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March 10, 1938

To The Files

Subject: Proposed Amendment No. 1 of

From Mr. Wyatt, General Counsel

Revised Regulation T.

The first I heard about the above subject was when I returned to my office after 6 P.M. on March 9, 1938 and found on my desk Dr. Parry's memorandum of March 7, 1938 (which had been received in Counsel's office at 4:10 P.M. on March 7) with a message from Mr. Dreibelbis that Dr. Parry was pressing us to transmit it to the Board with our approval as quickly as possible.

The proposed amendments (but not Dr. Parry's memorandum) had been initialed by Messrs. Dreibelbis and Solomon, both of whom had left the office, and I was very tired. I took the file home with me to study it in the evening and found that it did not contain sufficient information as to the need for, or effect of, the proposed amendments nor as to the existence or adequacy of any safeguard against abuse to enable me to form an intelligent opinion as to the desirability of the proposed amendments nor as to the advisability of the Board taking hasty action thereon.

In these circumstances, and especially in view of the fact that the questions of policy involved are the primary responsibility of the Division of Security Loans, I approved the proposed amendments only as to legality and form and transmitted the file to the Secretary's office at 9:20 A.M. on March 10, 1938.

(initialed) W.W.

Walter Wyatt,  
General Counsel.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date May 6, 1938To Mr. Dreihelbis, Assistant General  
CounselSubject: Proposed Banking BillFrom Mr. Wyatt, General CounselSTRICTLY CONFIDENTIAL

The purpose of this memorandum is simply to "clear the record" with regard to the memorandum I wrote you on May 2nd on the above subject.

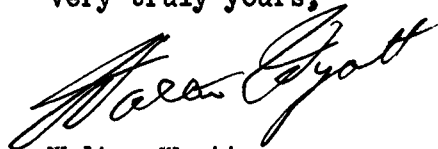
In view of what you have told me about the advice and instructions you have received directly from Governor Ransom over the telephone, I wish you would disregard my memorandum of May 2, 1938 entirely and proceed in accordance with the instructions you received from Governor Ransom.

I have instructed Miss Dyer to make up and deliver to you a complete set of everything that has been written on this subject by the undersigned and by the Committee consisting of Messrs. Thurston, Goldenweiser, Morrill and the undersigned; and you are at liberty to make any use of it you desire, provided you keep it strictly confidential.

You are also at liberty to call upon any member of the staff of this office or anyone else you wish to call upon for any assistance that you may desire, if doing so is not inconsistent with Governor Ransom's wishes as expressed to you.

If I can be of any help to you or facilitate your work in any way, please do not hesitate to call upon me.

Very truly yours,

Walter Wyatt,  
General Counsel.

Mr. Diebelbis

I wish to call all recommendations for profound changes in the law or regulations before they leave this office.

Your cooperation is requested.

I knew nothing about the attached and have grave doubts about its desirability.

H.C.

June 4, 1938

**Mr. Dreibelbis:**

**Mr. Ransom dictated the attached but did not sign it, as he left before it was out. He will initial it upon his return if you wish.**

**AIC**

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date May 2, 1938To Mr. Dreibelbis

Subject: \_\_\_\_\_

From Ronald Ransom

In connection with my request that you put into draft form your ideas on certain banking questions, I did not intend that you should be limited by the recommendations heretofore made by a committee of four, consisting of Mr. Morrill and others, but wanted you to feel free to express your own thoughts, the thoughts of this committee and the views that I have suggested to you at various times. In other words, you have entire freedom of action in the matter. In mentioning the memorandum submitted by the committee of four, I merely wanted to call this to your attention for such use as it would be to you, but you will recall that I stated that I was not myself in agreement with some of the suggested solutions of the more important problems.

Again let me say that I want you to feel entirely free to submit such ideas as may appeal to you, using all available material or your own ideas as you may prefer. This will add one more memorandum, this time in the form of a bill, which we can have before us for consideration.

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

## Office Correspondence

Date May 2, 1938To Mr. Dreibelbis, Assistant General CounselSubject: Proposed Banking Bill.From Mr. Wyatt, General Counsel.STRICTLY CONFIDENTIAL

I am handing you herewith an outline of a proposed banking bill which was prepared under date of March 29, 1938, by Messrs. Thurston, Goldenweiser, Morrill and Wyatt.

Governor Ransom wants you to prepare and have ready by Monday, May 16, a draft of a bill based upon this outline and in strict accordance with the substance of this outline.

You are being asked to prepare it because he wants the bill drafted by someone who has not worked on this outline and has not been too close to it. Therefore, in drafting the bill I think it would be advisable for you not to discuss the problem with any of us who prepared the outline or with Messrs. Vest, Wingfield, Baumann and Owens, all of whom have done some work for me in this connection.

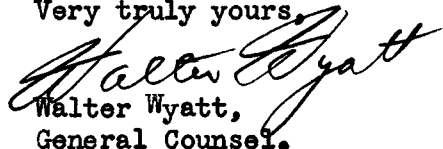
Governor Ransom is especially anxious to have the bill drafted as an entirely independent bill which will be self-explanatory and which will avoid amending existing law. In other words, he wants the bill drafted de novo and in such a way that any one can tell what it does from reading the bill itself and without referring to other statutes or calling upon a lawyer to explain it to him.

I have instructed Miss Dyer to make available all of the stenographic assistance you may need; and I know of no reason why you should not call upon any members of the staff of this office except those mentioned above for other assistance.

When you have completed the draft of the bill, please deliver it to me in order that I may look it over and see if it is what is wanted.

Of course this is strictly confidential and you should take every precaution to avoid any possibility that the information that we are drafting such a bill may leak out.

Very truly yours,

  
Walter Wyatt,  
General Counsel.