



**FEDERAL RESERVE BANK
OF DALLAS**

August 21, 1923.

COST OF EXAMINING STATE MEMBER BANKS

To the State Member Bank Addressed:

Heretofore the examinations of member banks by our examiners (whether "joint," "independent" or "special") have been made without expense to the banks examined, but Section 9 of the Federal Reserve Act provides that the expense of such examinations "shall be assessed against and paid by the banks examined." We have always construed this provision of the law as being optional, rather than mandatory, and have therefore willingly absorbed all expenses incident to these examinations.

The interpretation has recently been made that under the provisions of Section 9 referred to Federal Reserve Banks must assess the cost of such examinations against the banks examined, and in addition must charge for independent examinations as provided in Section 21 of the Federal Reserve Act.

Effective August 1, 1923, therefore, this bank will assess the expense of our examinations against the bank examined; such charge, by direction of the Federal Reserve Board, to include the examiner's traveling expenses, plus his subsistence and salary for the time he is actually occupied in making the examination.

A special effort will be made to conduct these examinations as economically as possible, by grouping as many banks as we can on the schedule for each trip made by the examiners. This will enable us to minimize traveling expenses, although the exigencies of joint examinations with the state authorities sometimes necessitate making more than one trip to a particular section or district in order to complete our usual examinations in that section.

Yours very truly,

A handwritten signature in cursive script, appearing to read "H. M. ...", written in black ink.

Federal Reserve Agent.