

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 7, 1946.

To Chairman Eccles

Subject: _____

From Mr. Knapp



You will recall that in June the Council approved Mr. Snyder's writing a letter to the Attorney General asking the Attorney General to present through the Council of State Governments a proposal for legislation in the various States authorizing insurance companies, savings banks, trust funds, etc., to invest in securities of the International Bank.

As a followup on this action, Mr. Andrews of the Department of Justice is going out to Chicago tomorrow and Saturday to attend a meeting of the Regional Mid-Western Council of State Governments where he will present (among other things) this proposal. Since Mr. Collado and Mr. Corbett, who have been active in this kind of work are now on a trip to New England to meet with insurance company and savings bank people, it was planned to have a Mr. Scott of the Treasury's Legal Division accompany Mr. Andrews as a technical expert. However, for some reason which I have not been able to establish clearly, Mr. Snyder decided that Mr. Scott should not go and so advised Mr. Collado after the National Advisory Council meeting yesterday. Mr. Hooker, Collado's Alternate and acting on instructions from Collado, has now asked us to supply Mr. Dembitz for this mission. Mr. Dembitz is prepared to go, and his expenses would be paid by the Bank.

Ordinarily I would have no hesitation in recommending that we give Mr. Dembitz leave for this purpose. Action through the Council of State Governments is a promising avenue for opening up the possibility of investment in International Bank securities by savings institutions, and the N.A.C. has already formally initiated this action. To avoid any possible criticism, I believe that Mr. Dembitz should be instructed to confine himself to the presentation of the facts and to avoid any appearance of "lobbying".

Since Mr. Scott might have gone on the same basis, however, and since Mr. Snyder has objected to Scott's going, I feel that you may desire to clear this matter with Mr. Snyder before taking action.