

8870-85

9/14/60

Not Suspended to

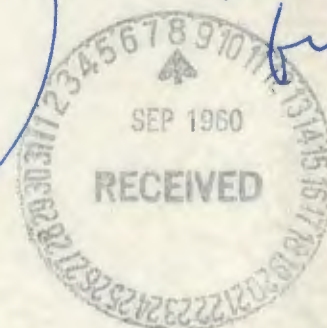
*Industrial
Dev.
file*

NORFOLK AND WESTERN RAILWAY COMPANY

STUART T. SAUNDERS
PRESIDENT

ROANOKE, VIRGINIA

September 8, 1960.



Mr. Frank Batten,
Norfolk, Virginia.

Mr. Henry E. McWane,
Lynchburg, Virginia.

Mr. Lewis F. Powell, Jr.,
Richmond, Virginia.

Mr. J. Harvie Wilkinson, Jr.,
Richmond, Virginia.

Mr. E. H. Will,
Richmond, Virginia.

Mr. John B. Woodward, Jr.,
Newport News, Virginia.

Gentlemen:

As you know, our group has been discussing the possibility of getting the Department of Conservation and Economic Development to permit us to furnish them a topnotch industrial man. Someone has referred to him as "Virginia's Industrial Ambassador." We have now, I believe, worked out a satisfactory arrangement for carrying out this idea, and I enclose copy of Marvin Sutherland's letter of the 6th to me with "Memorandum of Understanding." From this you will see that the program has been approved by both the Governor and the Commission.

I think it important that we take steps promptly to implement this program, and I would like to have a luncheon meeting of our group at the Commonwealth Club, Richmond, at 12:30 on September 14. I hope very much that all of you can attend.

Sincerely,

Stuart

Encl.

MARVIN M. SUTHERLAND
Director
A. S. RACHAL, JR.
Executive Assistant

DIVISIONS

FORESTRY
INDUSTRIAL DEVELOPMENT AND PLANNING
MINERAL RESOURCES
PARKS
PUBLIC RELATIONS AND ADVERTISING
WATER RESOURCES

COMMONWEALTH OF VIRGINIA



DEPARTMENT OF CONSERVATION AND ECONOMIC DEVELOPMENT

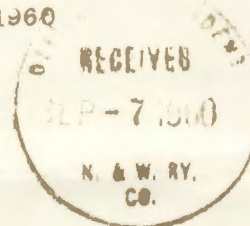
STATE OFFICE BUILDING
RICHMOND 19

September 6, 1960

BOARD

VICTOR W. STEWART, Petersburg
Chairman
G. ALVIN MASSENBURG, Hampton
Vice-Chairman
A. PLUNKET BIERNE, Orange
C. S. CARTER, Bristol
ANDREW A. FARLEY, Danville
WORTHINGTON FAULKNER, Glasgow
SYDNEY F. SMALL, Roanoke
ERWIN H. WILL, Richmond
WILLIAM P. WOODLEY, Norfolk

Mr. Stuart T. Saunders, President
Norfolk and Western Railway
Roanoke, Virginia



Dear Mr. Saunders:

You will recall the discussion on August 10 when you and Mr. Trapnell met with the Executive Committee of our Board. You proposed that a group of Virginia businessmen would underwrite the salary of an industrial development expert who would be assigned as a Consultant to the Governor and to the Department of Conservation and Economic Development.

This proposal was approved by the full Board on August 18, subject to approval by the Governor. On September 1, the Governor gave his approval to the proposal as set forth in the enclosed "Memorandum of Understanding". If, in your opinion, the Memorandum needs modification, please give us the benefit of your suggestions.

If the Memorandum is agreeable to you and your associates, it is suggested that you proceed with the selection of nominees for the position. Until some one has been selected and approved by the several parties concerned, I am sure you will agree that this matter should not be publicized.

