

USE OF WORDS "FEDERAL" AND "RESERVE" BY BANKS,
CORPORATIONS, ETC., OTHER THAN FEDERAL RESERVE BANKS.

The following is a brief statement of the circumstances of each case which has been called to the attention of the Federal Reserve Board in which the word "Federal", the word "Reserve", or a combination of the two has been used as part of the name of a bank, corporation, or firm other than a Federal reserve bank or in the advertising of such a bank, corporation or firm or where such use of these words has been attempted.

FEDERAL BANK AND TRUST COMPANY.

Under dates of September 4 and October 4, 1915, respectively, the Board received complaints from the presidents of two different banks in San Antonio, Texas, complaining of the fact that an advertisement was being published in local papers to the effect that a bank was being organized for the purpose of engaging in the general banking and trust business under the name of "Federal Bank and Trust Company". One of the letters stated that although no official action had been taken by the local clearing house authorities, it was the impression of the writer from conversations with the various members of the Clearing House Association that they felt very strongly that such use of the word "Federal" would be misleading to the public and that many of the public would believe that such bank was connected with the Federal Reserve Banks.

FEDERAL RESERVE ASSOCIATION.

The Board received a letter from a national bank in Pennsylvania, dated November 22, 1915, calling attention to the use by a life insurance company of the name "Federal Reserve Association". The Board referred this matter to the Postmaster General as a probable violation of the postal laws, but it is not advised as to what action was taken by the Post Office Department. Under date of September 25, 1919, this case was again called to the attention of the Board by Mr. R. L. Austin, Federal Reserve Agent at the Federal Reserve Bank of Philadelphia. Mr. Austin enclosed in his letter a letter received from a member bank in Wilkes Barre, Pennsylvania, stating that the Federal Reserve Association was incorporated under the laws of Delaware on September 6, 1914, as a fraternal order with no specified capital stock, that it was soliciting insurance on the survivorship payment plan, but that no statement of its assets or liabilities could be obtained.

FEDERAL STATE BANK.

Under date of February 11, 1916, Mr. John H. Rich, Federal Reserve Agent at the Federal Reserve Bank of Minneapolis, advised the Board that a party of men who were organizing a State bank in Minneapolis had inquired of him whether there was any objection to their

using the title "Federal State Bank". In reply, the Board stated that while it knew of no statute prohibiting the use of the word "Federal" by national or state banks, it was considering the desirability of asking Congress to enact a provision prohibiting such use of the word "Federal", and suggested that in view of this situation the parties in question probably would not desire to select that name for their proposed bank.

RESERVE TRADING COMPANY.

Under date of August 4, 1916, the late Honorable M. T. Helgesen, Congressman from North Dakota, transmitted to the Secretary of the Treasury a letter from the Cashier of a state bank in North Dakota, complaining of the use of the name "Reserve Trading Company" by a company giving its address as "739 Reserve Bank Building, Kansas City, Missouri". Congressman Helgesen stated that, "It occurs to me that the point made by Mr. - - - is well taken and that if a way is open to you to put a stop to this form of misrepresentation and fraudulent advertising, it should be taken forthwith." The Secretary of the Treasury referred this letter to the Federal Reserve Board, and the Board called Mr. Helgesen's attention to the fact that a bill to prohibit such use of the words "Federal" and "Reserve" was then pending in the House of Representatives.

The Board also called this matter to the attention of the Governor of the Federal Reserve Bank of Kansas City, who advised the Board that the building of the Federal Reserve Bank of Kansas City was not called the "Federal Reserve Bank Building" but that there was an office building in the city called "The Reserve Bank Building" which was so named from the fact that the National Reserve Bank of Kansas City once occupied it. He stated that he was unable to obtain any information about the company in question and suggested that there should be a law preventing all concerns, as well as banks, from using the words "Federal" and "Reserve", except with the approval of the Federal Reserve Board. The Board also called this matter to the attention of the Postmaster General who replied that it would be given consideration in "connection with a similar complaint alleging the use of the mails for fraudulent purposes by the above named concern now under investigation by this service."

