

THE WHITE HOUSE OFFICE

REFERRAL

GENERAL

BSI/71

FIR

To: Director
Office of Management and Budget

Date: January 12, 1973

Attention: Joe Cohn

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 72 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: Frank E. Morris, President, Federal Reserve Bank of Boston, Massachusetts
Date: 1/9/73
Subject: Enclosing second annual report on actions taken under the provisions of
P. L. 91-646.

By direction of the President:

Michael B. Smith
Staff Assistant

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JAN 16 1973

CENTRAL FILES

(White House File Copy)

FIP
PR7

January 22, 1973

4 Donaldson has not file

Dear Mr. Alexander:

Mr. Cashen has forwarded, along with his endorsement, your very kind letter to the President expressing the hope that you and Mr. Eugene^X Adams could meet with him to give him a personal summary of the views expressed in a series of regional meetings held across the Nation last month by The American Bankers Association.

While the recent schedule has not allowed for such a meeting and we do not foresee an opportunity in the days immediately ahead, your suggestion is very much appreciated and will be kept in mind for careful consideration when the schedule eases.

With the President's thanks for your thoughtfulness in writing as you did, and best wishes,

Sincerely,

David N. Parker
Staff Assistant
to the President

X

Mr. Willis W. Alexander
Executive Vice President
The^X American Bankers Association
1120 Connecticut Avenue, N. W.
Washington, D. C. 20036

DNP:HCD:hc

see & file to be ret'd to H. Donaldson
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CENTRAL FILES

GENERAL

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February 16, 1973

AMERICAN BANKING ASSN.

Dear Mr. Collins:

On behalf of the President, I have been asked to reply to your letter of January 31, concerning the report of the special committee of ABA on Local Business Development Organizations.

Your letter will be presented to the appropriate members of the President's staff as well as others in the Executive Branch involved in implementing the President's policies. I am sure your letter will be given full consideration.

Sincerely,

/s/

Edward H. Clarke
Council on Economic Policy

Mr. R. E. Collins
Chairman, California Association
of Business Development Organizations
Los Angeles, California

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Ken Dan

CALIFORNIA ASSOCIATION OF BUSINESS DEVELOPMENT
ORGANIZATIONS

January 31, 1973

THE PRESIDENT
THE WHITE HOUSE
Washington, D. C. 90500

Dear Mr. President:

Our Association has been advised that a "White Paper", attacking the credibility of OMBE and all National and Local Business Development Organizations, has had wide distribution in your office.

It grieves us to learn of their blanket accusations and especially since we were not given an opportunity of responding to their charges. This document (enclosed for your pursual) reportedly was authorized by a special committee of the American Banking Association (A. B. A.).

End.
The California B. D. O.'s have done an exceptional job in assisting minority businessmen and businesswomen. The A.B.A.'s position appears to be in direct conflict with your Executive Order 116.25. Our success, to a large degree, depends upon the cooperation of Member Banks of the A. B. A.

We therefore, respectfully request that your office intercede on our behalf, in correcting a grave injustice by scheduling a meeting with the A. B. A. to resolve all areas of misunderstanding.

Thank you for your immediate assistance with this problem.

Very sincerely,

R. E. Collins

R. E. COLLINS
Chairman

REC:eeb

Enclosure

PACKAGING HOUSES

INTRODUCTION

The purpose of this report is to survey Packaging Houses. Such organizations have vastly different performance records and have been improperly monitored in the past. Some have provided major impetus to minority business development. Others have set minority business development back considerably by their ineptness, slowness and technical incompetency. This report will briefly survey the field, point out specific problems and suggest remedies. The needed changes would increase the level of service in quantity and quality to minority businessmen.

PURPOSE OF PACKAGING HOUSES

There are a variety of things a Packaging House should be responsible for. In capsule summary they are:

- a. Understanding the financial community capability and needs.
- b. Understanding the minority community and its economic needs and capability.
- c. An ability to evaluate an individual and his request to determine its basic potential or lack of potential.
- d. Be able to competently prepare a request for financing including statements, leases, projections, cost analysis, marketing data, equipment needs, layout, construction, etc.
- e. Act as a two way bridge between the lender and the borrowers.

DEFINITION OF PACKAGING HOUSES

Such groups are organized under a variety of structures. Some of them devote all of their time to packaging; others it is a minor sideline. Various structures would include state and local development corporations; nonprofit corporations or associations; colleges and universities; MESBIC's; churches, profit-making organizations in various forms; and some informal alliances.

These groups have a plethora of names such as Plan for Action in Challenging Times (PACT); Colorado Economic Development Association (CEDA); San Francisco Local Development Corporation (SFLDC); National Business League (NBL); Interracial Council for Business Opportunity (ICBO); The Circle, Inc.; Urban Indian Development Association (UIDA); Washington Area Business Service, Inc. (WABS); National Economic Development Association (NEDA); Bolls and King; Central Coast Counties Development Corporation; and Arriba Juntos. The list is virtually limitless and is a constantly changing kaleidoscope as names are changed, organizations merge and new firms open and close, some literally overnight.

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These groups are variously called local development groups, small business development centers, business development organizations, community action groups, economic development units, community development corporations, pre-investment counselors, and Packaging Houses. For purposes of this report, all will be referred to as Packaging Houses.

PACKAGING HOUSES

Groups which fall in the above categories, attempt to fulfill the purposes previously mentioned, and are funded by the local, state and primarily federal government are the subject of this report.

PREPARATION OF THIS REPORT

The banking community on an individual and collective basis has made a major effort to assist minority business development through allocation of loan funds, various publications, assignment of personnel and training programs. The banking community is involved in nearly every aspect of minority economic development, and the majority of all minority business lending activity has bank participation. It is from this view of a major participant and involved partner that this report is offered.

This report was prepared by the American Bankers Association Urban and Community Affairs Committee Economic Development Task Force and was recommended for presentation to governmental funding sources for Packaging Houses. Every member of the task force and his bank is involved in minority business development.

PROBLEM AREAS

Some of the problem areas we have noted as lenders are noted below. They are based on the collective experience of banks and they are not necessarily listed in order of importance.

1. Operating figures of many firms are suspect; this is often referred to as the numbers game. The definition of a work unit is ill defined. There is little emphasis on quality. Quantity seems to be the overriding factor. Many of the annual reports produced are mere self-serving advertisements which have very little realistic basis. To some extent all Packaging Houses are forced to play the game.
2. Many Packaging Houses are reported to spend their funding frivolously on items that do not accomplish the mission. In some cases personal expenses and items are paid for with organizational funds.
3. Some Packaging Houses spend most of their funds hiring so-called management that is best adept at hustling new operating funds. This leaves an inverted pyramid-type organization with little or no delivery capability to the grass roots level. This compares to a normally pyramid organization structure.
4. There is a lack of appropriate geographic distribution. There is a concentration of Packaging Houses in metropolitan areas and few, if any, in the medium size cities. The distribution does not appear to be based on any recognizable demographic analysis.

5. A number of organizations lack technical capability in preparing financial data, handling leases, negotiating buy and sell agreements, obtaining construction and/or equipment costs, preparing resumes, projecting profits, etc. Recruitment of personnel seems to be based on considerations other than technical competence. Often organizations built an expertise in producing "Puff" writeups. They are strictly narrative and contain little in the way of useful information. Some of these run to fifty pages.
6. Some of the supervisors and/or managers of firms are rarely supervising or managing. Reports are heard that they run their own businesses, work on MBA's, or attempt to develop self-serving loans and other financially profitable sidelines.
7. There are problems at the working or delivery level of many Packaging Houses because service and improvement in skills does not result in increased salary. There is little upward mobility in job opportunity. The basic unstableness of an annually funded organization does not promote stability of employment and a striving to improve skills.
8. There are numerous instances where there has been a general malaise among actual and potential minority businessmen because of delays in getting Packaging Houses to act, their loss of documents and important financial details and their inability to deliver financing.
9. In areas where there are substantial concentrations of Packaging Houses, they do not coordinate well with one another in building up areas of expertise in which individual persons or a Packaging House could specialize. They appear to be more interested in guarding their turf and developing a political base.
10. They have a tendency not to discourage obvious declines at the outset, but instead waltz them along so that a lender later on will have to turn them down and suffer the onus of the decline.
11. Most of them do little in the way of followup to determine whether they can offer further assistance and to obtain information on their own success in evaluation.

SUGGESTED SOLUTIONS

1. The most important area that needs attention is the setting of quantity and quality standards for Packaging Houses. This should be available to all and they should understand that their evaluation and refunding will be based on a review of their performance against these standards. Initial standards should be based on analysis of antecedent data provided by them. As the following suggestions are implemented, a more objective performance standard can be developed. PRESERVATION COPY

2. Monthly reports should be required from each Packaging House. They would include:
 - a. Fund Status Report (See Exhibit #1)
 - b. Activity Report (See Exhibit #2)
 - c. Individual Case Data Sheet (See Exhibit #3)
3. Verification letters to be sent out by government funding source to obtain reaction from client and lender:
 - a. Suggested letter to client (See Exhibit #4)
 - b. Suggested letter to lender (See Exhibit #5)
4. Annual audits should be prepared by a nationally recognized CPA firm. Many Packaging Houses work closely with such firms who donate their services to minority businessmen on a free or reduced fee basis. The Packaging Houses could probably obtain such services on the same basis.
5. Annual performance audit conducted by an independent organization. This would primarily rely on an in-depth personal interview technique to obtain the results of services performed, pinpoint weaknesses and strengths, and assist in development of important future needs. Many business schools or graduate business schools and major business consultant firms would be willing to do these on a no-fee or reduced-fee basis.
6. Government funding sources should prepare a demographic study of the United States on minority population and compare it with existing Packaging House organizations funded. As poor performers are eliminated from funding, these funds should be allocated to areas that are not adequately served, or to post-investment management assistance services.
7. Better coordination should be required to hire from one another as supervisory opportunities appear. They should be encouraged to develop joint training programs. Each Packaging House in a concentrated area should specialize in certain types of loan proposals and these specialties should be offered to, and coordinated with, other Packaging Houses.
8. At the end of a yearly cycle (e.g. from May 1971 to May 1972, or September 1971 to September 1972) a follow-up letter should be sent for four years to: (1) determine if the client is still in business; and (2) determine relative success. Suggested letter to lender (See Exhibit #6).
9. Lenders feel that some Packaging Houses offer a valuable service that is of benefit to the lender and the client. The good performers should be encouraged and the weak performers eliminated or merged with well managed firms. In all cases there is a need

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for additional training. If the Suggested Solutions are adopted and implemented, The American Bankers Association would be willing to encourage its membership to offer the following to Packaging Houses:

- a. Seminars with commercial loan officers to discuss lending techniques.
- b. Use of guidelines, manuals, formats and self-instruction courses.
- c. Formal training programs conducted by bankers for the specific needs of Packaging Houses.
- d. Temporary assignment of commercial loan officers to Packaging Houses
- e. Use of libraries and other research facilities.
- f. Invitations to Packaging Houses for their personnel to attend regular bank credit training programs.
- g. Other services to improve their skills and effectiveness.

FUND STATUS REPORT - Month of June 1, 1972 to June 30, 1972Source of Funds

	<u>ORGANIZATION</u>	<u>ADDRESS</u>	<u>ALLOCATION FOR MONTH</u>
1.	O.M.B.E.	U.S. Dept. of Comm. Washington, D.C.	\$23,000
2.	Ford Foundation	320 E. 43rd N.Y. 10017	6,000
3.	Miscellaneous Private Donations		700
4.			
		TOTAL	\$29,700

Expenditure of Funds

Personnel, Administrative and/or Supervisory	\$ 3,722
Professional	16,633
Clerical	2,921
Travel	3,716
Rent	1,120
Equipment	870
Utilities	945
Supplies	690
Other	450
TOTAL	\$31,067
Over	\$ 1,367
Under	N/A

ACTIVITY REPORT

Cases Pending - June 1, 1972

	<u>NAME OF BUSINESS</u>	<u>NAME OF OWNER(S)</u>	<u>AMOUNT REQUE</u>
1.	Bright Plate Company	J. & H. Jones	\$23,000
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Cases Financed - June 1, 1972 to June 30, 1972

	<u>NAME OF BUSINESS</u>	<u>NAME OF OWNER(S)</u>	<u>AMOUNT REQUEST</u>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Cases Pending - June 30, 1972

	<u>NAME OF BUSINESS</u>	<u>NAME OF OWNER(S)</u>	<u>AMOUNT REQUESTED</u>
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Summary of Activity

	<u>NUMBER</u>	<u>DOLLARS</u>
Cases Pending 6/1/72	5	\$ 375,500
Cases Financed 6/1/72-6/30/72	11	623,000
Cases Pending 6/30/72	7	261,000
Cases Financed 1/1/72-6/30/72	58	\$2,821,463

Attach Separate Sheet on Each Case Reported.