I am confident that the addition of an experienced industrial development specialist will do much to accelerate Virginia's program. You may be assured that his efforts will be wholeheartedly and enthusiastically supported by the Governor, our Board, our staff and myself.

With best wishes, I am

Sincerely yours,

Marvin Sutherland

M.M. Sutherland
Director

enc.

cc: Mr. Victor W. Stewart (enc)
Mr. Erwin H. Will (enc)

You Are Welcome in Virginia—Birthplace of the Nation

MEMORANDUM OF UNDERSTANDING

August 18, 1960

Re: Industrial Development Expert

A group of Virginia businessmen interested in the State's industrial development have offered to underwrite the salary of an industrial development expert who would be assigned as a Consultant to the Governor and to the Department of Conservation & Economic Development for such duties as may be determined by the Director and the Board.

This individual would be selected by the group of businessmen and his appointment would be subject to approval by the Board of Conservation & Economic Development and the Governor. His tenure of office would be at the pleasure of the Board and the Governor. Furthermore, his services could be terminated at any time by the sponsoring group of businessmen. It is proposed that the employment agreement would be between this individual and the group of businessmen. He would become a Consultant by virtue of a letter of authority from the Governor (in effect a dollar a year man.)

He would be provided with office space, secretarial services, and ordinary travel expenses by the Division of Industrial Development & Planning in the same manner as if he were a regular member of the staff. Any entertainment expenses would, of necessity, be borne by the sponsoring group.

He would report through the Director to the Board of Conservation & Economic Development and would work in close cooperation with the Commissioner of Industrial Development & Planning. It is expected that he would call on industrial prospects and cooperate with other industrial development organizations and agencies throughout the State.

September 9, 1960

8870-85

Stuart T. Saunders, Esquire
President
Norfolk & Western Railway Co.
Roanoke, Virginia

Dear Stuart:

I will be delighted to join you for lunch
on September 14.

Sincerely,

24/166

October 4, 1960

Dear Stuart:

I am planning to attend the dinner on October 12, and look forward to seeing you then.

Bill Trapnell has called me about his committee to look for a "man", and we are meeting tomorrow.

Sincerely,

24/166

Stuart T. Saunders, Esquire
President
Norfolk & Western Ry. Co.
Roanoke, Virginia

Pat - suspended

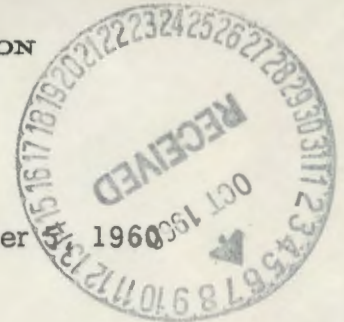
8870-85

2

COMMONWEALTH NATURAL GAS CORPORATION
116 SOUTH THIRD STREET
RICHMOND, VIRGINIA

W. H. TRAPNELL
PRESIDENT

October 1960



Mr. Lewis F. Powell, Jr.
Hunton, Williams, Gay, Powell & Gibson
Electric Building
Richmond, Virginia

Dear Lewis:

In connection with our appointment as a committee to select an industrial consultant to work with the Department of Conservation and Economic Development, it is proposed to have a meeting prior to the dinner next Wednesday, October 12, of Stuart Saunders' informal industrial group. The committee meeting will be at 5:15 in the west dining room on the second floor of the Commonwealth Club.

It will be appreciated if you will be prepared to make any suggestions which you may have as to potential candidates for this post, or sources from which the names of such candidates might be procured.

Of course, no specific interviews can be undertaken until a number of factors pertaining to this particular post have been established by the larger group or the Executive Committee; but, in the meantime, we can accomplish some of the work in the way of obtaining lists of potential candidates, and do preliminary screening preparatory to the actual task of making a final determination.

