

MEMBER STATE BANKS

Give the information indicated by the nine questions below, by states, as to each bank in the district, making separate lists for each class of banks:

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|---------------------|------------------------------|
| 1. Commercial banks | Commercial & trust companies |
| Trust companies | Trust and savings banks |
| | Savings banks |
2. Name and location
 3. Capital
 4. Surplus
 5. Profits
 6. Deposits
 7. Loans
 8. Fixed assets
 9. Total assets

In addition to the foregoing information, please give separately the information called for under questions below:

1. Number of member state banks closed in 1925
2. Number of member state banks closed in 1926
3. Number of non-member banks

EXPENSES

Separate by years - 1925-1926

1. Number of state member banks
2. Combined resources
3. Cost of and charge made for examinations
4. Method of assisting banks
5. Traveling expenses
6. Office supplies, printing and stationery
7. Telephone, telegraph
8. Stenographic
9. Additional help, etc.
10. All other expenses
11. Has the cost of all examinations made been charged? If not, give list of banks not charged and reasons therefor.
12. Has cost of all credit investigations made been absorbed by the reserve banks? If not, give names of banks charged and reasons therefor.

EXAMINATIONS

1. Scope - Do the examinations now made give the necessary information to enable the Federal Reserve Board to determine whether or not the member banks are operating within the requirements of the Federal Reserve Act, the regulations of the Board and the conditions of membership?
Do examinations include complete inspection of all assets and liabilities?
2. Procedure - Do examiners upon entering bank promptly and immediately place all books, records and tangible assets under seal and do they maintain custody and control until work of inspection as to particular groups of assets or accounts has been completed?
3. Frequency
4. Are all examinations so conducted as to develop as to each class of assets and accounts examined the essential facts? (Information in response to this question involves an inquiry as to how an individual examiner conducts every step in an examination)
5. What examination of liabilities is made by Federal reserve examiners when making examinations?
6. What examination of liabilities is made by Federal reserve examiners when making credit analysis?
7. Are proofs of C/D - cashiers checks, etc., carried forward from one examination to another (a continuous proof) by either state department or Federal reserve examiners?
8. Any attention given to bank accounts, etc., - reconciled or inspected?
9. Do examiners, during the examination and while at the bank, inquire into and examine the following:
 - a. Whether the law with reference to the stock ownership of Federal reserve bank has been complied with?
 - b. Whether the bank has had any withdrawal or impairment of capital since last examination?
 - c. Whether the bank has unimpaired capital sufficient to entitle it to be national bank in same situation or equal to 60% with provisions for paying additional 40% out of net income?
 - d. Whether the bank rediscounts with Federal reserve bank paper of a borrower who is liable to bank in excess of provisions of Federal Reserve Act?
 - e. Whether bank certifies any checks against funds which are not actually on deposit at the time of certification?
 - f. Whether bank has rediscounted with Federal reserve bank for

EXAMINATIONS (Cont'd)

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any person, company, firm or corporation any notes, drafts or bills bearing the signature or endorsement of any one borrower in excess of 10% of the unimpaired capital and surplus of the bank, excepting bills of exchange drawn in good faith against actual existing values,

- g. Whether bank has accepted for any one person, company, firm or corporation an amount in excess of 10% of its paid up and unimpaired capital and surplus? If so, whether excess liability is secured by documents or by some other actual security growing out of the same transaction as the acceptance? Whether any such acceptances have more than six months to run?
- h. Whether the bank has liability for accepted bills to an amount equal in the aggregate more than one-half of its paid up and unimpaired capital and surplus? If so, whether Federal Reserve Board has given permission to accept such excess?
- i. Whether bank has accepted in domestic transactions bills drawn in excess of 50% of its paid up and unimpaired capital and surplus?
- j. Whether bank has accepted drafts or bills of exchange for the purpose of furnishing dollar exchange? If so, whether Section 13 of the Federal Reserve Act has been complied with?
- k. Whether the bank has received special permission of the Federal Reserve Board to accept dollar exchange bills?
- l. Whether all of the acceptances made by bank drawn in lawful transactions are within the limitation as stated in Regulation C of the Federal Reserve Board?
- m. Whether the bank acts as a medium or as an agent of a non-member bank in applying for discounts from the Federal reserve banks?
- n. Whether the bank makes new loans or pays any dividends when required reserves are deficient,
- o. Whether the bank or any officer, director or employee thereof has made any loan or granted any gratuity to any bank examiner?
- p. Whether any officer, director or employee or attorney of the bank has accepted favor for procuring credit?
- q. Whether bank has contracted for the purchase from any of its directors or directors' firms, securities or other property, on terms less favorable to bank than those offered to others? If so, whether account was authorized by majority of the board of directors not interested in the transaction?