INDIVIDUAL CASE DATA SHEET

A report sheet will be completed and submitted with the monthly report for each case financed. It can be done on a regular piece of paper or the completed Section 1 and 2 of SBA Form 4 will be photocopied and furnished with name and address of lender.



SMALL BUSINESS ADMINISTRATION

APPLICATION FOR LOAN

(See Instructions on Page 2)

SBA LOAN NUMBER

1. APPLICANT (Show official name without abbreviations unless an abbreviation is a part of the official name. For proprietor or partnership, show name followed by d/b/a and trade name used, if any)

Name James (NMN) and Harrietta Jones dba Bright Plate Company		Street 620 N. Highland		
City Big Town	County Esmeralda	State Kansas	ZIP Code 04210	Tele. No. (319) 641-3692
Employer's I.D. Number 97-12647	Date of Application June 12, 1972	Amount of Loan Requested \$23,000	Maturity Requested 6 years	
Type of Business Electro Plating	Date Established 1970	Number of Employees (including subsidiaries and affiliates) At Time of Application 2 If Loan is Approved 3		
Franchise ☐ Yes ☒ No If Yes, Submit Copy		☐ Existing Business ☐ New Business		

2. Use of Proceeds:

Land Acquisition	\$ _____	Acquisition and/or repair of machinery and equipment	\$ 16,000
New Building or plant construction	\$ _____	Working Capital	\$ 2,000
Debt Payment	\$ _____	Other Chemicals	\$ 5,000
		Total	\$ 23,000

Lender: American Bank
Fourth and Circle Branch
2111 Main Stem
Big Town, Kansas

Officer: Rock Candy

Phone: (319) 682-4441

Suggested Questionnaire to be sent to each case financed.

Dear Mr Jones:

This office funds many of the organizations which assist Minority businesses in the preparation of loan proposals and obtaining of financing. The X Y Z group has reported that your business was assisted through their organization during June 1972. We request that you complete the brief questionnaire so that we may evaluate the groups we fund with tax dollars. It is most important that you consider each answer carefully and answer frankly regarding your experience with the X Y Z group.

In which of the following areas did they assist? (please check one or more)

1. Preparation of Application Forms _____
2. Preparing Business Financial Statements _____
3. Preparing Personal Financial Statements _____
4. Obtaining and/or Reviewing Lease Arrangement _____
5. Preparation of Earnings Projection and/or Cash Flow _____
6. Negotiation of and/or Review of a Buy and Sell Agreement _____
7. Written Summaries of Management, Prospects, Marketing Areas, Loan Request and/or other items _____
8. Assistance with Building Construction _____
9. Preparation of Marketing or Sales Survey _____
10. Help in Obtaining Furnishings and/or Equipment _____
11. Other (Describe) _____

Approximately how much time elapsed between your first contacts with the X Y Z group and your presentation of the request to a lender? (Check one)

1. Less than two weeks _____
2. Less than one month _____
3. One to two months _____
4. Two to three months _____
5. Over three months _____

Did the X Y Z group introduce you to a lender?

Yes _____ No _____

How much time in hours do you estimate the X Y Z group spent in preparing your loan proposal? (Check one)

1. Less than ten hours _____
2. Ten to Twenty hours _____
3. Twenty to Fifty hours _____
4. Fifty to One Hundred hours _____
5. Over One Hundred hours _____

(If yes to 5 please estimate)

After you presented your loan proposal to a lender what was his reaction? (Check one)

1. The loan was made with only a few additional questions _____
2. They required additional information and documents _____
3. They required most of the material to be re-done _____
4. The loan was turned down _____

What is your overall evaluation of the service you received by the _____ X Y Z _____ group? (Check one)

1. They provided very poor service _____
2. They provided below average service _____
3. They provided average service _____
4. They provided good service _____
5. They provided excellent service _____

Additional comments you wish to make _____

Thank you for answering the above questions. These will be held in the strictest confidence. Please enclose this letter in the self addressed envelope provided and drop in the mail box.

Sincerely,

Suggested Letter to Lenders:

Dear Mr. Candy:

Your organization recently granted a loan to James and Harrietta Jones dba Bright Plate Company. This office provides funding for the X Y Z group who prepared the loan proposal. We request that you complete this brief questionnaire so that we may evaluate the groups we fund with tax dollars. It is most important that you consider each answer carefully and answer frankly regarding your experience with X Y Z group.

From your observations as a lender in which of the following area did X Y Z group assist your borrower? (Please check one or more)

1. Preparation of Application Forms _____
2. Preparing Business Financial Statements _____
3. Preparing Personal Financial Statements _____
4. Obtaining and/or Reviewing Lease Arrangement _____
5. Preparation of Earnings Projection and/or Cash Flow _____
6. Negotiation of and/or Review of a Buy and-Sell Agreement _____
7. Written Summaries of Management, Prospects, Marketing Areas, Loan Request and/or other items _____
8. Assistance with Building Construction _____
9. Preparation of Marketing or Sales Survey _____
10. Help in Obtaining Furnishings and/or Equipment _____
11. Other (Describe) _____

Approximately how much time did it take X Y Z group to prepare the loan proposal? (Check one)

1. Less than two weeks _____
2. Less than one month _____
3. One to two months _____
4. Two to three months _____
5. Over three months _____

Did the X Y Z group introduce the borrower to you?

Yes _____ No _____

How much time in hours do you estimate X Y Z group spent preparing the loan proposal for your borrower? (Check one)

1. Less than ten hours _____
 2. Ten to Twenty hours _____
 3. Twenty to Fifty hours _____
 4. Fifty to One Hundred hours _____
 5. Over One Hundred hours _____
- estimate hours _____ (If yes to 5 please _____)

After the loan proposal was presented to you which of the following actions did you take? (Check one)

1. The loan was made with only a few additional questions _____
2. It required additional information and documents _____
3. It required most of the material to be re-done _____
4. The loan was turned down _____

How would you evaluate the overall service that _____ X Y Z
group provided the borrower and your organization? (Check one)

1. They provided very poor service _____
2. They provided below average service _____
3. They provided average service _____
4. They provided good service _____
5. They provided excellent service _____

Additional comments you wish to make _____

Thank you for answering the above questions. These will be held in the strictest confidence. Please enclose this letter in the self addressed envelope provided and drop in the mail box.

Sincerely,

Suggested Annual Follow-up Letter to Lenders.

Dear Mr Candy:

Approximately _____ year(s) ago we wrote to you requesting information on James and Harrietta Jones dba Bright Plate Company. We appreciate your response to that request. We also do an annual follow-up on each case to briefly determine the business's progress. Would you kindly answer the few questions below:

Is the above business still operating? Yes _____ No _____

Has your loan been paid as agreed? Yes _____ No _____

Have you experienced any serious difficulty with the business? Yes _____ No _____

How would you evaluate the overall condition of the business? (Check one)

1. Very successful
2. Successful
3. Repaying Debt and Providing a Living
4. Marginal business
5. Failed

Has the X Y Z group had any contact with the business and/or provided any services?

Yes _____ No _____

Additional comments you wish to make _____

Thank you for answering the above questions. This will be held in the strictest confidence. Please enclose this letter in the self addressed envelope and mail as soon as possible.

Sincerely,

GENERAL
PR 16-2
FI 2
FE 4-1

STATE ASSOCIATION DIVISION

B THE AMERICAN BANKERS ASSOCIATION 1120 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C. 20036
X

CHAIRMAN

CARL A. BOWMAN

EXECUTIVE VICE PRESIDENT

KANSAS BANKERS ASSOCIATION
707 MERCHANTS NATIONAL BUILDING
TOPEKA, KANSAS 66602

DIRECTOR

ROY W. TERWILLIGER

200 MAR 14

EXECUTIVE DIRECTOR -
SPECIAL ACTIVITIES

ASSOCIATE DIRECTOR

R. NELSON DURANT, JR.

200 MAR 14

February 21, 1973

Ms. Mary Widner
The White House
1600 Pennsylvania, N.W.
Washington, D.C.

Dear Mary:

Thanks very much for taking time to visit with me this morning concerning a White House briefing for a delegation of approximately thirty bankers representing the South Carolina Bankers Association on Wednesday, March 14, from 11:00-12:00 noon, in the Monticello Room of the Madison Hotel.

The delegation will be in Washington March 13-15, visiting their congressional delegation as well as the bank regulatory agencies. Nearly all of the participants will be chief executive officers and they represent the leadership of the banking industry in South Carolina.

They would like a discussion of the general operation of the Executive Branch with emphasis on the White House operation and the current dispute with the Congress over the powers of the Executive Office. In addition, it would be most interesting to gain some insight of the President's efforts to streamline the Executive Branch and how he perceives the operation of the Executive Branch in his second administration.

If you could call me with a "yes or no" at your earliest convenience it will help me considerably with their schedule. Details could be worked out as the briefing date draws near if it will ease the pressure on your office.

Thanks very much for your consideration.

Best regards.

Sincerely,

Nelson DuRant
R. Nelson DuRant, Jr.
X

RND:dv

Regrets by telephone 3/9 do DuRant

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MAR 10 1973

CENTRAL FILES

GENERAL

FG6-11-1 / Korologos, Tom C.

FIR

February 26, 1973

Dear Bill:

Well bless my soul what a handsome momento
of our big battle on the Senate Floor when we
passed the Bank Secrecy Act.

I appreciate this very much and it already is
sitting here on my desk.

Thanks again and also a big thanks to you for
your efforts on that bill.

With kind personal regards.

Sincerely,

Tom C. Korologos
Deputy Assistant
to the President

✓
Mr. William L. Dickey
Attorney at Law
Williams & Jensen
1130 Seventeenth Street, N.W.
Washington, D.C. 20036

✓
bcc: cf

TCK:gh

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*Republican
National
Committee.

GENERAL

FG 120

FI 2

February 28, 1973

MEMORANDUM TO:

Helen^X Browder

FROM:

Tony^X Likins

SUBJECT:

^XBank of Olive Branch, Mississippi

Apparently the Bank of Olive Branch, Mississippi has been turned down on a branch bank application by the F.D.I.C. The branch bank would be located in Byhaylia, Mississippi. The reasons for non-approval of the application were given as management.

Can we determine if these are the real reasons and if so who can Mr. Bill^X Wilkins, Executive Director of the Mississippi Republican Party, talk to to resolve these problems?

I would like to get back with Wilkins as soon as possible.

I appreciate all your help.

cc: George Bush

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MAR 13 1973
CENTRAL FILES

BROUGHT FORWARD

GENERAL

F12

Previously filed

3/28/73

Date

Name

Mr. Robert Lavelle

Organization

Dwelling House

Savings & Loan Assn.

GENERAL

F12

New File Symbol

4/4/73

Date

Final Action

Letter to Mr. Lavelle
from Mr. Kamp

BROUGHT FORWARD

GENERAL

FI2

Previously filed

4/4/73

Date

Name

Mr. Robert R. Larelle

Organization

Dwelling House

Savings + Loan Assn.

GENERAL

FI2

New File Symbol

4/17/73

Date

Final Action

Letter to Mr. Larelle

from OMBE

GENERAL

IV/1973/FG106

FIR

April 18, 1973

Dear Mr. Wright:

Thank you, on behalf of the President and Mrs. Nixon, for the kind invitation you have conveyed to them.