Sincerely yours,

Bill

W. H. Trapnell

WHT:rh

WILLIAM H. TRAPNELL
116 SOUTH THIRD STREET
RICHMOND 19, VIRGINIA

October 7, 1960

Mr. Lewis F. Powell, Jr.
Hunton, Williams, Gay, Powell and Gibson
Electric Building
Richmond, Virginia

Dear Lewis:

As I discussed with you briefly the other day, I probably will not get back from the A.G.A. meeting in Atlantic City in time to attend Stuart Saunders dinner next Wednesday and, of course, the sub-committee meeting at 5:15 beforehand.

I would appreciate very much your conducting the meeting in this event. My primary purpose in calling the group together was to develop sources for potential candidates by taking advantage of the time when the out-of-town members, Messrs. Tulloch, Hofheimer and Batten are available. I also expect that Erwin Will will have heard from Lou Purdy as to his ideas on the matter and that Mr. Tulloch may have developed some possibilities through his General Electric association.

For what it may be worth, I am enclosing with this note, Henry McWane's file covering our previous work in this field apropos Harvie's suggestion. I do not believe, however, that it will give us much help.

Many thanks for handling this matter for me.

Sincerely yours,



W. H. Trapnell

WHT:rh

October 19, 1960



Mr. William H. Trapnell, President
Commonwealth Natural Gas Corporation
Richmond, Virginia

Dear Bill:

After attending the meeting in Richmond last week it appeared to me that before I could be of help in trying to obtain potential candidates for the position under discussion, we should all be in agreement on the responsibilities and the specifications of the position. The meetings which Lewis Powell and Stuart Saunders conducted clarified much of the situation, in my mind at least, and I have taken the liberty of outlining and attaching the concept as I see it.

As soon as it is agreed that we know what we are looking for, we can move ahead to determine how to obtain the names of candidates, how to obtain interviews, who is to do the interviewing, and how such interviews are to be paid for.

Very truly yours,

H. W. Tulloch

H. W. Tulloch, Manager
Employee and Community Relations

HWT:rh
Attachment *in A*

cc: Frank Batten
→ Lewis F. Powell
Stuart T. Saunders
J. Harvie Wilkinson, Jr.

October 24, 1960

Mr. H. W. Tulloch, Manager
Employee & Community Relations
General Electric Company
Waynesboro, Virginia

Dear Hank:

Many thanks for the copy of yours of October 19 to
Bill Trapnell.

Your memorandum is excellent, and should help us all
clarify our thinking on this matter.

Sincerely,

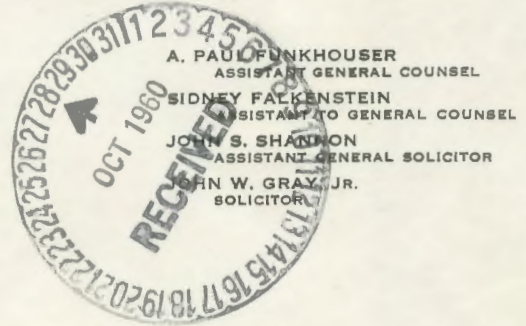
24/166

NORFOLK AND WESTERN RAILWAY COMPANY

JOHN P. FISHWICK
VICE PRESIDENT - LAW
MARTIN P. BURKS
GENERAL COUNSEL
JAMES E. CARR
GENERAL TAX ATTORNEY
ROBERT B. CLAYTOR
GENERAL SOLICITOR

LAW DEPARTMENT ROANOKE, VIRGINIA

October 27, 1960



Lewis F. Powell, Jr., Esq.
Hunton, Williams, Gay, Moore and Powell
1003 Electric Building
Richmond 12, Virginia

Dear Lewis:

This letter refers to our telephone conversation yesterday with respect to compensation to be paid to an industrial consultant by a number of corporations in Virginia and the manner in which it would be paid. I understand this consultant would be representing the State, but his compensation would actually be paid by a number of Virginia corporations interested in promoting industrial development.

I believe it is clear that our Company, VEPCO, and probably other companies that would be interested in this undertaking could justify for tax purposes their expenditures for such activities if undertaken solely by or for one of such companies. The companies could also join together in a common endeavor along the line proposed.

