

September 10, 1934

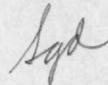
Mr. T. R. Preston, President,
Hamilton National Bank,
Chattanooga, Tennessee.

Dear Mr. Preston:

Receipt is acknowledged of your letter of August 29th to Secretary Morgenthau enclosing a copy of a letter written by Mr. A. D. Collins, Vice President of the Bank of Spring City, Spring City, Tennessee, in which Mr. Collins objects to the multiplicity of examinations which banks are subjected to by various banking supervisory authorities.

Copies of your letter and its enclosures from Mr. Collins have been referred to the Reconstruction Finance Corporation, to the Office of the Comptroller of the Currency, and to the Research Division of the Treasury Department.

Very truly yours,



M. S. Eccles,
Assistant to the Secretary.

HLH:MTC

9/8/34

August 31, 1934.

Mr. Viner

Mr. Eccles

I am attaching hereto for your information copy of a letter addressed to Secretary Morgenthau from the Hamilton National Bank of Chattanooga, Tennessee, enclosing copy of letter from the Bank of Spring City, Tennessee, to the Federal Deposit Insurance Corporation, copy of which I am also attaching hereto.

I have sent copies of these letters to Mr. Awalt, Mr. Paulger and Mr. Talley, and am attaching hereto copy of the memorandum I wrote to each of them.

August 31, 1934.

Lynn P. Talley, Esq.,
Assistant to the directors,
Reconstruction Finance Corporation,
Washington, D. C.

Dear Mr. Talley:

I am attaching hereto for your information copy of a letter addressed to Secretary Morgenthau from the Hamilton National Bank of Chattanooga, Tennessee, enclosing copy of letter from the Bank of Spring City, Tennessee, to the Federal Deposit Insurance Corporation, a copy of which I am also attaching hereto.

This correspondence addressed to the Secretary was referred to me from his office and I am passing it on to you for your consideration as I feel it is rather pertinent at this time in view of the consideration which is being given by the Treasury in an effort to eliminate duplication of reports and examinations as well as more uniform standards of examinations in order to improve the credit relationship of the banks with the public.

Very truly yours,

Assistant to the Secretary
of the Treasury.

MSE:VE
Att.

August 31, 1934.

Mr. Awalt

Mr. Eccles

I am attaching hereto for your information copy of a letter addressed to Secretary Morgenthau from the Hamilton National Bank of Chattanooga, Tennessee, enclosing copy of letter from the Bank of Spring City, Tennessee, to the Federal Deposit Insurance Corporation, a copy of which I am also attaching hereto.

This correspondence addressed to the Secretary was referred to me from his office and I am passing it on to you for your consideration as I feel it is rather pertinent at this time in view of the consideration which is being given by the Treasury in an effort to eliminate duplication of reports and examinations as well as more uniform standards of examinations in order to improve the credit relationship of the banks with the public.

August 31, 1954.

Mr. Paulger

Mr. Eccles

I am attaching hereto for your information copy of a letter addressed to Secretary Morgenthau from the Hamilton National Bank of Chattanooga, Tennessee, enclosing copy of letter from the Bank of Spring City, Tennessee, to the Federal Deposit Insurance Corporation, a copy of which I am also attaching hereto.

This correspondence addressed to the Secretary was referred to me from his office and I am passing it on to you for your consideration as I feel it is rather pertinent at this time in view of the consideration which is being given by the Treasury in an effort to eliminate duplication of reports and examinations as well as more uniform standards of examinations in order to improve the credit relationship of the banks with the public.



HEAD OFFICE

HAMILTON NATIONAL BANK

CHATTANOOGA, TENNESSEE

August 29, 1934

T. R. PRESTON
PRESIDENT

Hon. Henry Morganthau,
Secretary of the Treasury,
WASHINGTON, D. C.

Dear Mr. Secretary:

At the suggestion of Gov. Black of the Federal Reserve Bank of Atlanta I am sending you the enclosed copy of letter addressed to the Federal Deposit Insurance Corporation by the Bank of Spring City, Tennessee.

The banks of this State as well as every other State want to co-operate in every way they can to aid business recovery, but because of the drastic treatment by National Bank Examiners some of the banks, especially the smaller ones, are doing absolutely nothing in the way of extending credit. One banker in this State quit after thirty years service because he could be of no assistance to his community for the above reason.

Banks that have come through this depression with a reputation unblemished should be allowed time to work out their problems. In the last analysis business cannot recover without the aid of the banks throughout the country.

Yours very truly,


President

BANK OF SPRING CITY

T. R. PRESTON, President
A. B. COLLINS, Vice-President

SARAH NEIL HILLEARY, Cashier
ELLEN PAUL AULT, Asst. Cashier

SPRING CITY, TENN.

Aug. 20, 1934,

Federal Deposit Insurance Corporation,
Washington, D. C.

Gentlemen:

This bank is a member of your Corporation and is also affiliated with the Hamilton National Bank of Chattanooga, which has been of great benefit to us.

Within about one year this bank was examined six times, - twice by the State authorities, twice by the Comptroller's Office, once by the FDIC and once by the Federal Reserve Bank. In addition to this we have been required to make innumerable reports for publication and otherwise. This situation is not only expensive to us but quite disturbing to our people. If this multiplicity of examinations had occurred when the public was all afraid of banks it would probably have caused a run on us and might have destroyed us entirely.

We are a small bank in a small community and of course, so far as your office is concerned we do not amount to anything, but the matter is exceedingly important to us, and we just wonder if there is not some way we can avoid this harassment. We understand we are to go through this same experience to a degree, every year. From a credit standpoint we can be of no service to our community, and we are gradually converting our assets into bonds - Government and otherwise - as the enclosed statement will show.

The classification of assets by some Examiners is so unfair to our community that we cannot make a loan that will be acceptable to them. Some of them appear to be anxious to destroy us, and seem greatly disappointed if they do not find something bad. The following is an example of what some of these examinations are like: Recently, in answer to the question on the examination blank, 'Does this bank re-discount continuously, or for reasonable purposes?' the Examiner said, 'Seldom re-discounts.' The fact is, this bank has never had a re-discount or bills payable on its books during its 44 years of existence.

BANK OF SPRING CITY

T. R. PRESTON, President
A. B. COLLINS, Vice-President

SARAH NEIL HILLEARY, Cashier
ELLEN PAUL AULT, Asst. Cashier

SPRING CITY, TENN.

Federal Deposit Insurance Corporation if we are to go through continuously what we have been through the past few months. As a matter of fact we do not believe this insurance of deposits has helped us materially, if at all.

Our statement is enclosed, and we would be glad to have further instructions and advice from you as to what we shall do.

Yours very truly,

A. B. Collins
President.