FEDERAL RESERVE STATE BANK.

Under date of June 29, 1917, Mr. Charles M. Sawyer, then Federal Reserve Agent at the Federal Reserve Bank of Kansas City, advised the Board that he had received an inquiry from the State Bank Commissioner of Kansas as to whether or not there was any objection to State banks which become members of the Federal Reserve System using the words "Federal Reserve" as part of their names. It appeared that a State bank had applied for an amendment to its charter changing its title to "Federal Reserve State Bank". The Board replied that while there was no specific law prohibiting the use of those words, it was of the opinion that their use by State and national banks should be discouraged.

FEDERAL-AMERICAN SAVINGS BANK.

Under date of July 19, 1917, Mr. W. A. Heath, Federal Reserve Agent at the Federal Reserve Bank of Chicago, advised the Board that the German-American Savings Bank of Port Huron, Michigan, which was about to apply for membership in the Federal Reserve System, was contemplating changing its name to the "Federal-American Savings Bank". The Board replied that it was decidedly against its policy to encourage the use of the word "Federal" as part of the title of member banks.

FEDERAL CATTLE LOAN SOCIETY.

Under date of November 7, 1919, the Governor of the Federal Reserve Bank of Kansas City transmitted to the Board a copy of a letter received from a State bank in Kansas inquiring whether paper offered by the "Federal Cattle Loan Society" of Des Moines, Iowa, was accepted and approved by the Federal Reserve Board. The writer explained that it was the desire of his bank to have its securities at all times such as are acceptable under the Federal Reserve Act, from which it appears that the name "Federal Cattle Loan Society" caused him to think that probably that society was in some way connected with the Federal Reserve System.

The Board also received a letter from a member State bank in Des Moines, Iowa, stating that some of their citizens were organizing a "Federal Cattle Loan Society" and inquiring whether there was any law against such use of the word "Federal". The Board replied that, although it had always been very much against its policy to encourage the use of the word "Federal" in the title of any banking corporation, it was not advised of any law prohibiting its use for that purpose.

FEDERAL RESERVE LIFE INSURANCE COMPANY.

Under date of October 15, 1919, the Governor of the Federal Reserve Bank of Kansas City transmitted to the Board a clipping from the Kansas City Times of October 14, 1919, announcing the organization of the "Federal Reserve Life Insurance Company" in Kansas. Governor Miller stated that the organizers of this company were officers and directors of state banks in Kansas ~~none~~ of which had joined the Federal Reserve System, and inquired whether there was not some way to prevent promoters from using the title "Federal Reserve", even for a life insurance company. The Board transmitted a copy of this letter to the Chairman of the Banking and Currency Committee of the House.

FIRST FEDERAL BANK OF WILLIAMSON.

Under date of March 24, 1920, Mr. Caldwell Hardy, Federal Reserve Agent at the Federal Reserve Bank of Richmond, called the Board's attention to the fact that a state bank in Williamson, West Virginia, was contemplating changing its name to "First Federal Bank of Williamson",

and applying for membership in the Federal Reserve System. Mr. Hardy inquired whether there was any law prohibiting the use of the word "federal". The Board replied that, while it was not aware of any statute of the United States prohibiting the use of the word "Federal" in the corporate title of any State institution, it had consistently tried to discourage the use of that word in such a manner and on several occasions had recommended to Congress the enactment of a law prohibiting a State corporation from including the word "Federal" in its title, but that Congress had not taken any action in the matter.

FEDERAL RESERVE SECURITIES COMPANY.

Under date of August 10, 1920, Mr. Charles B. Powell, Counsel for the Federal Reserve Bank of Chicago, advised the Board that the officials of the Federal reserve bank had recently called to his attention the fact that a corporation was about to be organized under the laws of Illinois to be called "Federal Reserve Securities Company", and had requested him to take steps, if possible, to prevent the adoption of that name by the proposed corporation. Mr. Powell stated that he had taken the matter up with the attorneys who were organizing the proposed corporation and that they had agreed not to use the words "Federal Reserve" as part of the title of this corporation. He suggested, however, that legislation ought to be obtained from Congress prohibiting such use of those words, just as the use of the word "national" is prohibited by Section 5243 of the Revised Statutes.