I do not believe that any tax exempt corporation or association need be set up to which the funds could be paid and in turn paid out to the consultant.

The consultant could be paid directly by the corporations joining in the undertaking, or, as you have suggested, a bank could be used as a collecting agency for the funds. One apparent advantage of having a bank act as a collecting agency would be that it could audit the account and provide for the timely collection of the amounts due from the participants. It would seem that any charge for such services from a bank would be comparatively nominal.

I understand that you are in tentative agreement with the thoughts expressed in this letter. We shall appreciate hearing from you.

With best personal regards.

Sincerely,

James E. Carr
James E. Carr
General Tax Attorney

g/E
cc: STS

MEMORANDUM

to Brice Graves

DATE 10/31/60

FROM L. F. Powell, Jr.

FILE NUMBER 8870-85

Re: Committee on Virginia
Industrial Development

An informal group of Virginia business and utility corporations are planning to pay the salary of a consultant who will work with the Virginia Department of Conservation and Development.

The consultant will endeavor to bring new industry to Virginia and to encourage industry presently located here to expand.

Stuart Saunders is the Chairman of this Committee and Harvie Wilkinson is its Vice Chairman. You will note that Jim Carr's letter of October 27 (attached hereto) concludes that payments made toward the salary of this consultant will in his opinion be deductible expense.

As this is a question being asked by all of the corporations concerned, Messrs. Saunders and Wilkinson wish to know whether we concur in Jim Carr's view. I have informed them that I do tentatively, but wanted to have the benefit of your advice before rendering a definite opinion.

*58-1, 90**21-1, 123**22BTA 1236*

L.F.P., Jr

24/166
Encl

Brice Graves

10/31/60

L. F. Powell, Jr.

8870-85

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As this is a question being asked by all of the corporations concerned, Messrs. Saunders and Wilkinson wish to know whether we concur in Jim Carr's view. I have informed them that I do tentatively, but wanted to have the benefit of your advice before rendering a definite opinion.

L.F.P., Jr

24/166

Encl

Extra

M E M O R A N D U M

To: Mr. Powell

November 1, 1960

From: H. Brice Graves

COMMITTEE ON VIRGINIA INDUSTRIAL DEVELOPMENT

I agree that payments made toward the salary of the consultant to the Committee should be deductible for income tax purposes. The position of the Internal Revenue Service in this connection was stated in I. T. 3706, 1945 C. B. 87, and I believe this still represents the views of the Service.

I. T. 3706 dealt with the question whether contributions made to the M County Development Fund were deductible as business expenses. The Fund was sponsored by the local Chamber of Commerce to promote the economic, industrial and agricultural welfare of M County. The Commissioner pointed out that the question whether a contribution to such a fund is deductible as an ordinary and necessary business expense depends on whether the contribution is made for a bona fide business purpose and is reasonably calculated to further the business of the contributor. The ruling then continued:

"It is the desire of the Bureau that its policy with respect to the treatment of such contributions be as liberal as possible, consistent with the statute. Accordingly, it is held that contributions made to the M County Development Fund by taxpayers engaged in trade

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"It is the desire of the Bureau that its policy with respect to the treatment of such contributions be as liberal as possible, consistent with the statute. Accordingly, it is held that contributions made to the M County Development Fund by taxpayers engaged in trade

or business in the city of R or the County of M are deductible for Federal income tax purposes under section 23(a)(1)(A) of the Code as business expenses unless it appears that the contributions are not made for the purpose, and with a reasonable expectation, of deriving a business profit therefrom."

As a practical matter it seems to me that contributions should be made to the organization that controls the activities of the prospective consultant. This might not be necessary as a technical matter, but the problems I have in mind relate to the question whether the consultant will be an employee of anyone. If so, presumably withholding will be required for income and social security tax purposes, and various tax information returns will have to be filed. The consultant, I would suppose, will not be an employee of the various contributing corporations and would not be an employee of a bank acting as collecting agent. The consultant might be an independent contractor in which event some, but not all, of the problems would be eliminated.