Regrettably, it will not be possible for the President and the First Lady to be with you on this occasion. They appreciate your thoughtfulness, and send you their very best wishes.

Sincerely,

David N. Parker
Special Assistant
to the President

Mr. F. Vernon Wright
Chairman
National FICB/PCA
Anniversary Committee
P.O. Box 50062
New Orleans, Louisiana 70150

DNP:jlc

BW

and Loan Association

Jefferson
87301

4/14/73

GENERAL

FGG-11-1

3
HENRY-ICHMAN, JOHN D.

EEZ

NAT'L LEAGUE OF
INSURED SAVINGS ASSN
ROESSNER, GILBERT G.

THE WHITE HOUSE
WASHINGTON

Bill Simon said you should see this fellow especially in light of the Hunt Commission Report legislation that we are coming forth with in May or June.

Roessner does talk a lot, so Simon says to be sure and limit him to 30 minutes max.

jlh

Hulth says:

- not this week -
- not next week -
- sometime after that!

4/13 - He didn't call

RECEIVED

APR 14 1973

CENTRAL FILES

April 17, 1973

Mr. Robert E. Lavelle
Executive Vice President and Secretary
Dwelling House Savings and Loan Association
501 Herron Avenue
Pittsburgh, Pennsylvania 15219

Dear Mr. Lavelle:

Your letter of March 15 to President Nixon came to our attention at a most opportune time. We have been considering various possibilities for assisting minority-owned Savings and Loan Associations and have been trying to determine the need as well as the major problems of the Associations.

Our efforts in this area include funding the American Savings and Loan League (ASLL) and encouraged both the "asociado" program and the management training programs. We also cooperated with the Federal Home Loan Bank Board in helping new S&Ls get chartered. Now we are interested in assisting in the area of deposits.

Unfortunately, federal law precludes the simple placement of government time deposits in savings institutions. Thus, the government cannot make deposits such as you have recommended. In addition, your proposal calling for the government to borrow funds at as high as 7% to place them in associations at rates as low as 2% is also in violation of federal law.

It appears that some type of deposit campaign to raise funds from corporations, foundations, religious organizations, pension funds and individuals will be most practical. Consequently, we have just funded ASLL to embark upon such a program. This program should commence in the immediate future and, hopefully, will be of benefit to all the minority-owned associations.

We thank you for your comments and trust that your association will work with the ASLL for the benefit of all.

Sincerely,

Signed

Alex Armendaris
Director
Office of Minority Business Enterprise

PPD:JMarx:ebc 4-10-73 Re-written Lozano/4-17-73/ecb
cc: Armendaris, Lozano, PPD, OMBE Sec, #6420

RECEIVED
JUL 6 1973
CENTRAL FILES

X - White House

Lavelle, Robert R

GENERAL

F12

APR 4 1973

Mr. Robert R. Lavelle
Executive Vice President & Secretary
Dwelling House Savings & Loan Association
501 Herron Avenue
Pittsburgh, Pennsylvania 15219

Dear Mr. Lavelle:

President Nixon has asked that I respond to your letter of March 15, 1973. In this letter, you suggest an imaginative program of federal deposits in institutions such as Dwelling House, deposits which then could be loaned at modest interest rates to individuals with moderate incomes.

Since the Office of Housing and Urban Affairs here at the Federal Home Loan Bank Board has been examining both housing subsidy mechanisms and proposals involving federal deposits in small or minority-controlled associations, I have asked them to review your suggestions as part of their continuing effort in these areas. If they need additional information, I am sure they will not hesitate to contact you directly.

Thank you for sharing these thoughts with us, for out of such exchanges often come improved ideas for meeting community needs. As we continue to study a variety of mechanisms to deal with these needs, it is my hope that you will continue to provide us with your thoughts and ideas.

Sincerely,

Carl O. Kamp, Jr.

Carl O. Kamp, Jr.
Acting Chairman

bcc: ~~XX~~ Stanley S. Scott

Special Assistant to the President

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JUL 3 1973
CENTRAL FILES

THE WHITE HOUSE OFFICE

REFERRAL

GENERAL

FI2

H42

To: Mr. Carl O. Kamp, Jr.
Acting Chairman
Federal Home Loan Bank Board

Date: March 28, 1973

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 72 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:

also Ref. to office of Minority Business Enterprises

Description:

☒ Letter: ☐ Telegram: ☐ Other:

To: President Nixon

From: Robert Lavelle, Dwelling House Savings and Loan Association, Pittsburgh, Pa.

Date: March 15

Subject: Federal Deposits for Minority Saving & Loan Institutions

By direction of the President:

Stanley S. Scott
Special Assistant
to the President

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MAR 31 1973

CENTRAL FILES

THE WHITE HOUSE OFFICE

REFERRAL

To: Honorable Walter Sorg
Acting Director
Office of Minority Business Enterprise
Department of Commerce

Date: March 28, 1973

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 72 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:

also Referred to Fed. Home Loan Bank Board

Description:

☒ Letter: ☐ Telegram: ☐ Other:

To: President Nixon
From: Robert Lavelle, Dwelling House Savings and Loan Association, Pittsburgh, Pa.
Date: March 15
Subject: Federal Deposits for Minority Saving & Loan Institutions

By direction of the President:

Stanley S. Scott
Special Assistant
to the President



DWELLING HOUSE SAVINGS AND LOAN ASSOCIATION

501 HERRON AVENUE, PITTSBURGH, PA. 15219 • PHONE 683-5116

March 15, 1973

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

Dear Mr. President:

Your task of trying to hold down inflation while helping people to help themselves is indeed a difficult one. May I offer a possible solution to part of it.

Since the banking rule of this country is to lend at the highest rate with the lowest risk, the poor, Black, and deprived communities cannot get the loans they need. Yet these are the areas that, if they had the borrowing potential to own homes and businesses, would change the economics of the ghettos from number rackets, dope, alcohol, loan sharking, prostitution and crime. Job opportunities and good schools would result. Most of our problems of delinquency, crime and school busing would diminish.

We need institutions that will lend to the need. Institutions that will use their resources to help educate the public in the process by responding with concern to every request. Dwelling House is such an institution. We are a small Black Savings and Loan. We have made over 268 mortgages to Black people to own homes, and over 100 home improvement loans to Blacks. We have made 2 White mortgages that no other lender would take.

Why not have the government place a few million in institutions like this one at say, 2% interest per year. The institution could lend it at 4% to persons with incomes under say \$6,000.00 a year. The subsidy would be real without costing the government a dime. The government would make 2%. The institutions would make a spread of 2% to defray their operating expenses and a modest profit. The poor, Black and deprived communities would get the loans. The government banking examiners could verify the transactions, employment would result, with no new bureaus set up, America would be rebuilt!!!

This is not a dream. This institution is now doing this. The only purpose for its existence is to help the person no one else will help. Isn't this what is needed?

I realize the chances of this letter getting to your attention is minute. I sincerely feel this type of effort to help others develop themselves typifies the spirit of hope of those whose letters I have often heard you quote.

Yours sincerely,

Robert R. Lavelle
Exec. Vice Pres. & Secretary

RRL:jlc



DWELLING HOUSE SAVINGS AND LOAN ASSOCIATION

501 HERRON AVENUE, PITTSBURGH, PA. 15219 • PHONE 683-5116

STATEMENT OF CONDITION

DECEMBER 31, 1972

ASSETS

Mortgage Loans.....	\$2,966,712.19
state Sold on Contract.....	1,944.41
state Owned.....	1,034.02
Loans & Home Improvement.....	76,187.94
n Banks & on Hand.....	308,135.79
Federal Home Loan Bank.....	24,000.00
ments-F.H.L.B.-Bonds (Cost).. <td>150,000.00</td>	150,000.00
ent (Less Depreciation).....	4,056.18
Assets.....	<u>18,209.75</u>
ASSETS.....	<u>\$3,550,280.28</u>

LIABILITIES

Savings Account.....	\$3,275,414.65
Escrow Accounts.....	68,769.63
Loans in Process.....	30,903.76
Accounts Payable.....	5,564.92
Deferred Income (pts.).....	42,424.63
Provisions for Income Taxes.....	10,703.99
Reserves for Uncollected Int.	9,914.39
General Reserves.....	67,800.00
Surplus.....	<u>38,784.31</u>
TOTAL LIABILITIES.....	<u>\$3,550,280.28</u>

DIRECTORS

t Bean, Service Station Owner
 E. Bryant, Notary, Letter Service
 R. Davenport, Dean, Duq. Univ., Law
 . Franz, Mfg. Representative
 P. Hardy, General Insurance
 M. Kerr, Jr., Atty., Prof. C.M.U.
 R. Lavelle, Realtor
 der L. Lee, Florist
 L. Pugh, Pastor, Macedonia Baptist

OFFICERS AND STAFF

Norman P. Hardy, President
 Alexander L. Lee, Vice President
 Robert R. Lavelle, Exec. Vice Pres. & Sec.
 Paul J. Franz, Treasurer
 Ronald R. Davenport, Solicitor

 Annie R. Steverson, Chief Teller
 Ted Stuckey, Teller-Accountant
 Robert M. Lavelle, Assistant Treasurer

MEMBERS ACCOUNTS INSURED UP TO \$20,000.00

Melvin M. Brooks, C.P.A. Independent Auditor



Hill Bankers Stake Black Power

By AL DONALSON

Mrs. Annie Smith had \$10,000 to put down on a \$31,000 home in East Liberty, but two downtown banks refused her a mortgage.

"They said I didn't have enough income," said Mrs. Smith, a widow.

Until last fall, she was living in a home she owned in the Lower Hill District which is to be demolished for an urban renewal project.

"I was starting to get desperate because time was running out and I had to get somewhere in a hurry," she said.

Her real estate agent suggested Dwelling House Building and Loan Association, which approved her loan.

She is now in her new home on Wiltsie Street in the Lemington district, a predominantly black middle-income section of East Liberty.

Request Turned Down

William E. Jackson, director of community relations for Pittsburgh Hospital, said he was turned down for a mortgage on a \$23,000 home in Verona by a downtown bank.

"They never said why I was turned down," said Jackson



ROBERT R. LAVELLE
Urges green black power.

who, along with his five brothers, owns Sugar Ray's, a Hill District tavern.

"My income is \$17,000 a year and I have other assets as well," said Jackson. "I hope I wasn't turned down because my wife is white."

Jackson was also sent to Dwelling House, which approved his loan.

He and Mrs. Smith are

among 73 persons who received home mortgage loans last year from Dwelling House, the only black-controlled banking institution in Western Pennsylvania.

All But One Black

All but one of the 73 loans were given to blacks.

The lone exception was a white divorcee with six children on public assistance who had been turned down by other banks and savings and loan companies.

"Our institution is for the people the whites don't want," said Robert R. Lavelle, Dwelling House executive vice president and a member of its board of directors.

He also owns a real estate firm which adjoins the institution, located at 501 Herron Ave., Upper Hill District.

There are seven blacks and two whites on the board of directors.

\$2.9 Million Assets

One of 40 black savings and loan associations in the country with estimated total assets of \$322 million, Dwelling House has assets of \$2.9 million.

First Federal Savings & Loan Association of Pitts-

burgh, the largest in the state, has assets of more than \$200 million.

Although the financial disparity is immense, Lavelle feels minority banks and savings and loans associations could hold the economic balance of power.

"They tell me that blacks control \$40 billion worth of our trillion-dollar Gross National Product," said Lavelle. "They also tell me that the profit margin of most businesses is less than one per cent of the gross."

"Since \$40 billion of a trillion is about 4 per cent, that 4 per cent could become a great bargaining agent if blacks spent their money a little more wisely."

"Could you imagine what would happen if all the black folks in Pittsburgh took their savings out of white banks and put them in Dwelling House?"

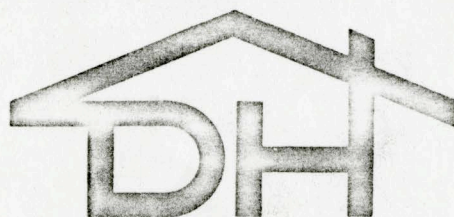
"But the problem is that we have been programmed not to trust each other. Consequently, blacks don't deposit their money with us because they don't think we are as efficient and reliable as the white institutions."

