

FEDERAL RESERVE BANK OF DALLAS

Dallas, Texas, March 16, 1933.

To the Bank Addressed:

Supplementing our circulars of March 6, 7, 8, 9, 10, 11, 13 and 14, 1933, there are quoted below for your information, certain additional regulations issued by the Secretary of the Treasury under authority conferred upon him by proclamation of the President of the United States declaring bank holiday:

“Responding to inquiries today as to what facilities are available for enabling state banks which are not members of the Federal Reserve System to obtain currency to meet their needs, Secretary of the Treasury Woodin called attention to the statement of the President, in his radio talk on March 12, that these banks can and will receive assistance from member banks and from the Reconstruction Finance Corporation. The Secretary pointed out that Federal Reserve Banks are authorized to make advances to individuals, partnerships and corporations, on their promissory notes, for periods not exceeding 90 days, secured by direct obligations of the United States, and non-member banks may avail themselves of this privilege. The Federal Reserve Banks also are authorized, he stated, to rediscount for member banks, with their endorsement, eligible and acceptable paper acquired from and bearing the signature or endorsement of non-member banks; and to make advances to member banks secured by other paper acquired from non-member banks.

The Secretary said that he understands that it is the purpose and desire of the Reconstruction Finance Corporation and the Federal Reserve Banks to be as helpful as possible in meeting the needs of the present situation.”

“In response to many inquiries as to the significance of the appointment of conservators to banks of high repute I wish to say that there is no deduction to be made that such banks are necessarily in difficulties. There are a lot of complications, some of them concerning affiliate enterprises which make it impractical for banks to open to the full extent. It is for the purpose of insuring that the banks will be put in apple-pie order, pending reorganization or other necessary processes that conservators in many cases are named.

Moreover, this method makes it possible that the bank so circumstanced will be able to continue to render service, as for example, the receiving of deposits to be segregated and kept in cash or invested in Government bonds and such like securities. It also enables the conservator to set aside and make available for withdrawal by depositors payment to other creditors on a ratable basis such amounts as in his opinion it is safe to use for this purpose.”

“The term mortgage loan companies as used in interpretation No. 3, is interpreted to include all corporations whose principal business consists of the investment in, sale and purchase of real estate mortgages and mortgage certificates guaranteed by such corporations.” Designated as interpretation 10.

“Passing upon applications of member banks to reopen for normal banking functions has taxed the personnel of the Treasury and of the Office of the Comptroller of the Currency. While every possible effort has been made to act upon all applications, delay in some cases has been found to be inevitable, in some cases, also, steps are being taken which as soon as completed will make it possible for reopening to be licensed. I, therefore, wish to direct especial attention to the statement of the President in his radio address of last Sunday: ‘Let me make it clear to you that if your bank does not open the first day you are by no means justified in believing that it will not open. A bank that opens on one of the subsequent days is in exactly the same status as the bank that opens tomorrow.’

Additional licenses will be issued from time to time and the public should understand that banks hereafter licensed to be opened for normal functions are to be regarded in same way as if it had been possible to issue the license by today.”

Yours very truly,

A handwritten signature in black ink, appearing to read "Samuel H. Dineen". The signature is written in a cursive, flowing style with a large, sweeping flourish at the end.

Governor.