Senator PROXMIRE. This guarantee hinges on the goodwill or attitude of the Federal Reserve Board; that is, on speculation?

Mr. ROBERTSON. I don't think so. I think the question really is whether or not the use of the term "guarantee" is misleading. I think not, because really it means a promise to pay this rate of interest for as long as this obligation is outstanding. This is exactly what the Treasury does on its bonds, of course. It uses the same words, savings bonds. The interest is guaranteed. In this same sense it seems to us that it would be inappropriate for us to say that you cannot say that you are guaranteeing the rate of interest.

Senator PROXMIRE. I would like to ask each of you gentlemen if you intend to tighten up the regulations issued in 1966 on advertising of this kind that Mr. Deming recognizes is deceptive?

Mr. ROBERTSON. Mr. Chairman, may I answer that first since I guess I was the father of the action that has been taken.

Senator PROXMIRE. Yes.

Mr. ROBERTSON. There is no clear authority in the law today giving us the power to determine what the advertising of any particular bank shall be, whether it is fair or unfair. But we decided that what we ought to do is to take the issue in hand and try to lay down guidelines which we thought would be in the interest of the entire banking industry and would benefit people as a whole.

Senator PROXMIRE. Should there be a change in the law, or would you recognize the antifraud provisions of the 1934 Securities and Exchange Act as useful in this regard?

Mr. ROBERTSON. This is a possibility. That isn't vested in us. But we did lay down general principles to guide banks and savings and loans. We took this up in the coordinating committee, and as a result of these discussions the four supervisory agencies put out guidelines with respect to advertising. We went as far as we felt we should go. It may be that we can go further in this direction. I think something should be done.

Senator PROXMIRE. This ad is obviously deceptive.

Mr. ROBERTSON. That is right. And I think the truth-in-lending legislation, which does now cover advertising, may give us a leg up in coping with this problem. I must say that we have made real progress in the field of advertising, although there are still some who take advantage of it. By and large, a great deal of good has been accomplished by the guidelines we have put out.

Mr. HORNE. Mr. Chairman, I would agree that there is some misleading advertising. And you have given that; you have shown evidence of it. In connection with what Governor Robertson has said, we did have a committee to study this matter. We did bring suggestions to the regulatory agencies after consultation. We did issue these guidelines. We are not satisfied with the guidelines, none of us, completely. And at one of our recent meetings we reactivated the further study by the staffs of the agencies which will come back to us within time, making perhaps additional recommendations.

I think Governor Robertson is right when he makes reference to the fact that there is some question as to how much authority exists in the law for us to do this. I know as you do very well that the SEC has shown an interest in this problem and I think—I want Mr. Cohen to speak for himself—I think he has taken the position that there is