"It doesn't matter to them that we are insured up to \$20,000 like everyone else. All they can think is that we can't add here," said Lavelle.

Agencies Rapped

Lavelle also spoke scathingly of city, state and federal agencies involved in minority affairs who don't bank with Dwelling House.

"Model Cities and Community Action Pittsburgh should be depositing some of their



DWELLING HOUSE
BUILDING AND LOAN ASSOCIATION

501 HERRON AVENUE, PITTSBURGH, PA. 15219



—Press Photo by Anthony Kaminski

TAKING CARE OF BUSINESS at Dwelling House Building and Loan Association, Hill District, is Mrs. Jeannette P. Poole, chief teller, as she accepts a mortgage payment from Mrs. Annie Smith, while William Jackson waits his turn to be served at the black-owned banking institution.

money with us, but they don't.

"All of the black churches should be depositing some of their money with us, but all of them don't.

"When blacks start supporting each other, regardless of the price or the inconvenience, we will then have true black power and it won't be necessary for us to go to the man for handouts," said Lavelle.

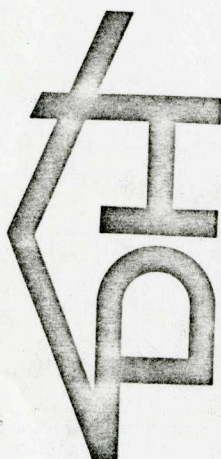
A letter to Dwelling House depositors at the end of the year sums up what the institution ultimately hopes to accomplish:

"... If we can continue to help make possible black

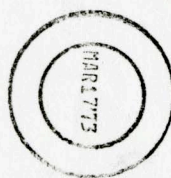
homeownership and home improvement in ghetto areas, won't our school busing problems be solved?

"Don't homeowners demand quality schools?"

"Won't this help change the economy of the ghetto from numbers, dope, prostitution, loan sharks and alcohol to stable businesses that bring hope and aspiration to children?"



DWELLING HOUSE
SAVINGS AND LOAN ASSOCIATION
501 HERRON AVENUE, PITTSBURGH, PA. 15219



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



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April 23, 1973

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Dear Mr. McGuire:

I have been asked to acknowledge, for the President, the cordial invitation you extended to him to address farmers and farm leaders from throughout the nation at the University of Illinois at Champaign on September 19, on the 50th anniversary of
* Federal Intermediate Credit Bank and the 40th anniversary of
* Production Credit Associations in the United States.

The President appreciates your thoughtfulness of him in extending this invitation and trusts you will understand that it is not possible for him to commit his schedule for a date so far in the future at this time. He will be pleased to have you contact him again in July and at that time your invitation can be considered in light of the President's schedule for mid-September.

In the meantime, the President sends you his thanks and very best wishes,

Sincerely,

David N. Parker
Special Assistant
to the President

x
Mr. T. R. McGuire
President
Federal Intermediate Credit
Bank of St. Louis
1415 Olive Street
St. Louis, Missouri 63103

DNP:frb
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THE BANKER IN THE AGE OF THE CONSUMER

Remarks by

William I. Spencer
President

First National City Corporation

before

The American Bankers Association
National Marketing Conference

New Orleans, La.

January 15, 1973

* * * * *

I am always happy to meet with fellow consumers -- particularly when they have the good sense to gather in New Orleans in January. I welcome this opportunity to discuss banking and the consumer, but I am sure that some of you by now might agree that if speeches were solutions all the problems of the consumer in our society would be solved.

The torrents of rhetoric championing the rights of the consumer are not, as we know, always matched by any comparable deluge of deeds. Sooner or later, however, we must all put our money where our mouth is, simply because serving the consumer, both in business and banking, is not only our

April 30, 1973

First National Bank of Opelousas

Dear Mr. Cook:

Thank you for your letter of April 13 concerning an application for a new national bank at Opelousas, Louisiana.

We have inquired into this matter and have been advised by the office of the Comptroller of the Currency that the subject application was accepted for filing by their Regional Office in Memphis, Tennessee on December 5, 1972. We have also been advised that in keeping with the usual procedures a hearing was conducted in the Regional Office on February 28, 1973, at which time the protestants, as well as the applicants, were afforded an opportunity to present their views concerning the application. The field investigation work has now been completed on this application and the file is being reviewed by the staff of the Comptroller's office. We understand that a decision will be forthcoming in the near future.

With every best wish,

Sincerely,

Stanley S. Scott
Special Assistant
to the President

Mr. Jesse W. ^xCook
Executive Vice President-Secretary
^xGood Citizens Life Insurance Company
1809 Dryades Street
New Orleans 13, Louisiana

SScott/JCalhoun:ph

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MAY 1 1973
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THE SECRETARY OF THE TREASURY
WASHINGTON

April 27, 1973

Memorandum for: The Honorable Stanley S. Scott
Special Assistant to the President

From: Mrs. Gina Price *GP (per M.J.)*
Acting Director, Executive Secretariat

Attached hereto is a suggested letter to Mr. Jesse W. Cook of New Orleans, Louisiana, in reference to an application for a new national bank at Opelousas, Louisiana.

THE WHITE HOUSE OFFICE

REFERRAL

To: Honorable George P. Shultz
Secretary
Department of Treasury

Date: April 23, 1973

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.

1147

NOTE

Prompt action is essential.

If more than 72 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

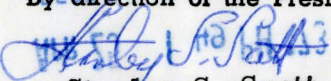
Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

☒ Letter: ☐ Telegram: ☐ Other:
To: Stanley S. Scott
From: Mr. Jesse W. Cook
Date: April 13, 1973
Subject: Application for Bank Charter

By direction of the President:


Stanley S. Scott
Special Assistant
to the President

GOOD CITIZENS LIFE INSURANCE COMPANY

1809 DRYADES STREET

NEW ORLEANS 13, LA.

P. O. BOX 50428

OFFICE OF
JESSE W. COOK

EXECUTIVE VICE PRESIDENT-SECRETARY

April 13, 1973

1147

Mr. Stanley S. Scott
Special Assistant to the President
The White House
Washington, D. C. 20013

Dear Sir:

A bi-racial group of citizens in the area of Opelousas, Louisiana, are in the process of organizing a bank, The First National Bank of Opelousas.

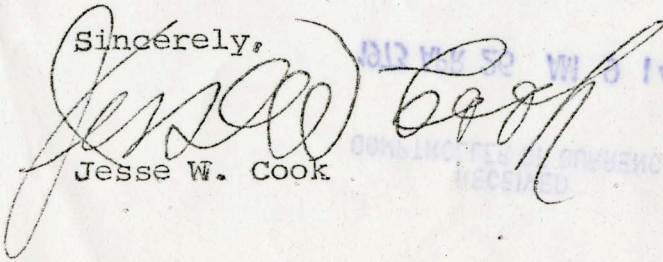
The application has been filed and a hearing was heard at the Regional Office in Memphis, Tennessee several weeks ago.

The Black members of this group, Dr. A. C. Terrence, Robert Fenelon, Rogers Gobert and Richard Millspaugh, of whom I am well acquainted with are all reputable and stable citizens of that area.

These gentlemen have assured me that all of the organizers of this bank represent one of the best groups that have ever made application to the Regional Administrator, as far as a cross section of the community is concerned, based upon the complete independence of each of the individual applicants. Each has his own independent calling, and on the merits, they represent the community needs, which has not been fully met.

I would appreciate very much any aid and assistance you might give this group before the deciding officials.

Sincerely,


Jesse W. Cook

GENERAL

I. 1/1973 / 5713 (Champaign)
FIR

May 1, 1973

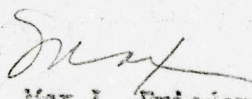
Dear Mr. Chairman:

This is to acknowledge and thank you for your April 25 letter to the President endorsing the invitation extended to him to speak at the 50th anniversary of the Federal Intermediate Credit Bank and the 40th anniversary of the Production Credit Association on September 19 in Champaign, Illinois.

I will be pleased to pass along your letter so that the President will know of your interest in his acceptance of this cordial invitation. You may expect to hear whether his schedule will permit him the opportunity to participate in this event.

With warm regards,

Sincerely,


Max L. Friedersdorf
Special Assistant
to the President

✓
Honorable Wilbur D. Mills
House of Representatives
Washington, D.C. 20515

bcc w/inc to Dave Parker - for further action

MLF:EF:jk
5

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MAY 3 1973

CENTRAL FILE

GENERAL

10/1973/3713 (Champaign)

FIR

May 1, 1973

Dear Mr. Madigan:

This is to acknowledge and thank you for your April 26 letter to the President endorsing the invitation extended to him to speak at the 50th anniversary of the Federal Intermediate Credit Bank and the 40th anniversary of the Production Credit Association on September 19 in Champaign, Illinois.

I will be pleased to pass along your letter so that the President will know of your interest in his acceptance of this cordial invitation. You may expect to hear whether his schedule will permit him the opportunity to participate in this event.

With warm regards,

Sincerely,

Max L. Friedersdorf
Special Assistant
to the President

✓
Honorable Edward R. Madigan
House of Representatives
Washington, D.C. 20515

bcc w/inc to Dave Parker - for further action

MLF:EF:jk
5

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MAY 3 1973

CENTRAL FILES

GENERAL

15/1973/5713 (Champaign)
FIR

May 2, 1973

Dear Tom:

This is to acknowledge and thank you for your April 30 letter endorsing the invitation extended to the President to speak at the 50th anniversary of the Federal Intermediate Credit Bank and the 40th anniversary of the Production Credit Association on September 19 in Champaign, Illinois.

I will be pleased to pass along your letter so that the President will know of your interest in his acceptance of this cordial invitation. You may expect to hear whether his schedule will permit him the opportunity to participate in this event.

With warm regards,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable Tom Railsback
House of Representatives
Washington, D.C. 20515

bcc w/inc to Dave Parker - for further action

WET:EF:jk

10

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MAY 4 1973

CENTRAL FILES

GENERAL

F12

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May 2, 1973

Dear Bill:

Many thanks for your recent note with your many good thoughts. I have taken the liberty of passing some of your ideas along to others on the staff.

The ^xCapitol Hill Club is a social Republican Club in town with both resident and non-resident members. Enclosed is a copy of their latest newsletter which will give you some idea of their activities. I hope this will be of some help.

Best personal regards.

Yours sincerely,

John D. Ehrlichman

Mr. William A. ^xParton
1341 Meridian Avenue
San Jose, California 95125

Enclosure

JDE:JLH:jlh

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MAY 2 1973

CENTRAL FILES

APR 16 1973

WP

WILLIAM A. PARTON & CO.

ESTABLISHED 1936

1341 MERIDIAN AVENUE
SAN JOSE, CALIFORNIA 95125

BUSINESS (408) 266-5731
RESIDENCE (408) 377-7245

April 11, 1973

Mr. John D. Ehrlichman
Assistant to the President
for Domestic Affairs
The White House
Washington, D. C.

Dear John:

I would imagine that you will welcome a letter of encouragement since most of the news of late has been rather critical of the Administration because of the Watergate Affair and the continued rise in the cost of living. Many people, and in particular the news media, want to see, read and print only the bad that seems to be present instead of emphasizing the good, the positive.

The war in Vietnam has terminated for the United States. This in itself is something for which we should all be most grateful. Even though I have always been somewhat of a "hawk" on this subject and have had a very difficult time in trying to understand the position of the "doves" and other left wing liberals, I am very grateful it is all over. My thanks goes to the President and his Administration, which includes you.

Great strides have been made in the last five years towards the elimination of discrimination in education, housing and jobs. We all should be grateful to the President and his Administration for this great effort.

The immense financial problems plaguing the United States especially in the area of balance of payments, the value of the dollar and of course inflation these past many years is being met, slowly but surely. The employment picture is much better too! I wish more people could see that this is so.



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Capitol Hill Club

300 First Street, S.E.
Washington, D.C. 20003
484-4590

To Become a Member

TO: Committee on Admissions—I hereby apply for annual membership as indicated (includes spouse).