FEDERAL RESERVE CORPORATION.

One of the most flagrant attempts to use the words "Federal Reserve" in an improper manner was made by the organizers of a proposed corporation intended to compete with the Federal reserve banks. It was first called to the attention of the Board Mr. L. C. Adelson, Deputy Governor of the Federal Reserve Bank of Atlanta, under date of May 15, 1920, who stated that he had been approached by one C. D. Altman who said that he was organizing a corporation along Federal reserve bank lines with the title "Federal Reserve Corporation", to rediscount real estate paper for banks. His purpose was to interest Mr. Adelson in taking some of the stock of the proposed corporation, to get him to serve as a director, and to ascertain if it would be possible for directors of the Federal Reserve Bank of Atlanta to serve as directors of the proposed corporation. Mr. Adelson declined the invitation to purchase stock and accept a directorship in the proposed corporation, and tried to persuade Mr. Altman not to use the title "Federal Reserve Corporation" on the ground that it would cause such corporation to be confused with the Federal reserve bank. In a few days Mr. Adelson's fear that the use of this or a similar title would cause confusion was substantiated by the fact that the Post Office Department returned to the Federal Reserve Bank of Atlanta a letter sent out by Mr. Altman, under the name "Federal Trust Company".

Under date of June 1, 1920, Governor Harding received a letter

from Mr. Altman written on plain stationery, in which, without referring in any way to the name of the proposed corporation, Mr. Altman stated that he was organizing a "bankers' bank" to provide for the banks comprising its membership a service similar in many respects to that of the Federal Reserve System but operated in a strictly private capacity, that many of the banks feared that membership in such a corporation would interfere with their membership in the Federal Reserve System, and that in order to offset this feeling he would greatly appreciate a line from Governor Harding endorsing the idea, if properly carried out, and stating that membership with the proposed corporation would not interfere with membership in the Federal Reserve System. Governor Harding replied that State banks which are members of the Federal Reserve System are permitted under the provisions of Section 9 of the Federal Reserve Act, subject to other provisions of the Act and of the regulations of the Board pursuant thereto, to retain their full charter and statutory rights and may continue to exercise all corporate powers granted them by the States in which they were created, and, therefore, if the law authorizes a State member bank to hold stock in another corporation this right is not impaired by reason of its membership in the Federal Reserve System. Governor Harding called attention to the fact, however, that the National Bank Act forbids national banks to purchase stock in corporations other than Federal reserve banks, except that they may purchase stock held as collateral to loans previously made in good faith, in which case they are required to dispose of such stock within a reasonable time.

The Board next received a letter from Mr. Frederic H. Curtiss, Federal Reserve Agent at the Federal Reserve Bank of Boston, enclosing a circular which Altman was sending to banks and clearing houses soliciting subscriptions to stock of the Federal Reserve Corporation. This circular stated that the Federal Reserve Corporation was being organized for the purpose of rediscounting paper which Federal reserve banks could not rediscount; that it would not serve individuals but only banks, and that its "underlying purpose is to afford member banks relief for long and short-time paper along the same lines as those embodied in the FEDERAL RESERVE ACT for early maturing paper only." This circular contained a paragraph headed, "Advantages over Federal Reserve System", in which it was argued that membership in the proposed corporation was better than membership in the Federal Reserve System. It also contained a paragraph quoting a part of Governor Harding's letter to Altman to the effect that if State member banks are authorized by law to hold stock in other corporations, this right is not impaired by reason of their membership in the Federal Reserve System, which paragraph was so worded as to give the impression that Governor Harding intended to encourage banks which are members of the Federal Reserve System to become members of the "Federal Reserve Corporation".

The Board referred this matter to the Attorney General, who in turn referred it to the District Attorney at Atlanta, who, through negotiations

with the attorneys for the proposed Federal Reserve Corporation, finally succeeded in preventing the use of that name by such corporation.

