

RECONSTRUCTION FINANCE CORPORATION
WASHINGTON

January 12, 1934

Honorable Duncan U. Fletcher,
United States Senate,
Washington, D. C.

Dear Senator Fletcher:

Mr. Baxter has requested me to write you, setting forth my views of the proposition outlined by Senator Dial and Major Crawle. While I did not make any notes of the informal proposition which was discussed, my recollection is that these gentlemen are interested in applying to this Corporation for a loan to finance the draining and putting into cultivation some sugar cane lands in Southern Florida. While the project seemed somewhat speculative to me personally, these gentlemen were quite certain of their ability to make it pay, provided adequate financing could be obtained.

I explained that the present policy of the Board was to confine industrial loans to the purpose of supplying working capital needed for the every-day operation of existing businesses, that is, primarily to pay for labor and materials used in keeping a going business in operation. The purpose of the funds needed for the project as outlined seems somewhat similar to a construction or plant expansion expenditure.

I further explained the method whereby loans to industry might be made by the Corporation through mortgage loan companies as outlined in Circular 11 with which you are undoubtedly familiar.

It would be necessary for application to be made through either an existing mortgage loan company or a new company which could be organized by a number of borrowers who wish to obtain loans for the benefit of their respective businesses. I am sorry that I have not studied the proposition sufficiently to express an opinion as to its merit from a credit standpoint.

Very truly yours,

J. W. Slack
Examiner

JMS:EP