

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date February 26, 1946

To Mr. Thurston

Subject: Supplementary Information

From Richard A. Misgrave *RAM*

for OPA Testimony

Pris

At yesterday's hearing before the House Banking and Currency Committee, Representative Frederick C. Smith of Ohio questioned the Chairman on the extent to which the present bank holdings of Government securities had been derived through purchases in the market from other holders or through direct purchases from the Treasury.

He then asked this question: "What are the statutes under which the commercial banks have the right to purchase securities directly from the Treasury? Are there any statutes which indicate that the commercial banks cannot buy securities directly from the Treasury or that the Treasury cannot sell securities directly to the commercial banks?" The Chairman said that this was a legal matter which he would like to have his legal staff answer. Representative Smith then requested that such an answer be prepared and inserted in the record, and the Chairman agreed that this would be done.

Will you, please, pass this on to whomever should handle it?

February 27, 1946.

- Mr. Vest

FROM - Mr. Thurston

When the Chairman was on the stand day before yesterday, Representative Smith of Ohio asked this question:

"What are the statutes under which the commercial banks have the right to purchase securities directly from the Treasury? Are there any statutes which indicate that the commercial banks cannot buy securities directly from the Treasury or that the Treasury cannot sell securities directly to the commercial banks?"

The Chairman said that this was a legal matter which he would like to have his legal staff answer. Representative Smith then requested that such an answer be prepared and inserted in the record, and the Chairman agreed that this would be done.

Can you have an appropriate statement prepared?

E.T.