

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date May 6, 1946.

To Chairman Eccles

Subject: Hearings before House

From Mr. Cherry

Banking and Currency Committee.

Mr. Morrill asked that I report to you in connection with the two bills which are to be the subject of hearings before the House Banking and Currency Committee tomorrow.

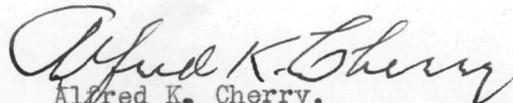
The Bill H.R. 5630 amends the law relating to the establishment of branches by member banks, the principal effect being to reduce the capital requirements to \$100,000. The Board made a report on this bill favoring its enactment but suggesting that the bill be amended so as to simplify it and remove completely the minimum capital requirements. A copy of the Board's letter reporting on this bill is attached.

The Bill H.R. 3327 makes certain technical amendments to the Federal Credit Union Act relating to penalties for charging excessive interest, shares to be issued in joint tenancy, requirement for surety bonds for officers, the holding of meetings, and increases from \$100 to \$300 the amount which may be loaned without adequate security.

The Board has not been requested to make a report on this bill nor has a report been made.

I will attend these hearings in the morning and report any developments to you.

Respectfully,

  
Alfred K. Cherry,  
Assistant Counsel.

Attachment

May 7, 1946.

Board of Governors

Hearing on H.R. 5630,

Mr. Cherry

Relating to the Establishment of Branches.

Congressman Hays explained the general purpose of his bill, namely, to remove discrimination against member banks of the Federal Reserve System in connection with the establishment of branches. He explained the situation as it exists in Arkansas. No one else was present to testify and Chairman Spence stated that the Committee would postpone action on the bill until after further hearings were held. He said he had talked to Chairman Eccles and to Mr. Delano, both of whom had indicated a desire to be heard, but that they were not prepared to attend hearings today. He also said that Mr. Harl, Mr. Ben DuBois of the Independent Bankers Association, and the Superintendent of Banking of the State of Arkansas wanted to be heard, and that they could not appear today. The hearings were therefore continued to a time mutually convenient for all to be heard.

During Mr. Hays' testimony, he was questioned rather closely by Congressman Crawford and Congressman Kilburn on the technical provisions of the bill. Mr. Hays was unable to answer them, and he looked around the room and saw me and asked that I come up and sit beside him for the purpose of helping him answer the technical questions. I stated that I had no authority to represent the Board, but would merely attempt to be helpful to Mr. Hays. Congressman Kilburn wanted to know what the word "association" in the bill meant. I stated that the word referred to a national bank and that it had been so referred to in the National Bank Act since 1864. He then wanted to know how the language of the bill could apply to State member banks, and I explained that the provisions of section 9 of the Federal Reserve Act made the provisions of section 5155 of the Revised Statute applicable to State member banks. Congressman Crawford asked about the provisions of the bill relating to seasonal agencies, and I stated that that part of the bill was existing law, having been enacted in 1933. Mr. Crawford then wanted to know how much of the bill is existing law and what part of the bill is new. I explained this to Mr. Hays, who gave the answer.

In the hearing on the bill relating to Federal Credit Unions, no reference was made to the Federal Reserve System.

AKC