

N. Martin

June 8, 1977

MEMORANDUM FOR MR. WILLENS

Subject: Establishment of a Northern Marianas Development Bank

Further to yours of June 8 on the above subject, I am not an expert on "development" banks. Messrs. Stern and Heller probably know more about development banks.

What is the banking establishment in the Northern Marianas now? Are privately owned banks permitted to do business there? Is there any law that governs formation and operation of (a) commercial, (b) investment, (c) merchant or (d) development banks? Does the government have or want to have a central bank (i.e. Bank of England, Federal Reserve System, Bundesbank, etc.).

A government-owned development bank is ordinarily thought to exist (in part, at least) to provide long-term financing for "development" projects. If the Northern Marianas Government were to create such a bank, query whether access by that Government to other "development" loan funds, such as from the World Bank, would be diminished on the theory that the area had its own development bank.

- 2 -

We can discuss the subject at your convenience. I think you should also mention the project to Messrs. Stern and Heller. Whether I could be of beneficial use to your client would depend on (a) what kind of institution the client wants to create and (b) the timetable for delivery of our services.

It sounds to me as if this project ought to be done at our regular billing rates plus full coverage of our direct client charges. Would Nathan be our client?


RCC III