FEDERAL RESERVE PRODUCING COMPANY.

Between January 17, and September 16, 1920, the Board received several complaints from the Federal Reserve Bank of Kansas City about the use of the words "Federal Reserve" by an alleged "fake" oil company. This company was using in its advertising a trade mark or symbol in the shape of a shield resembling the shield of the United States bearing the words "Federal Reserve Producing Company". The Board called this matter to the attention of the Chairman of the Committee on Banking and Currency of the Senate with the suggestion that legislation prohibiting such use of the words "Federal Reserve" was badly needed. It also referred the matter to the Attorney General for such action as he deemed advisable; but is not advised as to what action, if any, was taken by the Attorney General.

FEDERAL RESERVE CHATTEL MORTGAGE.

In March, 1921, the Board's attention was called to a form of chattel mortgage prepared by a printing and stationery company which bore the legend "Federal Reserve Chattel Mortgage". The Board promptly expressed its disapproval of the use of any phrase containing the words "Federal Reserve" to designate a document of this character for the reason that it might be taken as signifying that paper secured by an instrument in this form is entitled to special privileges under the provisions of the Federal Reserve Act. Subsequently, the Board was advised by the printing company that the form was substantially identical with a form which had been prepared previously and circulated by a Federal reserve bank. The Board replied to the company, however, that the mere fact that this form or a similar form had been approved and distributed by a Federal reserve bank would not eliminate the Board's objection to the use of the words "Federal Reserve" to designate it, and the Board repeated its request that such words be not used in designating the form.

FEDERAL SAVINGS BANK AND TRUST COMPANY.

Under date of March 22, 1921, the promoters of a State bank in Wilkes Barre, Pennsylvania, advised Honorable W. J. Fowler, Deputy Comptroller of the Currency, that they were contemplating adopting the title, "Federal Savings Bank and Trust Company", that they had been informed by the Secretary of the Commonwealth of Pennsylvania that there was no objection to this title, but that before making a final decision in the matter they wished to be advised whether the Comptroller's office would raise any objection. This letter was referred to the Federal Reserve Board, which advised the promoters that, while there was no statute of the United States prohibiting the use of the word "Federal" in the corporate title of any State banking institution, the Board did not look with favor upon the use of that word in such connection. In

deference to the Board's objection, the promoters abandoned the idea of using such name.

FEDERAL STATE BANK.

Under date of April 28, 1922, a national bank in Idaho complained to the Comptroller of the Currency that there was a State banking institution in its city doing business under the name "Federal State Bank", and that it considered such name to be deceptive to the public. The national bank said that when its customers came in to liquidate or renew notes which it had rediscounted with the Federal Reserve Bank and it advised them that it would take 2 or 3 days to get the notes returned they sometimes inquired why it took so long to get the notes, "as the Federal Bank is right here in our city". The national bank further said that when it explained to its customers that the Federal State Bank was in no way connected with the Federal Reserve System they were somewhat surprised and stated that most people of the community were of the same opinion as they.

This matter was referred to the Federal Reserve Board, and the Board suggested that if the national bank which filed the complaint should call the matter to the attention of the Idaho Banking authorities, they might take steps to induce the Federal State Bank to change its corporate title. The Board also explained that while it appreciated the fact that the use of the word "Federal" by a State banking institution in its corporate name is undesirable and that its policy had been to discourage such use of this word, there was no Federal statute prohibiting the use of the word "Federal" in the corporate title of any State institution.

FEDERAL RESERVE LOAN COMPANY.

The case about which there has been the most complaint is that of the Federal Reserve Loan Company, which appeared to be an unincorporated association operating under a declaration of trust and engaged in a form of real estate loan business similar in some respects to the business customarily transacted by building and loan associations. Circulars issued by this company indicated that it solicits deposits purporting to entitle depositors to loans on real estate at some later date. This scheme seemed to be somewhat widespread, as the Board's attention has been called to companies operating under this name in Little Rock, Arkansas, and also in various different points in Florida.

