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PENALTY FOR FRAUD

BARNETT, R.E.
Banking

May 10, 1976

The Honorable Robert E. Barnett
Chairman
Federal Deposit Insurance Corporation
Washington, D. C. 20429

Dear Mr. Barnett:

Thank you for your letter of April 30 advising me of the FDIC's efforts to improve fair lending enforcement since you became Chairman.

I continue to believe that it is essential for all three bank regulatory agencies to issue regulations as soon as possible, and to include both racial recordkeeping requirements and a regularized civil rights compliance review as part of the normal examination routine.

I can understand that in the short run the lawsuit complicates things, but we can hardly blame the civil rights groups, who have been stalled by the agencies for eight years. As you know, their critique of the regulatory agencies in this area is almost identical to that made by the Justice Department and the Senate Banking Committee.

Rather than harden the battle lines, I would hope the suit will provide one more inducement for the speedy development of a real enforcement program. Certainly, it would be ironic if the suit became one more pretext for delay.

I do appreciate your efforts to make progress in this area, and I am confident that you will not let the suit become an impediment.

Thank you for keeping me informed.

Sincerely,

William Proxmire
Chairman