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AND FISCAL AGENT

ADDRESS REPLY TO  
FEDERAL RESERVE BOARD

January 26, 1918.

Dear Sir:

As you have heretofore been advised, the question of accepting examinations of State member banks by the various State authorities in lieu of examinations made by examiners selected or approved by the Federal Reserve Board, is now (by reason of amendments to the Federal Reserve Act) a matter for determination by the Board of Directors of the several Federal Reserve Banks. This fact was called to your attention in mimeograph letter dated August 31, 1917.

It appears from subsequent correspondence that the Federal Reserve Banks have agreed to accept examinations by State authorities in many States, but that the State authorities have not authorized this in all of the States in which State member banks are located, hence this letter is to call your attention to the fact that it is necessary either for your Board of Directors to authorize an unqualified acceptance of State reports, or for you to make arrangements to have special examinations made, in all States where such authority has not been given; the examinations in such case to be made by your representatives or by men who have been or may be designated as special examiners by the Federal Reserve Board.

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Where the State has consented, and you have agreed to accept the examinations by State authorities, kindly make arrangements if you have not already done so, with the various State Banking Departments to furnish you with two signed or certified copies of each report of examination, one for the files of the Federal Reserve Bank and one for the files of the Federal Reserve Board.

As a number of the officers and employes heretofore designated as special examiners, are not now available for examination work, the Board would be pleased to have each Federal Reserve Agent, after consultation with the Governor of the Bank, submit the names of members of the official and clerical staff whom he desires to be designated as special examiners. It is believed desirable that in each bank there should be an examiner available at all times to make examinations, if and when necessary, of banks applying for or which have been admitted to membership, to make joint examinations with State or other authorities, and to make any other special investigation. The examiner might also properly assist in analyzing the reports of examinations of member banks and in the audit of the various banking and fiscal departments of the Reserve Bank. A supply of forms of report for use in examination of State member banks has been sent to you under separate cover, but examiners may use forms prescribed by the State Banking Department.

In general the Board desires that you assume the full responsibility for seeing that an examination is made of each State member

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institution in your district at least once each year, either by the designated State authority where the furnishing of a report has been consented to by the State authorities and approved by your bank, or by representatives of the Federal Reserve Bank who have been or may be designated as special examiners by the Federal Reserve Board. In either case the Federal Reserve Board must be furnished with a signed or certified copy of the report.

It must, however, be understood, that even though acceptance of State examinations is authorized, it may be necessary to make special examinations by examiners selected or approved by the Federal Reserve Board when such examinations are deemed by the Board to be required.

Very truly yours,

Governor.