

39 East Concord Avenue  
Kansas City, Missouri  
June 17, 1938

Hon. Marriner S. Eccles,  
Chairman, Federal Reserve Board,  
Washington, D. C.

Dear Sir:

I am taking the liberty of addressing you a letter to commend you for your frank reply to Senator Vandenberg's query on the conduct of local banks, with particular relation to credits for the small business man, as I believe you have touched on one of the important factors that is holding back business today. Of course, there are many other factors of more importance, that the one you are touching on is almost insignificant. However, a frank discussion along the line of your letter, I believe, would help considerably.

There is one phase that you did not cite and that is, there are many small banks, and some large ones, I regret to say, that hide behind the very thing you point out and use it as an alibi in dodging responsibility involved in approving small loans.

I know of one local bank (State) that I believe you will find upon investigation, made a profit of \$20,000 or more mostly from service charges, together with their interest on Government loans, which seemed to satisfy them completely as to profit and their pride of having done a good (?) job. This bank, I understand, made very few, if any, small loans or assisted depositors in any substantial way that has been recognized as a proper function of a well conducted bank.

For the purpose of information and example only, I am submitting my own case and trust there will be no publicity, as far as using names is concerned, which may be of interest in the discussion.

I have conducted a general insurance agency for more than thirty years, handling all lines of insurance, except Life, with broad powers and authority. I started in the business with small capital, to which I have added from time to time, especially during the past five years, and have always had a first class credit rating in business, and until the depression, had a line of credit of \$1500.00, of which I only availed myself a part of the time, mostly to maintain a respectable balance and meet my bills promptly.

In conducting an agency of this kind, even a small one such as mine, it is necessary to extend credit to one's clients,

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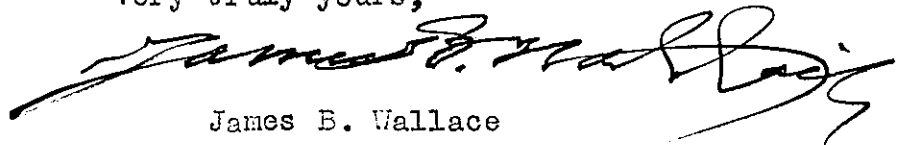
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and it is necessary to either have capital, or to be a borrower at times. The Companies assist their agents liberally, but they cannot do it all. In the past four or five years I have been refused any credit by local banks except on a collateral basis, notwithstanding I have never defaulted a loan or been delinquent a day on any loan or any obligation.

I own my own home, having built it myself in 1911, and lived in it ever since. Many of the banks do not consider character at all in making loans, considering them purely from the abstract view. In my experience in business and dealing with credits, and with all due modesty, I am certain that most business men outside of some of the bankers referred to above, would agree that I was a good risk as a loan for \$500 to \$1000, without collateral. But, Mr. Chairman, even if this is true, it would be futile and utterly impossible to get such a loan at our local banks, under the present conditions which you touch upon in your letter to Senator Vandenberg.

If the above is of any interest and you would care for any additional information, you are at liberty to command me freely and I would be glad to go into details with a representative of yours. There are several of our leading bankers who have known me intimately for many years, and would testify as to my character and trustworthiness, and I am only endeavoring to contribute something to the end that the conditions which you point out can be remedied.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'James B. Wallace', with a long, sweeping flourish extending to the right.

James B. Wallace

June 24, 1938

Mr. James B. Wallace  
39 East Concord Avenue  
Kansas City, Missouri

Dear Mr. Wallace:

This is to acknowledge receipt of your letter of June 17 commenting on my recent letter to Senator Vandenberg. I was interested to hear of your own experience which you may be sure will be treated entirely confidentially. It is typical, however, of a situation that has prevailed very generally throughout the country.

I wanted you to know that I appreciate your courtesy in writing.

Very truly yours,

M. S. Eccles,  
Chairman.

ET:ead