

*Moyle & Moyle*

*Attorneys*

*First National Bank Building*

*Oscar W. Moyle*  
*Oscar W. Moyle, Jr.*  
*Dan T. Moyle*

*Salt Lake City, Utah*

June 7, 1939

Hon. Mariner S. Eccles  
Governor of Federal Reserve Banks  
Washington, D. C.

Dear Governor:

We notice, with appreciation, that you are using your effort, as we understand it, to broaden the purposes of Government lending agencies in order to help small businesses. You, of course, know of the difficulties of small businesses that are in need of relief more than we do. We are taking the liberty, however, of writing you regarding a particular case, because no doubt there are many similarly situated.

The Western States Machine Company was incorporated in the State of Utah over twenty years ago and established its business here and carried on a successful business and later moved its operations to Hamilton, Ohio. The company has about three hundred stockholders, most of whom reside in Utah, some residing in Ohio and some in New York, the manager of the company being Mr. Eugene Roberts of New York City. The company is engaged in the manufacture of sugar machinery, more particularly centrifugals for the refinement of sugar in beet factories as well as in the refining factories. Our machinery is in practically all of the beet factories and in a large number of cane sugar refineries. It employs from fifty to one hundred men permanently and last year did over \$500,000 worth of business.

Over two years ago, the company took an option on the building and plant in which the machinery was being manufactured at a price of \$150,000, which was considered then and is now a very small price for the property. \$50,000 of the purchase price was paid by the company over a year ago and \$50,000 last fall. The balance, \$50,000, becomes due this fall, and unless it is paid, the option or agreement to purchase will be forfeited and the company embarrassed. Because of the depressed business conditions existing, it now seems almost certain that unless the company can procure a loan for at least \$50,000, it will be financially embarrassed and lose what it has put into the property.

We made an application for a loan from the R.F. C. and it was denied for the reason that the principal part of the money for which the loan was asked was to be paid on the purchase of property or for the payment of existing debts. The local bank at Hamilton, Ohio was willing

to take 10% of the loan, but still the R.F.C. refused to approve the loan.

We take the liberty of suggesting that some help should be procured from the Government to cover cases of this kind where it is to complete the purchase of property or to pay obligations incurred in the purchase of property.

Our machinery is not only being used and sold in the United States, but also in foreign countries; such as, England, Holland, Australia, Argentina, Brazil and elsewhere, and if its business is discontinued, our employees will necessarily lose their employment. We are writing you in the hope that you will, as no doubt from the newspapers you are trying to help this situation and bring this particular instance to your attention as one of the cases in which there would seem to be necessity for relief. No doubt you are acquainted with other similar instances.

Thanking you for anything you may do and congratulating you on what you have and are doing, we beg to remain

Yours truly,

MOYLE & MOYLE

By *Edward W. Moyle*

OWN'GTS

*1/78*

*100,000*

*10,000*

*100,000*

*50,000*

*7th Hand Mach*

*& miscellaneous + special emp.*

*city*

*11/1*

*80,000*

*77,000 (20,000 def.)  
(164,000)*

*100,000 1/37 31,000 net*

*App- (158,000) -  
LR 100,000 -*

June 16, 1939.

Mr. Oscar W. Moyle  
First National Bank Building  
Salt Lake City, Utah

Dear Mr. Moyle:

Mr. Eccles has asked me to reply to your letter to him of June 7th in which you comment on his recent testimony respecting the Mead Bill and mention the situation of the Western States Machine Company which you say is in need of a long-term loan and has had its application for such loan rejected by the R. F. C.

I have contacted the R. F. C. informally respecting the loan referred to and they advise that the application was denied last January principally for the reason that the current position of the company was rather unsatisfactory and that the appraisal of the Company's property did not justify a loan in the amount asked for, namely \$100,000. At the same time it was recognized that the earnings of the company for the first ten months of 1938 were very creditable, being some \$31,000 after adequate depreciation. If the company's earnings for the current year are anywhere near satisfactory, it is my belief from the tone of the conversation I had with the R. F. C. that they would look with favor on a new application for a smaller amount, say \$75,000. If, on the other hand, the earnings for 1939 have been very small, I doubt that they would care to reconsider the proposition for any amount.

Undoubtedly the loan which the Western States Machine Company desires is just the type of credit which Mr. Eccles has pointed out as being very difficult to get under present conditions. Banks are loath to make long-term loans although they are beginning to get into them, and I have been told that the R. F. C. in most cases declines loans which the local bank is not willing to make, or at least to participate in to a substantial extent. In this connection, I doubt that the R. F. C. would look with favor on a new application from your

Mr. Oscar W. Moyle - 2

people unless the local bank were willing to take a somewhat larger participation, say twenty per cent.

With best wishes and trusting the foregoing information may be of some assistance to you and your associates, I am

Yours sincerely,

Lawrence Clayton  
Assistant to the Chairman

LC:fgr

Received in  
Chairman's Office  
JUN 11 1933  
Board of Governors  
of the  
Federal Reserve System