

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE August 14, 1935.

TO Governor Eccles

FROM Mr. Coolidge

Peter Grimm would like to talk to you and me some time in regard to participating certificates and I am enclosing some of his remarks made in this regard. I had quite a satisfactory talk with him this morning, pointing out the difficulties of any pooling of mortgages, which I consider entirely impracticable. Whether banks should be permitted to allocate the participations in a single mortgage is a somewhat different question.

I told him as far as sale to the public was concerned, I thought he was trying to make water run up hill. These insured mortgages are certain to be bought by institutions at low rates. The cost of distribution to the public, in whatever form it took, would be considerable, *and* the public would receive considerably less than that received by institutions and for this reason it would be unattractive.

