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FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-4048
May 7, 1924.

Subject: Affiliation of officers and employees with outside
business concerns.

Dear Sir:-

The Board recently received the following anonymous letter: "Since when has the Federal reserve bank through its managers, such as -----, gone into stock selling?" Upon inquiry it developed that an officer of a Federal reserve branch bank had become president and director of a certain real estate investment company. He had accepted this position on the understanding that his connection with the Federal reserve bank should not be used in any way for the benefit of the real estate company, and that he could give to the company only so much of his time and services as were not devoted to the affairs of the Federal reserve branch. When the question was raised as to the propriety of his connection with the real estate company, he immediately severed that connection.

There appears to be no provision of law which would prohibit an officer of a Federal reserve bank from forming an outside connection with a business concern of any kind, but the Federal Reserve Board believes it will be as obvious to the directors of the Federal reserve banks as it is to itself that the good conduct and repute of the Federal Reserve System require that the officers of the reserve banks shall give their entire time and attention to the affairs of the banks and not be identified with any outside business interests.

The suggestion is made that the board of directors of each reserve bank, if it has not already done so, reach some understanding with the personnel of the bank concerning affiliations with outside business enterprises.

Very truly yours,

Governor.

TO CHAIRMEN OF ALL F. R. BANKS.