- ☐ **RESIDENT *** (INITIATION FEE \$200)
Dues \$15 per month
- ☐ **RESIDENT JUNIOR** (INITIATION FEE \$100)
Dues \$9 per month
- ☐ **NON-RESIDENT** (INITIATION FEE \$50)
Dues \$50 per year

INITIATION FEE MUST BE ENCLOSED

NAME

STREET

CITY **STATE** **ZIP**

NAME OF SPOUSE

BUSINESS

SIGNED

PHONE NO

FOR USE BY CLUB MEMBERS ONLY

Proposed by

Seconded by

Remarks

To Become a Life Member

TO: Committee on Admissions—I hereby apply for life membership as indicated (includes spouse).

- ☐ **LIFE MEMBERSHIP** (\$2,000 enclosed).
- ☐ **CONDITIONAL LIFE MEMBERSHIP** (\$200 enclosed and \$100 per month thereafter until a total of \$2,000 is paid in full).

NAME

STREET

CITY **STATE** **ZIP**

NAME OF SPOUSE

BUSINESS

SIGNED

PHONE NO **DATE**

LIFE MEMBERSHIP

LIFE MEMBERSHIPS are available at \$2,000. **CONDITIONAL LIFE MEMBERSHIPS** may be obtained on a payment basis of \$200 down and \$100 per month until the \$1,800 balance is paid in full. Once accepted as a Life member, no annual dues are levied. The Life member enjoys the same status with voting rights as a Resident member. Should the dues of the Club be raised, the Life member is not affected.

FOR USE BY CLUB MEMBERS ONLY

Proposed by

Seconded by

Remarks



WILLIAM A. PARTON & CO.

ESTABLISHED 1936

1341 MERIDIAN AVENUE
SAN JOSE, CALIFORNIA 95125

BUSINESS (408) 266-5731
RESIDENCE (408) 377-7245

-2-

I still feel that the majority of Americans are behind the efforts of the President to put this country back on a balanced or even keel. I know that the position you hold is a most vital one and you have my sincerest congratulations for the very fine work you are doing.

* May I mention just one area of very deep concern to all Independent Insurance Agents of the United States. This has to do with the problem of Bank Holding Companies that are moving into the insurance agency business. This activity is being allowed by the Federal Reserve Board. Banks do not need any help, for any reason. In no way can the operation of an insurance agency be considered a "banking related service".

If you feel that I should write to someone else on this, please let me know who this person is and I will get my pen busy. Unfortunately, the only ally we have in the Senate (Senate Banking Committee) is William Proxmire. The Republican members of this committee helped kill the very good bill adopted by the House a couple of years ago. The final bill (approved by Congress) still gave too much to the Banks. The small independent businessman is being forgotten!

Sincerely

William A. Parton

WAP:n

P.S. Can you tell me anything about the Capitol Hill Club?





Newsletter

INFORMATION FOR THE MEMBERS OF THE INDEPENDENT INSURANCE AGENTS ASSN. OF CALIFORNIA/465 CALIFORNIA ST., SAN FRANCISCO, CA 94104

April 2, 1973

NUMBER 222

RD&M One of our most important, hard-working committees is the relatively new Research, Development and Marketing Committee. Enclosed is a survey that we urge you to take a minute to fill out and return. The information is essential for that committee's deliberations. Thank you.

OBHC The one bank holding company problem is now under full attack. The Federal Reserve Board has announced hearings throughout the country from the Week of April 9 through May 23. NAIA will be opposing each of 22 applications from bank holding companies to enter the retail sales field of property and casualty insurance; and in California, IIAAC will be joining NAIA in the action against the Southern California First National Bank Corporation. Those Producer Action Fund contributors of last year should be proud of their support, which is paying for these 22 defending actions.

GOOD NEWS Photographer Dave Sobel, so well known to all of us, has been released from the hospital and is now at home in Oakland. He is undergoing therapy (speech and physical) but is in great spirits. Any friends who may wish to drop Dave a line can do so to 320 - 62nd Street, Oakland 94618.

AGENCY
MANAGEMENT
CONFERENCE The enclosed announcement of the 25th Annual Advanced Agency Management Conference should be of interest to all of you. Limited to 85 conferees, reservations are going fast. Get yours in right away.

WEEK-N-DER The third Week-N-Der is scheduled for May 4-5-6 at North Shore Lake Tahoe (see enclosed flyer for information). Tom Richards, Guest Speaker, is great -- and a great way to combine business and pleasure for you and your spouse.

LEGISLATION A legislative summary of bills heard during the 1972 legislative session in Sacramento will appear in the April issue of the California Agency BULLETIN. Some of these bills were passed and signed into law, becoming effective in March, 1973.

WORKMEN'S
COMP
DIVIDENDS Effective June, the Insurance Commissioner will require that Workmen's Compensation policies must inform policyholders that it is unlawful to guarantee the payment of a dividend by the company to the policyholder. This recommendation was originally made by IIAAC's Workmen's Compensation Committee, and approved by our Board of Directors as an official policy of our Association. Congratulations to Frank Cavignac and his committee for this fine accomplishment.

#####

GENERAL

10/1973/5113 Champaign

FI2

May 2, 1973

Dear Senator:

This is to acknowledge and thank you for your April 26 letter to the President endorsing the invitation extended to him to speak at the 50th anniversary of the Federal Intermediate Credit Bank and the 40th anniversary of the Production Credit Association on September 19 in Champaign, Illinois.

I will be pleased to pass along your letter so that the President will know of your interest in his acceptance of this cordial invitation. You may expect to hear whether his schedule will permit him the opportunity to participate in this event.

With warm regards,

Sincerely,

Tom

Tom C. Korologos
Deputy Assistant
to the President

Honorable J. W. Fulbright
United States Senate
Washington, D.C. 20510

bcc w/inc to Dave Parker - for further action

TCK:EF:jk

RECEIVED

MAY 4 1973

CENTRAL FILES

GENERAL

Jul 1973 / 5713 Champaign
FIR

May 7, 1973

Dear Bob:

This is to acknowledge and thank you for your May 3 letter to the President endorsing the invitation extended to him to speak at the 50th anniversary of the Federal Intermediate Credit Bank and the 40th anniversary of the Production Credit Association on September 19 in Champaign, Illinois.

The President very much appreciated your letter of endorsement, but feels that he cannot make a commitment at this time for an event in September. Therefore, Mr. David Parker has written to Mr. T. R. McGuire in this regard and suggested that, if he would like to renew the invitation at a later date, it would receive every consideration.

With warm regards,

Sincerely,

Max L. Friedersdorf
Max L. Friedersdorf
Special Assistant
to the President

Honorable Robert McClory
House of Representatives
Washington, D.C. 20515

Int bcc w/incoming to Dave Parker - for appropriate handling

MLF:EF:jk

5

RECEIVED
MAY 9 1973
CENTRAL FILES

June 1, 1973

Dear Mr. Cole:

On behalf of the President, I want to thank you for your letter of May 7.

On appropriate occasions, the President does send letters of congratulations to trade associations, business and industrial organizations and others who are commemorating an anniversary or other milestone in their development.

Such a letter is not intended to endorse or in any way institute an endorsement of a group, a business or segment of the economy over another. Nor is such a message intended to be used for advertising purposes. The principal aim is to pay proper deserved recognition to the vital role of the organization and its contributions to our economy and to the American people.

With best wishes,

Sincerely,

Roland L. Elliott
Deputy Special Assistant
to the President

Mr. Thomas H. Cole
10 Dukes Court
Deerfield, Illinois 60015

RLE:SW:RLE:mah

29
GENERAL

FI 2

18

June 25, 1973

Dear Mr. Smith: ⁺ Coll: 18 R

On behalf of the President, I would like to thank you for your letter of May 3, concerning the expansion of banks and bank holding companies into the insurance agency and insurance underwriting fields.

I have been advised by the staff of the Federal Reserve System that banks may act as insurance agent subject either to the conditions imposed by the National Bank Act or appropriate state statutes. The power of a national bank to act as insurance agent is stated in 12 U.S.C. 92, which authorizes national banking associations located and doing business in a place with a population not exceeding 5,000 inhabitants to act as agent for any fire, life, or other insurance company authorized to do business in the state. The powers of state banks vary and depend upon state banking statutes.

The Board's Regulation Y (copy enclosed) delineates the extent to which bank holding companies may act as insurance agent or engage in the underwriting of insurance. Paragraphs (9) and (10) of Section 225.4 (a) describe these activities.

In effect, activity (9) means that a holding company, either directly or through a subsidiary, may be permitted to act as agent in selling any kind of insurance to the holding company and its subsidiaries. It may sell any kind of insurance in any town whose population is less than 5,000 if the holding company or one of its subsidiaries has an office in the town. Any insurance may also be sold in a larger town if a holding company can demonstrate that the town has inadequate insurance agency facilities.

15

RECEIVED

JUN 26 1973

CENTRAL FILES

Also, holding companies may act as limited insurance agents in larger towns. Any insurance can be sold if (1) it is directly related to an extension of credit by a bank or bank-related firm, or (2) if it is directly related to the provision of other financial services by a bank or bank-related firm, or (3) if it is sold as a matter of convenience, so long as premium income from this source does not constitute a significant portion of the holding company's aggregate premium income.

Under activity (10) bank holding companies are limited to acting as underwriter for credit life insurance and credit accident and health insurance which is directly related to extensions of credit by the bank holding company system. Moreover, to assure that the public will benefit from holding companies engaging in this activity, the Board has stated that applications will be approved only when the applicant demonstrates that such approval will benefit the consumer or result in other public benefits. Thus all applications approved under this paragraph have provided for a reduction in rates charged customers and broadened the coverage available to purchasers of the insurance.

In authorizing the entry of bank holding companies into insurance agency and underwriting activities the Board has borne in mind the public interest as required by statute. The Regulation is designed to serve the public needs, convenience, and interest. To assure that this power is not abused the Board permits agency operations only at locations where the holding company or one of its subsidiaries has an office. This limitation should result in most insurance being sold in connection with extensions of credit.

You state that banks may tie insurance sales to the lending function. The Congress was also concerned with this "tying" possibility, and Section 106 of the 1970 Amendments to the

Bank Holding Company Act specifically prohibits (with certain exceptions not applicable here) the tying of one service to another. Thus, banks may not grant credit on the condition that the insurance be placed either with the bank's insurance agency or with an affiliated company if the bank is a holding company subsidiary.

With my best wishes,

Sincerely,

Roland L. Elliott
Deputy Special Assistant
to the President

Mr. Collins R. Smith
Matchless Agencies, Inc.
1509 Washington Avenue
San Leandro, California 94577

RLE:FRS:MBS:mah

DRAFT/BCL: bh
6/13/73

AB

Mr. Collins R. Smith
Matchless Agencies, Inc.
1509 Washington Avenue
San Leandro, California 94577

Dear Mr. Smith:

On behalf of the President, I would like to thank you for your letter dated May 3, 1973, to President Nixon you express concern over the expansion of banks and bank holding companies into the insurance agency and insurance underwriting fields. Banks may act as insurance agent subject either to the conditions imposed by the National Bank Act or appropriate state statutes. The power of a national bank to act as insurance agent is stated in 12 U.S.C. 92, Briefly that statute authorizes national banking associations located and doing business in a place with a population not exceeding 5,000 inhabitants to act as agent for any fire, life, or other insurance company authorized to do business in the state. The powers of state banks vary and depend upon state banking statutes.

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Also, holding companies may act as limited insurance agents in larger towns. Any insurance can be sold if (1) it is directly related to an extension of credit by a bank or bank-related firm, or (2) if it is directly related to the provision of other financial services by a bank or bank-related firm, or (3) if it is sold as a matter of convenience, so long as premium income from this source does not constitute a significant portion of the holding company's aggregate premium income.

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Mr. Collins R. Smith

-3-

June 13, 1973

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You state that banks may tie insurance sales to the lending function. The Congress was also concerned with this "tying" possibility, and Section 106 of the 1970 Amendments to the Bank Holding Company Act specifically prohibits (with certain exceptions not applicable here) the tying of one service to another. Thus, banks may not grant credit on the condition that the insurance be placed either with the bank's insurance agency or with an affiliated company if the bank is a holding company subsidiary.

