

**FEDERAL RESERVE BANK
OF DALLAS**

Dallas, Texas, January 10, 1936

INDUSTRIAL LOANS

To the Bank Addressed:

During recent months the number of industrial loan applications received by Federal Reserve banks has decreased considerably as compared with the period immediately following the date on which Section 13b of the Federal Reserve Act became effective. That section was adopted June 19, 1934, and, as you recall, authorizes Federal Reserve banks to make credit available to established industrial and commercial businesses for the purpose of providing or replenishing working capital, for a period not exceeding five years.

It has been the aim of the Board of Governors of the Federal Reserve System, the Federal Reserve banks and the Industrial Advisory Committees to make such credit available to all borrowers who are in need of working capital and to whom advances could be made on a reasonable and sound basis. To that end special efforts have been made to bring the provisions of the section to the attention of member and nonmember banks and industry in general, and applications for such credit have been approved whenever possible. Notwithstanding these efforts, it may be that some have overlooked this facility which Congress authorized in the interest of industry. It may be, too, that there are now no enterprises in your community which are unable to obtain needed working capital from the usual sources and to which loans for this purpose could be made on a reasonable and sound basis. This bank desires particularly, however, to do what it can for industry in its district, especially in cooperation with financing institutions, and if you know or learn of any instances where worthy enterprises in need of working capital have been unable to obtain it, we shall appreciate your bringing them to our attention.

Under the provisions of the Act, Federal Reserve banks are authorized to make these loans either direct to borrowers or in participation with financing institutions. If you are interested in participating in any loans of this type, with your liability limited to not less than 20 per cent of an advance, this bank will be glad to cooperate with you in any way it can within the law. Full information concerning direct loans, participating loans and commitments will be gladly furnished upon request.

Yours very truly,

B. A. McKINNEY,
Governor