The Board's attention was first called to the Federal Reserve Loan Company of Little Rock, Arkansas, by the Federal Reserve Bank of St. Louis, under date of December 7, 1921. The Board suggested that the Federal Reserve Bank of St. Louis call the attention of the Federal Reserve Loan Company to the impropriety of its using the words "Federal

Reserve" as part of its title and inform it that if it persisted in its plan the Federal reserve bank would publish a statement giving the public notice that the Federal Reserve Loan Company is not connected in any way with the Federal reserve bank.

The Department of Justice has also received an anonymous letter about the Federal Reserve Loan Company of Little Rock, Arkansas, the writer of which states that there were the names of two men connected with that company who certainly should not handle funds for the public and that he considered the company unworthy of the name "Federal Reserve", as it is no doubt used to mislead.

Under date of June 1, 1922, Honorable Lew Wallace, Jr., director of the United States Government Savings System, advised the Board that he had received a letter from the editor of a newspaper in Ocala, Florida, referring to a company engaged in business under the name "Federal Reserve Loan Company of Ocala, Florida", as a "swindling firm", maintaining that it had no reliable standing, and questioning its right to use the words "Federal Reserve."

The Federal Reserve Bank of Atlanta received and transmitted to the Board several complaints about the Federal Reserve Loan Company of Gainesville, Florida, which appeared to be operating not only in Gainesville, Florida, but also in other places in Florida. The Federal Reserve Bank of Atlanta also received a letter written on the stationery of a business firm in West Palm Beach, Florida, stating that the Federal Reserve Loan Company of Gainesville, Florida, was advertising that it would grant loans at 3% and that the writer was informed that such company was stating that it was a branch of the Federal Reserve System. The writer then inquired as to the connection of that company with the Federal Reserve System and as to whether he could make arrangements for real estate loans along the same lines. Another complaint was received from a member of a firm of real estate brokers in Gainesville, Florida, who was of the opinion that the title of the company was misleading and evidently was used for the purpose of conveying the impression that the company was in some way connected with the Federal reserve banks, and a similar complaint was received from a national bank in Gainesville, Florida.

At the suggestion of the Federal Reserve Board, Mr. Joseph A. McCord, Federal Reserve Agent at the Federal Reserve Bank of Atlanta, addressed a letter to Mr. B. D. Hiers, President of the Federal Reserve Loan Company of Gainesville, Florida, advising him that it was the opinion of quite a number of citizens of Florida that the circular issued by the Federal Reserve Loan Company would lead people to believe that it was operating under a Federal charter and is under Federal Governmental control or that it was operating under the control of the Federal Reserve Board or the Federal Reserve Bank of Atlanta, and requesting that he change the name of his company so as not in any way

to lead people to believe that it is under Federal control or the control of the Federal Reserve Bank of Atlanta. In reply Mr. Hiers expressed regret that the Federal Reserve Bank of Atlanta should object to the name of his company and stated that they certainly had no thought of any infringement nor did it occur to them that the use of the name would be in any way misleading. He then suggested that it would be expensive for them to change the name of their company and that they did not feel that they ought to be called upon to do so, "unless it appears to be our plain duty under the law to do so." He concluded by promising that "in the event it can be shown that we are violating any Federal rule or law or coming close enough to make it reasonably doubtful whether or not we are doing so, we will take whatever action may be necessary to meet the requirements of the law." Mr. McCord states that he is informed that Mr. Hiers stands well in his community; but, in view of the obvious misleading character of the name adopted by the Federal Reserve Loan Company, it was hard to believe that the Company acted innocently and in good faith in selecting such a name, or that it sincerely desired to act in harmony with the wishes of the Federal Reserve Board and the Federal reserve bank, especially in view of the fact that it apparently intended to continue to do business under that name in the absence of a Federal statute forbidding it to do so.

Mr. McCord also called this matter to the attention of the Comptroller of the State of Florida, who replied that he would have stopped this company from doing business in Florida, but that there is no law in that State which affords protection against such concerns.

