

June 1, 1936.

Mr. C. V. Opper,
Assistant General Counsel,
Treasury Department,
Washington, D. C.

Dear Mr. Opper:

Mr. Clayton showed me the proposed definition of the term "bank" as used in the pending tax bill. Upon consideration of the matter this definition seems to be entirely satisfactory so far as member banks of the Federal Reserve System are concerned. I might point out, however, that under section 19 of the Federal Reserve Act banks organized under the laws of a dependency or insular possession of the United States are eligible for membership in the System and while at the moment we have no such members we have applications for membership pending, and it is possible that applications of this kind might be granted.

We are informed that the tax bill as now drawn does not cover corporations organized under the laws of dependencies or insular possessions, but if such corporations should be subject to tax under the bill, consideration should then be given to a change in the definition of the word "bank" so as to include those organized under the laws of dependencies or insular possessions.

Yours very truly,

General Counsel's Office.

Dictated by.....
Approved by.....
Revised by.....

(Signed) M. S. Eccles

M. S. Eccles,
Chairman.

LC/BMW/mg



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