

# FEDERAL RESERVE BOARD

WASHINGTON

M. C. ELLIOTT  
COUNSEL

X-873

April 8, 1918.

Mr. C. A. Hinsch, President,  
The American Bankers Association,  
c/o Fifth-Third National Bank,  
Cincinnati, Ohio.

My dear Mr. Hinsch:

As requested, I have prepared from the records in this office the accompanying memorandum with reference to State legislation affecting membership of State banks and trust companies in the Federal Reserve System.

While I have attempted to obtain the latest available information with reference to the status of State laws on this subject, I have not had an opportunity to have this analysis checked by Counsel for the various Federal reserve banks or by the State authorities and it is not unlikely that inaccuracies will be discovered. I will greatly appreciate it if you, or any of those to whom this memorandum is referred, will call the attention of this office to any errors that are discovered.

Under the heading of "Legislation Necessary" in the several States, I have mentioned those matters which have not been specifically covered by statute. It is, of course, true that in many States the State authorities are not prohibited from disclosing to the Federal authorities information with reference to member banks, and where banks are permitted by State laws to become members of the System they are necessarily subjected to examination by the Federal authorities. It is probable, therefore, that it is not actually necessary to obtain some of the amendments to State laws that are suggested in the accompanying memorandum. Not wishing to undertake to construe the State laws in these several particulars, I have suggested as necessary amendments to the State laws those provisions which have been adopted by some States but have not been expressly included in the statutes enacted by the State under consideration.

I trust this will give you the information desired.

With best wishes,

Cordially yours,

(Signed) M. C. ELLIOTT,

Counsel.