The Board then referred this matter to the Attorney General who through the local United States Attorney finally succeeded in arranging with the officers of the company to change the title of the Federal Reserve Loan Company.

FEDERAL RESERVE HOME BUILDERS ASSOCIATION.

On September 26, 1922, the Department of Justice advised the Federal Reserve Board that it had received an inquiry as to whether the words "Federal Reserve" in connection with the name of a home building association to be called "The Federal Reserve Home Builders Association of New York" contravened any provision of the Federal statutes. The Department of Justice was advised that there was no statute prohibiting the use of these words but that there was a bill then pending in Congress which would have this effect, if passed. It was also stated that the Board has consistently taken the position that the use of these words in the title of any corporation, other than a Federal reserve bank, is fraudulent and unfair and that such a practice should be prevented if possible.

FEDERAL RESERVE ASSOCIATION.

Under date of April 23, 1923, the Federal reserve agent of the Federal Reserve Bank of Philadelphia called the attention of the Board

to the name of a certain corporation in Wilkes-Barre, Pennsylvania, whose title was "Federal Reserve Association". This company was also using a letterhead bearing a cut of the United States Treasury Building. This matter was referred by the Federal Reserve Board to the Attorney General and also to the Federal Trade Commission. A reply received from the Federal Trade Commission stated that it had no jurisdiction in the case because the corporation in question was engaged in life insurance business.

RESERVE DEPOSIT COMPANY.

One of the Federal reserve examiners early in September, 1923, called the attention of the Board to a certain advertisement appearing in a South Carolina newspaper. This advertisement which was signed by the "Reserve Deposit Company" of Cincinnati, Ohio, stated that this company made loans at six per cent on city or farm property under the Federal Reserve System. This advertisement which is, of course, most unfair and misleading, was called to the attention of the Federal reserve agent of the Federal Reserve Bank of Cleveland with the request that he endeavor tactfully to have this company change its name and discontinue the use of such improper advertisement.

ADVERTISEMENTS OF SHOSHONI STATE BANK.

Under date of July 13, 1923, the Federal Reserve Agent of the Federal Reserve Bank of Kansas City addressed a letter to the Board stating that the Shoshoni State Bank of Shoshoni, Wyoming, a nonmember bank, was making use of checks bearing the phrase "Federal Reserve Bank Protection". In reply to this letter the Federal Reserve Agent was requested to communicate with this bank in an attempt to have the use of this phrase on its checks discontinued. The attempt was made but no reply was received by the Federal Reserve Agent although he twice wrote to the Shoshoni State Bank in this regard. On September 18 this matter was referred to the Attorney General and the Federal Trade Commission by the Federal Reserve Board. The Federal Trade Commission has advised the Board that it has no jurisdiction in any case involving banks. The Attorney General advised the Board that he had succeeded in obtaining a statement from the bank that the improper phraseology would be omitted from the next supply of blank checks purchased by it. The Board at a later date was advised that this same bank had distributed calendars on which were printed "Federal Reserve Bank Protection". This matter the Board also called to the attention of the Attorney General and he advised the Board that the District Attorney at Cheyenne had been instructed to notify the bank to discontinue the use of any advertising matter containing the words "Federal Reserve Bank Protection".

FEDERAL RESERVE BUILDING AND LOAN ASSOCIATION.

On October 9, 1923, the attention of the Board was called to the fact that a corporation located in Philadelphia, Pennsylvania, was operating under the title "The Federal Reserve Building and Loan Association". The Board advised its informant that it had always taken

