

**MEMO# 983**

February 14, 1989

## **NEW BANKING COMMITTEE CHAIRMAN GONZALEZ OPPOSES FED ON SECTION 20 POWERS FOR BANKS**

February 14, 1989 TO: BOARD OF GOVERNORS NO. 9-89 FEDERAL LEGISLATION  
COMMITTEE NO. 2-89 FEDERAL LEGISLATION MEMBERS NO. 3-89 RE: NEW BANKING  
COMMITTEE CHAIRMAN GONZALEZ OPPOSES FED ON SECTION 20 POWERS FOR BANKS

\_\_\_\_\_ In a strongly worded letter (copy attached) to FRB Chairman Alan Greenspan, the new Chairman of the House Banking Committee Henry B. Gonzalez (D-Tex) registered his opposition to the FRB's January 18 decision to let five bank holding companies engage in underwriting corporate debt and equity. In the letter, Chairman Gonzalez made the following points: Over the last three years, the FRB has usurped Congressional authority; Structural reform of the financial services industry is reserved for the Congress; Considering the FSLIC crisis, the granting of new powers is ill-timed because Congress must act to review the regulatory structure in its entirety; No further grants of authority ought to be made; Congress reserves the right to act retroactively in these matters, conceivably vacating any orders heretofore issued by the FRB. Gonzalez's letter does not divulge his view on expanded powers but clearly reflects his intent to place the House Banking Committee squarely in the debate. The Institute is working closely on these issues. If you have any questions, please do not hesitate to call. Julie Domenick Doerr Vice President-Legislative Affairs Attachment