Form F. R. 567

END SHEET

KIND OF MATERIAL OR NUMBER 470.

NAME OR SUBJECT Banking Holiday

DATES (Inclusive) Mar 10 1933 - 1939

PART NUMBER 2

October 20, 1939.

Mr. Ira Clerk, First Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Clerk:

It is true that the procedure suggested in your letter of October 16 regarding the issuance of licenses to State banks upon admission to membership in the System would simplify the operation, but the procedure might also prove embarrassing to the Reserve banks.

You refer in your letter to the procedure in connection with the issuance of licenses to newly organized national banks. There is an important distinction, however, between the procedure in the case of national banks and State banks being admitted to membership in the System. In the case of national banks, the recommendation for the issuance of a license is made by the Comptroller of the Currency, who also approves the organization of the national bank. In the case of State banks, however, the recommendation for the issuance of a license is made by a Federal Reserve bank while admission of the State bank to membership depends upon action by the Board of Governors. It might prove embarrassing, therefore, if, as you suggest, the Board should transmit to the Secretary of the Treasury a favorable recommendation of a Reserve bank for the issuance of a license and the Board should later, for one reason or another, disapprove the application for membership. It is felt, therefore, that the recommendation of a Reserve bank to the Secretary of the Treasury regarding the issuance of a license should follow, rather than precede, approval of an application for membership.

A much simpler procedure would be one which was suggested informally to the Treasury by the Board's staff some time ago. The suggestion was made that the Federal Reserve banks be given blanket authorization to issue licenses to State banks effective upon admission to membership in the System. This suggestion was regarded favorably when made, but as yet nothing has come of it. I am hopeful, however, that eventually such blanket authorization may be granted.

Very truly yours,

Leo H. Paulger, Chief,
Division of Examinations.

RFL:owb

FILE COPY

MR. PAULGER:

I have discussed this with Mr. Smead over the phone. He agrees in general, but I think he should initial it before it goes out.

R.F.L.

FEDERAL RESERVE BANK OF SAN FRANCISCO

October 16, 1939

Mr. Leo H. Paulger,
Chief, Division of Examinations,
Board of Governors of the Federal Reserve System,
Washington, D. C.

Dear Mr. Paulger:

When a charter is about to be granted to a national bank the Secretary of the Treasury telegraphs the Reserve Bank as follows:

> "Having been advised by the Comptroller of the Currency that he has approved an application to organize '__________________________' to be located at ________, and that he recommends issuance to said bank of a license to transact normal business as soon as its organization has been completed, I hereby direct the Federal Reserve Bank of ______________, acting as my designated agent, to issue such license, in the form heretofore prescribed by me, to transact normal banking business upon receipt of advice from the Comptroller of the Currency that he has issued a certificate of authority to begin businesss to the ________________________."

In connection with our recent correspondence, it occurs to us that, if the Board of Governors would notify the Secretary of the Treasury of a pending membership at the time it receives the applicant's examination report and recommendation of the Federal Reserve Bank, the same procedure could be followed by the Secretary in notifying the Reserve Banks to issue a license as that followed when he is notified by the Comptroller of the granting of a national charter.

This procedure would simplify the operation and eliminate the obstacles heretofore discussed. Please let us know what you decide.

Yours very truly,

O. A. Derk
First Vice President.

FEDERAL RESERVE BANK

OF CLEVELAND

October 16, 1939

Miss Elsie Rackstraw, Librarian
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Elsie:

Thank you very, very much for all the trouble you have gone to in connection with our index. At least I know that I shall have to do it myself. As so much of the material seems obsolete, perhaps I can make the job a much smaller one than it looked to be at first.

Best regards,

Sincerely yours,

Alta Claflin

Librarian

C:S

October 11, 1939.

Miss Alta Claflin,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Alta:

9/28/39

Your letter has laid on my desk for several days awaiting a chance for me to go down to our files and learn something of the situation with reference to the subjects under Banking Holiday of 1933. My first letter to you followed a telephone conversation with files, in which Miss Poeppel explained that there was a breakdown of subjects under Banking Holiday. This, of course, is true, but the breakdown is not going to be helpful for your index. For instance, there is a folder "Treasury regulations released to the press", and another "Treasury regulations not released to the press". Another reads "Gold withdrawals" which includes other material than wires. In all there are about ten of these folders.

It appears that the wires are also scattered through the files under subject, but these subjects are not traced, so that it would be difficult to draw them (the wires and the subjects) together to make a list. It is, of course, very easy for the files to take care of any individual request. It is interesting to see that there are no entries from 1934 to 1939, which proves that it is a very inactive file. In summing up the whole plan, it seems to me that it is impracticeable for us to try to give you help by sending a person to work in our files.

I am very sorry, and I hope that now you have got into the job it may be working out more easily than you expected.

Sincerely yours,

FOR FILES
Elsie Backstraw

Elsie Backstraw,
Librarian.

EB:bsb

FILE COPY

cc ... 10/16/39

FEDERAL RESERVE BANK

OF CLEVELAND

September 28, 1939

Miss Elsie Rackstraw, Librarian
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Elsie:

Thank you very much indeed for all your trouble in connection with the index to the Board's Trans-wires.

I hardly know what to say as to the list in your Files Department. Our set includes also some Treasury Department wires, and it looks as if your Files Department list might cover what I need. But I'm afraid it is too much of a task to have done gratis, and I have no authority to offer payment for the work of copying.

Could you possibly estimate how big a job it would be to copy off the list which would include the period covered by "Trans. 1558-1865?" Or, is the list in such form that it could be loaned to us for a very short time in order to copy here?

Sorry to trouble you so much.

Best regards,

Sincerely yours,

Alta Claflin

Librarian

C:S

Ack. ans. 10/11/39

SEP 28 1939
470
HC

SEP 25 1939

Mr. Ira Clerk, First Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Clerk:

Reference is made to our recent exchange of correspondence with regard to the matter of requiring a State bank applying for membership in the Federal Reserve System to file an application with the Federal Reserve bank for the issuance of a license by the Secretary of the Treasury to perform the usual and normal banking functions.

Rec letter 8/26

In addition to the provisions of law and the Executive Order referred to in your letter of August 26, attention is called to the Board's telegram, Trans. 1804, dated May 24, 1933, relating to the licensing of State banks applying for membership in the Federal Reserve System. This telegram, a copy of which you undoubtedly have in your files, is as follows:

> "State bank upon admission to membership in Federal Reserve System must secure license from the Secretary of Treasury to perform all usual and normal banking functions except as otherwise prohibited. Understand Federal Reserve Board only admitting to membership such banks able to operate without restriction. License will be issued upon your recommendation."

We have discussed the matter informally with representatives of the Treasury Department, and we understand that the Treasury does not insist that State banks applying for membership in the System shall make application for a license. We understand that it is not the practice of other Federal Reserve banks to require the formality of an application in such a situation and that the Comptroller of the Currency does not require the filing of an application for a license in the case of new national banks or State banks converting into national banks. In so far as any technicalities may be involved, I think it can be properly argued that an application

files

9/22/39

FILE COPY

AKC

See letter 10/16/39

for membership is implicitly an application for a license. The Treasury has advised us that, in view of all the circumstances, it appears unnecessary to require a bank applying for membership to make a separate application for a license, and the matter has been called to your attention in order that you may consider the elimination of what appears to be an unnecessary formality.

Very truly yours,

Leo H. Paulger,
Chief, Division of Examinations.

AKC:mam

AKC

FILE COPY

470.

Form F. R. 131

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date September 23, 1939.

To Files

From Mr. Cherry

Subject: Treasury licensing of State member banks - inquiry of Federal Reserve Bank of San Francisco.

Carded

In Mr. Paulger's letter of August 21, 1939, to the Federal Reserve Bank of San Francisco, the question was raised as to that bank's procedure in requiring a State bank applying for membership in the Federal Reserve System to file an application with the Federal Reserve bank for the issuance of a license by the Secretary of the Treasury to perform the usual and normal banking functions. In view of Mr. Clerk's reply of August 26, 1939, I took the matter up informally with Mr. Don Sherbondy, an attorney in the General Counsel's office of the Treasury. He advised me that it would be very unfortunate to raise any question at this time as to the right of the Secretary of the Treasury to require licenses for State banks upon admission to membership in the System. I explained to him that this was not the case, but that the problem at present was merely a matter of detail in the procedure. He advised me that if it should become necessary to write a letter on the subject he would appreciate it if we could submit such letter to him for their perusal before it went out. Accordingly, a draft of a letter was prepared which I delivered to Mr. Sherbondy, together with the file on the subject.

The attached memorandum from Mr. Duffield of the Treasury to Mr. Paulger sets forth the Treasury's position with regard to this matter.

MC

Attachment

412.1

see memo 4/3/40

TO: Mr. C Parry

I assume that the attached memo from Duffield is sufficient.

MR. SHERBONDY

MEMORANDUM

September 21, 1939.

TO: Mr. Paulger

FROM: Mr. Duffield

I am suggesting revisions which are written in at the bottom of the first page and the top of the second page of the attached letter. The Treasury, it seems to me, should take the responsibility for suggesting any changes in the reserve banks' Treasury agency activities, and that is the reason I have inserted the clause saying that the Treasury advises the bank through you of the permissibility of the change.

EAD

Preserve in File
This draft of letter was submitted to Treasury and the changes appearing hereon were made by Mr. Duffield.
ASC

Mr. Ira Clerk, First Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Clerk:

Reference is made to our recent exchange of correspondence with regard to the matter of requiring a State bank applying for membership in the Federal Reserve System to file an application with the Federal Reserve bank for the issuance of a license by the Secretary of the Treasury to perform the usual and normal banking functions.

In addition to the provisions of law and the Executive Order referred to in your letter of August 26, attention is called to the Board's telegram, Trans. 1804, dated May 24, 1933, relating to the licensing of State banks applying for membership in the Federal Reserve System. This telegram, a copy of which you undoubtedly have in your files, is as follows:

> "State bank upon admission to membership in Federal Reserve System must secure license from the Secretary of Treasury to perform all usual and normal banking functions except as otherwise prohibited. Understand Federal Reserve Board only admitting to membership such banks able to operate without restriction. License will be issued upon your recommendation."

We have discussed the matter informally with representatives of the Treasury Department, and we understand that the Treasury does not insist that State banks applying for membership in the System shall make application for a license. We understand that it is not the practice of other Federal Reserve banks to require the formality of an application in such a situation and that the Comptroller of the Currency does not require the filing of an application for a license in the case of new national banks or State banks converting into national banks. In so far as any technicalities may be involved, I think it can be properly argued that an application for membership is implicitly an application for a license. In view

The Treasury has advised us that
[illegible]
ASC

FILE COPY

the Treasury has advised ~~as~~ that

separate

of all the circumstances, it appears unnecessary to require a bank applying for membership to make an application for a license, and the matter has been called to your attention in order that you may consider the elimination of what appears to be an unnecessary formality.

Very truly yours,

Leo H. Paulger,
Chief, Division of Examinations.

AKC:mam

AKC

FILE COPY

September 23, 1939.

Miss Alta Claflin,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Alta:

I am sorry that your letter of September 11 has not had a more prompt reply.

With reference to the job that you have to do, I have inquired about the Board's offices, and I find that there is no index that would be helpful to you. The central files has a breakdown of subjects under Banking Holiday of 1933, which includes telegrams from the Board. I have considered, too, the index to the Treasury publication "Documents and Statements Pertaining to the Banking Emergency", but I am afraid that this, too, will be of no particular help, except as it may suggest subject headings.

I am very sorry that I have no suggestions, and I do not envy you this job. However, I hope that it is not as bad as it appears on the face of it.

With my good wishes, I am

Sincerely yours,

Elsie Rackstraw,
Librarian.

ER.bsb

FILE COPY

9/26/39

Form F. R. 131

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date September 18, 1939

To General Files

From Mr. Cherry

Subject: Procedure for licensing member banks by the Secretary of the Treasury.

Carded

State member bank

After a State bank makes application for membership in the Federal Reserve System, the Federal Reserve bank either writes or wires to the Secretary of the Treasury recommending that a license be issued to the bank in question when it has been admitted to membership in the Federal Reserve System. This telegram or letter is referred to the Assistant Chief National Bank Examiner in the office of the Comptroller of the Currency, where a letter is prepared for the signature of the acting Secretary of the Treasury addressed to the Federal Reserve bank directing such bank to issue a license to the bank in question "if and when all conditions of membership have been completed and the bank has been admitted to the Federal Reserve System". Sample copies of a telegram and letter relating to this procedure are attached hereto.

National bank

After an application has been received for the organization of a new national bank or the conversion of a State bank into a national bank, the Comptroller's office prepares a letter for the signature of the acting Secretary of the Treasury addressed to the appropriate Federal Reserve bank directing the Federal Reserve bank to issue a license to the new national bank or the converting bank "upon receipt of advice from the Comptroller of the Currency that he has issued a certificate of authority to begin business". There is attached hereto a sample copy of the letter relating to this procedure.

I discussed the above procedures with Mr. Clarence F. Smith, Assistant Chief National Bank Examiner, and he stated that so far as he knew, there was no requirement that a bank make application for a license; that the procedure was automatic. In other words, if the Comptroller was going to issue a certificate of authority for a new national bank or converting bank to commence business such bank would be entitled to a license without requesting it.

JKC

Attachments 2

9-21

Rev mem - 9/23/39

C O P Y

August 16, 1939

Mr. William A. Day,
President, Federal Reserve Bank,
San Francisco, California.

Dear Mr. Day:

Receipt is acknowledged of your telegram dated August 15, 1939, in which you unqualifiedly recommend a license for the Bank of Manteca, Manteca, California. I hereby direct the Federal Reserve Bank, San Francisco, acting as my designated agent, to issue a license to this bank in the form heretofore prescribed by me to continue normal banking functions, if and when all conditions to membership have been completed and the bank has been admitted to the Federal Reserve System.

Yours very truly,

(Signed) HERBERT E GASTON,

Acting Secretary of the Treasury.

attach memo
9/18/39 Cherry
to General Files

C O P Y

1939 August 16 AM 9 16

San Francisco August 15-39-359P

Secretary of the Treasury

Washington

License message number one hundred twenty seven we unqualifiedly recommend for license Bank of Manteca, Manteca, California effective if and when admitted to Federal Reserve membership

Day President Federal Reserve Bank of San Francisco

C O P Y

July 31, 1939

President
Federal Reserve Bank
Dallas, Texas

Dear Sir:

Having been advised by the Comptroller of the Currency that he has approved an application to organize the "Broadway National Bank of Alamo Heights", to be located at Alamo Heights, Texas, and that he recommends issuance to said bank of a license to transact normal banking business as soon as its organization has been completed, I hereby direct the Federal Reserve Bank of Dallas, Texas, acting as my designated agent, to issue such license, in the form heretofore prescribed by me, to transact normal banking business upon receipt of advice from the Comptroller of the Currency that he has issued a certificate of authority to begin business to: "Broadway National Bank of Alamo Heights".

Very truly yours,

(Signed) JOHN W. HANES

Acting Secretary of the Treasury.

FEDERAL RESERVE BANK

OF CLEVELAND

September 11, 1939

Banking Holiday
Index of wires

Miss Elsie Rackstraw, Librarian
Board of Governors of the
Federal Reserve System
Washington, D. C.

Dear Elsie:

Mr. Fleming expects me to make an index to his bound file of telegrams received from the Board and the Treasury during the banking holiday of 1933 and the months following. Before I undertake the (terrific) task, I wondered if the Board officials had made an index to the telegrams for that period, and if so, could we borrow it and make a copy for ourselves. The file includes "Trans. 1558 - 1865."

I suppose you are very busy indeed these days, - right in the thick of it all. I'd like to hear all about it some day.

Best regards,

Sincerely yours,

H. G. Claflin

C:S

Librarian

Form F. R. 148 b

TELEGRAM
BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
LEASED WIRE SERVICE
WASHINGTON

470

Young - Boston

Referring your telegram of September 7, licenses granted to banks to open and perform the usual banking functions contain extract from Executive Order of the President, which provides that permission to perform such functions does not authorize them to allow withdrawal of any currency for hoarding.

Carpenter

ELS:seh

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Mr. Smead

1470

ELEGRAM
Board of Governors
of the
Federal Reserve System
Leased Wire Service
Received at Washington, D. C.

1939 SEP 7 PM 2 33

83 B D

BOS 9-7-39-320P

MORRILL

WASH

UNDER DATE OF MARCH 13,1933, TRANS 1639, XXXX TOU WIRED TEXT OF REGULATION OF SECRETARY OF TREASURY IN REFERENCE TO ACTION TO BE TAKEN BY BANKING INSTITUTIONS REGARDING CURRENCY TRANSACTIONS THAT LOOKED LIKE HOARDING. WE APPARENTLY HAVE NO RECORD OF THIS REGULATION BEING CANCELLED. WILL YOU ADVISE IF IT IS STILL IN EFFECT

YOUNG

331P

FEDERAL RESERVE BANK OF SAN FRANCISCO

August 26, 1939

Mr. Leo H. Paulger,
Chief, Division of Examinations,
Board of Governors of the Federal Reserve System,
Washington, D. C.

Carded

Dear Mr. Paulger:

In your letter of August 21 attention is called to the procedure of the Federal Reserve Bank of San Francisco in issuing licenses to State banks upon becoming members. Section 4, Title I, of the Emergency Banking Act of March 9, 1933, provides that no member bank of the Federal Reserve System shall transact any banking business except to such extent and subject to such regulations, limitations, and restrictions as may be prescribed by the Secretary of the Treasury with the approval of the President.

The President's Executive Order of March 10, 1933, provides that licenses shall be issued by the Federal reserve banks upon approval of the Secretary of the Treasury, and the Federal reserve banks are designated as agents of the Secretary of the Treasury for the receiving of applications and the issuance of licenses in his behalf and upon his instructions. It would appear, in the circumstances, that it would not be proper for a Federal reserve bank to issue a license except upon application. We have merely incorporated the request for an application for license in our letter of instructions to banks, covering the actions necessary for the completion of membership, so that it will not be overlooked. Presumably the Board had the same object in mind when it incorporated reference to the license in the translation of code word "FAMUB." The question of securing an application is one of small importance; however, we are wondering if banks can disregard the provisions of the Executive Order. Possibly the Secretary of the Treasury should be consulted inasmuch as Federal reserve banks act as his agents in the matter.

It had not occurred to us that the expressions used in our letter in connection with the completion of membership lacked cordiality. However, the fact that they have appeared so to others is sufficient reason for their amendment, and we thank you for calling the matter to our attention. Realizing that letters containing conditions and instructions, particularly when required to be of a somewhat legal form, such as the Board's letter to the applying bank's board of directors, can create wrong impressions, we have endeavored, whenever feasible, to make a personal presentation of such letters, because it dispels the feeling of undue formality. In the case of the Bank of Manteca, you may be interested in knowing that our Chief Examiner made a round trip of 160 miles to perform this service.

Yours very truly,

Ira Clerk

First Vice President.

FAMUB - Board of Governors of the Federal Reserve System has approved the application of (name and location of bank) for membership in the Federal Reserve System. We recommend that a license be issued to this institution to transact normal banking business effective when bank is admitted to membership.

412.1

August 21, 1939.

Mr. Ira Clerk, First Vice President,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Clerk:

In your letter of August 14 to the President of the Bank of Manteca, Manteca, California, advising of approval of the bank's application for membership, you suggested that immediately upon its decision to accept the conditions of members[redacted]the bank file with the Reserve Bank an application for is[redacted]ce of a license by the Secretary of the Treasury. While some other Reserve banks may require such an application, I know of none that does so. On the other hand, I do know that some of the Reserve banks do not require the formality of an application but on their own initiative forward their recommendations with respect to licenses immediately upon receipt of advice from the Bo[redacted] that an application for membership has been approved. In t[redacted]connection, the code word MAMUB for use in transmitting re[redacted]mendations for the issuance of licenses contains no refer-e[redacted]o an application by the bank for a license. I am calling this to your attention with the thought that you may wish to review your procedure in this respect.

Incidentally, there are several references in your letter to the Bank of Manteca to action which should be taken if the bank elects to complete membership. I am wondering whether such letters might not be rephrased to be a bit more cordial and avoid any suggestion that the bank may not wish to complete its membership.

Very truly yours,

Leo H. Paulger, Chief,
Division of Examinations.

RFL:

FILE COPY

Mr Leonard
Mr Pollard

FEDERAL RESERVE BANK OF SAN FRANCISCO

August 15, 1939

Board of Governors of the
Federal Reserve System,
Washington, D. C.

Dear Sirs:

This is to acknowledge receipt of the Board's letter of August 9 advising of its approval of the membership application of Bank of Manteca, Manteca, California, together with letter of even date, addressed to the Board of Directors of said bank, setting forth conditions prescribed in connection therewith.

There is enclosed, for the Board's information, copy of our letter to said bank dated August 14, 1939, transmitting the Board's communication.

Yours very truly,

M. Clerk
First Vice President

Enclosure

FEDERAL RESERVE BANK OF SAN FRANCISCO

August 14, 1939

Mr. Arbor Barth,
President,
Bank of Manteca,
Manteca, California.

Dear Mr. Barth:

We have been advised by the Board of Governors of the Federal Reserve System that the application of the Bank of Manteca for membership in the Federal Reserve System and the right to subscribe for stock of the Federal Reserve Bank of San Francisco, has been approved subject to conditions set forth in the Board's letter addressed to your Board of Directors under date of August 9, 1939, which is enclosed.

Under a regulation of the Board of Governors of the Federal Reserve System, the acceptance and compliance with conditions prescribed are required before membership can be effected. Therefore, if you elect to complete membership, it will be necessary for your Board of Directors to adopt a resolution accepting the conditions as prescribed and make adjustments in accordance with the provisions thereof. For your convenience in this connection, there is enclosed a draft of this resolution, in triplicate, two copies of which, if and when adopted, after being certified to by an authorized officer, are to be returned to this bank together with advice of compliance with condition number 5. Transcript in duplicate of the account or accounts through which adjustment is made should be submitted with such advice together with statements of bank as of dates before and after adjustment is effected.

Upon the acceptance of membership and the conditions prescribed by the Board of Governors of the Federal Reserve System, payment for the appropriate number of shares of stock of the Federal Reserve Bank of San Francisco will be in order and should be made on the following basis:

> Fifty per cent of a sum equal to six per centum of the paid-up capital stock and surplus of your bank as of the date upon which membership becomes effective with instructions to charge your account for dividends which have accrued on the shares since date of payment of last dividend to date your remittance for stock in this bank is received.
>
> If six per cent of the paid-up capital and surplus amounts to a sum not divisable by 100, the bank is required to hold one additional share of stock for any excess or fractional part of $100.00.

Immediate notice of the amount of the charge to your account will be mailed to you and, when the next dividend is declared, your account will be credited in an amount to cover the dividend for the full semiannual period.

It will also be necessary for you to remit an amount, to be credited to your account, equal to twelve per cent of your demand deposits and five per cent of your time deposits. This will constitute your legal reserve deposit which may be maintained in excess of but may not fall below the required percentages without incurring an interest penalty upon the deficiency at a rate fixed by the Board of Governors of the Federal Reserve System. The method of computing reserves is set forth in Federal Reserve Bank Circular 130 and supplement thereto, copies of which are enclosed for your guidance.

The above payments may be made either by draft upon your San Francisco correspondent or by requesting an eastern or other correspondent to transfer the amount to any other Federal reserve bank for credit and advice of this bank for your account or by currency or a combination of these.

The resolution adopted by your Board of Directors on May 9, 1939, authorising membership, among other things authorises - that reports and information regarding your bank may be interchanged between the Federal Reserve Bank of San Francisco and State and federal supervisory authorities having jurisdiction of your bank. In order that a copy of this resolution may be filed with the Superintendent of Banks for the State of California, it will be appreciated if you will certify the enclosed copy of such resolution, executing the agreement authorised therein and return same with other documents submitted in connection with your acceptance of membership.

Under a ruling of the Treasury Department, State banks or trust companies, upon admission to membership in the Federal Reserve System, are required to secure from the Secretary of the Treasury a license permitting such member to perform any or all of its usual banking functions except as otherwise prohibited which he is empowered to issue under Executive order issued by the President of the United States under date of March 10, 1933. Application for license is made through the Federal Reserve Bank of San Francisco, San Francisco, and in order that it may obtain and have the license ready for delivery to you upon completion of membership, it is suggested that immediately upon your decision to accept conditions prescribed formal application be filed by addressing a letter to the Federal Reserve Bank of San Francisco, San Francisco, California, in form as follows:

> "In accordance with executive order issued by the President of the United States under date of March 10, 1933, and contingent upon the completion of membership in the Federal Reserve System by this

bank, application is hereby made for license to perform all our usual and normal banking functions except as otherwise prohibited."

In order to obtain greatest advantage from membership, permit the suggestion that one of your officers or employees thoroughly acquaint himself with the Federal Reserve Act, Regulations of the Board of Governors of the Federal Reserve System and circulars issued by this bank, copies of which will be sent you when membership is completed, also the Federal Reserve Bulletin which the Board of Governors of the Federal Reserve System sends monthly to each member.

Yours very truly,

[signature]
First Vice President

Enclosures

May 20, 1939.

General Files — Advertising as "banking business"

Mr. Shay — re banking holiday.

The court, in Bailey v. Orange National Bank, 26 Fed. Supp. 949 (D.C., New Jersey, 1939), sustained a right of action by the assignee of a newspaper company to recover for advertisements which the officers of the defendant bank caused to be published in said newspaper during the "bank holiday", directed toward the conservation of the bank's assets, welfare, etc., holding, in substance, that the publication of such advertisements did not constitute "banking transactions" or "banking business" within the meaning of the Presidential proclamation declaring such "bank holiday".

The defendant bank, through its officers and agents, caused certain advertisements to be published in the newspaper which were "directed toward the conservation of the assets of the bank and the welfare of all parties in interest" and disclosing "an earnest endeavor on the part of the officers of the bank to prevent a condition of chaos and * * * reinforce any weakness that might be disclosed in the bank's financial structure." These advertisements were published during the "bank holiday" resulting from Presidential proclamations of March 4, 1933, March 6, 1933, and March 9, 1933, during which "all banking transactions" should be suspended and prohibiting the transaction of "any other banking business whatsoever."

The defendant receiver urged that, pursuant to such Presidential orders, "the officers of the bank were stripped of all powers to obligate the bank or cause its assets to be liable on their contractual commitments." However, the court, in denying the defendant's motion to strike the complaint on the ground that it disclosed no cause of action, stated that the "specific issue" was the proper interpretations of "banking transactions" and "banking business." Said the court:

> "It would seem that these terms should be given their usual and generally accepted meaning and should not be liberally construed except insofar as applicable to the specific purposes of the proclamation in preventing the evils therein sought to be avoided."

After stating that such proclamations were not intended to relieve bank officers of doing such things as might protect their institutions, and after reviewing the substance of the advertisements in question, the court said:

2461 FILE COPY For Files

"Sight should not be lost of the trust relationship which hung heavy upon the shoulders of the officers and directors of the bank. This called upon them to exert themselves to conserve the assets of the bank by every reasonable means which they as prudent men might find at hand. Neither the Presidential proclamation nor the statutory law relieved them of this burden, and to hold that they could not burden the trust estate with such items as were reasonably necessary to conserve the res would be to penalize the wise and prudent trustee and encourage slothfulness, irresponsibility, and cowardice in that relationship."

Jerome W. Shay,
Law Clerk.

JWS/nlg

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

FILE COPY

Form No. 131

Office Correspondence

FEDERAL RESERVE BOARD

Date September 20, 1935

To Mr. Horbett

Subject:

From Mr. Kennedy

4/1

16—852

You asked me to look through the Federal Reserve Board announcements of changes in State bank membership (issued by the Divisions of Examinations) to ascertain whether it has been the practice of the Board to publish the suspension and reopening of State member banks. Prior to the banking holiday, under the heading "Closed", State member banks which suspended were shown. The reopening of State member banks was also published. Immediately prior to the banking holiday, under the heading "Suspension", a State member bank in Michigan was published. As a result of this some question arose whether as a matter of policy the names of bank suspensions should be disclosed. In view of the increasing number of suspensions and in view of the possibility of an error in reporting such information, it was decided to discontinue publishing the names of State bank members which suspended. Since that time, to the present, bank suspensions and reopenings have been omitted from the announcement.

ARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date September 20, 1935

To Mr. Horbett

Subject:

From Mr. Kennedy

GPO 16--852

You asked me to look through the Federal Reserve Board announcements of changes in State bank membership (issued by the Divisions of Examinations) to ascertain whether it has been the practice of the Board to publish the suspension and reopening of State member banks. Prior to the banking holiday, under the heading "Closed", State member banks which suspended were shown. The reopening of State member banks was also published. Immediately prior to the banking holiday, under the heading "Suspension", a State member bank in Michigan was published. As a result of this some question arose whether as a matter of policy the names of bank suspensions should be disclosed. In view of the increasing number of suspensions and in view of the possibility of an error in reporting such information, it was decided to discontinue publishing the names of State bank members which suspended. Since that time, to the present, bank suspensions and reopenings have been omitted from the announcement.

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CONFIDENTIAL

B-985

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON MARCH 5, 1934, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

	Total	Federal					Reserve			District			
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francisco
ASSETS													
Loans (including overdrafts)	198,199	1,891	26,006	51,483	43,985	11,091	11,164	26,324	12,448	4,960	3,562	1,060	4,225
U. S. Government securities	31,055	309	2,698	6,236	5,545	2,329	1,027	5,405	3,875	1,043	1,511	275	802
Other securities	80,437	1,097	14,091	16,259	17,463	2,660	1,651	12,633	7,558	3,508	1,687	94	1,736
TOTAL LOANS AND INVESTMENTS	309,691	3,297	42,795	73,978	66,993	16,080	13,842	44,362	23,881	9,511	6,760	1,429	6,763
Customers' liability on account of acceptances	5												
Banking house, furniture, and fixtures	25,580	164	2,109	6,625	5,342	1,489	843	5,334	1,670	674	387	287	656
Other real estate owned	11,315	15	779	3,883	2,182	735	467	1,922	704	237	208	37	146
Cash in vault	6,965	72	942	1,244	1,462	412	359	1,335	465	197	207	60	210
Reserve with F.R. banks 1/	42,916	512	3,156	7,167	8,499	2,130	2,096	9,267	3,644	1,786	2,676	538	1,445
Due from banks (including items in process of collection, exchanges, etc.)	4,271	49	585	691	928	366	161	691	264	140	171	41	184
Outside checks and other cash items	150	3	8	14	34	12	6	47	13	3	5	2	3
Redemption fund and due from United States Treasurer	1,027	12	40	229	181	94	41	187	124	37	53	11	18
Securities borrowed	165	--	--	--	35	110	--	10	--	--	--	--	10
Other assets	4,709	107	698	1,436	326	213	340	972	146	183	125	42	121
TOTAL	406,794	4,231	51,112	95,272	85,982	21,641	18,155	64,127	30,911	12,768	10,592	2,447	9,556

1/ Includes Conservators' Special Accounts.

CONFIDENTIAL

B-985a

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON MARCH 5, 1934, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

	Total	Federal			Reserve				District				
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francisco
LIABILITIES													
Demand deposits	100,514	783	8,218	21,564	20,460	4,504	5,560	18,511	7,539	3,768	4,862	1,189	3,556
Time deposits	186,575	2,375	27,349	41,903	45,675	9,583	5,578	28,026	14,280	6,203	2,304	229	3,070
United States deposits	474	--	29	110	125	108	9	32	3	19	10	--	29
Due to banks (including certified & officers' checks and cash L/c & travelers checks outstanding)	2,638	14	230	288	734	309	61	178	545	78	98	47	56
TOTAL DEPOSITS	290,201	3,172	35,826	63,865	66,994	14,504	11,208	46,747	22,367	10,068	7,274	1,465	6,711
National-bank notes outstanding	20,537	224	811	4,563	3,623	1,889	854	3,691	2,470	745	1,061	231	375
Agreements to repurchase securities sold	115	--	90	--	--	--	--	--	25	--	--	--	--
Bills payable and rediscounts	32,443	202	8,513	10,158	2,309	1,456	3,423	3,417	1,270	451	252	200	792
Acceptances executed for customers	5	--	--	5	--	--	--	--	--	--	--	--	--
Acceptances executed by other banks for reporting banks	--	--	--	--	--	--	--	--	--	--	--	--	--
Securities borrowed	165	--	--	--	35	110	--	10	--	--	--	--	10
Interest, taxes, and other expenses accrued and unpaid	257	--	85	15	83	25	1	18	23	--	6	-	1
Other liabilities	1,690	14	311	689	248	61	22	238	30	17	49	2	9
Capital stock paid in	37,247	415	3,650	8,785	5,850	2,385	2,325	6,115	3,297	1,110	1,630	370	1,315
Surplus	17,406	174	1,083	5,535	5,183	941	239	2,514	776	241	276	157	287
Undivided profits - net	4,782	30	578	1,023	1,224	205	82	1,093	359	86	43	22	37
Reserves for contingencies	1,946	--	165	634	433	65	1	284	294	50	1	--	19
Total liabilities, including capital account	406,794	4,231	51,112	95,272	85,982	21,641	18,155	64,127	30,911	12,768	10,592	2,447	9,556
Number of banks 1/	308	5	21	35	52	18	15	66	30	18	23	7	18

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS

1/ Includes a number of national banks whose Federal Reserve bank stock had been canceled and membership terminated but which, on 6 ~~October 25, 1933~~, were still included in the Comptroller of the Currency's records on non-licensed national banks.

470.
1/18/34

TREASURY DEPARTMENT
WASHINGTON

RELEASE TO MORNING PAPERS
OF JANUARY 18, 1934.

Press Service
No. 1 - 17

The Secretary of the Treasury issued instructions tonight (Jan.17), authorizing the Treasurer of the United States, the United States Mints and Assay Offices, and the Federal Reserve Banks to continue, until further notice, to receive gold coin and gold certificates and to pay therefor in other currency at their face value. They were also authorized to receive gold bullion and to pay for it at the statutory rate of $20.67 per ounce.

The instructions issued tonight are made subject to the rights reserved in the Secretary's order of January 15 setting midnight of January 17 as the final date on which gold coin, gold certificates and gold bullion might be delivered in compliance with the Secretary's order of December 28, 1933.

Inquiries have been received by the Treasury Department from business men who desire to know whether they may continue to accept gold coin and certificates in payment for merchandise and services. The instructions which were sent out tonight will provide a way by which they may dispose of receipts of gold coin and gold certificates and receive payment for them.

INSTRUCTIONS SENT BY THE SECRETARY OF THE TREASURY ON JANUARY 17, 1934 TO THE TREASURER OF THE UNITED STATES, THE UNITED STATES MINTS AND ASSAY OFFICES AND THE FISCAL AGENTS OF THE UNITED STATES, CONCERNING WRONGFULLY WITHHELD GOLD COIN, GOLD BULLION AND GOLD CERTIFICATES DELIVERED AFTER JANUARY 17, 1934.

The Order of the Secretary of the Treasury dated January 15, 1934, supplementing the Order of December 28, 1933, Requiring the Delivery of Gold Coin, Gold Bullion and Gold Certificates to the Treasurer of the United States provides, in part, as follows:

"* * * I, HENRY MORGENTHAU, JR., SECRETARY of the TREASURY, do hereby fix midnight of Wednesday, January 17, 1934, as the expiration of the period within which any gold coin, gold bullion, or gold certificates may be paid and delivered to the Treasurer of the United States in compliance with the requirements contained in such Order of December 28, 1933, as amended.

"In the event that any gold coin, gold bullion or gold certificates withheld in noncompliance with said Order and of this Order are offered after January 17, 1934, to the Secretary of the Treasury, the Treasurer of the United States, any United States mint or assay office, or to any fiscal agent of the United States, there shall be paid therefor only such part or none of the amount otherwise payable therefor as the Secretary of the Treasury may from time to time prescribe and the whole or any balance shall be retained and applied to the penalty payable for failure to comply with the requirements of such Order and of this Order. The acceptance of any such coin, bullion, or certificates after January 17, 1934, whether or not a part or all of the amount otherwise payable therefor is so retained, shall be without prejudice to the right to collect by suit or otherwise the full penalty provided in Section 11 (n) of the Federal Reserve Act, as amended, less such portion of the penalty as may have been retained as hereinbefore provided."

Subject to the rights reserved in said Order of January 15, 1934, supplementing the Order of December 28, 1933, requiring the delivery of gold coin, gold bullion and gold certificates to the Treasurer of the United States, and without prejudice to the right to alter or amend these

4-10.

EXECUTIVE ORDER

Regulating Transactions in Foreign Exchange,
Transfers of Credit, and the Export
of Coin and Currency.

JAN 15 1934

By virtue of the authority vested in me by Section 5 (b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes", I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do declare that a period of national emergency continues to exist, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following regulations for the investigation, regulation, and prohibition of transactions in foreign exchange, transfers of credit between or payments by banking institutions as herein defined, and export of currency or silver coin, by any person within the United States or any place subject to the jurisdiction thereof:

Section 1. Every transaction in foreign exchange, transfer of credit between any banking institution within the United States and any banking institution outside of the United States (including any principal, agent, home office, branch, or correspondent outside of the United States of a banking institution within the United States), and the export or withdrawal from the United States of any currency or silver coin which is legal tender in the United States, by any person within the United States, is hereby prohibited, except under license therefor issued pursuant to this Executive Order; provided, however, that, except as prohibited under regulations prescribed by the Secretary of the Treasury, foreign exchange transactions and transfers of credit may be carried out without a license for (a) normal commercial or business requirements, (b) reasonable traveling and other personal requirements, or (c) the fulfillment of legally enforceable obligations incurred prior to March 9, 1933.

Section 2. Possessions of the United States. Except as prohibited in regulations prescribed by the Secretary of the Treasury, transfers of credit between banking institutions in the continental United States and banking institutions in other places subject to the jurisdiction of the United States (including principals, agents, home offices, branches, or correspondents in such other places, of banking institutions within the continental United States), may be carried out without a license.

Section 3. Licenses. The Secretary of the Treasury, acting directly or through any agencies that he may designate, and the Federal reserve banks acting in accordance with such rules and regulations as the Secretary of the Treasury may from time to time prescribe, are hereby designated as agencies for the granting of licenses as hereinafter provided. Licenses may be granted authorizing such transactions in foreign exchange, transfers of credit and exports of currency (other than gold certificates) or silver coin in such specific cases or classes of cases as the Secretary of the Treasury may determine in regulations prescribed hereunder and rulings made pursuant thereto.

Section 4. Reports. The Federal reserve banks shall keep themselves currently informed as to foreign exchange transactions entered into or consummated, and transfers of credit made between banking institutions outside of the continental United States and banking institutions, in their districts, and report to the Secretary of the Treasury all transactions in foreign exchange and all such transfers of credit not permitted under Sections 1 or 2 hereof which are effected or attempted in their districts without a license.

Section 5. Regulations. The Secretary of the Treasury is authorized and empowered to prescribe from time to time regulations to carry out the purposes of this Order, and to provide in such regulations or by rulings made pursuant thereto, the conditions under which licenses may be granted by the Federal reserve banks and by such other agencies as the Secretary of the Treasury may designate; and the Secretary of the Treasury may require any person engaged in any transaction, transfer, export, or withdrawal referred to in this Executive Order to furnish under oath complete information relative thereto, including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person either before or after such transaction, transfer, export, or withdrawal is completed.

Section 6. Penalties. Whoever willfully violates or knowingly participates in the violation of any provision of this Executive Order or of any license, order, rule, or regulation issued or prescribed hereunder, shall be subject to the penalties provided in Section 5 (b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933.

Section 7. Definitions. As used in this Executive Order the term "United States" means the United States and any place subject to the jurisdiction thereof; the term "continental United States" means the States of the United States, the District of Columbia, and the Territory of Alaska; the term "person" means an individual, partnership, association, or corporation; and the term "banking institution" includes any person engaged primarily or incidentally in the business of banking, of granting or transferring credits, or of purchasing and selling foreign exchange or procuring purchasers and sellers thereof, as principal or agent; and, for the purposes of this Order, each home office, branch, principal, agent, or correspondent of any person so engaged shall be regarded as a separate "banking institution".

Section 8. Section 8 of the Executive Order of August 28, 1933, Relating to the Hoarding, Export, and Earmarking of Gold Coin, Bullion, or Currency and to Transactions in Foreign Exchange, is hereby revoked.

This Executive Order and any rules, regulations, or licenses prescribed or issued hereunder may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

January 15, 1934.

470.

EXECUTIVE ORDER

Amending the Executive Order of March 10, 1933, and the Proclamation of December 30, 1933, Concerning the Operation of Banks

JAN 15 1934

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L. 411), as amended by the Act of March 9, 1933, and by Section 4 of said Act of March 9, 1933, and by virtue of all other authority vested in me, I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do hereby issue the following executive order:

Section 1. The last two paragraphs of the Executive Order of March 10, 1933, Concerning the Operation of Banks, are amended, effective from the date of this Order, by striking out the following:

> "nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.
>
> "Every Federal Reserve Bank is authorized and instructed to keep itself currently informed as to transactions in foreign exchange entered into or consummated within its district and shall report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited."

The Secretary of the Treasury is authorized to amend the licenses heretofore issued with his approval by the Federal reserve banks under the Executive Order of March 10, 1933, by issuing through the Federal reserve banks amendatory licenses removing the restriction upon transactions in foreign exchange contained in the licenses heretofore issued.

Section 2 The Proclamation of December 30, 1933, Relating to the Licensing of Banking Institutions which are not Members of the Federal Reserve System, is amended, effective from the date of this order, by striking out the following:

> "nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933."

Section 3 The amendment of such Executive Order of March 10, 1933, or of any licenses issued thereunder, and the amendment of such Proclamation of December 30, 1933, shall not affect any act done, or any order, decision, or finding made, or relieve any person from the consequences of any unauthorized act committed prior to the date of this executive order; nor shall the amendment of the Executive Order of March 10, 1933, or the Proclamation of December 30, 1933, relieve any person from the obligation of complying with the terms of the Executive Order of January 15, 1934, Relating to the Export of Coin and Currency and Transactions in Foreign Exchange, or the regulations or licenses issued thereunder, or of any other provision of law affecting transactions in foreign exchange.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

January 15, 1934.

4-70

1/15/34

Executive Order

Relating to Receipt of Gold on Consignment by the Mints and Assay Offices

By virtue of the authority vested in me by section 5 (b) of the act of October 6, 1917, as amended by section 2 of the act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes", I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following regulations for receiving gold on consignment for sale:

Section 1. The United States mints and assay offices are hereby authorized, subject to such regulations as may from time to time be prescribed by the Secretary of the Treasury, to receive on consignment gold which the mint or assay office concerned is satisfied has not been held in noncompliance with the Executive orders, or the orders of the Secretary of the Treasury, issued under sections 2 and 3 of the act of March 9, 1933, or in noncompliance with any regulations or rulings made thereunder or licenses issued pursuant thereto.

Sec. 2. The Secretary of the Treasury is hereby authorized and empowered to issue such regulations as he may deem necessary to carry out the purposes of this Executive order.

Sec. 3. This Executive order and any regulations issued hereunder may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT.

The White House,
January 15, 1934.

[No. 6558]

U.S. GOVERNMENT PRINTING OFFICE: 1934

1/15/34

470

EXECUTIVE ORDER

Relating to Receipt of Gold on Consignment

by the Mints and Assay Offices

JAN 15 1934

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes", I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following regulations for receiving gold on consignment for sale:

Section 1. The United States Mints and Assay Offices are hereby authorized, subject to such regulations as may from time to time be prescribed by the Secretary of the Treasury, to receive on consignment gold which the mint or assay office concerned is satisfied has not been held in noncompliance with the Executive Orders, or the Orders of the Secretary of the Treasury, issued under Sections 2 and 3 of the Act of March 9, 1933, or in noncompliance with any regulations or rulings made thereunder or licenses issued pursuant thereto.

Section 2. The Secretary of the Treasury is hereby authorized and empowered to issue such regulations as he may deem necessary to carry out the purposes of this Executive Order.

Section 3. This executive order and any regulations issued hereunder may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

January 15, 1934.

1/15/34

ORDER OF THE SECRETARY OF THE TREASURY

4

Supplementing the Order of December 28, 1933, Requiring the Delivery of Gold Coin, Gold Bullion, and Gold Certificates to the Treasurer of the United States

JAN 15 1934

WHEREAS on December 28, 1933 I, HENRY MORGENTHAU, JR., as ACTING SECRETARY of the TREASURY, issued an Order under authority of Section 11 of the Federal Reserve Act of December 23, 1913, as amended by Section 3 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking, and for Other Purposes";

WHEREAS said Order, as amended by an Order of January 11, 1934, required every person subject to the jurisdiction of the United States forthwith to pay and deliver to the Treasurer of the United States all gold coin, gold bullion, and gold certificates situated in the United States, owned by such person, except as follows:

A. Gold bullion owned by a person now holding such gold under a license heretofore granted by or under authority of the Secretary of the Treasury, pursuant to the Executive Order of August 28, 1933, Relating to the Hoarding, Export, and Earmarking of Gold Coin, Bullion, or Currency and to Transactions in Foreign Exchange;

B. Gold coin having a recognized special value to collectors of rare and unusual coin (but not including quarter eagles, otherwise known as $2.50 pieces, unless held, together with rare and unusual coin, as part of a collection for historical, scientific, or numismatic purposes, containing not more than four quarter eagles of the same date and design, and struck by the same mint);

Unmelted scrap gold and gold sweepings in an amount not exceeding in the aggregate $100 belonging to any one person; and gold which has been put through a process of fabrication for a specific and customary industrial, professional, or ornamental use;

Gold coin, gold bullion, and gold certificates owned by a Federal reserve bank or the Reconstruction Finance Corporation; and

E. Gold bullion and foreign gold coin now situated in the Philippine Islands, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States, owned by a person not domiciled or doing business in the continental United States;

WHEREAS a reasonable time has elapsed within which any person required to deliver gold coin, gold bullion, and gold certificates could pay and deliver to the Treasurer of the United States in the manner provided in said Order of December 28, 1933 the gold coin, gold bullion, and gold certificates situated in the United States, owned by such person; and

WHEREAS in my judgment such action is necessary to protect the currency system of the United States;

NOW, THEREFORE, I, HENRY MORGENTHAU, JR., SECRETARY of the TREASURY, do hereby fix midnight of Wednesday, January 17, 1934 as the expiration of the period within which any gold coin, gold bullion, or gold certificates may be paid and delivered to the Treasurer of the United States in compliance with the requirements contained in such Order of December 28, 1933, as amended.

In the event that any gold coin, gold bullion or gold certificates withheld in noncompliance with said Order and of this Order are offered after January 17, 1934 to the Secretary of the Treasury, the Treasurer of the United States, any United

States mint or assay office, or to any fiscal agent of the United States, there shall be paid therefor only such part o none of the amount otherwise payable therefor as the Secretary f the Treasury may from time to time prescribe and the whole r any balance shall be retained and applied to the penalty payable for failure to comply with the requirements of such Order and of this Order. The acceptance of any such coin, bullion, or certificates after January 17, 1934, whether c not a part or all of the amount otherwise payable therefor s so retained, shall be without prejudice to the right t collect by suit or otherwise the full penalty provided i Section 11 (n) of the Federal Reserve Act, as amended, less such portion of the penalty as may have been retained as hereinbefore provided.

The definitions of the terms "person", "United States", "gold coin", and "gold bullion" contained in Section 4 of said Order of December 28, 1933 apply equally to such terms as used n this Order.

H. Morgenthau, Jr.,
Secretary of the Treasury.

APPROVED:

Franklin D. Roosevelt

THE WHITE HOUSE

January 15, 1934.

Apr 3 4

470.

EXECUTIVE ORDER

JAN 12 1934

AMENDMENT OF EXECUTIVE ORDER NO. 6260 OF AUGUST 28, 1933

The first paragraph of section 4 of Executive Order No. 6260 of August 28, 1933, relating to the hoarding, export, and earmarking of gold coin, bullion, or currency, and to transactions in foreign exchange is hereby amended to read as follows:

Sec. 4. ACQUISITION OF GOLD COIN AND GOLD BULLION.--No person other than a Federal Reserve bank shall after the date of this order acquire in the United States any gold coin, gold bullion, or gold certificates except under license therefor issued pursuant to this Executive order, provided that member banks of the Federal Reserve System may accept delivery of such coin, bullion, and certificates for surrender promptly to a Federal Reserve bank, and provided further that persons requiring gold for use in the industry, profession, or art in which they are regularly engaged may replenish their stocks of gold up to an aggregate amount of $100, by acquisitions of gold bullion held under licenses issued under section 5(b), without necessity of obtaining a license for such acquisitions, and provided further that collectors of rare and unusual coin may acquire from one another and hold without necessity of obtaining a license therefor gold coin having a recognized special value to collectors of rare and unusual coin (but not including quarter eagles, otherwise known as $2.50 pieces, unless held, together with rare and unusual coin, as part of a collection for historical, scientific or numismatic purposes, containing not more than four quarter eagles of the same date and design and struck by the same Mint).

Section 6 of the aforesaid order is hereby amended by adding thereto the following subparagraph:

(c) Through any agency that he may designate, the export of gold coin having a recognized special value to collectors of rare and unusual coin (but not including quarter eagles, otherwise known as $2.50 pieces, unless held, together with rare and unusual coin, as part of a collection for historical, scientific, or numismatic purposes, containing not more than four quarter eagles of the same date and design and struck by the same Mint).

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

January 12, 1934.

1/11/34

470

ORDER OF THE SECRETARY OF THE TREASURY

Amending the Order of December 28, 1933, Requiring
the Delivery of Gold Coin, Gold Bullion, and
Gold Certificates to the Treasurer of the United States

JAN 11 1934

WHEREAS in my judgment the Order of December 28, 1933, Requiring the Delivery of Gold Coin, Gold Bullion, and Gold Certificates to the Treasurer of the United States, may be amended as hereinafter provided without adversely affecting the purposes thereof,

NOW, THEREFORE, I, HENRY MORGENTHAU, JR., SECRETARY of the TREASURY, do hereby amend said Order of December 28, 1933 by inserting after the word "pieces" in the parenthetical phrase in Paragraph (B) of the first section thereof a comma and the following:

> "unless held, together with rare and unusual coin, as part of a collection for historical, scientific, or numismatic purposes, containing not more than four quarter eagles of the same date and design, and struck by the same mint."

This order may be modified or revoked at any time.

H. Morgenthau, Jr.,
Secretary of the Treasury.

APPROVED:

Franklin D. Roosevelt

THE WHITE HOUSE

January 11, 1934.

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hereunder shall be subject to the penalty provided in Section 11(n) of the Federal Reserve Act, as amended.

This order may be modified or revoked at any time.

H. MORGENTHAU, JR.,
Acting Secretary of the Treasury.

Approved:

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
December 28, 1933.

CONTROL OVER STATE BANKING INSTITUTIONS—PROCLAMATION BY THE PRESIDENT

On December 30, 1933, the President issued the following proclamation "amending proclamations of March 6 and March 9, 1933, and the Executive order of March 10, 1933, and all orders and regulations pursuant thereto":

"BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

"Whereas, on March 6, 1933, I, Franklin D. Roosevelt, President of the United States of America, by virtue of authority vested in me by the act of October 6, 1917 (40 Stat. L. 411), as amended, issued a proclamation declaring that an emergency existed and that a national banking holiday be observed;

"Whereas, on March 9, 1933, I issued a proclamation continuing the terms and conditions of said proclamation of March 6, 1933, in full force and effect until further proclamation by the President;

"Whereas, on March 10, 1933, I issued an Executive order authorizing the appropriate authority having immediate supervision of banking institutions in each State or any place subject to the jurisdiction of the United States to permit any banking institution not a member of the Federal Reserve System to perform any or all of its usual banking functions except as otherwise provided;

"Whereas, the Secretary of the Treasury, pursuant to authority granted by other provisions of the said Executive order of March 10, 1933, has acted upon all requests for licensing of banks members of the Federal Reserve System;

"Whereas, the Federal Deposit Insurance Corporation has acted upon all applications to it for membership in the Temporary Federal Deposit Insurance Fund as provided for in section 12B (y) of the Federal Reserve Act as amended by section 8 of the act of June 16, 1933, Public No. 66, Seventy-third Congress, and has admitted to the said fund all applicant banks which are duly and properly qualified; and

"Whereas, it is now appropriate that the banking authority in each State and any place subject to the jurisdiction of the United States should have and exercise the sole responsibility for, and control over, banking institutions not members of the Federal Reserve System;

"Now, therefore, I, Franklin D. Roosevelt, President of the United States, in order to assure that the banking authority in each State and in any place subject to the jurisdiction of the United States shall have and exercise the sole responsibility for, and control over, banking institutions which are not members of the Federal Reserve System, do hereby proclaim, order, direct, and declare that the proclamations of March 6, 1933, and March 9, 1933, and the Executive order of March 10, 1933, and all orders and regulations pursuant thereto, are amended, effective the first day of January, nineteen hundred and thirty-four, to exclude from their scope banking institutions which are not members of the Federal Reserve System. *Provided, however,* That no banking institution shall pay out any gold coin, gold bullion, or gold certificates, except as authorized by the Secretary of the Treasury, nor allow the withdrawal of any currency for hoarding, nor engage in any transactions in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.

"In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

"Done in the city of Washington this 30th day of December in the year of our Lord one thousand nine hundred and thirty-three, and of the Independence of the United States the one hundred and fifty-eighth.

"FRANKLIN D. ROOSEVELT.

"By the President:

"WILLIAM PHILLIPS,
"*Acting Secretary of State.*"

NATIONAL SUMMARY OF BUSINESS CONDITIONS

[Compiled Dec. 22 and released for publication Dec. 24]

Total volume of industrial production, after declining further during October, showed little change during November and the first half of December. The amount of construction undertaken continued to increase, reflecting an expansion of public works.

Production and employment.—Output of basic commodities, as measured by the Federal Reserve Board's seasonally adjusted index, was 73 for November, on the basis of the 1923–25 average as 100, compared with 77 for October. This total for the month reflects the maintenance during November, with allowance for usual seasonal changes, of the level reached at the end of October after a continuous decline during the preceding three months. Activity at steel mills, after declining from 44 percent of capacity in the early part of October to 25 percent in the early part of November, subsequently increased to a rate of 34 percent in the third week of December. Output of automobiles, which was curtailed sharply in November in preparation for new models, also increased somewhat in the early part of December. Consumption of cotton by domestic mills was in somewhat smaller volume in November than in the preceding month, and activity at woolen mills decreased. At shoe factories production showed a decline larger than is usual at this season.

Volume of factory employment and pay rolls declined from the middle of October to the middle of November by somewhat more than the usual seasonal amount. The Board's seasonally adjusted index of factory employment for November was 72, as compared with 74 in October and 57 at the low point in March.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a further substantial increase in November. This increase, at a season when construction contracts usually decline, reflects a growth in the volume of public works.

Distribution.—Shipments of commodities by rail decreased in November as compared with October by an amount somewhat smaller than is usual at this season. Sales of merchandise at department stores declined, contrary to seasonal tendency, while sales by variety stores showed little change.

Wholesale prices.—Wholesale commodity prices, as measured by the weekly index of the Bureau of Labor Statistics, advanced from 70.9 percent of the 1926 average in the first week of November to 71.7 percent in the third week and then declined to 70.9 percent in the week ending December 9. These movements reflected chiefly changes in the prices of farm products and foods. Prices of hogs declined considerably, after the middle of November, owing partly to seasonal factors.

Foreign exchange.—The value of the dollar in the foreign exchange market advanced from a low point of 59 percent of its gold parity on November 16 to about 64 percent for the period from November 27 to December 20.

Bank credit.—Between November 15 and December 20 there was the usual seasonal increase—about $195,000,000—in the demand for currency by the public. This currency demand was met largely through the purchase of $100,000,000 of acceptances by the Federal Reserve banks and the issuance of additional bank notes by the national banks. Reserve balances of member banks showed little change for the period and continued to be at a level of about $800,000,000 above legal requirements.

Total loans and investments of reporting member banks in leading cities declined by $160,000,000 between November 15 and December 13, reflecting chiefly sales of acceptances to the reserve banks and a reduction in holdings of investments other than United States Government securities. Loans on securities, chiefly to brokers in New York City, increased by $40,000,000, while all other loans, which include holdings of acceptances, declined by $125,000,000.

Short-term money rates advanced slightly during the period.