I hope this is responsive to your inquiry.

With my best wishes,

RE

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1973 JUN 11 AM 10:56Date June 13, 1973

AL

To Mr. Elliott

Date: June 7, 1973

RECEIVED
OFFICE OF THE CHAIRMANFrom Normand Bernard *NB.*#1261
NB.
Mr. Leavitt

REQUESTED

Attached is a draft reply to
Mr. Collins R. Smith prepared
by one of our senior staff
people at the Board.

NOTE

Prompt action is essential.

If more than 72 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:

See especially page 2 of his letter.

Description:

☒ Letter: _____ Telegram: _____ Other: _____

To: The President

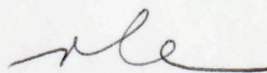
From: Mr. Collins R. Smith, Matchless Agencies, Inc., 1509 Washington Avenue

Date: May 3, 1973

San Leandro, California 94577

Subject: Protests banks and savings and loan companies going into insurance business.

By direction of the President:



Roland L. Elliott
Deputy Special Assistant
to the President

RLE:MBS:PB:mah

REFERRAL

To: Chairman
Board of Governors of the
Federal Reserve System

Date: June 7, 1973

RECEIVED
OFFICE OF THE CHAIRMAN

#1261
JB
Mr. Leavitt

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.

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

REMARKS:

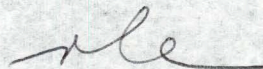
See especially page 2 of his letter.

Description:

☒ Letter: ☐ Telegram: ☐ Other:

To: The President
From: Mr. Collins R. Smith, Matchless Agencies, Inc., 1509 Washington Avenue
Date: May 3, 1973 San Leandro, California 94577
Subject: Protests banks and savings and loan companies going into insurance business.

By direction of the President:



Roland L. Elliott
Deputy Special Assistant
to the President

RLE:MBS:PB:mah



MATCHLESS AGENCIES, INC.

1509 WASHINGTON AVENUE
SAN LEANDRO, CALIF. 94577 • TEL: (415) 483-9380

INSURANCE AGENTS - BROKERS

COLLINS R. SMITH, PRESIDENT

DALE E. FORT, VICE-PRESIDENT

SECTION
TO
SCHEDULE
DATE
JUN 4 1973
May 3, 1973
RMN MESS.
STAKERS BUREAU
OTHER

Richard M. Nixon
President of the United States
Washington, D.C.

Dear Mr. President:

APPOINTMENT

I have wanted to write you for a long time but it has just been one of those things that I have hesitated in doing. I hope you remember me, we went to Fullerton High School and played in the school band for two years. You were the fiddle expert and I was the big fiddle player. There is nobody that can convince me that was 46 years ago and I am not interested in their reminding me.

Have certainly carefully kept track of you, along with a few million other people, and am very proud to have once known you. You must love this country very much to have given your life-time to make this the best possible place to live in the world.

A bit about me, I have an insurance brokerage agency in San Leandro and have been in this area practically since finishing college with a few years off for the war. There are many others from Fullerton in this Bay Area and once in awhile we run into each other. You probably remember Oak Adams, he owns an electrical company in Oakland and we play golf together quite often. When you took a ride on BART in San Leandro a few months ago you were about three blocks from my office. I was at the club that day playing golf and did not even know you were going to be here or I would have tried to see you. Some of the gals from the office were there and said you looked great.

I go down to Laguna Beach quite often. My brother Jim, who was President of Farmers Insurance Group in Los Angeles, retired and built a home on the beach there some years ago, and while he died last year, his wife is still there and we visit her often. I have seen your San Clemente residence but only from a distance.

One of the main reasons I am writing you is I am very concerned about the directions of the insurance industry of today, the banking operations and also the savings and loan situation.



MATCHLESS AGENCIES, INC.

1509 WASHINGTON AVENUE
SAN LEANDRO, CALIF. 94577 . TEL: (415) 483-9380

INSURANCE AGENTS - BROKERS

COLLINS R. SMITH, PRESIDENT

DALE E. FORT, VICE-PRESIDENT

Perhaps you remember that my father owned the First National Bank in Fullerton, at that time banks were only in the banking business. Banking in banks today is incidental to their other business. This same situation exists in the insurance companies and also the savings and loans. Some call this progress but I could not disagree more. I am President of the San Leandro Independent Agents Association and we have been fighting the bank holding companies who are in the insurance business and also the savings and loan companies who are really in the insurance business. These are pretty tough lobby combines but I do feel that we have made some progress. Now the banks in California are getting into the insurance business. I read the other day that the holding company of the Bank of California has notified the Federal Reserve Board and has filed notice of intent to engage in other than banking activities, including the insurance agency business and brokerage business. When this is going to stop I do not know but it had better stop soon.

Naturally I am concerned about this because I can see what is happening and believe can see what could eventually happen if the trend is allowed to continue. Lets project this action program of banks and savings and loan companies of getting into the insurance agency business and see what might happen in 30, 60 or 100 years. At some future date all of the insurance written in this country would be written by either the banks or the savings and loans. They have the loaning of money hammer to accomplish this goal. At this time they could quit doing business with insurance companies, start their own insurance companies and eventually all of the banks and lending institutions own all of the insurance business and all of the insurance companies.

Some might say this could not happen because of our anti-trust laws etc., but it is happening and happening every day. What I am saying is happening is that the big are destroying the little and while history has told us that this has happened before, when it has happened eventually the little destroy the big--and we can avoid either of these things happening with better controls and enforcement of existing laws. Insurance companies also need closer policeing.



MATCHLESS AGENCIES, INC.

1509 WASHINGTON AVENUE
SAN LEANDRO, CALIF. 94577 - TEL: (415) 483-9380

INSURANCE AGENTS - BROKERS

COLLINS R. SMITH, PRESIDENT

DALE E. FORT, VICE-PRESIDENT

Perhaps you are thinking that I am a Nader fan, nothing could be farther from the truth. What we need are laws that protect the small business man and enforcement of those laws. I am just a business man that is ver grateful for what he has and would do anything to preserve this country as one of many opportunities but I can see this being destroyed daily with the monopolies that are increasing. Small business has been on the decline for years and this is not good, preservation of the right of a man to be successful in his small business is important for the future health of this country.

I realize your problems are many but would appreciate your thinking for just a few seconds about what I have said even though I have said it poorly. You have done a lot for this country, you are making the laws stronger and better, now lets get them enforced. I have admired your keeping your cool even with your bad press. The press is not hurting you one bit with people who understand that generally speaking the press are a lot like children, they want things their own way, regardless.

Naturally I would love to hear from you or see you but realize you have many more important things to do, however if you are ever in San Clmente and have a minute would certainly enjoy a chat about old times. Incidentally I still have the 1928 High School Annual and you are in there many times. Do you have this too,

God Bless, Good Luck and take care,

Regards,

Collins R. Smith

July 26, 1973

Dear Mr. Martin:

This acknowledges your telegrams of July 5 to Secretary Shultz and President Nixon and your letter of July 13, to the President, regarding recent liberalization of maximum rates payable on passbook accounts and time deposits in federally-insured financial institutions.

I would like to note that the liberalization gives financial institutions increased flexibility to offer their customers a much wider choice of yields, maturities and minimum deposits than possible under the old regulations. This increased flexibility should augment rather than hinder the ability of financial institutions to provide funds in the mortgage market.

Also, as in the case of the old regulations, individual institutions are free to offer their customers returns on deposits up to the legal maximums. As you know, financial institutions have not always used all of the options they have had. For example, in 1971 and last year, many institutions ceased offering or restricted offerings of higher yield time certificates of deposit.

Thank you for communicating your views.

Sincerely yours,

Edward M. Roob

Special Assistant to the Secretary
(Debt Management)

Mr. George C. Martin
President, National Association
of Home Builders
1625 L Street, N. W.
Washington, D. C. 20036

Debt Analysis JK Ouseley;dst;7/24/73

RECEIVED
AUG 9 1973
CENTRAL FILES

GENERAL

F18

F12

August 7, 1973

Dear Mr. de la Garza:

I wish to acknowledge and thank you for your August 3 letter to the President on behalf of Mr. Jim Hand, Executive Vice President of the Tropical Savings and Loan Association in Harlingen, Texas.

You may be assured Mr. Hand's message of concern over the increase in interest rates on savings deposits will be called to the attention of the President and his advisors on fiscal matters at the earliest opportunity. You will hear further as soon as possible.

With kind regards,

Sincerely,

Max L. Friedersdorf
Deputy Assistant
to the President

The Honorable E. (Kika) de la Garza
House of Representatives
Washington, D. C. 20515

bcc: with incoming to Bill Gifford, Department of the Treasury,
for DIRECT REPLY. Please furnish this office with
copy of response.

MLF:VO:ki

15 Aug 73
GENERAL

R13/ST38

FF2
FF8

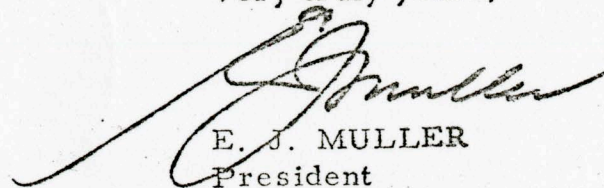
August 10, 1973

The President

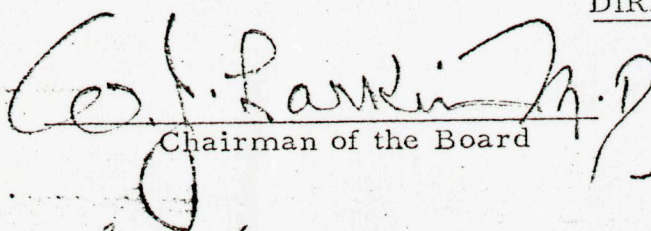
Page 2

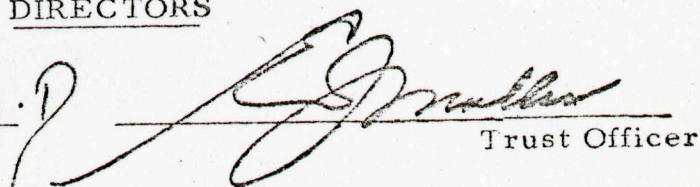
We implore you to study this question thoroughly. We are certain that after careful study you will concur with our thinking.

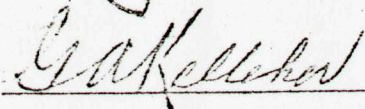
Very truly yours,

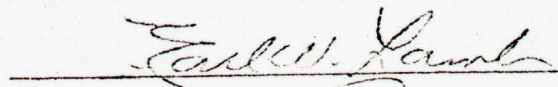

E. J. MULLER
President

DIRECTORS

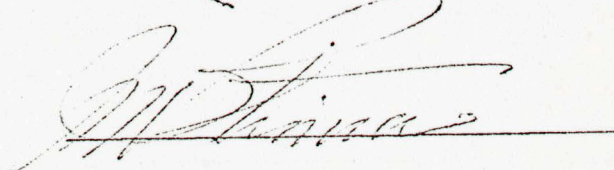

Chairman of the Board


Trust Officer

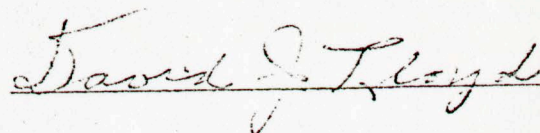












CC: Congressman Joseph McDade
Senator Hugh Scott
Senator Richard Schweiker

BROUGHT FORWARD

GENERAL

FIR

Previously filed

10/11/73
Date

Name

Mildred Miller

Organization

GENERAL

7-102-5

New File Symbol

11/5/73
Date

Final Action

Let for Armstrong
to Mildred Miller

GENERAL

3

FI 5-4

FI 8

FI 2

PR 7

October 29, 1973

San Diego Federal
Savings and
Loan Association

Dear Gordon: C. Luce
+

The President is most appreciative of your August 30 letter expressing your concern with the condition of the mortgage markets and the effects upon housing construction, and I have been asked to reply on his behalf.

