

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6507

February 12, 1930.

SUBJECT: Recommendations of Federal Reserve Agents' Conference
re Elections of Class A and Class B Directors.

Dear Sir:

The Federal Reserve Board has given consideration to the three recommendations of the last Conference of Federal Reserve Agents with regard to the election of Class A and Class B directors of Federal reserve banks.

The first of the suggested changes referred to recommended by the Conference of Federal Reserve Agents is that the date for the opening of the polls in the annual elections of Class A and Class B directors of Federal reserve banks be changed from November 15 to November 1 in order to permit consideration by the member banks of the several nominees at the November meetings of their boards of directors, with the hope that as a result member banks will take greater interest in the elections. The Federal Reserve Board has voted to approve this suggestion and you are authorized accordingly to change the date for opening the polls in the annual elections of Class A and Class B directors hereafter from November 15 to November 1.

The Conference of Federal Reserve Agents further recommended that an amendment to the law clarifying the meaning of the term "electors voting", as used in that part of section 4 of the Federal Reserve Act which provides for the method of counting the ballots in the election of directors of Federal reserve banks, be brought to the attention of the Federal Reserve Board with the request that it be presented to Congress in form approved by the Federal Reserve Board. You are advised that the Federal Reserve Board, after consideration of this matter, is recommending to Congress that section 4 of the Federal Reserve Act be amended substantially in the form of the amendment suggested by the Conference of Agents. The Board is also recommending such an amendment in its Annual Report.

The Conference of Federal Reserve Agents also adopted, subject to the approval of the Federal Reserve Board, a uniform plan for designation by member banks of officers authorized to

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cast the ballots of such member banks in the elections of Class A and Class B directors. Under the plan suggested, each member bank by resolution of its board of directors or by amendment to its by-laws would authorize the chairman of its board, its president, or any one of its vice presidents, or its cashier, to cast the vote of such bank in the annual elections of Class A and Class B directors. Upon consideration of this matter, the Federal Reserve Board is not disposed to approve the plan as suggested, because it feels that not more than one officer of a member bank should have authority for voting purposes at any one time. If two or more officers were designated by one bank, it is possible that votes for different nominees might be cast by the authorized officers of the same member bank, and this would give rise to obvious complications and embarrassment. The Board has also considered the plan of designating one officer by title only and not referring to him by name. This plan is subject to objection, however, in that many member banks have a number of officers holding the same title, such as "vice president", or "assistant cashier", and where this is true the designation of such a title would either authorize each officer holding such title to vote or leave it uncertain which had the proper authority. The Board is also giving thought to the possibility of having each member bank authorize an officer to vote in the elections of one year only, so that a new resolution will be necessary each year. It is believed that this also would result in member banks taking greater interest in the elections. It will be appreciated if you will give these questions your consideration and advise the Board of your views as to the most practical method of procedure in the designation by member banks of officers to vote in elections of Class A and Class B directors. The Board will then give the subject further consideration and will advise you of action taken.

By order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS.