to Section 5 of such Act or has received the approval of the Board of Governors of the Federal Reserve System pursuant to Section 3 of such Act;

(2) the acquisition of any equity security of a bank by any person which is a company as defined in Section 2(b) of the Bank Holding Company Act of 1956 and which has submitted an application to the Board of Governors of the Federal Reserve System pursuant to Section 3 of such Act to become a bank holding company if such application is approved;

(3) any tender offer or exchange offer for, or acquisition of any, equity security of a bank, bank holding company or a single-bank holding company made by any person who on February 28, 1969, directly or indirectly owns, controls, or holds with power to vote 50 per cent or more of the voting stock of any such bank, bank holding company or single-bank holding company or has on such date the power to control in any manner the election of a majority of the directors of such bank, bank holding company or single-bank holding company or by any person who after February 28, 1969, with the requisite approval or approvals obtained pursuant to this section owns, controls or holds with power to vote 50 per cent or more of such voting stock or has acquired the power to control in any manner the election of a majority of such directors;

(4) the acquisition by any person of any equity security of a single-

bank holding company or bank pursuant to the exercise by such person of subscription rights by their terms issued on a pro rata basis to all holders of any class of securities of such single-bank holding company or bank, which subscription rights were acquired by such person in his capacity as such a holder;

(5) the merger of a bank into, or the sale by a bank of all or substantially all its assets to, another bank in consideration of which merger or sale the shareholders of such first bank shall receive equity securities of a company which, immediately after the consummation of such merger or sale, shall be a single-bank holding company;

(6) the exchange by the shareholders of a bank of their voting stock in such bank for equity securities of a company which, immediately following such exchange, will constitute a single-bank holding company and of which the shareholders of such bank will hold at least 95 per cent or more of the voting stock issued and outstanding immediately after such exchange;

(7) the acquisition of any equity security by a bank (i) in good faith in a fiduciary capacity, except where such shares are held under a trust that constitutes a company as defined in section 1(e) hereof and except as provided in paragraphs (1) and (2) of section 1(m) hereof, or (ii) in the regular course of securing or collecting a debt previously contracted in good faith; or

(8) the merger or consolidation of any bank into or with any other bank or the acquisition by any bank of all or substantially all the assets of any bank.

SECTION 5. A bank controlled by a single-bank holding company may not, without the prior written consent of the responsible agency,

(a) pay dividends in any fiscal year in excess of the greater of its net income for the immediately preceding fiscal year or the average amount of dividends which it has paid annually during the five preceding fiscal years; or

(b) pay any dividends except out of earned surplus; or

(c) reduce the amount or retire any part of its common or preferred capital stock, or retire prior to maturity any part of its capital notes or debentures.

SECTION 6. After one year from the effective date of this Act, no bank controlled by a single-bank holding company shall have a board of directors more than fifty per cent (50%) of the members of which are affiliated persons of such single-bank holding company or affiliated persons of such affiliated persons. For the purposes of this section, "affiliated person" of another person means (a) any person directly or indirectly owning, controlling, or holding with power to vote, five per cent (5%) or more of the outstanding voting securities of such other person; (b) any person five per cent (5%) or more of whose

outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other person; (c) any person directly or indirectly controlling, controlled by, or under common control with, such other person; and (d) any officer, director, partner, co-partner, or employee of such other person.

SECTION 7. The enactment by the Congress of this Act shall not be construed as preventing any State from exercising such powers and jurisdiction which it now has or may hereafter have with respect to bank holding companies, single-bank holding companies, and banks, and nothing contained herein shall be deemed to amend or repeal the Clayton and Sherman Antitrust Acts, the laws relating to the enforcement of said Acts or the laws providing for review of proceedings brought under said Acts.

SECTION 8. Any company which willfully violates any provision of this Act or any person who willfully participates in a violation of any provision of this Act shall upon conviction be fined not more than \$10,000 or imprisoned not more than one year or both.

SECTION 9. Any party aggrieved by an order of a responsible agency under this Act may obtain a review of such order in the United States Court of Appeals within any circuit wherein such party has its principal place of business, or in the Court of Appeals in the District of Columbia, by filing in the court, within thirty days after the entry of the responsible agency's order, a petition praying that the order of the responsible agency be set aside. A copy of such petition shall be forthwith transmitted to such responsible agency by the clerk of the court, and thereupon the responsible agency shall file in the court the record made before the responsible agency, as provided in section 2112 of title 28 of the United States Code. Upon the filing of such petition the court shall have jurisdiction to affirm, set aside, or modify the order of the responsible agency and to require the responsible agency to take such action with regard to the matter under review as the court deems proper. The findings of the responsible agency as to the facts, if supported by substantial evidence, shall be conclusive.

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GENERAL
F12
FB124
Jes

THE WHITE HOUSE OFFICE

REFERRAL

To: Chairman, Federal Home Loan
Bank Board

Date: May 23, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

Basic correspondence should be returned when
draft reply, memorandum, or comment is re-
quested.

REMARKS: Thank you for providing a suggested response to Mr. Rauhen. Upon
further consideration, we believe it would be preferable for the reply
to be sent from your office on the President's behalf. Thank you.

Description:

_____ Letter: _____ Telegram: Other:

To:

From:

Date:

Subject:

Arnold J. Rauhen

Bank for Savings & Loan Assn.

9

By direction of the President:

Dwight L. Chapin
Special Assistant to the President

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MAY 28 1969
CENTRAL FILES



PRESTON MARTIN
CHAIRMAN

FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

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

May 16, 1969

Mr. Dwight L. Chapin, Special Assistant
to the President
The White House
Washington, D. C. 20500

Dear Mr. Chapin:

Enclosed is a suggested draft of a response to Mr. Rauhen.
Since I do not know whether the President will be signing this
letter or a member of his staff, I have left the closing blank.

Sincerely,

Preston Martin

Enclosure

COPY

Mr. Chapin

Should I reword this for your signature?

Or send it back to Fed. Home Loan
Bank Board and say that upon reconsideration
we feel it would be preferable for them to
respond directly?

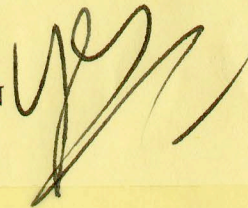
H. Colle

May 21, 1969

HELEN:

Please send back to Federal Home Loan Bank Board
and ask them to respond directly.

DWIGHT L. CHAPIN

A handwritten signature in dark ink, appearing to be "yes" or a similar word, written over the printed name.

THE WHITE HOUSE OFFICE

REFERRAL

File

To: Chairman, Federal Home Loan
Bank Board

Date: May 8, 1969

ACTION REQUESTED

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

NOTE

Prompt action is essential.

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

Basic correspondence should be returned when
draft reply, memorandum, or comment is re-
quested.

REMARKS:

Description:

☐ Letter: ☒ Telegram: Other:

To: The President
From: Arnold J. Rauen, Pres., Bank for Savings and Loan Associations, 105 South
Date: May 7, 1969 LaSalle St., Chicago, Ill.
Subject: Protests regulation No. 22-594 of the Home Loan Bank Board and asks
for opportunity to discuss matter with the President or whomever
he designates at earliest convenience.

By direction of the President:

Dwight L. Chapin
Special Assistant to the President

The White House
Washington

1969 MAY 7 AM 5 55

WA062 (AT) DN PDB

CHICAGO ILL 6 407P CDT

THE PRESIDENT

THE WHITE HOUSE

THE BANK FOR SAVINGS AND LOAN ASSOCIATIONS IS AN ILLINOIS
STATE BANK OWNED BY AND SERVING EXCLUSIVELY 200 SAVINGS AND
3 LOAN ASSOCIATIONS ALL OF WHICH ARE LOCATED IN ILLINOIS. THE
BANK ACTS AS A STRONG STATE-WIDE CENTRAL RESERVE BANK FOR
SAVINGS AND LOAN ASSOCIATIONS AND RENDERS MANY SERVICES TO THE
2 INSTITUTIONS. IT IS, IN FACT, A UNIQUE OPERATION IN THE UNITED

STATES WHICH DESERVES THE SUPPORT RATHER THAN THE EMNITY OF THE
FEDERAL GOVERNMENT THE BANK HAS OVER \$20 MILLION IN DEPOSITS ALL FROM
SAVINGS AND LOAN ASSOCIATIONS SERVING RESIDENTS OF ILLINOIS THE
FEDERAL HOME LOAN BANK BOARD HAS NOW PROMULGATED PROPOSED
REGULATION NO. 22-594 DATED FEBRUARY 18 1969 WHICH APPEARS IN THE
MARCH 8 ISSUE OF THE FEDERAL REGISTER THIS REGULATION IS
3 DESIGNED TO DESTROY THE BANK FOR SAVINGS AND LOAN ASSOCIATIONS
BY ELIMINATING DEPOSITS IN THE BANK FROM ELIGIBLE LIQUIDITY
CLASSIFICATIONS. THESE REGULATIONS WE SHOULD ADD WERE

PROMULGATED AT THE LAST MINUTE BY THE MEMBERS OF THE HOME LOAN BANK BOARD WHO ARE NO LONGER IN OFFICE OR RESPONSIBLE FOR CURRENT POLICIES. AS APPLIED TO OUR BANK, THIS PROPOSED REGULATION HAS NO BASIS IN PUBLIC POLICY BUT IS A BLATANT EFFORT TO DESTROY A PRIVATELY OWNED AND OPERATED STATE CENTRAL RESERVE BANK WHICH HAS GREATLY BENEFITTED THE SAVINGS AND LOAN INDUSTRY IN ILLINOIS. IN ADDITION TO OUR LETTER OF PROTEST TO THE FEDERAL HOME LOAN BANK BOARD, A COPY OF WHICH WILL BE SENT TO YOU RESOLUTIONS OBJECTING TO THIS DISCRIMINATORY TREATMENT HAVE BEEN ENACTED BY MANY TRADE ORGANIZATIONS INCLUDING THE ILLINOIS SAVINGS AND LOAN LEAGUE,

THE COOK COUNTY COUNCIL OF INSURED SAVINGS ASSOCIATIONS, THE FOX VALLEY SAVINGS AND LOAN COUNCIL, THE COUNCIL OF INSURED SAVINGS AND LOAN ASSOCIATIONS OF SOUTHERN ILLINOIS, THE LAKE COUNTY SAVINGS AND LOAN LEAGUE AND OTHERS. TOGETHER THESE ASSOCIATIONS REPRESENT VIRTUALLY EVERY SAVINGS AND LOAN ASSOCIATION IN ILLINOIS AS WELL AS MANY ASSOCIATIONS OUTSIDE OF ILLINOIS. BECAUSE THIS PROPOSED ACTION REPRESENTS A DIRECT ATTACK BY THE GOVERNMENT ON A PRIVATE SELF-HELP ILLINOIS INSTITUTION, AND BECAUSE OF YOUR INTEREST IN THE SAVINGS AND LOAN INDUSTRY IN ILLINOIS: I HOPE THAT WE CAN ENLIST YOUR SUPPORT AND INTEREST IN THIS MATTER.

I WOULD LIKE THE OPPORTUNITY TO PERSONALLY DISCUSS THIS
MATTER WITH YOU OR WITH WHOMEVER YOU DESIGNATE AT YOUR
EARLIEST CONVENIENCE

ARNOLD J RAUEN PRESIDENT AND CHIEF EXECUTIVE OFFICE BANK FOR SAVINGS
AND LOAN ASSOCIATIONS 105 SOUTH LASALLE STREET
CHICAGO ILL 60603.

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2

May 24, 1969

GENERAL

BEH/INSURANCE

FI 2

IS

PR 13/ST 36

Dear Mr. Claiborne:

President Nixon has received your letter enclosing the copy of the resolution adopted by your organization. He appreciates your courtesy in bringing this expression of views to his attention.

Sincerely,

John R. Brown III
Staff Assistant
to the President

On behalf of more than 700 members of this Association, we are pleased to enclose the resolution adopted at the annual meeting of the Association on May 3, 1969.

Mr. Ben Claiborne
Executive Secretary
Oklahoma Association of
Insurance Agents, Inc.

1358 Skirvin Tower
Oklahoma City, Oklahoma 73102

RBA:rba

TREASURY:

BC:pa

Enclosure

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MAY 26 1969
CENTRAL FILES

Respectfully referred
for attention and
appropriate handling.

John R. Brown III

Staff Assistant

MAY 26 1969

COPY OF ACKNOWLEDGMENT SENT

BROUGHT FORWARD

GENERAL

FI 2

Previously filed

5/26/69

Date

NAME J. IRWIN Muller

ORGANIZATION Leaving Dr. Hermann J. ABS

GENERAL

FI 2

New File Symbol

6/2/69

Date

FINAL ACTION Thank you ltr from
Mr. Muller

BROUGHT FORWARD

GENERAL

FI 2

5/28/69

Previously filed

Date

NAME

Referral to HUD

ORGANIZATION

for Mr. Finin
re: Mrs. Helen White, Concord, N.H.

GENERAL

FI 2

6/6/69

New File Symbol

Date

FINAL ACTION

Mrs. Helen White
for HUD.

✓
CUMMINS ENGINE COMPANY, INC.
COLUMBUS, INDIANA

GENERAL

FI 2

June 2, 1969

Dr. Henry A. Kissinger
The White House
Washington, D. C.

Dear Henry:

Thank you for writing. I can certainly understand the complications in the President's schedule, and do appreciate your attempting to work in a visit with Dr. Abs.

In a talk with him in Germany three weeks ago, I found him to make better sense on the subject of the current state of European finance than anyone I have met recently.

Sincerely,

JIMiller/wlh

Irwin
J. Irwin Miller

nd/mm

①

③

GENERAL

FI 2

C 0 5 3

PR 7-2/A

May 26, 1969

X
Mr. J. Irwin Miller
Cummins Engine Company, Inc.
Columbus, Indiana

Dear Irwin:

Many thanks for your letter of May 22. I had hoped to be able to get Dr. Abs a few minutes with the President, but the Midway trip now makes this appear impossible. I deeply regret this, since I know how important Dr. Abs is.

If you see Dr. Abs during his visit, would you convey both the President's and my own regrets and explain the reasons for our inability to set up a meeting.

With warm regards,

Henry A. Kissinger

HAK:LSE:lds:5-26-69

HERMANN J. ^{*}ABS
X

4

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MAY 29 1969
CENTRAL

CUMMINS ENGINE COMPANY, INC.

COLUMBUS, INDIANA

May 22, 1969

Dr. Henry A. Kissinger
The White House
Washington, D. C.

Dear Henry:

While on a trip to Europe this past week, I had a conversation with Dr. Hermann J. Abs, a member of the Board of the Deutsche Bank and prominent European banker and industrialist. Dr. Abs mentioned to me that he would be visiting the United States June 9, 10, and 11, and would like very much to have an opportunity to visit with President Nixon.

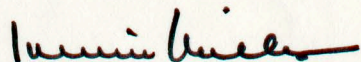
I am sure you know Dr. Abs and his significance to world banking and finance. Therefore, I would like to request your assistance in obtaining an appointment for Dr. Abs while he is in this country. Perhaps it would be appropriate if the President were to issue the invitation.

I sincerely appreciate your assistance in this matter Henry, and am looking forward to the luncheon we have talked about. I hope to be in Washington again soon.

With best wishes, I am

Sincerely,

JIMiller/wlh

A handwritten signature in dark ink, appearing to read "Jim Miller", with a stylized flourish at the end.



ret susp

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

JUN 6 1969

2
GENERAL

FI 2

FI 5-4

ASSISTANT SECRETARY-COMMISSIONER

Mrs. Helen White, Attorney
Southern New Hampshire Legal
Services Association, Inc.
21 Centre Street
Concord, New Hampshire 03301

Dear Mrs. White:

The President has asked me to reply to your letter of March 20, 1969, concerning the use of the Section 235 program of homeownership assistance in New Hampshire.

As you know, the Federal Housing Administration does not have direct loan authority but does insure home mortgage loans made by FHA approved lending institutions. However, participation by such institutions in the Section 235 program, as in any of our other programs, is purely voluntary.

With regard to Mr. and Mrs. Ralph Libby's experience in attempting to secure Section 235 financing in your area, the director of our Manchester insuring office has informed us that the New Hampshire Savings Bank in Concord has accepted their application and will submit it to the insuring office upon receipt of the required credit report.

Sincerely yours,

Wm. B. Ross

Wm. B. Ross
Acting Assistant Secretary-Commissioner

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JUN 9 1969
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THE WHITE HOUSE OFFICE

REFERRAL

20
GENERAL

FI 2

IS

ma 19
To: Office of the Secretary

Date: May 28, 1969

Department of Housing and Urban Development

ACTION REQUESTED

- _____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

___X___ Direct reply.
___X___ Furnish information copy.

_____ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

___X___ For comment.

NOTE

Prompt action is essential.

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

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

REMARKS:

Please reply directly.

Description:

___X___ Letter: _____ Telegram: _____ Other: _____

To: President Nixon

From: Mrs. Helen White

Date: March 20, 1969

Subject: Banks' refusal to participate in Sec. 235 program

9
By direction of the President:

Chester E. Finn, Jr.

Staff Assistant to the President

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MAY 31 1969

CENTRAL FILES

17
HUD
SOUTHERN NEW HAMPSHIRE LEGAL SERVICES ASSN., INC.

21 CENTRE STREET
CONCORD, NEW HAMPSHIRE 03301

EDWARD P. McDUFFEE, ESQ.
EXECUTIVE DIRECTOR

HELEN WHITE, ESQ.
STAFF ATTORNEY

AREA CODE 603
TEL 225-3671

March 20, 1969

PM
The President
The White House
Washington 25, D.C.

My Dear Mr. President:

As President, I would like to inform you that the banks in this area are refusing to cooperate with the federal program to assist low income families in becoming home owners. I am referring to Section 235 of the Housing & Urban Development Act of 1968, whereby qualified families should be able to obtain a mortgage at the rate of 1% interest with the Federal Government guarantying 6½% interest for a 30 year mortgage.

Our first attempt to give New Hampshire people the benefit of this program is meeting with stiff refusal from the banks. With the agreement of Mr. Houston of the F.H.A. Office in Manchester, we advised Mr. & Mrs. Ralph Libby, 32 River Street, Franklin, New Hampshire, parents of 7 children, whose house and its entire contents were burned out about a year and a half ago, to find a single family house not exceeding \$17,500. The Libby's found a house for \$13,500. They then went to the following banks: Concord Savings Bank, Concord; New Hampshire Savings Bank, Concord; Franklin Savings Bank, Franklin; and Laconia Savings Bank, Laconia. All of them refused to participate in the HUD Program.

Now, will you please tell me, Mr. President, what does all the talk about private enterprise cooperating with the government mean if they will not trust low income people simply because they are low income people, even with the wealth of the United States Government behind them? I would like to call your attention to the fact that the Life Insurance Committee on Urban Problems started a program in September 1967 to invest one billion dollars in housing for low and middle income families and, according to their Chairman, Francis E. Ferguson, they have already reached almost 88% of their goal. Why should the bankers be less willing than the life insurance companies to help solve our housing problems?

Any assistance or advice that you can give us in this matter will be greatly appreciated.

Sincerely,

Helen White

(Mrs.) Helen White, Atty.

HW:bb

GENERAL

LG
FI 2

Date June 16, 1969

From the desk of Charls E. Walker

To: Pat Moynihan

The commercial bankers have mounted an interesting program for urban progress. This article gives a picture of part of their efforts.

Sincerely,

Charls E. Walker
Charls E. Walker

Attachment

RECEIVED
JUL 7 1969

CENTRAL The Under Secretary of the Treasury
Room 3326

*A fair amount of talk, but
one should be very quiet.
The word usually precedes
the deed. Why don't
you just think of you
for thinking of you
when most you
be him? S.*

4

GENERAL

FI 8

FI 2

BE 5-3

FG 36-6-1

June 18, 1969

Dear Senator Moss:

Thank you for your letter to the President concerning the increase in the prime interest rate. We have conveyed your concern to the staff most directly concerned, and your views are receiving most careful attention.

With warm regard,

Sincerely,

Bryce N. Harlow
Assistant to the President

X
Honorable Frank E. Moss
United States Senate
Washington, D. C.

bcc w/incoming to Paul McCracken
Secretary Kennedy

BNH:EF:kyh

X
Subcommittee of the CONSUMER

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JUN 19 1969
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June 18, 1969

GENERAL

FI 8

FG 12

FG 36-5

FI 2

BE 5-3

Dear John:

Many thanks for sharing with the President your letters to Secretary Kennedy et al concerning the increase in the prime interest rate. I have conveyed your concern to others here most directly involved in advising the President on this problem, and I assure you that your views are receiving most careful attention.

With warm regard,

Sincerely,

Bryce N. Harlow
Assistant to the President

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

bcc w/incoming to Paul McCracken
Secretary Kennedy *Dunt*

BNH:EF:kyh

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JUN 19 1969
CENTRAL FILE

GENERAL

(3)

FI 5

FI 2

FI 8

WARREN WELLS

Financial Writer and Commentator

4085 Lago Drive

P. O. Box 3008

Santa Barbara, California 93105

805-567-1111

June 20, 1969

July 13, 1969

Mr. John D. Ehrlichman

Dear Mr. Wells:

John Ehrlichman has asked me to thank you for your letter and thought-provoking advice.

We have several questions:

1. What percentage of bank standby loan agreements have "escalation clauses" which tie the borrower to either the prime rate or bank cost of money?

2. To what degree do standby commitment fees (1-3% normally) contribute to earnings in the loan departments?

I shall be pleased to hear from you.

Very truly yours,

Charles E. Stuart
Staff Assistant to the Counsel

+
Mr. Warren Wells
4085 Lago Drive
P. O. Box 3008
Santa Barbara, California 93105

RECEIVED

JUL 28 1969

CENTRAL FILES