EXAMINATIONS (Cont'd)

- r. Whether bank has sold securities or property to any director in regular course of business on terms more favorable to such director than offered to others?
 - s. Whether bank has paid to any director, ^{officer,} attorney or employee a greater rate of interest on deposits of such person than that paid to other depositors on similar deposits?
 - t. Whether bank has notified Federal Reserve Board of any increase of capital or surplus or additional stock issues.
10. Do examiners, during the examination and while at the bank, inquire into Regulation H - Ten conditions of membership?
- a. Whether bank has made any change in general character of assets or in scope of functions such as tend to affect materially its standard maintained at time of admission to Federal Reserve System?
 - b. Whether bank gives due regard to safety of customers?
 - c. Whether bank has reduced capital without permission of Federal Reserve Board?
 - d. Whether bank has established branches, agencies or additional office without permission of Federal Reserve Board?
 - e. Whether bank has consolidated or absorbed, purchased or acquired interest in excess of 20% in another bank, or directly or indirectly promoted a new bank without permission of the Federal Reserve Board?
 - f. Whether bank has any excess loans?
 - g. Whether bank has deposits with non-members in excess of 10% of its capital and surplus?
 - h. Whether bank has accepted in excess of 50% of capital and surplus for dollar exchange, or is gross acceptance greater than 50% of capital and surplus, without permission of the Federal Reserve Board?
 - i. Whether board of directors have passed resolution authorizing interchange of reports and information between Federal reserve bank and banking authorities of state in which bank is located?
 - j. Whether bank has complied with any other special conditions which Federal Reserve Board imposed upon it at time of admission to System?

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11. When making examinations do Federal reserve examiners examine trust departments and safekeeping departments - Procedure? Are controlling trust documents studied and understood sufficiently by examiners to give them a practical knowledge of the purposes of the various trusts? (See national bank form on trusts).
12. When credit analysis is made do examiners inspect and pass judgment on proofs of liabilities passed them by the state examiners?
13. When making joint examinations, do state examiners ask for or expect assistance from Federal reserve examiners when analysing loans or other assets?
14. How far do Federal reserve examiners rely on state examinations? By what means do the Federal reserve banks determine whether state examinations are adequate for their purposes and are the methods by which they determine whether state examinations should be accepted adequate?
15. Where Federal reserve examiners participate with state examiners in their examinations of state member banks does such participation tend to raise the standard of state examinations?
16. How soon after examinations are reports forwarded to Federal Reserve Agent? How soon after examinations are reports forwarded to the Federal Reserve Board? Includes state reports?
17. When the Federal Reserve bank receives reports of examinations or makes credit investigations or otherwise obtains information with relation to the condition of a member bank, is the information properly analyzed and filed so that it can be readily obtained?
18. Who analyzes reports when received? What records are kept? When is this information used? How often reviewed?
19. What records are held by Federal Reserve Agent of banks examined? Are they sufficient?
20. What information is in the Federal reserve bank as regards permission to exercise trust powers? To accept up to 100% of capital and surplus?
21. Are the examining forces making adequate credit investigation, which involve the loan policies, personnel and organization, as well as an appraisal of the assets of a bank?
22. When credit analysis is made do examiners value and pass on any or all assets in addition to loans and discounts?
23. Describe general determining factor that prompts you to institute credit investigations?
24. Are credit investigations conducted regularly of all state member banks whether or not substantial borrowers?

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25. Where is credit information obtained other than from statements - this includes all assets?
26. Are the Federal reserve banks receiving adequate information as to the conditions of the state member banks upon which they may safely act in extending credit?
27. Do examiners hold directors meetings in connection with each examination and credit analysis for the purpose of discussing matters subject to criticism and informing directors of the general condition of the bank?
28. Do examiners make a study and embody in report a brief economic survey of each place or section? Does Federal Reserve Agent and bank have knowledge of the economic conditions under which the member bank is operating?
29. To what extent are Federal reserve banks aware of the development of unfavorable conditions in member banks, through their daily contacts - cash letters - loans, etc?
30. Are all reports called for by the Federal Reserve Board verified at time of next examination or credit investigation?
31. Does the Federal Reserve Agent and bank receive a copy? Are they inspected at time of receipt?
32. Who makes examination when bank is applying for membership? Nature of examination?
33. Who in Federal reserve bank passes upon applications?
34. Conditions imposed at time of application for admission - How followed up?
35. What records are held pertaining to conditions imposed? Is Federal Reserve Board advised whether conditions are being followed up?
36. Are examiners aware of these conditions when making examinations?
37. When state authorities accept Federal reserve examinations and reports in lieu of their own, do they, when making own examinations, see that conditions imposed by Federal Reserve Board are being followed up?
38. Practice of Federal Reserve Agent with respect to making examinations and dealing with unsatisfactory practices and conditions in state banks? In national banks?
39. Does Federal Reserve Agent receive copies of reports of examination of state bank members from each State Bank Superintendent in the district?
40. Does the Federal Reserve Agent and bank get copies of disciplinary letters written to banks, by state authorities, not in satisfactory condition, and the answers received from them.

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41. How does your treatment of unsatisfactory conditions differ as between borrowing and non-borrowing banks?
42. Do both state and federal examiners make specific recommendations in their reports as to the action which, in their opinion, the bank should or must take to correct conditions? What steps are taken by Federal reserve banks to secure the correction of unsatisfactory conditions in member banks? How far are suggestions and criticisms followed up?
43. In general, what can the Federal Reserve Board do to improve examinations in districts or in states where they are most in need of improvement?
44. Obtain information by states or parts of states in each Federal reserve district that will give an economic picture of the territories referred to.