

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram unless its deferred character is indicated by a suitable sign above or preceding the address.

WESTERN UNION

R. B. WHITE
PRESIDENT

NEWCOMB CARLTON
CHAIRMAN OF THE BOARD

J. C. WILLEVER
FIRST VICE-PRESIDENT

SIGNS

DL = Day Letter
NM = Night Message
NL = Night Letter
LC = Deferred Cable
NLT = Cable Night Letter
Ship Radiogram

The filing time as shown in the date line on full-rate telegrams and day letters, and the time of receipt at destination as shown on all messages, is STANDARD TIME.

Received at

KHA150 197 GOVT 1 EXTRA=BD WASHINGTON DC 16 425P

HON MARRINER S ECCLES=

CARE ECCLES INVESTMENT CO (CONFIDENTIAL) ZN=

THE ESTABLISHMENT AND MAINTENANCE OF A SOUND BANKING SYSTEM WHICH WOULD SERVE THE PUBLIC INTEREST HAS BEEN A CONSTANT OBJECTIVE OF THIS ADMINISTRATION STOP IN FURTHERANCE OF THIS OBJECTIVE CONGRESS SHOULD AGAIN GIVE CONSIDERATION TO THE BANK HOLDING COMPANY PROBLEM AND DETERMINE IN WHAT MANNER EXISTING LAWS DEALING WITH THESE COMPANIES SHOULD BE STRENGTHENED AND WHAT LIMITATIONS SHOULD BE IMPOSED UPON THEIR DEVELOPMENT STOP THERE SHOULD BE ENACTED AT THIS SESSION LEGISLATION THAT WILL EFFECTIVELY CONTROL THE OPERATION OF BANK HOLDING COMPANIES AND PREVENT HOLDING COMPANIES FROM ACQUIRING CONTROL OF ANY MORE BANKS COMMA DIRECTLY OR INDIRECTLY COMMA OR BANKS CONTROLLED BY HOLDING COMPANIES FROM ESTABLISHING ANY MORE BRANCHES COMMA AND THAT WILL MAKE IT ILLEGAL FOR A HOLDING COMPANY COMMA OR ANY CORPORATION OR ENTERPRISE IN WHICH IT IS FINANCIALLY INTERESTED TO BORROW FROM A BANK IN WHICH IT HOLDS STOCK STOP SUCH LEGISLATION SHOULD MAKE PROVISION FOR THE GRADUAL SEPARATION OF BANKS FROM HOLDING COMPANY OWNERSHIP COMMA ALLOWING A REASONABLE TIME FOR THIS ACCOMPLISHMENT COMMA TIME ENOUGH FOR IT TO BE DONE IN AN ORDERLY MANNER COMMA AND WITHOUT CAUSING

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KHA150 SHEET TWO=

1938 MAR 16 PM 3 30

INCONVENIENCE TO COMMUNITIES SERVED BY HOLDING COMPANY

BANKS COMMA OR UNNECESSARY LOSS TO STOCKHOLDERS=

RONALD RANSOM.

"Holding Co. Legislation"

Wired to U. S. E. by R.R. 3/16/18 without the indicated changes. These made by E.T. L. for Ransom's "revision" which he wants to give to Secy tomorrow 3/17

THE ESTABLISHMENT AND MAINTENANCE OF A SOUND BANKING SYSTEM WHICH WOULD SERVE THE PUBLIC INTEREST HAS BEEN A CONSTANT OBJECTIVE OF THIS ADMINISTRATION STOP IN FURTHERANCE OF THIS OBJECTIVE CONGRESS SHOULD AGAIN GIVE CONSIDERATION TO THE BANK HOLDING COMPANY PROBLEM AND DETERMINE IN WHAT MANNER EXISTING LAWS DEALING WITH THESE COMPANIES SHOULD BE STRENGTHENED AND WHAT LIMITATIONS SHOULD BE IMPOSED UPON THEIR DEVELOPMENT STOP THERE SHOULD BE ENACTED AT THIS SESSION LEGISLATION THAT WILL EFFECTIVELY CONTROL THE OPERATION OF BANK HOLDING COMPANIES, AND PREVENT HOLDING COMPANIES FROM ACQUIRING CONTROL OF ANY MORE BANKS COMMA DIRECTLY OR INDIRECTLY COMMA ^{present} OR BANKS CONTROLLED BY HOLDING COMPANIES FROM ESTABLISHING ANY MORE BRANCHES COMMA AND THAT WILL MAKE IT ILLEGAL FOR A HOLDING COMPANY COMMA OR ANY CORPORATION OR ENTERPRISE IN WHICH IT IS FINANCIALLY INTERESTED TO BORROW FROM A BANK IN WHICH IT HOLDS STOCK STOP SUCH LEGISLATION SHOULD MAKE PROVISION FOR THE GRADUAL SEPARATION OF BANKS FROM HOLDING COMPANY OWNERSHIP COMMA ALLOWING A REASONABLE TIME ^{so that maybe} FOR THIS ACCOMPLISHMENT COMMA TIME ENOUGH FOR IT TO BE DONE) IN AN ORDERLY MANNER COMMA AND WITHOUT CAUSING INCONVENIENCE TO COMMUNITIES SERVED BY HOLDING COMPANY BANKS COMMA OR UNNECESSARY LOSS TO STOCKHOLDERS.

March 1938
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which

THE ESTABLISHMENT AND MAINTENANCE OF A SOUND BANKING SYSTEM WHICH WOULD SERVE THE PUBLIC INTEREST HAS BEEN A CONSTANT OBJECTIVE OF THIS ADMINISTRATION. IN FURTHERANCE OF THIS OBJECTIVE CONGRESS SHOULD AGAIN GIVE CONSIDERATION TO THE BANK HOLDING COMPANY PROBLEM AND DETERMINE IN WHAT MANNER EXISTING ~~LAWS DEALING WITH THESE COMPANIES~~ LEGISLATION ENACTED DURING THIS ADMINISTRATION SHOULD BE STRENGTHENED AND WHAT LIMITATIONS SHOULD BE IMPOSED UPON ~~THEIR~~ DEVELOPMENT OF SUCH HOLDING COMPANIES.

I RECOMMEND THAT THE CONGRESS ENACT AT THIS SESSION LEGISLATION THAT WILL EFFECTIVELY CONTROL THE OPERATION OF BANK HOLDING COMPANIES, AND PREVENT HOLDING COMPANIES FROM ACQUIRING CONTROL, DIRECTLY OR INDIRECTLY, OF ANY MORE BANKS, PREVENT, DIRECTLY OR INDIRECTLY, OR BANKS CONTROLLED BY HOLDING COMPANIES FROM ESTABLISHING ANY MORE BRANCHES, AND THAT WILL MAKE IT ILLEGAL FOR A HOLDING COMPANY, OR ANY CORPORATION OR ENTERPRISE IN WHICH IT IS FINANCIALLY INTERESTED CONTROLLED BY IT TO BORROW FROM A CONTROLLED BANK IN WHICH IT HOLDS STOCK.

SUCH LEGISLATION SHOULD MAKE PROVISION FOR THE GRADUAL SEPARATION OF BANKS FROM HOLDING COMPANY OWNERSHIP, ALLOWING A REASONABLE TIME FOR THIS ACCOMPLISHMENT, TIME ENOUGH FOR IT TO BE DONE IN AN ORDERLY MANNER, AND WITHOUT CAUSING INCONVENIENCE TO COMMUNITIES SERVED BY HOLDING COMPANY BANKS, OR UNNECESSARY LOSS TO STOCKHOLDERS.

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