



FEDERAL RESERVE BANK  
OF DALLAS

Circular No. 39  
Series of 1920

November 4, 1920.

ELECTION OF DIRECTORS

TO MEMBER BANKS IN GROUPS 2 AND 3:

Supplementing Circular No. 37 of October 6th, on the above subject.

In order that each member bank in groups 2 and 3, which are to elect one Director of Class A and one Director of Class B in the coming election, may clearly understand the provisions of the Federal Reserve Act, I again call attention to Section 4 as follows:

"Each member bank by a resolution of the board or by an amendment to its by-laws shall authorize its president, cashier, or some other officer to cast the vote of the member bank in the elections of Class A and Class B directors.

Within fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the chairman his first, second, and other choices for director of Class A and Class B, respectively, upon a preferential ballot upon a form furnished by the Chairman of the board of directors of the Federal Reserve Bank of the district. Each such officer shall make a cross opposite the name of the first, second, and other choices for a director of Class A and for a director of Class B, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared."

While it is optional with member banks whether or not they shall nominate candidates for Class A or Class B directors, under the terms of the provisions just quoted it is mandatory upon each member bank to authorize, by a resolution of the board of directors or by an amendment to its by-laws, some officer to cast a vote in behalf of the bank in the elections of such directors, and upon the officer so authorized to certify to the Chairman of the Federal Reserve Bank his first, second and third choices for such directors. Inasmuch as each Class A or Class B director is elected by one group of member banks, nominations may be made and ballots shall be cast only by those member banks which belong to the group which is to participate in the particular election.

The law also makes it mandatory upon the officer casting the ballot to designate his first, second, and other choices and provides that under some circumstances votes for second and third choices may determine the election. The Federal Reserve Board has heretofore ruled that when there are three or more nominees no ballot is valid unless the first, second and third choices are designated thereon.

You will understand, therefore, that the terms of the Federal Reserve Act are mandatory with respect to the authorization of officers to cast the votes of member banks and to the casting by the officers so authorized of ballots designating the requisite number of choices.

Yours very truly,

A handwritten signature in dark ink, appearing to read "W. F. Noyes", with a long, sweeping underline.

Chairman of the Board.