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Form

Elias A Smith
 Loan Agency Reconstruction Finance Corporation
 Federal Reserve Bank
 Salt Lake City Utah

Please wire first thing tomorrow verbatim contents your wire to Senator
 Glass Thanks and regards

Lawrence Clayton

Night Message
 Charge to Federal Reserve Board.

LOAN AGENCY
OF THE
RECONSTRUCTION FINANCE CORPORATION
Salt Lake City, Utah
April 16, 1935

AIR MAIL

Marriner S. Eccles, Governor,
Federal Reserve Board,
Washington, D. C.

My dear friend Marriner:

I am enclosing herewith copy of a telegram which I have sent to Senator Carter Glass today, endeavoring to correct an error which occurred in a letter of mine dated January 3, 1934 to the Examining Division of the Reconstruction Finance Corporation relative to The First National Bank of Salt Lake City selling to the RFC \$250,000.00 of Preferred Capital Stock.

In transmitting my letter the word "Debenture" was used by mistake instead of Preferred Stock. The only way that I can account for it is that we brought into the Agency about that time a new Examiner who wrote this letter and, evidently, did not fully consider the difference between Preferred Capital Stock and Debentures.

In reply to my letter of the above date, I received the following telegram on January 15, 1934.:

"Board today conditionally approved \$250,000.00
Preferred Stock First National Bank, Salt Lake
City, Utah. Stop No publicity should be per-
mitted until resolution received by Agency.
KLOSSNER."

We received on January 26th the resolution of the Reconstruction Finance Corporation regarding the subscription of the purchase of \$250,000.00 of Preferred Stock and, at a later date, the stock was issued and the money paid over by the RFC to the credit of The First National Bank of Salt Lake City.

I regret very much that the error occurred, but trust that it will not in any way embarrass you - and it should not. I cannot for the life of me see how this should have any influence with the Senate in confirming you for the high position to which you have been appointed. The only question should be your ability to fill the office and I am sure that all your friends feel you are fully qualified.

With kindest personal regards, I am,

Very respectfully,



Manager

Enclosure

April 18, 1935.

My dear Senators:

You will recall that during the testimony last Monday, Senator Glass stated that the First National Bank of Salt Lake City had applied to the Reconstruction Finance Corporation for the purchase by the latter of \$250,000 of debentures and that they were not issued for the reason that the application was never approved. You will probably also recall that I could not understand such information as the bank in question had applied for preferred stock in the same amount, which application had been approved, and for the further reason that national banks would not apply for debentures as they could issue preferred stock under the law.

In order to clear up this situation and to answer the innuendo contained in Senator Glass' statement that the application was never approved, I had inquiry made at the Salt Lake Loan Agency of the Reconstruction Finance Corporation regarding the purported application for debentures. In answer my office has received a telegram, copy of which is enclosed, from Elias A. Smith, Manager of the Agency, who was quoted by Senator Glass as the authority for the misstatement.

Sincerely yours,

(Signed) M. S. Eccles

M. S. Eccles,
Governor.

Honorable James F. Byrnes,
Subcommittee of The Committee on
Banking and Currency,
United States Senate,
Washington, D. C.

Enclosure.

LG/lem

LG

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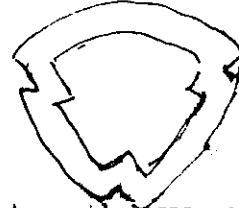
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Form 16 P. 7

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Lawrence Clayton,
Federal Reserve Board.

Following wire sent to senator Glass sixteenth QUOTE Hon. Carter
Glass United States Senate Washington DC advised during hearing
regarding Eccles confirmation yesterday you stated First National

Bank of Salt Lake City made application to the R F C to purchase
its debentures in the amount of two hundred fifty thousand dollars
stop no such application ever made through this Agency stop However

application made to corporation to purchase two hundred fifty thousand
dollars preferred stock of this bank which was approved and consummated
stop my letter of January third nineteen thirty-four transmitting

preliminary application was in error in using the word debentures
instead of preferred stock evidently accounting for the confusion in
your information UNQUOTE.

Elias A. Smith Manager Salt Lake Loan Agency
RFC

134pm

Salt Lake City, Utah
April 16, 1935

via WESTERN UNION
Straight Message

HON. CARTER GLASS
UNITED STATES SENATE
WASHINGTON, D. C.

ADVISED DURING HEARING REGARDING ECCLES CONFIRMATION
YESTERDAY YOU STATED FIRST NATIONAL BANK OF SALT LAKE CITY MADE
APPLICATION TO THE RFC TO PURCHASE ITS DEBENTURES IN THE AMOUNT OF
TWO HUNDRED FIFTY THOUSAND DOLLARS STOP NO SUCH APPLICATION EVER
MADE THROUGH THIS AGENCY STOP HOWEVER APPLICATION MADE TO CORPORATION
TO PURCHASE TWO HUNDRED FIFTY THOUSAND DOLLARS PREFERRED STOCK OF
THIS BANK WHICH WAS APPROVED AND CONSUMMATED STOP MY LETTER OF
JANUARY THIRD NINETEEN THIRTY FOUR TRANSMITTING PRELIMINARY
APPLICATION WAS IN ERROR IN USING THE WORD DEBENTURES INSTEAD OF
PREFERRED STOCK, EVIDENTLY ACCOUNTING FOR THE CONFUSION IN YOUR
INFORMATION.

ELIAS A. SMITH, MANAGER
SALT LAKE LOAN AGENCY, RFC

EAS

Charge to:
Salt Lake Loan Agency, RFC,
307 First National Bank Bldg.,
Government Rate - Tax Exempt.

COPY

April 19, 1935.

Mr. Elias A. Smith, Manager,
Loan Agency of the R. F. C.,
Salt Lake City, Utah.

My dear Elias:

I wish to thank you for your letter of April 16th enclosing me a copy of the telegram which you sent to Senator Carter Glass relative to the First National Bank of Salt Lake. I feel the telegram fully covered the situation and assure you that I greatly appreciate your assistance in this regard.

With kindest personal regards,

Sincerely yours,

MSE:VE:sb