

# Pella Foundry Co.

410 FRANKLIN STREET

PELLA, IOWA      June 18th 1938

Marriner S. Eccles,  
Chairman Federal Reserve Board.  
Washington DC.

Dear Mr. Eccles.,

I have been watching with considerable interest through the papers as to the difference of opinions as to yourself and New Deal Treasury Officials. as to the method of Banks handling loans.

And I think our experinee could be duplicated many times and I just want to tell you about it.

We operate a small Grey Iron fpundry here which I manage, we have been going along in a small way and making a little money, Our Local Bank the Pella National has been giving us some help, our business has been slowed up considerably during this new Roosevelt depression, however we own our foundry equipment and materials which we have on hand, have practically no overhead at all, and last fall we borrowed \$500. from the Pella National Bank here which was every dollar we owe, and we gave them mortgage on a carload of Pig Iron invoiced to us at \$1100. in addition we have a car of coke on hand. quite some scrap iron and other equipment, our business this spring hasbeen slow and only working part time, but we are keeping some men off of relief by doing so. and not losing any money, this \$1100 of Pig iron which the Bank has for security on this \$500 loan I can sell anytime and pay the loan

But one of the Federal Bank examiners was here a short time ago examined the Bank and considered this a slow loan and he said it didnt look as though this loan could be liquidated shortly. The Bank here felt perfectly safe and now when we have a Roosevelt depression on us they start to clamp down on these kind of loans when they should do just the opposite, so OK I told them I could borrow enough money on my Life Insurane and take up this loan which I dād, Now we have more than enough good receivables to take up this loan and the entire security of \$1100 of Pig iron is still intact, This Bank has so much money on hand they dont know what to do with it and still such loans are critizised

I could cite you other deals just as ridiculous as this but dont want to burden you with a long letter but just want to let you know that we thfk you are on the right track and the rest of these birds dont know what its all about, we are all fixed up and dont ask for any favors of any kind, but just the same instances like this multiplied is what is putting this country in the shape it is in today.

Yours Very Truly.

Pella Foundry Co.

*A. Van Lorge* Mgr

June 28, 1938.

Mr. H. P. Van Gorp, Manager,  
Pella Foundry Company,  
410 Franklin Street,  
Pella, Iowa.

Dear Mr. Van Gorp:

I was very glad to have your interesting letter of June 18 telling of your experience with reference to a bank loan which was perfectly sound and well secured, yet was criticized as slow. I have no doubt, from a large number of letters which I have received, that your experience is similar to that of many other business men and manufacturers throughout the country.

The agreement among the Federal banking supervisory agencies, which has just been announced, should correct this manifestly impractical situation and make possible an adequate flow of credit, in accordance with present day needs of industry and agriculture. It has been reassuring to hear from those like yourself about typical instances which have demonstrated the need for the changes now effected in supervisory rules and regulations affecting bank loaning and investment functions.

I wanted you to know that I very much appreciated your letter and your courtesy in writing.

Very truly yours,

M. S. Eccles,  
Chairman.

ET:mlh

Received in  
Chairman's Office  
JUN 20 1938  
Board of Governors  
of the  
Federal Reserve System