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*Settling May 23  
I am reply to this letter*

July 18, 1941.

Honorable Henry Morgenthau, Jr.,  
Secretary of the Treasury,  
Washington, D. C.

Dear Mr. Secretary:

Since the matter was not of any urgency, the Board only recently considered your letter of May 23 in regard to the bank holding company situation.

There still seems little likelihood that Congress will give active consideration to bank holding company legislation at this session. However, the Board feels that for the purposes of the record and in order to avoid any misunderstanding as to our attitude, you should be advised that your brief reply to my letter of April 24 greatly disappointed us. We think our proposals were misinterpreted as we believe that they represent a sound and practical approach to the solution of the problem, and not merely, as your letter states, "some slight change in the governmental machinery."

In this connection, we felt that when your letter of May 23 was written, you may have overlooked the fact that when, on January 3, 1941, you advised the President that a bill had been drafted to meet the holding company situation and suggested that he incorporate in his message to Congress a recommendation along lines quoted in your letter, the President, instead of doing so, sent a note to you, Mr. Crowley, Mr. Delano, and myself, requesting us to "work together in relation to this legislation" and to "make out a program."

In the last paragraph of my letter of April 24 to you, I stated that the Board was most willing to confer with the other agencies in an endeavor to work out a program. However, no conference for that purpose has been called since then and we sincerely trust that you will reconsider the position implied by your letter, which seems to close the door to any discussion on the part of the four agencies, and to leave only the alternative of separate and conflicting proposals at some later date.

Yours sincerely,

W. S. Eccles,  
Chairman.

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as per  
Gen'l file  
of file*

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