the position that the use of the words "Federal Reserve" by any corporations other than a Federal reserve bank was misleading to the public and unfair to the Federal reserve banks and member banks of the Federal Reserve System and that every effort should be made to prevent such improper practices by private corporations. The Board stated, however, that there was no Federal statute prohibiting the use of these words as part of the name of a private corporation. The Board also requested the Federal Reserve Agent at Philadelphia to take this matter up with the Federal Reserve Building and Loan Association and endeavor to obtain a change in the title of that corporation. After some correspondence with the corporation its officers stated that they were willing to adopt the name "Federal Building and Loan Association" if this were agreeable to the Board. The Board agreed to this suggestion, but it was found that there already existed in the State of Pennsylvania a Federal Building and Loan Association and also a Reserve Building and Loan Association, thus making it impossible for the Federal Reserve Building and Loan Association to adopt either of these names. As it was impossible for the Federal Reserve Building and Loan Association to adopt either the name "Federal Building and Loan Association" or "Reserve Building and Loan Association" and as this association had been in operation for a number of years before the fact was known to the Board it was decided not to insist upon a change in its name, but the Federal Reserve Agent at Philadelphia was requested to advertise in the Philadelphia papers that the Federal Reserve Building and Loan Association had no connection with the Federal Reserve Bank of Philadelphia or the Federal Reserve System and this was done.

FEDERAL SAVINGS AND LOAN ASSOCIATION.

On January 24, 1924, a corporation inquired of the Comptroller of the Currency whether there would be any objection to organizing a savings and loan association in the State of Washington under the name "Federal Savings and Loan Association" and whether there was any Federal legislation which would prohibit the use of such name. This inquiry was referred to the Board and it advised the corporation that there were no statutes prohibiting the use of the word "Federal" by private corporations but that the Federal Reserve Board seriously objected to its use because of the misleading effect and the unfair competition involved therein.

THE FEDERAL COMMERCE TRUST COMPANY.

The Federal Reserve Agent of the Federal Reserve Bank of St. Louis, on January 28, 1924, advised the Board that a trust company had been organized in Missouri under the title of "The Federal Commerce Trust Company." The Board addressed a letter to Mr. Lonsdale, the organizer of this trust company, stating that it felt strongly that the use of the word "Federal" in the titles of State banks was likely to prove misleading to the public and that it had always discouraged this practice in every possible way. The Board also stated that a bill was then pending in Congress to prohibit the use of the words "Federal", "Reserve"

or "United States" or any combination of them in the titles of any banks or similar corporations except corporations chartered by the Federal government and the Board requested Mr. Lonsdale to consider some change in the title of the Federal Commerce Trust Company by which the word "Federal" might be eliminated. Mr. Lonsdale advised the Board that he had applied to the Commissioner of Finance of Missouri for permission to use the title "Commerce Trust Company" but that since that title was already in use by another trust company in Missouri it was decided to apply for the title of "Federal Commerce Trust Company" and this title had been approved by the Commissioner of Finance. Mr. Lonsdale also stated that at the time the title was approved he had no knowledge of any objection to the use of the word "Federal" in State bank titles nor had he heard of the bill then pending in Congress, and he was not inclined to make a change in the title of the trust company. The Board advised Mr. Lonsdale that notwithstanding the facts which he presented it was still of the opinion that it was improper for State banking corporations to include the word "Federal" in their corporate titles and again requested him to eliminate the word "Federal" from the title of the Federal Commerce Trust Company. Other correspondence ensued and the Board finally took the matter up with the Commissioner of Banking of Missouri but nothing was accomplished.

FEDERAL SAVINGS AND LOAN ASSOCIATION.

On April 17, 1924, a folder published by the Federal Savings and Loan Association of Oklahoma City was sent to the Comptroller of the Currency and the sender inquired whether it was proper for such corporation to use the word "Federal" in its title. The inquiry was referred to the Federal Reserve Board and it advised the inquirer that it had consistently taken the position that the use of the word "Federal" as a part of the title of a private corporation was improper and should be prohibited, but that there was no statute which prevented the use of this word in the title of any corporation.

PEOPLES RESERVE SYSTEM.

