

SECURITIES AND EXCHANGE COMMISSION

~~WASHINGTON~~
Philadelphia

OFFICE OF THE CHAIRMAN

May 6, 1942

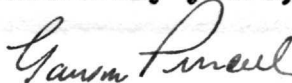
Honorable Marriner S. Eccles
Chairman, Board of Governors
of the Federal Reserve System
Washington, D. C.

My dear Mr. Eccles:

I enclose for your information a copy of a letter which I have written to the Secretary of the Treasury concerning the meeting which was held at his office last Wednesday. Also enclosed is a copy of a suggested draft of a letter from the Secretary to the President.

Quite a few proposed issues of securities have come to our attention since the meeting and, in consequence, I have asked Mr. Buffington to arrange for a further meeting of the informal committee. I am hopeful that Mr. Buffington will be able to call such a meeting for Monday, May 11.

Sincerely yours,



Ganson Purcell
Chairman

Enclosures

May 6, 1942

The Honorable
The Secretary of the Treasury
Treasury Department
Washington, D. C.

My dear Secretary Morgenthau:

Thank you for calling the informal meeting last Wednesday of those who have expressed an interest in the use of capital funds during this war period. I appreciated the opportunity of discussing with such a group the matters which have given our Commission considerable concern and which we feel should also be of equal concern to the others.

I was gratified that the problems of initial impact in this field aroused the interest of this group. I feel that you have brought about a basis for real progress through the formation of the informal committee to handle matters relating to new issues on twenty-four hours' notice. There will be problems of this character to present to the committee from time to time and I will undertake to bring them to your attention. I have already asked Mr. Buffington to arrange a meeting at an early date to consider certain proposed issues which have come to our attention since the meeting.

It is my hope that this informal arrangement will also permit the consideration of other related problems which we feel are an integral part of this question, and that through this process we can develop an effective program to cope with whatever stresses may develop.

I recall that something was said about informing the President, by letter, about our meeting and the tentative arrangement that has been made. I assume that this already has been done. However, since it may have been overlooked, I have prepared a suggested draft of a letter from you to the President which may be helpful to you.

Sincerely yours,

Ganson Purcell
Chairman

Ganson Purcell:ng

D R A F T

My dear Mr. President:

On Wednesday, April 29, 1942, a meeting was held at my office on the subject of capital funds control. Present were the Secretary of Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Chairman of the Securities and Exchange Commission, and Mr. Lauchlin Currie, as well as myself.

Consideration was given to the desirability of instituting some control over capital issues with a view to avoiding competition between such issues and Government financing for the war. In particular, consideration was given to the necessity of controlling the amounts of such offerings and their timings so as not to interfere with Government financing of various types.

In addition, there was discussed the need for capital control in preventing the raising and employment of capital for non-essential activities and the consequent creation of competition for labor, materials, and transportation between such non-essential activities and activities essential to the war effort.

It was determined that a substantial problem exists which requires some governmental scrutiny and the persons present agreed to constitute themselves a committee to watch developments in this field and to meet upon call. It is expected that definite recommendations for executive action will be made at the moment the need appears.

Respectfully submitted,