

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-6554

March 31, 1930.

SUBJECT: Bank Stock Investments by State Members.

Dear Sir:

Recently there have come to the attention of the Board several instances where former state member banks reapplying for membership in the Federal Reserve System as the result of consolidations, reorganizations, etc., were carrying among their assets stocks in other banks. Also, several institutions admitted to membership under a condition that they would not, except with the approval of the Board, acquire an interest in any other bank or trust company through the purchase of stock in such other bank or trust company, have applied for permission to make such purchases.

The Board is very much interested in ascertaining how general the practice is of state member banks investing in stocks of other banks and trust companies and, accordingly, requests that you have made in your department a survey of this matter, based upon the last reports of examination on file with you, submitting the results of such survey to the Board.

As an incident to this survey, it should also be determined whether any state member bank holding stock in another institution has violated a condition of its membership in the System. Any such case disclosed should be taken up with the member bank in question and the facts reported to the Board.

By Order of the Federal Reserve Board.

Very truly yours,

E. M. McClelland,
Assistant Secretary.

TO ALL FEDERAL RESERVE AGENTS.