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ADDRESS REPLY TO
FEDERAL RESERVE BOARD

EX-OFFICIO MEMBERS

CARTER GLASS
SECRETARY OF THE TREASURY
CHAIRMAN
JOHN SKELTON WILLIAMS
COMPTROLLER OF THE CURRENCY

FEDERAL RESERVE BOARD

WASHINGTON

June 26, 1919.

X-1594

Subject: State Bank Membership Applications held by
Federal Reserve Banks.

Dear Sir:

Section 9, of the Federal Reserve Act, provides that any bank incorporated by or organized under any law of any State or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board. It is further stated that "in acting upon such applications the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act."

It is the custom of the Federal Reserve Banks to forward to the Federal Reserve Board, with the recommendation of the Reserve Bank committees, applications of those state banks which are considered to be in a condition sufficiently satisfactory to warrant their admission to the Federal Reserve System. The committees invariably suggest conditions of membership. The Board has been informed that, in a number of districts where the Reserve Bank committees are not satisfied with the conditions of the applying banks, such banks have been given an opportunity to withdraw their applications, with the understanding that when the criticized conditions have been improved the Reserve Bank committee will again be willing to consider the applications.

The Board is desirous of having in its files a complete report of all applications made by State banks for membership in the System, and you are, therefore, requested to send, at your earliest convenience, a list of applications on which definite action by you has been deferred, giving the reasons why action has not been taken by your committee. It is also suggested that in future, in case an application is withdrawn, the Board be so advised.

Very truly yours,

Governor.

Letter to Chairmen of all Federal Reserve Banks.