

UNITED STATES PACIFIC FLEET
HEADQUARTERS OF THE COMMANDER IN CHIEF

FF1-1
5860
Ser 14/ 4206

7 OCT 1959

Mr. Olympio T. Borja
Speaker, Twelfth Saipan Legislature
Saipan, Marianas Islands

Dear Mr. Borja:

This is in reply to your letter of 1 October 1959 in which you forwarded a certified copy of Resolution Number 6 of the Twelfth Saipan Legislature which requests that the Saipan Special Deposit Fund be deposited with the Saipan Branch of the Bank of America, National Trust and Savings Association.

Prior to specifically replying to the request contained in the Resolution, I would like to comment on some of the statements appearing in the text of the Resolution.

It is stated in the Resolution that, according to information and belief, only the income from the fund and none of the principle may be disbursed and utilized for the benefit of the indigenous inhabitants of the Saipan District. In the policy letter which established the fund, Commander in Chief U. S. Pacific Fleet letter serial 3547 of 20 August 1956, it is stated that the Commander in Chief U. S. Pacific Fleet desires that the funds arising from the land transactions should be exclusively reserved for use in connection with programs and projects designed to serve and enhance the welfare of the indigenous inhabitants of the Saipan District. At the present time the Commander in Chief has under consideration plans for a new Saipan hospital to be funded from this fund.

It is inferred in the Resolution that the funds are not adequately secured under the existing arrangement. The deposits are secured by \$1,126,000.00 in U. S. Government Bonds. These bonds are owned by the Bank of Hawaii and are deposited with the Wells Fargo Bank in San Francisco for the sole purpose of securing the funds on deposit in the Saipan Special Deposit Fund. This arrangement is the subject of a formal written agreement between the three parties concerned. In addition, the Bank of Hawaii is a member of the Federal Deposit Insurance Corporation.

The transfer of the Saipan Special Deposit Fund to the Bank of America has been the subject of recent correspondence between the Commander in Chief U. S. Pacific Fleet and the Manager of the Bank of America, Agana, Guam. In this correspondence the Bank of America was advised that, after a complete review of the matter, it had been determined that no change in the existing arrangements for investment of these funds was contemplated.

This policy is reiterated at this time. The existing arrangements for custody, security and investment return of these funds is considered quite adequate and the Commander in Chief U. S. Pacific Fleet does not contemplate any change in the present arrangements.

The contributions made by the Bank of America to the welfare of the residents of the Saipan District are known to and appreciated by the Commander in Chief and this command is on record officially expressing its thanks to the Bank of America for these contributions.

The interest of the Saipan Legislature in this matter is also appreciated and it is regretted that a more favorable reply cannot be made to your Resolution.

Sincerely yours,

H. G. HOPWOOD
Admiral United States Navy
Commander in Chief U. S. Pacific Fleet

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Received

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