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CONFIDENTIAL

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ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON DECEMBER 30, 1933, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

	Total	Federal Reserve District											
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francisco
ASSETS													
Loans (including overdrafts)	356,211	5,411	54,380	99,803	64,166	16,244	23,823	52,386	14,688	7,594	7,762	2,356	7,598
U. S. Government securities	59,521	830	7,398	10,010	10,861	2,949	4,721	10,645	4,440	1,591	3,007	1,794	1,275
Other securities	156,527	4,536	29,414	35,045	26,170	5,000	5,597	26,144	9,473	6,307	4,878	343	3,620
TOTAL LOANS AND INVESTMENTS	572,259	10,777	91,192	144,858	101,197	24,193	34,141	89,175	28,601	15,492	15,647	4,493	12,493
Customers' liability on account of acceptances	32	--	11	9	--	--	12	--	--	--	--		--
Banking house, furniture, and fixtures	42,269	462	4,844	11,700	7,570	1,990	1,312	8,536	1,852	915	1,193	667	1,228
Other real estate owned	18,514	93	1,248	6,108	3,352	934	722	4,053	801	325	392	116	470
Cash in vault	13,870	187	1,752	3,206	2,462	667	623	3,052	594	432	452	112	331
Reserve with F. R. banks 1/	68,839	1,444	9,982	10,598	10,717	3,104	2,758	16,058	3,331	2,427	5,164	747	2,5[illegible]9
Due from banks (including items in process of collection, exchanges, etc.)	9,074	101	1,368	2,303	1,088	388	553	1,982	410	194	419	40	228
Outside checks and other cash items	280	5	42	53	21	21	14	58	16	6	41	--	3
Redemption fund and due from United States Treasurer	1,727	27	156	365	306	111	53	354	149	55	93	29	29
Securities borrowed	243	--	--	9	46	127	--	39	12	--	--	--	10
Other assets	7,075	88	1,230	2,367	654	97	362	1,021	164	196	202	39	645
TOTAL	734,332	13,164	111,625	181,576	127,423	31,632	40,560	124,328	35,930	20,042	23,503	6,243	17,965

1/ Includes Conservators' Special Accounts.

Only 3 ... issued B-918 + B-172

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CONFIDENTIAL

B-972a

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON DECEMBER 30, 1933, BY FEDERAL RESERVE DISTRICTS

(In thousands of dollars)

	Total	Federal Reserve District: Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
LIABILITIES													
Demand deposits	182,951	2,250	20,232	41,521	28,242	7,526	11,552	37,611	8,360	5,393	10,926	2,797	6,541
Time deposits	336,419	7,474	57,293	81,204	67,514	13,653	13,091	55,452	16,676	10,458	6,050	1,447	6,107
United States deposits	2,261	4	47	158	291	129	1,470	57	6	32	23	6	38
Due to banks (including certified & officers' checks and cash L/c & travelers checks outstanding)	6,223	18	494	937	962	364	539	1,531	593	111	438	105	131
TOTAL DEPOSITS	527,854	9,746	78,066	123,820	97,009	21,672	26,652	94,651	25,635	15,994	17,437	4,355	12,817
National-bank notes outstanding	34,608	524	3,103	7,279	6,164	2,208	1,121	7,119	2,979	1,089	1,880	578	564
Agreements to repurchase U.S. Gov't. or other securities sold	450	--	90	325	--	--	--	--	35	--	--	--	--
Bills payable and rediscounts	60,807	1,304	15,998	21,952	4,306	2,719	5,381	4,555	1,776	629	651	276	1,260
Acceptances executed for customers	57	--	11	9	--	--	37	--	--	--	--	--	--
Acceptances executed by other banks for account of reporting banks	--	--	--	--	--	--	--	--	--	--	--	--	--
Securities borrowed	243	--	--	9	46	127	--	39	12	--	--	--	10
Interest, taxes, and other expenses accrued and unpaid	1,050	4	246	137	337	33	205	31	30	26	--	--	1
Other liabilities	4,701	20	449	1,145	453	184	1,989	205	24	22	176	16	18
Capital stock paid in	64,220	1,015	9,200	15,685	9,395	3,045	3,510	10,975	3,850	1,645	2,805	795	2,300
Surplus	32,439	399	3,020	11,167	7,451	1,373	1,304	4,781	925	449	512	199	859
Undivided profits - net	4,876	140	1,270	-925/1	1,691	200	130	1,611	363	125	119	24	128
Reserves for contingencies	3,027	32	372	973	571	71	231	361	301	63	23	--	29
Total liabilities, including capital account	734,332	13,184	111,825	181,576	127,423	31,632	40,560	124,328	35,930	20,042	23,603	6,243	17,986
Number of banks	512	12	50	65	77	27	21	107	41	30	40	12	30
Special Unrestricted Deposits: National banks	40.272	726	2.968	7.780	6.584	2.323	2.087	9.967	1.853	1.328	2.623	419	1.614
State banks	7.940	—	2.065	3.270	791	10	—	1.663	107	—	—	—	34
Total	48.212	726	5.033	11.050	7.375	2.333	2.087	11.630	1.960	1.328	2.623	419	1.648

1/ Loss.

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS

Mr Arod

Please note figures below liabilities

H

Mr Arnold

These data have been mimeographed, for convenience, for the 3 call dates, but I suggest that no distribution be made except in response to specific requests, duly authorized

X

JBH

3/27

51 [illegible]

December 21, 1933

470

FOR THE PRESS

FOR RELEASE AT SIX O'CLOCK P.M. EASTERN STANDARD TIME
TODAY

* * *

STATEMENT BY THE PRESIDENT

* * *

Under the clear authority granted to me by the last session of the Congress, I have today, by proclamation, proceeded to ratify the London agreement with regard to silver, which has already been put into effect by the Government of India, and which I understand other nations concerned are about to act on.

This proclamation, in accordance with the Act of Congress, opens our mints to the coinage of standard silver dollars from silver hereafter produced in the United States or its possessions, subject to the depositors of such silver surrendering to the government one-half of it as seigniorage and to cover all usual charges and expenses. The dollars coined from half of such newly mined silver will be returned to the depositor. The half surrendered to the government will be retained in the Treasury.

It will be remembered that at the London Conference 66 governments unanimously adopted the silver resolution proposed by our government, providing in substance that these governments would refrain from the policy and practice of melting up and debasing silver coins; that they would replace low-valued paper money with silver coins; and that they would not enact legislation that would depreciate the value of silver in the world market. This resolution, however, was contingent upon an agreement between the governments of those countries producing large quantities of silver and the governments of those countries holding or using large quantities, looking to the elimination of an unnatural oversupply of silver on the markets of the world. This agreement, of course, was for the purpose of allowing demand and supply to govern the price of silver by the limitation and neutralization of this oversupply derived from the melting up of silver coins.

India had the power to dispose of, on the markets of the world, at any time, and at any price, hundreds of millions of ounces of silver. In fact, India had the power and capacity to dump silver derived from the melting up of Indian silver coins in an amount equal to the world's production from the mines for the period of two years. This power and the uncertainty attending its execution was destructive of the value and stability of silver throughout the world.

China agreed, during the period of four years commencing January 1, 1934 and ending January 1, 1938, not to permit the sale of any silver derived from the debasing or melting up of silver coins. India agreed to limit the sales of such silver to a maximum of 35,000,000 ounces annually during such period and Spain agreed not to sell in excess of 5,000,000 ounces of such silver annually during such period. After such sales, these governments are to be bound by the general resolution adopted at the London Conference to which I have heretofore referred.

As a condition of the agreement by China, India and Spain, however, it was required that Australia, Canada, Mexico, Peru and the United States should take silver from the production of their respective mines to the gross amount of 35,000,000 ounces annually for such period of four years. The United States, by reason of its large population and its large silver production, agreed to take from its mines annually at least 24,421,410 ounces of silver during such period.

The production of the United States for 1932 was approximately 24,000,000 ounces of silver.

51

December 21, 1933

470

FOR THE PRESS

FOR RELEASE AT SIX O'CLOCK P.M. EASTERN STANDARD TIME TODAY

* * *

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The production of the United States for 1932 was approximately 24,000,000 ounces of silver.

* * *

COINAGE OF SILVER

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS, by paragraph (2) of section 43, Title III, of the Act of Congress, approved May 12, 1933 (Public No. 10), the President is authorized "By proclamation to fix the weight of the gold dollar in grains nine-tenths fine and also to fix the weight of the silver dollar in grains nine-tenths fine at a definite fixed ratio in relation to the gold dollar at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of depreciated foreign currencies, and to provide for the unlimited coinage of such gold and silver at the ratio so fixed, * *"; and

WHEREAS, from investigations made by me, I find it necessary, in aid of the stabilization of domestic prices and in accordance with the policy and program authorized by Congress, which are now being administered, and to protect our foreign commerce against the adverse effect of depreciated foreign currencies, that the price of silver be enhanced and stabilized; and

WHEREAS, a resolution presented by the Delegation of the United States of America was unanimously adopted at the World Economic and Monetary Conference in London on July 20, 1933, by the representatives of sixty-six Governments, which in substance provided that said Governments will abandon the policy and practice of melting up or debasing silver coins; that low valued silver currency be replaced with silver coins and that no legislation should be enacted that will depreciate the value of silver; and

WHEREAS, a separate and supplemental agreement was entered into, at the instance of the representatives of the United States, between China, India, and Spain, the holders and users of large quantities of silver, on the one hand, and Australia, Canada, Mexico, Peru, and the United States on the other hand, as the chief producers of silver, wherein China agreed not to dispose of any silver derived from the melting up or debasement of silver coins, and India agreed not to dispose of over 35,000,000 ounces of silver per annum during a period of four years commencing January 1, 1934, and Spain agreed not to dispose of over 5,000,000 ounces of silver annually during said period, and both of said Governments agreed that at the end of said period of four years they would then subject themselves to the general resolution adopted at the London Conference, and in consideration of such limitation it was agreed that the Governments of the five producing countries would each absorb from the mines in their respective countries a certain amount of silver, the total amount to be absorbed by said producing countries being 35,000,000 ounces per annum during the four years commencing the 1st day of January, 1934; that such silver so absorbed would be retained in each of said respective countries for said period of four years, to be used for coinage purposes or as reserves for currency, or to otherwise be retained and kept off the world market during such period of time, it being understood that of the 35,000,000 ounces the United States was to absorb annually at least 24,421,410 ounces of the silver produced in the United States during such period of time.

NOW, THEREFORE, finding it proper to cooperate with other Governments and necessary to assist in increasing and stabilizing domestic prices, to augment the purchasing power of peoples in silver-using countries, to protect our foreign commerce against the adverse effect of depreciated foreign currencies, and to carry out the understanding between the sixty-six Governments that adopted the resolution hereinbefore referred to; by virtue of the power in me vested by the Act of Congress above cited, the other legislation designated for national recovery, and by virtue of all other authority in me vested;

I, FRANKLIN D. ROOSEVELT, President of the United States of America, do proclaim and direct that each United States coinage mint shall receive for coinage into standard silver dollars any silver which such mint, subject to regulations prescribed hereunder by the Secretary of the Treasury, is satisfied has been mined, subsequently to the date of this proclamation, from natural deposits in the United States or any place subject to the jurisdiction thereof. The Director of the Mint, with the voluntary consent of the owner, shall deduct and retain of such silver so received fifty per cent as seigniorage and for services performed by the Government of the United States relative to the coinage and delivery of silver dollars. The balance of such silver so received, that is, fifty per cent thereof, shall be coined into standard silver dollars and the same, or an equal number of other standard silver dollars, shall be delivered to the owner or depositor of such silver. The fifty per cent of such silver so deducted shall be retained as bullion by the Treasury and shall not be disposed of prior to the thirty-first day of December, 1937, except for coining into United States coins.

The Secretary of the Treasury is authorized to prescribe regulations to carry out the purposes of this proclamation. Such regulations shall contain provisions substantially similar to the provisions contained in the regulations made pursuant to the Act of Congress, approved April 23, 1918, (40 Statutes at Large, Page 535), known as the Pittman Act, with such changes as he shall determine prescribing how silver mined, subsequently to the date of this proclamation from natural deposits in the United States or any place subject to the jurisdiction thereof, shall be identified.

This proclamation shall remain in force and effect until the thirty-first day of December, 1937, unless repealed or modified by Act of Congress or by subsequent proclamation.

The present ratio in weight and fineness of the silver dollar to the gold dollar shall, for the purposes of this proclamation, be maintained until changed by further order or proclamation.

Notice is hereby given that I reserve the right by virtue of the authority vested in me to revoke or modify this proclamation as the interest of the United States may seem to require.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the City of Washington this 21st day of December, in the year of our Lord nineteen hundred and thirty-three, and of the Independence of the United States of America the one hundred and fifty-eighth.

FRANKLIN D. ROOSEVELT

By the President:

WILLIAM PHILLIPS

Acting Secretary of State.

B-969

CONFIDENTIAL

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON OCTOBER 25, 1933, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

	Total	Federal Reserve District											
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francisco
ASSETS													
Loans (including overdrafts)	505,493	12,369	80,362	107,817	81,051	25,792	25,448	111,304	27,543	11,126	10,305	3,235	9,141
U. S. Government securities	81,680	1,868	10,089	10,686	14,543	4,899	4,847	19,656	5,546	2,194	3,729	1,844	1,779
Other securities	234,996	8,749	49,357	39,022	37,635	9,201	5,752	47,908	18,012	7,935	6,105	383	4,937
TOTAL LOANS AND INVESTMENTS	822,169	22,986	139,808	157,525	133,229	39,892	36,047	178,868	51,101	21,255	20,139	5,462	15,857
Customers' liability on account of acceptances	39		11	10	--		12	6		--			
Banking house, furniture, and fixtures	57,899	1,174	6,945	12,863	9,959	2,450	1,382	15,547	2,549	1,228	1,625	755	1,422
Other real estate owned	25,905	272	2,429	6,477	4,152	1,327	775	7,307	1,568	423	451	161	563
Cash in vault	19,117	688	2,651	3,229	2,931	1,058	630	5,557	724	512	596	154	387
Reserve with F. R. banks 1/	94,331	2,710	14,044	12,185	15,171	4,318	2,494	26,537	5,632	2,752	5,071	804	2,613
from banks, (including items .n process of collection, xchanges, etc.)	12,480	265	1,749	2,407	1,507	668	449	3,648	680	314	491	62	240
Outside checks and other cash items	445	10	48	68	55	37	24	111	35	11	38	2	6
Redemption fund and due from United States Treasurer	2,390	61	240	386	428	154	60	637	171	79	100	31	43
Securities borrowed	2,256	--	1,864	9	149	127	--	44	12	--	--	--	51
Other assets	9,856	116	1,457	2,578	931	100	415	2,845	359	203	156	51	645
TOTAL	1,046,887	28,282	171,246	197,737	168,512	50,131	42,288	241,107	62,831	26,777	28,667	7,482	21,827

1/ Including Conservators' Special Accounts.

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON OCTOBER 25, 1933, BY FEDERAL RESERVE DISTRICTS

CONFIDENTIAL B-969a

(In thousands of dollars)

	Total	Federal				Reserve			District				
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francisco
LIABILITIES													
Demand deposits	257,165	4,399	32,754	44,206	38,033	12,692	9,758	65,260	19,294	7,017	12,867	3,422	7,463
Time deposits	479,077	16,355	86,435	85,690	89,005	21,888	15,186	107,824	26,804	13,167	7,561	1,488	7,674
United States deposits	2,619	9	41	213	261	130	1,530	181	84	23	102	8	37
Due to banks (including certified & officers' checks and cash letters of credit and travelers checks outstanding)	8,007	114	748	1,002	887	394	551	2,613	737	147	538	95	181
TOTAL DEPOSITS	746,868	20,877	119,978	131,111	128,186	35,104	27,025	175,878	46,919	20,354	21,068	5,013	15,355
National-bank notes outstanding	47,811	1,218	4,733	7,720	8,555	3,085	1,244	12,703	3,431	1,568	2,022	619	863
Agreements to repurchase U. S. Gov't. or other securities sold	479	--	90	325	--	--	--	24	40	--	--	--	--
Bills payable and rediscounts	85,654	2,577	21,499	24,849	5,383	4,402	5,926	13,369	2,615	1,503	1,218	514	1,799
Acceptances executed for customers	63	--	11	10	--	--	37	5	--	--	--	--	--
Acceptances executed by other banks for account of reporting banks	--	--	--	-	--	--	--	-	--	--	--	--	--
Securities borrowed	2,256	--	1,864	9	149	127	--	44	12	--	--	--	51
Interest, taxes, and other expenses accrued and unpaid	1,316	5	508	189	289	36	87	154	31	12	--	2	3
Other liabilities	7,976	90	419	1,184	461	135	2,001	3,443	83	28	102	7	23
Capital stock paid in	89,520	1,990	13,025	16,585	12,050	4,290	3,760	22,015	6,665	2,280	3,180	1,030	2,650
Surplus	44,506	993	5,506	11,565	9,561	2,182	1,346	9,012	1,951	616	683	261	830
Undivided profits - net	15,552	493	3,041	2,962	3,331	711	337	2,970	763	326	361	36	221
Reserves for contingencies	4,886	39	522	1,228	547	59	525	1,490	321	90	33	--	32
Total liabilities, including capital account	1,046,887	28,282	171,246	197,737	168,512	50,131	42,288	241,107	62,831	26,777	28,667	7,482	21,327
Number of banks	759	21	80	77	110	41	25	199	55	48	48	18	37
Special Unrestricted deposits: National Banks	54.355	1.431	5.645	8.431	8.423	3.797	1.816	16.205	2.143	1.596	2.754	509	1.605
State Banks	10.499	-	1.037	3.893	1.011	5	-	3.929	116	-	-	-	508
Total	64.854	1.431	6.682	12.324	9.434	3.802	1.816	20.134	2.259	1.596	2.754	509	2.113

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS

September 27th, 1933.

Mr. Ellis D. Robb,
Chief National Bank Examiner,
6th Federal Reserve District,
606 First National Bank Building,
Atlanta, Georgia.

Dear Mr. Robb:-

Your letter of September 25th to the Governor finds him away from the office for a few days, however, upon his return, I will be very glad indeed to place the information contained therein before him.

Inasmuch as you have already written the Comptroller, calling his attention to the fact that the delay in reorganization, or reopening, of some of the banks in the 6th Federal Reserve District is due to the inability to obtain returns upon applications made for loans from Federal Land Banks at Columbia, South Carolina, and Louisville, Kentucky, I am sure that his department will bring all pressure possible to bear to see that these applications are acted on promptly.

If we can be of any service to you in addition to this, please do not hesitate to call on us and, with kind personal regards, I am

Sincerely yours,

H. Warner Martin,
Assistant to the Governor.

HWM:W

CHIEF NATIONAL BANK EXAMINER
SIXTH FEDERAL RESERVE DISTRICT
608 FOURTH NATIONAL BANK BUILDING
ATLANTA, GA.

TREASURY DEPARTMENT
OFFICE OF
COMPTROLLER OF THE CURRENCY

September 25, 1933

HON. EUGENE R. BLACK,
Governor Federal Reserve Board,
Washington, D. C.

Dear Mr. Black:

During the short period of time I had to talk with you the other day in Mr. Newton's office, I intended to call your attention to the fact that some of the delay in the reorganization, or reopening, of some of the banks in the 6th Federal Reserve District is due to the inability to obtain returns upon applications made for loans from Federal Land Banks at Columbia, S. C. and Louisville, Ky.

Every few days I am in receipt of letters from banks at Jackson, Ga., Fitzgerald, Ga., Fayetteville, Tenn., and possibly other places wherein it is alleged that they appear to have no success in getting their loans refinanced.

I have already written a letter to Comptroller O'Connor upon this matter, and only desire to inform you as to the situation, as I know you know we are all so anxious to get money available to depositors in these closed banks.

Hoping you enjoyed the visit here in Atlanta last week. I am, with high regard.

Sincerely yours,

ELLIS D. ROBB
Chief National Bank Examiner
6th Federal Reserve District

EDR-d

A. C. ... 9/27/33

8/29/33

EXECUTIVE ORDER

Relating to the Sale and Export of Gold

Recovered from Natural Deposits

AUG 29 1933

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes", I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby issue the following executive order:

The Secretary of the Treasury is hereby authorized to receive on consignment for sale, subject to such rules and regulations and upon such conditions as he shall prescribe, gold recovered from natural deposits in the United States or any place subject to the jurisdiction thereof. Sales may be made:

(a) To persons licensed to acquire gold for use in the arts, industries or professions, or

(b) By export to foreign purchasers.

Such sales shall be made at a price which the Secretary shall determine to be equal to the best price obtainable in the free gold markets of the world after taking into consideration any incidental expenses such as shipping costs and insurance.

Such sales may be made through the Federal reserve banks or such other agents as the Secretary may from time to time designate and shall be subject to such charges as the Secretary may from time to time in his judgment determine.

Every person depositing gold for sale as provided herein shall be deemed to have agreed to accept as conclusive without any right of recourse or review, the determination of the Secretary or his duly authorized agent as to the amount due such person as a result of any sale.

Consignments shall be sold as nearly as may be in the order of their receipt.

The Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, is hereby authorized to issue licenses permitting the export of articles fabricated from gold sold pursuant to this executive order.

This executive order may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

August 29, 1933.

470.

August 28, 1933.

Personal and Confidential.

Dear Governor Harrison:

Many thanks for your note of August 15th, which confirms my recollection of the various incidents. I heard the statement the other day that at 11:30 p.m. on the evening of March 3rd, the Board was informed officially that the Governors of New York and Illinois had decided to declare a state bank holiday. I knew that this could not be correct, as my notes show that we did not have that knowledge much before 2:00 or 2:30 a.m. on Saturday morning, March 4th, and your recollection verifies this.

Sincerely yours,

Mr. George L. Harrison, Governor,
Federal Reserve Bank,
New York City, N. Y.

(Gov. Harrison. Original Aug 15, 1933.
in SC. file 844. p. 157

8/28/33

470.

EXECUTIVE ORDER

Relating to the Hoarding, Export, and Earmarking Of Gold Coin, Bullion, or Currency and to Transactions in Foreign Exchange

AUG 28 1933

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to Provide Relief in the Existing National Emergency in Banking and for other Purposes," I, FRANKLIN D. ROOSEVELT, PRESIDENT of the UNITED STATES OF AMERICA, do declare that a period of national emergency exists, and by virtue of said authority and of all other authority vested in me, do hereby prescribe the following provisions for the investigation and regulation of the hoarding, earmarking, and export of gold coin, gold bullion, and gold certificates by any person within the United States or any place subject to the jurisdiction thereof; and for the investigation and regulation of transactions in foreign exchange and transfers of credit and the export or withdrawal of currency from the United States or any place subject to the jurisdiction thereof by any person within the United States or any place subject to the jurisdiction thereof.

Section 2. DEFINITIONS. As used in this Order the term "person" means an individual, partnership, association, or corporation; and the term "the United States" means the United States and any place subject to the jurisdiction thereof.

Section 3. RETURNS. Within fifteen days from the date of this Order every person in possession of and every person owning gold coin, gold bullion, or gold certificates shall make under oath and file as hereinafter provided a return to the Secretary of the Treasury containing true and complete information relative thereto, including the name and address of the person making the return; the kind and amount of such coin, bullion, or certificates held and the location thereof; if held for another, the capacity in which held and the person for whom held, together with the post office address of such person; and the nature of the transaction requiring the holding of such coin, bullion, or certificates and a statement explaining why such transaction cannot be carried out by the use of currency other than gold certificates; provided that no returns are required to be filed with respect to

(a) Gold coin, gold bullion, and gold certificates in an amount not exceeding in the aggregate $100 belonging to any one person;

(b) Gold coin having a recognized special value to collectors of rare and unusual coin;

(c) Gold coin, gold bullion, and gold certificates acquired or held under a license heretofore granted by or under authority of the Secretary of the Treasury; and

(d) Gold coin, gold bullion, and gold certificates owned by Federal reserve banks.

Such return required to be made by an individual shall be filed with the Collector of Internal Revenue for the collection district in which such individual resides, or, if such individual has no legal residence in the United States, then with the Collector of Internal Revenue at Baltimore, Maryland. Such return required to be made by a partnership, association, or corporation shall be filed with the Collector of Internal Revenue of the collection district in which is located the principal place of business or principal office or agency of such partnership, association, or corporation, or, if it has no principal place of business or principal office or agency in the United States, then with the Collector of Internal Revenue at Baltimore, Maryland. Such return required to be made by an individual residing in Alaska shall be filed with the Collector of Internal Revenue at Seattle, Washington. Such return required to be made by a partnership, association, or corporation having its principal place of business or principal office or agency in Alaska shall be filed with the Collector of Internal Revenue at Seattle, Washington.

The Secretary of the Treasury may grant a reasonable extension of time for filing a return, under such rules and regulations as he shall prescribe. No such extension shall be for more than forty-five days from the date of this Executive Order. An extension granted hereunder shall be deemed a license to hold for a period ending fifteen days after the expiration of the extension.

The returns required to be made and filed under this Section shall constitute public records; but they shall be open to public inspection only upon order of the President and under rules and regulations prescribed by the Secretary of the Treasury.

A return made and filed in accordance with this Section by the owner of the gold coin, gold bullion, and gold certificates described therein, or his duly authorized agent, shall be deemed an application for the issuance under Section 5 hereof of a license to hold such coin, bullion, and certificates.

Section 4. ACQUISITION OF GOLD COIN AND GOLD BULLION. No person other than a Federal reserve bank shall after the date of this Order acquire in the United States any gold coin, gold bullion, or gold certificates except under license therefor issued pursuant to this Executive Order, provided that member banks of the Federal Reserve System may accept delivery of such coin, bullion, and certificates for surrender promptly to a Federal reserve bank, and provided further that persons requiring gold for use in the industry, profession, or art in which they are regularly engaged may replenish their stocks of gold up to an aggregate amount of $100, by acquisitions of gold bullion held under licenses issued under Section 5(b), without necessity of obtaining a license for such acquisitions.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the acquisition of

(a) Gold coin or gold bullion which the Secretary is satisfied is required for a necessary and lawful transaction for which currency other than gold certificates cannot be used, by an applicant who establishes that since March 9, 1933, he has surrendered an equal amount of gold coin, gold bullion, or gold certificates to a banking institution in the continental United States or to the Treasurer of the United States;

(b) Gold coin or gold bullion which the Secretary is satisfied is required by an applicant who holds a license to export such an amount of gold coin or gold bullion issued under subdivisions (c) or (d) of Section 6 hereof, and

(c) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession, or art by an applicant regularly engaged in such industry, profession, or art, or in the business of furnishing gold therefor.

Licenses issued pursuant to this Section shall authorize the holder to acquire gold coin and gold bullion only from the sources specified by the Secretary of the Treasury in regulations issued hereunder.

Section 5. HOLDING OF GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES. After thirty days from the date of this Order no person shall hold in his possession or retain any interest, legal or equitable, in any gold coin, gold bullion, or gold certificates situated in the United States and owned by any person subject to the jurisdiction of the United States, except under license therefor issued pursuant to this Executive Order; provided, however, that licenses shall not be required in order to hold in possession or retain an interest in gold coin, gold bullion, or gold certificates with respect to which a return need not be filed under Section 3 hereof.

The Secretary of the Treasury, subject to such further regulations as he may prescribe, shall issue licenses authorizing the holding of

(a) Gold coin, gold bullion, and gold certificates, which the Secretary is satisfied are required by the person owning the same for necessary and lawful transactions for which currency, other than gold certificates, cannot be used;

(b) Gold bullion which the Secretary, or such agency as he may designate, is satisfied is required for legitimate and customary use in industry, profession, or art by a person regularly engaged in such industry, profession, or art or in the business of furnishing gold therefor;

(c) Gold coin and gold bullion earmarked or held in trust since before April 20, 1933, for a recognized foreign government or foreign central bank or the Bank for International Settlements; and

(d) Gold coin and gold bullion imported for reexport or held pending action upon application for export licenses.

Section 6. EARMARKING AND EXPORT OF GOLD COIN AND GOLD BULLION. After the date of this Order no person shall earmark or export any gold coin, gold bullion, or gold certificates from the United States, except under license therefor issued by the Secretary of the Treasury pursuant to the provisions of this Order.

The Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing

(a) The export of gold coin or gold bullion earmarked or held in trust since before April 20, 1933, for a recognized foreign government, foreign central bank, or the Bank for International Settlements;

(b) The export of gold, (i) imported for reexport, (ii) refined from gold-bearing materials imported by the applicant under an agreement to export gold, or (iii) in bullion containing not more than five ounces of gold per ton;

(c) The export of gold coin or gold bullion to the extent actually required for the fulfillment of a contract entered into by the applicant prior to April 20, 1933; but not in excess of the amount of the gold coin, gold bullion, and gold certificates surrendered by the applicant on or after March 9, 1933, to a banking institution in the continental United States or to the Treasurer of the United States; and

(d) The earmarking for foreign account and/or export of gold coin or gold bullion, with the approval of the President, for transactions which the Secretary of the Treasury may deem necessary to promote the public interest.

