

THE WHITE HOUSE  
WASHINGTON

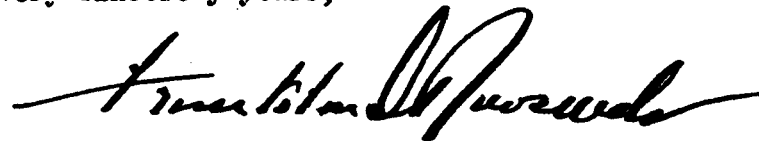
January 31, 1940

My dear Mr. Chairman:

Since discussing with you my desire to have you continue as Chairman of the Board of Governors of the Federal Reserve System beyond February 1, 1940, I have concluded that the preferable way to accomplish this would be for you to accept a reappointment rather than serve on a hold-over basis. While the latter procedure may be permissible under the statute, I believe that the spirit of the law would be better served by the reappointment. Accordingly, I am transmitting to the Senate your appointment for the remainder of the term of Chester C. Davis which expires on February 1, 1944, and at the same time I am sending to the Senate his appointment for the fourteen-year term beginning February 1, 1940. This will enable me, upon your confirmation, to redesignate you as Chairman for the four-year term required by law, which will then coincide with the four-year period for which you would be appointed as a member of the Board.

You mentioned to me the restriction in the law which makes the Chairman, as well as each other member of the Board, ineligible for two years after termination of his service to hold any office, position or employment in any member bank unless he has served out the full term for which he was appointed. In view of the fact that you devoted so many years of work in the banking field before assuming a position in the Government, I can fully appreciate the considerations that make you reluctant to commit yourself to the acceptance of an appointment for an extended additional period. Therefore, in view of all of the circumstances, should you feel it necessary to relinquish your present position during my term of office, I would be glad to suggest to the Congress that consideration be given to the desirability of waiving the application of this restriction in this instance.

Very sincerely yours,



Honorable Marriner S. Eccles,  
Chairman, Board of Governors of the  
Federal Reserve System,  
Washington, D. C.