Rising interest rates and their adverse influence upon the availability of mortgage financing have been the unpleasant but unavoidable side effects of our efforts to reduce inflationary pressures by moderating the expansion of the economy. If a sustainable expansion in economic activity is to be achieved, we feel that a slower pace for housing and other sectors is appropriate. Because we do not want a sharp, precipitous decline in housing, however, we have been keeping a very close watch on mortgage markets and developments in housing.

As the President stated in his September 19 Housing Message, we have launched a number of efforts in order to improve the availability of funds in the mortgage markets. He authorized the Federal Home Loan Bank Board to make up to \$2.5 billion in forward mortgage commitments to savings and loan associations and reinstituted the Tandem Plan under which the GNMA will purchase an additional \$3 billion of mortgages. In addition, on October 15, the President signed legislation requiring the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board to limit the rates of interest or dividends which may be paid on time deposits of less than \$100,000 by institutions regulated by them.

We are hopeful that interest rates have peaked. As you know, short-term rates have declined sharply in recent weeks and long-term rates have been declining since August. The narrowing differential between short-term open market rates and yields on consumer savings accounts should also make it easier for the savings and loan associations

RECEIVED

OCT 30 1973

CENTRAL FILES

Be

GENERAL

FB267
FIR

W/H
Lew.

81274

December 29, 1973

Dear Mr. Shinholser:

The President has asked me to respond to your thoughtful letter regarding the Hunt Commission legislation. From the time the report was submitted, I have been involved in the Administration effort to evaluate the Hunt Commission proposals and to develop the legislation based on those proposals. My responsibility was to make sure that all views were brought to bear on the final legislative decisions.

The concerns you raised about housing and the need to serve the consumer were our concerns also. While the legislation gives savings and loan associations more flexibility and powers to serve the consumer, we do not believe that these expanded powers will lead S&Ls to become commercial banks. As a consequence of the proposals, consumers would be able to earn a higher rate of return on their savings and would receive a wider range of services. With respect to housing, by providing checking account and consumer credit powers to savings and loan associations, commercial banks will be under greater pressure to make mortgage loans.

It would be difficult in this letter to do justice for all of the reasons underlying our legislation based on the Hunt Commission proposals. In the enclosed Treasury Department statement, we have tried to present the reasoning behind our decisions. I hope this will give you some understanding of the many factors which were weighted before we made our decisions.

If you have any questions, do not hesitate to write. We do appreciate your interest in this important subject.

Best wishes for the New Year,

Sincerely,

15/
Richard D. Erb
Assistant Director

Council on International Economic Policy

Mr. A. Edwin Shinholser
Shinholser and Logan
First Federal Building
Sanford, Florida 32771

GENERAL

January 17, 1974

IV/1974/FG106
FG 31/ST4
FI 2

Dear Mr. Carvill:

Because I assist with the President's schedule, I have been asked to acknowledge your kind letter advising him that while the members of the Arkansas Bankers Association are in Washington early next month they will host a reception and dinner for their Congressional Delegation at the Madison Hotel on February 7 and that they invite him and Mrs. Nixon to join them on this occasion.

The President was very pleased to be asked to be with you and your associates and Mrs. Nixon joins him in an expression of warm thanks for your thoughtfulness. Unfortunately, however, the demands of the heavy official schedule already set for next month will not afford the President the privilege of joining you on the evening of February 7.

With the President's best wishes,

Sincerely,

Terrence O'Donnell

Staff Assistant

to the President

Mr. H. Charles Carvill
Executive Manager

X Arkansas Bankers Association
Suite 1027, Pyramid Building
Little Rock, Arkansas 72201

TO'D:mhr:cakb

RECEIVED

JAN 18 1974

CENTRAL FILES

January 31, 1974

Dear Mr. Shutts:

Thank you for your recent letter.

As always, I was pleased to have your views and suggestions as well as your indication of continuing confidence for President Nixon. I looked into the question of the book you sent me for President Nixon. As I recall, it was about Senator Dodd, and it was returned to you along with a letter written to you dated August 27.

Again, thank you for writing.

With best wishes,

Sincerely,

Ronald L. Ziegler
Press Secretary
to the President

Mr. H. Kenneth Shutts
H. Kenneth Shutts and Associates
3067 Central Avenue
Fort Myers, Florida 33901

RZ/WP/gg

GENERAL

FI 2

February 22, 1974

Dear Francine,

Thanks so much for your recent letter
and news article on the proposed Plaza
del Sol National Bank. X

I am delighted to see that preliminary
approval has been given to the charter,
and trust that the next phase will move
along readily to a successful conclusion.

With best personal regards,

Sincerely,

Anne

Mrs. Tobin Armstrong
Counsellor to the President

Mrs. Edward J. Neff X
1509 Sagebrush Trail, S.E.
Albuquerque, New Mexico 87123

ALA:FS:bg

6

RECEIVED
FEB 25 1974
CENTRAL FILES



Republican
National
Committee.

Mrs. Edward J. Neff
Member for New Mexico
1509 Sagebrush Trail, S.E.
Albuquerque, New Mexico 87123
(505) 299-2479

XC Fred
FEB 11 1974

Reply FM

February 7, 1974

Mr. Robin Armstrong
Counselor to the President
The White House
Washington, D.C.

Dear Anne:

Enclosed is the clipping from
Sunday's Albuquerque Journal
announcing that preliminary approval
for the Plaza del Sol National Bank of
Albuquerque has been granted by the
Comptroller of the Currency, U.S. Treasury
Department.

I wrote you on November 15, 1973,
regarding this matter, and I should
like to thank you on behalf of myself and
Mr. and Mrs. Felicio Gutierrez for your
help.

We are delighted to have the
preliminary approval of the charter
and trust that the Plaza del Sol National
Bank will be a credit and benefit to
the Spanish-surnamed people of New
Mexico and to New Mexico in general.

Sincerely,

Edward J. Neff



Architect's Drawing of Plaza del Sol Bank Bldg.
Construction to Begin Within Two Months

Plaza del Sol Bank Given Preliminary U.S. Approval

By ED MAHR

Preliminary approval for the Plaza del Sol National Bank of Albuquerque has been granted by the Comptroller of the Currency, Dept. of the Treasury.

Albuquerque attorney Avelino Gutierrez, one of the bank organizers, also announced Saturday that the new bank will be located in a planned eight-story building to be located at Second and Roma NW.

FINAL GOVERNMENT approval of the bank's charter is subject to the sale of \$1.25 million in bank stock at \$25 per share.

Gutierrez said the structure housing the bank also will house the Coronado Savings and Loan Assn., which now is located in temporary quarters at 208 W. Central.

Other organizers of the new bank include Dr. Alonzo C. Atencio, UNM Medical School dean; Raymond J. Baca, food processing executive; Dr. Robert Castillo; Dr. Manuel A. Ferran, GATE director; John T. Garcia, city businessman; Dr. Jose A. Garcia, dentist; Lawrence A. Garcia, architect; Phillip Gonzales, APS

official; Ruben G. Ortega, Safeway Stores executive; and Gutierrez.

Construction on the new building is expected to begin within two months. Final Urban Renewal approval on construction plans is expected in two weeks, Gutierrez said.

WHEN IT receives final government approval, Plaza del Sol National Bank will be only the fourth national bank charter to be granted in the city, since the charter given Albuquerque National Bank 50 years ago.

Other national charter banks include the First National Bank, and the Fidelity National Bank.

Gutierrez said the bank soon will launch "an educational program on the benefits of banking, which will involve numerous persons who have not received such benefits."

Gutierrez also said, in an effort to reach a broad base of ownership, the organizers hope to sell stock to at least 2000 city residents.

"Plaza del Sol will dedicate itself to serving the needs of all the people in the community," he said.

February 26, 1974

Dear Mr. Johnson: *W.G.*

On behalf of Mr. Melvin Laird, I want to acknowledge and thank you for your letter of January 7, 1974, in which you offer several suggestions for improving economic conditions and creating new employment opportunities. Specifically, you propose reviving former Section 13(b) of the Federal Reserve Act and also using funds held as reserves against deposits at Federal Reserve Banks to increase the supply of available mortgage credit.

As you probably know, Section 13(b) was added to the Federal Reserve Act in 1934. It authorized the Federal Reserve Banks to make loans to or to purchase obligations directly from established businesses in exceptional circumstances if the staff of the Reserve Bank was convinced that the organization could not obtain the necessary financial assistance on reasonable terms from other sources. Although section 13(b) has been repealed and the Reserve Banks do not as a rule purchase obligations directly from businesses, the Federal Reserve Banks may discount, on the endorsement of a member bank, the notes, drafts and bills of exchange arising out of actual commercial transactions. In addition, section 13 of the Federal Reserve Act (12 U.S.C. 343) has since 1932 permitted the Board of Governors in unusual and exigent circumstances to authorize a Federal Reserve Bank to discount for any individual, partnership, or corporation, notes, drafts and bills of exchange, provided evidence indicates that such individual, partnership, or corporation is unable to secure adequate credit from other banking institutions.

Former section 13(b) also authorized the Federal Reserve Banks to discount for or purchase from banks, trust companies, mortgage companies and credit companies, the obligations of established industrial or commercial

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FEB 27 1974

CENTRAL FILES

businesses in need of working capital. In 1958 the Federal Reserve Banks were relieved of this function and the task of channeling funds to small businesses in need of working capital was transferred to the Small Business Administration (SBA) under the Small Business Investment Act. The legislation, enacted in 1958, was intended to stimulate and supplement the flow of private equity capital and long-term loan funds which small business concerns need for the sound financing of their business operations and which were not available in adequate supply. The legislation established a new division within the SBA, known as the Small Business Investment Division, which supervises the activities of the small business investment companies chartered under the Act. The SBA is authorized under the Act to purchase the obligations of such investment companies in order to supply them with funds to lend to small business in their area.

Your second suggestion involves the use of "idle" funds held as reserves for financing residential construction. The reserve balances held at Federal Reserve Banks are an essential component of the system established by Congress to guarantee the security and stability of our banking structure. At the present time, the Federal Reserve Act does not permit loans from reserve balances and, therefore, authorization for using reserve balances as a source of mortgage credit must come from Congress.

With best regards,

Sincerely,

Jack A. Walker
LTC, US Army

Dear Mr. Johnson:

Thank you for your letter of January 7, 1974, in which you offer several suggestions for improving economic conditions and creating new employment opportunities. Specifically, you propose reviving former section 13(b) of the Federal Reserve Act and also using funds held as reserves against deposits at Federal Reserve Banks to increase the supply of available mortgage credit.

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THE WHITE HOUSE OFFICE

THRU: Mr. ~~XXXXXXXXXXXX~~ J. Fred Buzhardt
Counsel to the President

REFERRAL

#208
BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM

To: Chairman, Board of Governors
Federal Reserve System
Twentieth Street and Constitution Avenue, NW
Washington, D. C. 20551

Date: January 10, 1974 PM 12:02

RECEIVED
OFFICE OF THE CHAIRMAN

ACTION REQUESTED

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

due by 2/25
Mr. Nicole
Prompt action is essential.
If more than ~~ten days~~ delay is encountered,
please telephone the undersigned immediately,
Code 1450. (456-6424)

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

REMARKS:

None

Description:

☒ Letter: ☐ Telegram: ☐ Other:
To: Melvin R. Laird
From: W. G. Johnson, Industrial Research Laboratories, 10053 River Road,
Date: January 7, 1974 Mequon, Wisconsin 53092
Subject: Federal Reserve Bank Act of 1956.

By direction of the President:

Jack Walker
LTC JACK WALKER
Military Assistant to Melvin R. Laird

Industrial Research

10053 RIVER ROAD

MEQUON, WISCONSIN 53092

Laboratories

January 7, 1974

Ref # 208

Mr. Melvin R. Laird
Adviser to the President
White House
Washington, D. C. 20500

Dear Mr. Laird:

The Industrial Research Laboratories was created by this appellant in 1947 as a non-profit, non-stock institution dedicated to the creation of production jobs in new condominium self-help village governmental bodies.

In 1949 the state of Wisconsin granted Industrial Research a tax exempt charter for these purposes. President L.B. Johnson's special counsel's letter in February 1964 relating to new production jobs stated: "It seems to me that you would be wise to pursue your novel approach to an important problem at the state and local level."

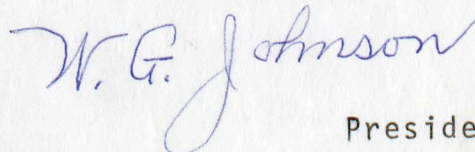
In 1969 Mr. Charles Scanlon, President, and his vice president of the Chicago District Reserve Bank, after a two hour discussion of our plans for Federal Reserve guaranty, said: "If Section 13.b of the 1956 Act promoted by President Eisenhower was still in effect, we could guaranty your total financing program before you leave this office."

Since Wisconsin's statutes provide all the legal economic tools and idle excess reserves in their state banks in excess of 50 billion dollars, we are appealing to you and others such as George Shultz of Treasury; cost of living John T. Dunlop; Congressman Patman, a longtime critic of the Federal Reserve Board, and, finally, labor who will gain new condominium members that could retard more militant labor actions. The Presidency could gain new respect if you can get his blessing for reinstating President Eisenhower's Reserve Bank Act of 1956.

Yours very truly,

INDUSTRIAL RESEARCH LABORATORIES

W.G. Johnson
mj



President

MONETARY OPPORTUNITY

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE
1974 FEB 13 P

This brief presentation of today's world in its struggle for more power and more wealth, suggests that without vision, science and a strong incorruptible, magnanimous dictator, this nation and this world is headed for an economic and social revolution.

The inexorable laws of nature, based on change, balances and differences, decree that kingdoms and large democracies cannot long survive. Political and economic history records the services of dictators, like Daniel, the prophet under the Babylon king in 585 B.C.; Solon, the Greek law giver who reformed the first democracy; Octavian Augustus of Rome who built the Roman empire; and Doctor Erhard, West Germany's economic ruler from 1948 to 1958. All re-established nature's social and economic laws.

Fortunately, we have all of the monetary tools within our complex - state, national and Federal Reserve Banking systems, understood by few, feared by state banks and described by Mr. Alan Spraul, former head of New York Federal Reserve Bank, as a fraudulent system.

FEDERAL RESERVE SECRETS

In 1955 Congress requested Thomas O. Wraage, president of the Federal Reserve District Bank of New York City to publish a booklet explaining the Federal Reserve System. A quotation relative to the secrets of federal monetary policies reads:

"Since money enters into all areas of the economy, it has been necessary to set limits to how far this explanation should go, or the whole of the economy would have been under investigation."

In 1969 this innovator was aided by Charles Scanlon, president of Chicago's Federal Reserve District Bank, in a two hour discussion relating to his publication "The Weaknesses of our Financial System in a Money Crisis." This discussion developed the following outline of the available tools that could impede the threatening social and economic crisis.

ECONOMIC TOOLS

Reinstate section 13.b Congressional Act of 1956, a mandate to the Federal Reserve to purchase and hold for resale of low cost housing and related small industrial mortgages.

Provide incentive for our fifty states to create a Wisconsin type state bank indemnity fund to guaranty local banks for the top 20% of loss incurred on mortgages financed by a State Bankers Mutual Guaranty Trust.

New incorporated village condominium guaranty trust funds to provide for a stake in capitalism for 1,000 home owner builders who learn as they earn on the job and who contribute capital weekly, plus extra overtime hours without pay, sufficient to finance a guaranty trust fund of last resort.

At our request President John F. Kennedy sponsored and signed the 1962 housing bill that appropriated funds for low interest long term loans for nonprofit financing of low cost housing.

All participating guaranty trust funds shall be mandated to invest and reinvest all reserves and gains in U. S. government reserve bonds to aid the federal treasury in reducing and re-financing the federal debt in a crisis.

Available idle excess reserves in our fifty state banking systems, including frozen cash reserve deposits in national banks, are in excess of 50 billion dollars. When operating with a 20% reserve in U.S. government debt bonds, new 100% guaranty mortgage credits could be generated in excess of 200 billion dollars of revolving mortgage investments by the fifty state banking systems.

MAY 29 1974

Dear Dr. Lambdorff, *Otto Genf*

Thank you for your letter expressing concern over the possibility of legislation regulating the operations of foreign financial institutions in the United States.

The growth of foreign bank activity in the United States has led to complaints that foreign banks enjoy an overly favorable competitive position within the U. S. financial market because they are regulated differently than U. S. commercial banks. These differences in regulations stem primarily from our unique dual banking system. Unlike other countries which have centralized federally run regulatory agencies, the United States has a system in which both federal and state governments share regulatory and chartering responsibilities. Although the system may appear highly complicated, the practical effect of overlapping jurisdictions in the financial area is to allow foreign owned banks in the United States more operational leeway than their domestic counterparts in some instances.

One regulatory advantage enjoyed by foreign banks is their ability to open branches in more than one state. Although all states prohibit branching by U. S. banks located in other states, some states will allow foreign banks to establish a branch, under similar circumstances.

Another advantage is that foreign banks, which operate through branches in the United States may set up security industry subsidiaries to engage in brokerage and investment banking activities. This activity is denied to U. S. banks under the terms of the Glass Steagall Act of 1932 and the Bank Holding Company Act.

While these advantages may or may not be of major significance, it is a basic tenant of U. S. policy that foreign companies, operating in the United States, should be subject to those rules and regulations governing U. S. owned companies. Such a policy of nondiscrimination is not one-sided, it also protects foreign owned firms from restrictions which do not apply equally to U. S. owned operations. This, in

cc: Mr. Felt; Mr. DeLoach; Mr. Casper; Mr. Callahan; Mr. Conrad; Mr. Felt; Mr. Gale; Mr. Rosen; Mr. Sullivan; Mr. Tavel; Mr. Trotter; Mr. Tele. Room; Mr. Holmes; Miss Gandy

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MAY 30 1974
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GENERAL

FIR

BE5-3

FIR

③

OFFICE OF THE SECRETARY OF THE TREASURY

May 30, 1974

WASHINGTON, D.C. 20220

MAY 28 1974

Dear Mr. Wagner:

On behalf of President Nixon, I want to thank you for your letter of May 11 regarding rising interest rates.

I can understand your concern over this important problem. Interest rates are much higher than we like to see them. Unfortunately, there is no quick or easy way to bring about a reduction in the cost of borrowing. Interest rates are now reflecting the high rate of inflation itself. It would be self-defeating to step up the rate of growth in money and credit since inflation would intensify and make a bad situation worse.

Attached is a draft reply to a letter from you.

Instead, we must continue to pursue those policies of fiscal and monetary restraint which will reduce the rate of inflation thereby reducing interest rates in the process. Many financial observers believe that interest rates are near or at their peak, and most such observers expect interest rates to be appreciably lower by the end of the year.

I can assure you of President Nixon's concern over this problem and our firm resolve to bring inflation under better control.

Sincerely,

Roland L. Elliott
Special Assistant
to the President

Mr. William Wagner
Catering Corporation of America
One East Wacker Drive
Chicago, Illinois 60601

RLE:TREASURY:RLE:mg

7

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MAY 30 1974

CENTRAL FILES

29
July 16, 1974

Dear Taft:

Thank you for sending me a copy of your
letter from Mark Taper.

I have passed it along to Ken Rush, as
you suggested.

Best regards,

Sincerely,

ALEXANDER M. HAIG, JR.
General, United States Army (Ret.)
Assistant to the President

Mr. Taft B. Schreiber^x
x MCA Inc.
100 Universal City Plaza
Universal City, California 91608

AMHjr:jg

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JUL 22 1974
CENTRAL FILE

yellow copy

THE WHITE HOUSE
WASHINGTON

July 16, 1974

General Haig:

With regard to the attached, do you
want to pass to Ken Rush?

Yes ☒ No ☐

Do not
Thank to Staff
I tell him
passed on
George
Blue
PD



100 UNIVERSAL CITY PLAZA
UNIVERSAL CITY, CALIFORNIA 91608

PHONE 985-4321

EXECUTIVE OFFICES

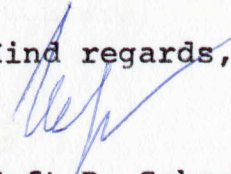
July 3, 1974

General Alexander M. Haig, Jr.
Chief of Staff
Washington, D.C.

Dear Al:

The attached note is from Mark Taper, a friend of the President and staunch Nixon supporter, the head of the number one or number two savings and loan institution in America. He really knows his stuff. His comment may be worthwhile passing along to Kenneth Rush.

Kind regards,


Taft B. Schreiber

TBS:eb
Enc.

AMERICAN SAVINGS

AND LOAN ASSOCIATION
FOUNDED 1885

9535 WILSHIRE BOULEVARD, BEVERLY HILLS, CALIFORNIA 90212 (213) 273-6663

July 1, 1974

Dear Taft:

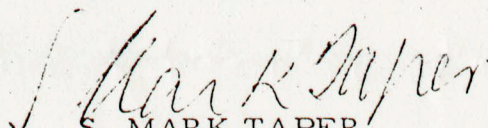
RE: CITICORP'S \$850 MILLION NOTE OFFERING SCHEDULED NEXT WEEK

CITICORP'S \$850 MILLION NOTE OFFERING SCHEDULED FOR NEXT WEEK WILL DRAW FUNDS AWAY FROM A SEVERELY DEPRESSED HOUSING MARKET.

SMALL SAVERS ARE BEING TEMPTED TO OBTAIN HIGH YIELDS ON UNINSURED NOTES BEING OFFERED BY A BANK HOLDING COMPANY. THEY WILL WITHDRAW FUNDS FROM INSURED SAVINGS INSTITUTIONS TO DO SO. WITH MANY USES FOR MONEY PAYING MUCH HIGHER INTEREST RATES, A BANK HOLDING COMPANY WOULD NOT CHANNEL PROCEEDS OF THE OFFERING INTO HOUSING MORTGAGES PAYING 8 3/4% to 9 1/2% WHEN IT WILL BE PAYING AT LEAST 9.70% INITIALLY.

UNDOUBTEDLY THE PROCEEDS WILL FIND ITS WAY INTO HIGHER YIELDING AREAS OF INVESTMENT, DOMESTIC AND FOREIGN. THE ECONOMY CAN ONLY BE SEVERELY HURT BY THIS TYPE OF FINANCING.

SINCERELY,


S. MARK TAPER
PRESIDENT

SMT:rh



THE WHITE HOUSE OFFICE

REFERRAL

TAPER, S. MARK

To: The Honorable
William E. Simon
Secretary of the Treasury
Room 3330, Main Treasury

Date: July 25, 1974

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 72 hours' delay is encountered, please telephone the undersigned immediately,

~~XXXXXXXXXX~~ Code 1450 456-6774

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

REMARKS:

Description:

☒ Letter: ☐ Telegram: ☐ Other:

To: General Alexander M. Haig, Jr.

From: Taft B. Schreiber, MCA Universal City, California

Date: July 3, 1974

Subject: Comments re CITICORP and MARKET

By direction of the President:

Kenneth Rush
KENNETH RUSH
Rm 204, OLD EOB

RECEIVED
JUL 26 1974
CENTRAL FILES



100 UNIVERSAL CITY PLAZA
UNIVERSAL CITY, CALIFORNIA 91608

EXECUTIVE OFFICES

PHONE 985-4321

*Log
Treas. for
direct reply
cc of reply
for us.*

July 3, 1974

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Chief of Staff
Washington, D.C.

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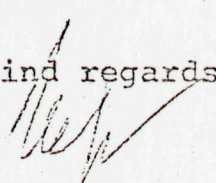
THE WHITE HOUSE
WASHINGTON

July 16, 1974

TO: KEN RUSH
FROM: AL HAIG 

For your information.

Kind regards,


Taft B. Schreiber

AMERICAN SAVINGS

AND LOAN ASSOCIATION
FOUNDED 1885

9535 WILSHIRE BOULEVARD, BEVERLY HILLS, CALIFORNIA 90212 (213) 273-6663

July 1, 1974

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SINCERELY,


S. MARK TAPER
PRESIDENT

SMT:rh

