money going to these foreign branches that the interest they pay to a foreigner may not be sufficient to hold all the money that had been exited from the United States and would be going back onto other investments in other countries.

The CHAIRMAN. We have been complaining about tight money in the United States, and that would make it a lot tighter because that would be pulled out from investment here.

Mr. FINCHELL. Yes.

Senator MCCARTHY. Did you say you ran a direct-mail appeal?

Mr. FINCHELL. Yes.

Senator MCCARTHY. What is the nature of that?

Mr. FINCHELL. It is a group of 25 California savings and loan associations as a group advertising by direct mail abroad.

Senator MCCARTHY. Which countries, primarily? Europe?

Mr. FINCHELL. Europe, Latin America, the Middle East, and other areas of the world where there has been an outflow, to which there has been a heavy outflow, of all U.S. money. In effect, we are trying to bring it back, and that is the easiest type of money to bring back into the United States.

Senator MCCARTHY. Do you emphasize the fact that their interest earnings are not taxable?

Mr. FINCHELL. Oh, yes; it is one of the prime attractions to a foreigner, which is the interest and estate exemption.

Senator MCCARTHY. And estate tax.

Mr. FINCHELL. Definitely, sir.

The CHAIRMAN. So what you have been doing is advertising that you have a good deal here for foreigners to invest money in the United States. You had been attracting quite a bit of U.S. dollars back into American investment, and then here comes a bill which originally is intended to encourage foreigners to bring this money in, but by the time you see a House amendment you are convinced that the money will be flowing out instead of in, as far as you are concerned.

Mr. FINCHELL. Yes; a crazy quilt.

The CHAIRMAN. One of the Senators who sat through the first 2 days of hearings told me yesterday that he was firmly convinced this bill started out as a bill to attract foreign investments over here, and by the time it came from the House they would run more dollars out of here than they would bring in. I think your statement is one more piece of evidence along that line.

Mr. FINCHELL. There is one final point I would like to make. This bill extended the tax exemptions or at least the interest tax exemptions to 4,400 other savings and loan associations in the United States of a mutual nature, including savings and loan associations in Minnesota, New Mexico, Louisiana, and Kentucky, which are of the mutual type or semimutual type. But there is wording in that extension which makes it very difficult, which will make it very difficult, for the savings managers of these institutions to properly tell the story to the foreign investor because it states that only savings institutions which meet a certain section, and it is rather obscure for a foreigner, and it is the recommendation of my attorney as well as ourselves that an easier identification be made as to what type of savings institution does qualify, and I think that the most simple one would be an institution whose accounts were insured by either the FDIC or the FSLIC.