

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-4207

December 12, 1924

SUBJECT: Necessity of new Clayton Act Application where  
Director has resigned from and again is elected  
to serve the same institution.

Dear Sir:

The question has recently been raised whether an officer or director of a bank who has received permission from the Federal Reserve Board under the Kern Amendment to the Clayton Act to serve such bank and later resigns his position as officer or director, must apply again for the permission of the Board if he subsequently desires to serve the same institution. This is a question upon which the Board has never heretofore been called to rule.

It is believed that the most reasonable interpretation of the law is that a resignation from a bank which a director has been permitted to serve by permission of the Board is ipso facto a termination of the permission in so far as service upon that particular bank is concerned. Such a resignation is in reality an abandonment by the director of his right to serve the particular bank. It is a voluntary relinquishment of a privilege granted to him.

There are also certain practical considerations which would make the requirement for a new permit in such cases desirable. Conditions may change materially between the date of the permit and the time when the director wishes to renew his connection with the bank from which he has resigned. The Board, moreover, would rarely receive information as to changes of this character, if a new application were not required.

You are advised, therefore, that in cases of this kind the Board will require that the director in question make a new application to the Board for permission to serve the bank or banks from which he has resigned, together with the other banks which he is serving at the time.

By order of the Federal Reserve Board.

Very truly yours,

Walter L. Eddy,  
Secretary

TO ALL FEDERAL RESERVE AGENTS