

FEDERAL RESERVE BANK
OF
ST. LOUIS

March 14, 1933.

To All Banks in District No. 8:

The Secretary of the Treasury on March 10 sent the following telegram to State banking authority in each State:

“All banks of the country are now prohibited under the proclamation of March 9 of the President from conducting any banking business, except as specifically authorized by rule, regulation or license of the Secretary of the Treasury issued under that proclamation.

In view of the passage of the emergency bank bill by Congress yesterday, and under the terms of that bill, and Section 5 of the Act of October 6, 1917 as amended by that bill, the Secretary of the Treasury will be authorized to permit any sound bank which is a member of the Federal Reserve System, whether State or National, to reopen for business as promptly as possible. It is the intention of the Secretary of the Treasury, however, to permit no member bank to reopen at any time on a full 100 per cent basis unless or until the Secretary is satisfied that such bank is a sound going institution. Any member bank not clearly within this category will not be opened unless or until further investigation discloses that it is a sound going institution, or unless or until a reorganization of some character will permit the bank to be classified as a sound going institution.

Any member bank not opened 100 per cent under this procedure will be permitted to continue to perform only such specific transactions as are now authorized or may hereafter be authorized by specific regulation on license of the Secretary of the Treasury.

In view of the fact that neither the Treasury nor the Federal Reserve authorities have sufficient information upon which to consider applications for reopening by such State banks as are not members of the Federal Reserve System, the President will by decree authorize the appropriate State authorities in each State to give licenses to banks under their jurisdiction other than members of the Federal Reserve System, to open for the usual normal business, or in their judgment, and under the terms of the Presidential proclamation, to permit of such reopening under such restrictions and limitations as they in their judgment may deem wise. It is to be expected, however, that State superintendents in granting licenses under this authority will take under consideration in determining their own policy the general principle to be adopted by the Treasury as respects member banks that in the interests of the depositors and of the Country as a whole, only sound institutions will be permitted to carry on all of their usual functions to the end that no bank shall be reopened for business on any basis that will run the risk of being forced to close again because of demands which it is not in a position to satisfy.”

Respectfully,

WM. McC. MARTIN,

Governor.