

June 19, 1935

Miss Jane P. Breed
The Plaza
New York, N. Y.

Dear Madam:

Your letter to Mrs. Roosevelt of May 29, regarding the Wheeler-Rayburn Holding Company Bill, has been referred to me.

I can assure you that extremely careful consideration has been given to this legislation. I believe you have been misinformed as to the opportunities given to public utility companies to be heard in protest against the Bill. This opportunity was not confined to those you refer to as "the guilty companies". In the proceedings both before the Senate and House committees opposition to the Bill was in the hands of a Committee of Public Utility Executives under the chairmanship of Mr. Philip H. Gadsden, Vice-President of the United Gas Improvement Company. This committee was given complete freedom in choosing the witnesses which were to appear in opposition to the Bill.

Of course whatever value the securities of a holding company have is based essentially on the assets of the operating companies which it controls. The Bill does not destroy these assets. The elimination of a holding company does not mean that its security holders lose their investment. It means that they become security holders directly in an operating enterprise instead of owning it indirectly through one or more holding companies. Where, owing to state laws, it is not practical to merge a holding company with its operating companies in contiguous states, the Bill authorizes the continuation of the holding company.

I can assure you that the proposed legislation is not advocated as a step towards government ownership of public utilities. On the contrary, by encouraging decentralization it should tend towards facilitating state regulation.

Very truly yours,

Joseph P. Kennedy
Chairman

JPK:eh

Mailed by Chairman JUN 19 1935