

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

JOHN K. MCKEE
CHIEF, EXAMINING DIVISION

June 7, 1935.

Dear Governor Eccles:

At the suggestion of our Chairman, Mr. Jesse H. Jones, I am enclosing herewith copy of a press release which refers to our policy regarding the purchase of preferred stock and capital notes of banks.

You will note from Mr. Jones' statement that it is the desire of the Corporation to terminate these functions and it is for that reason that it is brought to your attention at this time.

Yours very truly,

JOHN K. MCKEE,
Chief, Examining Division.

Honorable Marriner S. Eccles,
Governor, Federal Reserve Board,
Washington, D. C.

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

June 5, 1935

STATEMENT OF JESSE H. JONES, CHAIRMAN OF THE RECONSTRUCTION FINANCE CORPORATION

The RFC announces that it is nearing the end of its bank preferred stock program. We have completed the purchase of preferred stock and capital notes in 6401 banks.

Authorizations for 218 additional banks are now in the course of completion, all RFC conditions having been met by the applicant.

32 banks have not yet complied with conditions imposed by the RFC, and disbursements are being withheld awaiting compliance.

In addition to the above, there are a few banks in the country that need additional capital, but have not made application.

The purpose of this announcement is to say to the last two mentioned groups - that is those who have not complied with RFC conditions, and those who need capital and have not applied for it - that the RFC expects to complete its preferred stock and capital note program for banks soon after the 1st of July, and that banks in need of additional capital, either from impairment, or because of increased deposits making more capital necessary for a proper and safe proportion of capital funds to deposits, should make their applications without delay, and not later than July 15th.

The 32 banks that have conditions to comply with, should proceed to meet these conditions, or provide the needed capital from private sources.

With our bank capital repair work practically completed, banks throughout the country are in a strong position, both in capital funds and in available resources for lending, and meeting all requirements of agriculture, industry and commerce. Interest and dividends are now being paid regularly on 85% of our investments in all bank capital. The banks should continue to make a determined effort to assist in bringing conditions back to a normal state.