The Federal Reserve Agent at the Federal Reserve Bank of Chicago, on June 3, 1924, sent to the Board a copy of a letter from a corporation known as the Peoples Reserve System. It appeared that this corporation authorizes certain retail dealers to use price discounts as a means of saving for their customers, the amount of the discounts being forwarded by these retail dealers to certain banks designated as depositaries of the system where they were held for the account of the customer in whose favor the discount was made. The banks designated as depositaries were authorized to display a sign reading "Member Peoples Reserve System". Forms used by the retail dealers also bore the words "Member Peoples Reserve System". The Board took the matter up with the Attorney General and the Postmaster General for such action as they deemed advisable to prevent the Peoples Reserve System from competing unfairly with the Federal reserve banks and their members by the use of the word "Reserve"

and the advertisement "Member Peoples Reserve System". The Postmaster General advised the Board that it appeared that the only way in which the company could be restricted from using the name adopted by it was to obtain an injunction in a court of competent jurisdiction and if such action was to be taken the injunction should be requested by the Federal Reserve Board and not by the Post Office Department. The Attorney General's Office advised the Board that his department was inclined to believe that sufficient grounds were not shown which would give any assurance that a court of equity would be likely to issue a writ of injunction restricting the Peoples Reserve System from utilizing the words "reserve system" and it was stated that it was believed that this case was one that could be cured only by the enactment of legislation. The Federal Reserve Agent at Chicago took the matter up with the Peoples Reserve System and it agreed not to permit banks to use the sign "Member Peoples Reserve System." The form used by the retail dealers, however, continued to bear this inscription.

FEDERAL BOND AND MORTGAGE COMPANY.

In September, 1924, the Board's attention was directed to a news item to the effect that the Federal Trade Commission had prohibited the Federal Bond and Mortgage Company of Detroit from using the phrase "federal bonds are better bonds", and also from using the word "Federal" alone in connection with the word bond or bonds and from using the word "Federal" alone in designating or referring to any place of issuing or marketing securities dealt in by such company.

FEDERAL COMMERCIAL AND SAVINGS BANK.

The Board was advised on December 29, 1924, that the Federal Commercial and Savings Bank of Port Huron, Michigan, was displaying advertisements referring to itself as the "Federal Bank". The Board advised its informant that it was opposed to the use of the word "Federal" by a state banking institution and that its policy had been to discourage the use of this word by such banks, but that there was no federal statute prohibiting its use. The Board also requested the Federal Reserve Agent at Chicago to take the matter up with the Federal Commercial and Savings Bank. He did so and that bank assured him that there would be no further improper advertising on its part.

FEDERAL FINANCE AND CREDIT COMPANY.

Mr. Mason, the Counsel of the Federal Reserve Bank of New York, on May 25, 1925, sent the Board a copy of a letter sent out by the Federal Finance and Credit Company of Baltimore, Maryland. This letter stated that it was to its customers what the Federal reserve bank was to its member banks. The Board sent a copy of the letter to the Federal Reserve Agent at Richmond and requested him to take the matter up with the officers of the Federal Finance and Credit Company with the request that they eliminate the word "Federal" from the title of the company and

in the future refrain from stating that it was performing the same service as that performed by Federal reserve banks for their member banks. The president of the Federal Finance and Credit Company advised the Federal Reserve Agent that it was not the intention of the company to mislead the public or to benefit from the similarity between the names of the Federal Finance and Credit Company and the Federal reserve bank. He stated that the instance which had come to the Board's attention was the only one in which the objectionable statement had been used by his company and he was instructing all departments to use extreme care to prevent any reference in the future which might possibly give rise to the inference that the Federal Finance and Credit Company was connected with the Federal reserve bank. Upon receipt of this advice from the Federal Reserve Agent the Board advised him that in view of the absence of any statute prohibiting the use of the word "Federal" by private corporations there seemed to be nothing further that could be done toward obtaining a change in the title of the Federal Finance and Credit Company.

FEDERAL RESERVE LIFE INSURANCE COMPANY.

On June 20, 1925, and November 6, 1925, the attention of the Board was directed to the fact that a corporation was operating in Kansas under the title "Federal Reserve Life Insurance Company of Kansas City." The Board advised its informant that the use of the words "Federal" or "Reserve" in the corporate name of private institutions not connected with the Federal Reserve System was misleading to the public and that the Board was strongly opposed to such practice. The Board also stated that there have been several bills pending in Congress which would prohibit the use of these words by private corporations, but that as yet none of these had become law.