

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

December 30, 1949.

Mr. Robert V. Fleming, Chairman,  
Special Committee on Federal Deposit Insurance,  
Care The Riggs National Bank,  
Washington, D. C.

Dear Bob:

The Board of Governors has given careful consideration to the excellent report on Federal deposit insurance submitted under date of October 5, 1949, by the Special Committee of the Federal Advisory Council of which you are Chairman. On the basis of further study by the Board's staff and the suggestions contained in your report, the memorandum prepared by the Board's staff, on which the report of your Committee was based, has been revised and a copy of the revision is enclosed herewith.

You will recall that in my replies to questions asked by the Douglas subcommittee I stated that, in view of the primary responsibility of the Federal Deposit Insurance Corporation in this field, I was hesitant about offering specific suggestions with respect to deposit insurance until I could have the benefit of the Corporation's views. The Board has concurred in that position. However, during the past year we have received a number of requests from the Senate Banking and Currency Committee for reports on bills on this subject. It is very likely that similar requests will be received during the forthcoming session of Congress and that the Board will be in a position where it will have to state its views. In anticipation of that situation, the Board is again writing the Federal Deposit Insurance Corporation to ask that it furnish the Board with a copy of whatever studies the Corporation has made or the Corporation's current views so that the Board may have the benefit of this additional information in determining what it will say when it is again called upon by the Congress for a statement of its position.

Should your Committee have any further comments to make on the enclosed revised draft of staff memorandum, it would be helpful to the Board if they could be forwarded to reach me not later than January 10. In order to expedite your consideration of the matter, copies of this letter and the revised memorandum are being sent directly to Messrs. Burgess and Potts and also to Mr. Prochnow, Secretary of the Federal Advisory Council, so that if he should desire the other members of the Council can be advised.

With every wish for a wonderful New Year, I am

Sincerely,

(Signed) Thomas B. McCabe

Thomas B. McCabe,  
Chairman.

Enclosure