Thus I agree that payments made toward the "salary" of the consultant should be deductible if made for a business purpose as explained in I. T. 3706, but if the consultant receives a "salary", I would think that it would be preferable to make the payments to the employer.

H.B.G.

November 1, 1960.

Hewitt Bissett, Esquire,
General Counsel,
Chesapeake and Ohio Railway,
Richmond, Virginia.

Dear Hewitt:

This is in further reference to our several telephone conversations about the proposed employment of what might be called an industrial ambassador for the State of Virginia.

For some time, an informal group of business leaders, including, among others, such people as Stuart Saunders, Erwin Will, Harvie Wilkinson and Lewis Powell, has been studying the problem of how business may best contribute to a program for stimulating industrial progress in Virginia and a number of conferences have been held with the Governor, the Director of the Department of Conservation and Development, and with the Attorney General, resulting in approval of a plan for the employment of a man of real standing to serve as a consultant to the Governor and an industrial ambassador for the State.

It is obvious that the type of man to be found for such a position would not be attracted by the salary permissible under the State scale so the plan which has been devised contemplates the creation of a position in the Department of Conservation and Development which will carry only a nominal salary and routine office expenses, with provision of substantial compensation, plus an entertainment fund, by business interests. It is thought that a salary of about \$25,000, with a \$10,000 entertainment or expense allowance, would have to be assured in order to attract a man of sufficient standing and ability to accomplish the purposes of the undertaking.

The present indications are that the power companies will contribute \$5,000 to \$6,000, the four leading banks in the state \$5,000, the telephone and gas companies \$5,000, the newspapers about \$3,000, and general business in the larger cities about \$12,000. The railroads will be asked to contribute the remaining \$5,000 and it seems obvious that the N&W and the C&O will have to bear the lion's share of this, since, as you know, the Southern has indicated lack of enthusiasm and the other roads have

lesser interests involved.

If the plan is to succeed, business must, of course, be prepared to underwrite it for a sufficient length of time to test its effectiveness, else it would not be possible to attract the kind of man required for the job. The arrangement would, however, be terminable at the will of either the State or the business interests involved.

As above indicated, the whole program has been thoroughly discussed with the Governor and the Director of the Department of Conservation and Development and both are enthusiastically in favor of it. Moreover, I understand the Attorney General has reviewed the program and sees no legal problems in it.

I shall be grateful if you will discuss this plan with the appropriate officials of your company, with a view to enlisting their agreement to joining with the Norfolk and Western in underwriting the major portion of the railroad quota. Our people think the idea has an excellent potential and we hope the C&O will support it enthusiastically.

With best regards, I am

Sincerely,

STS

Hs-B

Martin P. Burks
General Counsel

To Mr. Graves

- ① To note
- ② Do you have any further ideas on the "mechanics" of payment & the "employee vs. independent contractor" point?
- ③ Return to me.

Leung

November 3, 1960.



Hewitt Blaett, Esquire,
General Counsel,
Chesapeake and Ohio Railway Company,
Richmond, Virginia.

Dear Hewitt:

After our telephone conversation today about the industrial ambassador matter, I tried to reach Stuart but found him out of town until Sunday. I then talked to Lewis Powell, who gave me the answers to some of your inquiries.

Lewis said, for example, that both Bryce Graves and Jim Carr had considered the deductibility for tax purposes of the proposed contributions and were of the opinion that there would be no difficulty about their allowance as business expenses. On the question of the mechanics of collection and disbursement of the money he was less explicit because these details have not yet been worked out. The current thinking seems to be that it would be unwise to set up any formal organization of business leaders but that it would be better to arrange with a bank to receive and disburse the money. Questions as to Social Security and income tax withholdings are under consideration and will, of course, have to be worked out, but again the details are not yet agreed upon.