Section 7. UNITED STATES POSSESSIONS - SHIPMENTS THERETO. The provisions of Sections 3 and 5 of this Order shall not apply to gold coin, gold bullion, or gold certificates which are situated in the Philippine Islands, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States, and are owned by a person not domiciled in the continental United States. The provisions of Section 4 shall not apply to acquisitions by persons within the Philippine Islands, American Samoa, Guam, Hawaii, Panama Canal Zone, Puerto Rico, or the Virgin Islands of the United States of gold coin or gold bullion which has not been taken or sent thereto since April 5, 1933, from the continental United States or any place subject to the jurisdiction thereof.

Section 8. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States, by any person within the United States; and the Secretary of the Treasury may require any person engaged in any transaction referred to herein to furnish under oath complete information relative thereto, including the production of any books of account, contracts, letters, or other papers, in connection therewith in the custody or control of such person either before or after such transaction is completed.

Section 9 The Secretary of the Treasury is hereby authorized and empowered to issue such regulations as he may deem necessary to carry out the purposes of this Order. Such regulations may provide for the detention in the United States of any gold coin, gold bullion, or gold certificates sought to be transported beyond the limits of the continental United States, pending an investigation to determine if such coin, bullion, or certificates are held or are to be acquired in violation of the provisions of this Executive Order. Licenses and permits granted in accordance with the provisions of this Order and the regulations prescribed hereunder, may be issued through such officers or agencies as the Secretary may designate.

Section 10. Whoever willfully violates any provision of this Executive Order or of any license, order, rule, or regulation issued or prescribed hereunder, shall, upon conviction, be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than 10 years, or both; and any officer, director, or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

Section 11. The Executive Orders of April 5, 1933, Forbidding the Hoarding of Gold Coin, Gold Bullion and Gold Certificates, and April 20, 1933, relating to Foreign Exchange and the Earmarking and Export of Gold Coin or Bullion or Currency, respectively, are hereby revoked. The revocation of such prior Executive Orders shall not affect any act done, or any right accruing or accrued, or any suit or proceeding had or commenced in any civil or criminal cause prior to said revocation, but all liabilities under said Executive Orders shall continue and may be enforced in the same manner as if said revocation had not been made. This Executive Order and any regulations or licenses issued hereunder may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

August 28, 1933.

AUG 22 1933
file date

Mr. Hamlin:

Thank you very much. As a matter of fact, the Board's first definite report was at 2:22 a. m. when Mr. Mills reported that "in all probability the Governors of Illinois and New York would declare bank holidays" and it was not until 2:45 a. m. that Mr. Stevens reported that a proclamation was being drafted and at 3:20 a. m. he reported that the holiday would be declared by the Governor.

CM

see letter 8/15/33 from FRBank New York
see letter 8/11/33 from FRBank Chgo

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(Letterhead of)

FEDERAL RESERVE BANK OF NEW YORK

August 15, 1933.

Personal and
Confidential

Dear Governor Hamlin,

I have delayed answering your letter of August 9 until I could definitely check up hours and dates. This I have not finally done even now, but my recollection is that all during the day of March 3 Governor Lehman took the position that he would not declare a state holiday on March 4 unless expressly requested to do so by the New York Clearing House Committee and probably even by the Federal Reserve Bank as well. At one time during the day he issued a statement that he had no intention of declaring such a holiday, but late Friday night (March 3) he requested the members of the Clearing House Committee, as well as myself to go to his apartment to discuss the matter. I advised him that I was unable to go at the time he requested because of the fact that I had to remain at the bank, in order to be in constant touch with Washington on the telephone. In fact, you may remember that late into that night Mr. Mills and the President were still discussing the possibility of a national holiday, and Mr. Mills asked me not to leave the bank until I was expressly released by him. Consequently it was not until well after midnight, when Mr. Mills told me that the President had finally definitely decided not to declare a national holiday, that I went uptown to Governor Lehman's apartment.

He and members of the New York Clearing House Committee, representatives of various private banking firms and others formed a group, I should say, of about twenty-five men when I arrived. It was agreed that the Governor would declare a holiday for two days, Saturday, March 4, and Monday, March 6, with the understanding that he would make a statement to the effect that he had done so at the request of the Clearing House Committee and with the advice and recommendation of the Federal Reserve Bank of New York. It was well after two o'clock Saturday morning (about two-thirty, as I remember) when this decision was made, and I immediately went to the telephone and advised our directors, who were still in session, and also advised Secretary Mills who, as you will remember, was with the Federal Reserve Board at the time.

I hope that this covers all that you have in mind.

Faithfully yours,

(Signed) GEORGE L. HARRISON

Hon. Charles S. Hamlin,
Federal Reserve Board,
Washington, D. C.

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(Letterhead of)

FEDERAL RESERVE BANK OF CHICAGO

August 11, 1933.

Hon. C. S. Hamlin
Member, Federal Reserve Board
Washington, D. C.

Dear Mr. Hamlin:

I am today in receipt of yours of the ninth, with respect to the Proclamation issued by the Governor of Illinois for a bank holiday on March 4. I am glad to give you as closely as I can my recollection of this event.

The Chicago Clearing House Committee was in session in my office most of that night as it had been for some days previously. The Governor of Illinois was called in early in the evening of March 3, and afterwards returned to his rooms in the hotel for further consideration and the awaiting of developments. My recollection and that of a number of others who were here is that he returned again to our offices about 11:30 p. m. or possibly a little later. A great deal of discussion was had and the Governor asked two or three lawyers, who were present, to work out a tentative draft of a Proclamation if it should be found necessary to issue such. In the meantime, we were in constant communication not only with Washington, but with New York, and particularly in the latter case as to what action Governor Lehmann of that State was taking. Later, the proposed draft of the Proclamation was submitted to the Governor in our office and as a number of us stood around, he made some changes in the phraseology and discussed it with all of us.

In the hectic events of the night, none of us are quite clear as to just the hour at which the Proclamation was finally signed, but those whom I have consulted agree with me that it must have been after one o'clock, and probably considerably later. I am also quite sure in my recollection that immediately upon the signing of the Proclamation, we notified the Federal Reserve Board in Washington.

My understanding is that when the Proclamation was finally signed (I think nearer two o'clock than one) the official Proclamation was dated as of 11:45 p. m. March 3, as the Governor for some reason thought it desirable to have the Proclamation dated the day before its being published.

I trust that this will give you what you desire and am sorry that I cannot be more explicit as to the exact hour.

With personal regards, I am

Very truly yours,

EUGENE M. STEVENS
Chairman.

August 9, 1933.

Dear Mr. Stevens:

I am going over some records of mine, and want to verify certain entries. I find an entry that we did not know definitely that the Governor of Illinois had issued a proclamation for a bank holiday until some time between 2:00 and 3:00 a.m. March 5th. Will you kindly let me know when first you knew the Governor would surely do this, and when you reported it to the Board? This is merely for the purpose of keeping my records straight.

Sincerely yours,

Mr. Eugene M. Stevens,
Chairman and Federal Reserve Agent,
Federal Reserve Bank,
Chicago, Ill.

470.

August 9, 1933.

Dear Governor Harrison:

In looking over an old diary, I find the notation that we received word from you that the Governor of New York would positively issue a proclamation for a bank holiday somewhere between 2:00 and 3:00 a.m. on March 4th. Will you kindly let me know, as nearly as you can, when first you knew of this, and when you sent it to the Board? This is merely to complete my records.

Sincerely yours,

Mr. George L. Harrison, Governor,
Federal Reserve Bank,
New York City, N. Y.

470.

August 8, 1933

Mr. Jesse Jones, Chairman,
Reconstruction Finance Corporation,
Washington, D. C.

Dear Mr. Jones:

See letter 8/2/33

I have received notice from the President of the appointment of a banking committee to investigate thoroughly the banking situation in order that we may consider the following problems:

(1) Keeping open banks, especially licensed banks, that are open.

(2) Bettering the condition of banks either locally or through preferred stock issues.

(3) Making necessary credit arrangements for banks.

(4) Reorganizing closed banks or considering the question of dividend payments either with or without Government assistance to depositors of closed banks.

These questions are all highly important in view, first, of the present banking situation, and second, the necessity of considering the condition of nonmember banks by January 1st and of member banks by July 1st in connection with the deposit guaranty feature.

On next Tuesday we are having a meeting of the Federal Reserve Agents of the twelve Federal Reserve Banks. On yesterday I sent each of them a telegram, copy of which I am handing you. You will note that through the medium of this telegram I desire to get very full information as to the national banking situation, including member and nonmember banks, so that [illegible] of the banking question.

It has occurred to me that if you would immediately have your office analyze the situation of all banks

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to which you have made loans or from which you have purchased preferred stock the information in this way obtained would add very largely to the desired picture of the general banking situation, and this letter is written and copy of my telegram enclosed to invoke your aid in this way. I know you will not misunderstand me when I emphasize the importance of this being undertaken immediately.

With my regards, I am

Sincerely yours,

Governor.

B-C

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470.

August 8, 1933

Mr. J. F. T. O'Connor,
Comptroller of the Currency,
Washington, D. C.

Dear Mr. O'Connor:

See letter 8/2/33

I have received/notice from the President of the appointment of a banking committee to investigate thoroughly the banking situation in order that we may consider the following problems:

(1) Keeping open banks, especially licensed banks, that are open.

(2) Bettering the condition of banks either locally or through preferred stock issues.

(3) Making necessary credit arrangements for banks.

(4) Reorganizing closed banks or considering the question of dividend payments either with or without Government assistance to depositors of closed banks.

These questions are all highly important in view first of the present banking situation and second the necessity of considering the condition of nonmember banks by January 1st and of member banks by July 1st in connection with the deposit guaranty feature.

On next Tuesday we are having a meeting of the Federal Reserve Agents of the twelve Federal Reserve Banks. On yesterday I sent each of them a telegram, copy of which I am handing you. You will note that through the medium of this telegram I desire to get very full information as to the national banking situation, including member and nonmember banks, so that with such information we can get a picture of the task before us and having that picture may get a solution of the banking question.

In this connection it has occurred to me that if you would have your office analyze the situation in national

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banks under your jurisdiction so that the situation in these national banks might be shown directly from your office it would add very greatly to the picture that we are trying to draw of the general national situation, and this letter is written and copy of my telegram to the Federal Reserve Agents is sent in order to invoke this effort on your part.

I am certain you will not misunderstand me when I emphasize my feeling that it would be most advantageous for this to be undertaken at once.

With my regards, I am

Sincerely yours,

Governor.

B-C

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470.

August 8, 1933

Mr. Walter Cummings,
Executive Assistant to Secretary of the Treasury,
Washington, D. C.

Dear Mr. Cummings:

See letter 8/2/33

I have received notice from the President of the appointment of a banking committee to investigate thoroughly the banking situation in order that we may consider the following problems:

(1) Keeping open banks, especially licensed banks, that are open.

(2) Bettering the condition of banks either locally or through preferred stock issues.

(3) Making necessary credit arrangements for banks.

(4) Reorganizing closed banks or considering the question of dividend payments either with or without Government assistance to depositors of closed banks.

These questions are all highly important in view first of the present banking situation and second the necessity of considering the condition of nonmember banks by January 1st and of member banks by July 1st in connection with the deposit guaranty feature.

On next Tuesday we are having a meeting of the Federal Reserve Agents of the twelve Federal Reserve Banks. On yesterday I sent each of them a telegram, copy of which I am handing you. You will note that through the medium of this telegram I desire to get very full information as to the national banking situation, including member and nonmember banks, so that with such information we can get a picture of the task before us and having that picture may get a solution of the banking question.

It has occurred to me that it would be most advantageous if you would compile a complete statement of closed

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banks within your jurisdiction, so that the facts relative to those closed banks might be added to the picture that we are trying to assemble in order that we may know definitely the full banking situation.

I know you will not misunderstand me when I state that this letter is written and copy of my telegram to the Agents sent you in line with this suggestion and that in my opinion it is necessary that the work suggested should be undertaken immediately.

With my warm regards, I am

Sincerely yours,

Governor.

B-C

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August 7, 1933

My dear Mr. President:

I beg to acknowledge your letter of August 2nd/in which you advise of the appointment of a committee to coordinate the efforts of the Federal Reserve Banks, the Federal Reserve Board, the Comptroller of the Currency, the Reconstruction Finance Corporation, the Farm Credit Administration and the Home Owners' Loan Corporation, to the end that the efforts of the Government may be coordinated in behalf of licensed banks, depositors in closed banks and communities without banking facilities.

I will be glad to serve on this committee and pledge in advance the earnest cooperation of the Reserve System in this effort.

May I express the hope that your visit at Hyde Park has afforded you some recreation and that affairs at Washington may be so handled that you may obtain some rest from your trying labors during the remainder of the hot season. It is very important to the country that your strength be conserved.

With warm personal regards and great respect, I am

Very sincerely,

Hon. Franklin D. Roosevelt,
President,
Washington, D. C.

E. R. Black
Governor

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476.

THE WHITE HOUSE
WASHINGTON

August 2, 1933.

My dear Governor:

At the present time there are several agencies of the Government all of which are making important and effective contributions in providing and maintaining adequate banking facilities throughout the country and in releasing funds to depositors in closed banks. The Federal Reserve Banks, under the supervision of the Federal Reserve Board, the Comptroller of the Currency, the Reconstruction Finance Corporation, the Farm Credit Administration, and the Home Owners Loan Corporation are all concerned with this matter. I feel it would greatly increase the effectiveness of the efforts of each of these agencies if the efforts of all were coordinated, and concentrated upon a common policy. In this way the problem could first be viewed as a whole and then the combined efforts of the Government brought to bear where help was most needed.

Since the Treasury Department is deeply concerned in the banking situation, both from the financial and the administrative point of view, I have asked the Under Secretary to act as Chairman of a Committee, on which I now request that you serve, to bring about this coordination.

For the general guidance of the Committee, I think it should have as its objects the release of deposits in closed banks as

See memo 8/7/33 See letter 8/8/33

promptly and to as large an extent as circumstances permit, the organization of new banks primarily in areas which are without adequate banking facilities, and the fullest support of banks now open, particularly those operating under license from the Treasury.

suggest also that if a survey of the situation, including both member and non-member banks is made, it will enable the Government both to anticipate difficulties and to center its efforts where they are most needed.

Also, it is important that the Reconstruction Finance Corporation, the Farm Credit Administration, and the Home Owners Loan Corporation should act in unison, through the Committee appointed at the Executive Council meeting of July 25th, before issuing any securities.

Very sincerely,

Franklin D Roosevelt

Honorable Eugene R. Black,
Governor, Federal Reserve Board.

470.

FEDERAL RESERVE BANK

OF ATLANTA

OFFICE OF
CHAIRMAN OF THE BOARD.
FEDERAL RESERVE AGENT.

July 27, 1933.

Federal Reserve Board,
Washington, D. C.

Dear Sirs:

Attention: Mr. S. R. Carpenter,
Assistant Secretary.

I have your letter of July 24th, enclosing four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department. I have handed two copies each of the pamphlets to Acting Governor Johns.

Thanking you, I am,

Yours very truly,

Oscar Newton

Federal Reserve Agent.

#8

FEDERAL RESERVE BANK
OF
ST. LOUIS

470.

July 27, 1933.

Mr. S. R. Carpenter,
Assistant Secretary,
Federal Reserve Board,
Washington, D. C.

Dear Mr. Carpenter:-

Receipt is acknowledged of your letter dated July 24, in which you enclose for Governor Martin and myself, copies of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency.

Very truly yours,

Jno. S. Wood

Federal Reserve Agent.

JSW:RMS

470

FEDERAL RESERVE BANK
OF DALLAS

C. C. WALSH
CHAIRMAN OF THE BOARD
AND FEDERAL RESERVE AGENT

July 27, 1933

Federal Reserve Board

Washington, D. C

Gentlemen: ATTENTION: Mr. S. R. Carpenter
Assistant Secretary

Receipt is acknowledged of your letter of July 24, with which were enclosed four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency.

I have given Governor McKinney two copies of each of the pamphlets.

The courtesy of the Board in furnishing these copies to us is appreciated.

Very truly yours,

CCWalsh

Federal Reserve Agent

RECEIVED JUL 31 1933 AM
BOARD ... FED...

FEDERAL RESERVE BANK

OF NEW YORK

470.

July 26, 1933.

Dear Mr. Carpenter:

In the absence of Mr. Case I acknowledge with thanks the receipt of your letter of July 24 enclosing for his information and that of Governor Harrison four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department and which contain documents and statements pertaining to the recent banking emergency.

Very truly yours,

John H. Williams

John H. Williams,
Assistant Federal
Reserve Agent.

Mr. S. R. Carpenter,
Assistant Secretary, Federal Reserve Board,
Washington, D. C.

FEDERAL RESERVE BANK

OF CLEVELAND

470.

July 26, 1933.

Federal Reserve Board,
Washington, D. C.

ATTENTION MR. S. R. CARPENTER,
ASSISTANT SECRETARY.

Gentlemen:

Receipt is acknowledged with thanks of pamphlets prepared by the Treasury Department containing documents and statements with reference to the recent banking emergency.

Copies of these have been handed to Governor Fancher for his information.

Very truly yours,

L. B. Williams

Federal Reserve Agent.

see letter 7/24/33

FEDERAL RESERVE BANK

OF RICHMOND

470.

July 26, 1933

Mr. S. R. Carpenter,
Assistant Secretary
Federal Reserve Board
Washington, D. C.

Dear Mr. Carpenter:

I acknowledge receipt of your letter of July 24th enclosing for my information, and that of ~~Governor~~ Seay, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency.

Very truly yours

W. W. Hoxton

W. W. Hoxton
Federal Reserve Agent

4

July 24, 1933.

Mr. Frederic H. Curtiss,
Federal Reserve Agent,
Federal Reserve Bank of Boston,
Boston, Massachusetts.

Dear Mr. Curtiss:

There are inclosed herewith, for your information and that of Governor Young, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.

SRC-jcb

(Inclosures)

FILE COPY

470.

July 24, 1933.

Mr. J. H. Case, Federal Reserve Agent,
Federal Reserve Bank of New York,
New York, New York.

Dear Mr. Case:

There are inclosed herewith, for your information and that of Governor Harrison, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.

SRC-lcb

(Inclosures)

7/26/33

FILE COPY

470.

July 24, 1933.

Mr. R. L. Austin,
Federal Reserve Agent,
Federal Reserve Bank of Philadelphia,
Philadelphia, Pennsylvania.

Dear Mr. Austin:

There are inclosed herewith, for your information and that of Governor Norris, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary.

SRC-jcb

(Inclosures)

FILE COPY

July 24, 1933.

Mr. L. B. Williams,
Federal Reserve Agent,
Federal Reserve Bank of Cleveland,
Cleveland, Ohio.

Dear Mr. Williams:

There are inclosed herewith, for your information and that of Governor Fancher, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter
S. R. Carpenter,
Assistant Secretary.

(Inclosures)

SRC-jcb

Rec Ans 7/26/33

FILE COPY

July 24, 1933.

Mr. W. W. Hoxton,
Federal Reserve Agent,
Federal Reserve Bank of Richmond,
Richmond, Virginia.

Dear Mr. Hoxton:

There are inclosed herewith, for your information and that of Governor Seay, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter
S. R. Carpenter,
Assistant Secretary.

SRC-jcb

(Inclosures)

FILE COPY

July 24, 1933.

Mr. Oscar Newton,
Federal Reserve Agent,
Federal Reserve Bank of Atlanta,
Atlanta, Georgia.

Dear Mr. Newton:

There are inclosed herewith, for your information and that of Acting Governor Johns, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

S. R. Carpenter,
Assistant Secretary.

SRC-jcb

(Inclosures)

See ans 7/27/33

July 24, 1933

Mr. Eugene M. Stevens,
Federal Reserve Agent,
Federal Reserve Bank of Chicago,
Chicago, Illinois.

Dear Mr. Stevens:

There are inclosed herewith, for your information and that of Governor McDougal, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

SRC/fsf

FILE COPY

July 24, 1933

Mr. John S. Wood,
Federal Reserve Agent,
Federal Reserve Bank of St. Louis,
St. Louis, Missouri.

Dear Mr. Wood:

There are inclosed herewith, for your information and that of Governor Martin, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

SRC/faf

see ans 7/27/33

FILE COPY

July 24, 1933

Mr. J. N. Peyton,
Federal Reserve Agent,
Federal Reserve Bank of Minneapolis,
Minneapolis, Minnesota.

Dear Mr. Peyton:

There are inclosed herewith, for your information and that of Governor Geery, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

smf:ef

FILE COPY

July 24, 1933

Mr. M. L. McClure,
Federal Reserve Agent,
Federal Reserve Bank of Kansas City,
Kansas City, Missouri.

Dear Mr. McClure:

There are inclosed herewith, for your information and that of Governor Hamilton, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

SRC/gef

FILE COPY

July 24, 1933

Mr. C. C. Walsh,
Federal Reserve Agent,
Federal Reserve Bank of Dallas,
Dallas, Texas.

Dear Mr. Walsh:

There are inclosed herewith, for your information and that of Governor McKinney, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

SRC/faf

see ans 7/27/33

FILE COPY

410

July 24, 1933

Mr. Isaac B. Newton,
Federal Reserve Agent,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Newton:

There are inclosed herewith, for your information and that of Governor Calkins, four copies each of two pamphlets, Parts 1 and 2, prepared by the Treasury Department, containing documents and statements pertaining to the recent banking emergency. Inasmuch as only a small number of these pamphlets were printed by the Treasury Department, additional copies are not available.

Very truly yours,

(Signed) S. R. Carpenter

S. R. Carpenter,
Assistant Secretary

(Inclosures)

SRC/faf

FILE COPY

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON JUNE 30, 1933, BY FEDERAL RESERVE DISTRICTS

CONFIDENTIAL

B-918

(In thousands of dollars)

	Total	Federal				Reserve				District			
		Boston	New York	Phila-delphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minn-eapolis	Kansas City	Dallas	San Francis
ASSETS													
Loans (including overdrafts)	861,995	49,586	117,336	131,758	107,683	95,988	42,153	200,232	36,762	17,317	30,350	4,194	28,63
S. Government securities	148,116	9,202	19,318	14,326	18,329	15,699	6,535	35,361	6,967	3,732	10,886	866	6,89
ʼher securities	428,690	39,698	76,740	53,695	48,003	44,772	8,459	83,862	26,385	14,263	17,969	613	14,231
OTAL LOANS AND INVESTMENTS	1,438,801	98,486	213,394	199,779	174,015	156,459	57,147	319,455	70,114	35,312	59,205	5,673	49,76
Customers' liability on account of acceptances	320	--	20	10	--	258	13	19	--	--	--	--	--
Banking house, furniture, and fixtures	98,219	4,528	10,846	15,293	11,365	13,675	2,824	26,977	3,519	2,119	2,750	639	3,68
Other real estate owned	37,696	1,249	2,889	7,171	4,678	4,215	1,344	11,503	1,998	619	743	238	1,04
Cash in vault	34,292	2,701	3,814	4,317	3,835	4,493	1,375	9,688	1,054	739	971	151	1,15
Reserve with F. R. banks	126,642	9,663	16,176	13,007	14,375	12,366	3,234	31,573	5,962	3,726	10,388	723	5,449
Due from banks, (including items in process of collection, exchanges, etc.)	33,163	4,519	5,655	3,089	2,295	3,713	1,264	7,847	1,024	796	1,510	84	1,367
Outside checks and other cash items	1,255	65	84	152	94	212	42	366	95	26	73	21	25
Redemption fund and due from nited States Treasurer	4,014	240	336	485	567	395	175	1,031	207	127	254	24	173
curities borrowed	2,692	--	1,864	9	188	127	--	313	115	--	3	--	73
er assets	12,757	480	1,906	1,845	636	1,689	622	3,713	669	347	522	46	282
TOTAL	1,789,851	121,931	256,984	245,157	212,048	197,602	68,040	412,485	84,757	43,811	76,419	7,599	63,018

CONFIDENTIAL

ASSETS AND LIABILITIES OF NON-LICENSED MEMBER BANKS ON JUNE 30, 1933, BY FEDERAL RESERVE DISTRICTS
(In thousands of dollars)

B-918a

	Total	Federal Reserve District: Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta
LIABILITIES							
Demand deposits	456,501	24,439	60,961	51,554	45,475	54,785	16,090
Time deposits	778,275	71,113	118,151	107,927	112,469	68,092	23,568
[illegible]ited States deposits	3,842	46	206	317	154	558	1,631
[illegible]ue to banks (including certified & officers' checks and cash letters of credit and travelers checks outstanding)	27,397	1,224	2,488	1,429	1,528	4,055	1,282
TOTAL DEPOSITS	1,266,015	96,822	181,806	161,227	159,626	127,490	42,571
National-bank notes outstanding	77,789	4,795	6,683	8,986	11,280	7,871	1,999
Agreements to repurchase U. S. Gov't. or other securities sold	961	---	110	500	---	---	--
Bills payable and rediscounts	166,455	6,199	33,866	34,425	9,186	22,669	9,261
Acceptances executed for customers	348	---	27	10	---	268	38
Acceptances executed by other banks for account of reporting banks	15	---	1	--	---	---	---
Securities borrowed	2,692	---	1,864	9	188	127	---
Interest, taxes, and other expenses accrued and unpaid	3,673	106	719	248	311	721	253
[illegible]her liabilities	21,517	720	1,400	2,702	479	8,336	3,105
[illegible]apital stock paid in	149,717	6,940	18,315	18,280	15,148	20,250	6,250
[illegible]rplus	72,456	4,000	7,853	14,275	11,777	8,119	2,891
Undivided profits - net	19,711	2,193	3,683	2,944	3,235	1,152	1,0[illegible]1
Reserves for contingencies	8,502	156	657	1,551	818	599	677
Total liabilities, including capital account	1,789,851	121,931	256,984	245,157	212,048	197,602	68,040
Number of banks	1,095	51	115	98	147	72	38
Postal Savings Deposits: National Banks	76,307 ✓	4.088	6.998	10.664	8.394	8.862	2.829
State	11.355 ✓	778	997	2.674	302	1.846	—
Total	87.662	4.866	7.995	13.238	8.696	10.708	2.829

	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
LIABILITIES						
Demand deposits	115,561	24,201	10,411	32,081	3,812	17,13[illegible]
Time deposits	177,752	38,055	21,317	13,198	678	25,95[illegible]
[illegible]ited States deposits	338	11	10	256	1	31[illegible]
[illegible]ue to banks (including certified & officers' checks and cash letters of credit and travelers checks outstanding)	6,435	908	625	6,079	141	1,20[illegible]
TOTAL DEPOSITS	300,086	63,175	32,363	51,614	4,632	44,60[illegible]
National-bank notes outstanding	20,394	4,167	2,568	5,050	434	3,56[illegible]
Agreements to repurchase U. S. Gov't. or other securities sold	177	75	---	89	10	---
Bills payable and rediscounts	27,634	4,550	3,900	7,698	1,004	6,06[illegible]
Acceptances executed for customers	5	---	---	---	---	---
Acceptances executed by other banks for account of reporting banks	14	---	---	-	---	---
Securities borrowed	313	115	---	3	---	73
Interest, taxes, and other expenses accrued and unpaid	826	141	9	265	2	72
[illegible]her liabilities	4,379	106	63	136	50	41
[illegible]apital stock paid in	36,524	8,490	3,410	8,675	1,155	6,280
[illegible]rplus	15,507	2,724	1,029	2,325	280	1,676
Undivided profits - net	3,429	635	324	532	32	551
Reserves for contingencies	3,197	579	145	32	---	97
Total liabilities, including capital account	412,485	84,757	43,811	76,419	7,599	63,018
Number of banks	278	70	62	75	27	62
Postal Savings Deposits: National Banks	21.353	1.841	2.085	5.963	386	2.944
State	4389	68	—	—	11	290
Total	25.742	1.909	2.085	5.963	397	3.234

FEDERAL RESERVE BOARD
DIVISION OF BANK OPERATIONS

FEDERAL RESERVE BANK OF CHICAGO 476

230 SOUTH LA SALLE STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

June 28, 1933

Hon. A. C. Miller
Member, Federal Reserve Board
Washington, D. C.

Dear Dr. Miller:

On account of your expressed interest on your recent trip here, I am enclosing copy of a letter which I have sent today to Governor Black with duplicate to Mr. Cummings. We do not seem to be getting anywhere in this problem of taking care of licensed banks which for one reason or another are losing the confidence of the public and are having heavy withdrawals. We are face to face with this proposition here in a few instances and it seems necessary to us that our position be defined and the responsibility of this bank in such cases be determined.

