

May 29, 1936

Hon. Joseph C. O'Mahoney,
United States Senate,
Washington D.C.

Re: H.R. 8940

Dear Senator O'Mahoney:

In view of the fact that I have to leave my office and the city before I had an opportunity to talk to you again about the Bill, I wanted leave you with my final ideas on the matter. They are as follows:

The attached draft amended to Section 77b (c) (8) is the best substitute for the amendments appearing on page 6 of the confidential committee print on the above Bill, dated May 24, 1936, which I could work out in the very limited time available.

In view of the fact that this is a hurried job and grave doubts exist as to its propriety and adequacy to cover the voluntary reorganization as promulgated and consummated subsequent to the filing of a petition in a 77B case, I think the only safe course would be to eliminate any such attempt to amend the statute at this time. I feel that if the amendment that I suggested in lieu of the present amendment appearing on lines 18, 19 and 20 of page 5 of the confidential committee print were made and if that was allowed to operate retroactively, there could be no serious objection to the Bill. But in view of the inadequacy of time to give the matter mature consideration, I think any amendment now which is designed to permit a dismissal of the proceedings if the debtor has shown to the satisfaction of the court that subsequent to the date of the filing of the petition, it has become and remains solvent and able to meet its debts as they mature is highly dangerous, I am sorry not to be able to arrive at a contrary conclusion. But the pressure of the work and the very limited time which I have had to give to this matter have prevented me from being able reasonably to satisfy myself on it.

Yours faithfully,

William O. Douglas
Commissioner.