

April 14, 1939

My dear Mr. Secretary:

I want you to know that there is no truth in the story that appears in today's New York Times to the effect that I have sponsored or endorsed a plan for the use of government funds, directly or indirectly, to purchase American securities now owned by foreigners, in the event of war.

Mr. Wasserman, sponsor of some such plan, told me of it briefly a few days ago, and asked me to endorse it. I told him that I had heard proposals of that kind discussed last fall; that any such proposal of course involved many difficult questions of law, finance and economics which needed thorough canvassing; that I could not possibly endorse it; and that the use of government funds for such purposes was not within the scope of my duties, but obviously would have to be taken up with other government agencies directly concerned.

You will recall that at our conference on April 12, I left with you a memorandum prepared by our Mr. Purcell, and approved by the SEC, which briefly discussed, among other things, a proposal that the government stabilize the market in American securities, and indicated that such a plan might be fraught with grave consequences.

Sincerely yours,

Jerome N. Frank

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