The suggestion of the possible cooperation of the Home Loan Bank is more with respect to giving additional liquidity to banks now open or to deal with future cases, as I recognize that we could not expect its cumbersome machinery to get in operation in time to help us in these few imminent cases before us.

With personal regards, I am

Very truly yours,

Eugene M. Stevens

Chairman

EMS HH

June 20, 1933

Hon. Eugene R. Black
Governor, Federal Reserve Board
Washington, D. C.

Dear Governor:

Referring to my telephone conversation with you yesterday morning, Mr. Talley of the Reconstruction Finance Corporation has been in Chicago for two or three days dividing his time between his office here and our offices. We had an opportunity to discuss with him the banking situation in this district. Sunday night he went to Grand Rapids, Michigan, with the Chief National Bank Examiner and Mr. Preston of this bank, to lend his authority to necessary participation of the R. F. C. in an agreed plan to reopen the Grand Rapids National Bank under a new charter. From there, we are advised he returned to Washington.

At Mr. Talley's request, a conference was called here of the bankers from Battle Creek, Michigan, which Mr. Talley attended. In that city there were three licensed national banks, one of which has already closed and the other two are in a precarious condition. Mr. Talley proposed a plan for these Battle Creek bankers to endeavor to raise sufficient capital to reorganize the two banks yet open, one on the basis of 60 per cent release of deposits, and the other on the basis of 70 per cent release of deposits, and the Battle Creek bankers are now endeavoring to proceed along these lines.

We have other situations in Michigan, which is by far the most difficult in its banking situation in our district, in which reorganization of some character of licensed banks is imminently necessary to prevent their closing. On the other hand, we have plans under way for the reopening of a considerable number of closed banks in Michigan, and in both of these cases, the closing or the reorganization of licensed banks in Battle Creek is having a serious reaction on the whole State.

There is notably a situation in Wayne County, Michigan, of four or five suburban banks, with deposits of about $21,000,000, which are practically in the City of Detroit and in which something must be done at once to prevent their closing. This was discussed with Mr. Talley but nothing definite came out of this discussion.

The people understand that we have what amounts to a mandate from the President to keep licensed banks open 100 per cent. The Federal Reserve bank here is willing to go to the limit of its statutory powers in making loans to this end and the banks in Battle Creek have only survived so far by reason

June 28, 1933

Hon. Eugene R. Black

of large 10-b loans granted them by the Federal Reserve Bank of Chicago. The R. F. C. interprets the law under which it operates to limit its loans to such as can be justified as sound and without risk, and in both of these agencies, therefore, it is necessary that they take marginal collateral on loans against frozen assets, and all the assets of the bank may be so pledged without giving sufficient liquidity to the bank to liquidate its entire deposits if necessary. Such banks as these mentioned have reached the limit of their borrowing capacity in these agencies and are still having withdrawals of deposits

Notwithstanding assurances given the depositors of the complete ability of licensed banks to pay out in full, no way seems to have been devised to accomplish this in the extreme cases which are now arising. Owing to the legal limitations of the Federal Reserve banks and the R. F. C., a determination of methods and procedure to meet these situations must depend on a higher authority.

Without such determination, there appear to be three courses open, as follows:

(1) After exhausting its borrowing powers from the Federal Reserve Bank and the R. F. C., the bank must undergo a reorganization which would result in the releasing of only a portion of its deposits and necessitate the raising of new capital to protect them.

(2) In addition to the resources of the Federal Reserve banks and the R. F. C. as referred to, a resort to the new Home Loan Act, by which we understand banks could sell outright their urban mortgages to this agency, thereby creating additional liquidity and opening the way for obtaining sufficient local capital and preferred stock from the R. F. C. to reorganize the bank on a sound basis. (We think that this new agency might proceed aggressively in Michigan as the Farm Loan Agency is presently doing in Wisconsin, which would be very helpful.)

(3) The only other thing left seems to be to allow such banks to close after they have been licensed to open 100 per cent.

It seems to us that the time has come when we must face this condition squarely and determine upon the policy to be pursued; primarily, whether licensed banks should be allowed to reorganize on a percentage basis or otherwise close, or whether governmental agencies may be coordinated to keep them open 100 per cent. We in the Federal Reserve banks cannot do this alone, and apparently it cannot be done in cooperation with the R. F. C. on account of its limitations. We have a few imminent situations in Michigan which, if not handled properly, give promise of starting another conflagration in that State. We are doing everything we can to avert such trouble, but we cannot do so alone and in the absence of any method by which the various governmental

June 28, 1933

Hon. Eugene R. Black

agencies in cooperation can meet the situation, serious trouble is before us and we are at loss to know what can be done to prevent it.

Are we to lend our support and our services in working out reorganizations of licensed banks which entail the waiver of part of the deposits thereof? Just how far does our responsibility in the Federal Reserve Bank embrace the working out of these situations?

Very truly yours,

Chairman

EMS MH

Copy to - Hon. Walter J. Cummings
Executive Assistant to the
Secretary of the Treasury
Washington, D. C.

479.

June 23, 1933.

Dear Mr. Stevens:

I thank you for your kind favors of June 17th and 20th.

By the time this reaches you, you will doubtless have found out by Mr. Talley's appearance in Chicago, that our recent discussions have borne fruit. He left here yesterday to spend some time in Chicago and Michigan, to promote a more effective handling of the Government's problems with reference to the banking situation there.

It was a pleasure to see you recently and to sit in on discussions at the bank.

With appreciation of your courtesies and hospitalities, believe me,

Very truly yours,

Mr. Eugene M. Stevens,
Federal Reserve Agent,
Federal Reserve Bank of Chicago,
Chicago, Illinois.

FEDERAL RESERVE BANK OF CHICAGO 470.

230 SOUTH LA SALLE STREET

OFFICE OF THE
CHAIRMAN OF THE BOARD AND
FEDERAL RESERVE AGENT

June 17, 1933

Hon. A. C. Miller
Member, Federal Reserve Board
Washington, D. C.

Dear Dr. Miller:

I was impressed with your suggestion yesterday, in our conference in our executive committee meeting, of the desirability of having a man like Mr. Talley come here to insure speedy cooperation between what we are trying to do and with the R. F. C. This would apply not only to open banks but to those which we are trying to reorganize and in which the help of the R. F. C. may be necessary.

We have a large number of banks in this district, both member and nonmember, which probably could be reorganized and opened but for the fact that their indebtedness to the R. F. C. is a barrier. In many such cases if an arrangement could be made whereby the R. F. C. would transfer its loan from the bank to the segregated trust to be set aside on some plan, we could work out reorganization and reopening of such banks.

I have been working for many weeks to try to get the coordination of the various agencies involved, have made two special trips to Washington for this purpose, and have had innumerable telephone conversations with various officials there, as well as much correspondence. On April 15, which was the first time that we could do anything constructive in Michigan by reason of their working out their own legislation for blanket opening of banks and their unsuccessful effort of several weeks to impose this plan on Washington and ourselves, I talked with Mr. Jones on the telephone and also wrote him suggesting that he send a representative whose authority would be speedily confirmed by the R. F. C. board, to meet with such a representative from the Comptroller's office, a representative from our bank, and the State Banking Commissioner, at Lansing, Michigan, to survey the State from the standpoint of the communities involved; to call in either bankers or representative citizens, and evolve plans for reorganization of banking facilities where necessary. This was all agreed to and the conference arranged, but a few days later Mr. Jones advised me that he had decided not to send such a representative.

We supposedly have a mandate from the President to keep the banks open and we are exerting all the pressure we can to get unopened banks reorganized on a proper basis, but both of these things require coordination with the R. F. C.,

Ind letter 6/22/33

the Comptroller's office, the Federal Reserve System, and the State Banking Commissioners, and to direct that coordination at long distance from here has proven to be a very difficult thing, especially in negotiations which may be delicate or which may require an intimate knowledge of the community and its needs.

Do I understand that you expect to make this suggestion relative to Mr. Talley coming here to the proper authorities or do you wish me to take it up? I feel very strongly that we would have gotten a good deal further if something of this sort had been done some time ago.

It has been an unusual pleasure to us to have had you here and you have done us a lot of good.

With personal regards, I am

Very truly yours,

Eugene M. Stevens

Federal Reserve Agent

EMS HH

Form No. 131.

Office Correspondence

FEDERAL RESERVE BOARD

Date June 10, 1933.

To Mr. Miller,

Subject: 470

From Mr. McClelland.

2-8495

There is attached hereto, for your confidential information, copy of a telegram 6/9/33 which was transmitted yesterday to Honorable W. K. Kellogg, Battle Creek, Michigan, regarding the situation which exists there.

Mr. Preston advises over the telephone that they will endeavor to close the negotiations for the organization of the new bank over this week-end.

472

TELEGRAM

RECONSTRUCTION FINANCE CORPORATION

WASHINGTON

June 9, 1933.

Hon. W. K. Kellogg
Battle Creek, Michigan

We have just been informed by our representatives, Messrs. Stoddard and Preston, that you have again resumed leadership in the banking situation at Battle Creek. We are gratified at your action in again assuming this leadership which is so vital to the interests of the community which you have largely built and which means so much to you.

We urge now that under your leadership, you go forward with the plan heretofore proposed by you, as covered byyour telephone conversation with Mr. Jones of last Friday which was to the effect that a new national bank would be formed with $4,000,000 new cash capital, which new bank would assume the deposits in full of the old Merchants National Bank and the City National Bank. The Reconstruction Finance Corporation, under this plan, would subscribe for $2,000,000 of preferred stock to bear dividends for the first five years at 5% and thereafter at 6%, and would lend you for three years, at a low rate of interest, $1,750,000 with which to buy that amount of second preferred stock, the remaining $250,000, representing common stock, to be subscribed by you or others there.

In addition to the above, the Federal Reserve is prepared to give the new bank its usual full credit accommodations and the Reconstruction Finance Corporation is prepared, in addition to such Reserve Bank action, to furnish the new bank such support as it may need in order to properly serve the people of Battle Creek and fully protect the depositors of the new bank.

We now urge that you assume the full leadership necessary and have the people of Battle Creek meet this emergency. You are a great philanthropist, and it is doubtful if you ever will have another opportunity to be as helpful to your friends and neighbors of life time.

The President joins in this request and want you, and the people of Battle Creek and Michigan to know that it is his purpose and the purpose of his Administration and of the agencies which we represent, to stand in the manner stated above, shoulder to shoulder with every community in the United States where similar emergencies may develop.

The banking situation throughout the country is rapidly becoming well stabilized, and another failure in Michigan, especially in a City whose citizens are able to avert it, would be extremely unfortunate.

WM. WOODIN, Secretary of the Treasury
E. R. BLACK, Governor, Federal Reserve Board
JESSE JONES, Chairman, Reconstruction Finance Corporation

470

May [illegible], 1933.

Memorandum to Mr. Miller:

For your information we are in receipt of a letter from Mr. Wood, Federal Reserve Agent at St. Louis, in the course of which he states that on March 24 the Commissioner of Finance of Missouri sent the following letter to all St. Louis Special Deputy Commissioners in charge of closed banks:

> "Since the closing of the banks in St. Louis in January, numerous plans for reorganization have been suggested to this Department, most of which have in view the absorption of all losses and the construction of a new capital stock from funds of the depositors. In nearly every case the bank has a large amount of borrowed money in addition to its losses.
>
> "In order that some definite conclusion may be reached concerning the banks whose inventories have not been filed, this Department desires you to inform the Depositors' Committees that no reorganization plan will be considered by this Department unless it is possible to arrange a new capital structure in cash, reduce the bills payable in each instance to a nominal amount, and have sufficient cash on hand to insure the future operation of the bank. When this is done, the Department may consent to allow depositors to waive part of their deposits to remove objectionable assets that could not be taken out by the original capital and surplus.
>
> "This is in line with the instructions we are sending out relative to the reopening of banks that remained closed or opened with restrictions following the recent banking holiday, and this plan will be followed in the reorganization and reopening of all banks now closed.
>
> "You should say further to the Depositors' Committees that unless definite plans along these lines are submitted by April 1st, all inventories will be filed and the banks properly placed in liquidation."

Cm

May 22, 1933.

Memorandum to Mr. Hamlin:

For your information we are in receipt of a letter from Mr. Wood, Federal Reserve Agent at St. Louis, in the course of which he states that on March 24 the Commissioner of Finance of Missouri sent the following letter to all St. Louis Special Deputy Commissioners in charge of closed banks:

"Since the closing of the banks in St. Louis in January, numerous plans for reorganization have been suggested to this Department, most of which have in view the absorption of all losses and the construction of a new capital stock from funds of the depositors. In nearly every case the bank has a large amount of borrowed money in addition to its losses.

"In order that some definite conclusion may be reached concerning the banks whose inventories have not been filed, this Department desires you to inform the Depositors' Committees that no reorganization plan will be considered by this Department unless it is possible to arrange a new capital structure in cash, reduce the bills payable in each instance to a nominal amount, and have sufficient cash on hand to insure the future operation of the bank. When this is done, the Department may consent to allow depositors to waive part of their deposits to remove objectionable assets that could not be taken out by the original capital and surplus.

"This is in line with the instructions we are sending out relative to the reopening of banks that remained closed or opened with restrictions following the recent banking holiday, and this plan will be followed in the reorganization and reopening of all banks now closed.

"You should say further to the Depositors' Committees that unless definite plans along these lines are submitted by April 1st, all inventories will be filed and the banks properly placed in liquidation."

Cm

3341

1470,

REGULATIONS RELATING TO LICENSING THE PURCHASE
AND EXPORT OF GOLD

TREASURY DEPARTMENT,
Office of the Secretary,
April 29, 1933.

ARTICLE I

MISCELLANEOUS PROVISIONS

Sec. 1. Authority for Regulations. In pursuance of the provisions of section 5(b) of the Act of October 6, 1917, as amended by section 2 of the Act of March 9, 1933, and the Executive Orders of the President dated March 10, 1933, April 5, 1933, and April 20, 1933, these regulations are prescribed.

Sec. 2. Definitions. For the purposes of these regulations, the term "person" means an individual, partnership, association or corporation; and the term "United States" means the continental United States, including Alaska.

Sec. 3. Licenses Non-Transferable. Licenses or permits issued or granted under these regulations shall not be transferred.

Sec. 4. Scope. These regulations shall be operative within the United States as defined, unless otherwise indicated.

Sec. 5 Penalties. Whoever willfully violates any provision of these regulations or of any license issued hereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

ARTICLE II

PURCHASE OF GOLD FOR USE IN INDUSTRY, PROFESSION OR ART

Sec. 1 Eligible Applicants. Any person having a legitimate and customary use for gold in industry, profession or art (including research and scientific work), or any person customarily supplying gold to others for such use (hereinafter called a "dealer"), may file with a Federal reserve bank an application to purchase such quantity of gold as may be required for legitimate and customary use within a reasonable time.

Sec. 2. Applications. Such application shall be filed in duplicate, executed under oath and verified before an officer duly authorized to administer oaths, and shall contain (a) the name and address of the applicant,(b) the industry, profession or art or business in which the applicant is engaged, (c) the amount of gold usually required for use in the applicant's business for a period of 90 days, (d) the amount of gold used or sold during the preceding calendar year, (e) the amount and a description of all gold on hand at the date of the application, (f) the amount of gold applied for, (g) a statement that the applicant will use such gold as he may be permitted to purchase only for the legitimate and customary requirements of industry, profession or art, or for sale exclusively in industry, profession, or art, and (h) a statement that no other application is pending.

Sec. 3. Purchase of Gold. Upon receipt of the application and after making such investigation of the case as it may deem advisable, the Federal reserve bank, if satisfied that the gold is necessary for the legitimate and customary requirements of the applicant's business, industry, profession or art, within a reasonable time, may permit the applicant to purchase such quantity of gold (not in excess of the amount applied for) as may be necessary for such use upon payment therefor of an equivalent amount of coin or currency coined or issued under the laws of the United States. The applicant shall keep an exact record of the disposition of such gold, and, in the case of a dealer furnishing gold for use in industry, profession or art, such dealer shall keep a record which shall show the amounts and dates of sales and the names and addresses of the purchasers. Such records shall be available for examination by a representative of the Treasury Department for at least one year after the date of the disposition of the gold. The gold so purchased shall be used or disposed of only in accordance with this Article and the Executive Order of April 5, 1933. Dealers withdrawing gold under this Article shall require of the persons who purchase gold from them an affidavit that the gold so purchased will be used exclusively in the industry, profession, or art in which such purchasers are engaged.

Sec. 4. Prior Regulation Revoked. Emergency Banking Regulation No. 25, issued March 13, 1933, is hereby revoked.

ARTICLE III

EXPORT OF GOLD COIN OR GOLD BULLION

Sec. 1. License Required. No gold coin, gold bullion or gold certificates shall be exported from the United States or any place subject to the jurisdiction thereof, or earmarked for foreign account unless a license therefor shall first have been obtained from the Secretary of the Treasury in accordance with this Article or Article IV of these regulations. Licenses may be issued, in the discretion of the Secretary, authorizing the export of gold coin and gold bullion:

(a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements;

(b) imported for reexport;*

(c) actually required for the fulfilment of any contract calling for payment or delivery of gold coin or bullion, entered into prior to April 20, 1933, by an applicant who in obedience to the Executive Order of April 5, 1933, has delivered gold coin, gold bullion or gold certificates in accordance with such order; or

(d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

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*NOTE: Export of gold by refiners importing gold-bearing materials is covered by Article IV of these regulations.

Sec. 2. Application for Licenses. Application for license under Section 1 to export from the United States or any place subject to the jurisdiction thereof any gold coin or gold bullion shall be made to the Secretary of the Treasury. Each such application shall be executed in duplicate under oath and verified before an officer duly authorized to administer oaths, and shall state in detail (a) the name and address of the applicant, (b) the name and address of the owner of the gold to be exported, (c) the amount and a description of gold coin or gold bullion and the location thereof, (d) the port from which export will be made, (e) the name and address of the consignee, and (f) the nature of the transaction and the facts making necessary the export. In the case of an application for a license under section 1(c) of this Article, the application, in addition to the above, shall state in detail, (1) the amount respectively of the gold coin, gold bullion or gold certificates delivered in obedience to the Executive Order of April 5, 1933, and the date and place of such delivery, and (2) the amount of gold coin or gold bullion actually required for the fulfilment of the contract. A certified copy of the contract or obligation shall accompany the application.

Sec. 3. Filing of Application. The application shall be filed with a Federal reserve bank, and such bank, after making such investigation of the case as it may deem necessary, shall transmit the original of such application to the Secretary of the Treasury, together with (a) such supplemental information as it may deem appropriate and (b) a recommendation as to whether the license should be granted or denied. A copy of the application shall be retained by the Federal reserve bank for its records.

Sec. 4. Issuance of License. If the Secretary of the Treasury in his discretion determines to grant a license upon an application filed under Sec. 3, he will authorize the Federal reserve bank through which the application was transmitted to issue on his behalf a license to export a specified amount of gold coin or gold bullion, and such bank shall thereupon issue such license to the applicant. If the license applied for is not granted, the bank through which the application was transmitted will be advised and such bank shall thereupon so notify the applicant.

Sec. 5. License. Each license for the export of gold coin or bullion shall be numbered serially and shall bear (a) the date of issue, (b) the name and address of the licensee, (c) the name and address of the consignee, (d) the amount and description of the gold licensed, (e) the port of export, and (f) a statement "This license shall expire 15 days from date of issue".

Sec. 6 Notification of Issuance of License. At the time the license is issued, the issuing Federal reserve bank shall transmit a copy thereof to the Collector of Customs at the port of export designated thereon. No collector of Customs shall permit the export of any gold coin or bullion under this Article except upon surrender of a license to export, a copy of which has been received by him from the Federal reserve bank issuing such license

Sec. 7. Expiration of License. All licenses to export gold coin or bullion issued under this Article shall expire fifteen days after date of issue and any person holding a license who fails to export gold coin or bullion in accordance with the terms of the license shall forthwith deliver such gold coin or bullion to a Federal reserve bank.

ARTICLE IV

IMPORT FOR SMELTING AND/OR REFINING
AND EXPORT

Sec. 1. Notation upon Entry. Upon the formal entry into the United States of gold-bearing ores, or any other gold-bearing materials imported into the United States for smelting and/or refining under an agreement providing for the export of gold bullion, the importer shall notify the Collector of Customs at the port where the gold-bearing ore or material is formally entered that the importation is made under such agreement. The Collector shall make a notation on the entry to this effect and forward a copy of the entry to the United States Assay Office at New York, New York, or to the United States Mint at San Francisco, California, whichever is designated by the importer.

Sec. 2. Sampling and Assaying. Promptly upon the receipt of each importation of gold-bearing ore or material at the plant where it is first to be treated, it shall be weighed, sampled and assayed for gold content. A reserve commercial sample shall be retained at such plant for at least one year from the date the importation was received by the plant unless the assay is sooner verified by the Treasury Department.

Sec. 3. Plant Records. The importer shall cause an exact record, covering each importation, to be kept at the plant of first treatment. The record shall show the gross wet weight of the importation, the weight of containers, if any, the net wet weight, the percentage and weight of moisture, the net dry weight, the gold content shown by the settlement assay, and the amount of gold bullion required to be exported under the agreement. An attested copy of such record shall be filed promptly with the Assay Office or the Mint, whichever has been designated to receive a copy of the entry.

Sec. 4. Application for Export License. Not later than fifteen days from the date of entry, the importer shall file an application with the Assay Office or the Mint, whichever has been designated to receive a copy of the entry, for a license to export gold bullion not in excess of the amount shown by the Settlement Sheet covering the importation. Such application shall be filed in duplicate, executed under oath and verified before an officer duly authorized to administer oaths, and shall show (a) the name and address of the applicant, (b) the port at which the importation was formally entered, (c) the entry number, (d) the date of entry, (e) the plant at which the importation was first treated, (f) the gross wet weight, (g) the weight of the containers, if any, (h) the net wet weight, (i) the percentage and weight of moisture, (j) the net dry weight, (k) the gold content, (l) the amount of gold bullion required to be exported under the agreement, and (m) the name and address of the proposed consignee of the exportation. The application shall be accompanied by two duly attested copies of the Settlement Sheet.

Sec. 5. Issuance of Serial Numbered Certificate. If the Superintendent of the Assay Office or of the Mint is satisfied as to the accuracy of the data shown on such application, he shall issue to the importer a dated Serial Numbered Certificate which shall show the amount of gold specified by the application and the amount specified by the Settlement Sheet. The Director of the Mint shall prescribe the form of such certificate.

Sec. 6. Issuance of Export License. Upon delivery to the Assay Office or the Mint, within 120 days from the date it was issued, of the Serial Numbered Certificate the Superintendent of the Assay Office or Mint shall issue to the importer a license to export gold bullion in the amount applied for but not in excess of the amount specified by the Settlement Sheet as shown on such certificate.

Sec. 7. Licenses. Each license for the export of gold bullion under this Article shall be numbered serially and shall bear (a) the date of issue, (b) the name and address of the licensee, (c) the name and address of the consignee, (d) the amount and description of the gold licensed, (e) the port of export, and (f) a statement "This license shall expire 15 days from date of issue".

Sec. 8. Notification of Issuance of License. At the time the license is issued, the issuing assay office or mint shall transmit a copy thereof to the Collector of Customs at the port of export designated thereon. No Collector of Customs shall permit the export of any gold bullion under this article except upon surrender of a license to export, a copy of which has been received by him from the assay office or mint issuing the license.

Sec. 9. Expiration of License. All licenses to export gold bullion issued under this article shall expire 15 days after date of issue and any person holding a license who fails to export the gold bullion in accordance with the terms of the license shall forthwith deliver such bullion to a Federal reserve bank.

ARTICLE V

ACQUISITION OR RETENTION OF GOLD COIN, GOLD BULLION OR GOLD CERTIFICATES FOR PROPER TRANSACTIONS NOT INVOLVING HOARDING

Sec. 1. Licenses for Proper Transactions and for Purposes not Covered in Preceding Articles. Any person showing the need for gold coin or gold bullion for a proper transaction not involving hoarding or for gold coin or gold bullion for a purpose specified in the Executive Order of April 5, 1933, and not covered by the foregoing Articles of these Regulations, may make application to the Secretary of the Treasury for a license to purchase, or if such coin or bullion is already in his possession, to retain such coin or bullion, in amounts as may be reasonably necessary for such proper transaction or purpose. Applications shall be filed with any Federal reserve bank.

The application shall be filed in duplicate, executed under oath and verified before an officer duly authorized to administer oaths and shall contain (a) the name and address of the applicant, (b) the amount of gold coin or gold bullion desired to be purchased or retained, (c) the amount and description of the gold coin or bullion on hand, if any, at the date of the application, (d) the proper transaction or purpose to which the gold coin or gold bullion will be devoted and the facts making necessary its purchase or retention, (e) such other facts as will enable the Secretary of the Treasury to determine whether the transaction is proper, and (f) a statement that the applicant will use such gold coin or gold bullion as he may be permitted to purchase or retain only for the transaction or purpose set forth in the application. In the case of an applicant for a license who has delivered in obedience to the Executive Order of April 5, 1933, gold coin, gold bullion or gold certificates, the application, in addition to the above, shall state in detail (1) the amount of gold coin, gold bullion or gold certificates delivered in obedience to the Executive Order of April 5, 1933, (2) the date of such delivery, and (3) the bank at which delivered.

Sec. 2. Disposition of Applications. On the receipt of any such application, the Federal reserve bank shall make such investigation of the case as it may deem advisable and shall transmit to the Secretary of the Treasury the original of such application, together with (a) any supplemental information it may deem appropriate and (b) a recommendation whether a license should be granted or denied. The Federal reserve bank shall retain a copy of the application for its records.

Sec. 3. Granting or Denial of the License. Upon receipt of the original application and the recommendation of the Federal reserve bank transmitting it, the Secretary of the Treasury will grant or deny the license. A license will be granted on application for the retention or acquisition of gold coin or bullion made by any person showing the need for such gold coin or bullion in accordance with the provisions of section 8 of the Executive Order of April 5, 1933, in cases where such person has gold coin, gold bullion or gold certificates in his possession, or in obedience to said Executive Order, has delivered such coin, bullion or certificates. A license so granted shall be for an amount of gold coin or bullion not exceeding the amount of such coin, bullion or certificates held or delivered. When the issuance of a license is approved by the Secretary of the Treasury the Federal reserve bank through which application was made, will issue a license to the applicant. If denied, the Federal reserve bank will be so advised and shall immediately notify the applicant. The decision of the Secretary of the Treasury shall be final. The Federal reserve bank shall note upon the retained copy of the application whether or not a license has been granted, and, if granted, the date of the license and the amount of the gold coin or gold bullion covered thereby.

Sec. 4. Acquisition of Gold. Upon presentation of a license for the acquisition of gold coin or bullion to a Federal reserve bank, such bank shall deliver to the licensee the amount of gold coin or gold bullion authorized in such license upon payment therefor in an equivalent amount of any form of coin or currency coined or issued under the laws of the United States.

Sec. 5. Reports Required on the Disposition of Gold Coin or Bullion. Any person holding a license for the retention or acquisition of gold coin or bullion issued under this Article, who shall at any time dispose of such gold coin or bullion in accordance with the terms of the license or otherwise, shall immediately file a written report in duplicate with the Federal reserve bank through which the license was issued. Such report shall be executed under oath and verified before an officer duly authorized to administer oaths and shall contain (a) the names and addresses of the person or persons to whom such gold coin or bullion was delivered, (b) the amounts thereof and whether gold coin or gold bullion and (c) the reason for such delivery. On the receipt of any such report, the Federal reserve bank receiving it shall immediately transmit the original to the Secretary of the Treasury in Washington and shall retain a copy for its records. Upon the transfer of any gold coin or bullion by a person licensed to retain or acquire the same, such licensee shall advise the transferee of the provisions of the Executive Order of April 5, 1933, and of the penalties for its violation, and such transferee shall deliver such gold boin or bullion so received to a Federal reserve bank or branch or agent thereof or any member bank of the Federal Reserve System in accordance with the Executive Order of April 5, 1933, and shall be subject to the penalties of said Executive Order for any violation thereof.

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These regulations may be supplemented, modified or revoked at any time.

W. H. WOODIN
Secretary of the Treasury.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7417

April 20, 1933.

Dear Sir:

In confirmation of the telegram sent you to-day, there is inclosed herewith a copy of the Executive Order issued by the President of the United States relating to foreign exchange and the earmarking and export of gold coin or bullion or currency.