Lewis has been thinking, for example, of some means of making whoever is employed an independent contractor, but the obvious complications of any such arrangement as that have not been analyzed and worked out thus far. The important thing is, however, that the questions raised by your people in Cleveland have at least been anticipated by the executive committee of the informal group and I think you may be sure that all of them will be solved before the plan is put into effect. Specifically, Lewis assured me that the members of the group would be especially careful to see that contributions are properly deductible as business expenses.

Incidentally, in writing to you the other day I indicated that the business contributors would have to be prepared to continue their support for a sufficient length of time to test the effectiveness of the program. Lewis tells me that the thinking of the group is that the commitments should be on a three-year basis since anything short of this would jeopardize the chances of interesting a really first-class man in the job.

With best regards, I am

Sincerely,

STS

He-B

Martin P. Burks
General Counsel

Blind cy -
✓ Lewis F. Powell, Jr.
(with copy MPB's letter
to HB of Nov. 1)

88-78-83

M E M O R A N D U M

To: Mr. Powell

November 4, 1960

From: H. Brice Graves

The test to be applied in determining whether an individual is an employee or an independent contractor is the common law test. If the individual is subject not only to direction as to the end to be achieved but also to direction with respect to the means of accomplishing the end, ordinarily he will be considered an employee. If there is no control over the means of attaining the objective, ordinarily he will be considered an independent contractor.

Thus theoretically I suppose it would be possible to arrange the matter in either way. On the other hand, the interested parties might want more control than would be usual in the case of an independent contractor. I think the controlling feature will be the amount of direction to which the individual may be subjected. If the interested parties feel that no such direction will be necessary, I believe we could support the independent contractor status and use a bank as paying agent with a minimum of problems.

If, on the other hand, an employee situation is indicated, then I would think it would be simpler to have the employer make all the payments to the employee.

HBG

40/123

November 9, 1960

8870-85

James E. Carr, Esquire
General Tax Attorney
Norfolk & Western Railway Co.
Roanoke, Virginia

Dear Jim:

Referring to the subject of your letter of October 27, I enclose a copy of Brice Graves' office memorandum of November 1.

You will note that Brice concurs in your view (as do I) that payments made by railroad, utility, business and banking corporations toward the salary of the proposed consultant should be deductible for income tax purposes.

The second page of Brice's memorandum raises a question which may be a little more troublesome. This is, in effect, whether the consultant will be an employee of the various contributing corporations or will be deemed to be an independent contractor. If considered an employee, there are various problems as to withholding for income tax and social security tax purposes, and various tax information returns will have to be filed.

I am inclined to think that we should proceed on the theory that the consultant will be an independent contractor rather than an employee. The test usually turns on the extent of control exercised over the individual in question. If the contributing corporations retain the right to direct the activities of the

James E. Carr, Esquire
Page Two
November 9, 1960

consultant, he would probably be deemed an employee, especially if they reserve the right to terminate his employment. On the other hand, if these contributing corporations merely prescribe broad objectives and leave it up to the consultant to determine how he shall accomplish these objectives, I think he should be considered an independent contractor. This would be especially true if we enter into an agreement with him which gives him full latitude as to what he does within very broad limits. Presumably the contributing corporations will have the power to discontinue their contributions under certain circumstances, such as failure of the consultant (perhaps after reasonable notice) to render satisfactory service. But this in itself would not change his status to that of an employee.

In summary, my tentative disposition is to recommend that we enter into an agreement with the consultant (when he is selected) on the assumption that he will be an independent contractor, and that we designate a bank as a paying agent. In addition to receiving, holding and disbursing payments to the consultant, the bank would also keep appropriate records and thus relieve the contributing corporations of this responsibility.

I have discussed some of these ideas generally with Martin Burks on the telephone, and you and he may wish to confer further and then advise Stuart Saunders. I am sending a copy of this letter to Harvie Wilkinson, Vice Chairman of our informal group, for his information.

