

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6402

October 26, 1929.

SUBJECT: Topic for Federal Reserve Agents' Conference.

Dear Sir:

There is enclosed herewith copy of a letter received from the Chairman of the Board of Directors of the Federal Reserve Bank of Dallas, submitting a proposed change in the procedure governing the election of Class A and B Directors of Federal reserve banks. In accordance with his suggestion, the matter is hereby made a topic for discussion at the forthcoming Conference.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS, EXCEPT DALLAS.

FEDERAL RESERVE BANK
OF DALLAS

October 23, 1929.

C. C. Walsh
Chairman of the Board
and Federal Reserve Agent

Federal Reserve Board
Washington, D. C.

Gentlemen:

The officers of this bank have had under consideration for some time the present procedure governing the election of Class A and Class B directors of Federal Reserve banks which, in our opinion, contains a certain weakness to which I wish to direct your attention, and in the event the suggestions appeal to you you may desire to place the topic on the program of the next Agents' Conference to be held in Washington, November 13-16, 1929.

Under the present plan of procedure the list of nominees for Class A and Class B directors is not mailed out to the member banks until about the 12th or 13th of November. As it is customary for member banks to hold their monthly Board meetings on the first or second Tuesday of each month, the average member bank does not receive the list of nominees until after its regular November Board meeting has been held, and as the polls close on or about December 1, the bank's ballot, if it casts one, must be turned in before the directors hold their December meeting.

The result of this situation is that the officers of a member bank rarely, if ever, have an opportunity to consult their Board of Directors as to the candidate for whom they should vote, and as many of them no doubt feel a hesitancy in acting independently upon such an important matter it can be readily understood that this situation may be one of the factors that causes so many banks to take no part in the election of our Class A and Class B directors, for which reason it occurs to us that it would be quite worth while to give consideration to the desirability of making the following changes in the present procedure:

- 1 - Close nominations on or about October 28.
- 2 - Mail out ballots and list of nominees on October 29.
- 3 - Open polls on November 1.
- 4 - Close polls on November 15.

This plan would enable the officers of all banks in the two voting groups to place the election of Federal Reserve Bank directors on the calendar for consideration at the regular November meeting of their respective local Boards of Directors, and to register their vote before the closing of the polls.

The dates above suggested would also permit compliance with the statutory requirement that:

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"With/fifteen days after receipt of the list of candidates the duly authorized officer of a member bank shall certify to the Chairman his first, second, and third choices for Director of Class A and Class B, respectively."

It occurs to us that all that would be necessary to bring these changes about would be for the Federal Reserve Board to change the voting period from November 15-30 to November 1-15, and in order that the matter may be fully considered it would be desirable to have a thorough discussion of the subject by the Agents' Conference.

An analysis of the elections for Class A and Class B directors held in this institution during the last five years discloses the fact that these directors are elected by a minority vote of the total membership entitled to cast a ballot. The Stockholders' Association of this bank has been giving this subject consideration since its organization, in an effort to induce the member banks to take a more lively interest in the election of Class A and Class B directors, but the results are still far from satisfactory, when the total number of ballots cast are considered at the close of each election.

We would appreciate the Board's reaction to these suggestions.

Yours very truly,

(S) C. C. Walsh,
Chairman of the Board.

CCW/MK