Very truly yours,

Chester Morrill,
Secretary.

Inclosure.

TO CHAIRMEN OF ALL F. R. BANKS.

C O N F I D E N T I A L

EXECUTIVE ORDER

Relating to Foreign Exchange and the Earmarking
and Export of Gold Coin or
Bullion or Currency

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section and by virtue of all other authority vested in me, do hereby issue the following executive order:

Until further order, the earmarking for foreign account and the export of gold coin, gold bullion or gold certificates from the United States or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements, (b) imported for reexport or gold in reasonable amounts for usual trade requirements of refiners importing gold bearing materials under agreement to export gold, (c) actually required for the fulfilment of any contract entered into prior to the date of this order, by an applicant who in obedience to the

Executive Order of April 5, 1933 has delivered gold coin, gold bullion or gold certificates, and (d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

2. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States or any place subject to the jurisdiction thereof to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States or any place subject to the jurisdiction of the United States, by any individual, partnership, association, or corporation within the United States or any place subject to the jurisdiction thereof; and the Secretary of the Treasury may require any individual, partnership, association, or corporation engaged in any transaction referred to herein to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such individual, partnership, association, or corporation either before or after such transaction is completed.

3. The provisions relating to foreign exchange transactions contained in the Executive Order of March 10, 1933, shall remain in full force and effect except as amended or supplemented by this order and by regulations issued hereunder.

X-7416

4. Applicants who have gold coin, gold bullion or gold certificates in their possession, or who in obedience to the Executive Order of April 5, 1933 have delivered gold coin, gold bullion or gold certificates shall be entitled to licenses as provided in Section 8 of said Executive Order for amounts not exceeding the equivalent of such coin, bullion or certificates held or delivered. The Secretary may in his discretion issue or decline to issue any other licenses under said Executive Order, which shall in all other respects remain in full force and effect.

5. Whoever willfully violates any provision of this Executive Order or of any rule, regulation or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE
April 20, 1933.

410

4/20/33

April 20, 1933

X-7417

Dear Sir:

In confirmation of the telegram sent you today, there is inclosed herewith a copy of the Executive Order issued by the President of the United States relating to foreign exchange and the earmarking and export of gold coin or bullion or currency.

Very truly yours,

Chester Morrill,
Secretary

(Inclosure)

To the Chairmen of all Federal reserve banks

CM

FILE COPY

1933 APR 20 PM 5 13

April 20, 1933

Curtiss - Boston
Case - New York
Austin - Philadelphia
Williams - Cleveland
Hoxton - Richmond
Newton - Atlanta
Stevens - Chicago
Wood - St. Louis
Bailey - Minneapolis
McClure - Kansas City
Walsh - Dallas
Newton - San Francisco

TRANS NO. 1777 The following Executive Order has today been issued by the President of the United States (See attached)

Morrill

[redacted]

610

EXECUTIVE ORDER

Relating to Foreign Exchange and the Earmarking and Export of Gold Coin or Bullion or Currency

By virtue of the authority vested in me by Section

1933 APR 20 PM 5 13

April 20, 1933

Curtiss - Boston
Case - New York
Austin - Philadelphia
Williams - Cleveland
Hoxton - Richmond
Newton - Atlanta
Stevens - Chicago
Wood - St. Louis
Bailey - Minneapolis
McClure - Kansas City
Walsh - Dallas
Newton - San Francisco

TRANS NO. 1777 The following Executive Order has today been issued by the President of the United States: (See attached)

Quote

[redacted]

4/20
6 10 pm

EXECUTIVE ORDER

Relating to Foreign Exchange and the Earmarking and Export of Gold Coin or Bullion or Currency

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section and by virtue of all other authority vested in me, do hereby issue the following executive order:

Until further order, the earmarking for foreign account and the export of gold coin, gold bullion or gold certificates from the United States or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements, (b) imported for reexport or gold in reasonable amounts for usual trade requirements of refiners importing gold bearing materials under agreement to export gold, (c) actually required for the fulfilment of any contract entered into prior to the date of this order, by an applicant who in obedience to the

Executive Order of April 5, 1933 has delivered gold coin, gold bullion or gold certificates, and (d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

2. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States or any place subject to the jurisdiction thereof to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States or any place subject to the jurisdiction of the United States, by any individual, partnership, association, or corporation within the United States or any place subject to the jurisdiction thereof; and the Secretary of the Treasury may require any individual, partnership, association, or corporation engaged in any transaction referred to herein to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such individual, partnership, association, or corporation either before or after such transaction is completed.

3. The provisions relating to foreign exchange transactions contained in the Executive Order of March 10, 1933, shall remain in full force and effect except as amended or supplemented by this order and by regulations issued hereunder.

4. Applicants who have gold coin, gold bullion or gold certificates in their possession, or who in obedience to the Executive Order of April 5, 1933 have delivered gold coin, gold bullion or gold certificates shall be entitled to licenses as provided in Section 8 of said Executive Order for amounts not exceeding the equivalent of such coin, bullion or certificates held or delivered. The Secretary may in his discretion issue or decline to issue any other licenses under said Executive Order, which shall in all other respects remain in full force and effect.

5. Whoever willfully violates any provision of this Executive Order or of any rule, regulation or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order may be modified or revoked at any time.

THE WHITE HOUSE
April 20, 1933.

FRANKLIN D. ROOSEVELT.

470.

EXECUTIVE ORDER

Relating to Foreign Exchange and the Earmarking
and Export of Gold Coin or
Bullion or Currency

APR 20 1933

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section and by virtue of all other authority vested in me, do hereby issue the following executive order:

Until further order, the earmarking for foreign account and the export of gold coin, gold bullion or gold certificates from the United States or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements, (b) imported for reexport or gold in reasonable amounts for usual trade requirements of refiners importing gold bearing materials under agreement to export gold, (c) actually required for the fulfilment of any contract entered into prior to the date of this order, by an applicant who in obedience to the Executive Order of April 5, 1933 has delivered gold coin, gold bullion or gold certificates, and (d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

2. Until further order, the Secretary of the Treasury is authorized, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States or any place subject to the jurisdiction thereof to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States or any place subject to the jurisdiction of the United States, by any individual, partnership, association, or corporation within the United States or any place subject to the jurisdiction thereof; and the Secretary of the Treasury may require any individual, partnership, association, or corporation engaged in any transaction referred to herein to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such individual, partnership, association, or corporation either before or after such transaction is completed.

3. The provisions relating to foreign exchange transactions contained in the Executive Order of March 10, 1933, shall remain in full force and effect except as amended or supplemented by this order and by regulations issued hereunder.

4. Applicants who have gold coin, gold bullion or gold certificates in their possession, or who in obedience to the Executive Order of April 5, 1933 have delivered gold coin, gold bullion or gold certificates shall be entitled to licenses as provided in Section 8 of said Executive Order for amounts not exceeding the equivalent of such coin, bullion or certificates held or delivered. The Secretary may in his discretion issue or decline to issue any other licenses under said Executive Order, which shall in all other respects remain in full force and effect.

Whoever willfully violates any provision of this Executive Order or of any rule, regulation or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE
April 20, 1933.

ASSISTANT SECRETARY OF THE TREASURY

April 20, 1933.

Memorandum for Governor Meyer:

I attach hereto a copy of Executive Order relating to foreign exchange and the export of gold. In form it is satisfactory to the President subject to the approval of the Attorney General. The Solicitor General has given careful consideration to the preparation of the order and it is in form satisfactory to him.

James W. Douglas

Confidential

470.

EXECUTIVE ORDER

Relating to Foreign Exchange and the Earmarking
and Export of Gold Coin or
Bullion or Currency

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section and by virtue of all other authority vested in me, do hereby issue the following executive order:

1. Until further order, the earmarking for foreign account and the export of gold coin, gold bullion or gold certificates from the United States or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury, in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements, (b) imported for reexport or gold in reasonable amounts for usual trade requirements of refiners importing gold bearing materials under agreement to export gold, (c) actually required for the fulfillment of any contract entered into prior to the date of this order, by an applicant who in obedience to the

Executive Order of April 5, 1933 has delivered gold coin, gold bullion or gold certificates, and (d) with the approval of the President, for transactions which he may deem necessary to promote the public interest.

2. Until further order, the Secretary of the Treasury is authorised, through any agency that he may designate, to investigate, regulate, or prohibit, under such rules and regulations as he may prescribe, by means of licenses or otherwise, any transactions in foreign exchange, transfers of credit from any banking institution within the United States or any place subject to the jurisdiction thereof to any foreign branch or office of such banking institution or to any foreign bank or banker, and the export or withdrawal of currency from the United States or any place subject to the jurisdiction of the United States, by any individual, partnership, association, or corporation within the United States or any place subject to the jurisdiction thereof; and the Secretary of the Treasury may require any individual, partnership, association, or corporation engaged in any transaction referred to herein to furnish under oath, complete information relative thereto, including the production of any books of account, contracts, letters or other papers, in connection therewith in the custody or control of such individual, partnership, association, or corporation either before or after such transaction is completed.

3. The provisions relating to foreign exchange transactions contained in the Executive Order of March 10, 1933, shall remain in full force and effect except as amended or supplemented by this order and by regulations issued hereunder.

4. Applicants who have gold coin, gold bullion or gold certificates in their possession, or who in obedience to the Executive Order of April 5, 1933 have delivered gold coin, gold bullion or gold certificates shall be entitled to licenses as provided in Section 8 of said Executive Order for amounts not exceeding the equivalent of such coin, bullion or certificates held or delivered. The Secretary may in his discretion issue or decline to issue any other licenses under said Executive Order, which shall in all other respects remain in full force and effect.

5. Whoever willfully violates any provision of this Executive Order or of any rule, regulation or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order may be modified or revoked at any time.

THE WHITE HOUSE
April 20, 1933.

Copy

L-32

April 14, 1933.

Cardeu

Mr. Sigurd Ueland,
800 Security Building,
Minneapolis, Minnesota.

Dear Sigurd:

Tremendous pressure of urgent business growing out of the recent banking crisis has prevented me from replying more promptly to your letter of March 3, 1933, inclosing for my information copies of three opinions which you had rendered to the Federal Reserve Bank of Minneapolis dealing with the subject of bank holidays. I have just now found an opportunity to read these opinions; and I find them very interesting, although I am not prepared to agree with all of the conclusions which you have expressed.

With reference to the question of the right of a Federal reserve bank to deal with a bank which has gone on a holiday or has otherwise suspended business temporarily but which has been permitted by the supervisory authorities to resume the transaction of a normal banking business, I note that you made no reference to the decision of the Circuit Court of Appeals in the case of Lucas et al v. Federal Reserve Bank of Richmond, wherein it seems to me that the Court intimated very strongly that, if the Comptroller of the Currency permits a national bank to remain open and continue to transact its normal business, the Federal reserve bank is justified in assuming that it is a solvent bank and in dealing with it as such.

In the light of the events which have transpired since your opinions were rendered, and especially in view of the unprecedented emergency situation confronting our banking system, I am inclined to believe that the courts will be disposed to go as far as possible in upholding the validity of transactions entered into in good faith by the Federal reserve banks in order to meet the emergency, especially where the Federal reserve banks acted reasonably and no great injustice resulted. In other words I think a lot of new case law will grow out of the recent banking emergency and that it is impossible to predict what the courts will hold were the respective rights of various parties in the light of the unprecedented situation that faced the country during the first three months of this year.

I am sending copies of your opinions to Counsel for all of the other Federal reserve banks and I am sure that they will read them with much interest.

Trusting that your Father's health has materially improved and with kindest personal regards to you both, I am,

Cordially yours,

(S) Walter Wyatt
General Counsel

WW/omc

Copy

L-32-a

UELAND & UELAND
Attorneys and Counselors

800 Security Building
Minneapolis
March 3, 1933.

Walter Wyatt, Esq.,
Counsel Federal Reserve Board,
Washington, D. C.

Dear Walter:-

I enclose copies of three opinions I have given the Federal Reserve Bank of Minneapolis dealing with the subject of "bank holidays". I have not forwarded copies of these opinions to the counsel for the Federal reserve banks or to the Acting Comptroller of the Currency, because I am not sure that you agree with the views expressed in these opinions and would not wish to distribute the same except with your approval. If you wish to send out copies, I have no objection whatever.

Owing to the illness of my father, we are deprived of the benefit of his opinion during this vexatious period.

Very sincerely yours,

(Signed) Sigurd Ueland

SU*MS.

Copy

L-32-b

February 24, 1933.

Federal Reserve Bank of
Minneapolis.

We have considered the question of "bank holidays" in our opinions to you dated December 1, 1932 and January 20, 1933. In these opinions we only considered questions arising while a bank is enjoying a "holiday"; we did not consider questions presented after such a bank has resumed ordinary banking business.

In our earlier opinions we came to the conclusion that for a national bank to declare a "bank holiday" was an "act of insolvency" within the meaning of the National Bank Act. The National Bank Act provides:

> "All transfers of the notes, bonds, bills of exchange, or other evidences of debt owing to any national banking association, or of deposits to its credit * * * made after the commission of an act of insolvency * * * made with a view to prevent the application of its assets in the manner prescribed by this chapter, or with a view to the preference of one creditor to another, except in the payment of its circulating notes, shall be utterly null and void * * *." United States Code, Title 12, Sec. 91.

Taking collateral for a present loan of money is not a preference in bankruptcy and the creditor is allowed to enforce the security against the trustee in bankruptcy of the borrower, even though the borrower was known to be insolvent at the time the loan was made. We understand that the lower federal courts have arrived at a similar result in cases of loans made on collateral to insolvent national banks. However, under the National Bank Act not only transfers preferring one creditor over another are void; transfers after a national bank has committed an act of insolvency are void if -

> "made with a view to prevent the application of its assets in the manner prescribed by this chapter".

The application of assets here referred to is a ratable distribution among all the creditors of the Bank. Where a loan is made to a national bank the purpose of the borrower is usually, if not always, to use the proceeds to pay off certain depositors or other creditors of the bank. This being so, it seems to us that the Supreme Court might hold a pledge of collateral to secure a loan to a national bank, made after the commission of an act of insolvency, to be "utterly null and void".

In the case of Hirning vs. Federal Reserve Bank of Minneapolis, 52 Fed. (2d) 382, the United States Circuit Court of Appeals for this Circuit held that a person dealing with a national bank after an act of insolvency is liable if such person <u>participates</u> in transactions which result in <u>other</u> creditors receiving a preference. If your Bank should lend money to a national bank knowing that it had committed an act of insolvency, and knowing or having good reason to suspect that the proceeds of the loan would be used to prefer certain creditors of the national bank, we do not feel at all confident that your Bank would be able to hold and enforce the collateral given for such loan.

The next question is - when a bank has committed an act of insolvency, how long does that fact operate as a danger signal to all who do business with the bank? Neither the statutes nor the decisions seem to throw much light on this question. Certainly the act of insolvency can be cured by the restoration of the bank to actual solvency. But the situation you will be confronted with is one where there has been an act of insolvency by a bank which subsequently resumes doing business, but remains in fact insolvent. In this situation the fact that the banking authorities have failed to perform their duty and appoint a receiver for the bank would hardly constitute a shield behind which others could hide. On the other hand the courts would hardly assert that a transfer was "utterly null and void" because of an act of insolvency ten years prior thereto. It is a question of degree where no definite boundary line can be drawn. In the earlier stages, however, after an act of insolvency has been committed we think you cannot deal with the bank in question without considerable risk until it has been examined by the proper banking authorities and found to be in a solvent condition.

In conclusion, we think that where a bank has gone on a "holiday" and then resumes the transaction of general banking business, being in fact insolvent, and the banking officials shut their eyes to the situation, you incur considerable risk of legal liability: (1) if you forward checks drawn on such bank direct to it for payment; (2) if you pay drafts drawn by such bank on its reserve account with your bank; or (3) if you make new loans or discounts for such bank. (In the case of drafts drawn on the reserve account you are confronted with a real dilemma because you may incur liability by refusing to pay such drafts, if the member bank is in fact solvent.) As we indicated in our earlier opinions, there may be less risk in cases (2) and (3) where you are dealing with a state bank organized in a state in your district, other than Michigan, than in the case of a national bank.

Whether you should assume any or all of these risks or whether you should take the position that these banks coming out of the "holiday" condition should first have their solvency passed upon by those officials who were charged by law with this duty, are questions of policy outside of our jurisdiction.

UELAND & UELAND,

By

SU*MS.

L-32-c

January 20, 1933

Mr. A. R. Larson,

Assistant Cashier.

Answering your memorandum dated January 18, 1933 with reference to so called bank holidays. Where the banking authorities permit such an anomalous, if not illegal, situation to exist, it creates a very embarrassing situation for your bank.

I should think that in such instance of a member national bank, or a member state bank located in Michigan, which goes on a "holiday", your bank should immediately notify such member that you will not honor drafts on the reserve account and your bank should further ask for instructions as to collections.

I think bonds can safely be surrendered to the bank itself but not to others. Indeed I see no reason why currency payments might not be made to the bank itself, or why moneys in the reserve account might not be paid to the bank itself by means of your bank's draft or cashier's check. In such a case I see no reason why liability should attach to your bank under the preference statute (U.S.C. title 12, sec. 91 in the case of national banks) unless your bank in some way is a party to a plan whereby some creditor or creditors of the member bank are to receive a preference. If your bank should issue its cashier's check to the member bank and it should make a preferential transfer of the same which should subsequently be held void, your bank, if it had paid the check, could, I assume, fall back on your endorser.

The reason why your bank cannot safely pay drafts on the reserve account is because in that case you are put on notice that the bank, which has committed an act of insolvency, is transferring funds, presumably to creditors. In the case of payments made to the bank itself no preference would result by reason of such payments, but could arise only by reason of some subsequent disposition made of the money by the recipient bank.

In view of the fact that the situation is loaded with dynamite, it would seem a wise policy to keep transactions with a bank in this moribund condition to a minimum.

UELAND & UELAND

By

SU/MG

L-32-d

December 1, 1932.

Mr. Harry Yaeger, Deputy Governor,
Federal Reserve Bank of
Minneapolis.

In your memorandum dated November 29, 1932, you inquire as to the duties and liabilities of the Federal Reserve Bank of Minneapolis with respect to banks in the Ninth Federal Reserve District which have declared what is termed "a bank holiday". Our understanding is that during a certain period one or more banks in a town endeavor to get their depositors to agree to extend the time of payment of a given percentage of their deposits or to release such given percentage entirely or look only to certain charged off assets for the payment of the same. During such period the banks are not open for ordinary business and do not permit withdrawals through the teller's window. We assume in what follows that the fact that the holiday has been declared is known to the officers of your bank.

In our opinion if your bank continues to forward checks drawn on a bank which is enjoying a "holiday" directly to such bank for payment and remittance by it, your bank may incur liability if loss thereby results. When a bank declares a holiday it is tantamount to an admission that the bank is in an insolvent condition. Forwarding to a bank known to be in a weakened condition, in our opinion, is negligence, and neither Regulation J of the Federal Reserve Board, your current check collection circular, the statute governing bank collections in Minnesota

(Mason's Statutes, Sec. 7233-1), nor the Uniform Bank Collection Code which is in force in Michigan and Wisconsin, exempts a collecting bank from liability for loss due to negligence.

The next question to be considered is whether when the bank declaring a holiday is a member bank, your bank should continue to honor drafts on the reserve account or permit the transfer of reserve balances by other methods.

The National Bank Act provides that "all transfers * * * of deposits" to the credit of a national banking association and "all payments of money" to its creditors "made after the commission of an act of insolvency, or in contemplation thereof, made with a view * * * to the preference of one creditor to another, * * * shall be utterly null and void". U. S. C., Title 12, Sec. 91. In our opinion when a national bank ceases to pay its depositors in the usual course of business, that is an "act of insolvency" within the meaning of the statute.

Market National Bank v. Pacific National Bank, 30 Hun. 50, Aff. 93 N. Y. 648;

First National Bank of Ortonville v. Andresen, 57 Fed. (2d) 17 (C. C. A. 8).

Accordingly in the case of a national bank we do not see how your bank can safely continue to honor drafts after knowledge received by the officers of your bank that the national bank in question has declared a holiday. Such drafts and other transfers of credit in the reserve account would almost inevitably have the effect of preferring creditors of the national bank. Under the National Bank Act such payments or transfers would be void and your bank might be held liable to a subsequently appointed receiver of the national bank to the same extent as if the drafts had not been paid and the transfers had not been made. See Hirning, Receiver, Federal Reserve Bank of Minneapolis, 52 Fed. (2d) 382.

In the case of state banks in states in the Ninth Federal Reserve District, we have made a hasty examination of the state statutes and do not find any provision similar to Title 12, Sec. 91 of the U. S. Code except in Michigan. Section 11946 of the Compiled Laws of Michigan, 1929, is almost identical with the provision in the National Bank Act on the subject of preferences. Accordingly we think you should treat member state banks located in Michigan in the same manner as national banks.

When a national bank or a state member bank in Michigan goes on a bank holiday it would seem advisable to notify the officers by telephone not to draw drafts or attempt to make transfers because the same cannot be honored.

As to state member banks in the other states of the Ninth District, we think you can safely continue to pay drafts until the bank is actually closed by its board of directors or by the banking authorities.

The question remains as to the proper course to be followed by your bank with respect to checks drawn on banks which have declared a holiday. We think it would not be safe for your bank to receive payment of checks drawn on national bank or state banks in Michigan. Under the doctrine of the Hirning case your bank might thereby render itself liable for having received an unlawful preference. Accordingly it seems to us that in the case of these banks your bank should return the items to its endorsers advising them that the bank in question is reported on a "bank holiday", or words to that effect. As to checks on other banks, we think you have the alternative of having them presented over the counter by an agent or of returning them to your endorsers, as suggested in the case of national banks. We assume that non-member banks going on a holiday would be taken off your par list.

We do not consider in this opinion under what circumstances or in what manner acts of insolvency of a bank can be cured so that your bank could safely resume the transaction of ordinary business with such bank.

UELAND & UELAND

By

SU*MS.

In McDonald, Receiver, vs. Chemical National Bank, 174 U. S. 610, it was held that the mere fact that a correspondent of a national bank had refused to pay its draft was not sufficient proof of an "act of insolvency". But in our opinion this is quite a different thing from the refusal of a national bank itself to pay its obligations in the usual course of business.

470.

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-7399

April 6, 1933.

SUBJECT: Executive Order Prohibiting
the Hoarding of Gold.

Dear Sir:

Confirming the telegram sent you yesterday, trans. 1753, there is inclosed herewith a copy of the executive order issued by the President of the United States on April 5, 1933, forbidding the hoarding of gold coin, gold bullion, and gold certificates. A copy of the press statement issued by the Secretary of the Treasury on the same date, and quoted in the Board's telegram of this date, trans. 1755, is also inclosed.

Very truly yours,

Chester Morrill,
Secretary.

Inclosures.

TO CHAIRMEN AND GOVERNORS OF ALL F. R. BANKS.

EXECUTIVE ORDER

Forbidding the Hoarding of Gold Coin, Gold Bullion and Gold Certificates.

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917, as amended by Section 2 of the Act of March 9, 1933, entitled "An Act to provide relief in the existing national emergency in banking, and for other purposes," in which amendatory Act Congress declared that a serious emergency exists, I, Franklin D. Roosevelt, President of the United States of America, do declare that said national emergency still continues to exist and pursuant to said section do hereby prohibit the hoarding of gold coin, gold bullion, and gold certificates within the continental United States by individuals, partnerships, associations and corporations and hereby prescribe the following regulations for carrying out the purposes of this order:

Section 1 For the purposes of this regulation, the term "hoarding" means the withdrawal and withholding of gold coin, gold bullion or gold certificates from the recognized and customary channels of trade. The term "person" means any individual, partnership, association or corporation.

Section 2. All persons are hereby required to deliver on or before May 1, 1933, to a Federal reserve bank or a branch or agency thereof or to any member bank of the Federal Reserve System all gold coin, gold bullion and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

(a) Such amount of gold as may be required for legitimate and customary use in industry, profession or art within a reasonable time, including gold prior to refining and stocks of gold in reasonable amounts for the usual trade requirements of owners mining and refining such gold.

(b) Gold coin and gold certificates in an amount not exceeding in the aggregate $100.00 belonging to any one person; and gold coins having a recognized special value to collectors of rare and unusual coins.

(c) Gold coin and bullion earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements.

(d) Gold coin and bullion licensed for other proper transactions (not involving hoarding) including gold coin and bullion imported for reexport or held pending action on applications for export licenses.

Section 3. Until otherwise ordered any person becoming the owner of any gold coin, gold bullion, or gold certificates after April 28, 1933, shall, within three days after receipt thereof, deliver the same in the manner prescribed in Section 2; unless such gold coin, gold bullion or gold certificates are held for any of the purposes specified in paragraphs (a), (b) or (c) of Section 2; or unless such gold coin or gold bullion is held for purposes specified in paragraph (d) of Section 2 and the person holding it is, with respect to such gold coin or bullion, a licensee or applicant for license pending action thereon.

Section 4. Upon receipt of gold coin, gold bullion or gold certificates delivered to it in accordance with Sections 2 or 3, the Federal reserve bank or member bank will pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States.

Section 5. Member banks shall deliver all gold coin, gold bullion and gold certificates owned or received by them (other than as exempted under the provisions of Section 2) to the Federal reserve banks of their respective districts and receive credit or payment therefor.

Section 6. The Secretary of the Treasury, out of the sum made available to the President by Section 501 of the Act of March 9, 1933, will in all proper cases pay the reasonable costs of transportation of gold coin, gold bullion or gold certificates delivered to a member bank or Federal reserve bank in accordance with Sections 2, 3, or 5 hereof, including the cost of insurance, protection, and such other incidental costs as may be necessary, upon production of satisfactory evidence of such costs. Voucher forms for this purpose may be procured from Federal reserve banks.

Section 7 In cases where the delivery of gold coin, gold bullion or gold certificates by the owners thereof within the time set forth above will involve extraordinary hardship or difficulty, the Secretary of the Treasury may, in his discretion, extend the time within which such delivery must be made. Applications for such extensions must be made in writing under oath, addressed to the Secretary of the Treasury and filed with a Federal reserve bank. Each application must state the date to which the extension is desired, the amount and location of the gold coin, gold bullion and gold certificates in respect of which such application is made and the facts showing extension to be necessary to avoid extraordinary hardship or difficulty.

Section 8. The Secretary of the Treasury is hereby authorized and empowered to issue such further regulations as he may deem necessary to carry out the purposes of this order and to issue licenses thereunder, through such officers or agencies as he may designate, including licenses permitting the Federal reserve banks and member banks of the Federal Reserve System, in return for an equivalent amount of other coin, currency or credit, to deliver, earmark or hold in trust gold coin and bullion to or for persons showing the need for the same for any of the purposes specified in paragraphs (a), (c) and (d) of Section 2 of these regulations.

Section 9. Whoever willfully violates any provision of this Executive Order or of these regulations or of any rule, regulation or license issued thereunder may be fined not more than $10,000, or, if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director, or agent of any corporation who knowingly participates in any such violation may be punished by a like fine, imprisonment, or both.

This order and these regulations may be modified or revoked at any time.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE
April 5, 1933.

Mr Miller

TREASURY DEPARTMENT

Telegraph Office

Received at Washington, D. C.
1933 Mar 31 PM 5 28

Lansing Mich 506 P Mar 31 1933

Mr. Morrill,
Federal Reserve Department,
Washington, DC

Vital to one hundred Michigan member banks that plan approved by Michigan authorities have concurrent approval of Washington and licenses issued immediately Messrs Williams and Henry represent our views in meeting arranged by Mr. Stevens.

William A. Comstock
Governor of Michigan.

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470

TREASURY DEPARTMENT

No. 32.
FOR IMMEDIATE RELEASE
MARCH 30, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any State bank which is a member of the Federal Reserve System, and is not licensed by the Secretary of the Treasury to perform usual banking functions, may permit withdrawals of deposits which are lawfully secured by collateral; provided, that such withdrawals are (a) permissible under applicable law, (b) duly authorized by the Board of Directors of such bank, upon such terms with respect to the release of collateral as will fully protect all depositors and other creditors against the creation of any preferences, and (c) approved by the appropriate State authority having supervision of such bank.

"Any such bank is authorized to carry on such usual banking functions as may be essential to allow the withdrawals permitted by this regulation, subject to the provisions and restrictions above set forth and except as otherwise prohibited."