Sincerely,

24/166

CC: J. Harvie Wilkinson, Jr., Esq.

November 9, 1960

8870-85

Re: Virginia Industrial
Development

Mr. William H. Trapnell, President
Commonwealth Natural Gas Corporation
116 South Third Street
Richmond, Virginia

Dear Bill:

I am returning to you herewith, by messenger, the file which you sent me for the Committee meeting on October 12 which you were not able to attend.

I will summarize briefly, for your records, what happened at the Committee meeting. Messrs. Tulloch, Batten, Wilkinson and I were present. Harvie summarized the purpose of our Committee as being to locate prospects for the position of consultant. He mentioned the possible sources from which we may obtain the names of prospects.

1. Louis Bishop - who is widely acquainted in this field.
2. General Electric Company - whose organization, through Mr. Tulloch, will be able to provide us with a list of prospects.
3. There is an industrial development magazine, published in Atlanta, which may be a source. The thought was that it would be inadvisable to run an ad, but possibly we could talk with the editor of the magazine confidentially and see whether he had any prospects.

Mr. William H. Trapnell
Page Two
November 9, 1960

4. Consulting firms, such as Arthur D. Little & Company of Cambridge or Smythe-Murphy Associates of New York City. We would probably have to pay such a firm for advice.

5. The Committee also discussed the question of "job specifications" for the consultant's position, and reviewed a draft of specifications found in Mr. McWane's field. Mr. Tulloch has since revised these in a very helpful manner.

6. The Committee agreed that the relationship between the consultant and the Department of Conservation was a very important subject that required the most careful consideration, and which must be spelled out specifically before any high quality man is likely to accept the job.

7. Mr. Tulloch agreed to explore through General Electric channels the possibility of developing a list of prospects.

We missed you at the meeting.

Sincerely,

24/166
Encl.

CC: Mr. J. Harvie Wilkinson, Jr.

Mr. Powell -

Mr. Wilkinson asked
that I send the attached to you.

Mrs. Winberg

FORM 16-S 2 1/4 M 8-8-57

MEMORANDUM

TO L. F. Powell, Jr.

DATE 11/25/60

FROM L.F.P., Jr.

FILE NUMBER 8870-85

RE M I N D E R !

*This letter
became memorandum
on 5.5.
as per
without this
letter*

I have agreed to draft a letter Re: Virginia Industrial Development Program and send a copy of the letter to Jim Carr in Roanoke. The letter is to be a form letter to be used by the various businesses in writing Stuart Saunders as Chairman of the Executive Committee that they are willing to support the Program and authorizing the Exec. Comm. to go ahead and designate a bank as an agent and to enter into a contract with the consultant.

C
O
P
Y

NORFOLK AND WESTERN RAILWAY COMPANY

Roanoke, Virginia

November 29, 1960

Dear Harvie:

I enclose copy of letter which I am writing to Henry Clay Hofheimer. Won't you please let me know whether you are agreeable to handling the matter of paying the industrial consultant in the manner which I suggest, and if you are, won't you please let me have your ideas as to the mechanics of how it should be done.

Sincerely,

/s/Stuart T. Saunders

Mr. J. Harvie Wilkinson, Jr.
State-Planters Bank of Commerce and Trusts
Richmond, Virginia

C
O
P
Y

November 29, 1960

Dear Henry Clay:

Thank you for your note, informing me that Tidewater Construction Company, as well as other Noland enterprises, will make a \$1,000 contribution towards the employment of an industrial consultant. This is indeed good news.

Our tax counsel, Mr. James E. Carr, has been discussing with Lewis Powell and Brice Graves of the Hunton, Williams firm the matter of how payments should be made by the various companies so that they would be deductible for Federal income tax purposes. They are agreed that this matter can be handled by each company simply making payment to a bank as the paying agent for the account of the consultant. I have in mind that we will use Harvie Wilkinson's bank as the paying agent, if he is willing for the State-Planters to act. I tried to reach him by telephone today to discuss this with him but I found that he is out of town for several days. I am sending Harvie a copy of this letter for his comments. If he is agreeable for his bank to act as agent we can then arrange the details of payment.

