

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date November 18, 1947

To Chairman Eccles

Subject: Consumer Credit Legislation.

From Mr. Vest

The Legislative Counsel for the Senate got in touch with Mr. Cherry about the form of our Consumer Credit Bill. Mr. Cherry gave him a copy of the bill which we sent up to Congress last summer but which was not introduced. The Legislative Counsel indicated that possibly Congress might want to put a time limit in and possibly might prefer a shorter bill, although, of course, he did not know what the decision might be. Accordingly, after talking with Governor Evans about the matter, we sent up to the Senate Legislative Counsel a very brief form of joint resolution which could be used if Congress rejects the idea of a bill and which would have the virtue of incorporating in one sentence authority for the Board to make investigations, issue subpoenas, and obtain injunctions against violations. This is done through referring to existing provisions of law which give like authority to the S.E.C. Power of injunction is essential to proper enforcement of the legislation and it is important that this power be incorporated in whatever form the legislation may take.

I attach a copy of this brief form of joint resolution for your information because it is possible that something of this kind may come up during your forthcoming appearance before the Senate Committee.

I would like to emphasize that the Senate Legislative Counsel requested that our conversations with him be treated as strictly confidential.

SOV ✓

Attachment

Draft

JOINT RESOLUTION

To authorize the temporary regulation of consumer credit.

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled, That, in order to protect the nation's monetary, banking and credit structure and interstate and foreign commerce against increased inflationary pressures, the Board of Governors of the Federal Reserve System, notwithstanding Public Law 386 of the 80th Congress, is hereby authorized to exercise until \_\_\_\_\_ consumer credit controls pursuant to Executive Order Numbered 8843; but no such consumer credit controls shall be exercised after such date except during the time of war beginning after the date of enactment of this Joint Resolution or any national emergency declared by the President after the date of enactment of this Joint Resolution. All the present provisions of sections 21 and 27 of the Securities Exchange Act of 1934 as amended (relating to investigations, injunctions, jurisdiction and other matters) shall be as fully applicable with respect to the exercise by the Board of Governors of consumer credit controls as they are now applicable with respect to the exercise by the Securities and Exchange Commission of its functions under that Act, and the Board shall have the same powers in the exercise of such consumer credit controls as does the Commission under the said sections.

11-17-47