W. H. WOODIN
Secretary of the Treasury.

470

No. 31

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 30, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution which is a member of the Federal Reserve System and is not licensed to perform usual banking functions, but which is duly authorized to engage in the business of acting as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity, may transact such business in the normal and usual manner and may make payments on account of the principal or income of trust or other fiduciary funds to the persons entitled thereto; provided, that, except to the extent permitted by other Emergency Banking Regulations, no such banking institution shall withdraw or pay out any trust or other fiduciary funds on deposit with any other department of such banking institution or make any other payment in connection with any trust or other fiduciary funds which would operate to discharge, as a whole or in part, any indebtedness, as distinguished from any trust or other fiduciary duty, of such banking institution.

"This regulation supersedes Emergency Banking Regulation No. 13 of March 7, 1933, which is hereby revoked."

W. H. WOODIN
Secretary of the Treasury.

410.

No. 31

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 30, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "Any banking institution which is a member of the Federal Reserve System and is not licensed to perform usual banking functions, but which is duly authorized to engage in the business of acting as trustee, executor, administrator, registrar of stocks and bonds, transfer agent, guardian of estates, assignee, receiver, committee of estates of lunatics, or in any other fiduciary capacity, may transact such business in the normal and usual manner and may make payments on account of the principal or income of trust or other fiduciary funds to the persons entitled thereto; provided, that, except to the extent permitted by other Emergency Banking Regulations, no such banking institution shall withdraw or pay out any trust or other fiduciary funds on deposit with any other department of such banking institution or make any other payment in connection with any trust or other fiduciary funds which would operate to discharge, as a whole or in part, any indebtedness, as distinguished from any trust or other fiduciary duty, of such banking institution.
>
> "This regulation supersedes Emergency Banking Regulation No. 13 of March 7, 1933, which is hereby revoked."

W. H. WOODIN
Secretary of the Treasury.

4710.

TREASURY DEPARTMENT

No. 30
FOR IMMEDIATE RELEASE
MARCH 28, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "Banking institutions which are members of the Federal Reserve System and of which actual possession and control have been taken (a) by conservators appointed pursuant to the Act of March 9, 1933, or (b) by appropriate State officials appointed pursuant to State law, as permitted by the President's Executive Order of March 18, 1933, are permitted to transact such limited banking functions as may be authorized in accordance with law by the Comptroller of the Currency, in the case of national banks, or by the appropriate State officials, in the case of State member banks; provided, however, that no such banking institution shall reopen for the performance of its usual and normal functions until it shall have received a license from the Secretary of the Treasury.
>
> "This regulation shall not authorize any transaction with respect to the export or paying out of gold, or gold certificates, withdrawal of currency for hoarding or transactions in foreign exchange prohibited or restricted by the Executive Order of March 10, 1933."

W. H. WOODIN
Secretary of the Treasury

C O P Y

L-31

FEDERAL RESERVE BANK

OF NEW YORK

March 22, 1933.

Walter Wyatt, Esq., General Counsel,
Federal Reserve Board,
Washington, D. C

L-31

Dear Walter:

Carded

I enclose a copy of letter dated March 15, 1933, which Deputy Comptroller Gough wrote to me, and a copy of my reply dated March 18, with reference to a check for $14,000 deposited by Mr. A. Dreyfuss in the Harriman National Bank & Trust Company of New York.

I have discussed this question on the telephone with Mr. Anderson twice and I think he intends to discuss it with you. It seems to me that the banking holiday should be treated like any other holiday and should not prevent the transactions which were permitted within the terms of the regulations from having their normal effect upon the relationship between banks and their depositors and between banks and their correspondent institutions. I hope very much that the Comptroller's office will not take any position to the contrary for it would not only be unsound in principle in my opinion, but would be obviously unfair and embarrassing to Federal Reserve Banks and other banks which, in their effort to cooperate in the general plan, carried on the limited transactions permitted by the Treasury regulations during the holiday.

Faithfully yours,

Copy filed L-Letters

(Signed) Walter S. Logan,
Deputy Governor and General Counsel.

Encs.

C
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TREASURY DEPARTMENT

WASHINGTON

Comptroller of the Currency March 15, 1933.

Walter S. Logan, Esq.,
Deputy Governor and General Counsel,
Federal Reserve Bank of New York,
New York, New York.

Dear Sir:

Mr. A. Dreyfuss of New York City, deposited a check in the amount of approximately $14,000.00, drawn on a Rochester, New York, Bank, to his credit in the Harriman National Bank and Trust Company of New York on March 1. As you know, the Harriman National Bank and Trust Company was agent for collection under the New York Law and the Conservator of the Harriman National Bank and Trust Company advises that Mr. Dreyfuss is not in any way indebted to his bank.

We understand that this check was forwarded for collection through the Federal Reserve Bank of New York and credited to the account of the Harriman National Bank and Trust Company. Mr. Dreyfuss asserts that he was refused permission to draw against this provisional credit in the Harriman National Bank and Trust Company of March 3, hence, it would appear, that the relationship between the bank and Mr. Dreyfuss was that of principal and agent when the State Bank Holiday became effective on March 4 and continued during the period the bank operated under the President's proclamation until the appointment of a Conservator.

We are inclined to the view that the proceeds of this item should be surrendered to Mr. Dreyfuss if and when they come into the hands of the Conservator. May we request a statement of the disposition proposed to be made of the balance standing to the credit of the Harriman National Bank and Trust Company and whether or not the Federal Reserve Bank asserts the right to apply the proceeds of this item in reduction of any indebtedness due it by the Harriman National Bank and Trust Company.

Yours very truly,

(Sgd) E. W. Gough
Deputy Comptroller.

L-31-b

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FEDERAL RESERVE BANK

OF NEW YORK

March 18, 1933.

Comptroller of the Currency,

Washington, D. (

Attention: Mr. Gough, Deputy Comptroller.

Dear Sir:

Receipt is acknowledged of your letter of March 15, 1933, with reference to a check for $14,000 deposited by Mr. A. Dreyfuss in the Harriman National Bank & Trust Company of New York.

On March 1, 1933, we received a check for $14,000 in the cash letter dated February 28, 1933, of the Harriman National Bank & Trust Company. This check was numbered A140, dated March 1, 1933, and was drawn by W. W. Kneath to the order of A. Dreyfuss on the Security Trust Company, Rochester, New York. We forwarded the check for $14,000 in our cash letter dated March 1 to the Security Trust Company, and on March 3 we received and collected through the New York Clearing House the Security Trust Company's remittance draft for the $14,000 item and all other items included in our cash letter with the exception of three small items which were returned unpaid. On March 3 we gave credit to the Harriman National Bank & Trust Company, New York, in its reserve account on our books for the $14,000 item and other items included in the same cash letter.

The collection of the $14,000 item was, therefore, completed on March 3 and on that date the relationship of the Harriman National Bank & Trust Company to the depositor of the item changed from that of agent to debtor, and it would seem to me clear that the depositor is not entitled to receive the proceeds of the item.

Your letter has, however, raised in my mind the question of whether the situation would be any different if the collection of the remittance draft had not been completed on March 3, but had been completed subsequently during the bank holiday. In my opinion this would not make any difference.

You will recall that Regulation No. 8 issued by the Secretary of the Treasury under the President's proclamation declaring a bank holiday provides as follows:

> "Where settlement for checks charged by drawee institutions to the drawers accounts on its books on or before March 4, 1933, is incomplete, settlement may be completed where such settlement does not involve the payment of money or currency."

Comptroller of the Currency 3/18/33.

In accordance with this regulation most of the remittance drafts which we received on March 4, 1933, and which were, of course, in settlement of checks charged to the accounts of the makers or drawers thereof on the books of the remitting banks on or before March 3, 1933, were paid during the following week while all banks were operating under the Secretary's regulations.

I do not think that the bank holiday, any more than any other holiday, operated to terminate the agency relationship between the depositor and the depositary bank. Consequently, I believe that with respect to an item in process of collection when the bank holiday began, the agency relationship would continue until changed to that of debtor and creditor upon payment of the remittance draft in accordance with Regulation No. 8.

At the opening of business on March 13, 1933, on which date we understand the Conservator of the Harriman National Bank & Trust Company was appointed, the balance in the reserve account in favor of that institution on our books was $992,248.30, and the institution was indebted to us for a total of $1,388,500 secured by $1,041,000 face amount of Government securities and approximately $347,500 face amount of eligible paper. It is apparent from these figures that even without the eligible paper we could liquidate the indebtedness of the Harriman National Bank & Trust Company by the sale of the Government securities and by offset of a part of its reserve balance, and still leave a credit balance of approximately $645,000 in favor of that institution in its reserve account. Under the circumstances, therefore, we are not really interested in the disposition of the proceeds of this particular item of $1,400, except that it might be considered a precedent in other cases.

Very truly yours,

Walter S. Logan,
Deputy Governor and General Counsel.

Copy sent to Mr. John F. Anderson,
Office of the Comptroller
of the Currency.

41

No. 29

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 21, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation

> "Any banking institution which is a member of the Federal Reserve System and is not licensed to perform usual banking functions may rediscount or pledge with another banking institution renewals of notes which were previously rediscounted or pledged with such other banking institution."

W. H. WOODIN
Secretary of the Treasury

3/18/33

#7 File
Cm

Mr. Morrill -
3/9/33

This has been as
you suggest and would seem to
be dead matter. The first
question raised, however, has
come up again in an acute form
and is being actively considered by
the Committee today — in connection
with the problem of permitting
restricted withdrawals from State member
banks that have not yet received
permits to reopen

[illegible]

470

No. 28

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
March 18, 1933.

Under authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "After the close of business on March 18, 1933, Treasury Regulation No. 6 and Treasury Regulation No. 10, as amended, shall be without force or effect to authorize any banking transaction therein referred to."

W. H. WOODIN
Secretary of the Treasury.

No. 27

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 18, 1933.

Under authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, and the Executive Order of March 10, 1933, the Secretary of the Treasury has issued the following regulation:

"Any State banking institution which is a member of the Federal Reserve System and which is not licensed by the Secretary of the Treasury to reopen for the performance of usual banking functions may, with the approval of the appropriate State authority having immediate supervision of such banking institution, permit withdrawals by depositors and make payments to creditors of such percentage of the amounts due to them (not exceeding 5%) as it may determine, provided that at or before the time of such withdrawal or payment it shall set aside and make available for such purpose a fund for the benefit of and sufficient to pay to all depositors and creditors the percentage so determined.

"This regulation shall not in any way affect any right created by Regulation No. 7 nor limit or restrict any payment thereby authorized.

"Any right to authorize withdrawals or payments under the terms of this regulation shall terminate upon the appointment of any conservator, receiver or other appropriate State official taking charge of the affairs of such banking institutions."

W. H. WOODIN
Secretary of the Treasury.

TREASURY DEPARTMENT TELEGRAM

470

WHERE WRITTEN. BALLANTINE'S OFFICE

Washington, March 18, 1933

To Governors, Federal Reserve Banks.

Boston, Mass.	Chicago, Ill.
New York, N. Y.	St. Louis, Mo.
Philadelphia, Pa.	Minneapolis, Minn.
Cleveland, Ohio.	Kansas City, Mo.
Richmond, Va.	Dallas, Tex.
Atlanta, Ga.	San Francisco, Calif.

The President has today issued the following Executive Order:

QUOTE Whenever the appropriate authority having immediate supervision of any banking institution located in any state or place subject to the jurisdiction of the United States, which is a member of the Federal Reserve System and which has not been licensed by the Secretary of the Treasury to resume its usual banking functions, shall deem it necessary or advisable in order to conserve the assets of such banking institution for the benefit of the depositors or other creditors, such authority may, in accordance with the provisions of the applicable laws of such state or place, appoint such appropriate official as may be authorized under such laws to conserve the assets of such banking institution pending further disposition of its business as provided by such laws.

This order shall not authorize any such member bank to reopen for the performance of usual and normal functions until it shall have received a license from the Secretary of the Treasury as provided in Executive Order of March 10, 1933. UNQUOTE

Will you please advise all banking institutions in your district accordingly.

BALLANTINE

JOB:fmt

Private Wire.

4710

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
MARCH 18, 1933.

EXECUTIVE ORDER

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933 and by Section 4 of the said Act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following executive order.

Whenever the appropriate authority having immediate supervision of any banking institution located in any State or place subject to the jurisdiction of the United States, which is a member of the Federal Reserve System and which has not been licensed by the Secretary of the Treasury to resume its usual banking functions, shall deem it necessary or advisable in order to conserve the assets of such banking institution for the benefit of the depositors or other creditors, such authority may, in accordance with the provisions of the applicable laws of such State or place, appoint such appropriate official as may be authorized under such laws to conserve the assets of such banking institution pending further disposition of its business as provided by such laws.

This order shall not authorize any such member bank to reopen for the performance of usual and normal functions until it shall have received a license from the Secretary of the Treasury as provided in Executive Order of March 10, 1933

FRANKLIN D. ROOSEVELT

The White House,
March 18, 1933.

March 13, 1933.

Hale
San Francisco.

Have consulted with Treasury Department with reference to your telegram of March 8 and am advised that, owing to the great number of inquiries and requests for rulings received, Treasury has been unable to attempt to rule specifically as to whether particular plans do or do not comply with the regulations which have been issued. Cannot, therefore, obtain definite answer to question you presented at this time.

Morrill.

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

470.

103bs

Boston 255P Mar 13 RECEIVED AT WASHINGTON, D. C.

Board

Washington

In reference to trans 1555 distant country banks are now trying to draw on their deposits ~~ip~~ in open Boston banks for currency not for necessary needs previously recognized by regulations but to be prepared to open if and when permitted stop Boston banks in doubt whether payment to closed bank for this purpose is now permitted stop Prompt advice would be most helpful

Young

307PM

Answered by 'phone; also similar
3/13 telephone inquiry from Boston +
Chicago re FR banks' shipping to
banks in anticipation of reopenings

Form 148 b

TELEGRAM

41

FEDERAL RESERVE BOARD
WASHINGTON

March 13, 1933

3/13/33

Seay - Richmond

Your telegram. Statement issued by Secretary of Treasury today as follows: "Banking institutions which have not yet been permitted to reopen for normal and usual functions are still permitted to continue to carry on the limited activities specified by Regulations 1 to 19."

McClelland (Signed) E. M. McCLELL

FILE COPY

—9454

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

470.

RECEIVED AT WASHINGTON, D. C.

blrh m

Richmond 115p Mar 13

Morrill

Washn

A member bank in this city which has not received a license to reopen requests us to ask whether or not a member bank in a reserve city which has not received a license to reopen may make payments for payrolls and other purposes permitted by president's proclamation and regulations of the Secretary issued last week.

Seay

121PM

see ans 3/13/33

U. S. GOVERNMENT PRINTING OFFICE: 1933 2—11802

Form 148 b

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

March 13, 1933

3/13/33

McDougal - Chicago

Comptroller of Currency has received telegram from President Stockyards Bank and Trust Company, Chicago, making application for loan of $6,000,000 to be secured by collateral consisting of sundry notes, mortgages and real estate bonds aggregating $12,000,000 held by the bank. Please communicate with institution, ascertain what it has in mind and arrange for proper direction of application.

McClelland

EMM/fsf

FILE COPY

--945

41

Treasury Department

TELEGRAPH OFFICE

1933 MAR 13 PM 2 13

Received at Washington, D. C.

1C7WNB 34 I EXTRA

TR CHICAGO ILLS 1250PM MAR 13TH

COMPTROLLER OF CURRENCY

WASHN DC.

WE HEREBY MAKE APPLICATION FOR A LOAN OF SIX MILLION DOLLARS TO BE SECURED BY COLLATERAL CONSISTING OF SUNDRY NOTES MORTGAGES AND REAL ESTATE BONDS AGGREGATING TWELVE MILLION DOLLARS HELD BY THIS BANK.

D H RIEMERS, PRESIDENT STOCKYARDS BANK AND TRUST CO

211PM

3/13/33 to

No. 26

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE.
March 13, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "All banking institutions may issue drafts transferring credits from any place in the United States to any other place in the United States and from any place in the United States to any place in a foreign country in connection with payments for domestic and foreign patent, trademark and design application fees, and in payment for domestic and foreign patent and trademark taxes and renewals. No gold or gold certificates shall be paid out, withdrawn, or exported under this regulation."

W. H. WOODIN
Secretary of the Treasury.

470

No. 25

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
March 13, 1933

Under the authority conferred upon him by the President's proclamations of March 6, 1933, and March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Pending the determination by the Treasury Department of a suitable procedure for licensing the delivery of gold for use in trade, profession or art, Federal Reserve banks are hereby authorized to deliver upon request therefor gold in amounts deemed by such bank to be reasonably required for legitimate and customary uses in trade, profession or art, provided such request is accompanied by affidavit of the person requesting such gold stating the amount of unmanufactured gold on hand and the facts making it necessary to obtain such gold for the purpose of maintaining employment.

"All banks licensed to open for usual and normal functions are permitted to carry out any transaction necessary to complete the delivery of any gold authorized by any Federal Reserve Bank to be delivered in accordance with such request."

W. H. WOODIN
Secretary of the Treasury

470

No. 24

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 12, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulations:

"All banking institutions may cash official drafts drawn upon the Secretary of State for payment of salaries, traveling and other contingent expenses but not for personal account, and remit the amounts thereof to the banks from which the drafts are received, provided that no gold or gold certificates shall be paid out."

W. H. WOODIN
Secretary of the Treasury.

No. 23. 470

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 12, 1933.

Under the authority conferred upon me by the President's Proclamations of March 6th and March 9th and Executive Order of the President of the United States, dated March 10, 1933, I hereby issue the following regulation governing all Banking Institutions whether or not licensed to carry on usual and normal functions by the Secretary of the Treasury or appropriate State authority:

"No banking institution shall permit any withdrawal by any person when such institution, acting in good faith, shall deem that the withdrawal is intended for hoarding. Any banking institution, before permitting the withdrawal of large or unusual amounts of currency, may require from the person requesting such withdrawal, a full statement under oath of the purpose for which the currency is requested."

W. H. WOODIN
Secretary of the Treasury.

470.

TREASURY DEPARTMENT

Amendment to No. 22.

FOR IMMEDIATE RELEASE,
MARCH 13, 1933.

Regulation No. 22 issued March 11, 1933, under the authority conferred upon me by the President's proclamations of March 6, 1933 and of March 9, 1933, declaring and continuing a bank holiday is hereby amended so that the first paragraph thereof shall read as follows:

"All Federal land banks, Federal intermediate credit banks, joint stock land banks, Federal home loan banks, Corporations organized under Section 25(a) of the Federal Reserve Act, regional agricultural credit corporations and the Reconstruction Finance Corporation are hereby permitted to open at 9 o'clock, a. m., Monday, March 13, 1933, to perform their usual banking functions except to the extent prohibited by the executive order of the President of the United States, issued March 10, 1933, by Federal or State law, or as may hereafter be limited or prohibited by regulations promulgated by the Secretary of the Treasury."

W. H. WOODIN
Secretary of the Treasury.

470.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE,
Monday, March 13, 1933.

STATEMENT BY SECRETARY OF THE TREASURY WOODIN

Banking institutions which have not yet been permitted to reopen for normal and usual functions are still permitted to continue to carry on the limited activities specified by Regulations 1 to 19.

W. H. WOODIN
Secretary of the Treasury.

Mr. Harrison

TELEGRAM

470.

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

Copy sent to Sec. Woodin
Bd. Members
Dr. Golden.
Mr. Smead
FLF

11RHTA

Richmond 540pm Mar 12

Fedl Reserve Board,

Washington

It should be quickly taken into account that if a Federal Reserve bank discounts a considerable volume of 10-B paper, as we believe we will at once be called upon to do, and member banks withdraw their reserves thus established, and the reserve bank loses gold by such withdrawals through gold fund settlements or otherwise, without having a supply of the new federal reserve bank notes to issue against it's 10-B collateral and to pay out in the ordinary course of business , the reserve position of the Federal Reserve bank may be seriously affected.

Seay

553pm

. S. GOVERNMENT PRINTING OFFICE: 1930 3—11901

TELEGRAM

470.

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

7gb

RECEIVED AT WASHINGTON, D. C.

Kansascity Mar 12 9am

Board

Washn

Although we have had no definite instructions, it is assumed that we now have authority to run through our books tomorrow, monday, discount transactions for approved member banks, also to make currency shipments to such approved member banks to reach them on their authorized opening date. Please wire whether this understanding is correct. It will/be physically impossible to function all these transactions in time to be of full service to member banks unless we can prepare large volume of currency shipment today and make entries tomorrow on both currency and rediscount transactions

Worthington

1023am

License to reopen 3/12/33 issued by Secy of Treasury 3/12/33

Copies to: Secty. Woodin
Dr. Miller
Mr. James
Mr. Hamlin
Mr. Morrill
4:38 P.M. March 12.

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

470

25Bs

New York 329PM Mar 12

Board

Washington

At the request of our directors, I am sending you the following minute adopted by the Board of Directors at its meeting March 11, 1933:

"In considering the banks which may be qualified to open under the regulations of the Secretary of the Treasury, the Directors of this bank are impressed with the large amount of bank credit which will remain unavailable immediately and the large groups of the population of this district which will be inadequately provided with banking facilities. In view of this situation the Directors desire to record their recognition of the need for prompt and vigorous efforts in the reorganization

U. S. GOVERNMENT PRINTING OFFICE: 1933 2—11901

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

RECEIVED AT WASHINGTON, D. C.

of banks so that adequate banking facilities may be restored to the people of this district without undue delay."

Case

339PM

U. S. GOVERNMENT PRINTING OFFICE: 1933 2—11902

CONFIDENTIAL. March 12, 1933.

The Federal Reserve Board has been advised that the Secretary of Treasury has directed the respective Federal reserve banks, acting as his designated agents, to issue licenses in the form heretofore prescribed by him for the resumption of banking functions beginning Monday morning, March 13, 1933, to the following banks:

Boston, Massachusetts:

Merchants National Bank
Second National Bank
National Shawmut Bank
Webster and Atlas National Bank
The First National Bank of Boston
National Rockland Bank
New England Trust Co.
State Street Trust Co.
Day Trust Co.
Old Colony Trust Co.
United States Trust Company

New York City, New York:

Bankers Trust Company
Bank of Manhattan Company
Bank of New York & Trust Co.
Bank of Yorktown
Central Hanover Bank & Trust Co.
Chemical Bank & Trust Co.
Clinton Trust Co.
Commercial National Bank & Trust Co.
Continental Bank & Trust Co.
United States Trust Co.
Brooklyn Trust Co.
Fort Greene National Bank of Brooklyn
National Exchange Bank & Trust Co.
Bayside National Bank of Bayside
College Point National Bank of College Point
National Bank of Far Rockaway, Far Rockaway
National Bank of Queens County, Flushing

Mr. Morrill's material

New York City, New York (Cont.):

Corn Exchange Bank Trust Co.

Dunbar National Bank

Fifth Avenue Bank

First National Bank

Fulton Trust Co.

Federation Bank & Trust Co.

Grace National Bank

Guaranty Trust Co.

Irving Trust Co.

Marine Midland Trust Co.

Merchants Bank

National Bank of Yorkville

National Safety Bank & Trust Co.

New York Trust Co.

Public National Bank & Trust Co.

J. Henry Schroeder Trust Co.

Sterling National Bank & Trust Co.

Forest Hills National Bank, Forest Hills

Springfield Gardens National Bank, Springfield Gardens

Woodside National Bank, Woodside

Mariner Harbor National Bank, Mariner Harbor

Staten Island National Bank & Trust Co., Port Richmond

National Bronx Bank

Amalgamated Bank

Chase National Bank

Colonial Trust Co.

Harbor State Bank

Manufacturers Trust Co.

National City Bank

Trade Bank

Tottenville National Bank

Bensonhurst National Bank

Flatbush National Bank

Kingsboro National Bank

Peoples National Bank

Philadelphia, Pennsylvania:

Central Penn National Bank

City National Bank

Corn Exchange National Bank & Trust Co.

Erie National Bank

National Bank of Germantown and Trust Co.

Ninth Bank and Trust Co.

North Broad National Bank

Northeast National Bank

Philadelphia, Pennsylvania (Cont.):

Fidelity Philadelphia Trust Co.

First Camden National Bank and Trust Co.

First National Bank

Girard Trust Co.

Integrity Trust Co.

Kensington National Bank

Market Street National Bank

Pennsylvania Company for Insurances on Lives and Granting Annuities

Philadelphia National Bank

Provident Trust Co.

Second National Bank

Tioga National Bank and Trust Co.

Tradesmens National Bank

Cleveland, Ohio:

Cleveland Trust Co.

Central United National Bank

National City Bank

Richmond, Virginia:

Bank of Commerce and Trusts

Central National Bank

First and Merchants National Bank

State-Planters Bank and Trust Co.

Atlanta, Georgia:

First National Bank of Atlanta

Fulton National Bank

Citizens and Southern National Bank, Atlanta

Trust Company of Georgia

Chicago, Illinois:

City National Bank and Trust Co.

Continental Illinois National Bank and Trust Co.

Continental National Bank and Trust Co.

First National Bank of Chicago

Harris Trust and Savings Bank

The Northern Trust Co.

The Mutual National Bank

Metropolitan State Bank

National Builders Bank

The Upper Avenue Bank

Drovers National Bank

Skala State Bank

Chicago, Illinois (Cont.):

American National Bank and Trust Company of Chicago

First National Bank of Englewood

Liberty Bank of Chicago

Mercantile Trust and Savings Bank

Merchandise Bank and Trust Company

The Terminal National Bank of Chicago

Lakeview Trust and Savings Bank

Halsted Exchange National Bank

Uptown State Bank

St. Louis, Missouri:

Boatmens National Bank

First National Bank

Mercantile Commerce Bank and Trust Co.

Mercantile Commerce National Bank

Mississippi Valley Trust Co.

United Bank and Trust Co.

Bremen Bank and Trust Co.

Lindell Trust Co.

Towergrove Bank and Trust Co.

Easton Taylor Trust Co.

Jefferson Gravois Bank

Mound City Trust Co.

Baden Bank

Cass Bank and Trust Co.

Northwestern Trust Co.

Security National Bank, Savings and Trust Co.

Southern Commercial and Savings Bank

Telegraphers National Bank

Gravois Bank, St. Louis County

Minneapolis, Minnesota:

Bloomington Lake National Bank

Central National Bank

Fifth Northwestern National Bank

First National Bank and Trust Co.

Fourth Northwestern National Bank

Marquette National Bank

Midland National Bank and Trust Co.

Minnehaha National Bank

Northwestern National Bank

Third Northwestern National Bank

Kansas City, Missouri:

Columbia National Bank

Drovers National Bank

First National Bank

Interstate National Bank

Park National Bank

Stock Yards National Bank

Traders Gate City National Bank

Commerce Trust Co.

Merchants Bank

Dallas, Texas:

First National Bank

National Bank of Commerce

Republic National Bank and Trust Co.

Mercantile Bank and Trust Co. of Texas

Dallas Bank and Trust Co.

San Francisco, California:

American Trust Company

Bank of California, N.A.

Bank of Montreal "San Francisco"

Crocker First National Bank

Pacific National Bank

Wells Fargo Bank and Union Trust Company

Anglo-California National Bank

Bank of America National Trust and Savings Assn.

470

No. 24

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 12, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulations:

"All banking institutions may cash official drafts drawn upon the Secretary of State for payment of salaries, traveling and other contingent expenses but not for personal account, and remit the amounts thereof to the banks from which the drafts are received, provided that no gold or gold certificates shall be paid out."

W. H. WOODIN
Secretary of the Treasury.

470

No. 23

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 12, 1933.

Under the authority conferred upon me by the President's Proclamations of March 6th and March 9th and Executive Order of the President of the United States, dated March 10, 1933, I hereby issue the following regulation governing all Banking Institutions whether or not licensed to carry on usual and normal functions by the Secretary of the Treasury or appropriate State authority:

"No banking institution shall permit any withdrawal by any person when such institution, acting in good faith, shall deem that the withdrawal is intended for hoarding. Any banking institution, before permitting the withdrawal of large or unusual amounts of currency, may require from the person requesting such withdrawal, a full statement under oath of the purpose for which the currency is requested."

W. H. WOODIN,
Secretary of the Treasury.

Copy sent to Board members etc.

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

470

Mr. McClelland

29dea

Cleveland 229pm mch 11 RECEIVED AT WASHINGTON, D. C.

Meyer,

Washn.

