

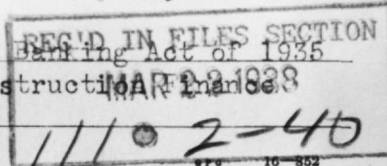
Office Correspondence

FEDERAL RESERVE
BOARD

Date May 25, 1935.

To Governor Eccles
From Mr. Wyatt, General Counsel.

Subject: Changes in Banking Act of 1935
suggested by Reconstruction Finance
Corporation.



Mr. Awalt informs me that he and Mr. Coolidge had a conversation yesterday afternoon with Governor Talley and other representatives of the Reconstruction Finance Corporation on the above subject.

In addition to the sixteen suggestions which they discussed with you, the Reconstruction Finance Corporation people had a seventeenth suggestion, a copy of which is attached. It would amend the Clayton Act so as to forbid interlocking relationships between member banks and common carriers, public utilities, or organizations that lend money to, deal in, or hold the securities of common carriers, or public utilities. It was vigorously opposed by Messrs. Awalt and Coolidge, and I am confident that you will be opposed to it.

Mr. Coolidge and Mr. Awalt also opposed the Reconstruction Finance Corporation's suggestions numbered 6, 7 and 13 which are discussed in my memorandum of May 23 on the above subject.

Mr. Coolidge took the position that suggestion numbered 16, which is the Branch Banking Amendment, involves a political question; but Mr. Awalt says Mr. Jones has definitely made up his mind to recommend the Branch Banking Amendment.

Governor Talley did not indicate whether or not he will withdraw the amendments opposed by you, Mr. Awalt and Mr. Coolidge.

Mr. Awalt did not know when Mr. Jones expects to testify but I understand that Dr. Miller and Mr. James will appear before the Committee on Monday, Owen D. Young on Tuesday and Father Coughlin on Wednesday.

Respectfully,

Walter Wyatt,
General Counsel.

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Suggestion No. 17.

Strike out the period and the quotation marks
on page 74, line 7, and add thereto the following:

"and no director, officer, employee or representative of any member bank of the Federal Reserve System shall at the same time be a director, officer, member, employee or representative of any common carrier or public utility or of any business organization or institution (other than a mutual savings bank) that lends money to, or deals in or holds the securities of, any common carrier or public utility."

The purpose of this suggestion is to eliminate interlocking relationships between member banks and railroads and other utilities and institutions which finance such utilities.

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