Sincerely,

/s/ Stuart T. Saunders

Mr. H. C. Hofheimer, II
Southern Materials Company
Norfolk, Virginia

cc: J.H.W., Jr.

December 7, 1960

Memorandum to: Mr. J. Harvie Wilkinson, Jr., President

Re: Charges for Special Agency Service

You have inquired about our charges as Agent for handling a special account to receive payments from thirty-five corporations aggregating \$35,000.00 and the disbursement of these funds over a period of several years. It is my understanding that our duties would be as follows:

- (1) Receive and receipt for payments from individual corporations.
- (2) Serve as depositary for funds received.
- (3) Maintain record of all receipts and disbursements.
- (4) Disburse funds on instruction of authorized person.
- (5) Prepare periodic statements of account.

Our charges for this limited agency service would be on an activity basis of .50¢ per check and \$5.00 per statement (four copies without extra charge) with a minimum fee of \$25.00 a year. On the basis of information furnished me, the cost to the customer would run around \$30.00 per annum or \$2.50 a month.

An account of this kind would be handled in our Corporate Trust Division.

B. W. Turnbull
Trust Officer

BWT: db

Copy of letter written by
STATE-PLANTERS BANK OF COMMERCE AND TRUSTS
Richmond, Virginia

December 8, 1960



Mr. Stuart T. Saunders, President
Norfolk and Western Railway Company
Roanoke, Virginia

Dear Stuart:

Responding to your letter of November 29th enclosing a copy of your letter to Henry Clay and asking my ideas in regard to the mechanics of how the matter should be done, I suggest the following possibilities.

First, attached you will find a memorandum from our Trust Department which indicates to me a quite reasonable charge for the services they would perform, including the preservation by our group of adequate records which I think you will agree is most important.

There is one point which should be focused upon. Neither I nor the Agent (our Trust Department) is in any position to okay the disbursements in the first instance. They are, to repeat, perfectly willing to make the disbursements upon proper authorization. It seems to me that the person to authorize the disbursements in the first instance would have to be someone in Marvin Sutherland's office, preferably Marvin himself. I can't conceive the number of disbursements being very numerous, but, of course, these disbursements will dovetail into the State's payment of basic travelling allowances per diem; basic automobile mileage, etc. Now I am sure that Marvin Sutherland does not want to have the actual disbursement and record keeping of these funds in his office because they would get tied in with State funds. Accordingly, I think the Trust Department technique is to be preferred. On the other hand, to say it once again, I don't see how anyone other than Marvin can authorize these disbursements -- predicated, of course, upon a written agreement between our group and Marvin as to how the authorizations are to be okayed.

Copy of letter written by
STATE-PLANTERS BANK OF COMMERCE AND TRUSTS
Richmond, Virginia

Mr. Stuart T. Saunders
Page Two
December 8, 1960

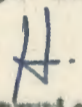
In talking with Lewis Powell about the matter I think he has in mind this man's being a contractual agent whom we would employ rather than being an employee on anybody's staff. There are considerable tax differences, including Social Security, etc.

The second possibility is for me to receive the money through my secretary from the various sources, which I am perfectly willing to do, and have the Trust Department make only disbursements. This might reduce the total fee a few dollars. I frankly do not think it is worth it and believe the Trust Department procedure much the best.

You will observe that the Trust Department compensation is on an activity basis, and I have assumed roughly that the money would come from, say, thirty-five corporations and that the disbursements over a year would probably not be over fifty checks.

Warm regards.

Always sincerely,


J. Harvie Wilkinson, Jr.

JHWjr:mpw

Enclosure

✓ cc: Mr. Lewis F. Powell, Jr.