I have wired today the following message to the Secretary of the Treasury: Quote After careful consideration of the president's executive order of March ninth, 1933, and regulations and published statements of the Secretary of the Treasury made with respect and pursuant thereto, it is the unanimous opinion of the Board of Directors of this bank now in session, all members being present, that under conditions existing in the fourth Federal Reserve District it will be impracticable to provide for the opening of any member banks on a free and unrestricted basis except as now regulated by the Secretary of the Treasury without creating serious jeopardy to their continuance on such basis and with the probable result that such banks, pursuant to subsequent orders of the Secretary of the Treasury, will be required to restrict the basis of their operations.

TELEGRAM

FEDERAL RESERVE SYSTEM

29dea 2nd sheet

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It is further believed by this board that an immediate identification of certain banks as sound, by granting to them of licenses as indicated in the communications from the Secretary of the Treasury will do incalculable damage to order other banks which on further examination would justify support by the resources of the Government.

It is therefore respectfully suggested that the Secretary of the Treasury reconsider the program he has announced modifying it at least to the extent to provide a restricted basis of operation of all banks deemed worthy of the license from him in order that a more careful and thorough analysis of conditions existing in the various communities of the country be made before it is attempted to expose any banks in the country to the hazards involved to them, in free and unrestricted operation to the extent now contemplated with license from the Secretary of the Treasury and to expose other banks

TELEGRAM

29dea 3rd sheet

FEDERAL RESERVE SYSTEM
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to the breaking down of public confidence in their soundness through failure to obtain such license from the Secretary of the Treasury. This Board sees fit to make this suggestion to you in full appreciation that under conditions now existing there are without question many banking institutions the present condition of which precludes their reopening with governmental support through the Federal Reserve System or otherwise. It would seem to this Board that a change in the announced program of the Secretary of the Treasury is justified by facts which we believe are being brought to his attention from various parts of the country, which we think are fairly typified by conditions obtaining in the Fourth Federal Reserve District. unquote. In view of your great experience in operation of the Federal Reserve System and intimate knowledge of banking conditions obtaining throughout the country we believe you will appreciate the pertinence

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

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of the views which we have expressed.

Decamp

335pm

U. S. GOVERNMENT PRINTING OFFICE: 1940 2—11901

No. 22.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 11, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"All Federal land banks, Federal intermediate credit banks, joint stock land banks, Federal home loan banks, regional agricultural credit corporations and the Reconstruction Finance Corporation are hereby permitted to open at 9 o'clock, a.m., Monday, March 13, 1933, to perform their usual banking functions except to the extent prohibited by the executive order of the President of the United States, issued March 10, 1933, by Federal or State law, or as may hereafter be limited or prohibited by regulations promulgated by the Secretary of the Treasury.

"This permission, as to each of the foregoing banking institutions, may be revoked in whole or in part by the Secretary of the Treasury at any time, and is granted as to each such institution upon the express condition that such institution shall deliver, within thirty days from the date hereof, to the Treasurer of the United States or to a Federal Reserve Bank or a Federal Reserve branch bank of the district in which it is located, all gold coin, gold bullion and gold certificates owned by it, and receive payment in credit or in other form of coin or in currency."

470

No. 21.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 11, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "Banking institutions which are not members of the Federal Reserve System or organized under the laws of the United States and which are not under the immediate supervision of any State authority may, on and after March 13, 1933, carry on their normal and usual functions, except as otherwise prohibited and except that no such institution shall pay out any gold coin, gold bullion or gold certificates, unless authorized by the Secretary of the Treasury, nor allow withdrawal of any currency for hoarding, nor engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for fulfillment of contracts entered into prior to March 6, 1933."

No. 19.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 11, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Except as otherwise prohibited by law, banking institutions may exercise their normal and usual functions in permitting substitution for or release of collateral held by them, provided other collateral or cash of equal or greater value is received in exchange therefor."

470.

No. 18

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 11, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6, 1933, and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"All banking institutions are hereby authorized to subscribe and pay for any United States Government obligations which may be offered for subscription and sale by the Secretary of the Treasury. Federal Reserve Banks may carry on such functions as may be necessary to facilitate such transactions as are authorized by this regulation.

"All Federal Reserve Banks are authorized to redeem matured obligations of the United States and to cash matured coupons provided no gold or gold certificates shall be paid out."

quote (1)
470.

1933 MAR 11 PM 2 30

March 11, 1933.

My dear Mr. Secretary:

I am informed that the Directors of the 12 Regional Federal Reserve Banks are concerned over the question of the immediate valuation to be given to the assets of member banks, National and State.

I recognize that a drastic or strict estimate of values on a liquidating basis would prevent many banks from opening which could and should be 100 per cent opened if their assets were reasonably valued on a fair going basis.

I am convinced that the Directors of the Regional Federal Reserve Banks should take a fair and equitable basis for loan valuations rather than a forced liquidation basis.

It is my desire that Federal Reserve Banks will proceed on the same fair and equitable basis in respect to loans to member banks, the purpose of which is to procure currency for State banks which are not members of the Federal Reserve System. Cooperation on the part of member banks in this regard is essential.

No citizen expects the Directors to be infallible. All we can ask is that they use honest, and, under the circumstances, fairly liberal judgment. It is inevitable that some mistakes will be made. It is inevitable that some losses may be made by the Federal Reserve Banks in loans to their member banks.

The country appreciates, however, that the 12 Regional Federal Reserve Banks are operating entirely under Federal law and the recent Emergency Bank Act greatly enlarges their powers to adapt their facilities to a National emergency. Therefore there is a very definite obligation on the Federal Government to reimburse the 12 Regional Federal Reserve Banks for losses which they may make on loans made under these emergency powers.

I do not hesitate to assure you that I shall ask the Congress to indemnify any of the 12 Federal Reserve Banks for such losses. I am confident that the Congress will recognize its obligations to these Federal

1933 MAR 11 PM 2 30

Banks should the occasion arise, and grant such request.

Yours very sincerely,

Franklin D. Roosevelt

//

Honorable William H. Woodin,
The Secretary of the Treasury.

FOR THE PRESS

IMMEDIATE RELEASE
March 11, 1933.

A STATEMENT BY PRESIDENT ROOSEVELT

"I am glad to be able to announce that technical difficulties which operated to delay the opening of banks, both State and National, have finally substantially been overcome by tireless work on the part of the officials of the Treasury and the Federal Reserve System, and that a definite program has been arranged consisting of successive steps by which banks throughout the country will be opened progressively on Monday, Tuesday and Wednesday mornings.

"The Secretary of the Treasury will issue licenses to banks which are members of the Federal Reserve System, whether National Bank or State, located in each of the twelve Federal Reserve Bank cities, to open Monday morning.

"So also the State authorities having supervision over State banks which are not members of the Federal Reserve System will be asked to permit any such State institutions located in any one of the twelve Federal Reserve Bank cities to open for business on Monday morning if in their judgment they deem it wise to do so.

"Under this progressive plan, banks located in any city having an active, recognized clearing house association, of which there are 250 cities, will receive licenses for reopening on Tuesday morning, and banks located elsewhere will receive their licenses permitting reopening for Wednesday.

"Time is thus afforded for the necessary shipments of currency provided under the Emergency Bank Act from Reserve Banks centers to clearing house cities and banks in the smaller communities.

"There were enormous technical problems to be solved before these mechanics could be worked out and before the actual currency could be in the bank when the doors opened.

"The Constitution has laid upon me the duty of conveying the condition of the country to the Congress assembled at Washington. I believe I have a like duty to convey to the people themselves a clear picture of the situation at Washington itself whenever there is danger of any confusion as to what the Government is undertaking.

"That there may be a clear understanding as to just what has taken place during the last two days since the passage of this Act it is my intention, over the national radio networks, at ten o'clock Sunday evening, to explain clearly and in simple language to all of you just what has been achieved and the sound reasons which underlie this declaration to you.

"The fact that banks will be opened under this plan does not mean that anyone should draw the inference that the banks opening Monday are in any different condition as to soundness from the banks licensed to open on Tuesday or Wednesday or any subsequent day."

TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

470.

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125bfa

NewYork 1051pm Mar 10

Board

Washington

In order that we may be in a position on monday, March 13 to transact normal banking business for the foreign accounts on our books we request authority from the Secretary of the Treasury to perform all usual and normal banking functions for such accounts except as prohibited by the executive order dated March 10, 1933 and regulations of the Secretary of the Treasury issued thereunder, if possible we should like to have an answer tomorrow or sunday so that we may notify our foreign correspondents before they open for business on monday.

Crane

1055pm

License to reopen 3/13/33
issued by Secy of Treasury 3/12/33

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TELEGRAM

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FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

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Dallas Mar 10 11am

Regulation 17

Morrill

Washn

Respectfully suggest that the attention of the proper authorities be again called to my wire of the 8th in which I strongly urged promulgation of regulation authorizing banks to accept for deposit during continuance of the holiday checks drawn on themselves, these deposits to be immediately placed under the same restrictions as deposits existing in the banks at the beginning of the holiday. I am reiterating this recommendation. It would have a very wholesome effect on the public in addition to this, it would enable the Merchants of the country to clear out the vast volume of checks now held by them and permit the banks to post them into the several accounts prior to reopening. The merchants have shown a fine spirit in cashing these checks and they are entitled

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TELEGRAM

FEDERAL RESERVE SYSTEM

(LEASED WIRE SERVICE)

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to have them paid before the drawers have an opportunity to check out their balances. Some reluctance is now being manifested to continue the acceptance of checks. The regulation would overcome that increasing hesitancy. Any fear that preference would be created by transfer of balance for offset purposes could be overcome by limiting the depositing of checks to those received by merchants in ordinary course of business.

McKinney

1220p

U. S. GOVERNMENT PRINTING OFFICE: 192? 2—11801

Form 148 b

470

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

March 10, 1933

COLEMAN
DALLAS

Referring your March 9 wire Regulation 10 as amended would appear to permit member bank shipping currency to nonmember bank to enable such bank to carry on limited transactions authorized. Member bank should keep in mind, however, what has been said in proclamations and regulations re hoarding.

Morrill

[illegible]

FILE COPY

2—9454

Form 148 b

TELEGRAM

470.

FEDERAL RESERVE BOARD
WASHINGTON

March 10, 1933

Hale - San Francisco

Your telegram March 7. Regulation 10 as amended would appear to permit member banks shipping currency to nonmember banks to enable such banks to carry on limited transactions authorized. Member banks should keep in mind, however, what has been said in proclamations and regulations re hoarding.

McClelland

EMM/fsf

FILE COPY

2—9454

STANDARD FORM NO. 14a
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

TREASURY DEPARTMENT
WASHINGTON

CHARGE TREASURY DEPARTMENT, APPROPRIATION FOR

The appropriation from which payable must be stated on above line.

GOVERNMENT PRINTING OFFICE 2—14117

Childs,
Federal Reserve Bank,
Chicago, Illinois.

March 10, 1933.

Retel ninth. Trust funds in fiduciary capacity collected prior to holiday may not be paid. Trust funds received since holiday and set apart in new deposits may be paid without restriction under regulation seven. Past due government obligations and coupons may not be paid. Subject to limitations regulations six and ten and interpretation one banks may pay bill of lading drafts covering food, feed products and live stock. This applies to live stock ready for sale not covered by bill of lading. Banks may release deposits for purchase of live stock under these conditions. Bond or stock houses acting as fiscal agents for corporations paying principal and interest on bonds are not within President's proclamation.

Chester Morrill,
Secretary to the Board.

Form 148 b

470.

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

March 10, 1933.

Young - Boston.

Secretary of Treasury has sent following telegram to 5-39:

QUOTE The Executive Order declaring bank holiday does not apply to your branches physically located in foreign countries except that no transfers of credit from the United States to your foreign branches shall be permitted during such holiday unless otherwise ordered UNQUOTE.

(Signed) F. M. [illegible]

McClelland.

5-39 First National Bank, Boston, Massachusetts.

SRC/rkt

FILE COPY

2—9454

Form 148 b

TELEGRAM

FEDERAL RESERVE BOARD
WASHINGTON

470

March 10, 1933.

Harrison - New York.

Secretary of Treasury has sent following telegram to 1-103, 1-74, 1-229, 1-23, 1-8, 1-263, and The Chase Bank:

QUOTE The Executive Order declaring bank holiday does not apply to your branches physically located in foreign countries except that no transfers of credit from the United States to your foreign branches shall be permitted during such holiday unless otherwise ordered. UNQUOTE

(Signed) F. M. McCLELLAND

McClelland.

1-103 Bankers Trust Company, New York, New York,
1-74 Chase National Bank, New York, New York.
1-229 Empire Trust Company, New York, New York.
1-23 Guaranty Trust Company, New York, New York.
1-8 National City Bank of New York, New York, New York.
1-263 International Banking Corporation, New York, New York.

SRC/rkt

FILE COPY

2—9454

Form 148 b

TELEGRAM

470.

FEDERAL RESERVE BOARD
WASHINGTON

March 10, 1933.

Calkins - San Francisco.

Secretary of Treasury has sent following telegram to 11-177:

QUOTE The Executive Order declaring bank holiday does not apply to your branches physically located in foreign countries except that no transfers of credit from the United States to your foreign branches shall be permitted during such holiday unless otherwise ordered UNQUOTE.

(Signed) E. M. McCLELLAND

McClelland.

11-177 Bank of America National Trust & Savings Association,
San Francisco, California.

SRC/rkt

FILE COPY

2—9454

COPY

TELEGRAM

Tel

Secretary of the Treasury

Bank of America National Trust & Savings Assn., 11-178

San Francisco, California.

"The Executive Order declaring bank holiday does not apply to your branches physically located in foreign countries except that no transfers of credit from the United States to your foreign branches shall be permitted during such holiday unless otherwise ordered."

WILLIAM H. WOODIN
Secretary of the Treasury

Please send copy as above to the following banks:

Bankers Trust Company, 1-103
New York, N. Y.

Chase National Bank, 1-74
New York, N. Y.

Empire Trust Company, 1-229
New York, N. Y.

First National Bank, (5-39)
Boston, Mass.

Guaranty Trust Company, 1-20
New York, N. Y.

National City Bank of New York, 1-8
New York, N. Y

The Chase Bank,
New York, N. Y.

International Banking Corporation, 1-263
New York, N. Y.

COPY

TELEGRAM

Tel

Secretary of the Treasury

Bank of America National Trust & Savings Assn.,

San Francisco, California.

The Executive Order declaring bank holiday does not apply to your branches physically located in foreign countries except that no transfers of credit from the United States to your foreign branches shall be permitted during such holiday unless otherwise ordered.

WILLIAM H. WOODIN
Secretary of the Treasury

Please send copy as above to the following banks:

Bankers Trust Company,
New York, N. Y.

Chase National Bank,
New York, N. Y.

Empire Trust Company,
New York, N. Y.

First National Bank,
Boston, Mass.

Guaranty Trust Company,
New York, N. Y.

National City Bank of New York,
New York, N. Y

The Chase Bank,
New York, N. Y.

International Banking Corporation,
New York, N. Y.

No. 17

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
March 10, 1933.

Under the authority conferred upon him by the President's Proclamations of March 6 and of March 9, 1933, declaring and continuing a bank holiday, the Secretary of the Treasury has issued the following regulation:

"Any banking institution may, when the owners consent thereto, pay checks issued prior to March 6, 1933 and received in due course of business by the drawee banking institution, by charging the amounts thereof to the accounts of the drawers and crediting such amounts to the accounts of such owners on the books of the drawee banking institution."

470.

No. 16.

TREASURY DEPARTMENT

FOR IMMEDIATE RELEASE
MARCH 10, 1933.

Under the authority conferred upon him by the President's Proclamation of March 6, 1933, as extended, declaring a bank holiday, the Secretary of the Treasury has issued the following regulation:

> "All banking institutions are hereby authorized to take such steps and carry through such transactions as may be necessary to complete for their own account, or the account of their customers, payment on any subscriptions for Treasury bills of the United States for which payment was due on March 6, 1933."

W. H. WOODIN
Secretary of the Treasury.

FOR THE PRESS

FOR IMMEDIATE RELEASE
March 10, 1933.

STATEMENT BY SECRETARY OF THE TREASURY WOODIN

Under the terms of the Act of March 9, 1933, immediate action has been taken by the President and the Secretary of the Treasury which will make possible the resumption of banking operations in substantial volume at a very early date. Pending such resumption the vital needs of communities must be met. Attention of all banking institutions is called to Regulation 10 which is still in force and which as amended provides for cooperation between banks in different communities and reads as follows:

> "Any national or State banking institution may exercise its usual banking functions to such extent as its situation shall permit and as shall be absolutely necessary to meet the needs of its community for food, medicine, other necessities of life, for the relief of distress, for the payment of usual salaries and wages, for necessary current expenditures for the purpose of maintaining employment, and for other similar essential purposes. Banking institutions may carry out such transactions as may be necessary to aid banking institutions in other communities to meet the necessities set forth above. Provided, however, That (1) every precaution shall be taken to prevent hoarding or the unnecessary withdrawal of currency; (2) No State banking institution shall engage in any transaction under this regulation which is in violation of State or Federal law or of any regulation issued thereunder; (3) No National banking association shall engage in any transaction under this section which is in violation of any Federal law or of any order or regulation issued by the Comptroller of the Currency; and (4) No gold or gold certificates shall be paid out. Each banking institution and its directors and officers will be held strictly accountable for faithful compliance with the spirit and purpose as well as the letter of this regulation.
>
> "Federal reserve banks may carry on such functions as may be necessary to facilitate transactions authorized by this regulation.
>
> "In order to enable member banks of the Federal reserve system to meet the needs of their respective communities to the extent authorized by this regulation Federal reserve banks may make advances to such member banks under the conditions set forth in Section 10 (b) of the Federal Reserve Act as amended by the act of March 9, 1933, and in accordance with authority granted by the Federal Reserve Board.
>
> "In addition, in order to enable individuals, partnerships and corporations to meet their immediate payroll requirements, Federal reserve banks may make temporary advances to such individuals, partnerships and corporations on their promissory notes secured by direct obligations of the United States in accordance with authority granted by the Federal Reserve Board."

41

1933 MAR 10 PM 10 45

March 10, 1933

Young - Boston
Harrison - New York
Norris - Philadelphia
Fancher - Cleveland
Seay - Richmond
Black - Atlanta
McDougal - Chicago
Martin - St. Louis
Geery - Minneapolis
Hamilton - Kansas City
McKinney - Dallas
Calkins - San Francisco

TRANS NO. 1616 Please wire tomorrow morning net gold receipts your district from Monday morning until Friday night this week.

Meyer

3/10/33

March 10, 1933.

Young - Boston
Harrison - New York
Norris - Philadelphia
Fancher - Cleveland
Seay - Richmond
Black - Atlanta
McDougal - Chicago
Martin - St. Louis
Geery - Minneapolis
Hamilton - Kansas City
McKinney - Dallas
Calkins - San Francisco

TRANS. 1605 The following executive order signed by President of the United States this afternoon: "By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933 and by Section 4 of the said Act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following executive order.

"The Secretary of the Treasury is authorized and empowered under such regulations as he may prescribe to permit any member bank of the Federal Reserve System and any other banking institution organized under the laws of the United States, to perform any or all of their usual banking functions, except as otherwise prohibited.

"The appropriate authority having immediate supervision of banking institutions in each State or any place subject to the jurisdiction of the United States is authorized and empowered under such regulations as such authority may prescribe to permit any banking institution in such State or place, other than banking institutions covered by the foregoing paragraph, to perform any or all of their usualbanking functions, except as otherwise prohibited.

"All banks which are members of the Federal Reserve System, desiring to reopen for the performance of all usual and normal banking functions, except as otherwise prohibited, shall apply for a license therefor to the Secretary of the Treasury. Such application shall be filed immediately through the Federal Reserve Banks. The Federal Reserve Bank shall then transmit such applications to the Secretary of the Treasury. Licenses will be issued by the Federal Reserve Bank upon approval of the Secretary of the Treasury. The Federal Reserve Banks are hereby designated as agents of the Secretary of the Treasury for the receiving of application and the issuance of licenses in his behalf and upon his instructions.

"Until further order, no individual, partnership, association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any place subject to the jurisdiction thereof any gold coin, gold bullion, or gold certificates, except in accordance with regulations prescribed by or under license issued by the Secretary of the Treasury.

"No permission to any banking institution to perform any banking functions shall authorize such institution to pay out any gold coin, gold bullion or gold certificates except as authorized by the Secretary of the Treasury, nor to allow withdrawal of any currency for hoarding, nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.

"Every Federal Reserve Bank is authorized and instructed to keep itself currently informed as to transactions in foreign exchange entered into or consummated within its district and shall report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

March 10, 1933."

Merrill

EXECUTIVE ORDER

MAR 10 1933

By virtue of the authority vested in me by Section 5(b) of the Act of October 6, 1917 (40 Stat. L., 411) as amended by the Act of March 9, 1933 and by Section 4 of the said Act of March 9, 1933, and by virtue of all other authority vested in me, I hereby issue the following executive order.

The Secretary of the Treasury is authorized and empowered under such regulations as he may prescribe to permit any member bank of the Federal Reserve System and any other banking institution organized under the laws of the United States, to perform any or all of their usual banking functions, except as otherwise prohibited.

The appropriate authority having immediate supervision of banking institutions in each State or any place subject to the jurisdiction of the United States is authorized and empowered under such regulations as such authority may prescribe to permit any banking institution in such State or place, other than banking institutions covered by the foregoing paragraph, to perform any or all of their usual banking functions, except as otherwise prohibited.

All banks which are members of the Federal Reserve System, desiring to reopen for the performance of all usual and normal banking functions, except as otherwise prohibited, shall apply for a license therefor to the Secretary of the Treasury. Such application shall be filed immediately through the Federal Reserve Banks. The Federal Reserve Bank shall then transmit such applications to the Secretary of the Treasury. Licenses will be issued by the Federal Reserve Bank upon approval of the Secretary of the Treasury. The Federal Reserve Banks are hereby designated as agents of the Secretary of the Treasury for the receiving of application and the issuance of licenses in his behalf and upon his instructions.

Until further order, no individual, partnership, association, or corporation, including any banking institution, shall export or otherwise remove or permit to be withdrawn from the United States or any place subject to the jurisdiction thereof any gold coin, gold bullion, or gold certificates, except in accordance with regulations prescribed by or under license issued by the Secretary of the Treasury.

No permission to any banking institution to perform any banking functions shall authorize such institution to pay out any gold coin, gold bullion or gold certificates except as authorized by the Secretary of the Treasury, nor to allow withdrawal of any currency for hoarding, nor to engage in any transaction in foreign exchange except such as may be undertaken for legitimate and normal business requirements, for reasonable traveling and other personal requirements, and for the fulfillment of contracts entered into prior to March 6, 1933.

Every Federal Reserve Bank is authorized and instructed to keep itself currently informed as to transactions in foreign exchange entered into or consummated within its district and shall report to the Secretary of the Treasury all transactions in foreign exchange which are prohibited.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

March 10, 1933.

3/10/33

"The purpose of this program is to give to the country as promptly as possible adequate banking facilities and an adequate and sound currency and to restore confidence.

It is, therefore, proposed:

(1) That under the Presidential Decree of March 6th wholly solvent banks of the country shall be opened for business Friday morning. There are many banks, members of the Federal Reserve System, well distributed throughout the country, that the Secretary of the Treasury would be able to pass immediately as sound banks. These banks could be authorized to open for business on Friday morning.

(2) Other banks not members of the Federal Reserve System and other members of the System not specifically named in paragraph (1) could, no doubt, promptly satisfy the Secretary of the Treasury on further investigation that they are solvent banks. Such banks could thereupon be permitted to open for business.

(3) Steps should be taken at once to reorganize all banks not now wholly solvent so that they might open at the earliest possible date as new banks of unquestioned solvency. In order to expedite this program of reorganization it might be practicable to consider dealing first with these institutions in cities of populations of 100,000 and over (of which there are 93), leaving institutions outside of these cities to run along under such local plans as have been devised and under the protection that is afforded by the general emergency control.

(4) To supplement this plan and to insure an adequate supply of currency, the Federal Reserve banks should be authorized to make loans direct to corporations, firms, or individuals on their notes secured

by Government securities and to issue Federal Reserve bank notes secured by such Government securities, or by notes collateraled by such securities. This will enable any holder of Government securities to procure Federal Reserve bank note currency direct from Federal Reserve banks. There are approximately eleven billions of dollars of such securities outstanding in the hands of the public other than banking institutions.

(5) In order to enable any solvent bank to open for business under this program to procure currency sufficient to liquidate all of its deposits, if demanded, Federal Reserve banks should be authorized to lend to any bank regardless of its size on its sound assets. As any bank authorized to open is to be sound this would permit all loans in amounts sufficient to pay off all of the deposits of such a bank, if demanded.

(6) In order to provide adequate Federal Reserve bank currency to satisfy the possible demands of this program Federal Reserve banks should be authorized to issue Federal Reserve bank notes, not only against Government securities or notes secured by such securities, but also against any member bank note secured by sound assets.

(7) During the early stages of this program and until further notice, the embargo on gold payments, except under license, should be continued and appropriate steps should be taken to penalize the continued hoarding of gold or currency. The continuing to hold gold or currency in excess quantities should be considered hoarding.

For Secretary Woodin

(8) Because of the emergency character of this program, the United States should be expected ultimately to insure the Federal Reserve banks against any loss which might result on account of Federal Reserve bank notes issued under this program against assets other than Government securities. This is only to assure the unquestioned integrity of the position of the Federal Reserve banks. //

G. L. Harrison

470.

3/10/33

SUMMARY OF CERTAIN CORRESPONDENCE REGARDING TREASURY REGULATIONS.

Bill provides member banks must deposit with F.R. Banks

Kansas City (Worthington) Wire 3-8 to Morrill.

Should Federal reserve banks absorb abrasion on gold coin deposited?

To be covered by regulation

Cleveland (Strater) Wire 3-9 to Morrill.

Permission to clear drafts held by reserve bank.

New York (Case) Wire 3-8 to Morrill.

Telegram prepared. M

Permission for banks to accept documentary time bills covering import, export and domestic shipment of goods and merchandise. Permission to pay documentary sight drafts. Permission to open customary credits for importation, exportation, etc.

Memphis - United Timber and Lumber Co. Wire 3-7 to Secretary of Treasury.

Gray

Permission for Union Planters Bank to accept foreign drafts for collection, B/L attached thereby preventing heavy penalties a/c shipping documents not reaching consignee before arrival merchandise.

Mobile - Merchants National Bank. Wire 3-7 to Awalt.

Advise regarding functions authorized by Secretary of the Treasury.

Gray

Permission to forward for collection drafts covering American exports and domestic shipment of goods other than foodstuffs.

New York - Darmstadt Scott & Courtney. Wire 3-7 to Woodin.

Gray

Permission for banks to accept drafts for merchandise shipped to foreign countries.

Delay and presentation of drafts may cause losses.

3/10/33

Rochester, N. Y. - International Apple Associations.

Wire 3-7 to Woodin

Gray

Assume that where letters of credit established by foreign houses in U. S. for purchase of apples, regulations covering food will permit such transactions.

New York Trust Co. 3-6 to Woodin

Regarding application of Guaranty Trust Co. now pending in which it seeks permission to make transfers of French Francs in Paris, requests approval to pledge security to Guaranty Trust Co. for dollar obligation.

3-7 to Woodin

Gray

Referring 3-6 telegram, informed application of Guaranty Trust Co. approved and call attention to above request.

Guaranty Trust Co. New York. 3-7 to Woodin

Gray

Confirm action in accepting or paying with Treasurer's check, drafts with documents attached pursuant to letters of credit arranged before proclamation.

Hegeman - Harris Co., New York - Letter 3-6 to Woodin

Bell

Authorize transfer of $59,000 to Paris a/c construction American Govt. Office Bldg.

New York (Crane) Letter 3-7 to Board

Bell

Permit Goldman, Sachs & Co. to make a payment of equivalent of $25,000 through Paris correspondents a/c Gimbel Brothers.

Ansley Lumber Co. - Wire to Senator Fletcher - Copy forwarded informally by Grosvenor Jones, Chief, F. & I. Div. of Dept. of Commerce 3/9.

Gray

Immediate measures should be taken to place banks in a position to handle foreign trade as formerly.

Form 148 b

TELEGRAM

470

FEDERAL RESERVE BOARD
WASHINGTON

March 10, 1933.

To All Federal Reserve Banks

Boston	Richmond	Minneapolis
New York	Atlanta	Kansas City
Philadelphia	Chicago	Dallas
Cleveland	St. Louis	San Francisco

TRANS. 1607 The Secretary of the Treasury requests that you be advised as follows QUOTE All openings of banks under Emergency Banking Act postponed until Monday. Advise all banks UNQUOTE.

Morrill.

cm

FILE COPY

2—9454